The Applicability of the Human Sigma Model to Service Quality Management in the UK Tourism Industry: an operational analysis

by

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Abstract

The dominant focus in the service quality literature in general, and within the tourism and hospitality sector service literature in particular, has been on the drivers of customer-perceived service quality. That is, although the role of front-line employees in service quality has been acknowledged, few studies have actually identified the factors linked to the service encounter from the perspective of both the provider and customer. In practice, the role of front-line employees in service firms tends to be underappreciated, with the lowest paid, less experienced and trained 'put' on the front-line. Therefore, managing and measuring the employee-customer encounter becomes a vital determinant of service quality management. Consequently, there is need for more in-depth research from the perspective of both parties in service encounters.

Traditionally, research into service quality has been undertaken from the perspective of a person's (customer's) satisfaction within service encounters through the expectancy-disconfirmation theory. Indeed, this has been one of the main concepts for assessing satisfaction (Oliver, Rust and Vark, 1997), including the well-known SERVQUAL scale for measuring service quality (Parasuraman, Zeithaml and Berry, 1988). However, a more recent focus on measuring and managing service quality through the service encounter and, ultimately, on business improvement has adopted a new approach: Human Sigma (Fleming and Asplund, 2007). This new approach has signified a shift away from isolated employee and customer satisfaction scales, described as meeting expectations, to an examination of the more powerful and emotional dimensions of engagement which are holistically measured and managed. This, in turn, can facilitate organisations in remaining highly competitive in attracting and retaining both customers and employees.

Given, therefore, that this new approach has the potential to have a positive impact on service organisations in their quest to improve service quality, the purpose of this thesis is to explore the concept of Human Sigma within the context of the hospitality sector. More specifically, focusing on the UK tourism industry, which is primarily comprised of small to medium sized enterprises (SMEs), the purpose of this thesis is to appraise

critically the philosophy of the Human Sigma concept of business improvement and to apply the Human Sigma model in a single service context, a UK tourism SME.

Subsequently, in order to fully determine the applicability of Human Sigma, a postal questionnaire survey is first conducted amongst the managers of tourism SMEs to establish the extent of the utilisation and contribution of service management tools, techniques and approaches within contemporary small to medium businesses. Following, in-depth interviews are conducted with two key informants in order to enhance knowledge and understanding of the principles and practices of Human Sigma. Building on these results, the third and principal stage of the research applies the Human Sigma model in an operational analysis within a tourism SME. As a consequence, the research not only identifies potential limitations inherent in the Human Sigma model but also, and most significantly, enables the development of a new conceptual model and instrument for measuring and managing the service encounter. The thesis concludes by exploring the implications of this research for service managers and the future of service quality management.

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Thanks also to my glorious family – Ian, Mum, Sister, Brother and their children.

~ As a Special Note ~

When my dad left home before his accident he thought he would see me again and say and do the things he wanted to do. Therefore, I have seized the opportunity to do and say what I believe is important.

I can truly say that:

"A journey of a thousand miles begins with a single step"

Lao Tzu, Chinese Philosopher

But I was always reminded:

"Are you nearly there yet?"

Mum, Motivational Champion

Chapter One

Introduction to Service Quality: Themes and Issues

1.0 The Growing Importance of Quality in the Service Sector

Consumers from around the globe are beginning to respect organisations that strive to be 'human' and, therefore, exceed inherent customer expectations (Zeithaml, Parasuraman and Berry, 1990, Parasuraman, Zeithaml and Berry, 1985). Moreover, service organisations in general, and tourism and hospitality organisations in particular, have also increasingly come to recognise the growing importance of service quality. That is, growing competition and increasingly demanding customers, as well as recessionary and globalisation pressures, have emphasised the need for tourism and hospitality businesses to focus on improving service quality in order to achieve competitive advantage (Boon-itt and Rompho, 2012; Crick and Spencer, 2011; Dutta and Dutta, 2009; Hassanien, Dale and Clarke, 2010; Ramanathan and Ramanathan, 2011; Rodriguez-Anton and Alonso-Almeida, 2011). At the same time, there is a new type of consumer in the industry who is more demanding, more sophisticated and more educated than before (Pirnar, Icoz and Icoz, 2010) and, thus, the implementation of quality management initiatives is fundamental to ensuring that customer satisfaction and retention is maintained (Gupta and Zeithaml, 2006). Consequently, within the service sector, many providers have adopted corporate strategies which include the use of a broad range of tools, techniques and approaches that attempt to exceed customer expectations (Edvardson, Thomasson and Overtveit, 1994) and, ultimately, to improve business performance. One such approach is Human Sigma, a relatively new concept developed specifically for the service sector but, as discussed later in this chapter, one that has been subject to only limited critical academic scrutiny, particularly in the context of the tourism and hospitality sector.

Within the UK, this need to focus on quality management has arguably become ever more crucial for service providers, particularly within the tourism and hospitality sector, as the economy evolves from a manufacturing base to one oriented around service delivery (Gronroos, 1982, 2000). Indeed, exponential growth of the service sector, first

witnessed during the 1980s consumer boom, continues as many service suppliers within the same marketplace compete with one another (Schoell and Ivy, 1981; Yorke, 1988). Hence, the visitor economy, which primarily comprises a large number of small to medium sized enterprises (SMEs), particularly within the hospitality sector, represents an important and broad range of businesses in the UK (Georgiadis and Pitelis, 2010). Indeed, the importance of SMEs to the overall visitor economy in general, and to the tourism industry in particular, cannot be overemphasised (Novelli, Schmitz and Spencer, 2006).

It has been observed that services can be defined in terms of service types and characteristics, as well as service quality (Williams and Buswell, 2003), and that a service industry typically focuses on the exchange of services between companies and their end-users consumers (Kandampully, Mok and Sparks, 2001). Furthermore, the service industry is generally believed to require person-to-person contact in the delivery of, sometimes, intangible products (Reisinger, 2001). Thus, the importance of managing the employee-customer encounter (Fleming and Asplund, 2007), or what Normann (1991) describes as the moment of truth, becomes even more critical to the management of service quality.

Increasingly, however, consumers are requiring higher levels of service and more convenient access to information. This represents a significant challenge to service providers because, in contrast to the manufacturing sector in which tangible goods are produced, service organisations are faced with the need to provide value to consumers based on intangibles that can be difficult to quantify and deliver (Chandon, Leo and Phillippe, 1997). Putting it another way, in the production of tangible goods, consistency and quality can be improved more easily; however, as Buttle (1993) argues, with particular reference to the hospitality industry, customers seek intangible benefits regardless of whether the product is tangible or intangible. More specifically, in service industries, the number of touch points involved in the delivery process and the inconsistencies in human connections define service quality as a continuous challenge (Solnet, 2006). Faced with such challenges, it is widely recognised that improvement in service quality is strategically important to businesses/service providers if they are to outperform competitors (Hill, 1995).

However, according to Visit England's Strategic Framework for Tourism and its *Towards 2020* report, it is evident that 'England's visitor economy faces significant challenges, some of which are the result of the global economic trends while others relate to negative perceptions about quality and value for money' (VisitEngland, March 2010). At the same time, the reporting of service standards and customer care are inconsistent across the sector and, in some cases, the need for improvement is unrecognised by businesses themselves. In turn, this can lead to a sense of complacency and corporate inertia within tourism SMEs (Hwang and Lockwood, 2006). Ultimately, however, a poor perception of tourism as an employer remains, particularly within the UK, resulting in some significant skills shortages in key areas such as customer service staff and hospitality management. According to the British Chamber of Commerce (2012), a shortage of skilled staff in the UK could hold back many SMEs that are aiming to grow their business.

There can be little doubt that SMEs play an important role in the tourism industry; the sector continues to be characterised by a large percentage of small and micro independent operators. Official statistics reveal that, of the 115, 200 tourism sector businesses operating from over 161,700 individual establishments across England, 75 percent are classed as SMEs (People 1st Report, 2010). It is inconceivable, therefore, that a visitor will not encounter such enterprises regularly, probably in the form of a restaurant, on a tour or accommodation. Tourism SMEs are also significant for their economic development potential. Though individually such businesses employ few people, collectively the employment generated by SMEs reliant on visitor spend can be highly significant. However, in the 2011 Employee Skill Survey, a significant number of SMEs in the UK reported skill shortages or skill gaps. This view is supported by the UK Department for Trade and Industry (2011), which argues that 'improving the growth capability of UK businesses will only be achieved by raising performance across a range of areas such as management skills, workforce development and the use of innovation and adoption of best practice across different business functions'. The quality of service experiences therefore, are influenced heavily by the quality of the encounter with such businesses.

1.1 The Quality Concept

What is the meaning of quality? Quite evidently, it means different things to different people in different contexts and, consequently, the term 'quality' suffers from many different definitions and interpretations. Parasuraman et al., (1985), for example, state that 'quality is subjective and difficult to define' whilst others have described it as an elusive and indistinct construct. Indeed, there are numerous possible definitions of the concept of quality; it may often be used to describe specific aspects of quality, such as reliability, performance and appearance, or abstract ideas, such as an organisation or attitude (Zeithaml, Parasuraman and Berry, 1988). Furthermore, the implication of these statements is that without clear definition, there is a danger that the adoption of tools, techniques and approaches designed to improve or maintain quality will lead to disappointment. Therefore, one of the initial objectives of this thesis will be to identify the type, utilisation and contribution of quality tools, techniques and approaches within SMEs in the tourism sector as a background to introducing and critically appraising a new approach to quality (service) management that is the focus of this thesis, namely, Human Sigma.

First however, it is necessary to define quality. Quality can, according to Dale (2003), be defined as the composite product characteristics that determine the degree to which the product in use will meet the expectations of the customer. Alternatively, Juran (1974) observes that 'quality is fitness for use', whilst Crosby (1979) defines quality as 'conformance to specification'. Otherwise referred to 'Zero Defects', Crosby's definition of quality does not necessarily guarantee that customer needs have been met, only that the service has been delivered according to the certain specification (Williams and Buswell, 2003). Such specifications or service standards can, for example, be observed being implemented in many hotels, call centres, tourist attractions and fast-food outlets. It can be suggested, therefore, that although services were not given immediate consideration by Crosby (1979), his technique of setting performance indicators as a measure have been transferred to the tourism and hospitality sector.

It was the Japanese manufacturing sector that first recognised business improvement as an internal organisational concept, known as Kaizen. According to Oakland (1993), the Japanese define Kaizen as a philosophy of continuous improvement of all the

employees in an organisation, so they can perform their task better each day. Mirroring this concept, for example, the Ritz Carlton and Marriott Hotels have put internal quality teams in place that ensure daily briefings or quality circles take place (Williams and Buswell, 2003). Undoubtedly, these are essential elements, together with the notion that organisations seeking continuous improvements should recognise that internal as well as external customers are central to quality management (Williams and Buswell, 2003; Kandampully et al., 2001). The underlying philosophy of higher quality goals is for organisations to have or to be developing a customer centred approach, irrespective of whether they are internal or external (Williams and Buswell, 2003). Therefore, the introduction of quality tools, techniques and approaches that can accomplish these goals are advocated (Dale, 2003; Fleming and Asplund, 2007).

Not surprisingly, Smith (1987) states that the elements of a definition of quality will vary from one organisation to another but nevertheless proposes a working definition as: 'Quality is continually satisfying customer requirements'. Similarly, Garvin (1987) states that quality means pleasing customers, not just protecting them. In contrast, however, Torres and Kline (2006) argue that to focus only on customer satisfaction is no longer sufficient; that is, customers now want to be delighted. At the same time, Garvin identifies five alternative perspectives on understanding what quality 'is'. First, the transcendent view of quality is synonymous with excellence and argues that people learn to recognise quality through experienced exposure. Increasingly, however, the experience becomes less novel as consumers have more choice and become more experienced (Lovelock and Wirtz, 2011). Second, the product based approach sees quality as a precise and measurable variable. Since this view is objective, it fails to account for the human dimensions and organisations cannot differentiate on the basis of their product offerings alone (Kandampully et al., 2001). The third perspective is the user-based definition, which recognises the subjective nature of the quality concept in which customers have different expectations (Parasuraman et al., 1988). Fourth, the manufacturing- based approach focuses on conformance to specifications, which are often driven by productivity and cost containment goals (Dale, 2003). For example, many organisations in the tourism sector, such as airports and call centres, measure productivity in terms of time (e.g. baggage handling and number of calls waiting). The fifth and final perspective is the value-based definition, which defines quality in terms

of value and price. Therefore, quality comes to be defined as 'affordable excellence'. Certainly, the evidence suggests that some customers are willing to pay more for superior service and customer experience is a key driver for revenue growth (Heskett, Jones, Loveman, Sasser and Schlesinger, 1994).

