CUSTOMER SERVICE BORN AND BREAD INSIDE A BUSINESS: An analysis of the use of corporate culture as a power in customer service

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INTRODUCTION
Many different factors are effecting or influencing service quality. We all know what bad service entails and how it makes a customer feel and can imagine the consequences that it can have on the business when, for example, unfavourable information about a bad, unsatisfactory, unfulfilling or disappointing experience is transferred by word of mouth and the media spreading enough poisonous material for results such as a bad reputation, bad image, low brand loyalty. When bad service is delivered it is easy for the customer to apportion blame to the easiest most prominent target that comes to mind. Some may even go as far as recommending laymen solutions about what should be done to avoid bad service and overcome the bad service reputation. But the situation is not that easy when one takes a closer and deeper look. There is a multitude of variables influencing the quality of service provided as will be seen later on. This study focus on the role and contribution of corporate culture and aspects related to that on service quality. Service quality is born and bread within the business like a human is born into a family belonging to a certain culture and raised and shaped by many influences, but taking place in that culture. The individual later becomes a mature example of the character of the culture to which he/she belongs. Service quality is in a similar fashion born in a business and raised in the corporate culture of a business. This is unavoidable just as it is unavoidable in the realm of the natural family. The service quality can also be seen as an ambassador of values incorporated in the corporate culture.

From this logical background it seems that the marketer and also business management as a whole should carefully analyse and scrutinise the effect of the corporate culture on the quality of service and utilise the corporate culture to their advantage.

The effect of the corporate culture in an organisation can only be evaluated an explained by taking a look at the meaning and unique characteristics of service because it is this very nature of service that makes it sensitive to the influence of the corporate culture.

**BACKGROUND TO AND CONCEPTUALISATION OF SERVICE QUALITY BACKED UP BY CORPORATE CULTURE**

As will be explained, culture has basic motivating power for people to behave in a certain way. Services are delivered by people and because of that a strain is placed in service delivery because of the inherent human fallibility and inconsistency of the human nature. This study endeavours to show that these inherent weaknesses can be overcome by creating and conveying a corporate culture of good values conducive to good quality service delivery.
Fortunately the people responsible for the delivery of service quality are also by nature sensitive and receptive to influences from many sources. Disregarding whether the marketer or business management wants to or tries to influence these people, they will nevertheless be influenced by diverse factors but mostly in ways that may not be favourable to the performance of service quality. The management of the organisation and the marketing management have strong powerful methods to use to influence the delivery a quality service.

People are also used to automatically respond and comply with their natural culture of the groups they belong to and it might perhaps not be difficult to comply with values portrayed by the corporate culture especially if they really feel part of that culture.

The conceptualisation in Exhibit 1 is an explanation of idea behind this paper. The good values of the corporate culture can be conveyed and emphasised during the process of internal marketing. This can be further strengthened and sustained by the internal part of relationship marketing among the people responsible for service delivery. This can lead to higher customer satisfaction and profitability. Gap analysis and the SERVQUAL analysis can be used to identify gaps in the service delivery and enable the management to adjust strategy but also simultaneously adjust corporate perception among the employees.

**EXHIBIT 1**

**Conceptualisation for this paper**
SERVICE IN PERSPECTIVE

The meaning of service

The meaning of service is done quite good justice by the following two classical quotations from renowned authors:

“A service is an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and the service employee and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems.” (Gronroos 1990)
“A service is any act or performance that one party can offer to another that is essentially intangible and does not result in ownership of anything. Its production may or may not be linked to a physical product.” (Kotler 1999)

Service has a unique character

It is a well known fact that all services have some unique characteristics in common and must consequently be treated and marketed in a unique way. Marketers identify the following as being the main characteristic of services:

- **Intangibility**: The service cannot be touched or viewed, so it is difficult for clients to tell in advance what they will be getting.

- **Inseparability of production and consumption**: The service is being produced at the same time that the client is receiving it (such as a haircut or a piano lesson or legal consultation).

- **Perishability**: Unused capacity cannot be stored for future use. For example, spare seats on one aeroplane cannot be transferred to the next flight a medical examination cannot be saved for inspection and later used.

- **Heterogeneity (or variability)**: Services are performed by people and it is a known fact that people differ from each other with regards to important service delivery aspects such as skills, knowledge and training. The same person will also not always be able to repeat the same quality of service every day. It is, however, important to minimise the differences in performance (through training, standard-setting and quality assurance) in order to enhance the reliability of the service.

