

Organization for service

Introduction

How and why services are organized is important. Consequently we need to analyse the structure and unearth the dominant and prevailing values and beliefs with a view to arriving at some explanation for the character and performance of the service. In all of this, there must be a determination to ascertain whether, and if so which, organizational factors lead to success or failure in providing a good service.

Management may well lay down the organizational parameters. However, employees will be active in whether these parameters are adhered to or subverted. Equally, it will be the organization that customers will judge when it comes to providing quality service. Ultimately, the organization will be seen as worthy or undeserving of praise.

2.1 'Organization realities'

Services and products are not created in a vacuum. They are produced by organizations that vary in size, structure and culture. Knowledge of how organizations operate, and why, assists our understanding of behaviour in organizations. This is particularly important for services, as customers are involved in varying degrees in the production and delivery process. According to one leading authority in services marketing, *'how to organize to implement the services strategy is among the most crucial of decisions'*.¹ Unfortunately, the literature on organizational behaviour (as expressed in standard textbooks) is contested by some as not adequately reflecting organizational realities – realities that may obstruct any move toward determining the 'optimum organization for service'.

Images of organizations as solid, permanent, orderly entities run through many textbooks. But, in our view, these books tell only half the story. They obscure the other half: the life and activity that buzzes behind the apparent order. Sometimes this bursts into view, revealing chaos even – such as when computer systems break down, when there is delay or an accident on an

airline, when products are sent to the wrong destinations or when bookings are made for the wrong dates. They also obscure the immense human efforts and energies that go into keeping organizations more or less orderly.²

Initially we thought of our task as writing an alternative organizational book, one which redressed the inaccurate account of organizational behaviour contained in many texts in our field. Standard textbooks in this area say surprisingly little about the character of the phenomena with which they are centrally concerned – the behaviour routinely exhibited by people in organizations. What they do say suggests, as much by implication as direct assertion, that behaviour in organizations is, almost conforming and dutiful.³

Besides shedding light on what managers really do, observational studies also provide insights on why managers often find contemporary models of management and organizational behaviour discrepant with the real world and why they frequently do not follow the resulting prescriptions.⁴

The above quotes should compel us to consider, in a much more forthright manner, the nature of reality inside organizations and the effect that can have not only on service performance but equally on those responsible for delivering it. In the process, views of employees at or near the front line (in services) merit as much attention as those in managerial positions further up the organization. One method of addressing the various views is to draw up, either independently or with the assistance of respondents, a list of concepts or terms that might constitute a language for business (Box 2.1).

The list in Box 2.1 is simply illustrative but serves to remind us of the need to define or determine the territory for investigation. The format for a study in this area may be a list of statements in which respondents indicate their degree of agreement, or how true each statement is, for their own work situation (see Figure 2.1 for an example).

From a study of this nature two main conclusions can be drawn:

- 1 How much agreement there is over the language used for organizations.
- 2 Once a list of terms has been determined, how much of a discrepancy or gap there is in the views of particular categories: management and employees, males and females, long serving employees and relatively new recruits, and different departments. Any one of these categories or others may serve as a sample for this study.

Box 2.1 A language for business

Alienation	Empathy	Respect
Authority	Empowerment	Responsibility
Commitment	Expectations	Rules
Communication	Fairness	Sincerity
Competence	Hierarchy	Status
Conflict	Morale	Stress
Control	Power	Targets
Effectiveness	Productivity	Teamwork
Efficiency	Quality	Trust
Emotion	Resources	Workload

This area falls under what is commonly referred to as organizational culture/climate (discussed later in the chapter). However, at this point, it is worthwhile considering one study⁵ (see Box 2.2) that demonstrates the challenges involved. The focus of the research was two nearly identical warehousing/distribution operations located in the

	Strongly agree	Agree	Disagree	Strongly disagree
People are treated fairly in this organization				

	Very true	Somewhat true	Somewhat untrue	Very untrue
I feel respected as a person				

Figure 2.1 Question format

Box 2.2 Organizational climate and service quality

Quality improvement factors	Location		
	A (%)	B (%)	Difference (%)
1 Management personnel demonstrate teamwork/cooperation with each other	66	33	33
2 We practise effective two-way communication	74	43	31
3 People receive effective feedback on their performance	68	39	29
4 We have effective corrective-action procedures in place	72	44	28
5 Our organization follows up on quality problems	69	42	27
6 Improving quality is an organizational priority	81	56	25
7 We can effectively measure quality	78	54	24
8 Our operation has effective supervision	68	48	20
9 Workers demonstrate teamwork/cooperation with each other	75	55	20
10 Standard operating procedures/policies are effective	70	53	17
11 Managers are properly trained to perform their jobs	66	51	15
12 We have clearly defined quality standards	79	67	12
13 Workers are properly trained to perform their jobs	69	59	10
14 Our operating system/technology is effective	73	64	9
15 We have adequate resources/equipment to do our work	71	65	6