It is acknowledged, therefore, that the appropriate goal in the quality function of the organisation is continuous improvement (Juran, 1989). This approach is not new, having been advocated by the early quality 'gurus' when they considered the manufacturing industry (Deming, 1986; Juran, 1989). However, although this approach might appear both common sense and straightforward, according to Peters (1985) the customer perceives service in his or her own unique, idiosyncratic, end of the day, emotional, irrational and totally human terms. At the same time, the perceptions, emotions and expectations of internal customers (employees) also play a major role. Quality is based upon the customer's actual experience with the product or service, measured against his or her requirements – stated or unstated, conscious or merely sensed, technically operational or entirely subjective, and always representing a moving target in a competitive market. Indeed, in an increasingly competitive market, the issue of quality and its measurement has grown in significance for tourism businesses.

1.2 Service Quality as a Competitive Advantage

The concept of service quality in general has received a considerable amount of attention in the academic literature, whilst owing to the rapid transformation in the tourism sector in particular, service quality in tourism is now receiving greater attention (Ford, Sturman and Heaton, 2012). Indeed, it has been observed that service quality has become of increasing concern to managers of tourism and hospitality businesses, as service quality may be used to create a competitive advantage (Kandampully et al., 2001). For example, the Ritz Carlton Hotel Company has created superior service levels that are not easily duplicated. Nevertheless, it is likely that the positive experience of the Ritz Carlton remains a relatively rare example, the concept of service quality arguably remaining poorly understood and, consequently, presenting significant challenges for tourism businesses more generally. Moreover, because customer expectations and

perceptions are constantly shifting, customer and employee concepts of quality shift as well (Parasuraman et al., 1988). The literature documents several advantages for producing higher quality services. For example, productivity and the rates of return for the organisation may improve, whilst the costs of error correction and customer dissatisfaction could be avoided. At the same time, premium prices for quality products and services may be charged to generate more revenue and repeat purchases may be gained (Parasuraman et al., 1986; Lovelock and Wirtz, 2011). Delivering consistently good service to the customer was once considered to provide long terms benefits to organisations in competitive environments (Heskett et al., 1994). Increasingly however, customers are seeking higher levels of satisfaction in a more competitive marketplace.

In contrast, of course, poor service quality may result in a number of disadvantages for the organisation, such as poor word of mouth communications and lost market share (Zeithaml et al., 1985). Indeed, it has been observed that although the UK tourism industry is a service sector which has recognised the value of providing both product and service quality, much of the industry remains challenged to deliver continuously improving, exclusive and consistent levels of service quality. Nevertheless, many tourism organisations are responsive to market trends and changing customer demands. The Holbeck Ghyll Hotel (SME), for example, demonstrates a very high level of individual responsiveness with their service program, which prepares employees to respond to specific guest needs as they occur. Thus, employees would recognise a left-handed guest and make adequate adjustments to table layouts in the restaurant. Therefore, a competitive strategy based upon service quality does not necessarily mean adopting a premium level of service, but meeting specific customer needs at the level of the individual (Kandampully et al., 2001).

Furthermore, the tourism industry in the UK represents a disparate range of businesses, offering the consumer a wide range of products from luxury to budget, and a wide range of service offerings from extensive to limited. As noted, service quality is often associated with the premium end of the market place, though the competitive nature of the industry and ever increasing consumer expectations have encouraged businesses at the lower and price sensitive end of the marketplace to improve levels of service quality. It could be argued that all organisations are competing for market share in their

sector, location, department or quality scheme, or even via their user-based content such as Trip Advisor. Fundamentally, however, it is how the service is delivered to the customer that has most influence on the level of service quality (Williams and Buswell, 2003). Therefore, the greater the number of employees who perform their tasks with and in front of the customer (the employee-customer encounter), the more difficult it becomes to compete effectively.

Kandampully et al., (2001) suggest that, in order to create a sustainable competitive advantage, organisations should seek to develop core competencies; that is, unique combinations of processes, skills and/or assets. As competitors move more closely together in terms of product quality (as witnessed in the hotel sector), it is the service quality developed by these core competencies that will be used more often to create competitive distinctiveness. Service quality can, therefore, be determined in how it manages both its customers and employees (Heskett, Sasser and Schlesinger, 1997). Crucially, however, the concept of service quality may still be a difficult one for many tourism businesses to pursue. In practice, the variety and often complex nature of business improvement approaches can be undoubtedly challenging. Nevertheless, service quality is considered to be an important concept for all organisations, including SMEs. Consequently, both management and employees may require a greater understanding of the service quality concept to ensure its successful delivery and remain competitive in the marketplace.

1.3 The Service Quality Concept

The theories and concepts of quality and its management have slowly filtered into the service industry from manufacturing (Levitt, 1972). A paradigm shift occurred when difficulties adopting concepts and theories with a manufacturing foundation were experienced in the service sector (Williams and Buswell, 2003). Subsequently, two schools of service quality emerged; the North American school (Zeithaml et al., 1990) and the Scandinavian (Gronroos, 1984). Both schools see it as imperative to know the needs of the customers and for this knowledge to be drawn upon when organisational decisions are being made. However, they differ with respect to approaches (quantitative

vs. qualitative) to the collection of data on customer needs and satisfaction. Specifically, the North American school requires numerical data to be generated (often a management requirement in the tourism and hospitality industry). In contrast, the Scandinavian school rejects standardisation and favours the need for a more personalised service. Therefore, a number of academics including Oliver (1980) and Parasuraman, Zeithaml and Berry (1985) started to apply service quality theories by developing models to measure different aspects of service delivery quality rather than transferring models from the manufacturing sector.

As already considered in Section 1.1 above, defining the concept of quality has proven to be a difficult task. Nevertheless, the most commonly accepted definition of quality within a service context, or service quality, is that proposed and tested through research by Parasuraman, Zeithaml and Berry (1985; 1988) and Zeithaml et al., (1990). Based upon the notion that service quality can only be defined from the perspective of the customer with reference to how well the service, both delivered and perceived, matches their expectations, Parasuraman et al., (1985), who have played a leading role in the conceptualisation of the service quality construct, state that the customer's overall perception of quality is the disconfirmation of their expectation and evaluation of services delivered. This definition acknowledges the related work of Gronroos (1982) and Churchill and Surprenant (1982). Gronroos, one of the founder members of the Scandinavian school of service quality, defines it as follows:

> A service is an activity or series of activities of more or less intangible
> nature that normally, but not necessary, takes place in interactions between
> the customer and the service employees. (Gronroos, 1990: 27)

Similarly, and as discussed in more detail in Chapter 4, the concept of Human Sigma defines service quality as the interaction between the customer and the service employee or the employee-customer encounter (Fleming and Asplund, 2007).

Traditionally, however, and irrespective of the theories they draw upon, most service quality academics consider the difference between goods and services as an important concept in defining and managing service quality. This distinction can be thought of as the degree of intangibility in proportion to the physical product (Lovelock, 1992).

Therefore, although the advantages of providing quality products and services may appear clear, understanding how quality products and services can be provided on a consistent basis may prove to be extremely difficult. Indeed, much of the problem with delivering consistently good products and/or services arises from the limited or miss-understanding of the different characteristics of quality in products and services respectively (Kandampully et al., 2001). For example, product quality has traditionally been concerned with the tangible characteristics of physical products, whereas service quality is often concerned with the intangible characteristics of service packages/bundles and of the service delivery (Parasuraman et al., 1985).

However, to further complicate matters, Rust and Oliver (1994) add a third component, namely, the service environment. This is predominately the customer-employee interaction or service encounter, referred to by Normann (1991) as the 'moment of truth' (MOT) and more recently described by Fleming and Asplund (2007) as 'Human Sigma'. Certainly, the evidence suggests that managing the employee-customer encounter (or a business's Human Sigma) is a vital determinant of service quality and business improvement. The Human Sigma approach, including the importance of managing the service encounter, is again discussed in more detail in Chapter 4 but, for the purposes of this introductory chapter, it is useful here to review briefly the inherent challenges which, according to Lovelock (1992), arise out of the specific and well-known characteristics of services (as opposed to goods), namely, their inseparability, heterogeneity and perishability and intangibility. Given these characteristics, not only are the outcomes of services widely considered to be ephemeral (see Buttle, 1993; Oakland, 1993 and Becker, 1996), but also therefore, the services are difficult to evaluate (Zeithaml and Bitner, 1996). A summary of the characteristics of services, the subsequent challenges and implications for managing service quality, and ways of overcoming the effects of these characteristics are suggested in Table 1.1:

Characteristics of service	Implications	Means of overcoming characteristics
Intangibility	Sampling difficult Places strain on promotional element of marketing mix No patents possible Difficult to judge price and quality in advance	Focus on benefits Give service clues (Berry, 1995) Increase tangibility of service Use brand names Use personalities to personalise service Develop reputation
Inseparability	Requires presence of producer Direct sale Limited scale operations Service delivery takes the form of a performance (Buttle, 1993)	Learn to work in larger groups Work faster Train and develop service providers Measure and manage the service encounter
Heterogeneity	Standard depends on who and when provided Standardisation of service is difficult Difficult to assure quality Highly labour intensive	Careful personnel selection and training Ensure standards are monitored Pre-package service Emphasise bespoke features Introduction of technology (Wright, 1995)
Perishability	Cannot be stored Problems with demand fluctuation	Better match between supply and demand
Lack of ownership	Customer has access to but not ownership of activity or facility	Stress advantages of non-ownership

Table 1.1: Characteristics of Service (Cowell, 1984)

Despite the debate on the distinction between services and goods, others have questioned the distinction and, indeed, there is no shortage of argument in the existing literature on the need to make such a distinction at all. Quin, Doorley and Paquette, (1990), for example, propose that managers need to change their belief that manufacturing and services are two separate and distinctive entities; rather, they suggest that most product manufacturers and service providers are in fact service organisations. In the same vein, Middleton (1983) believes that it is more useful to focus on the benefits that the customer is concerned with since it is ultimately 'benefits' that the customer is purchasing rather than a particular product or service. Middleton (1983) also points out that customers purchase not just the intrinsic need satisfactions of an item, but also a constellation of attached social and psychological factors. Similarly, Gronroos (1978) proposes that customers express demand for products which satisfy needs, concurring with Middleton (1983) that customers buy benefits, not just features. Thus, the concepts of need and benefits are more useful than the goods and services dichotomy. Gronroos is also, however, critical of the idea that customers are not buying goods or services but the value satisfaction of the offering, as it avoids the need to distinguish between the nature of services and products.

With particular reference to the tourism industry, Buttle (1986) argues that customers seek intangible benefits, that is, quality of received services, regardless of whether the product is tangible or intangible. He illustrates this with an example of a restaurant meal occasion characterised by consumer-producer interactions which are both tangible and intangible. Specifically production and consumption are simultaneous (staff at the customer interface becomes integral to service quality). Likewise, Nightingale (1985) describes the hotel experience as a composite of many activities and interactions, each with physical and emotional content. Equally, Doswell and Gamble (1979) define the hotel product as a composite of physical products, such as food, beverages and accommodation, and their associated service elements. Their definition also recognises the importance of product intangibles, such as image and atmosphere, which have an emotional impact on the customer. Fundamentally, therefore, services have a number of characteristics and are often dependent on the service being investigated. Accordingly, service quality academics have had alternative areas on which to focus.

1.4 Service Quality Models

As previously observed above, two alternative service quality models (the North American and the Scandinavian) are commonly referred to in the service quality literature which, in the context of this thesis, have significant implications for the research to be conducted on Human Sigma. Although a customer orientation is central to both schools of service quality, the Scandinavian School models have a second orientation, the process, which is considered of equal importance as the customer orientation (Gummesson, 1993). More specifically, Gronroos (1984) developed a model to explain what he suggests is the missing service quality concept. His models rests largely on the construct 'image' which represents perceived service quality, which in turn represents the gaps between expected service and perceived service. With respect to image, customers will often (re)use the same organisation to fulfil their needs, which implies that they bring earlier experiences and perceptions of a service to each encounter. Hence, the image or brand concept is a vital characteristic of service quality (Kandampully, 2008).

