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Managing Service Staff as an Organizational Resource: Implications for Customer Service Provision

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ABSTRACT. This paper supports the notion that organizational level directives affect the customer service performance of staff. We show that organizations applying service routines and training systems which encourage the development of service capabilities develop a basis for the effective provision of customer services. Furthermore, we demonstrate that the positive attachment the staff member feels toward the organization by way of emotional motivation also influences their approach to customer service provision. This highlights for management the need for positive reinforcement so that staff feel valued in their jobs and feel a positive devotion to their employer.

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Like any other organization, service firms can be characterized by their resources and associated routines. In the services context, service resources are predominantly reflected in frontline service staff and service processes; routines reflect managerial practices that influence the configuration and deployment of the human resource within the service process. These service resources and routines influence the firm's capabilities; i.e. its ability to provide quality services to the market. This thinking has long been reflected in the process-based perspective of the resource-based view of organizations, which suggests that any organization's capabilities, resources and associated routines determine its strategic performance (Barney 1991, 279).

In the context of service firms, service routines influence the deployment of the human service resource, and the structure and processes through which customers receive service, consequently impacting the overall service capabilities of the firm. In addition to the influence of organizational routines, organizational culture also plays an important role in the development and deployment of the human resource (Fiol 1991). Organizational culture influences the mobilization, allocation and leveraging of resources (including the human resources) to achieve the company's goals (Chan, Shaffer, and Snape 2004). Particularly relevant in the services context is the role of organizational culture in motivating service employees to undertake market servicing behaviors. Consequently, it behoves service organizations to better understand the roles of employee motivations, service routines and service capabilities in the provision of high quality customer services, which are fundamental to long term survival of the service organization. By understanding the intricacies underlying customer service provision, organizations are able to identify the facilitators and barriers to its implementation, with the overall aim of improving service provision. Therefore, the goal of this paper is to identify the drivers and role of service capabilities for successful service provision, and to explore the role of employee motivations in this relationship.

In order to achieve these objectives this article is organized as follows. The next section presents a discussion of the resource-based view of the firm, specifically focusing on the process-based

perspective. This is followed by the development of a conceptual model and associated hypotheses. The subsequent section discusses, in detail, the constructs examined in this study and their operationalization. This is followed by a section detailing the collection and analysis of data and presentation of results. Finally the implications of this study for managers and academics are explored.

RESOURCE-BASED VIEW

Building upon the works of Penrose (1959) the resource-based theory of organizations continues to be seen as a guiding framework for explaining organizational performance (Moliterno 2007, 348; Barney 1991, 279; Schoemaker 1990, 283; Wernerfelt 1984, 281). A defining characteristic of the resource-based perspective is its emphasis on organizational resources as a fundamental determinant of organizational performance (Kor and Leblebici 2005; Rumelt, Schendel, and Teece 1991). Many writers, including Connor (1991) and Makadok (2001) argue that differences in organizational performance can be directly attributed to differences in their resource endowments. An implicit assumption in this is that organizations are rent-seeking, aiming to maximize their return on their human resources, rather than purely profit-seeking, entities (Kor and Leblebici 2005). This allows firms to expand their focus away from purely profit-seeking and to engage in developing other rent-seeking capabilities for the delivery of services (Chatterjee and Wernerfelt 1991). Such service capabilities are generally embedded in a service firm's human resources, and represent resource endowments which can be utilized to generate rents. In rejecting the neoclassical assumption that rent-generating resources are distributed randomly (Schoemaker 1990) the resource-based view proposes that resources can be strategically allocated, that they vary in relative efficiency, and that resources required to implement a rent-producing strategy are heterogeneously distributed across organizations (Barney 1991, 279). The implications of this logic to the services context is that the efficiency with which service capabilities are utilized varies across firms; furthermore, these variations are not random, but dependent on specific configurations of service resources. This means that the nature and quality of relationships within and between service resources impacts the ability of the service firm to undertake rent-seeking service activities (Teece 1990). Here, resource-based theory

shifts attention from the organization's resources *per se*, to the relationships between these resources. Whilst the resource-based view borrows from a variety of literatures to describe these relationships (e.g. evolutionary economics; Nelson 1982, 298), it develops a unique perspective by focusing on the relevance of the relationships between resources under competitive market conditions. Accordingly, the resource-based view of the firm suggests that the configuration and leverage of a firm's resources, such as their service capabilities, affects performance in the markets in which they are employed.