Midwest area of the USA. Both operations were part of the same large organization that implemented a Total Quality Management (TQM, see Chapter 5 for discussion) process and were similar in several respects: computer systems, technology, measurement systems, equipment, order processing, product mix, number of personnel and human resource management systems. Employees from both operations were surveyed. The questionnaire asked respondents a series of agree/disagree statements that assessed the degree to which the organization had implemented 15 key factors that have been found necessary to support ongoing quality performance and improvement. Box 2.2 contains the agreement percentages for those factors at the two different locations.

The results show location A as being more effective than location B. In offering an explanation for the difference, the authors cite the importance of management commitment and support when attempting to implement and sustain a TQM initiative. It is important to remember that in studies similar to the above, employee perceptions are being measured. Unlike the physical climate, analysis of the organizational climate is unable to draw upon objective measures. Climate logistics, for example, are able to measure objectively a variable known as the wind-chill factor made up of temperature and wind velocity. People's perception of feeling cold may not always agree with the wind-chill score but at least there is an objective measure against which perceptions may be compared. Whether standards are 'clearly defined', workers 'properly trained', resources/equipment 'adequate' (from Box 2.2) is solely a matter of perception. Furthermore, analysis of why employees across locations responded in the way they did is necessary before concluding that one location is more effective. Equally, how well did each location perform in terms of timely delivery, proper documentation and a complete, damage-free order? Tools of service quality are available (see Chapter 5 on service quality) for answering this question.

Much of what passes for organizational reality does not appear to be reflected or accommodated in the standard portrayal of organizational structure. It is to this we now turn.

2.2 Structure of organizations

The structure of any organization is normally conveyed by means of a chart. It is essentially 'a pictorial record, which shows the formal relations which the company intends should prevail within it'.⁶ Figure 2.2 illustrates a typical organization structure of a business and conference hotel in the 1990s.⁷ Charts will vary depending on type and size of organization. However, it will largely remain a hierarchical structure of control and domination.

What the organizational chart does not reveal is:

- The informal organization structure
- The effectiveness of the prevailing communication channels
- The source and nature of power within an organization
- The existence of cross-functional relationships (e.g. in Figure 2.2 between marketing and operations) that enables information to flow around the organization
- The importance attached to the functions
- The degree and nature of conflict within the organization
- The distribution of authority, responsibility and accountability.

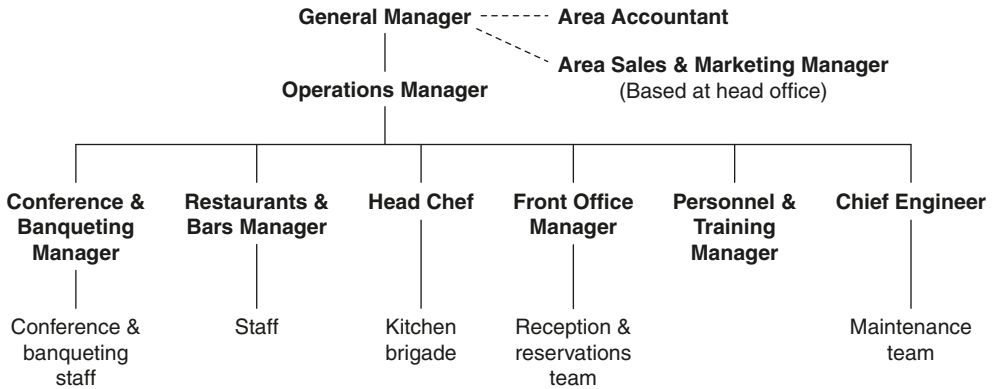


Figure 2.2 Organization chart of a hotel in the 1990s

For quality service to be delivered, communication and coordination should flow both across and up and down the organization. Unfortunately, for reasons already cited (e.g. power, politics, vested interests etc.) such a goal for many organizations remains elusive. It has been suggested,⁸ as a way of reducing the gap between customer expectations and management perception of customer expectations, that the number of levels in an organization be reduced, thereby flattening the structure. By doing so:

- Barriers, in the form of multiple levels, that inhibit communication and understanding between senior management and front-line employees, are reduced.
- Upward communication becomes more effective. Not only in terms of the message reaching management but also in its original form.