At the same time, however, Gronroos also distinguishes service quality between the functional aspects of the service – how the service is delivered – and the technical – what is delivered. From Gronroos's empirical research, functional quality was found to be very important when judging the perceived service. Importantly, it is also 'how the service is delivered' or functional quality with which Human Sigma is also concerned. However, further developments of Gronroos's model have suggested that expected quality is affected by external issues as discussed earlier, such as customer needs and word of mouth. This model is further analysed and illustrated in Chapter Three when identifying measures of service quality.

Following Gronroos, Parasuraman et al., (1985) from the North American School subsequently developed a model of service quality that embraces both the provider and consumer of service (see Figure 1.1). In addition to highlighting some critical gaps between what the customer wants and what the customer eventually receives, the model illustrates how customer expectations are influenced by external communications, word of mouth communications, personal needs and past experiences, and how customer perceptions are influenced by external communications and the actual service. The

model also reveals how customer expectations may in turn influence the development of the service package.
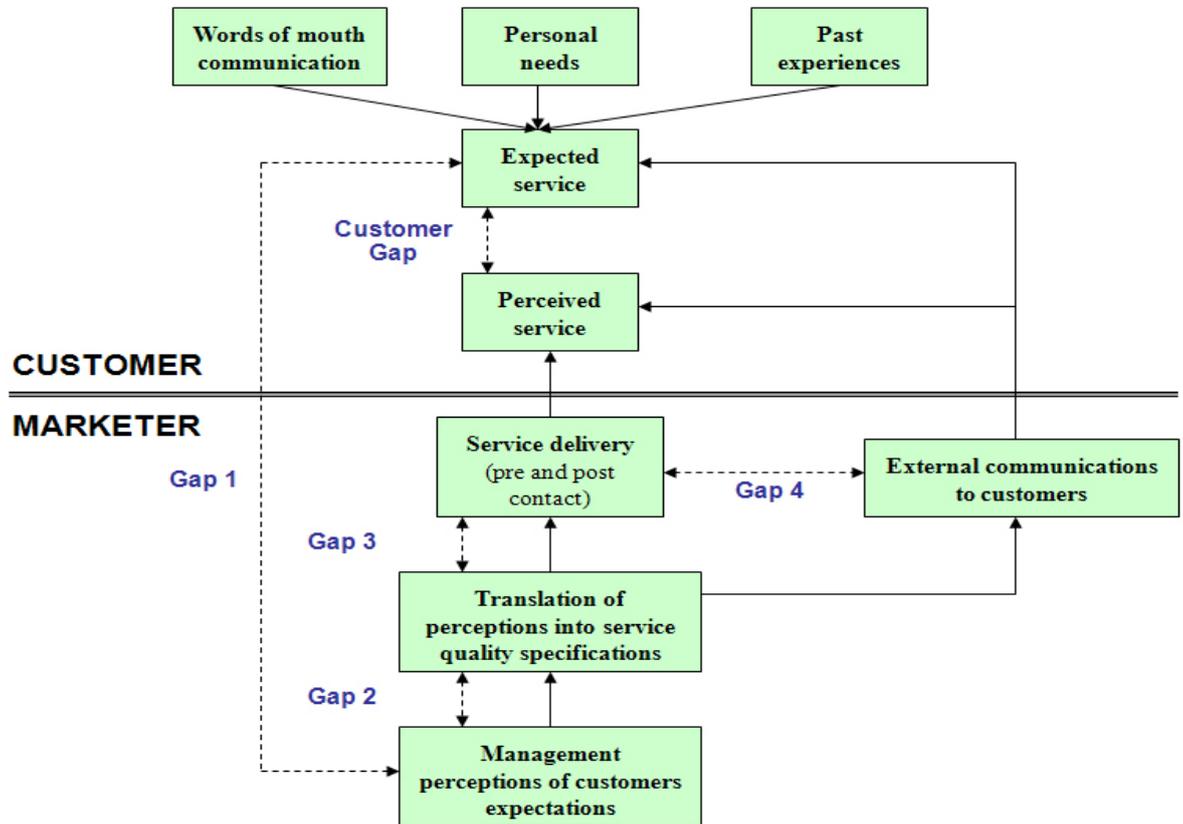
Figure 1.1: Service Quality Model (Parasuraman, Zeithaml, and Berry, 1985)

Both the Scandinavian and North American models are based on the expectation formula which is common to both schools. However, although the fundamental role of customer satisfaction remains undisputed, a permanent increase in customer satisfaction is becoming increasingly difficult to achieve; indeed, given increasing expectations on the part of the customer, it is becoming ever more difficult, particularly in the tourism sector, to meet or exceed customer expectations. Nevertheless, organisations are continuously searching for alternative ways to raise satisfaction levels although the question must be asked: are there additional ways to foster higher levels of satisfaction? In response to this question, Fleming and Asplund (2007) speculate that, in their quest for sustained success in a market place, more and more organisations are attempting to

build deep, meaningful, long-term relationships with their customers in order to achieve not just customer satisfaction but customer engagement. Engagement is a fundamental aspect of the Human Sigma approach to managing and measuring the employee-customer encounter and is, therefore, analysed and discussed in greater detail later in Chapter Four.

Thus, research suggests that customers perceive quality in a multi-dimensional way based upon multiple factors relevant to the context (Zeithaml and Bitner, 2003). The early work of Berry, Zeithaml and Parasuraman, (1985) provides a strong foundation for understanding the dimensionality of service quality. Their original study identified ten key dimensions, each of which relates not only to the service consumed, but also to the customer's confidence in those providing the service. These dimensions include: tangibles; reliability; responsiveness; competence; courtesy; credibility; security; access; communication; and, empathy. Over the years, the authors have reduced the list to just five broader categories, the subsequent dimensions representing how consumers perceive service quality, and how they may use all or a combination of dimensions (Berry et al., 1985). Widely referred to as SERVQUAL, the five elements are reliability, assurance, tangibles, empathy and responsiveness. The SERVQUAL gap analysis model devised by Zeithaml et al., (1990) prescribes the service quality formula for customer satisfaction and it is the basis of the model, with only customers able to judge service quality. Definitions of service quality in relation to customer satisfaction consider quality as a relationship to excellence or a collection of character traits (Narayan, Rajendran and Gopalan, 2009). Similarly, Markovic, Raspor and Segaric, (2010), Parasuraman, et al., (1988) and Prentice (2013) describe service quality as a form of attitude focussing on the perceptions and expectation of customers which leads to customer satisfaction.

Furthermore, Parasuraman et al., (1986) consider that this perspective is based on the difference between the customers' initial expectations for a service and their subsequent perceptions of the service experience. It is clear that the American School requires numerical data to be generated (often a management requirement and used frequently in the tourism sector), where the SERVQUAL model adopts a Likert scale to measure and manage the difference between expectations and perceptions. The model has been

applied to the service sector around the world, yet has attracted criticism that is, for example, concerned primarily with the design and reliability of the instrument rather than its implementation (Williams and Buswell, 2003). Further analysis of the SERVQUAL model is presented in the following chapter as it forms the basis for service quality measurement.

To summarise, then, a comparison of the definitions of service quality reveals a core foundation where quality is based upon a relationship between expected service and perceived service. Consequently, quality management initiatives have become ever more important as a pre-requisite for doing business, and as a result, the use of quality tools and techniques are a fundamental part of an organisations armoury for managing and improving service quality. Service quality dimensions are diverse and evolving with no comprehensive tool yet developed to fully explain the quality dimensions that customers use to judge their assessment of and their satisfaction with the delivered service (Al-allak and Bekhet, 2011). Consequently, the hospitality industry utilises a diverse range of service quality models to measure the quality of service they deliver (Stromgren, 2007).

1.5 Current Approaches to Service Quality

Service quality management is, as argued above, key to achieving competitive advantage. Moreover, in a society that demands ever higher levels of service quality, managers are challenged with finding the best approaches that fundamentally improve the level of service quality. As explained shortly, the purpose of this thesis is to explore a new approach to managing and measuring service quality, Human Sigma, and thus the following chapters provide a conceptual framework for, and a critical analysis of the principles and philosophies of Human Sigma. Here, however, an overview of current approaches is provided to describe the service quality paradigm from which Human Sigma has evolved.

As noted, approaches to business improvement have evolved over the course of the twentieth century, with an initial focus on large manufacturing organisations (Snee, 2004; Antony, 2004). In particular, a key business improvement tool – *Six Sigma* – was

introduced by Motorola in 1986 to measure product quality, since then it has been widely utilised by a variety of manufacturing industries, such as the automobile industry and other telecommunications companies (Coronado and Antony, 2002; Hendry and Nonthaleerak, 2005). Six Sigma programmes, derived from the Deming philosophy of management, rely on statistical thinking and statistical process control (Deming, 1986; Hensley and Dobie, 2005), whilst the growth in the use of Six Sigma as a quality performance measure has been driven, to a large extent, by increasing competition and the constant search for continuous improvement and customer satisfaction (Eckes, 2000; Anderson, Paero and Widener, 2008).

Inspired by the improvements in quality resulting from the implementation of Six Sigma, organisations within the service sector have attempted to apply the principles of Six Sigma to their own business (Fleming, Coffman and Herter, 2005; Godecke and Burcherm, 2004). However, although quality improvement methodologies, such as Six Sigma, have been successful in manufacturing contexts (Wessel and Burcher, 2004), their contribution to improving service organisations has been less certain. Nevertheless, Mast (2004) argues that Six Sigma can be applied in a wide range of business areas, including in both the manufacturing and service sectors. Consequently, Six Sigma has received considerable attention in the UK service sector yet, arguably, many service organisations are still to be convinced of both its merit and application.

As a consequence, and building on the success of Six Sigma within manufacturing contexts, *Human Sigma* has been developed as a contemporary approach to measure and manage human systems in business. Rather than measuring manufacturing quality outputs, the Human Sigma approach has been specifically devised for the service sector (Fleming and Asplund, 2007) as a response to the perceived lack of effectiveness of the Six Sigma methodology in areas such as human resources. Human Sigma is measured across five new rules, in comparison to those of Six Sigma, which attempt to bring excellence to the way employees engage and interact with customers and, thus contribute to business improvement. Thus, Human Sigma is designed to allow organisations to assess and improve processes that produce a known and predictable outcome – that is, a highly engaged employee-customer encounter. Ultimately, Human Sigma purports to be a 'critical avenue' for business performance improvement via the

employee-customer encounter (Fleming et al., 2005); certainly, the evidence suggests that the employee-customer encounter is a vital determinant of service quality within tourism businesses.

Potentially, therefore, Human Sigma could be a valuable tool for business improvement within the tourism industry. However, although there is evidence of the value of Human Sigma to service quality management in larger hospitality organisations, such as the Ritz Carlton (see Chapter Five), no attempt to date has been made to assess critically the viability of Human Sigma as a quality service/business improvement management tool in tourism SMEs which, as explained earlier in this chapter, comprise the majority of business in the tourism and hospitality sector both in the UK and elsewhere. Therefore, as detailed in the following section, the principal aim of this thesis is to apply Human sigma in the context of a tourism SME, thereby allowing a critical appraisal of its potential contribution to quality service management and providing a basis for developing further the model to better meet the objectives of measuring service encounters.

Thus far, then, this chapter has highlighted a number of key themes and issues in relation to the nature of the tourism industry, including the growth and predominance of SMEs in the sector and the challenge of service quality management in a society that is increasingly more experienced and subsequently has increasing expectations. At the same time, it has explained that a number of tools, techniques and approaches are available to aid managers in their quest for business improvement, but that Human Sigma in particular is a new approach that measures an important service quality determinant in the tourism industry – that is the employee-customer encounter. Therefore, Chapter Two will introduce the conceptual underpinning relevant to assess the service encounter.

1.6 Research Aim and Objectives

As introduced in the preceding section, the overall aim of this thesis is to critically appraise the philosophy of the Human Sigma concepts of business improvement as applied to the service industry and to apply Human Sigma in a single service context, a UK tourism SME (TSME).

Thus, the research reflects the four corresponding research objectives:

1. To identify the extent of the utilisation and contribution of contemporary business improvement/quality management tools within SMEs in the tourism sector.
2. To analyse the principles and philosophies of Human Sigma and its relationship to the Six Sigma business improvement approach
3. To critique the philosophy and principles of Human Sigma as a potential business/quality improvement model for service industries in general
4. To critically evaluate the applicability of Human Sigma within a UK TSME.