The resource-based theory has evolved into two schools of thought: the structural school has its historical foundations in the work of Barney (1991, 279) and Wernerfelt (1984), and the process school is grounded in the work of Schoemaker (1990) and Teece, Pisano, and Shuen (1992). Both schools extended Penrose's (1959) premise that the primary source of economic rents is the organization's ability to use resources better than its competitors. However, they differ in their account of how such performance differentials are achieved.

Process models attribute a portion of rents to extra-managerial phenomena such as organizational skills and routines (Moliterno and Wiersema 2007), organizational learning (Schroeder, Bates, and Junttila 2002) and organizational culture (Chan et al. 2004). These phenomena play a central role in the dynamic capabilities model of Teece et al. (1992), and give rise to the idea of capability-based strategies (Eilles, Bartels, and Brunsman 2003; Stalk, Evans, and Shulman 1992). In contrast, the behavioral perspective asserts that organizational performance can be enhanced through both management's ability to appropriate managerial rents (i.e., the proportion of rents attributable to superior management) and how these capabilities are utilized (Thompson and Heron 2005; Conner 1991).

The importance of the role that frontline staff play in forming customers' assessment of service firms is well established (Den Hartog and Verburg 2002). Whilst there are many factors that can influence the service behavior of employees, these can be categorized into two main groups; those that are not within the control of the firm and those that are. Factors that are largely beyond the influence of the firm and its managers include individual characteristics of service employees such as their need for feedback, and role motivation (Paswan, Pelton, and True 2005) their communication style (Sparks, Bradley, and Callan 1997), and their inherent level of organizational commitment (Eby, Freeman, Rush, Rush, and Lance

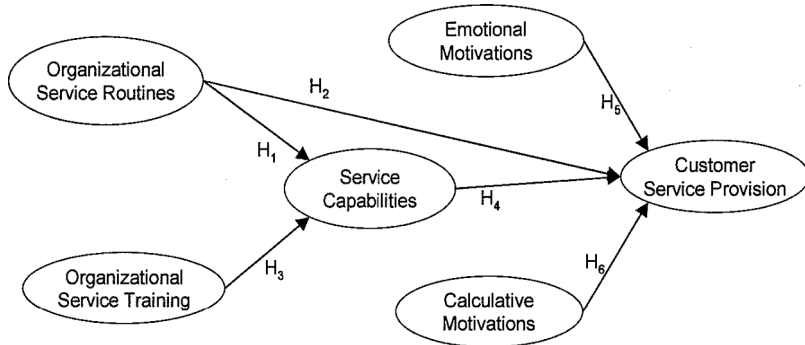
1999). More generally employee personality has been demonstrated as an important determinant of customer service behavior (Harris 2004, 344). Although certain managerial routines such as training may mitigate the influence of employee personality and inherent communications style, these are employee characteristics that should be screened for and assessed at the recruitment stage. Factors that are in the control of the firm include how they develop and use managerial capabilities. For organizations with existing operations, the service staff are already employed and, assuming that the recruitment and screening process is effective, it will be the utilization of superior management capabilities that will provide the most impact on customer service delivery.

With this in mind, we adopt the resource-based perspective to explain the operation and performance of services firms. This leads to the view that organizational routines and practices, (and the human resource which they surround), can be singled out as critical factors influencing the service performance of firms. This would suggest that service managers need to develop skills in understanding the factors that influence their human resources, routines for its effective deployment, and the service capabilities that this gives rise to. These skills and routines, established at the organizational level, generate service capabilities and, consequently, superior customer service provision (Schneider and Bowen 1993).

CONCEPTUAL MODEL

The model tested in this paper is illustrated in Figure 1 and discussed below. The model builds upon the capability-based strategy perspective first articulated by Stalk and co-authors (Stalk et al. 1992). Our model proposes that service capabilities influence the provision of customer services, these, in turn, affect the service performance of the firm. Expanding on the work of Nelson and Winter (1982), we argue that organizational skills and routines (reflected in the firm's service routines and service training), influence the service capabilities of the firm. We further propose that training has a direct impact in the customer service provided. In addition, and in line with the thinking of Chan, Shaffer and Snape (2004) discussed earlier, customer service is also driven by employee motivations (emotional and calculative) that are embedded in the service firm's culture.

FIGURE 1. Conceptual Model of Customer Service Provision



HYPOTHESES

Service Routines

An organizational level driver which plays a dominant role in successful service provision is organizational service routines. These routines capture the organization's service related policies and practices and have conceptual similarities with the notion of service orientation. Service routines provide the organizational context in which employees' efforts to provide customer service are directed and supported, without necessarily disempowering employees with regard to decisions about how to achieve high levels of customer service. In this way, service routines influence the capabilities of frontline service staff; if an organization displays strong routines associated with the provision of successful service then staff are likely to be more able to deliver effective services, if organizational routines are not in place the ability of staff to deliver effective services is likely to be compromised. We therefore hypothesize:

H1: The greater the organizational service routines the greater the service capabilities embedded in the human resource.