However, communication effectiveness is not simply a function of the number of levels in an organization. It is also a matter of management willingness to listen and act upon, where appropriate, employee concerns. Whether that is achievable may depend on whether management perceives its position as being undermined and that of the employee overstated by soliciting views from the front-line. There is some evidence that the 'command and control' hierarchical form of organization is giving way to fewer layers and more horizontal coordination.⁹ On the other hand, fewer levels has not resulted in fewer managers and those middle managers have frequently been depicted as the source of inertia and rigidity.¹⁰ Moreover, the search for flexibility through teamwork and delayering has not led to power and authority becoming less concentrated.¹¹ Functional entities (marketing, operations etc.) as depicted in the organization are not about to disappear in the drive for more flexibility and working together. They have continued, nevertheless, to come in for some criticism in the drive to deliver the level and nature of service the customer desires. The following observations are illustrative:

Arguing that the functional structure is not really the best model for great service delivery, *'For many services, the functional structure obscures the focus on satisfying the end customer and constrains the customer-service talent and energy potentially available within the organization. By limiting customer contact to employees*

at the end of the service chain, functionalism discourages internal servers from claiming end customers of their own. The system of functional "handoffs" from one department to another diminishes internal commitment to the end customer'.¹²

Weighing the benefits of functional specialization, greater efficiency and quality within a given function, against the costs, poorer teamwork, slower service, more errors between functions, '... managers of individual departments tend to perceive other functions as enemies rather than as partners in the battle against the competition. "Silos" are built around departments: tall, thick, windowless structures that keep each department's affairs inside and everyone else's affairs out'.¹³

It is arguably not so much a question of the existence of functions rather agreement over what is expected of them. Emphasis continues to be placed on the behaviour and performance of employees within work units whether they are in the form of departments, teams, functional groupings. Interest is also being shown in functioning between groups. Achieving internal organizational effectiveness lays the foundation, it is contended, for delivering quality service externally. The role set is a framework that allows for an examination of inter-group functioning. For one role set illustrated in Figure 2.3 a research study sought to determine whether differences

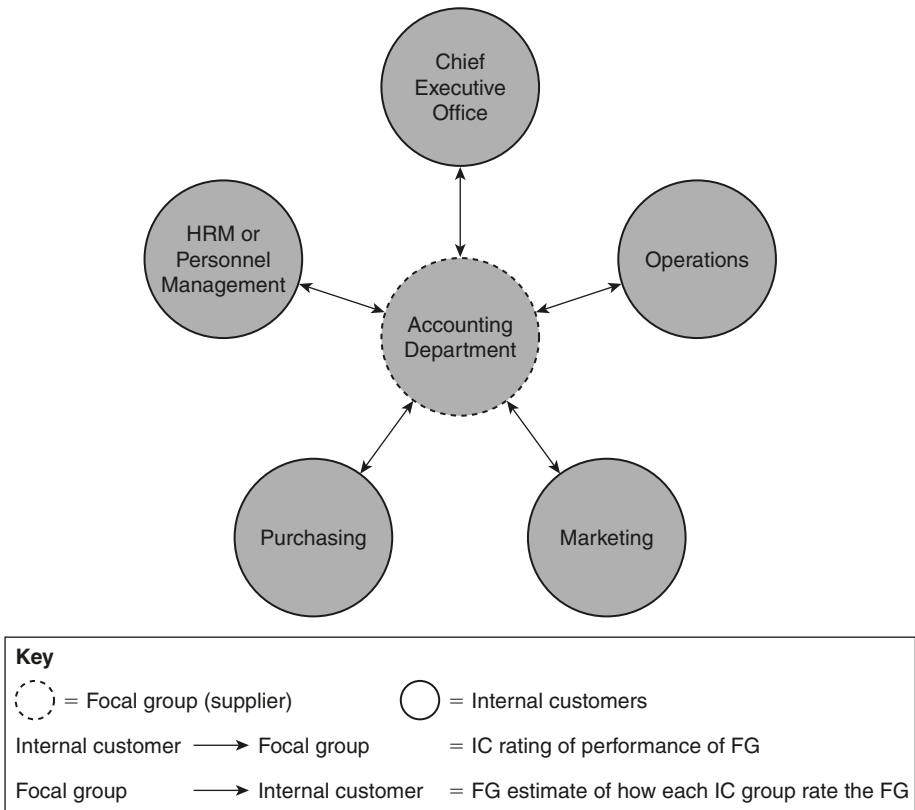


Figure 2.3 The role set

Source: Adapted from Gilbert (2000)¹⁴

existed between how employees in the focal group (the accounting department) estimate how their internal customers rate them and how their internal customers actually rate them.