In order to achieve the above objectives, a number of research methodologies are utilised throughout the research in order to provide better understanding of this underdeveloped research area. Notably, primary research in the form of a quantitative postal survey of TSMEs is undertaken in the early stages of the research both to justify the focus of the study and to augment knowledge and understanding of service quality concepts and practice. Subsequently, a critical review of Human Sigma is underpinned by in-depth interviews with the author of the Human Sigma model, John Fleming, and also a key informant from the Ritz Carlton Hotel which was the first major hospitality organisation to implement Human Sigma. At this stage of the research, it was vital that enough evidence was gathered in order to inform the applicability of Human Sigma within a TSME. Therefore, before the application of Human Sigma it was vital to determine its relevance, suitability and its appropriateness including its applications or more specifically – how to apply it. Importantly then, the term 'applicability' will first be defined in the following section and explicitly mapped through the research objectives.

1.7 Defining the Applicability Term

What is meant by the term 'applicability' – the term applicable is defined as applying or capable of being applied, relevant, suitable and appropriate (Oxford English Dictionary). Therefore the research objectives as described above reflect this applicability dilemma:

1. Applicability = after the identification of contemporary business practices, is Human Sigma *relevant* for TSMEs and what are the potential barriers.

2. Applicability = is Human Sigma *suitable* for TSMEs following the analysis on its evolution.

3. Applicability = is Human Sigma *appropriate* for TSMEs following the critique of its principles and practices.

4. Applicability = has the *capability* of being *applied* in a TSME.

Therefore, before the application of Human Sigma it was vital to determine its relevance, suitability and its appropriateness including its applications.

The structuring of this research into the thesis is now described in the following section.

1.8 Structure of the Thesis

The first task of this thesis was to introduce and review some contemporary key service quality themes and issues as an introduction to and justification for the research presented in this thesis. Therefore, the purpose of this chapter is to provide that background, explaining the focus of the study on TSMEs which, in the context of service quality, have received limited attention in the academic literature. More specifically, the tourism sector is dominated by a large number of SMEs and, despite the increasing attention paid within the literature to issues related to service quality management in the tourism sector, little if any research has been undertaken into the *utilisation* and *contribution* of service quality/business improvement tools within TSMEs. In particular, a new approach to quality management designed specifically for

the service sector, Human Sigma, has not been critically reviewed or applied within a TSME context. Therefore, given that Human Sigma is based upon the quality of employee and customer encounters, it was also necessary to explore the highly complex and multidimensional process of interaction between customers and employees. Thus, Chapter Two reviews relevant literature from social psychology that has established the employee-customer encounter as a relationship or emotional labor. The chapter also considers research that implies that interpersonal behaviour takes the form of people adopting in varying 'dyads' of social interaction, but that typically one person is more powerful than the other in such dyads – that is, a power imbalance exists. These concepts are extended further to the realms of social identification, in which an individual senses a oneness or sameness with others. Accordingly, the recent advances in social identity and management are explored suggesting that employees can identify with more than the organisational identity.

Thus, moving forward and reflecting on the first objective of this thesis, it was critical to obtain an appropriate sample of practitioner's views that could both underpin and justify the research study and also identify key themes and issues relevant to the study. Consequently, following a review of the tools and techniques available to support service quality management, Chapter Three presents the outcomes of a sub-regional research project that explored attitudes to service quality management and the extent of the implementation of improvement tools amongst TSMEs. In other words, this phase of the research enabled a deeper understanding of improvement tool implementation within TSMEs, forming a critical underpinning for the following stages of the research.

In order to fully understand the principles and practices of Human Sigma, Chapter Four considers the Six Sigma approach to business improvement from which Human Sigma evolved. Specifically, the chapter explores the value of Six Sigma to service organisations and SMEs and thus, to enable a full consideration of the concept, the researcher attended a Six Sigma training programme delivered by Process Management International (PMI), a leading training and consultancy company. Subsequently, Chapter Five analyses the evolution of Human Sigma and its relationship with Six Sigma. The review presented in this chapter commences with a consideration of the work of Deming, one of the first commentators on quality management. Although his

theories have a manufacturing bias, their adaptation to accommodate the service sector and more specifically the tourism sector is explored. From this foundation, the chapter moved to the specific principles of Human Sigma, including an in-depth explanation of the Human Sigma instrument, its implementation and data generation. Owing to the lack of published research on the Human Sigma approach including how to apply it, interviews were undertaken with John Fleming, the author of the Human Sigma concept, at the Gallup Head Quarters, New York in order to further explore the concepts and principles that surround Human Sigma, and with the Corporate Director for Quality Assurance at the Ritz Carlton Hotel, one of the first major service organisations to implement a Human Sigma programme. The outcomes of the latter revealed the potential strengths and weaknesses of the Human Sigma approach and its applicability to quality management in the hospitality industry.

At this critical stage of the research, it was necessary to gain a deeper understanding of the Human Sigma phenomenon in practice. Hence, the aim of this phase was to explore empirically the implementation of the Human Sigma instrument within a TSME, using a rigorous case study approach. This research method is consistent with the philosophy of inducting theory using a case study (Eisenhardt, 1989). Case study research was chosen given the need to gather in-depth, rich data on the implementation of the Human Sigma instrument. In this approach, theory or models are developed throughout the empirical study. Thus, Chapter Six outlines the research methodology, as well as discussing methods and analytical techniques. The case study is a research strategy which focuses on understanding the dynamics present within single settings. Thus, an intervention model was devised in order to apply the Human Sigma instrument in a TSME. Exploratory research as described by Bryman and Bell (2007) is appropriate here as there is very little academic literature about Human Sigma, thereby, enabling a critical evaluation of the model in a specific operational context and discovering potential adaptations to the Human Sigma model if required.

Chapter Seven considers the results from the application of Human Sigma. This is the first known investigation to implement the Human Sigma instrument in a TSME and, therefore, it is through this analysis of whether the Human Sigma instrument can be

applied in a TSME that this thesis makes an original contribution to the body of knowledge. Significantly, as a result of the initial application of Human Sigma to a TSME, it is concluded that additional formulations of the Human Sigma instrument may provide more powerful explanations of the link between the employee-customer encounter. Thus, as a further step towards contributing to and advancing the existing body of knowledge, a new model and instrument is developed and implemented; that is, in order to apply the new instrument to establish its value as a business improvement tool, it is implemented at the same organisation as the original application of Human Sigma. Consequently, it is argued that additional formulations and calculations of the Human Sigma Scale may provide more powerful explanations of the link between the employee-customer encounter. The findings also lead to several important suggestions for managerial practice.

Finally, Chapter Eight concludes the thesis by establishing how its contribution to the body of knowledge has been achieved by the application of the Human Sigma model in a TSME and by the development and implementation of a new model. Furthermore, it considers how the research has contributed to new approaches in the service quality literature, specifically within the tourism and hospitality industry. The following section provides an illustration and detailed account on the unique structure of this thesis.

1.9 Unique Thesis Structure

Specifically, as noted above, the uniqueness of this thesis also lies in the way that both empirical and theoretical research and analysis has been conducted throughout. In order to achieve the aims and objectives of this study, the research design must provide a rigorous research process. This research was therefore designed to determine the applicability of Human Sigma to TSMEs. However, the implementation of Human Sigma could not take place due to the limited information and research on a) its relevance, b) its suitability and c) its application.

Figure 1.2 illustrates the research objectives and how these were to be approached in methodological terms. This research, as mentioned above, relied on a mixed method approach using both qualitative and quantitative methods in order to address the research objectives. Therefore, this research utilised multi-methods and consisted of three stages (as illustrated in Figure 1.2). The stages included establishing the conceptual background and empirical data collection:

Phase 1: A postal survey
Phase 2: Qualitative Interviews
Phase 3: Case study – on site survey questionnaires

Theoretical and Empirical Analysis

Mapping Process

Chapter One Rationale, Aims and Objectives
Chapter Two Conceptual Underpinning
Chapter Three Phase 1 – Research Objective 1
Chapter Four Conceptual Underpinning – Research Objective 2
Chapter Five Phase 2 – Research Objective 3
Chapter Six Research Methodology
Chapter Seven Phase 3 – Research Objective 4
Chapter Eight Discussion and Conclusion

Figure 1.2: Structure of theoretical and empirical analysis and its relationship with the study.

As illustrated in the above figure, in order to achieve fully the research objectives, both empirical and theoretical research was needed. Due to the lack of published research within all the research objectives, the empirical data collection not only closed a gap in the literature but assisted in the final applications of Human Sigma. The research mentioned above was therefore a multiphase, progressive yet sequential mixed method design. The design addressed different aspects of the research aim in order to provide better understanding of Human Sigma and how to apply it. As an extremely underdeveloped research area, one of the greatest challenges was finding out how to apply Human Sigma. However, the objectives set including the research design helped determine the applicability of Human Sigma for TSMEs. Fundamentally, if Human Sigma is not applicable in any way as described above, then the research will consider improving the usefulness. The established research on Six Sigma was successful in closing the gap between its applicability with the service sector and within SMEs. Therefore, this research attempts to close the gap in the research between Human Sigma and TSMEs.

1.10 Research Publications and International Conferences

As a special note, this research has supported the acceptance and publication of a number of peer reviewed articles, various international conference presentations and an industry/practitioner article. The references listed below illustrate the relationship of these outputs to specific chapters of this study:

Sutton, C. (2010). The Utilisation and Contribution of Service Quality Management Tools and Techniques: A sub-regional analysis. *Anatolia: An International Journal of Tourism and Hospitality Research*. ISBN 9786055681678 : **Chapter Three**

The 5th World Graduate Research in Tourism, Hospitality and Leisure: The Utilisation and Contribution of Service Quality Management Tools and Techniques: A sub-regional analysis. *International Conference – Anatolia*. May 2010. **Chapter Three**

Chartered Quality Institute Conference – The Psychology of Quality and Publication: titled 'Being Human' featured in the September 2011 edition. **Chapter Five**

Sutton, C. (2014). The Evolution of Human Sigma. *Journal of Quality Assurance in Hospitality and Tourism (JQAHT)* Volume 15 Issue 2. **Chapter Five**

Sutton, C. (2014). The Human Sigma Approach to Business improvement in Tourism SMEs. *Journal of Small Business and Enterprise Development*. **Chapter Three**

International Research Symposium on Service Excellence in Management – Karlstad University, Sweden. 'Adapting the Human Sigma Business Improvement Instrument to Enhance the Employee-Customer Encounter'. June 2013. **Chapter Seven**

Conference: Issues in PhD Research – Nottingham University July 2009.

Current Research: Service Quality in Leisure and Tourism (**2nd Edition).** CABI Publishing.

1.11 Research Collaboration and Access

To carry out the proposed study and collect empirical data, it was necessary to obtain access to customers and employees in a TSME. After a period of consultation with several businesses in the tourism industry, one SME agreed to collaborate in the study. This particular business assured unlimited access to their guests and employees, but emphasised that the study should be based on voluntary participation of both employees and customers.

1.12 Further Definitions of Key Terms

Human Sigma: the state of high employee engagement and customer engagement. Human Sigma is a management approach developed to measure and manage human systems in business. 'Human Sigma offers a disciplined approach to measuring, managing and improving the performance of customers and employees to drive financial performance' (Fleming and Asplund, 2007:24).

Human Sigma links the quality of the employee and customer encounters, weaving together a consistent method for assessing each encounter and a disciplined process for improving future encounters (Fleming et al., 2005).

Gallup:

Q12: the 12 questions Gallup has used to measure the aspects of employee engagement that link to business outcomes (Buckingham and Coffman, 1999).

CE11: the 11 questions Gallup has used to measure the aspects of customer engagement that link to business outcomes and financial performance (Fleming and Asplund, 2007).

Employee Engagement: a measure of the extent to which employees are psychologically committed to their roles as a result of having their performance related workplace needs met (Buckingham and Coffman, 1999). Engaged employees are more productive employees, more profitable, more customer-focused, and more likely to withstand temptations to leave the organisation (Buckingham and Clifton, 2001).

Customer Engagement: a measure of the extent to which customers are committed to a company, organisation, a brand, and/or the employees of that company (Buckingham and Coffman, 1999). Customers who are fully engaged represent an average 23% premium in terms of profitability, revenue, and relationship growth as compared to the average customer (Fleming and Asplund, 2007).

