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I am submitting herewith a dissertation written by Karen Sanborn entitled Organizational Culture in the Service Industries: Developing a Diagnostic Tool." I have Examined the final copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Human Ecology.

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ORGANIZATIONAL CULTURE IN THE SERVICE INDUSTRIES: DEVELOPING A DIAGNOSTIC TOOL

A Dissertation

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Doctor of Philosophy

Degree

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Karen Sanborn

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ABSTRACT

Examining customer service systems and values can be helpful in promoting service quality culture. By comparing the perceptions of different levels of organizations, companies can determine if their corporate cultures are filtering to all levels. Continual evaluation can predict cultural trends and allow for corrective action. To assist in the examination, a model of corporate culture was discussed. Two service organizations participated in the development of a tool to examine customer service issues within culture.

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1. INTRODUCTION

CUSTOMER SERVICE AND CORPORATE CULTURE

Difficulty in measuring service performance has caused many service industries to resort to measuring cycle time and cost (Teboul 1988). This lack of measurement tools has taken its toll on the Quality movement. Fifty percent of all quality initiatives in a 1992 survey stalled or failed by their own admission (Boyce 1992). Boyce states for a quality effort to succeed, quality methods must be a fundamental part of policy making and strategic planning. The principles for quality systems are developing a plan-do-check-action cycle, fostering self-management, being flexible to needs, and having a disciplined focus toward customers needs.

Making employees feel like a part of the quality system helps change behavior and attitudes at all organizational levels. The transformational process can not only affect customer service, but it can also have a significant effect on the structure and behavior of organizations (Smith 1993). This constitutes a cultural change within the organization. Organizational members share beliefs. In this sense "shared" literally means to receive, possess, or occupy together with others, thus implying that organization members hold the company's dominant beliefs (Golden 1992).

Culture is not the cause of action, but rather is the basis which predisposes employees to take or not to take certain action (Feldman 1986). Each organization has a culture all its own. In addition, smaller groups of people in the organization develop cultural systems based on sharing common experiences. These sub-unit

cultures can be distinguished from the organizational culture by the degree to which they support or challenge the organizational culture (Martin and Siehl, 1983; Van Maanen and Barley, 1985). Conflict arises when individuals must choose between adhering to the organizational or to the subgroup cultural guidelines (Van Maanen and Barley, 1984). Team effectiveness can be hindered in these situations.

To explore cultural changes toward increased customer satisfaction, MacBeth and Southern (1989) examined service industries' views of quality systems. Their findings suggest a need for employee communication and involvement. Increasing employee involvement in the development of customer service processes and giving employees the authority to rectify problems are the first steps to a cultural change. By giving the front-line employees this power, their job ownership and speed of service will increase. The final step to cementing a service quality culture is recognizing and rewarding extraordinary performance of employees who contribute to the quality process (Kim, 1993).

Physical and psychological separation from home offices impairs communication. The temptation to divert from the company's cultural guidelines is greater due to this physical separation. Without direct supervision field personnel can set their own priorities. Examining customer service systems and values can be helpful in promoting service quality culture. By questioning different levels of organizations, companies can determine if sub-groups are using the same values concerning customer service. By comparing the perceptions of different levels of organizations, companies can determine if their corporate cultures are filtering to

all levels. Trends can be predicted and corrective action can be taken if needed. By reviewing employee perceptions of customer contact issues, top management can adjust policies and procedures to facilitate a positive cultural change.

2. REVIEW OF LITERATURE

INTRODUCTION

The national focus on the quality movement has several industries embarking on organizational changes. To drive the quality movement, systems in continuous improvement, benchmarking and measurement are needed to judge progress. Companies invest in education, strategic planning, and personnel, hoping to increase their service and product quality. This investment takes training and communication. With much of the training effort surrounding the concepts of teamwork, empowerment, and leadership. Many quality programs start by communicating a Quality or Mission Statement to the employees. From that point companies engage in awareness training, gathering as much momentum with a fan-fared send off as possible. Once company employees have been exposed to quality programs, the hard work begins.

American attitudes toward quality have been the major factor in the loss of market competitiveness (Reitsperger, Daniel, and El-Sharb 1990). Manufacturing and service organizations alike have invested in research, training programs, and free-lance consultants to help increase employees' and customers' positive quality attitudes. These efforts in developing quality systems have been examined by MacBeth and Southern (1989). Their premise is that manufacturing and service industries have researched quality systems from two different angles and could benefit from integrating their knowledge.

MacBeth and Southern (1989) summarized the manufacturing industry's knowledge by stating "quality must be prevention-based; otherwise any corrective

action tends not to be permanent." The governing principles for prevention-based quality systems are developing a plan-do-check-action cycle foster self-management, being flexible to needs, and having a disciplined focus toward customers' needs. In addition, manufacturing industries found efforts toward making people feel like a part of the quality system helped change behavior and attitudes at all organizational levels. It is this attitude change that has been recognized in the Reitsperger et.al. study mentioned earlier. Here the quality process is based on a philosophy of employee communication and is structured to meet customer requirements.

MacBeth and Southern (1989) examined service industry's views of quality systems, finding the need for employee communication and involvement. In the manufacturing industries, direct involvement in establishing policies and procedures to meet customer requirements was found to have an impact on staff motivation. However extensive training is needed to facilitate such a system. With the service industries' transient workforce hindering the training process, two types of training systems for quality programs are suggested. The first system would provide extensive training to a core staff of managers and department heads, mainly targeting those who represent customer contact areas. Within the core staff training program, policies and procedures would be developed along with training guidelines for the second group of employees. This second group would consist of transient or high turnover type positions. The core staff would be responsible for training the second group of individuals as well as maintaining the group's high motivation levels in hopes to decrease turn over.

Manufacturing and service industries are working toward quality improvements. However, it seems that manufacturing industries are improving

their product quality faster than service industries are improving the service which sells the products. Analysis of why this phenomena is taking place can be reviewed in Brown's 1988 article concerning defining quality in service business. Brown's article reviews the reasons why the service industries' quest for quality is slow. Brown (1988) has identified three aspects of service quality. These aspects are: processes that businesses undertake to provide service, behaviors or actions that individuals complete while going through the processes, and products or services for sale. An example to illustrate Brown's distinction can be seen by analyzing a quick service restaurant. This type of service industry provides hamburgers and drinks (products) by preparing the food and taking orders (processes) while being polite to customers (behavior).

Although identifying the three aspects of service is simple, measuring each aspect adds complexity. Brown states that the accomplishments of service industries can be quantified and measured similar to manufacturing processes. However, the quality factors of behaviors such as courtesy and customer satisfaction are difficult to measure. Difficulty in measuring service performances has caused many service industries to resort to reduction in cycle time, cost, and division of labor. This over simplification of cost reduction and conformance to requirements has created a lack of differentiation (Teboul 1988). In addition, the lack of measurement has taken its toll on the Quality movement. Fifty percent of all quality initiatives in a 1992 survey stalled or failed by their own admission (Boyce 1992). Boyce states for a quality effort to succeed, quality methods must be a fundamental part of policy making and strategic planning.

SERVICE INDUSTRY MEASUREMENT

The service industries' lack of measurement tools for service performance has increased the risk of Quality Management failure. However with creative thinking and perseverance many companies are addressing the lack of service performance measurements. By implementing score card systems, vital parts of the service process can be rated (Kaplan and Norton 1993, Kaplan 1993). The flexibility of this system allows executives to choose which levels of the process to measure, i.e. offices as a whole versus departments or individuals. In addition executives can choose to measure one process versus another, i.e. data entry versus the sales process.

The score card measurement system must have the following characteristics: be organization specific, clearly communicate short term measures of operation performance, and be consistent with long term strategic goals. An example of the score card system is a secret shopper program. Secret shopper programs are for front line personnel such as sales people, check-out clerks, or ticket agents. Here a rater, acting as a customer, purchases an item. While the transaction is taking place the rater places values on the attendant's behavior and attitudes. The rater works from a prescribed list of questions. These questions can be related to short-term operation performance such as certain service questions asked, (How can I help you?), or what type of attitude the attendant had while asking the question. In addition, the rater can rate the cleanliness of the sales area or the appearance of the attendant. The secret shopper system can apply to in-house reviews of attendants behaviors as well. For example, telephone sales or customer service operators would conduct their business via telephone,

informing the customer their conversation is being monitored for future reviewing. At a later date managers can review calls according to the prescribed questionnaire.

Many service organizations are accompanying performance measures with objective measures such as accuracy of data entry and adherence to written policies and procedures. Objective measures are accomplished through internal audits (Steele 1993; Poling, Smith, and Braatz 1993). With an internal audit, executives decide what policies and procedures are cost effective to be reviewed periodically. The level of audits can be departmental or organizational. Audits work well in evaluating field offices where there is little direct corporate supervision. The approach can address many items. For example, companies that can be fined by governmental agencies, can audit areas of policy compliance. This can entail safety issues thus reducing workman's compensation claims, environmental hazard issues thus reducing contamination or hiring issues, thus reducing discrimination claims. Audits can look at internal regulations as well, such as internal theft of products or money. The rating system for policies, regardless of governmental or internal, can be measured by simple yes or no questions -- is the policy being followed or not. It can also be rated by a percentage of non-compliance. For example, in reviewing 75 documents, 50% lacked the required signatures for cash control procedures (Lush, Boyt, and Schuler 1996). With these measurement ideas many service organizations are attempting to control service performance improvement. The objective data gives managers a view into the customer's mind instead of relying on "gut feelings".

CULTURE

The quality movement is a transformational process. With the increase in communication and measurement, there is greater employee awareness of service standards (Pfister, Van Wart, Nyhan, Kramer, and Marlowe 1993). The transformational process not only affects service to the customers, but it can also have a significant effect of the structure and behavior of the organization (Smith 1993). This constitutes a cultural change within the organization.

Organizational culture is the implicit, invisible, intrinsic, and the informal conscious of the organization, guiding the behavior of individuals and shaping itself out of their behavior (Scholz 1987). This definition implies that organization's members hold the dominant beliefs of the company as their own. Here culture predisposes employees to take or not to take certain actions (Feldman 1986).

A strong organizational culture leads to behavioral consistency and motivates performance (Scholz 1987). In addition, as the strength of a positive culture increases, the firms success will increase. Here employees adopt behaviors that are associated with success. Communication is key in developing a positive, strong culture. Powell (1995) states communication influences fundamental beliefs and attitudes necessary for employee empowerment and commitment. The increase in performance standards and measurement provides clear communication on organizational expectations (Quirke 1992). This is important for many service organizations where decisions are made at a central location and filtered down to field offices. The increase in standards and measurement allows field offices to know corporate management's regulations and to be held accountable for results.