The main finding was that the focal group's estimate of how their internal customers would rate it on a number of variables, e.g. courtesy, competence, prompt service, was significantly higher than the actual ratings attributed to the focal group by its internal customers.

Although the hierarchical form is giving way to more horizontal communication and coordination, it remains a defining characteristic of organizations. Relationships between top and bottom of the organization offer up as much, if not greater, potential for influencing the quality of service as do relationships across the organization. Unlike the horizontal, however, the vertical displays much greater disparities of power, status, authority and general working conditions. Some advocate inverting the levels of the traditional pyramid as a way of generating and delivering service excellence (Figure 2.4).

Some questions arise from Figure 2.4:

- Is (a) characteristic of a structure unable and/or unwilling to deliver excellent service?
- Why cannot the management of (a) be similarly supportive as the management in (b)?
- Assuming that power, status and authority remain similar in (a) and (b) what, other than support, differentiates (a) from (b)?
- It appears that the front-line in (a) is devoid of support. Is this a realistic proposition?
- Does the role of the front-line in (b) differ from that in (a) and if so in what respect(s)?

There may be other concerns, notably the reaction or perception of employees and customers.

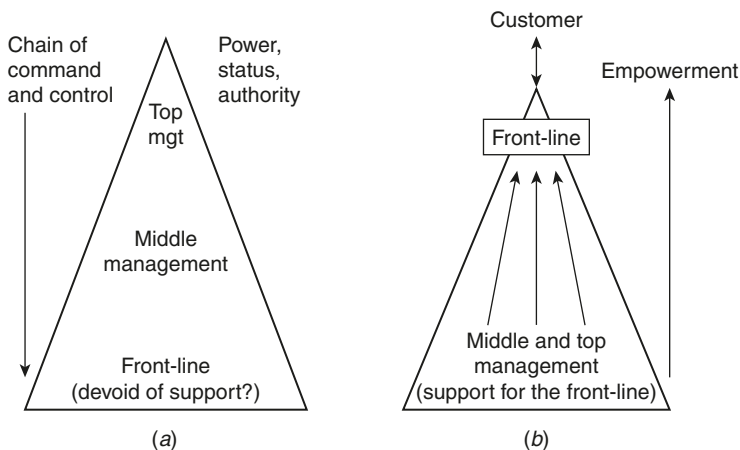


Figure 2.4 (a) The traditional organization pyramid; (b) the inverted pyramid with a customer and front-line focus

Source: Adapted from Lovelock and Wirtz (2004)¹⁵

2.3 Culture of organizations

Trying to understand and explain what happens in organizations can be a frustrating experience. The concept of corporate culture is viewed as offering some hope for unravelling the mystique of organizational life. The essence of culture is reserved for the deep level of basic assumptions and beliefs shared by members of an organization that operate unconsciously and define (in a basic taken-for-granted fashion) an organization's view of itself and its environment.

In brief, the corporate culture framework stresses:

- Values and assumptions prescribing what is important
- Beliefs on how things work
- Norms defining appropriate and inappropriate behaviour.

The concept of corporate culture has been summed up rather memorably in the phrase '*the way we do things around here*'.¹⁶

2.4 Types of organization culture

Based on the work of Harrison¹⁷ and Handy,¹⁸ the following cultural typologies are significant for service organizations:

Culture	Characteristics and examples
Role	<ul style="list-style-type: none"> ● Large pyramid organizations ● Authority based on place in hierarchy ● Emphasis on roles and job titles ● Fast, efficient systems designed to produce uniform and predictable outcomes ● Rules and procedures predominate ● Customers feel depersonalized ● Uncaring, rigid, unresponsive, e.g. private and public utilities, government departments, banks
Club or power	<ul style="list-style-type: none"> ● Small organizations where the owner exerts a strong influence ● Emphasis on personal interaction rather than memos and meetings ● Personality and speed of response often critical ● Service delivery can be erratic and range from excellent to poor ● Demand can outstrip organization's capacity to cope, e.g. plumber, garage, hairdresser, guest house
Task	<ul style="list-style-type: none"> ● Organization is active and creative ● Dedicated to excellence, innovation, professional integrity ● Warm and friendly with little emphasis on hierarchy and procedure ● Challenging and questioning environment ● Staffed, usually, by young, clever, energetic people, e.g. advertising agency, consulting firm

Person	<ul style="list-style-type: none"> ● Puts the individual rather than the organization first. Individual talent is all important ● Do not think in terms of 'organization and management' ● Employees can have considerable autonomy ● Can be chaotic, e.g. solicitor, accountant, university professor
Support	<ul style="list-style-type: none"> ● Compassionate, caring, responsive, receptive ● Listening to customers/clients, empathizing, responding to their concerns ● The essence of the support culture is 'what can we do for you?', e.g. the caring services like social work

The nature of the service operation can therefore pigeonhole an organization. The UK National Health Service, however, is an interesting example of the clash of two cultures – the caring professionals and the business efficiency of the administrators.