Chapter Two

Managing the Employee-Customer Encounter

2.0 Introducing the Service Encounter

Chapter One highlighted a number of key themes and issues in relation to the nature of the tourism industry, including the growth and predominance of SMEs in the sector and the challenge of service quality management in a society that is increasingly more experienced and subsequently has increasing expectations. At the same time, it has explained that a number of tools, techniques and approaches are available to aid managers in their quest for business improvement, but that Human Sigma in particular is a new approach that measures an important service quality determinant in the tourism industry – that is the employee-customer encounter. Human Sigma claims to be an holistic approach to managing and measuring the quality of the employee-customer encounter. Importantly, therefore, before the application of Human Sigma within a TSME can be conducted, the elements that contribute to the service encounter must be explored and analysed. The purpose of this chapter, therefore, is to identify and evaluate the conceptual underpinning surrounding the service encounter paradigm.

2.1 The Service Process

Traditionally, the process perspective has been associated with manufacturing, where factory production lines are, for example, documented on flow-charts. At the same time, several authors have commented that with a service, the customer is essentially entering the service factory (Armistead et al., 1986; Levitt, 1972; and Lovelock, 1983). However, services are, of course, more complex than production line products in that they are affected by the actions of customers and employees during the service delivery process. Despite this, some researchers have attempted to show the value of using a process approach to designing services. For example, Kreck (1978) used it for analysing and designing hotel operations and Shostack (1984, 1987) introduced a systems approach titled 'service blueprinting' in several service sectors. Furthermore, Shostack

(1987) recognised the value of paying more attention to the people aspects of service systems, whilst Levitt (1972) comments that the early success of McDonald's fast food chain is a prime example of the value of using a systems approach in the service sector.

However, it has been observed that although the 'customer process operation' method introduced by Johnston (1987) is more customer-orientated, it is too simplistic to be sufficiently representative of a service. In contrast, the flow chart method introduced by Sasser et al., (1982) is more comprehensive, but inflexible for accommodating service recovery actions of employees that occur in a typical service process. The service quality process mapping technique by Collier (1991) takes more account of customer perceptions, but it still does not display the processes in an illustrative way and often requires statistical calculations. Similar to Shostack (1984, 1987), Lovelock et al., (2009) attempt to capture some or all the common activities a customer will carry out during the service. These activities can represent the customer moving through the system, and also customer interactions with service employees (lines of interaction) and fail points (service recovery and wait times). Therefore, the concept is used to display both tangible and intangible elements of a service and its delivery. Both service blueprinting techniques give attention to both the operational aspects of the customer's experiences which is titled 'below or above the line of activity' (below the line is not visible to the customer and above is visible). As noted, service quality was defined as a function of customer expectations and perceptions; therefore service quality is related to customer's expectations and perceptions as they pass through the service delivery system (Gronroos, 1984). Gronroos discusses 'functional' quality which is how the service is delivered and 'technical' quality which is what is delivered. The design of the blueprint therefore needs to reflect the organisation's ability to provide the service they have promised. A poorly designed service blueprint is likely to create customer dissatisfaction, create unnecessary stress for the employees, and consequently have an adverse effect on employee motivation (Berry et al., 1988; Schneider et al., 1980).

In many routine service encounters, such as hotel check in, it can be suggested that the roles are well defined and both the customer and employee know what to expect from each other, particularly for experienced employees and customers. Often, this results in strong standardised and well-rehearsed scripts. The standardisation of service delivery

was aided by the development of Blueprinting and the introduction of self-service technologies. As noted, Blueprinting was introduced by Shostack (1984) to aid and simplify the management of the service system. It is a method of producing flowcharts to enable the service to be designed as a systematic process in a chronological order (Williams and Buswell, 2003). Critically, however, not all interactions between employees and customers are easy to standardise and control. Therefore, the design of the service delivery system must pay attention to where these encounters typically occur. Thus, in contrast, service mapping, developed by Gummesson (1993) is a more holistic approach, allowing existing services to be continually evaluated, improved and re-designed.

Furthermore, during the service process it is difficult for organisations to guarantee that every service encounter will be of the highest quality since in many situations, most of the control is in the hands of the employee and customer (Zeithmal et al., 1988). Indeed, Parasuraman et al., (1985) agree that service firms have difficulty in controlling services since they depend so much upon people as the prime determinant of that experience, a factor which is not conducive to ensuring standardisation and quality control. Consequently, due to the limited control, employees can misinterpret customer requirements which can have a negative and lasting effect on the perceptions of the customer (Berry et al., 1988). For example, Schneider et al., (1980) carried out a study in retail banking using the customers' perceptions of the service they received, and the employees' perceptions of the service being delivered. The study concluded that some service organisations should provide greater support to employees by allowing them more flexibility in their handling of customers. Despite this, many service organisations continue to script and standardise service encounters, some of the most 'shocking' examples of repetitive service scripts being found within the banking and retail sectors.

Not surprisingly, therefore, Lovelock and Wirtz (2011) suggest that too much rigidity causes role stress and the causes of role stress can include:

Person vs. Role: Conflicts between what jobs require and the employee's own personality and beliefs

Organization vs. Customer: Dilemma whether to follow company rules or to satisfy customer demands

Furthermore, Berry et al., (1988) in their study, identified employees suffering from 'role conflict' that is, conflict between maintaining the system at the same time as serving the customer; in other words, attempting to serve the customers' needs which may be hindered by technical activities. At the same time, Nightingale (1986) also carried out a number of studies of service quality in a variety of hospitality organisations. Nightingale was critical of the management's role in identifying customer requirements, and subsequently not being able to train staff and build a customer-orientated organisation. One interpretation could be the nature of the hospitality industry in which seasonal, part-time, casual workers encourage high turnover which challenges the ideal.

Often in reality, delivery systems are designed for the benefit of the organisational efficiency rather than the users, that is, the service employees and the customers. These points have been considered by Berry (1995) who stresses the importance of designing services that assist employees in delivering the required service. Furthermore, Dotchin and Oakland (1991) suggest that improvement in service processes can only be achieved by involving people who have detailed knowledge of the process. Recognising and using the capacity and willingness of employees to help in organisational analysis and change is simply a way of releasing part of their often untapped potential into the workplace (Dotchin and Oakland, 1991; Fleming and Asplund, 2007 and Marr, 2012). Therefore, the identification of high correlations between employees and customers perceptions suggests that employees may be holders of valuable information.

2.2 Evaluating the Service Encounter

Widely defined in the literature, it is proposed that the delivery of the service encounter can be improved by focusing on two specific dimensions, namely, the customer's expectations and the customer's perceptions. It is, therefore, not surprising that within the services sector, personnel are trained to continuously deliver services to meet or exceed customer's expectations. However, such a business orientation places customers,

in a sense, in the 'driver's seat', perhaps resulting in even higher expectations on the part of the customer with respect to services, prices, and values (Kotler and Keller, 2006). The literature in this area further indicates that service quality may refer to either the quality of the service encounter between the employee and the customer, or it may refer to the quality of the overall service package which includes both tangible products and intangible experiences (Parasuraman et al., 1986). For example, the Nordic model of service quality, as mentioned in Chapter One, highlights the importance of the service encounter in the overall quality of service. Consisting of two dimensions; functional and technical with the functional dimension referring to customer perceptions of the encounter that takes place during the service delivery (Gronroos, 1984). Corresponding to this is the unique characteristics of services such as inseparability, where the customer cannot perceive the difference between the production and delivery of a service (Lovelock and Wirtz, 2011), and the heterogeneity of services, which suggests that because of the human element, no two service deliveries are identical (Schneider and White, 2004). Furthermore, as suggested by Berry et al., (2006), customers also evaluate service based on service clues, which can be functional, mechanistic or humanistic. The humanistic clues, for example, suggest that a service provider's words, tone of voice, level of enthusiasm, body language and appropriateness of dress all lead to the way the service is experienced (Solnet, 2006). Solnet remarks on how the human factor in service delivery remains one of the greatest challenges for managers of service. Furthermore, Jones and Lockwood (2004) devised a model of management influence on the service encounter, suggesting that the level of influence by the manager is greater over culture and system design than interpersonal and socio-psychological factors. In addition, Sheth (1967) labelled the service encounter as 'interaction quality' with two dimensions: the style and the content of the communication. Interaction quality refers to a customer's experience as a result of the interaction with the human element of the service organisation (Alexandris et al., 2006). Not surprisingly, therefore, in a study conducted by Parasuraman (1991), the dimensions that related to personal interaction were the most important in achieving service excellence and ultimately dominating and differentiating from competitors.

Certainly, the evidence suggests that within service settings, customer satisfaction is often influenced by the quality of the interpersonal interaction between the customer

and the frontline employee (Bitner, Booms and Mohr, 1994). However, previous research has identified the sources of satisfaction and dissatisfaction in service encounters from only the customer's viewpoint. In contrast, more recent research considers other concepts that extend well beyond traditional considerations of customer satisfaction such as employee and customer engagement (Fleming and Asplund, 2007). Therefore, the measurement and management of the employee-customer encounter must acknowledge and incorporate a critical emotional infrastructure of human behaviour and decision making from both sides of the service encounter (Fleming and Asplund, 2007). Indeed, service quality researchers, such as Berry and Parasuraman (1991), have suggested that the proof of service quality lies in its flawless performance. Moreover, from the customer's point of view, the most immediate evidence of service occurs in the 'moment of truth' when the customer first interacts with the organisation (Bitner, 1995) and it is during these moments of truth, that service relationships are established, developed or lost. Consequently, if front-line employees were to display emotions inconsistent with an organisation's or visitor's pre-determined expectations for quality during service interactions, reduced satisfaction, lost loyalty, and negative word of mouth may occur (Oliver, 1980; Van Dijk et al., 2009).

Although as previously proposed a shift is occurring away from satisfaction towards 'delight' (see Chapter Four), it has been observed that the service encounter can play a prominent role in determining a customer's satisfaction with the firm (Bitner and Gremler, 1994). Furthermore, it was Parasuraman et al., (1985) who suggested that customer satisfaction occurs when perceptions of a service experience equals or exceeds what was expected; their SERVQUAL model as discussed in Chapter One, assumes quality is the result of gaps between expectations and perceptions. The SERVQUAL items used to measure quality dimensions illustrates that many relate to the human interaction (Bitner et al., 1990). However, the multi-item measurement within SERVQUAL fails to capture the specific nature of service transactions (Specht, Fitchel and Meyer, 2007), as it can only be evaluated from outside the organisation.

Subsequently, it was proposed by Parasuraman and Berry (1991) that the 'zone of tolerance' model assists in managing customer perceptions during the process of service delivery. Within this context, 'moments of truth' reflect a fundamental point of service

quality management (Williams and Buswell, 2003); that is, employee-customer encounters are a critical aspect of service quality management. Specifically, Parasuraman (2004) suggests that customers, rather than having a single ideal level of expectations, actually have a range of expectations – namely, a 'zone of tolerance', bounded by 'desired service' (the service level customers believe can and should be delivered) at the top and 'adequate service' (the minimum service level customers are willing to accept) at the bottom. For example, if the delivered service falls within the zone, customers will be satisfied. If the service is better than their desired service level, customers will be delighted. However, if the service falls below the zone of tolerance, customers will be 'appalled' and look elsewhere for the service. Thus, the zone of tolerance provides a range within which customers are willing to accept variations in service delivery. Interestingly, for example Zainol, Lockwood and Kutsch (2010) in the context of service failure, found that individuals appear to have a larger zone of tolerance when dealing with negative encounters and a narrow zone for positive encounters. As noted, the inherent nature of service makes consistent service delivery difficult across employees in the same organisation and even by the same service employee from day to day. In consideration to this, the employees may also have desired and adequate service levels including a zone of tolerance during the service encounter. Understanding this process from both sides of the dyad could reveal differences in their attitudes, expectations and perceptions. This has been illustrated as follows (Figure 5.1 below):

Pre-service Encounter Employee Expectations	**During Encounter**	**Post Encounter** Employee Perceptions