In a 1997 study, Allen and Brady found members of organizations who practiced Total Quality Management communication techniques were found to have significantly higher perceptions of top management. In addition there was increased commitment to a clear culture. Saskin and Kiser (1993) suggest managers create an environment of support and loyalty through communication. In addition, environments that do not stress communication decrease supportive feedback and supervisory credibility when giving supportive feedback (Allen and Brady 1997). Communication and involvement have been noted previously to be important factors for the service industry's success in implementing quality management practices. However with the amount of failed quality management attempts, it is unclear whether it is necessary for companies to adopt quality management practices to have good organizational communication and committed employees.

WORK TEAMS

The supervisor is responsible for communicating corporate goals as well as ensuring front-line employees do not divert from the desired company culture. Literature pushes companies toward self-managing groups where managers facilitate team behavior (Saskin and Kiser 1993). This approach assumes the work teams are effective at producing services and that the work team cultures support the company culture (Fairhurst and Wendt 1993).

Team effectiveness consists of performance and viability (Sundstrom, DeMeuse, and Fulton 1990). Performance looks at securing end results where as

viability taps team stability over time. Work teams can best be understood in relation to external surroundings and internal processes. (Ketchum and Trist 1984; Pasmore, Halmmam and Shani 1982; Alderfer 1972; Katz and Kahn 1978). Over time, teams change and develop new ways of operating as they adapt to their surroundings (Sundstrom, DeMeuse, and Fulton 1990). Therefore, effectiveness in work teams is shaped by the culture within the organization. When focusing on the field operations as work teams, each manager can monitor the viability and performance of the team by looking for conflicting behaviors between organizational culture and how the work team supports the organizational culture (Moynahan 1983).

Each organization has a culture all its own. In addition, smaller groups of people in the organization develop cultural systems based on their work teams. This is due to sharing experiences. These work team cultures can be distinguished by the degree to which they support or challenge the organizational culture (Martin and Siehl 1983; Van Maanen and Barley 1985). Conflict arises when individuals must choose between adhering to the organizational or to the subgroup cultural guidelines (Van Maanen and Barley 1984).

The structure of some service organizations may not facilitate work teams. For example, large retail stores may have one employee per department, or chain stores may have one employee on a shift per store. Many of these organizations do not have the resources to budget for more than one person per area, thus constraining the popular use of work teams. This lack of teams hinders the communication process as well. Management is challenged to communicate standards and measurement results to a multitude of individuals spread over a large location and/or locations physically located in different cities. It is unknown how

the lack of implementing work teams affects organizational culture, however sub-cultures still exist among employees. Here "clans" or "cliques" develop due to common interests outside of the organization. With this comes a plethora of informal communication concerning company business.

Without the benefit of examining sub-group cultures in service industries, it is necessary to look at individual behavior in regards to organizational culture. There are four general types of behaviors which emerge when interacting within an organizational culture: unequivocal adherence, strained adherence, secret non-adherence, and open non-adherence (Sundstrom, DeMeuse, and Fulton 1990). The first two are types of adherence and result in an individual's conformity to the cultural guidelines. They differ, however, in the extent to which individuals regard these guidelines as their own. Unequivocal adherence consists of primarily reflective action that reinforces and directly corresponds with cultural guidelines. Strained adherence to cultural guidelines is used by individuals who believe they must adhere to cultural guidelines, but who experience tension in doing so. Thus, individuals adhere to, but do not completely share, the rules for action. Secret non-adherence consists of overt adaptation to the cultural guidelines but covert departure from them. By definition, this involves secret and deceptive practices. Open non-adherence, consists of departure from the cultural guidelines in full view of others, including those responsible for preserving the guidelines. In contrast to covert non-adherence, open non-adherence confronts everyone present with the choice of departure, including those responsible for maintaining the rules.

The temptation to divert from company cultural guidelines is greater when there is physical separation. The separation can be between corporate offices and field offices, as well as between field managers and departments. Physical or

psychological separation impairs communication, allowing personnel to set their own priorities (Williams and Attaway 1996). Here, the supervisor's position becomes a communication link between higher officials and employees as well as a source of performance feedback.

THE CUSTOMER-CONTACT POSITION

Service industries face many pitfalls when they attempt to change their organizational culture. Communication is impeded by physical separation as well as the lack of team structure. Measurement of objective goals and subjective behavior is difficult, yet to successfully direct an organization toward higher service performance, standards must be measured and communicated. In addition to these difficulties, service organizations' primary contact with customers has little direct supervision.

The customer-contact position is at the point of service, for example sales clerks, ticket agents, telephone sales etc. These contact employees are service marketers as well as service providers. How they interact with customers is often more important than their skill in delivering the service. This interaction is critical because the customer is judge of service quality (Bitner 1990; Bowen and Scheider 1985; Zeithmal, Parasuraman and Berry 1985). Adherence to a clear company culture is important because of the customer interaction (Hartline and Ferell 1993; Kelley 1992; George 1990). With 95% of a service company's profits coming from long term customers, (Lowenstien 1993), customer contact employees are a major factor in a company's success. Lusch, Boyt, and Schuler (1996) state employees

who embrace a positive company culture, are more likely to increase store patronage by spreading "positive word-of-mouth advertising".

Hartline and Jones (1996) studied different customer contact employee positions to determine if they were equally important. Their findings state that only employees who had the greatest amount of customer interaction (front desk versus maid) had an impact on the delivery of service quality. This concept is important. Although customers view tangible items such as food and cleanliness as part of product quality, they viewed the behavior of the contact employee as the determinate of service quality.

With this in mind viewing research on how contact employees provide service is needed. Bowden and Lawler 1992 have identified two broad approaches to providing service -- the "production line" approach and the "empowerment" approach. The production line focuses on simplified tasks, clear division of labor, and little decision making discretion to employees. In contrast the empowerment approach provides information, rewards for organizational performance, and decision making power to the employees. Which approach is appropriate depends on the goods being sold. What is most important in either is employee accountability (Horwitz and Neville 1996). Here performance evaluation, measurement, and rewards for service attributes cement corporate goals in strengthening the organizational culture. Allowing employees to participate in developing tracking systems allows them to be a part of the quality effort. Encouraging involvement has an added bonus in the service industries; it allows for recognition. Positive continuous recognition of superior performance, which takes place in front of the employee's peers and colleagues, offsets the added expenses put forth for quality (Garvin 1993).

Since the heart of the service company's business is the interaction with the customer, raising the quality of the interface with the contact employee should raise the perceived quality of service. There is evidence to suggest that many contact employees lack the necessary skills or motivation to interact effectively with customers. For example, one study involving mystery customer audits of customer-contact employees in southeastern and midwestern recreational facilities found that only 64.4 percent of these employees thanked the customer, only 17.2 percent made proactive comments or suggestions, and 20.7 percent asked or encouraged the customer to visit the facility again in the future (Navran 1993).

There are many techniques to rectify the lack of skills. First, training and tools to perform the tasks are a must. Clear job descriptions as well as policies and procedures need to be established. Second, developing a big brother/big sister system to teach newcomers by experienced employees can perpetuate the defined skills. In addition, the system can help integrate them into the organization quickly. The third technique, which was mentioned earlier, involves the front-line employees with the quality process. Here the front-line employees are involved not only in the training of new employees and establishing policies and procedures, but involvement is also letting employees examine customer service processes for deficiencies. This allows employees to feel ownership of poor quality ratings (Kearns, 1990; Carr, 1990).

The increased emphasis on service quality will not only help employee training, it can also help change the cultural focus of the organization. Increasing employee involvement in the development of customer service processes and giving employees the authority to rectify problems are the first steps to a cultural change. By giving the front-line employees this power, their job ownership will

increase, as well as the speed of service time. Employees will have the approval to service the customers as they see fit when service deficiencies arise, cementing a service quality culture (Kim, 1993).

STRATEGIC FIT

Training for a cultural change toward higher service quality becomes a major part of a business strategy. A business strategy can have several definitions due to each industry's interpretation. Therefore a given strategy is only appropriate in a given set of competitive conditions, organizational cultures, and leadership styles (Chorn, 1991). When looking for a general definition of a business strategy, several trains of thought must be integrated. Knee and Walters (1985) state a strategy is a predetermined direction in which to focus short range plans. The predetermined direction dictates how to utilize resource during the short-term or the operational decision-making process.

In contrast with Knee and Walters, Bowersox (1990) discusses strategy in terms of achieving operational objectives. Bowersox proposes that achieving a predetermined standard of customer satisfaction or a predetermined amount of value-added services is sufficient to direct a company's objectives. However, defining strategies as directing short term objectives limits the ability to influence long range planning. A proactive strategic approach incorporates operational decisions and uses each operation within the company as part of a greater picture.

Service companies have been known to focus their strategies toward short term operational goals. Berman and Evans (1983) state a typical strategy encompasses an overall company plan of action for a one year time period. This

plan of action outlines the company philosophy, business objectives, consumer market, and control mechanisms. Although this one year plan addresses the major issues, it does not allow the company to influence or direct its future competitive position. They merely react to their business environment instead of trying to manipulate it.

Freeman and Cavinato (1990) state that a strategy is a system of corporate values, planning capabilities, and organizational responsibilities that crosses all organizational boundaries. Within their definition, Freeman and Cavinato focus a company's efforts toward a predetermined long range goal, using short term operational objectives to pull the company closer to its goal. Freeman and Cavinato's definition is important. They suggest, as with other researchers, a company asks vital questions concerning their business. First, what position or status is the company in the market place? And secondly, which direction should the company head in the future? Once these questions are answered, a strategy or plan of action to obtain this long term objective is formulated.

Feigenbaum (1986) states that once a future direction is chosen, every operational policy and procedure of the company must be analyzed to determine its contribution to the new long term strategy. Every policy or procedure should have a direct relationship with the new strategy and standards should be set for performance comparisons. This philosophy is discussed by Freeman and Cavinato (1990). They state "every activity and philosophy must be reviewed in terms of its ability to support the corporate planning process and corporate value system." Freeman and Cavinato (1990) state that the review process is continuing and causes the strategy or plan of action to evolve as the company addresses uncontrollable factors.

In light of the past research, the most appropriate general definition of a business strategy is as follows:

> A predetermined long range plan for future business activities, requiring a commitment of all operational policies and procedures. Success of obtaining long range objectives should be measurable by using operational policies and procedure standards as short term benchmarks of commitment to the company's goal. Continual evaluation is necessary to determine environmental influences on the company's long term objective.