Organizational service routines not only affect customer service provision indirectly, through the development of service capabilities, but also directly. When the organization's routines, policies and

practices are directed towards the delivery of exceptional customer service and the firm values service, this is associated with the high performance of the delivery of customer service by staff (Lytle, Hom, and Mokwa 1998; Pfeffer 1998). The logic of this argument is that when staff are aware of the value of customer service, and believe that their organization supports good service through the systems that have in place, this is likely to improve the level of service they provide (Den Hartog and Verburg 2002). Hence;

H2: The greater the organizational service routines the better the customer service provision.

Service Training

Related to service routines and the development of service capabilities are processes influencing the development of service skills. Employees may display poor service behavior if they do not have the skills to deliver high quality services. Amongst other things, service employees require training to understand the service delivery systems of the organization, and to manage the many and numerous interactions that customers experience during the service encounter (such as those with the firm and its servicescape, the individual and other customers; (Den Hartog and Verburg 2002). Consequently, service training influences the service capabilities displayed by staff and, indirectly, customer service provision. This gives rise to the following hypothesis;

H3: The better the organizational service training the better the service capabilities embedded in the human resource.

Service Capabilities

The service capabilities of frontline staff affect the level of customer service provision which they display. The higher the level of service capability encapsulated by staff, the better equipped they are to interact with and serve their customers. As routines and training are hypothesized to be antecedents to service capabilities, this implies that staff having the relevant training and appropriate organizational support through service routines can serve customers

successfully (c.f. Schneider, White, and Paul 1998). Accordingly, the level of service capability evident in organizations influences service excellence; or superior levels of service provision. This suggests then;

H4: The greater the organization's service capabilities embedded in the human resource, the better the customer service provision.

Service Employee Motivations

In addition to the processes that facilitate the organization's development of service capabilities and provision of customer services, the culture surrounding frontline service staff influences their behavior. These values and beliefs inform internal motivators and barriers to successful service provision. The first type of motivation that can be captured is an emotional motivator. This provides staff with a sense of belonging to the organization and a desire to do well for the organization as they feel a positive attachment to the organization. An emotional motivation in this context represents the attitudinal element of loyalty (De Wulf, Odekerken-Schroder, and Iacobucci 2001). Frontline staff members with a strong emotional attachment to the organization and organizational loyalty display high levels of customer service provision so that they can benefit their employing organization. This suggests therefore that;

H5: The greater the emotional motivation displayed by frontline staff the better the customer service provision.

In a similar manner, when staff perceive that they have a vested interest in their employing organization—as a result of, for example, personal firm-specific investments or difficulties in switching to a different employer—they may also deliver good levels of customer service provision. This argument rests on the logic that they may feel a risk if they were to switch employers therefore it is less risky to stay with their current one and to provide expected levels of customer service (Gundlach, Achrol, and Mentzer 1995; Patterson and Smith 2003). Thus, frontline staff with calculative motivations with respect to their employer deliver good customer service as they have little alternative to their current employment situation and do not wish to jeopardize their position. This suggests that;

H6: The greater the calculative motivations displayed by frontline staff the better the customer service provision.

METHOD

The context chosen for this study was frontline staff working on a cross sea ferry. These frontline staff encapsulate the provision of customer services. The survey was administered to frontline staff serving business and leisure travellers on a cross channel ferry. These staff have a high degree of contact with customers and the company literature specifically states that it competes on the quality of service that it provides. Thus, given that our focus is to examine the resource and process factors underlying the provision of customer services, this sample is suitable for our study.

Questionnaires were administered by mail with responses being posted anonymously to the researchers. In total 60 questionnaires were administered and 53 usable responses were received. This corresponded to an effective response rate of 88%. Responses were captured using a seven point scale anchored at strongly agree and strongly disagree. Service employees were chosen as respondents because of their unique influence on the service quality perceptions of customers (Bell, Menguc, and Stefani 2004). Furthermore, even though the sample represents a single organization, the unit of analysis is the individual member of staff and differences in these individual's behavior are expected to derive from differences in their perceptions of the organizational service routines and training that they experience and interpret. Consequently, it is expected that there will be sufficient variability across the constructs of interest to adequately test the hypotheses developed in this paper.