Employee Delight

Desired Service Levels Achieved

ZONE OF TOLERANCE

Satisfactory Service Levels Achieved

Employee Displeasure
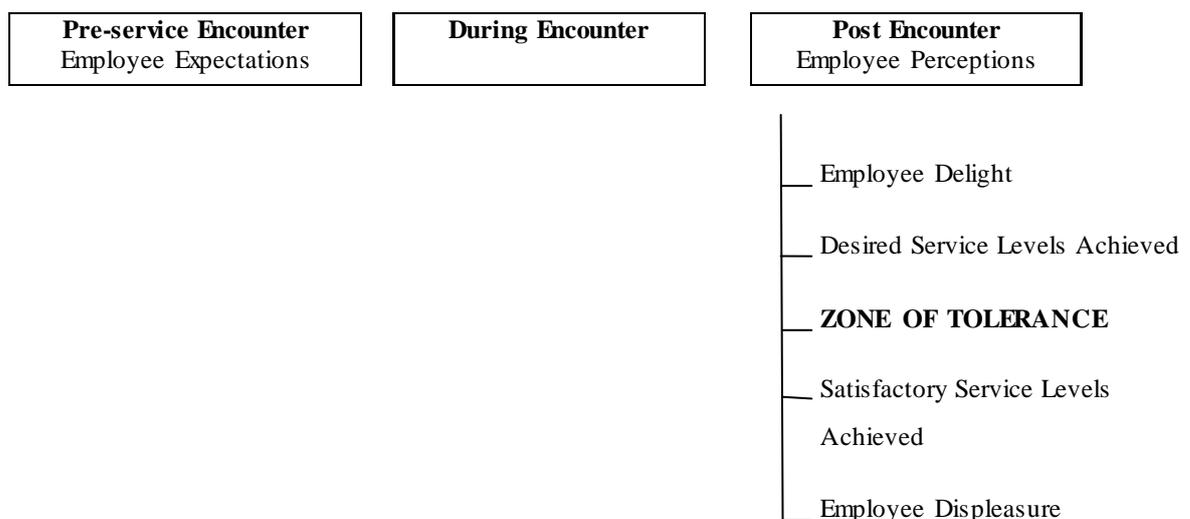
Figure 2.1: Employee Zone of Tolerance Theory

The great majority of service encounters take place with an employee and a customer present, except of course when a customer is using an automated service (see Section 5.2.1 below). Most service encounter research has focused on interpersonal interactions (Bitner, et al., 1990; Mohr and Bitner, 1995; Price, Arnould, and Deibler, 1995; Solomon et al., 1985 and Surprenant and Solomon, 1987). The relevance of such studies in service businesses seems self-evident, as quality perceptions are defined by actual employees and their actions and attitudes (Solnet, 2006) and as illustrated above in Figure 5.1. Many tourism and hospitality organisations including SMEs are characterised by frequent encounters between employees and customers. Interactions with service employees are the experiences that customers remember best, and employees who are uncomfortable in dealing with customers, or who lack the training and expertise to meet customer expectations can cause customers to retain unpleasant memories of a service experience (Solnet, 2006). Therefore, the identification of high correlations between employees and customers perceptions suggests that both employees and customers may be holders of valuable information. This information may be obtained through measuring and managing the employee-customer encounter in order to achieve Human Sigma. Previous research in the context of the tourism industry, such as in the hotel and airline sectors, identified categories of events and behaviours that underlie critical service encounters from the customers viewpoint (Bitner, et al., 1990). Bitner et al explore customer-employee reactions in restaurants, hotels and airlines. They find that the factors affecting the evaluation of the service encounter can be classified into three main categories: (i) employee response to service delivery failure; (ii) employee response to customer needs and requests; and (iii), unprompted and unsolicited actions by employees. In addition, prior research shows that customers from different cultures have significantly different attitudes towards service employees and expectations from them, and this affects the ways they interact with service employees (Strauss and Mang, 1999). Hence, it seems that both customers and employees are responsible for the success or failure of an intercultural service encounter. For example, customers and employees from different cultures have different expectations and perceptions about service encounters (Zhang, Beaty, and Walsh, 2008, Hofstede, 1984). Furthermore, it was Hofstede who proposed four dimensions on which

the differences among cultures can be understood: Individualism, Power, Distance, Uncertainty Avoidance and Masculinity.

2.2.1 Self-Service Technologies

In continuing to evaluate the service encounter, Parasuraman (1996 & 2013) lists the growing importance of self-service as a fundamental shift in the nature of services. Parasuraman (2013) explains how technology-mediated services are playing a rapidly growing role in the domain of service innovation and design. Consequently, there is a corresponding need to explicitly consider the technology readiness of the intended users of such services including customers and employees (Parasuraman, 2013). For example, the changing nature of the service encounter demands a new set of skills among front-line service employees. Self-Service Technologies (SST's) are a classic example of marketspace transactions in which no interpersonal contact is required between buyer and seller (Meuter et al., 2000). A growing number of customers in the tourism industry interact with technology to create service outcomes instead of interacting with a front line employee. Examples of SST's in the tourism industry include: automated hotel and airport check-in/check-out, accommodation/holiday bookings by telephone or the Internet and more innovative SST's continue to be introduced. Certainly, within the tourism and hospitality industry, the Internet is increasingly being used in service production, triggering new service strategies, which requires organisational changes (Varlander and Jurian, 2010). Therefore it becomes increasingly evident that these technological innovations and advances will continue to be a critical component of customer-organisation encounters. Therefore, the technological interface acts as the service encounter as in traditional customer-employee encounters.

Moreover, user generated content (such as websites that allow consumers to provide feedback on their stay, for example, Trip Advisor) provides potential visitors with recommendations from past users. Recommendations whether positive or negative from anonymous strangers on websites such as Trip Advisor are now more valuable and trusted by consumers than traditional marketing materials such as brochures or from travel intermediaries (Akehurst, 2009). In an increasingly networked society where

customers can increasingly communicate with other customers and organisations through social networks and other media, non-transactional customer behaviour is likely to become more important in the future (Verhoef, Reinartz, and Krafft, 2010). The extent of knowledge on customer to customer interactions has become even more important due to the rise of new social media (Libai et al., 2010). For example, holiday firms proactively ask recent customers to provide ratings on independent comparison websites. Consequently, hotels chains such as Hilton and Intercontinental Hotels use Revinate (The New Standard for Guest Satisfaction) which is a software platform to help control their on-line reputation and connect with customers (Revinate.com). Revinate tracks feedback across the social media web and produces detailed analytics for the organisation. Therefore, using customer feedback to understand expectations, organisations can educate their customers and start to manage their expectations. Importantly, it has been observed that organisations have to manage service encounters that occur both face to face and those mediated by technical devices.

2.3 The Encounter as a Social Relationship

Not surprisingly, the service encounter is increasingly being viewed as a highly complex and multidimensional process of interaction between customers and the service providers (Laing and McKee, 2001) and is increasingly being considered as a social exchange rather than simply a service exchange (Glynn and Lehtinen, 1995). As noted in Chapter One, consumers from around the globe are beginning to respect organisations that strive to be 'human' and, therefore, exceed inherent customer expectations (Zeithaml et al., 1990; Parasuraman et al., 1985). Furthermore, Korczynski (2002) argues that the manner in which a product or service is sold is more important than the nature of the product itself. Therefore, Gutek at al., (1999) describe the encounter as a relationship, suggesting that if the encounter involves future exchanges and the outcome of the exchange depends on server knowledge then, it is a relationship and not a mere encounter. It is further suggested therefore, that tourism and hospitality encounters, despite the fact that future encounters are not always assured, are for the most part likely to fit the notion of a 'relationship' (King and Garey, 1997).

At the same time, in continuous occupations that have no single end product as described by Riley et al., (2002), service workers often create the satisfied customer as an object (end product). Therefore, new approaches to service quality should include the notion that role interpretation can take place during a service encounter (Riley, 2007). Riley argues that an employee's interpretation of their role is not a constant but is a device that can be manipulated both in a self-seeking manner and as a defence mechanism which can be applied where coping with stress is required. One of the strongest explanatory theories of how people conduct themselves and cope in encounters is that of emotional labour (Riley, 2007). Riley suggests that if coping is part of the encounter process, then it will inevitably influence the outcome of that process: the quality of service.

2.3.1 Emotional Labour (Emotions Management)

Emotional labour research has been conducted in a broad range of contexts and more recently tourism (Van Dijk and Kirk, 2007; Kinman, 2009). Emotional labour, as described by Morris and Feldman (1996), is the effort, planning, and control required to display organisationally desired emotions during interpersonal transactions. However, Hochschild (1983), who first introduced the concept, specifies that expectations exist regarding the appropriate or inappropriate emotional display of employees whose jobs involve a considerable degree of contact with the public. However, more recently, it has been recognised that emotional labour should be conceptualised as a subjective phenomenon encompassing different dimensions (Mann, 1999). Therefore, emotional labour is described by Mann (1999) as the effort required to fake or suppress an emotional display because of the demands of the work role. The Emotional Labour Inventory developed by Mann (1999) assesses three components of emotional labour:

1. Expectations/rules for emotional display – rules or scripts
2. Emotional suppression – suppress to hide negative emotions
3. Emotional faking – fake 'not being me'

Similarly, Van Dijk, Smith and Cooper (2009) describe it as the management of emotional display by staff to satisfy organisational expectations during voice-to-voice or face-to-face interpersonal interactions. Furthermore, emotional labour is considered by Kinman (2009) to include both an external component (employees' perceptions of organisational emotional display rules and the demands made upon them to comply with these rules) and an internal component (the effort involved in regulating emotions in order to display emotions that are required by the job role but not genuinely felt, or to suppress inappropriate emotions that are felt). For example, when performing emotional labour, a tour guide can choose to either display false emotion (surface acting) or try and manage experienced emotion (deep acting). Any attempt by an employee to surface act and fake emotion may lead to 'leakage' in that true emotions are detected by service receivers resulting in poorer customer service performance than if a genuine display of emotion is employed (Grandey et al., 2005). Deep acting is a more motivated display of managed felt emotion for the purpose of customer service interactions and, as such, is suggested to have provided benefits beyond that of surface acting (Grandey et al., 2005). Both Ashforth and Humphey (1993) and Morris and Feldman (1997) recognise that workers may genuinely feel the emotions displayed. In turn, Lam and Chen (2012) develops and tests a model of emotional labour in the hotel industry using affective event theory. The results showed that negative emotions relate positively to surface acting and negatively to deep acting. Furthermore, surface acting leads to lower job satisfaction, whereas deep acting leads to higher job satisfaction, service quality and lower turnover.

As suggested earlier, Hochschild (1983) theorized about the consequences of emotional labour based on the service provider's capacity to strike a balance between the requirements of the self and the demands of the work role. Consequently, display rules are learned norms regarding when and how emotion should be experienced in public (Ekman, 1972). For example, the tourism and hospitality industry implement display rules to regulate behaviour and service providers are expected to act friendly and disguise anger (Augustine and Joseph, 2008). In particular, emotional display rules may be communicated through mission statements, staff handbooks, training and appraisals. Rules and scripts are often enforced through customer and mystery shopping feedback (Erstad, 1998). Furthermore, it has been observed that customer service providers are

typically subordinate to their consumers, and that their interactions with members of the public tend to be more routine and often scripted, thus constraining opportunities for personal expression (Grandey and Fisk, 2006). The quality of employee-customer interaction, and how to enhance this, is therefore a considerable concern for management.

Tourism and hospitality based service provision therefore requires emotion management in the service provider and the service receiver in order to meet service quality expectations (Lashley, Morrison and Randall, 2005). Van Dijk and Kirk (2007) suggest the need to engage in emotion management through the use of emotional labour for tourism based employees is going to increase. As consumer demands and expectations for quality service rises, so too does the demand from employers or organisational representatives to satisfy these expectations.

It could be argued, therefore, that emotional labour is one of the main factors that determines the perception of service quality, and, the interaction between the service provider and customer is the core of service experiences that influences customer's perceptions of service quality. However, no universal conclusion exists about the consequences of emotional labour, a major reason for the confusion in results being the lack of clear definitions of what actually constitutes emotional labour. Researchers have recognised the importance of individual characteristics in determining the consequences of emotional labour (Wharton, 1999). Such as, Chu and Murrmann's (2006) creation of the Hospitality Emotional Labour Scale (HELS) as an instrument to better measure the emotions of front-line employees. Furthermore, Sarbin and Allen (1968) identify eight levels of role involvement along a continuum of self-role differentiation. They describe role theory as the enactment of roles in various social settings.

2.4 Role Theory

Role theory is based on a dramaturgical metaphor (Solomon et al., 1985). The study of a role, described by Solomon et al., (1985) as the cluster of social cues that guide and direct an individual's behaviour in a given setting, is the study of the conduct associated with certain socially defined positions rather than of the particular individuals who

occupy these positions (Solomon et al., 1985). Constructs adapted from role theory have been used to explain consumer behaviour, especially with regards to expectation formation (Sheth, 1967). A role theoretic approach (Solomon et al., 1985) emphasises the nature of people as social actors who learn behaviour appropriate to the positions they occupy in society and each role that a person plays is learned. Furthermore, one's confidence that one is 'doing the right thing' leads to satisfaction with a performance (termed role validation) and can be linked to the employee zone of tolerance theory and subsequent success in interacting with others who are playing their respective roles. At the same time, the desire to perform a service role well should also be a function of a group or team based performance (Fleming and Asplund, 2007 & Solomon et al., 1985) as service personnel are typically members of an organisation/department or team. For this reason, the issue of accountability can be viewed as a question of commitment to a role identity.