Services need to be marketed in a unique way

As a result of the unique characteristics of a service it needs to be marketed in a special way. Marketers are well aware of the well-known four P’s of the marketing mix, namely Product, Place (distribution), Price and Promotion (marketing communications). While these instruments of the marketing mix may be sufficient for the marketing of physical products they are not sufficient for the marketing of services and three additional components need to be added, namely the following:

- **Physical evidence**: This is the “material” part of a service. Strictly speaking there are no physical attributes to a service, so a consumer tends to rely on material cues, such as the location and building where the services are delivered. Patients expect a hospital or a doctor’s consulting and waiting rooms to look and smell good, professional and hygienic.
• **Processes** For the purposes of the marketing mix, process is an element of service that sees the customer experiencing an organisation's offering. It's best viewed as something that your customer participates in at different points in time. Here are some examples to help you build a picture of marketing process, from the customer's point of view. The visit to a doctor starts the moment you make the appointment; this is later followed by the appearance of the doctors offices, the politeness and helpfulness of the personnel, the waiting times in the waiting room, the appearance of the doctor, the accuracy of the accounts. The service delivered by an airline starts the moment that a booking is made. Many phases (moments of truth) will follow afterwards, such as the on flight service from the cabin crew, the facilities on the aircraft and the food offered and many more. Marketing adds value to each of these stages. This will later become clearer when the service value chain is discussed.

• **People:** People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the 'individual needs' of the person consuming it. Most people can think of a situation where the personal service offered by individuals has increased or decreased the pleasantness of the service delivery experience. A waiter at a restaurant who delivers bad service can distract a lot of the pleasantness of a meal, but so also can a badly trained cook. People tend buy easier from people that they like and appreciate. People can also make a big contribution towards the perceived image of a business. The correct recruitment, selection and training of staff are therefore very important.

There are marketers who have simplified their outlook on marketing by classifying their marketing objective by the three R’s especially as far as relationship marketing is concerned. These three R’s are not widely used and some marketers use another set of R’s, but the set below brings out much of the relationship character of marketing, and can easily be incorporated as standard values incorporate culture. They can be explained as follows:

- The establishment and maintenance of long term customer **relationships**
- The development of programmes that will lead to the **retention** of customers for extended periods.
- The establishment of procedures to ensure that the company can **recover** from mistakes that are made

In business terms, consumer satisfaction often denotes whether the service provider met the consumers’ need (Steyn and Schulze, 2003). Anderson, Fornell and Lehman (1994) were the some of the first to propose that there are at least two viewpoints in the definition of consumer satisfaction.
The first viewpoint is a transaction-specific perspective, which refers to the consumers’ post-purchase appraisal or judgment of the products or service based on expectations at the specific purchasing time or location. The second viewpoint is cumulative satisfaction, which refers to consumers’ overall appraisal of purchasing and consuming experience toward the products or service.

Aspects relating to the service quality concept

The concept of quality is probably the most important concept associated with service and nothing that can effect the customer’s satisfaction as strongly as good or bad service. It is therefore firstly necessary to get a clear understanding of the related concepts under discussions here. The following is a quite clear definition of quality:

“Quality is the extent to which the service, the service process and the service organisation can satisfy the expectations of the user.” (Kasper et al, 1999).

Service quality is here directly related to customer satisfaction. But many aspects can influence the service quality expectation of the consumer. Some of these important aspects that are internal to and controllable by business and marketing and can therefore planned to contribute to bring the customer satisfaction more in line with the customer expectations. One such a factor is the corporate culture through which the employees can be motivated and empowered to enhance the quality of the service delivered. The following quote summarises the nature of service quality and customer expectations and also indicates that it can be effected by customer’s perception of the service quality and some other factors.

"Service quality is a focused evaluation that reflects the customer's perception of specific dimensions of service: reliability, responsiveness, assurance, Empathy, tangibles. Satisfaction, on other hand, is more inclusive: it is influenced by perceptions of service quality, product quality, and price as well as situational factors and personal factors (Zeithaml and Bitner 2003: 85).

This extract clearly indicates that the problem of service quality and related aspects is not a simple but a multidimensional problem that need to be approached in a multidimensional or holistic way.

A holistic view of customer services
A holistic view of customer service quality includes many aspects effecting service quality. In this paper the emphasis does not fall on the variety of factors but rather on the constructs that can be used to incorporate the multidimensionality surrounding the concept of the holistic view of service quality.

The analysis of this multidimensional nature of service quality in a business can be evaluated well against the background of the characteristics of service and service quality principles the service quality gap model and the SERVQUAL model in order to obtain guidelines for making the best of relationship marketing, corporate culture and internal marketing as aspects enhancing sustainable good service quality and customer satisfaction.