The manipulation of organizational variables has been a topic of research for decades. Every level of organizational structures has been attacked by researchers hoping to make strides in organization dynamics. Strategic analysis and positioning make use of the wealth of organizational knowledge by applying well researched theories to business environments. Here corporate strategies manipulate organizational facets to achieve their long-term goals.

To effectively discuss a corporate strategy that encompasses commitment across all organizational levels, Kotter, Schlegsinger, and Sathe (1986) developed a model of strategic fit (figure 1). The model has four components; the desired corporate strategy, the organizational design, the job task, and the work force. Kotter et. al., state these four components are interdependent. The arrows within the model depict the interdependent relationship between the company's strategy, organizational design, tasks, and the work force. The thin dark arrows represent the interdependence of tasks, organizational design, and the workforce. Here the three segments influence aspects of each other. The design of the company's feedback and reward systems influences the work force's perception of the

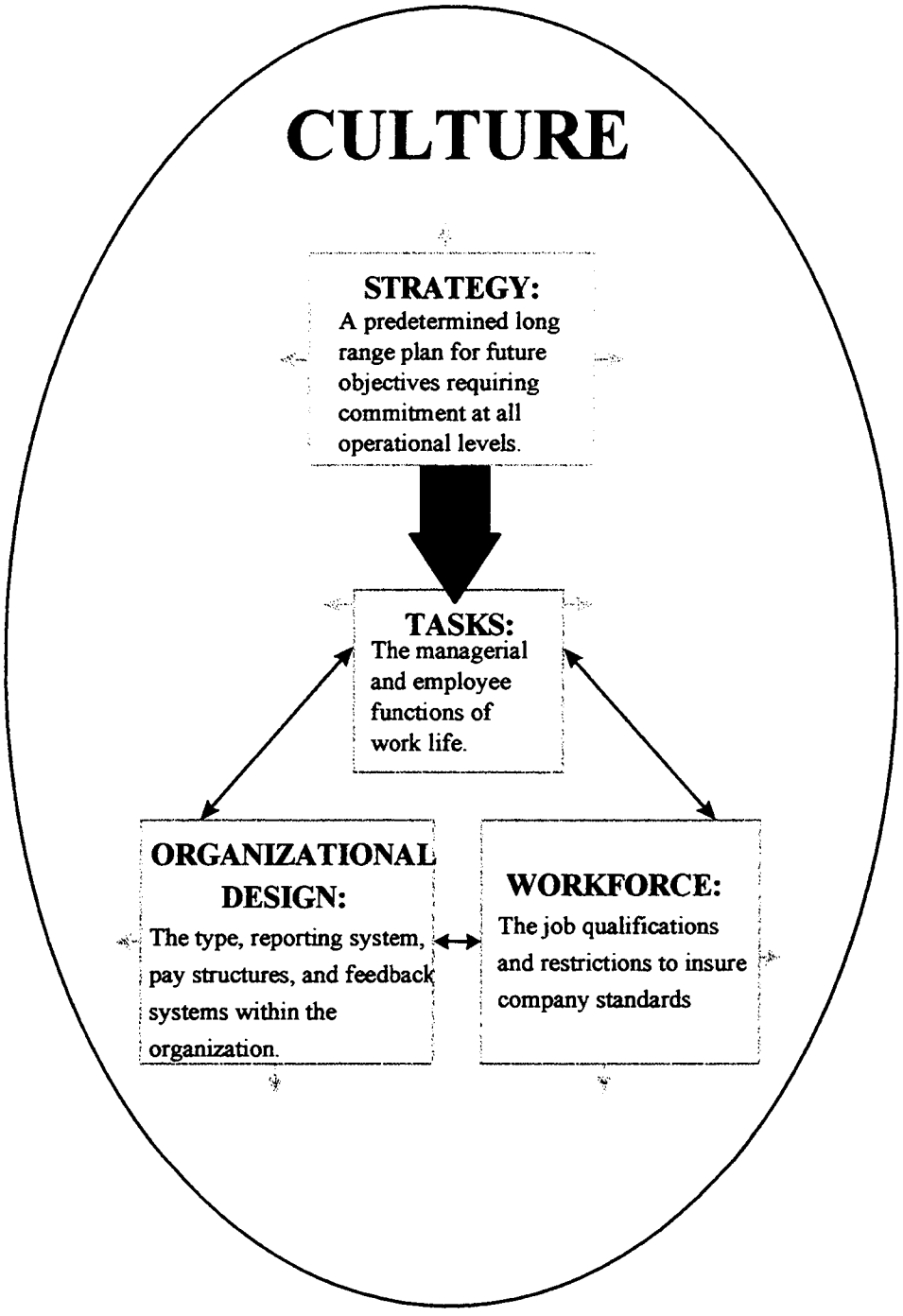


Figure 1. **Model of Strategic Fit** Adapted from Kotter Schlesinger and Sathe *Organization: Text, Cases, and Readings on the Management of Organizational Design* Homewood Ill: R.D. Irwin.

corporate strategy. In turn, this perception influences how key tasks are performed. If the three segments are working together they have a greater potential of achieving the long term business strategy, signified by the large dark arrow.

The totality of the four segments represents an organization's culture. Whether the four segments are in sync with each other or not, they create a company's organizational culture. To describe this concept, a look at the definition of organizational culture is in order. As stated earlier, culture is the informal conscious of the organization which is shaped out of the behavior of the individuals. How individuals perceive each area of the company, influences how tasks are performed. This perception guides individual behavior thus creating a company's culture, as signified by the gray arrows within the model.

A new strategy requires a service organization to analyze its policies and procedures. Kotter et. al., consider a company's policies and procedures as part of its organizational design. Knee and Walters (1985) agree with this classification. They state that successful strategy implementation is based on support from the reporting hierarchy and feedback system. To manipulate strategic change, control of an organization is required. Feedback to and from all organizational levels allows for monitoring of targeted objectives. Through this continual evaluation, trends can be predicted and corrective action can be taken if needed.

Hurwich (1986) examined compensation techniques and their effects on corporate strategy. He relayed the corrective action research of the compensation concept in his aspect of organizational design. From this angle, Hurwich found five levels of strategic compensation designs: basic, tailored, dynamic, integrated,

and total strategic compensation. Through his definitions of strategic compensation designs, Hurwich captured the essence of strategic fit manipulation.

Hurwich concluded basic and tailored compensation systems did not direct the company toward strategic refocusing. With basic compensation systems, employers viewed compensation of employees as a routine event. This generic approach provided little motivational control and did not attempt to change the organization. Dynamic compensation systems, the third category, aimed to improve overall organizational performance by monitoring and controlling behavior through compensation systems. Next, integrated systems supplement compensation systems with other feedback programs designed to monitor behavior toward organizational change. Examples would be productivity or quality control charts. These new systems allow the organization to monitor trends and influence employee behavior through increased communication. However with dynamic and integrated compensation systems parts of the organizational design remain as basic or tailored systems. The last level, total strategic compensation, links feedback systems with compensation systems. During total strategic compensation, feedback and compensation systems are designed to influence changes and securing optional behavior between the job tasks and work force. These systems view job tasks and work forces as components which instigate trends. This is regarded as strategic fit by Kotter et. al. All aspects of the organizational design are working to influence and reward behaviors which apply to long-term refocusing.

Salmon (1989) provides great insight into the workforce component by stating "achieving excellence in strategic change depends on the quality and motivation of the rank and file employee." When reviewing the service employee,

it is important to remember the tasks he or she will be performing. The tasks require a blend of personality traits. With the high degree of customer contact, front line employees affect company image by influencing the consumer's perceptions. Due to this occurrence the personality traits of the employees must coincide with the company image (Bergman and Evans 1983). In addition, the employee's work ethic must fit the operational style of the organization.

This totality of organizational goals is the difference between strategic management and accidental behavior (McGee 1987). An "aligned" organization will operate at the peak performance (Chorn 1991). Dickinson (1974) suggests incremental changes confuse long term goals with short term changes. Dickinson's early research in strategy warned that failure occurs when there is not continual commitment to a predetermined long range plan, signifying that strategic fit at the service industry setting is more than just a one-time occurrence. Coordination of the three interrelated organizational components to achieve a change in strategy takes constant evaluation. This evaluation is to ensure the interrelated elements continue to stay in sync. Salmon (1989) agrees with this concept and states:

> "...Companies will go about improving their skills in these areas on a piecemeal basis and without recognizing how interrelated they are with each other and with the marketing mission of the firm. Future success will demand more excellence in each of these areas. These skills must be so interrelated with each other and the marketing mission of the firm that the totality represents a culture, which is outstanding in satisfying both consumers and employees."

Johnson (1987) took this concept one step further during his strategy research. He placed strategic progress in layers of implementation. First, strategic

development starts the planning, analyzing and implementation process of the long term repositioning goal. Secondly, minor changes are made to the strategy and it implementation due to unforeseen environmental or internal company influences. The third level of strategic implementation is interpretive managerial behavior. At this time, the work force begins to fully accept or reject the new policies and procedures designed for strategic growth. This phenomenon is a result of the new company culture not being congruent with the work force's expectations. If strategic change is not managed well at this point, the company may experience a great deal of staff turnover.

COMMUNICATION OF THE MISSION STATEMENT

Service companies must conduct a situational analysis and determine how they can distinguish themselves from their competition (Berman and Evans 1983). When strategic position is determined, commitment of all operational polices and procedures are needed to insure success. From that point, evaluation of the change process and environmental influences are necessary to manage the strategic positioning (Freeman and Cavinato 1990).

Horwitz and Neville (1996) reviewed the literature concerning service quality and organizational strategy. Their review concurs with the literature stated above. Success is facilitated by an organizational strategy and whether its structures, systems, human resource practices, and employee skills are aligned with that strategy. Horwitz and Neville state:

> "at the core of service excellence is the extent to which core values or beliefs about excellence form an intrinsic part of the firm's strategy

> and culture. How they are communicated and whether top management *lives* these values by providing leadership in implementing service is vital."

The concept of top management "living" customer service values is important. Here employees see management implementing systems that support customer service values, as well as using the values in their every day work life. The example set by management fosters a cultural change or sustains an already positive customer service culture.

Ulrich (1992) also suggests that a "common mind set" or a service quality culture can develop within an organization. To develop a common mind set, corporate wide communication is needed. Once the strategic plan is in place, the prevailing practice is to develop a mission statement. A mission statement is the articulation of the desired organizational culture (O'Hallaron 1988). This statement embodies a corporate philosophy is a clear concise sentence or short paragraph. Campbell and Nash (1992) has described a mission statement as:

> An important business tool. A foundational piece of marketing, strategic planning, quality initiatives, and strategic management styles.