The personal culture of the professionals like lawyers is giving way to more organizational disciplines. The support culture has historically been associated with the social services but any service organization or individuals within it can adopt the values of caring, responsiveness, receptivity and a sense of belonging.

Overall, what is clear is that regardless of the type of service there is a growing emphasis on areas such as organization, management, efficiency, budgets and performance measurement. In other words, 'progress' toward a 'business culture'.

A major feature of the literature on corporate culture in general, and for service excellence in particular, is that perceptions and beliefs about what is important and why those things are important should be shared by employees throughout the organization. This is necessary if an organization is to be effective in its basic processes – communication, cooperation, commitment, decision making and implementation. Through recruitment and selection policies and socialization processes (training and development) organizations seek to shape employee beliefs and behaviour in accordance with the prevailing values and norms of the organization. However, organizational culture can be a 'contested reality'.¹⁹ Not everyone or every group always shares the established view.

The 'organization' in 'organizational commitment' typically is viewed as a monolithic, undifferentiated entity that elicits an identification and attachment on the part of individuals. Yet there is a substantial body of literature that depicts organizations not as undifferentiated wholes, but as composites of coalitions and constituencies, each of which espouse a unique set of goals and values that may be in conflict with the goals and values of other organizational groups.²⁰

Nowhere is this more pressing an issue for services than the potential for deviant behaviour (see later in this chapter) on the part of employees in the front-line. Commenting on culture at the bottom of organizations, one observer noted that, 'a common formative element of culture at the lower organizational levels is the sharing of a common antagonism against the dominant managerial culture or against other sub-groups internal or external to (e.g. customers) the organization.'²¹ The difficulty for the management prescribed service culture is that it runs the risk of being trivialized or debased. Counter-cultures emerge opposing the dominant value system or the values of those who dominate.²²

2.5 Organizational climate

Organizations routinely communicate statements, internally and externally, about service philosophy and standards. Surveys of customers are invariably conducted to obtain feedback on service. However, a fuller understanding of service performance requires that we undertake a survey of employees' views of how well their organizations are functioning. Research on organizational climate has been primarily focused on obtaining the employee perspective. Climate has been defined as 'the relatively enduring quality of the total (organizational) environment that (a) is experienced by the occupants, (b) influences their behaviour and (c) can be described in terms of the values of a particular set of characteristics (or attributes) of the environment'.²³ In similar vein, climate is referred to as 'employees' perceptions of the events, practice and procedures as well as their perceptions of the behaviours that are rewarded, supported, and expected'.²⁴

Debate has arisen over the difference between culture and climate. Broadly speaking, climate is seen to be rooted in or a manifestation of culture and is subject to quantitative research. Culture, on the other hand, refers to the deep structure of organizations²⁵ and is more amenable to qualitative research methods. In short, assumptions refer to culture and perceptions to climate.

Undertaking a survey of climate perceptions involves the identification of appropriate climate variables, e.g. training, and determining a series of statements for each variable. A typical example is illustrated in Box 2.3.

What the above study and others seek to examine is the relationship between certain organizational variables and employees' perceptions of the customer service climate. Such variables can act as impediments as well as aids in the quest for excellent service. They have been characterized as obstacles, either social or technical in nature.²⁷ If employees perceive management failure in the provision of proper support, encouragement and rewards, it is hardly surprising if customers perceive the service as unsatisfactory.

2.6 Defensive behaviour

Earlier, reference was made to organizational misbehaviour and how many texts fail to acknowledge its existence. This apparent oversight means that our understanding of service level and service quality is less than complete. The underlying assumption on the part of organizational management appears to be that employees will be malleable, compliant and committed, with consequential effects for motivation and productivity. Amongst some writers there is a belief that management policy is moving away from the hierarchical command and control style and toward a softer, more inclusive approach based around empowerment, trust, involvement and flatter organizational structures.²⁸ Misbehaviour would be rendered inappropriate or incompatible in the new organizational climate. Employees would be heralded as having positive attitudes and behaviours, a position that the service management literature has held for some period of time.²⁹ Misbehaviour has been defined as 'anything you do at work you are not supposed to do'.^{30,31}

It will not occur when there is a precise correspondence between what is expected of people and what people are willing to do.³² Deviant behaviour is a more general

Box 2.3 A selection of scale items from a climate survey

Reward/Recognition

- How satisfied are you with the recognition you receive for doing a good job?
- My work gives me a feeling of personal accomplishment.