All these service quality related concepts are actually reasonably well-known concepts but among them one could in many cases catch the undertone of corporate culture although seldom spelled out as such. That has perhaps resulted in miss appreciation of the effects and usability of corporate culture as a power in creating service quality. This article tries to emphasise that anew.

**ANALYSIS OF THE HEART OF SERVICE QUALITY**

It has been emphasised before that the service quality gap model and the SERVQUAL model can be used to analyse the health of service quality in an organisation in order to obtain guidelines for making the best of relationship marketing, corporate culture and internal marketing as aspects enhancing sustainable good service quality and customer satisfaction.

**Gap analysis**

There is frequently a gap between what the customer expects and what he/she experiences. The organisation must identify and correct the gaps between desired levels and actual levels of performance. Gap analysis is used by organizations to analyze certain processes in divisions of the company (Zeithaml and Bitner 2003). The SERVQUAL model is a particular gap analysis model.

**SERVQUAL**

The SERVQUAL model can be used to analyse the effectiveness of different components of the service in order to identify gaps in the delivered service quality that are areas that need attention.

The SERVQUAL method from Valarie A. Zeithaml, A. Parasuraman, and Leonard L. Berry is a technique that can be used for performing a gap analysis of an organizations service quality performance against customer service quality needs. SERVQUAL is an empirically derived method that may be used by organisations marketing services to improve their service quality. The method is
aimed at a better understanding of the perceived service needs of target customers. These measured perceptions of service quality for the organisation in question, are then compared against an organisation that is ‘excellent’. The resulting gap analysis may then be used as a driver for service quality improvement SERVQUAL takes into account the perceptions of customers of the relative importance of service attributes. This allows an organization to prioritize. And to use its resources to improve the most critical service attributes. (Parasuraman et al.1988)

SERVQUAL was originally measured on 10 aspects of service quality: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding or knowing the customer and tangibles. It measures the gap between customer expectations and experience.

By the early nineties the authors had refined the model to the useful acronym RATER (Ladhari 2009: 172):

1. **Reliability**: Ability to perform the promised service dependably and accurately
2. **Assurance**: Knowledge and courtesy of employees and their ability to convey trust and confidence.
3. **Tangibles**: Appearance of physical facilities, equipment, personnel, and communication materials.
4. **Empathy**: The firm provides care and individualized attention to its customers
5. **Responsiveness**: Willingness to help customers and provide prompt service.

According to Parasuraman et al. (1985) (Ladhari 2009: 172), customers’ perceptions of service quality are influenced by five “gaps”. These gaps can be explained below. In the case of each of these gaps a description is given, followed by the identification of possible causes and applicable strategies that may be applied to help to solve the problem and narrow the gap. Many of these strategies bear resemblance to aspects that relate to or are part of the corporate culture.

- **Gap 1** represents the difference between customer expectations and management perceptions of customer expectations.
  
  **Causes**
  
  • Failure of management to identify consumer expectations.

  **Strategies**
  
  • Communicate with customers
  • Conduct market research
• Encourage upward communication
• Decrease layers of management

• **Gap 2** (standards gap) is the difference between management perceptions of consumer expectations and the translation of these perceptions into service-quality specifications. Management must first understand exactly what the customer wants.

  **Causes**
  • Resource constraints
  • Market conditions
  • Management indifference

  **Strategies**
  • More top management commitment
  • Specific service quality goals
  • Standardisation of tasks

This means the organisation must get the PROCESS right.

The American Customer Satisfaction Index model (ACSI model) (Exhibit 2) is applicable here because it can explain and graphically present the core concepts of this gap, namely the combination of customer expectations and perceived quality to create the perceived value.

**EXHIBIT 2**

**The American Customer Satisfaction Index model**

![ACSI Model](source)

Source: Model of ACSI, University of Michigan Business School as displayed by Davison and Kabacoff 2003: 209.s
Gap 3 is the difference between the service actually delivered by frontline service personnel on a day-to-day basis and the specifications set by management. Quality of delivery must be perfected during the interaction with the customer. Some reasons for a lack of quality include poor training, communication, and preparation. This is where a good corporate culture can probably enhance service quality the most because we deal here with aspects that can strongly reflect and transmit the values of the corporate culture to the people responsible for service delivery.

Causes
• Employees unaware of specifications
• Employees do not have skills
• Employees unwilling to perform work

Strategies
• Enhance teamwork
• Ensure employee-job fit
• Ensure technology-job fit
• Employee control
• Supervisory system
• Reduce role conflict
• Reduce role ambiguity
This part focuses on getting the people right.