A strong mission statement has four components. The organizational vision, the values emphasized to achieve the mission, principles to guide behavior, and the specific management process to achieve the vision (McDermott, Urban, O'Hallaron 1996). Dominick (1990) states that mission is purpose. A statement of mission is a statement of intent and direction. The message conveyed complements the strategic plan by allowing widespread communication of the

corporate goals. The purpose is to represent the strategic plan symbolically. Here the employees have a picture of top management's future plans. To cement the "common mind set", policies and procedure must be aligned to support each aspect of the mission statement. The alignment represents the practice of strategic fit. As a result, the mission statement, or symbolic representation of the strategic plan, becomes more obtainable to the employees. When placed together with a management staff that practices the values embodied in the mission statement, a service company can increase employee commitment to a customer service culture.

SUMMARY

Environmental and consumer trends force companies to evolve. This evolution creates the need for constant analyzing of an internal organization in hopes of making a greater impact on the new environment (Das 1995). The primary task of senior managers is to manage the interdependence between situations, strategy, organizational culture and leadership styles (Chorn 1991). By providing clear communication on corporate goals, senior managers can influence employee behavior. Here measurement of objective outputs and subjective behaviors hold employees accountable for results.

Analyzing strategic needs is a time consuming process. There is not a "quick fix" to aligning organizational components. Any quick attempt at change fails if there is a radical departure from the current culture because employees can not cognitively understand or support a major change (Allen, and Brady 1997). Therefore it is recommended by a multitude of practitioners and researchers to begin changing isolated systems as opposed to a massive push toward total

strategic fit. Here flexibility and commitment are key (Das 1995). By continually evaluating and changing an organization, individuals have time to adjust their behavior accordingly. Over time, an organization evolves closer to strategic alignment and cultural change. The most successful cultural changes take 5 to 6 years (Uttal 1983).

Service industries have an added challenge. Their customers spend a majority of their time with front line employees. These customer-contact employees are a major determinant of service quality. With little direct supervision, the employees can stray from corporate guidelines. Therefore it is crucial to measure their performance through internal audits and score card systems. Here the communication of standards and results allows senior management to promote behavior toward higher customer service. It is imperative senior managers communicate and measure clear standards as well as practice the values that are being promoted. Senior managers not only must communicate customer service standards within their business strategy and organizational design, they must perform the values during their daily work life. By repeatedly exercising the standards they espouse, senior managers set examples for their staffs.

Due to a high need for communication and involvement in the service industries, senior managers can use the development of standards and measures to their advantage. By allowing customer contact employees to by involved in the development of standards and measurement systems, two-way communication and employee involvement can foster commitment to company goals. The establishment of an employee review board to examine senior management's score card systems and audit programs can promote a new level of understanding from

both groups. To keep an increase in employee commitment toward high service quality, senior management must "live" the service quality standards they espouse. Management cannot support the old adage "do as I say not as I do". Their daily actions provide a powerful source of communication.

Increasing the standard of customer service can require fine tuning an organization's business strategy. The alteration requires more than writing a new mission statement. Companies must examine their business practices to determine if they are congruent with a change in strategy. Measuring the strategic alignment of a business strategy is a time consuming process. Each policy and procedure must be analyzed to determine if it supports or contradicts the strategy. This analysis, although time consuming, can be achieved through the use of corporate records.

The strategic alignment analysis is important. The information allows senior managers to make educated decisions about the future of the organization. However the analysis does not tap the employee perception of service quality systems, senior management communication, or senior management's commitment to every day customer service values. Here the organizational culture (organizational design, strategy, and management values) must be filtered though all levels of the company. If the employees do not perceive the organization is committed to the high service quality, they, in turn, may not promote high service quality values when interacting with customers. The purpose of this study is to develop a tool that will tap the perception of service quality values at different levels of an organization. The information will allow managers to address strategic alignment and organizational culture issues surrounding customer contact.

RESEARCH OBJECTIVES

Service industries' senior managers need concise information concerning the perceptions of customer service systems, communication, and management commitment to quality. To facilitate gathering information on a large scale, a short questionnaire survey needs to be developed. The information gathered should be diagnostic in nature and lend itself to self-administration, therefore straight forward instructions and questions are essential. To determine the success of a diagnostic tool, the following objectives need to be met:

To Develop Diagnostic Tool

1. Test reliability of the diagnostic tool.
2. Compare the diagnostic tool's reliability between two different types of service organizations.

To Test for Useful Applications

1. Compare organizational differences between the use of part time employees and full time employees
2. Compare organizational differences between communication of the Mission or Quality Statement
3. Determine if there is a difference between management and employee perceptions.

3. METHODOLOGY

DEVELOPMENT OF QUESTIONNAIRE

Several questionnaires used by consulting firms were reviewed. Questions to tap the perceptions of communication, involvement, empowerment, strategy, and teamwork within the service industries were needed. To examine involvement, questions regarding employee suggestions and opinions were essential. Questions regarding the perceptions of company standards and procedures were used to tap empowerment. With the quality movement pushing companies toward self directed work teams, questions on teamwork were necessary. To measure an organization's commitment to customer service, or customer service culture, questions regarding communication were needed. Lastly, questions on benchmarking were used to examine the perception of strategy.

The list of questions were reviewed by concept group, eliminating duplication. Twenty five questions were selected and distributed to a regional hotel chain. 3000 surveys were distributed and 829 were returned. A principal components test was completed to examine if the questions represented the areas chosen for investigation (Table 1). The areas were benchmarking, continuous improvement, teamwork, leadership, empowerment, and involvement. Questions that did not load on a single factor and that tested below a .60 were deleted. The varimax procedure was used to rotate the factors, loading six factor groupings. The number of questions was reduced to fourteen. Final communality estimates totaled 8.2 representing 63% of the total explained variance. To determine if there would be any difference in the analysis, all four principal components procedures

Table 1. Principal Components on Original 25 Questions

		Rotated Factor Loadings					
QUESTION		**1**	**2**	**3**	**4**	**5**	**6**
1.	To what extend do customer comments tell us how we are doing	.67					
2.	Customer demands establish how we serve our customer	.87					
3.	We have an effective system for converting customer demands into higher service standards	.76					
4.	Frequent performance reviews are given to achieve high service standards	.60					
5.	Employee involvement is important		.33				
6.	We have a set system for directly involving employees with improving service standards		.51				
7.	Employees are directly involved with improving service standards		.65				
8.	Our system for recognizing employee suggestions is effective		.78				
9.	Employees make adjustments to achieve high service standards			.16			
10.	Employees adjust service requirements			.28			
11.	Employees can be flexible with policies and procedures			.82			
12.	Employees are given the power to make adjustments for the customer			.86			
13.	Compared to our competitors, we are steadily gaining customers				.35		
14.	We have difficulty comparing our service standards to other companies				.25		
15.	We increase our knowledge of our competitors business practices				.16		
16.	Competitors consider our company as having higher service standards				.78		
17.	We are evaluated on how well we work with others					.79	
18.	We are rewarded for working as a team					.67	
19.	Meeting customer demands requires teamwork					.74	
20.	Teamwork is important					.43	
21.	How often does your supervisor believe customer service is top priority						.78
22.	Executives prefer to focus on short term results						.34
23.	There is clear communication between me and my supervisor on job expectations						.63
24.	Our long term objectives are planned and extend beyond two years						.22
25.	We use a continuous system for identifying service requirements important to our customers						.36
Eigenvalue:		1.2	1.1	.94	.92	.88	.87
Percent of Total Variance:		63%					

were used. There were no differences in the results. The fourteen questions were resubmitted to sample one.

To fine tune the diagnostic tool before surveying the second sample (retail), an additional principal components test was completed on the results from the second survey with sample one (hotel). The results of the principal components test using the varimax procedure are shown in table 2. The test depicts four factors, empowerment, teamwork, involvement, and leadership. With this principal components test, the benchmarking questions loaded on the involvement factor. In addition, three questions loaded on more than one factor or tested below .60. The three questions were deleted from the questionnaire. Final communality estimates totaled 9.2 representing 66% of the total explained variance.

After deleting the questions an additional principal components test was completed to redistribute the variance and to verify the loading of the questions on one factor only. The results were shown in table 3. Again the benchmarking questions loaded on the involvement factor. Since the retention criteria of loading solely on one factor at .60 or above was met, the questions were kept within the questionnaire. Final communality estimates totaled 7.8 representing 71% of the total explained variance. Figure 2 depicts the final eleven questions, how they relate to the model of organizational strategic fit, and which of the concepts each question is testing.

There was a five year time span between the survey using sample number one and the survey using sample number two. Before submitting the questionnaire to the second sample, three questions were slightly altered by the request of senior management in sample two. These questions and the corresponding changes are listed in figure 3.

Table 2. Principal Components on 14 Questions

		Rotated Factor Loadings			
QUESTION		**1**	**2**	**3**	**4**
1.	To what extent do customer comments tell us how good we are doing	.49			
2.	How often does your supervisor believe customer service is top priority	.82			
3.	There is clear communication between me and my supervisor on job expectations	.67			
4.	Customer demands establish how we serve our customer	.76			
5.	Competitors consider our company as having higher service standards		.74		
6.	Our system for recognizing employee suggestions is effective		.67		
7.	We have an effective system for converting customer demands into higher service standards		.63		
8.	Employees are directly involved with improving service standards		.64		
9.	Frequent performance reviews are given to achieve high service standards		.56		
10.	We are evaluated on how well we work with others			.74	
11.	We are rewarded for working as a team			.70	
12.	Meeting customer expectations demands teamwork			.56	
13.	Employees can be flexible with policies and procedures				.78
14.	Employees are given the power to make adjustments for the customer				.72
Eigenvalue:		6.1	1.25	.98	.85
Percent of Total Variance:		66%			

Table 3. Principal Components on 11 Questions

		Rotated Factor Loadings			
QUESTION		**1**	**2**	**3**	**4**
1.	How often does your supervisor believe customer service is top priority	.83			
2.	There is clear communication between me and my supervisor on job expectations	.78			
3.	Customer demands establish how we serve our customer	.73			
4.	Competitors consider our company as having higher service standards		.81		
5.	Our system for recognizing employee suggestions is effective		.69		
6.	We have an effective system for converting customer demands into higher service standards		.66		
7.	Employees are directly involved with improving service standards		.61		
8.	We are evaluated on how well we work with others			.78	
9.	We are rewarded for working as a team			.78	
10.	Employees can be flexible with policies and procedures				.78
11.	Employees are given the power to make adjustments for the customer				.73
Eigenvalue:		5.0	1.11	.88	.80
Percent of Total Variance:		71%			