Employee voice

- As a result of this employee opinion survey, I think senior management will address employees' concerns.
- I am free to discuss work-related problems with my immediate manager/supervisor.

Training

- How satisfied are you with the training you received for your present job?
- The training made available to me helps me do a better job.

Information and technology

- I have the right equipment to do my job well.
- I have enough information to do my job well.

Work environment

- How satisfied are you with the space to work in your working environment?
- How satisfied are you with the noise level in your work environment?

Work design

- I have enough time to get the job done well.
- My job makes good use of my skills and abilities.
- I have been given the appropriate authority needed to do my job.
- There is sufficient staff to handle the normal workload in my work unit at the required level of service.

Organizational commitment

- I feel a sense of commitment to our company.
- I am treated with respect and dignity in my job.
- I feel too much pressure in my job.
- There is good employee morale in my work unit.

Customer service climate

- How do you rate your work unit in meeting the needs of its customers?
- How do you rate our company in terms of integrity and fairness in dealing with customers?

Depending on item content response options ranged from strongly agree to strongly disagree, one of the best to one of the worst, very good to very poor, very satisfied to very dissatisfied.

Source: Lux, D (1996)²⁶

term associating itself with desirable and undesirable behaviour where a norm (what should or ought to happen) in the form of a rule or procedure is not adhered to. In terms of undesirable behaviour, sabotage materializes as a practice 'intentionally designed negatively to affect services'³³ (see Chapter 6 on The Service Encounter).

Whereas misbehaviour signifies negative actions and consequences there remains a general defensive form of behaviour in organizations. It has been defined as 'reactive and protective actions intended to reduce a perceived threat to or avoid an unwanted demand of an individual or groups'.³⁴ The motivation is protection of self interest. For service organizations characterized by a great deal of human involvement and interaction, defensive behaviour represents an obstacle in the drive for quality service performance. Behaviours are cited below that customers and employees of service organizations should recognize.³⁵

2.6.1 Avoiding action

- **Over-conforming:** Action is often avoided by resorting to a strict interpretation of one's responsibility, e.g. 'The rules clearly say ...' and citing supportive precedents, e.g. 'It's always been done this way'. Rigid adherence to rules can be potentially explosive in a service like social security. The situation may be defused by distancing oneself from the rules, e.g. 'I don't make the rules', or 'Listen, if it were up to me ...'.
- **Passing the buck:** Responsibility for doing something is passed to someone else, e.g. 'I'm too busy' or 'That's not my job'.
- **Playing dumb:** An unwanted task is avoided by falsely pleading ignorance or inability, e.g. 'I don't know anything about that ...' or 'X is better able to handle that ...'.
- **Depersonalizing:** Unwanted demands from clients or subordinates are avoided by treating them as objects or numbers rather than people, e.g. a doctor may refer to hospital patients not by name but by their illness, talking about them in the third person, using medical terminology incomprehensible to patients, avoiding eye contact, and providing curt and patronizing answers to patients' questions.

2.6.2 Avoiding blame

- **Buffing:** This term was coined to describe the practice of rigorously documenting activity or fabricating documents to project an image of competence and thoroughness. It is widely referred to as 'covering your ass'.
- **Playing safe:** Situations that may reflect unfavourably on a person are avoided.
- **Justifying:** Responsibility for a certain event is minimized by acknowledging partial responsibility and including some expression of remorse.
- **Scapegoating:** Blame is deflected to others.

2.7 Explanation for defensive behaviour

There may be organizational and individual factors causing defensive behaviour.³⁶ Of particular relevance for service organizations are the following:

- **Individual factors:** Factors which may be of interest to service organizations are insecurity and anxiety, emotional exhaustion and work alienation. Employment

in service organizations can be stressful due to the nature and amount of personal contact with customers. The full range of emotions must be held in check at least for front-line employees. Smiling and generally being nice is the rule. Work alienation stems from a lack of job involvement and identification with the organization. Many service occupations are simply 'dead-end jobs'. Service organizations, characterized by uncertainty and intensity of demand, are more of a pressure chamber than their manufacturing counterparts where a more orderly and less hectic routine is in evidence.