Moreover, when an individual is labelled within the job role, such as clerk or receptionist, one is able to generate a profile of this person based on the characteristics which are believed to convey with this title (Solomon et al., 1985). Tagiuri (1969) agrees, suggesting the pervasive tendency to 'fill out' ones knowledge of a person, given observation of religious, political, or occupational characteristics, is well documented in the literature on person perception and implicit personality theory. Importantly, this is not confined to the service provider (employee); the recipient (customer) also has a role to play. Therefore, role expectations are comprised of the privileges, duties, and obligations of *any* occupant of a social position (Sarbin and Allen, 1968). For example, it was Lockwood in 1958 who noted the adoption of customer identity by the 'server' in his book titled 'The Black Coated Worker'. Traditionally, Lockwood identified that to study the class consciousness of the 'clerk' (or front-line employee), is to study the factors affecting (his or her) sense of identification with, or alienation from, the working class. For example, the clerk was regarded as belonging to the working class and sharing the same interests as the manual wage earner.

The vital question was whether the clerk was conscious of this comity of interest.

Little could be expected of *him* was frequently expressed

(Lockwood, 1958: 14)

Furthermore, during this time, the frontline worker was described as:

- Divorced from the ownership and control - the talents pre-requisite to a clerical worker where consequently general rather than specific (Lockwood, 1958)
- Obliged to sell *his* labour-power to make a livelihood

We can still learn much from Lockwood's interpretations and not surprisingly, Riley (2007) agrees that an employee's interpretation of their role is not a constant but is a device that can be manipulated both in a self-seeking manner and as a defence mechanism. Furthermore, Lockwood (1958) describes how the value of front line employee services depends on the relations the employee has with the employer. The study constitutes not only an analysis of the class situation and behaviour of a particular group of workers, but also relates to our understanding of the general problem of class consciousness. For example, having satisfied staff is not in itself a guarantee that encounters will not breakdown (Riley, 2007). What this argument suggests is that more attention needs to be paid to what the individuals see as their 'job' in the context of satisfaction and employee engagement. Riley suggests that one way to take these arguments further may be through the psychological contract. Rousseau (1995) describes this as an unwritten contract which mainly contains assumptions and beliefs of the two parties (employer and employee). However, many tourism and hospitality service jobs are wide in scope and open minded in character.

Certainly, the evidence suggests that viewing service encounters from a role theory perspective has a number of advantages. As noted above, role theory compels us to adopt an interactive approach, since roles are defined in a social context. The concept of role expectation is, therefore, an especially powerful one in determining the quality of the service experience. However, issues may occur because the participants do not share common role definitions (Solomon et al., 1985). Nevertheless, role theory and the

related concepts make it possible to consider both customer and employee interactions and connections. Heskett et al., (1997) labelled this connection between employee and customer experiences the 'satisfaction mirror', which vividly conveys the notion that business success results from employee satisfaction being 'reflected' in terms of customer satisfaction. The emphasis therefore, is on the joint behaviours of the 'actors' and since control of the service experience is a crucial area of managerial concern and a difficult task to accomplish, further analysis of these theories are important.

2.4.1 Social Identity

Of particular relevance to the concepts of role theory and the emphasis on joint behaviours, is social identification, which reflects the extent to which an individual senses a oneness or sameness with others in a social group (Tajfel and Turner, 1986). It is most commonly manifested as references to the social group 'we'. Moreover, research by Solnet (2006) displays factors that increase a sense of social identity making people: more willing to communicate, more open to others' communications and more likely to interpret communicative actions in similar ways (Haslan et al., 2003). At the same time, Inter-Role Congruence is a term described by Solomon et al., (1985) as the degree of agreement between both parties involved in the service transaction regarding the appropriate roles to be played. A lack of congruence in roles toward communication can lead to decreased efficacy of dyadic communication performance. It seems then likely that the accurate mutual comprehension of role expectations is a pre-requisite for a quality service experience (Bitner at al., 1990). Furthermore, it could be argued that problems arise when there is a discrepancy somewhere in the system or a role discrepancy. For example, inconsistencies with expectations such as the employees perception of the job duties differing from the customer's expectations or the customer's conception of the customer's role varying from the employee's notion of that role (Solomon et al., 1985).

2.4.2 Power Imbalance

Not only are there inconsistencies with expectations during the service encounter, but also in many dyads of social interaction, one person is more powerful than the other (Lee, 2010). Power is not necessarily owned by an individual. For example, in the tourism industry, a service employee's expertise, knowledge, and judgement, would place the service employee in a position of power over the customer. Such differences in power may place less powerful service customers in an uncomfortable position. However, when customers are not dependent upon the service provider, competitor alternatives are often sourced or the use of self-service technologies utilised.

Typically, research on power imbalance often focuses on the customer. However, perceived power imbalance is apparent in service employees. In short, when an employee is 'serving' a customer who is perceived to have greater social power, such as first class passengers, the employee's cognition, emotion, communication pattern and behaviours are adjusted to the situation. According to the theory of 'personal control', individuals in this situation of limited control in an environment tend to perceive emotional stress, anxiety and frustration more easily than those in the situation of higher control (Averill, 1973). The theory of 'self-induced' dependence explains that the perception of lower status makes one feel that the perception of lower status makes one less competent in performing the necessary tasks for goal attainment (Lewis and Blanchard, 1971 and Lockwood, 1958). However, both employees and customers are often responsible for performing specific actions that negatively influence the quality of the service experience. However, the desire for affiliation stems from the need for human interaction and friendly relationships along with the necessity to be accepted and liked by others (McClelland, 1961). Furthermore, the need for power stems directly from the desire to direct and make a difference (McClelland, 1961). This type of need, as observed by Jelencic (2011), usually exhibits itself in one or two ways: the first is viewed as undesirable by others in that they often desire and want power over others, the second and more desirable need for power relates to institutional power where individuals wish to control and support the work of others in order to progress the aims and ambitions of the organisation.

2.5 Social Psychology

Given that mutual understanding is a desirable goal for service encounters, how do we go about achieving it? A review of the social psychology literature reveals two concepts that help explain mutual understanding: customer-employee identification and employee-customer identification. These are two distinct concepts which are, however, strongly interrelated and will be discussed below. First however, at a social psychological level, each act is a purposive transaction whose outcome is dependent upon coordinated actions of both participants (Solomon et al., 1985). As noted, much of social behaviour consists of joint activity and a major task for the interacting person is the mutual coordination of appropriate behaviour with the other person (Thibaut and Kelley, 1959). Social psychology implies that interpersonal behaviour is people taking up roles as discussed earlier (Broderick, 1998; Parker and Ward, 2000). However, Jones and Lockwood (2004) describe the perspective of social psychology as not the differences between individuals but the nature of the interaction itself, between people and their environments, and the sharing of this behaviour and experience. More recently, Riley (2007) suggests that, in terms of customer-employee service encounters, three specific themes emerge:

1. Successful encounters are something to do with job satisfaction
2. Encounters are potentially stressful to the employee
3. As a consequence – coping strategies are required by employees.

Critically, however, emotion work as described by Bolton (2004) is a risky business that requires adaptability rather than rigidity and routinization. Furthermore, when socio-psychological boundaries are dissolved through employee-customer identification, the collectivistic aspects of the identity become more salient. This collectivistic orientation tends to foster relational exchanges, in contrast to individualistic identity orientations, which maintain a norm of transactional exchange (Flynn, 2005). Relational forms of exchange are analogous to customer orientation as outlined by Saxe & Weitz (1982) because each interaction is embedded in the context of a long-term commitment to exchanging value. This reasoning leads the researcher to construe that the more perceived boundaries between employees and customers are dissolved, and an identity

emerges (employee↔customer identification), the more frontline employees will seek to exceed customer's expectations.

2.5.1 Customer-Employee Identification

As noted therefore, customer-employee identification is a type or classification of social identification and the rationale behind this comes from the social psychology literature. During the service encounter, the service employee image interacts with the customer's self-concept generating a subjective experience. It is argued that people try to protect and enhance their self-concept by affiliating with people whom they perceive to be the same as them (Turner, 1985). From a social psychological perspective, individuals attempt to make sense of one another in order to guide their own actions, as well as the social interaction process with others (Fiske, 1993). During the consumption process, a particular product/service user-image interacts with the consumers' self-concept, generating a subjective experience referred to as self-image congruence (Sirgy, 1997). During the service encounter, customers may use some congruent traits that are associated with the human personality and structures that can be used to make sense of other people (Leyens and Fiske, 1994), and many form these impressions in even the briefest social interactions (Ambady and Rosenthal, 1992). McGinnies and Ward (1980) argue that perceived similarity between customers and employees facilitates communications concerning specific service attributes. Furthermore, Coulter and Coulter (2002) believe that perceived similarity helps individuals to reduce interpersonal barriers, allows them to identify with others on a personal basis and generates a level of trust and assessment of others according to perceived similarity with themselves. Later, Jamal and Adelowore (2008) extended the concepts of self-congruence to the context of customer-employee interactions in the retail banking sector. They argue that, during the service interaction, the service employee image interacts with the customer's self-concept to generate a subjective experience called 'self-employee congruence'. The findings of their empirical research revealed that self-employee congruence has a significant impact on customer interactions, relationships, satisfaction and loyalty. In a similar approach, Stinglhamber et al., (2002) identified the importance of affective commitment in the service encounter. They developed a three

component model to examine the extent to which the employee felt 'a connection with customers', agreed that they 'were on the same team', used 'we' rather than 'they' to describe customers, and identified strongly with customers. Such findings reflect the theory of homophily (Lazarsfeld and Merton, 1964) which argues that individuals enjoy the comfort of interacting with others who are similar to themselves.

2.5.2 Employee-Customer Identification

As suggested earlier, employee-customer identification is simply the type or classification of social identification. Therefore, an employee's identification with the customer is how much the employee senses a oneness or sameness with them. Other drivers of employee-customer identification are how front-line employees construe the distinctiveness, similarity, and prestige of the customer's identity (Ashforth and Mael, 1989). For example, many roles in the tourism and hospitality sector, such as those of front-line employees – inherently contain a substantial relational component (Sluss and Ashforth, 2007), where employees work at the boundary between the company and the customer. In these cases, conditions are ripe for employees to assess their place in a complex social landscape (Lockwood, 1958). Certainly, the evidence suggests that employee-customer identification enhances the quality of the service encounter.

Fundamentally, however, for frontline employees who span the boundary between the company and its customers, the complexity of the 'social landscape' may result in an assessment of the self-concept in relation to the organisation and its customers. It was noted in Chapter Four how the Human Sigma scale measures organisation identification and the organisation can be a powerful emblem of group identity for employees. Nevertheless, recent advances in social identity theory and management suggest that employees can identify with more than the organizational identity (Ashforth et al., 2008). It has been argued that relational identities, those which relate to a work relationship with another individual or group (Sluss and Ashforth, 2007), can also be a powerful source of self-definition. Consequently, it is suggested that employees identify with customers (employee-customer identification). By identifying with customers, employees perceive themselves to be relatively interchangeable exemplars within the

social category, where the employee-customer relationship is a basis for self-definition (Sluss and Ashforth, 2007). For example, employee-customer identification functions independently from identification with the company. However, the two can coexist, converging or competing with one another (Sluss and Ashforth, 2008).

In summary, employee-customer identification is a new concept, but the notion that employees can construe the disposition or values of those on the other side of the corporate boundary is already present in the literature. As such, customer-employee identification is thought of as a mirror image of employee-customer identification where customers also identify with the employees.

2.5.3 Organisation Identification

Given that the two can coexist, organisation identification is a form of social identification in which an employee or customer experiences a sense of oneness or sameness with the organisation. It was Ashforth and Meal (1989) who first introduced organisational identification to the field of management and later validated a scale to measure it. In support of this view, Ouchi (1981) suggests that goal or value congruence between employees and the organisation may motivate employees to behave in ways that are consistent with the organisation's objectives. According to Dutton and Dukerich (1994), organisational identification aligns individuals' interests and behaviours with interests and behaviours that benefit the organisation. Therefore, employees who strongly identify with the organisation are likely to focus on tasks that benefit the whole organization rather than purely self-interest objectives (Bell and Menguc, 2002).