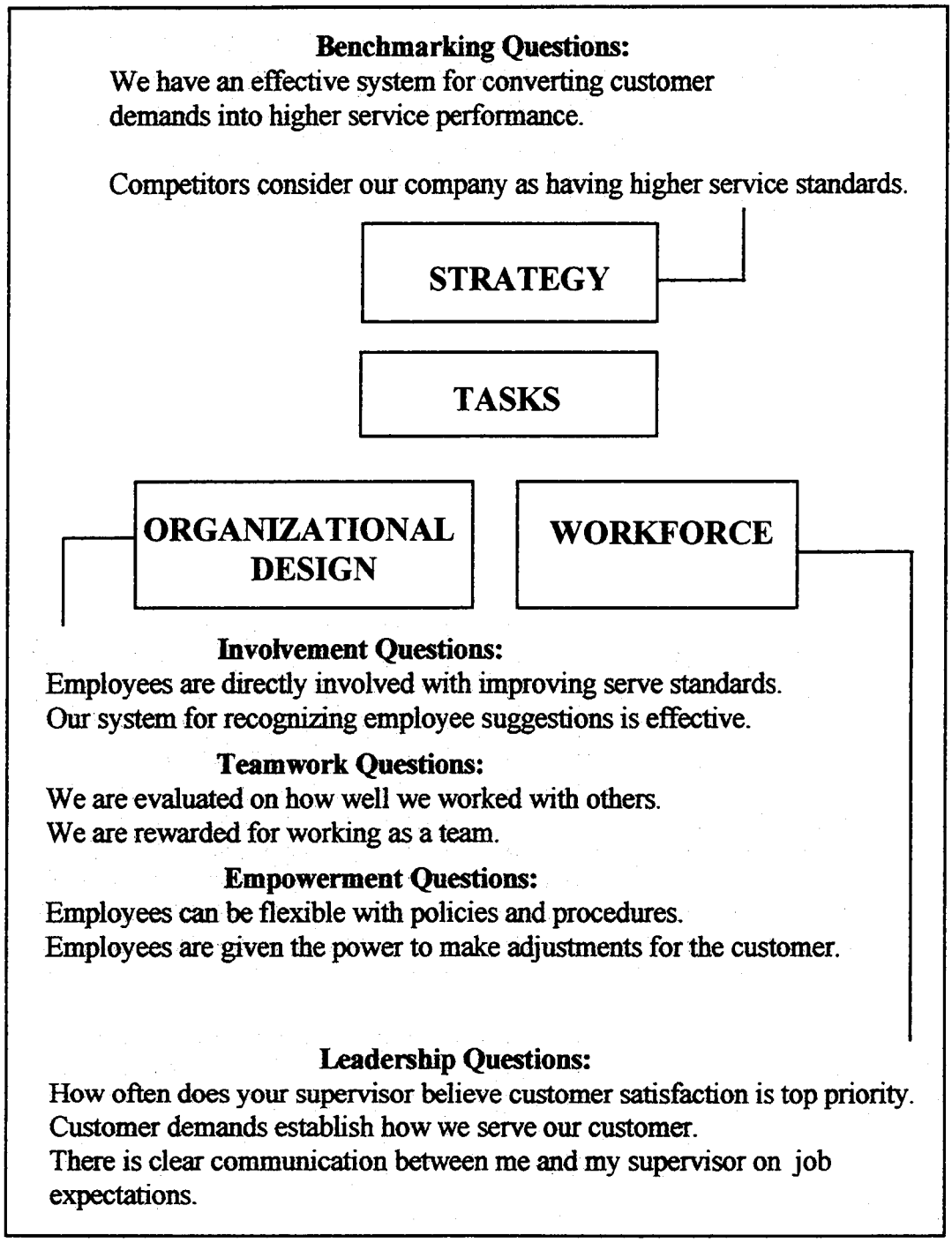


Figure 2. Questions and their Relationship to the Model.

SAMPLE ONE QUESTIONNAIRE	*SAMPLE TWO QUESTIONNAIRE*
1. We are rewarded for working in groups.	1. We are rewarded for working as a team.
2. We have an effective system for converting customer demands into higher service levels.	2. We have an effective system for converting customer demands into higher service performance (secret shopper and suggestion please).
3. Competitors consider our company as having high service standards.	3. Competitors consider our company as having higher service standards than them.

Figure 3. Questionnaire Changes.

SAMPLE ONE

Hotel Organization

The survey was distributed to the regional hotel chain. Senior management requested the sample included hourly employees only. 3000 surveys were distributed and 735 were returned for a response rate of 25 percent.

Distribution Procedures

Communication prior to the survey consisted of the following. A consultant discussed the survey with the hotel managers during a quality management training course. Each manager was given a copy of the revised questionnaire and distribution procedures. Confidentiality and analysis procedures were discussed and questions were answered.

The survey, cover letter and self addressed stamped envelope was placed in a sealed outer envelope. These survey packets were sent to the payroll clerk of each location by Federal Express. The packets were stapled to the pay checks by payroll clerks of each location. Within the locations, the staff picked up pay checks with the survey packets attached at the payroll office. The surveys were returned to the researcher in a self addressed stamped envelope.

SAMPLE TWO

Retail Organization

The survey was distributed to 1997 employees of a regional department store chain and 478 were returned for a response rate of 24 percent. The employees included the corporate office, distribution center, and nineteen department store managers and sales staff.

Distribution Procedures

Communication prior to the survey consisted of the following. An electronic mail message was sent from the corporate office to each location manager. The message stated they would receive information through corporate mail concerning an upcoming survey. A copy of each survey packet as well as a cover letter stating the benefits of the study was distributed. In addition a follow telephone call was placed by the researcher to each location manager to answer any questions.

The survey, cover letter and self addressed stamped envelope was placed in a sealed outer envelope. These survey packets were sent to each location with the payroll checks by corporate transportation. The packets were stapled to the pay checks by payroll clerks of each location. Within the locations, the staff picked up pay checks with the survey packets attached at the payroll office. The surveys were returned to the researcher in a self addressed stamped envelope.

4. RESULTS

To support the development of the diagnostic tool, the tool's reliability was tested in two service settings. In addition, the diagnostic tool was tested to determine if it could distinguish organizational differences between the two service settings. Cronbach Coefficient Alpha tests were used to test the reliability of the diagnostic tool. To test for differences within each organization, Wilcoxon Two Sampled T Tests and Multivariate Analysis of Variances were used, comparing the questions' means within demographic groups. This method allowed differences of perception within each organization to be pin pointed. To determine if the tool was acknowledging the differences between the separate companies, a review was completed of the demographic variables that both organizations had in common. The individual questions provided detailed information concerning each organization, Therefore the results were examined and reported by questions instead of the concepts they represented.

DIAGNOSTIC TOOL RELIABILITY OVERALL

Reliability tests were performed on a combined data set of both surveys using Cronbach Coefficient Alpha and Pearson Correlations (tables 4 and 5). The questionnaire scored .87 on Cronbach Coefficient Alpha. Therefore the diagnostic tool was deemed reliable across the two organizations.

Table 4. Questions Corresponding with Reliability Tests

1. We are evaluated on how well we work with others.
2. We are rewarded for working as a team.
3. We have an effective system for converting customer demands into higher service performance.
4. Competitors consider our company as having higher service standards than them.
5. Employees are directly involved with improving service standards.
6. Our system for recognizing employee suggestions is effective.
7. Employees can be flexible with policies and procedures.
8. Employees are given the power to make adjustments for the customer.
9. How often does your supervisor believe customer satisfaction is top priority.
10. Customer demands establish how we serve our customer.
11. There is clear communication between me and my supervisor on job expectations.

Table 5. Reliability Tests on Factor Groupings for Combined Samples

Question n=1213	Pearson Correlation R Value	P Value	Cronbach Coefficient Alpha
Involvement			.83
3-4	.473	<.001	
3-5	.527	<.001	
3-6	.487	<.001	
4-5	.520	<.001	
4-6	.512	<.001	
5-6	.575	<.001	
Leadership			.81
9-10	.563	<.001	
9-11	.564	<.001	
10-11	.447	<.001	
Teamwork			.76
1-2	.504	<.001	
Empowerment			.67
7-8	.426	<.001	

COMPARISON OF RELIABILITY BETWEEN TWO ORGANIZATIONS

By using two Cronbach Coefficient Alpha tests for reliability, one for each organization, the diagnostic tool was found to be reliable at each setting. Without a statistical measure to compare the Cronbach Coefficient Alpha results, an apirori comparison was completed. With the hotel setting having a .87 Cronbach Coefficient Alpha score, and the retail setting having a .85 Cronbach Coefficient Alpha score, it was concluded the diagnostic tool was equally reliable in either setting. In addition, the high reliability scores show the five year gap between the surveys did not affect the study. These scores prove that over time, the diagnostic tool remains a reliable source of information for service industries. To test the questions' representation of their respective concept, Pearson Correlations and Cronbach Alphas were performed on the concept grouping (tables 6 and 7). The questions were examined with in each sample.

DIFFERENCES BETWEEN MANAGERS AND EMPLOYEE PERCEPTIONS

Due to senior management constraints with the hotel organization, differences between managers' and employees' perceptions can only be tested with the retail organization. Within the retail organization, there were 108 managers and 370 employees for a total sample of 478. The data from each question was tested to determine if the answers were normally distributed. Questions one, nine, ten and eleven did not meet the normal distribution criteria. Therefore non

Table 6. Questions Corresponding with Reliability Tests

1. We are evaluated on how well we work with others.
2. We are rewarded for working as a team.
3. We have an effective system for converting customer demands into higher service performance.
4. Competitors consider our company as having higher service standards than them.
5. Employees are directly involved with improving service standards.
6. Our system for recognizing employee suggestions is effective.
7. Employees can be flexible with policies and procedures.
8. Employees are given the power to make adjustments for the customer.
9. How often does your supervisor believe customer satisfaction is top priority.
10. Customer demands establish how we serve our customer.
11. There is clear communication between me and my supervisor on job expectations.

Table 7. Reliability Tests on Factor Groupings for Each Sample

Hotel Question n=735	Pearson Correlation R Value	P Value	Cronbach Coefficient Alpha	Retail Question n=478	Pearson Correlation R Value	P Value	Cronbach Coefficient Alpha
Involvement			.81	Involvement			.83
3-4	.469	<.001		3-4	.486	<.001	
3-5	.524	<.001		3-5	.548	<.001	
3-6	.476	<.001		3-6	.515	<.001	
4-5	.534	<.001		4-5	.525	<.001	
4-6	.508	<.001		4-6	.534	<.001	
5-6	.575	<.001		5-6	.653	<.001	
Leadership			.81	Leadership			.83
9-10	.650	<.001		9-10	.391	<.001	
9-11	.602	<.001		9-11	.492	<.001	
10-11	.566	<.001		10-11	.236	<.001	
Teamwork			.82	Teamwork			.62
1-2	.474	<.001		1-2	.564	<.001	
Empowerment			.64	Empowerment			.72
7-8	.415	<.001		7-8	.409	<.001	

parametric Wilcoxon Two-Sample Tests were completed on each of these questions. In regards to the four questions, there were no differences between managers and employees perceptions. The mean and median scores for each question are listed in table 8.