- **Organizational factors:**

- The specialization of tasks and formalization of rules and procedures in a bureaucracy encourage defensive-type behaviour. For example, specialization means people feel responsible for a specific, not the whole task, creating a tendency to pass the buck, play dumb, over-conform and depersonalize. Formalization of rules and procedures tells people what they can and cannot do, which again may promote over-conforming, passing the buck, playing dumb.
- Defensive behaviour may also be a means of coping with a work environment in which there is uncertainty felt over areas of responsibility and the interpretation and application of rules and procedures. People may feel that the demands of the work environment are just too great and a feeling of powerlessness only makes the incapacity to cope even worse.

2.8 Organizing for service

From the discussion so far it is evident that organizational life is not exempt from problems. Delivering a service that satisfies customers remains a challenge. In terms of both organization structure and process for service delivery two (contrasting?) schools of thought continue to be debated. They can be summarized as follows:

- **The control model:** This is a hierarchical structure with standardized or routinized procedures. It is characteristic of bureaucratic-type organizations and equates the organization of service as akin to the production line in manufacturing. Based around the writings of Weber,³⁷ Taylor,³⁸ Levitt,³⁹ and Ritzer,⁴⁰ the emphasis is on control, efficiency, rationality and predictability. There is a clear division of labour, tasks are simplified and roles clearly defined. Where possible, technology replaces labour and employees are afforded little in the way of discretion. When working well, customers are in receipt of a fast, efficient service. On the other hand, employees and customers can feel dehumanized and alienated. For customers in particular, anger and frustration is the outcome when the system fails to deliver as promised or expected. As the process of McDonaldisation gathers momentum across a range of service organizations further tensions may arise between the service provider's need for reliability and efficiency and the service consumer's right to feel satisfied.
- **The 'new' service management school:** Newness in this context does not simply mean recency. Rather, it is viewed as a departure from the traditional way of thinking expressed in the control model. Developed in the USA in the 1980s, it prescribes a new set of management practices toward service employees in particular. According to supporters of this school of thought, contemporary service

work requires a new form of organization 'transcending bureaucracy and the role of the employee as a cog in the machine, or mere subject of exploitation'⁴¹. Human resource management is seen as being at the centre of this approach. Its key features are said to be:⁴²

- Careful selection – front-line workers are hired not for their knowledge and technical skills but for possessing the right attitude and personality traits ('nice people').
- High-quality training in the organization will develop employees' technical skills and knowledge and the all-important interactive skills necessary in service encounters. The aim is to develop a strong orientation towards satisfying the customer.
- Well-designed support systems – to deliver quality service, employees will require the necessary information technology and physical facilities.

2.9 Empowerment

It has been stated that 'many organizations have discovered that to be truly responsive to customer needs, front-line providers need to be empowered to accommodate customer requests and to recover on the spot when things go wrong. Empowerment means giving employees the desire, skills, tools and authority to serve the customer'.⁴³ (See Box 2.4 for critical comment on the notion of empowerment.)

- Teamwork – the traditional control model operates vertically whereas teamwork emphasizes horizontal cooperation between employees from different functional areas, coming together to form a team.
- Appropriate measurements, rewards and recognition – employees should be rewarded for performance in meeting customer-based standards.
- Development of a service culture – throughout the organization there needs to be a recognition of the importance of service.

2.10 Criticism of the new service management school of thought

In the new competitive climate where demand for good quality service is paramount, it has been noted that the old, inappropriate production-line approach (or control model) must be replaced with one based on empowerment.⁴⁸ By de-industrializing the service, treating workers in a human way, hiring the right kind of people⁴⁹ and promoting a positively perceived service climate,⁵⁰ the three parties in service engagement benefit.

This, then, is the circle completed for the 'win:win:win' fairy tale: customers win because they receive qualitatively superior service, workers win because they become empowered to act on their firmly-held customer service values, and are freed from the industrial tyranny, and managers win because customers keep coming back to the firm.⁵¹

Box 2.4 A critical tool for front-line employees

At the centre of the new approach to organizing for service is the concept of empowerment. The controversy surrounding it merits some further attention. Those in favour of its application in services will echo the view of Zeithaml and Bitner.⁴³ Others take a more critical view.