Measures

Emotional motivation was measured using an adaptation of the scales reported by Garbarino and Johnson (1999) and Allen and Meyer (1990). Three example items from the five items used are: 'They feel a sense of belonging to this company', 'They are committed to their relationship with the company', and 'They are loyal to this company'. The scale was modified to tap into the feelings of

employees towards the firm. As suggested by Podsakoff et al. (2003), employees were asked to report the feelings of their co-workers to minimize social desirability bias.

Calculative motivation was modified from Gundlach et al. (1995) and Morgan and Hunt (1994). Examples include; 'They would find it inconvenient to change employer', and 'They would have to invest a lot of time and effort to find another employer'.

Service capabilities were measured using seven items, either adapted from the items reported by Lytle et al. (1998) and Saura et al. (2005) or designed specifically for this study. These designed items tapped into the employees' attitudes towards delivering quality services as identified by Parasuraman, Berry and Zeithaml (1988). Example items of the seven used in the survey include: 'I provide prompt service', 'I am committed to service' and 'I view customer interactions as opportunities to please'.

Organizational service routines were measured using five items based on a subset of the items previously reported by Lytle et al. (1998) and Saura et al. (2005). These items were chosen to identify the explicit information staff receive about the service routines of the organization. Example items include: 'We are told to make a real effort to satisfy customers' needs' and 'This Company has a true commitment to customer service'.

Organizational service training was measured using three items adapted from Lytle et al. (1998) tapping into employees' perceptions of the applicability of service training that they receive. Two example items are: 'I am provided with personal skills training that enhances my ability to deliver high quality services' and 'This Company spends a great deal of time and effort in training activities to help me provide high levels of service'.

Finally superior customer service provision was measured using an adaptation of the items reported by Bell and Menguc (2002). Example items include; 'We give customers individual attention', 'We have the best interests of customers at heart', and 'We give prompt service to customers'.

Confirmatory factor analysis was performed on all scales using principal axis factoring and varimax rotation. Items with low loadings, significant loadings onto two or more factors or communalities less than 0.5 were considered for deletion. The psychometric properties of the new scales were tested and found to be acceptable i.e. coefficient α for each scale ≥ 0.75 see Table 1.

TABLE 1. Items and Coefficient Alphas

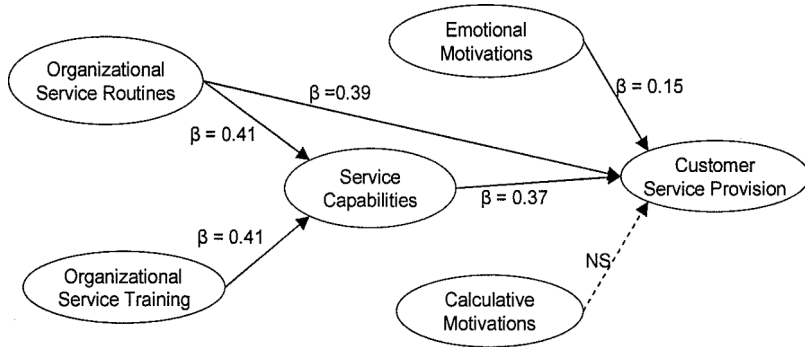
Scale	No Items	Alpha
Calculative Motivation	7	0.921
Emotional Motivation	4	0.937
Service Capabilities	7	0.916
Customer Service Provision	9	0.943
Organizational Service Routines	5	0.858
Organizational Service Training	3	0.900

As all of the measures were collected using a single instrument the Harman single factor test was conducted to identify common method bias (Podsakoff et al. 2003). Principal component extraction was conducted using varimax rotation, and the resultant component structure examined. Six components with Eigenvalues over 1 were extracted and the maximum variance extracted for any single component was 25%. Although this test does not eliminate the possibility of common method bias it does provide post hoc support for its absence.

RESULTS

The conceptual model presented in Figure 1. was tested using the partial least squares (PLS) structural equations modelling technique (Wold 1985). PLS was adopted because of its suitability to analyse data from small samples (Sambamurthy and Chin 1994; Sosik, Avolio, and Kahai 1997; Wold 1985). PLS does not make assumptions about data distributions to estimate model parameters, observation independence or variable metrics, making a more suitable technique for analyzing these data than other techniques (e.g. multiple regression), which requires multivariate normality, interval scaled data and large sample size (Jung and Sosik 2002). In Figure 2 we report the beta coefficients for the conceptual model and the R^2 for each exogenous variable as indicated by the PLS analysis. As PLS makes no distributional assumptions, traditional parametric methods of significance testing (such as confidence intervals and χ^2) are not appropriate (White, Varadarajan, and Dacin 2003). To test the effects of the parameters in the structural model we used a bootstrapping procedure (Chin 1998,

FIGURE 2. Empirical Model of Customer Service Provision



2001). The results indicate that our hypotheses are confirmed (see Figure 2).