A Multivariate Analysis of Variance was completed on questions two through eight to determine if there were differences between managers and employee perceptions. There was a significant difference using Wilks Lambda with and F value of 5.91 and a P value of <.001. An Analysis of Variance was completed on all of the questions to pin point the differences. The mean scores, F values, and P values for each question with significant differences are listed in table 9a. This information depicts a difference in perception between managers and employees on each of the questions. The mean scores, F values and P values for the remaining questions are listed table 9b. This information represents perceptions that are the same between managers and employees.

EFFECTS OF ENVIRONMENTAL FACTORS PART TIME AND FULL TIME

Hotel Organization

Within the hotel organization, there were 180 part time employees and 555 full time employees for a total sample of 735. The data from each question was tested to determine if the answers were normally distributed. Questions nine, ten and eleven did not meet the normal distribution criteria. Therefore non parametric

Table 8. Retail Organizational Perceptions Managers Versus Employees (Non Parametric)

No Differences Between Managers and Employees				
Question	*Manager Mean Score*	*Employee Mean Score*	*Median Score*	*Z Score*
We are evaluated on how well we work with others	3.92 (1.00)	3.67 (1.22)	4	.519
How often does your supervisor believe customer satisfaction is top priority	4.5 (.80)	4.52 (.81)	5	.505
Customer demands establish how we serve our customer	3.94 (.87)	3.96 (1.06	4	.209
There is clear communication between me and my supervisor on job expectations	4.19 (.96)	3.99 (1.21)	4	.540

Table 9. Retail Organizational Perception Managers Versus Employees (Parametric)

Question	*Managers Mean Score*	*Employees Mean Score*	*F Value*	*P Value*
SECTION A. MANAGER AND EMPLOYEE DIFFERENCES				
We are rewarded for working as a team	3.59 (1.01)	2.94 (1.33)	22.77	<.001
Our system for recognizing employee suggestions is effective	3.52 (.84)	3.04 (1.17)	17.47	<.001
Employees are given the power to make adjustments for the customer	3.30 (1.12)	3.03 (1.18)	4.73	.03
SECTION B. NO DIFFERENCES BETWEEN MANAGERS AND EMPLOYEES				
We have an effective system for converting customer demands into higher service performance	3.72 (1.01)	3.67 (1.06)	.284	.619
Competitors consider our company as having higher service standards than them	3.78 (.75)	3.60 (1.02)	2.62	.107
Employees are directly involved with improving service standards	3.75 (.94)	3.52 (1.27)	3.33	.069
Employees can be flexible with policies and procedures	2.79 (.98)	2.79 (1.16)	.005	.942

Wilcoxon Two-Sample Tests were completed on each of these questions. In regards to the three questions, there were no differences between full time and part time employees perceptions. The mean and median scores for each question are listed in table 10.

A Multivariate Analysis of Variance was completed on questions one through eight to determine if there were differences between full time and part time employee perceptions. There was not a significant difference using Wilks Lambda with a F value of 1.20 and a P value of .299. The mean scores are listed in table 11. This information depicts the perception of full time and part time employees on each of the questions.

Retail Organization

Within the retail organization, there were 116 part time employees and 249 full time employees for a total sample of 365. Non parametric Wilcoxon Two-Sample Tests were completed on each of the questions which did not meet the normal distribution criteria. In regards to the four questions, there were no differences between those who had and those who had not seen the mission statement. The mean and median scores for each question are listed in table 12.

A Multivariate Analysis of Variance was completed on questions two through eight to determine if there were differences in perception between part time and full time employees. There was not a significant difference using Wilks Lambda with a F value of .734 and a P value of .678. The mean scores are listed in table 13. This information represents perceptions that are the same between part time and full time employees.

Table 10. Hotel Organizational Perceptions Part Time Versus Full Time (Non Parametric)

No Differences Between Full Time and Part Time Employees				
Question	*Full Time Mean Score*	*Part Time Mean Score*	*Median Score*	*Z Score*
How often does your supervisor believe customer satisfaction is top priority	4.60 (.80)	4.52 (.92)	5	.212
Customer demands establish how we serve our customer	4.30 (.89)	4.12 (1.01)	5	.027
There is clear communication between me and my supervisor on job expectations	4.25 (1.02)	4.19 (1.03)	5	.285

Table 11. Hotel Organizational Perception Part Time Versus Full Time (Parametric)

NO DIFFERENCES BETWEEN FULL TIME AND PART TIME EMPLOYEES		
Question	*Full Time Mean Score*	*Part Time Mean Score*
We are evaluated on how well we work with others	3.84 (1.19)	3.68 (1.19)
We are rewarded for working in a team	2.90 (1.32))	2.84 (1.27)
We have an effective system for converting customer demands into higher service performance.	3.82 (1.06)	3.69 (1.13))
Competitors consider our company as having higher service standards	3.88 (1.03)	3.92 (.99)
Employees are directly involved with improving service standards	4.05 (1.04)	3.45 (1.21)
Our system for recognizing employee suggestions is effective	3.50 (1.15)	3.45 (1.21)
Employees can be flexible with policies and procedures	3.29 (1.20)	3.11 (1.20)
Employees are given the power to make adjustments for the customer	3.65 (1.22)	3.11 (1.20)

Table 12. Retail Organizational Perceptions Part Time Versus Full Time (Non Parametric)

No Differences Between Full Time and Part Time Employees				
Question	*Full Time Mean Score*	*Part Time Mean Score*	*Median Score*	*Z Score*
We are evaluated on how well we work with others	3.68 (1.27)	3.65 (1.133)	4	.234
How often does your supervisor believe customer satisfaction is top priority	4.52 (.84)	4.52 (.74)	5	.570
Customer demands establish how we serve our customer	3.97 (1.05)	3.95 (1.10)	4	.892
There is clear communication between me and my supervisor on job expectations	4.02 (1.19)	3.95 (1.23)	4	.440

Table 13. Retail Organizational Perception Part Time Versus Full Time (Parametric)

No Differences between Full Time and Part Time Employees		
Question	*Full Time Mean Score*	*Part Time Mean Score*
We are rewarded for working in a team	2.99 (1.29)	2.70 (1.41)
We have an effective system for converting customer demands into higher service performance.	3.72 (1.06)	3.55 (1.06))
Competitors consider our company as having higher service standards	3.58 (1.06)	3.64 (.93)
Employees are directly involved with improving service standards	3.59 (1.23)	3.37 (1.34)
Our system for recognizing employee suggestions is effective	3.08 (1.15)	2.86 (2.74)
Employees can be flexible with policies and procedures	2.82 (1.14)	2.73 (1.21)
Employees are given the power to make adjustments for the customer	3.10 (1.15)	2.87 (1.22)

EFFECTS OF ENVIRONMENTAL FACTORS THE MISSION STATEMENT

Hotel Organization

Within the hotel organization, there were 240 who had stated they had not and 495 who stated they had seen the mission statement for a total sample of 735. Non parametric Wilcoxon Two-Sample Tests were completed on each of the questions that did not meet normal distribution criteria. In regards to the three questions, there were differences between the two groups. The mean and median scores for each question are listed in table 14.

A Multivariate Analysis of Variance was completed on questions one through eight to determine if there were differences in perception between those who had and those who had not seen the mission statement. There was a significant difference using Wilks Lambda with a F value of 8.00 and a P value of <.001. An Analysis of Variance was completed on all of the questions to pin point the differences. The mean scores, F values, and P values for each question with significant differences are listed in table 15. This information depicts a difference in perception between those who had and those who had not seen the mission statement on each of the questions.

There was not an demographic interaction between those who had not seen the mission statement and those who were part time. By using a 2x2 chi-square it was determined that part timers were as likely to have seen the mission statement ($p = .745, X_2 = .105$, table 16). Of the 240 employees who stated they had not seen the mission statement, 183 were full time and 57 were part time.

Table 14. Hotel Organizational Perceptions in Mission Statement Grouping (Non Parametric)

Differences Between Those Who Had Seen and Those Who Had Not Seen The Mission Statement					
	Mean Score		*Median Score*		
Question	*Yes*	*No*	*Yes*	*No*	*Z Score*
How often does your supervisor believe customer satisfaction is top priority	4.67 (.68)	4.4 (1.60)	5	5	.003
Customer demands establish how we serve our customer	4.37 (.80)	4.02 (1.11)	5	4	<.001
There is clear communication between me and my supervisor on job expectations	4.30 (.95)	4.10 (1.14)	5	5	.067

Table 15. Hotel Organizational Perception in Mission Statement Grouping (Parametric)

	Differences Between Those Who Had Seen and Those Who Had Not Seen The Mission Statement			
Question	*Yes Mean Score*	*No Mean Score*	*F Value*	*P Value*
We are evaluated on how well we work with others	3.90 (1.13)	3.60 (1.30	10,27	.001
We are rewarded for working as a team	3.04 (1.26)	2.57 (1.33)	16.79	<.001
We have an effective system for converting customer demands into higher service performance	3.92 (.98)	3.50 (1.21)	15.72	<.001
Competitors consider our company as having higher service standards than them	4.04 (.92)	3.57 (1.14)	33.56	<.001
Employees are directly involved with improving service standards	4.16 (.96)	3.76 (1.24)	17.46	<.001
Our system for recognizing employee suggestions is effective	3.65 (1.11)	3.14 (1.20)	10.88	<.001
Employees can be flexible with policies and procedures	3.35 (1.15)	3.02 (1.27)	10.88	.001
Employees are given the power to make adjustments for the customer	3.81 (1.08)	3.18 (1.34)	42.69	<.001

Table 16. Comparison of Those Who Have and Have Not Seen The Mission Statement Within the Part Time and Full Time Demographics in Hotel Sample

	Percentage have not seen	Percentage have seen	Total
Full Time	33% (n=183)	67% (n=372)	100% (n=555)
Part Time	31.7% (n=57)	68.3% (n=123)	100% (n=180)
Total	32.7% (n=240)	67.3% (n=495)	100% (n=735)

Retail Organization

Within retail organization, there were 127 who had stated they had not seen the mission statement and 351 who stated they had seen the mission statement for a total sample of 478. Non parametric Wilcoxon Two-Sample Tests were completed on each of the questions which did not meet the normal distribution criteria. In regards to the four questions, there were no differences between those who had and those who had not seen the mission statement. The mean and median scores for each question are listed in table 17.