... the concept of empowerment serves not to reduce managerial control, but facilitates and extends this control through the manipulation of norms and values ... (Collins, 1996)⁴⁴

Let us stop a moment and ask ourselves how there can be empowerment when there is neither guesswork nor challenges – when the job requirements are predetermined and the processes are controlled. For employees operating in such a world, the environment is not empowering; it is foolproof. (Argyris, 1998)⁴⁵

Strategies such as student empowerment and dialogue give the illusion of equality while in fact leaving the authoritarian nature of the student/teacher relationship intact. (Ellsworth, 1989)⁴⁶

It is remarkable that the prominence and positive portrayal of empowerment in the services literature is matched not only by comments similar to those cited above but also by acknowledgement of 'just how difficult it is to change from a command-and-control culture to a world of empowerment'.⁴⁷ Consequently a number of questions remain as worthy of debate:

- Does empowerment signify a new language for business?
- What does the adoption of empowerment mean for authority, responsibility, accountability and employee skills and capability?
- Should empowerment be applied universally across all service situations?
- Are employees simply the recipients of a new form of management manipulation?
- Is empowerment a demonstration of managerial confidence in its employees?
- What impact would greater research and representation of employees' view of empowerment have on the service literature and management practice?

Thinking along the lines of the new school of thought probably originated and acted as a catalyst in the much acclaimed and much publicized aphorism from J Willard Marriott (Marriott Hotels) in the 1970s that, 'you can't make happy guests with unhappy employees'. From that point on, the assumption, and subsequent claims, developed in the form of:

Satisfied employees = Improved performance = Happy customers

Research in support of this has been interpreted as inconclusive⁵² and contrasted with arguments elsewhere.⁵³ One of the main areas of contention revolves around the definition of happy, satisfied employees (well-being) and how that should be measured. Where the supporters of the 'new school' have originally been deficient in

convincing their detractors is through their failure to acknowledge or take into account the characteristics and symptoms of service work, e.g. lack of job enrichment/boredom, low pay, job insecurity, high turnover, stress. More fundamentally, the three parties to the exchange (employees, management and customers) are viewed as operating in a climate of shared interests and goals free of conflict. Harmony is the norm.

2.11 The virtual organization

Whilst traditional organizations remain the norm, a relatively new phenomenon, the virtual organization, has arisen as an additional form of doing business. It has been defined as,

... a new organizational form characterized by a temporary or permanent collection of geographically dispersed individuals, groups or organization departments not belonging to the same organization – or entire organizations that are dependent on electronic communication for carrying out their production process.⁵⁴

The first part of the definition usually refers to what is commonly known as outsourcing where, for example, a small core operating company engages a network of other companies (often small) in providing services that the core requires, e.g. recruitment and selection of staff, data processing. The second part of the definition usually encompasses electronic forms such as virtual banking where all activity between customer and organization is completed online in real time. Time and distance no longer represent barriers in the delivery of service. 'Virtuality' in the form of technology and front-line employee access to the required information offers the potential for flattening the organization which in turn facilitates the delivery of a fast responsive service. Much may be made in future of the benefits and drawbacks accruing to customers engaged in virtual exchange and consumption. Will the reliability and perfection of technology raise customer expectations to an unduly high level? Furthermore, what is to be the fate of the 'real' customer in face of the onslaught of the 'virtual' affectionately known as 'the customer in the machine'.⁵⁵ For employees of the virtual office concern is being expressed now over the matter of trust and the rise of electronic monitoring.⁵⁶ Equally, where flexibility and sharing information are positive features of networking, the lack of social interaction and control over outsourced suppliers is perceived as an area requiring particular attention.⁵⁷ It has also been suggested that development and management of 'virtual employees' will require careful scrutiny by human resource management professionals.⁵⁸ For all the concerns regarding virtual organizations, however, and there are many, it would appear that virtuality offers little to organizational analysis and 'the problems that typically and persistently preoccupy managers do not simply disappear with the move towards the virtual organization or the virtual team'.⁵⁹

Summary

The realities of organizational life are not always in accordance with those found in standard textbooks. For services in particular, the experiences of the front-line

employee do not appear to figure prominently. This is important as much of the organization's effectiveness will hinge on how well they perform.

Reading about the nature of organizations, you have encountered, among other things, a language for business and an organization chart. How these language terms are interpreted will have a significant impact for success or failure. The organization chart on the other hand conceals more than it reveals. To further our understanding beyond the chart we must turn to an examination of organizational culture or climate. Put another way, we are now looking at the 'way we do things around here' and why! We may find that people do not always behave in accordance with their prescribed status and roles, specified rules and regulations. This is known as deviant behaviour or misbehaviour.

As an alternative to the traditional top-down structure, which is sometimes the cause of misbehaviour, is a new service management school. It gives more emphasis to employee considerations such as empowerment, teamwork, rewards and recognition. Although it is based on the premise of better quality service, it is not without criticism.

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