Gap 4 represents the difference between service delivery and what is promised in external communications to consumers. This can also be called the communication gap. In this gap there is evidence of differences between service delivery and external communication with customer. It need to be noted that word-of-mouth publicity and advertising are main outlets to which customers open their opinions. If the communication that reaches the consumer is conflicting with their experiences, in other word if the good promises are not supported by good service delivery, this gap can lead to dangerously negative customer perceptions.

Causes
• Poor or lack of communication
• Over-promising communications

Strategies
• Increase horizontal communication
• Avoid the propensity to overpromise

• **Gap 5** is the difference between customer expectations and perceptions (that is, perceived service quality, as described above). (Ladhari 2009: 172) This gap is directly related to everyone’s perception of service quality. Customers expect certain things such as a certain level of service performance from certain companies. If gaps 1 through 4 are closed to a minimum then gap 5 should follow, if there are any gaps left in steps 1 through 4 the perceived customer service quality will be negatively affected.

The way to make sure these gaps are closed is through thorough systems design, precise communication with customers, and a well-trained workforce.

**EXHIBIT 3**
The SERVQUAL model

![SERVQUAL model diagram](image)

If the achievement of these dimensions is what the service oriented business needs to measure, then such businesses need to focus their activities on the improvement of those dimensions and make that part of who they are and their whole corporate cultures. It is therefore recommended to build SERVQUAL criteria into the corporate culture.

**CORPORATE CULTURE**

**Culture**

Culture is normally associated with people. It is a group description for people belonging to a group with certain character associated with the particular culture, such as Italian, South African, Indian or sub cultures thereof.

A culture can be described consisting of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, and on the other as conditioning elements of further action. (Kroeber, A.L., & Kluckhohn, C. 1952:47 and Banks, J.A., Banks, & McGee, C. A. 1989). Culture is further described learned and shared human patterns or models for living; and transferred from generation to generation (Damen 1987: 367).

The definitions of corporate culture are all based on the definitions of the human culture.

**The meaning of corporate culture and the importance thereof**

Corporate culture is partly visible and partly invisible. At the surface level, culture can present itself as visible symbols, slogans, languages, behaviours, histories and stories, dress codes, heroes, legends, rituals and ceremonies. But underlying these visible signs of culture, are the core values, beliefs and shared assumptions of each employee that help define the organisation's culture. (Mobley et al 2005)

According to Aaker (2002: 57) the components of corporate culture include shared values; norms of behaviour; and symbols and symbolic action and can be summarised as follows:

**Shared values (dominant beliefs):** Values need to be shared by everyone in the business. Virtually everyone should be able to identify the shared value and describe the rationale.
**Norms:** The culture must be strong enough to develop norms of behaviour or informal rules that influence decisions and actions throughout the business.

**Symbols and symbolic action:** Corporate culture largely developed and maintained by the use of persistent, consistent and visible symbols or symbolic action.

These components of organisational culture complement rational managerial tools by influencing behaviour indirectly. Culture gives expression to the character of organisations by communicating through symbolism, feelings, the meaning behind language, behaviours, physical settings and artefacts. Rational tools and processes like strategic direction, goals, tasks, technology, structure, communication, decision-making, cooperation and interpersonal relationships are designed to do things. (Martins and Terblanche 2003: 65) Organisational culture fills the gaps between what is formally announced and communicated and what actually takes place.

Roger and Meehan (2007: 261) mentions that Dell computer company believes that culture is at the heart of competitive advantage, particularly when it comes to sustaining high performance. Research by Bain & Company found that nearly 70 per cent of business leaders agree: culture provides the greatest source of competitive advantage. In fact, more than 80 per cent believe an organization lacking a high-performance culture is doomed to mediocrity. (Roger and Meehan: 2007: 261) One can just imagine the outcome of merging the power of

The different components of the corporate culture can be displayed in the cultural web presented in Exhibit 4. The paradigm in the centre indicates the situation in which the marketer operated is the paradigm of the corporate culture.

**EXHIBIT 4**

**Dimensions of corporate culture**
Johnson and Scholes (1993) developed an expanded checklist of questions intended to probe each of these dimensions to get a picture and understanding of the present situation with regard to each of these dimension. This can provide a handy guideline for taking decisions about changes to the corporate culture or how to use the present strengths to emphasise the internal marketing and relationships.

The best companies succeed according to research done by Roger and Meehan (2007: 261) on two corporate cultural dimensions simultaneously:

- **Unique personality:** Every winning culture has a unique personality and soul that cannot be invented or imposed. Based on shared values of the people in the organisation and the heritage of the organisation, the company’s character needs to be discovered from within.

- **Six high-performance behaviours:** Winning cultures usually embody six high-performance behaviours that are common to all high performers – but only to high performers.