Employing a significance level of 0.05, our results reveal a positive and significant effect of Organizational Service Routines on Service Capabilities (H_2) ($\beta = 0.41$). Organizational Service Routines also has a direct positive impact on Customer Service Provision ($\beta = 0.39$) as hypothesized in H_2 . Organizational Service Training (H_3) is also confirmed to have a positive impact on Service Capabilities ($\beta = 0.41$). Service Capabilities (H_4) has a resultant positive and significant effect on Customer Service Provision ($\beta = 0.37$). Although not as strong, Emotional Motivation (H_5) was also confirmed as having a significant and positive impact on Customer Service Provision ($\beta = 0.15$). However, Calculative Motivations (H_6) were not found to impact Customer Service Provision ($\beta = 0.11$). The results indicate that 46% of the staffs' Service Capabilities are captured through Organizational Service Routines and Organizational Service Training. Furthermore, 61% of superior Customer Service Provision is explained by the constructs captured in this model.

DISCUSSION

This paper supports the notion that organizational level directives impact the customer service performance of staff. By applying a

process-based perspective of resource-based view of organizational performance, service staff are viewed as resources of the firm and the approach taken to manage them recognizes their role in the formation of sustainable competitive advantages for the firm. The importance of staff in the customer-firm interaction has long been established (Den Hartog and Verburg 2002) but by recognizing that their role as a strategic resource goes some way to understand the dynamic role that they play in the firm. When an organization applies service routines and training systems which encourage the development of service capabilities this provides that basis for the effective provision of customer services. In addition to these firm driven initiatives, the role of organizational culture in developing emotional attachments to the firm must also be managed, as these also impact the effective delivery of customer service. This study shows that the positive attachment the staff member feels toward the organization by way of emotional motivation also impacts on their approach to customer service provision. This highlights for management the need for positive reinforcement so that staff feel valued in their jobs and feel a positive devotion to their employer. This will go some way to provide the staff with a sense of belonging to the organization and developing a positive affect towards their employer. In this study we did not find that calculative motivations played a significant antecedent role in customer service provision. This result may be due to the characteristics of the sample and local employment conditions. Calculative motivations are expected to be more significant when individuals perceive high barriers to changing jobs, such as the lack of suitable alternative employment. Logically this would be more likely to occur in situations of high unemployment where alternatives are limited. At the time of this research local employment was high and employers' competing for good employees was a more dominant characteristic of the employment market than employees competing for employment. High employment rates are currently a characteristic of many developed service economies and with such employment conditions calculative motivations may not be a major concern of employers. However, if employment conditions shift to higher unemployment and fewer opportunities available to employees for moving employers, researchers would be advised not to ignore the potential impact of employees' calculative motivations.

This research is not without its limitations. We have made several assumptions in conducting this study. As discussed in the literature

review we have modelled service capabilities as being dependent on organizational factors, service capabilities and service training; however, there are individual characteristics of the service employees that will influence their service capabilities. Individual characteristics such as employees' need for feedback, and role motivation (Paswan et al. 2005), the degree to which employees are empowered and their communication style (Sparks et al. 1997), their level of organizational commitment (Eby et al. 1999) and more generally their personality (Harris 2004, 344) have all been posited to impact the quality of customer service that employees' deliver.

There are also several limitations to the data that were collected. As with many studies in this area, data were collected by employee self evaluations of both the organization and their own performance. The halo effect refers to a situation where a respondent considers the object of evaluation to be good (or bad) in one category and makes a similar evaluation in other categories. The halo effect, if present in our data may result in overestimation of the relationships between the constructs of interest. Future researchers could consider the use of comparative scales to minimize any possible halo effect in this type of research. Furthermore, the data collection technique adopted in this study also gives rise to the possibility of self evaluation bias; employees may overestimate their performance on desirable attributes such as service capabilities and customer service provision. In order to overcome self evaluation bias it would be advantageous to have a third party (managers and/or customers) evaluate employees' performance in these key areas. Unfortunately in this study, as all responses were strictly confidential this was not possible. However, in future work, if these constraints could be overcome the design of a matched dyadic or triadic study where service performance and its antecedents are independently assessed by managers and/or employees and/or customers would provide for a much more robust evaluation of the relationships between the constructs of interest.

Despite the limited sample size and the single context of the study, and notwithstanding the shortcomings discussed above, our findings shed some light on the role of staff as a service resource to the firm. Further replications of this work are necessary to examine the stability of our results in other service contexts and should try to address the potential biases mentioned. Additional, research in other cultural settings also would help to increase the generalizability of this model.

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