A Multivariate Analysis of Variance was completed on questions two through eight to determine if there were differences in perception between those who had and those who had not seen the mission statement. There was a significant difference using Wilks Lambda with a F value of 4.69 and a P value of <.001. An Analysis of Variance was completed on all of the questions to pin point the differences. The mean scores, F values, and P values for each question with significant differences are listed in table 18a. This information depicts a difference in perception between those who had and those who had not seen the mission statement on each of the questions. The mean scores, F values and P values for the remaining questions are listed in table 18b. This information represents perceptions that are the same between those who had and those who had not seen the mission statement.

There was an demographic interaction between those who had not seen the mission statement and those who were part time. By using a 2x2 chi-square it was determined that part timers were less likely to have seen the mission statement (p = .003, X_2= 8.794, table 19). Of the 127 employees who stated they had not seen

Table 17. Retail Organizational Perceptions in Mission Statement Grouping (Non Parametric)

No Differences Between Those Who Had and Those Who Had Not Seen The Mission Statement				
Question	*Seen Mean Score*	*Not Seen Mean Score*	*Median Score*	*Z Score*
We are evaluated on how well we work with others	3.72 (1.16)	3.76 (1.25)	4	.214
How often does your supervisor believe customer satisfaction is top priority	4.53 (.80)	4.47 (.84)	5	.495
Customer demands establish how we serve our customer	4.00 (.99)	3.84 (1.11)	4	.851
There is clear communication between me and my supervisor on job expectations	4.08 (1.10)	3.92 (1.31)	4	.410

Table 18. Retail Organizational Perception in Mission Statement Grouping (Parametric)

Question	*Yes Mean Score*	*No Mean Score*	*F Value*	*P Value*
SECTION A. DIFFERENCES BETWEEN THOSE WHO HAD SEEN AND THOSE WHO HAD NOT				
We are rewarded for working as a team	3.21 (1.25)	2.76 (1.25)	11.91	.001
We have an effective system for converting customer demands into higher service performance	3.74 (1.01)	3.51 (1.10)	5.05	.025
Competitors consider our company as having higher service standards than them	3.71 (.90)	3.45 (1.10)	5.93	.015
Employees are directly involved with improving service standards	3.67 (1.16)	3.30 (1.30)	8.27	.004
Our system for recognizing employee suggestions is effective	3.19 (1.11)	2.95 (1.16)	4.08	.044
Employees are given the power to make adjustments for the customer	3.24 (1.11)	2.67 (1.23)	25.71	<.001
SECTION B. NO DIFFERENCES BETWEEN THOSE WHO HAD SEEN AND THOSE WHO HAD NOT SEEN THE MISSION STATEMENT				
Employees can be flexible with policies and procedures	2.84 (1.08)	2.65 (1.22)	3.76	.053

Table 19. Comparison of Those Who Have and Have Not Seen The Mission Statement Within the Part Time and Full Time Demographics in Retail Sample

	Percentage have not seen	Percentage have seen	Total
Full Time	23% (n=81)	76.9% (n=276)	100% (n=359)
Part Time	37% (n=57)	63% (n=75)	100% (n=119)
Total	26.6% (n=127)	73.4% (n=351)	100% (n=478)

of the mission statement, 83 were full time and 44 were part time. In addition, 33% the hourly and 6% of the management had stated they had not seen the mission statement. By using a 2x2 chi-square it was determined managers are more likely to have seen the mission statement ($p = .001, X^2 = 31.578$, table 20). Length of service did not play a factor in seeing or not seeing the mission statement ($p = .896, X^2 = 1.087$, table 21). A 5x2 chi-square was completed, breaking down length of service by 6 months or less, 61/2 months to 1 year, 1-2 years, 2-3 years, and over 3 years. Within each cell approximately 25% of the respondents had stated they had not seen the mission statement.

Table 20. Comparison of Those Who Have and Have Not Seen The Mission Statement Within the Managers and Employees Demographics

	Percentage have not seen	Percentage have seen	Total
Managers	6% (n=6)	94% (n=102)	100% (n=108)
Employees	33% (n=121)	67% (n=249)	100% (n=370)
Total	32.7% (n=127)	67.3% (n=351)	100% (n=478)

Table 21. Comparison of Those Who Have and Have Not Seen The Mission Statement Within the Length of Service Demographics

	Percentage have not seen	Percentage have seen	Total
6 months or less	26% (n=16)	74% (n=46)	100% (n=62)
6 and 1/2 months to 1 year	23% (n=14)	77% (n=47)	100% (n=61)
1 to 2 years	29% (n=14)	71% (n=35)	100% (n=49)
2 to 3 years	30% (n=23)	70% (n=53)	100% (n=76)
over 3 years	26% (n=60)	74% (n=170)	100% (n=230)
Total	27% (n=127)	73% (n=351)	100% (n=478)

5. DISCUSSION

DISCUSSION OF DIAGNOSTIC TOOL RELIABILITY

The diagnostic tool was found to be reliable in both the hotel setting and the retail setting. In addition the tool was reliable over time, having the two surveys taking place five years apart. Although only two service industry types were tested, it is reasonable to assume the tool is generic enough to be used across all service industries.

A 95% confidence level was chosen to report the data due to the samples being comprised of volunteer respondents. In looking at the data three questions had skewed results in both samples. A seven point likert scale is recommended to remedy this situation in future surveys. However if the results remained skewed, further examination of the questions will be in order.

DISCUSSION OF THE DEMOGRAPHIC COMPARISON

Versatility is added to the tool by allowing corporate officials to choose the demographic variables to put the data into segments. By comparing results of the different demographic variables, corporate officials can determine if the culture they are trying to create is filtering to the different areas of their organization. For example, both the hotel and the retail companies chose to examine the part time versus the full time segments, as well as individuals who had and had not seen the mission statement. The retail company desired to survey managers whereas the hotel company had chosen another testing method. Both companies segmented by

location, however departments were included in the hotel demographics, and excluded in the retail demographics. Lastly, both companies chose to examine length of service. The lowest response rates were from divisions that did not deal with customer contact, for example, distribution and administrative offices.

Within the hotel group, the mean scores were equal to or higher than the retail group. More importantly, there were no significant differences between the part time and the full time employees in the retail or hotel groups. This shows the top management's efforts to communicate corporate goals and values are reaching to both part time and full time equally. An interesting development appeared when comparing the results between those who had seen and those who had not seen the mission statement. Although both companies displayed and promoted mission statements, 33 to 48 percent of the personnel in both samples stated they had not seen the statement. It is unlikely, given the amount of propaganda surrounding the mission statement, that this amount of the work force simply had not seen the statement. Additional research was completed on the mission statement demographic. Chi squares determined having not seen the mission statement was not due to turnover in the retail sample (p=.896, X_2 =1.087), and not due to being part time in the hotel sample (p=.745, X_2=.105).

When looking at the results between those who had and those who had not seen the mission statement in the hotel group, there were significant differences on every question. The retail group had significant differences on six of the eleven questions. In the retail sample, both of the involvement questions showed differences, as well as an empowerment, a teamwork, and both of the benchmarking questions. In light of this information, it is reasonable to assume that both of the companies had practices concerning these areas that were not

congruent with the mission statement itself. This signifies the policies and procedures surrounding these areas contradict the mission statement goals. Here employees may not be able to support the mission statement in their daily work habits due to procedural short comings.

The last demographic segment compared was the difference between managers and employees in the retail group. The results were congruent with the new focus toward communication and measurement. Three of the eleven questions showed differences between the managers and the employees. The managers viewed the employee suggestion system to be significantly more effective than the employees perceived. In addition the managers felt the employees were rewarded for working in teams and were more empowered. These results indicate gaps that if left unchecked, could undermined the cultural change management is seeking. Here top management is promoting values that are contradicted by the organizational design of their company. When viewing this information in conjunction with the results from the mission statement comparison, it suggests a review of corporate policies and procedures surrounding the customer contact areas is needed. This review should ensure the policy and procedures are strategically fit with the tasks, organizational design, and the long range strategy of improving customer service. Currently the company's culture is unclear due to strategic mis-alignment. The mis-alignment will create an atmosphere where employees set their own standards, or leave the company altogether due to frustration.

DISCUSSION OF THE DIAGNOSTIC TOOL'S APPLICATION

Before submitting the questionnaire to a corporation, it is important to determine which demographic variables to research. The demographic variables can vary with three cautions. When gathering data it is important to choose demographic variables that will allow the respondents anonymity. In addition, the sample size should be large enough to supply reliable statistical analysis. Since the questionnaire was designed for customer contact employees, it should be submitted to personnel who deal with customers. The questionnaire was not designed for office or distribution functions.

The data obtained from the survey can be easily reported to corporate officials by the use of mean and standard deviation scores, as well as the significant differences in opinions between groups. This method provides easy to understand data in layman's term. An example of how the data was communicated to corporate officials can be seen in figure 4.

To display the usefulness of the tool, it is imperative to describe the steps to detect short-comings. The first step is to calculated the means and standard deviations of the four concepts. The criteria that points toward the need for further examination are: means below 3.5 and or standard deviations above 1. The criteria of means above 3.5 can be changed if the company would prefer a higher or lower benchmark in any of the given areas. Standard deviations larger than 1 depict a great amount of variability in the perceptions among the sample. This benchmark can not be changed. The hotel sample will be used in the discussion to display the application of the tool.