Neither element is enough by itself to sustain a winning culture. A company can have a strong personality and soul, but can still under-perform if it lacks the values and behaviours that motivate people in the organization to do the right things. Similarly, high-performance behaviours pursued independently can shift an organization into permanent overdrive and sever the connection that employees feel toward the enterprise. It’s the combination of both elements that produces a winning culture. This combination is what is needed to motivate, empower and energise the employees to deliver a good quality service and even attain service quality excellence and a corresponding quality perception among the customers. This is what is needed for customer loyalty as will be indicated later.
The connection between corporate culture, customer service and organisational performance
(The Customer Satisfaction Performance index)

Davidson and Kabacoff (2003) explain with the CSP model to explain the relationships between organizational culture, organizational climate, service quality, customer satisfaction and organisational performance. This model is displayed in Exhibit 5. Davidson clearly indicates his selection of components falling in the realm of the organisational culture. This model therefore also succeeded in describing and studying the potential effect of organisational culture on customer satisfaction and organisational performance.

EXHIBIT 5
The CSP model

![CSP model diagram]

Source: Davidson and Kabacoff 2003:212

Research has shown that companies need to be aware of three separate kinds of organizational climate in order to ensure the success of quality improvement efforts: a climate for service, a climate for innovation, and a climate for human resources or employee welfare (Schneider et al. 1994).

THE PROFIT SERVICE CHAIN

The Service Profit Chain is a model that is used to explain the sustainable competitiveness of many service organisations (Lau 2000: 422). The model attributes a service organisation’s financial and market performance to its relationships with its customers and employees (Heskett: 2002). Internal service quality serves as the foundation of the model, igniting a chain effect to an organisation’s growth and profit (Silvestro: 2002).
The service profit chain is a model that indicates the strong and direct relationship between, customer satisfaction, customer loyalty and the value of goods and services delivered to customers. There is also a strong between these elements and overall profit and growth of an organisation. There is a strong link between customer loyalty, satisfaction and value.

The full model of the Service Profit Chain is displayed in Exhibit 6.

**EXHIBIT 6**
The service profit chain

![Service Profit Chain Diagram](image)

Source: Heskett et al. 1977

This Profit Service Chain explains what have been discussed so far and in some areas even more. Heskett et al.’s (1997) Service Profit Chain postulates a chain of performance relationships commencing with a virtuous circle of internal service quality, service capability, employee satisfaction and loyalty, productivity and output quality; which in turn drive service value, customer satisfaction and loyalty, leading to enhanced revenue growth and/or profitability.

It is in the internal environment (which is also described as the operating and service delivery system) in the model that offers the opportunity to by implementing some of the corporate inputs which can enhance the functioning of the operating and delivery system. The organisation should apply internal
marketing to enhance the capabilities of the employees which can lead to better service delivery, satisfaction and loyalty.

INTERNAL MARKETING

The essentials of internal marketing

Internal marketing can be defined as a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally coordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer oriented employees (Rafiq and Ahmed 2000 and Norbani et al 2007: 135).

The relevance of internal marketing to service operations rests in the increased emphasis on service quality in customer oriented corporations. Internal marketing forms an integral part of services marketing and entails marketing aimed internally, at a company’s own employees and can for example take place through the fulfilling of promises to the personnel.

The process of internal marketing takes place in four steps, namely:
1. Establishment of a service culture
3. Dissemination of marketing information to employees
4. Implementation of a reward and recognition system

Internal marketing offers an opportunity to get the messages of the corporate culture over in a bold and convincing way so that the employees will feel part of that culture and of the ventures of the organisation sharing the vision of the management.

In the light of this great usability of internal marketing, it is no surprise that a strong link has also been found between internal marketing and profits. Hwang and Chi (2005) shows that there is empirical evidence to support the relationship between internal marketing and business performance.

Exhibit 7 contains a summary of the value system of Telkom, the oldest fixed line telephone company in South Africa. One can clearly see the corporate culture shining through and a direct motivation for delivering quality customer service. The strength of this display is that is it easy to read simple to understand while at the same time combining different core values of the organisation.
EXHIBIT 7
Telkom’s value system

Telkom’s value system

• We value people and their diversity
• We are performance driven
• We are customer focused
• We create shareholder value
• We are a model corporate citizen
• We act with integrity in everything


Telkom said the following about their perception of the importance of corporate culture Singleton, A. (2004):

“Culture is important:
  because it powerfully influence the behaviour of employees;
  because it is difficult to change; and
  because its near invisibility makes it hard to address directly.

In this paper we have seen some constructs that can be used to facilitate the handling of this problem.
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