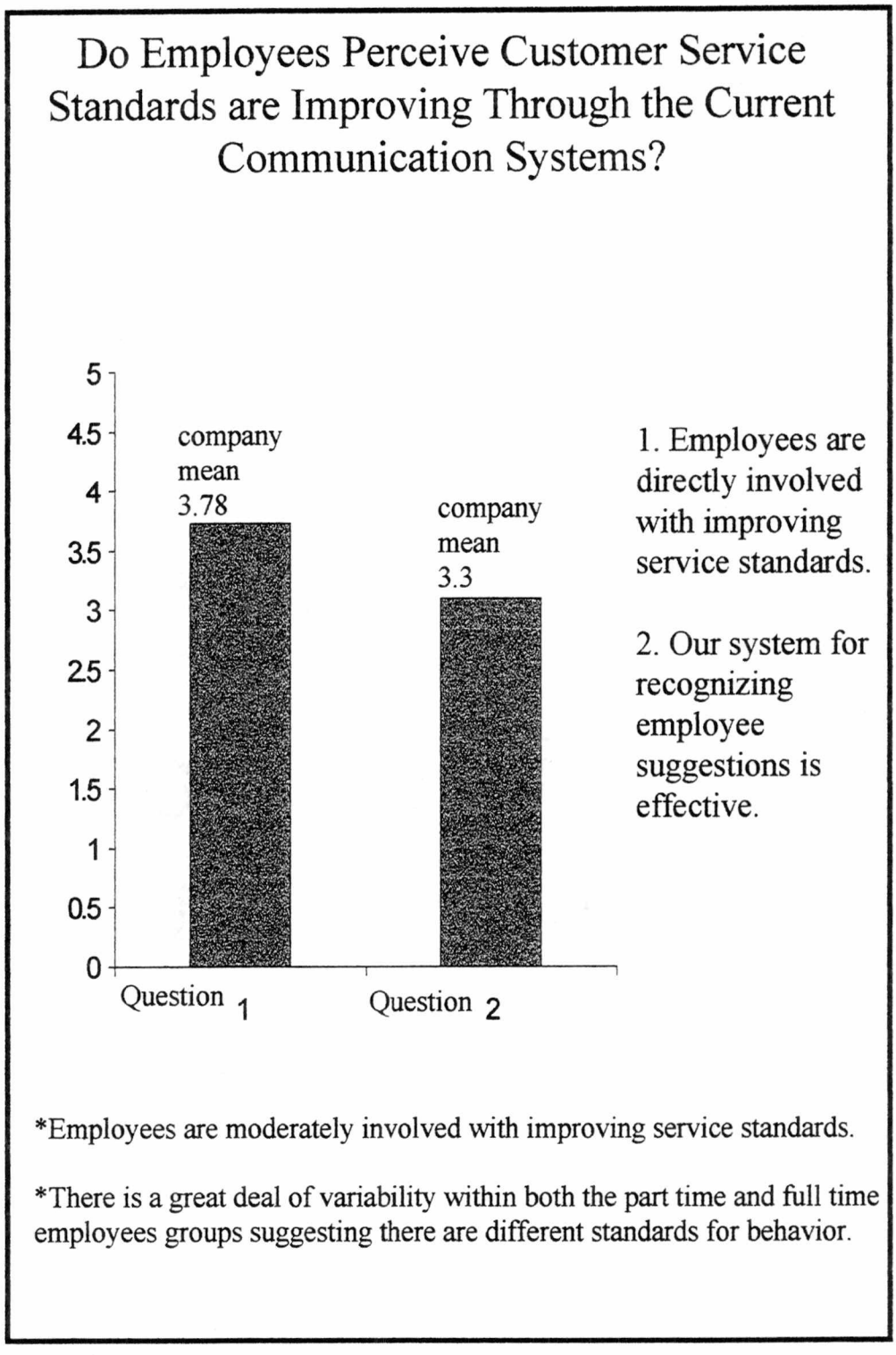


Figure 4. Sample of Corporate Information

Table 22 displays two concepts needing further research using the criteria above. In the teamwork and empowerment areas the concept means are lower than 3.5 and the standard deviations are greater than 1. This signifies that not only do the employees feel there is not enough teamwork and empowerment, but there is a great deal of differences in the perceptions of these areas. There is a potential for a fragmented culture concerning these areas due to the variability, and due to the low means, there is potential for lack of customer service values. Here, the hotel executives should concentrate their efforts in teamwork and empowerment before attending to the other areas of involvement and leadership. Within leadership and involvement, the means are high and there is little variability, thus signifying there is agreement on the cultural perceptions.

The next step is to examine the means and standard deviations of each question (table 23). This information will point toward specific areas of the organizations that need to be addressed. The teamwork and empowerment questions have the lowest means and most variability, as predicted by the conceptual groupings. The questions show that although the employees feel they are evaluated for how well they work with each other, they are not rewarded for working as a team. In addition, the amount of variability with the means suggest there are strong perceptual differences among the employees. Here different standards of behavior for teamwork will emerge. When looking at the empowerment questions, the employees feel they can not bend policies and procedures for matters other than customer service. However, again, there is a great deal of variability. This information signifies some employees will go the extra mile for the customers and some will not. The results of the diagnostic process suggest the next step should be to examine the policies and procedures

Table 22. Conceptual Means and Standard Deviations

Concept	*Mean Score*	*Standard Deviation*
Teamwork	**3.30**	**1.10**
Involvement	3.70	.94
Empowerment	**3.38**	**1.04**
Leadership	4.33	.77

Table 23. Hotel Organizational Means and Standard Deviations

Concept	*Question*	*Mean Score*	*Standard Deviation*
Teamwork	**We are evaluated on how well we work with others**	**3.80**	**1.19**
	We are rewarded for working in a team	**2.89**	**1.31**
Involvement	We have an effective system for converting customer demands into higher service performance.	3.79	1.08
	Competitors consider our company as having higher service standards	3.89	1.02
	Employees are directly involved with improving service standards	4.30	1.07
	Our system for recognizing employee suggestions is effective	**3.49**	**1.16**
Empowerment	**Employees are given the power to make adjustments for the customer**	**3.61**	**1.21**
	Employees can be flexible with policies and procedures	**2.75**	**1.20**
Leadership	How often does your supervisor believe customer satisfaction is top priority	4.59	.83
	Customer demands establish how we serve our customer	4.26	.92
	There is clear communication between me and my supervisor on job expectations	4.23	1.02

surrounding the teamwork and empowerment concepts. The last question of interest deals with involvement. Although the employees feel they are involved with improving service standards, with some variability, they have mixed feelings about the suggestion system. This clearly points to an area needing attention.

The next step in examining the hotel organization is to determine if there are different perceptions among the demographic groups. This information will show the need for concentrating more effort with one group. Previously it was determined the part time and full time employees have the same feelings about their organization (table 11). However, the part timers have more variability within their perceptions of most questions. This suggests the need for stronger communication to the part time group, ensuring everyone receives the same information.

When looking at the differences between those who have and have not seen the mission statement, every question shows significant differences between the two groups (table 15). In examining the questions further, the results show large amounts of variability within the group who has not seen the mission statement. This warrants special attention from the corporate officials, unfortunately this demographic group is not a specific division of the company. To address the deficiencies within this area the company should start by examining the mission statement itself and how it has been communicated to the employees. A look at how the teamwork and empowerment policies and procedures relate to the mission statement is also warranted.

6. CONCLUSIONS

To achieve a prevention-based quality system in the service industries communication of short comings is needed. The communication of service deficiencies and corrective action will promote a disciplined focus toward customer needs. Measurement and communication go hand in hand. Courtesy and customer service should be measured by secret shopper programs and internal audits and the results communicated to all levels. However, employee perception of how well these techniques incorporate strategic goals needs to be measured as well. By adding the employee perception facet, companies can measure the success of transferring their company's culture toward higher service standards. The two-way communication not only gives management the information to fine tune strategic policies and procedures, but promotes a clear corporate culture. Communication also creates an environment of employee support and involvement. By increasing communication of employees' perception, employees empowerment and commitment to the company will also increase.

The totality of the organizational design, corporate strategies, the work force, and the tasks at hand represents an organization's culture. The design of the company's feedback and reward systems influences the work force's perception of the corporate strategy. In turn this perception influences how key tasks are performed. To promote a clear corporate culture, every policy or procedure should have a direct relationship with the new strategy.

A company's success of obtaining the long range customer service objectives should be measurable. By using operational policies and procedures as short term benchmarks of commitment, companies can measure the higher service

goal. The diagnostic tool is a measure of employees' perception of the company and its commitment toward the goal of higher customer service. The goal the diagnostic tool is to tap perceptions concerning customer contact. The tool will allow senior managers to examine the perception of communication in conjunction with the strategic plan and desired organizational culture. Here senior managers could determine how their attempts at strategic alignment were being received by all levels of the organization. With all types service organizations being affected by this dilemma, the survey was designed to be used interchangeably between service organizations.

The diagnostic tool addresses the third layer of strategic change, interpretive managerial behavior. At this time, the work force begins to fully accept or reject the new policies and procedures designed for strategic growth. This phenomenon is a result of the new company culture not being congruent with the work force's expectations. If strategic change is not managed well at this point, the company may experience a great deal of staff turnover.

Feedback to and from all organizational levels allows for monitoring of targeted objectives. Through this continual evaluation, trends can be predicted and corrective action can be taken if needed. By reviewing employee perceptions of customer contact issues, top management can adjust policies and procedures to facilitate a positive cultural change. To ensure the tool's ability to detect short-comings in the strategic alignment, it is necessary to examine the questions used in the survey. For example, questions seven and eight tap the perception of empowerment, a concept needed in the service industries, where as questions five and six address involvement. These four questions deal with the structure, or organizational design, of the company. If employees perceive they are not

involved in customer satisfaction improvements or empowered to provide high customer service, the items within the organizational design need to be fine tuned.

Questions nine, ten, and eleven address leadership issues. These three questions tap the perception of the management staff living the values of customer service in their daily work activities. Here employees are rating if they perceive management promoting a positive culture with their actions, regardless of policy and procedures. The eleven questions are accompanied by fill in the blank demographic variables and instructions. The questions, demographic, and instructions fit on one page, facilitating mass distribution and self-administration.

RECOMMENDATIONS FOR FURTHER RESEARCH

The questionnaire has a 9th grade reading level. When undertaking future surveys, it is recommended that the questionnaire be read to any demographic group that would have difficulty understanding. In addition, a seven point likert scale should be used to remedy the possibility of obtaining skewed results.

Before performing another survey, questions three and four on the final questionnaire should be eliminated. These questions loaded on the benchmarking factor during the first principal components test (table 1). During the next two principal components tests the questions loaded on the involvement factor above a .60 level, but could not form an additional benchmarking factor as before (table 2 and 3). The questions met the original retention criteria, however, when reviewing the results, the data could not address an operational need. With strategic alignment and cultural communication being the focus of the questionnaire, these

questions should be replaced with two others from the empowerment or teamwork factors.

A possibility for future research is to examine individuals who state they have not seen a mission statement. As stated earlier, a large percentage of the work force stated they had not seen the statement. It would be interesting to learn why this percentage exists in light of the company efforts in communication. It is possible the wording of the questionnaire inflated the percentage. To eliminate this possibility in the future, the question "Do you know the mission of the company?" should be used.

Another possibility for research is to examine the use of teamwork in the service industries. Both companies had average teamwork scores. It would be interesting to determine if increasing the use of teamwork among the employees fostered long term commitment to the company as well as increased efficiencies in customer service and communication.

Lastly, with the questions within the questionnaire being general in nature, it may be possible to transfer the tool into the manufacturing industries. Caution is warranted when transferring the questionnaire. With the original intent of the tool being for customer contact employees, front-line manufacturing employees may not grasp the meaning of the questions.

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