Indeed, it has been observed by Anderson and Onyenah (2006) that employees can struggle, and sometimes receive conflicting signals from management, as to whether the customer or company is 'king'. Critically, therefore, organisations need to show that the two identities are positively related. Exploring further, organisational identification has successfully predicted behaviour among art museum members (Bhattacharya et al., 1995), employees (Wieseke et al., 2007), and customers (Ahearne et al., 2005). It has also been implicated as a mediating process for such diverse topics as corporate social

responsibility (Sen and Bhattacharya, 2001), leadership (Wieseke et al., 2009), and the service profit chain (Homburg et al., 2009).

2.6 Chapter Two Summary

To conclude, this chapter has analysed the underpinning theories and concepts that contribute to Human Sigma – that is the Employee-Customer Encounter. Whilst evaluating service encounter concepts and determinants, it is apparent that it is increasingly being viewed as a highly complex and multidimensional process of interaction between the customers, employees and the organisation. Furthermore, issues related to social identity, role discrepancies and power imbalance can occur during the service encounter. At a social psychology level, the service encounter is dependent upon coordinated actions of both participants and with recent advances in social identity theory, employees and customers can identify with more than the organisation. Whilst service quality has a strong history, it is only recently that academic and practitioners' attention has been paid to the Human Sigma approach. Therefore, the early stages of this thesis has noted the growing importance and implications of the service sector generally, but specifically, themes, issues and consequences of service quality and business improvement in the domain of hospitality and tourism need to be evaluated in the following chapter. These will need to address both measurement and management dilemmas and concerns, subsequently building an applicability analysis of Human Sigma.

Chapter Three

Managing Service Quality: Tools, Techniques and Approaches

3.0 Introduction

In the previous chapters, it was proposed that managers are challenged with finding the best and most successful approaches to improve service quality. At the same time, a number of tools, techniques and approaches are available to aid managers in their continual quest for business improvement. Importantly, three key areas of concern have emerged and are fundamental to this thesis, namely: Business Improvement, Six Sigma and Human Sigma. Accordingly, Figure 3.1 below summarises the structure of the chapters relevant to these themes. In this chapter, the review commences with an exploration of the overarching concept of business improvement, including an analysis of the tools and techniques for, and approaches to, managing service quality. This then links thereafter to chapters that consider the principles of Human Sigma and its relationship to the Six Sigma business improvement model.
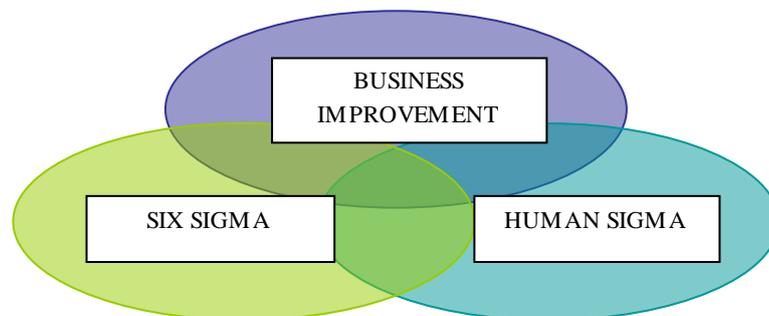
Figure 3.1: Structure of the Chapters

The purpose of this chapter, then, is to continue to explore the growing importance of business improvement and to consider the tools and techniques available to aid this process. As noted, the tourism sector is dominated by a large number of SMEs yet,

despite the increasing attention paid within the literature to issues related to quality management in this industry, little if any research has been undertaken into the utilisation and contribution of service quality/business improvement tools within TSMEs. Owing to the limited research in this area to date, it was critical at this stage to obtain an appropriate sample of practitioner's viewpoints in relation to the practice of business improvement in TSMEs. Uniquely, therefore, this chapter incorporates an initial empirical study that identifies the utilisation and contribution of business improvement tools within TSMEs. More specifically, the findings of a sub-regional research project that explores attitudes to service quality management in terms of the implementation of improvement tools are presented towards the end of this chapter. Importantly, this phase of the research generates a deeper understanding of improvement tool implementation within TSMEs, thus forming the critical underpinning for the following stages of the research.

3.1 Introducing Service Quality Management, Tools, Techniques and Approaches

As previously considered in Chapter One, the application of quality management research specifically to the service sector commenced in the 1980s. It was during this time the research developed into two separate schools, the Scandinavian or Nordic School, with Gronroos and Gummesson as the principal exponents, and the North American School, with research led by Zeithaml, Parasuraman and Berry. Since the 1980s, commentators in the field of service quality have become much more customer focused, advocating that organisations need to be more customer orientated if they are to deliver service quality. Not surprisingly, therefore, the practices and techniques that have evolved are ultimately based on fulfilling customer needs (Dean and Bowen, 1994). Furthermore, this shift has led to the development of instruments to measure customer satisfaction of the service offered (Parasuraman, 1991). Indeed, some have suggested customers appear to have more power than employees (Fleming and Asplund, 2007) with the focus on measuring customer satisfaction. Certainly, the evidence suggests these commentators are still influenced by Deming's philosophy, and the data outputs from the instruments measuring customer satisfaction are often quantitative (statistical thinking). As discussed in Chapter One, it is the American School that

requires numerical data to be generated, which often tends to be a management requirement in the tourism and hospitality industry. However, Gummesson (1993), from the Scandinavian School, questions whether it is possible to measure service productivity numerically. The argument is that all quantitative methods have severe deficiencies and he goes on to compare, as summarised in Table 2.1, quantitative with non-quantitative assessment of performance.

Service Productivity	Service Quality
Number of patients a doctor can treat per hour	How many got better? How about burn-out among doctors?
Number of students a teacher can handle in a classroom	How much did they learn? How about burn-out among teachers?
Garbage collection: how many households can be handled per hour	How well was it done? Complaints? Injuries and other health hazards among workers?
Short term sales performance by an employee in a shop	The employees ability to produce a sustaining relationship with a customer

Table 3.1: Methods of Measuring Service Quality (Gummesson, 1993)

More recently, Marr (2012) considers the consequences of measuring service productivity rather than service quality. If we take the example of a call centre or reservations department for a hotel, performance indicators are identified (often by management) to determine how many calls answered/how quickly or how many bookings made, not how many calls received service quality or had their enquiry resolved. Consequently, organisations often focus on efficiency measures with the hope that these will somehow equate to customer satisfaction or improved financial performance (Marr, 2006). Often, this style of management and service measurement limits the level of employee engagement (Marr, 2006) which is a consequence of customer engagement (Fleming and Asplund, 2007). The need to exploit the information gained from front-line staff is vital to delivering an appropriate service

(Zeithaml et al., 1990). Therefore, engaging frontline employees in identifying key performance indicators will empower them to achieve service excellence (Marr, 2006).

Considering further the quantitative measures of service quality, the model which is dominant in the literature is the Gap Analysis Model which became known as the SERVQUAL model (Parasuraman, Zeithaml and Berry, 1988). Parasuraman et al., (1985) considered Gap 5, 'the customer gap' as the true measurement of service quality and it was this customer gap that influenced the development of the SERVQUAL scale (Parasuraman et al., 1988). Whilst the gap analysis model quantitatively measures perceived service and expected service over the five dimensions, the two schools of service quality disagree on the validity of quantitative measurement. Therefore, the model has a number of critics (Buttle, 1996) but has been applied to the service sector and in particular the tourism and hospitality industry in countries such as America, Australia and the UK and used by both practitioners and academics (Saleh and Ryan, 1991; 1992). In practice, the model does not examine actual performance and so cannot be examined from within the organisation (Kandampully, 2003). Furthermore, the model has been mainly criticised in three ways: conceptual, methodological and its application (Babakus and Oller, 1992; Cronin and Taylor, 1992; Brown, Miller and Chou, 1993). Certainly, the evidence suggests that the SERVQUAL scale claims to be one of the most comprehensive attempts to conceptualize service quality (Al-allak and Bekhet, 2011). However, SERVQUAL does have its problems, conceptually, operationally and as a measurement and, as a consequence, alternative models, such as SERVPERF (Cronin and Taylor, 1992), have been developed, but have not undergone the extensive trials of SERVQUAL. Cronin and Taylor (1992) discuss the inability of customer expectations to remain consistent and state that there is little if any theoretical evidence that supports the relevance of the expectations-performance gap as the basis for measuring service quality. Similarly, Boulding et al., (1993) state that service quality should be measured via a 'perceptions-statements' instrument, such as SERVPERF. Further, they believe that perceptions result from a combination of a priori expectations of both what will and should happen with the reality of the actual service encounter. Finally, the researchers found that the higher the perception of service quality, the greater the intention to return and the greater the intentions to recommend the establishment to others. Hemmasi, Graf and Williams (1997) discuss the inability of

SERVQUAL to furnish managers with sufficient data for strategic implementation aimed at improving customer satisfaction. Furer, Liu and Sudharshan (2002) discuss the poor sustainability of SERVQUAL across various ethnicities, cultures and populations. Furthermore, SERVQUAL has not been utilised extensively to measure customer satisfaction owing to its main concern with evaluating service quality in a given situation (Jayasundra, Ngulube and Minish-Majanja, 2009). Finally, Bekhet and Al-alak (2011) discuss the difficulties and lack of applicability of SERVQUAL to all service sectors. However, there is general consensus that SERVQUAL dimensions are reliable predictors of overall service quality (Khan, 2003), although the scale has been and will continually be modified to support industry in developing their service quality models. For example, LODGSERV (Knutson, et al., 1992) and HOLSERV (Mei, Dean and White, 1999) are modified SERVQUAL scales that have been specifically developed for the hospitality sector.

Importantly, Gronroos's model (Figure 3.2), devised in 1982, further identifies key measures of service quality. Whilst building on the concept of service quality based on customer perceptions and expectations, he observes that overall perceived service quality is subjectively judged by customers, with staff interaction and with other customers having a crucial impact on their judgement (Gronroos, 1984). Therefore, the model is a simplistic impact of the technical quality 'the what', as measured by customers in an objective manner, and functional quality 'the how', as measured by customers in a subjective manner.
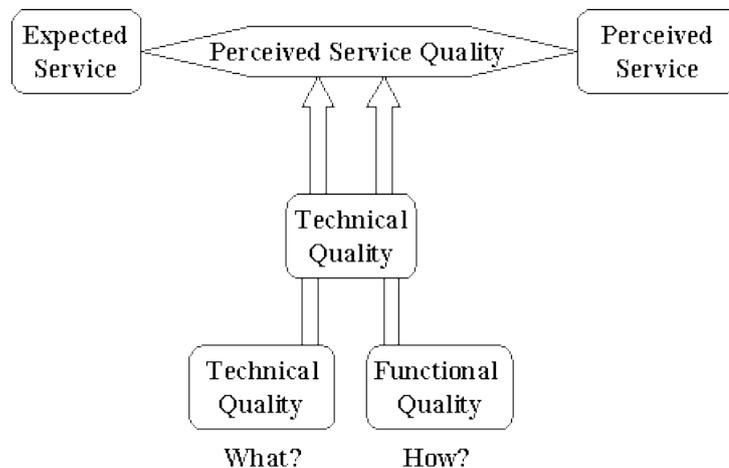
Figure 3.2: Service Quality Model (Gronroos, 1990).

From Gronroos's empirical research, functional quality (or how the service is delivered) was found to be a vital component when judging the perceived service. This co-operation between customer and employees, and the importance of building relationships, was developed into service marketing (Gronroos, 1989) and performance was added by Zeithaml at al.,(1990) to the marketing mix theory in order to accommodate the service sector. According to Lovelock, Wirtz and Chew (2009), identifying opportunities to increase sales or the number of guests through measuring customer feedback about functional quality should be a primary function of tourism and hospitality enterprises. Furthermore, functional quality can be used to create a competitive edge by focusing on the more personal aspects of the service encounter (Kandampully et al., 2001). Lovelock et al., (2009) describe the key objectives of effective customer feedback systems as:

- Assessment and benchmarking of service quality and performance – How satisfied are our customers? How was the service delivered?
- Customer-driven learning and improvements – What makes our customers happy or unhappy? Where and how do we need to improve?
- Creating a customer-orientated service culture – moving the organisation towards a service quality culture. To support this, Kandampully et al., (2001) also agrees that a systematic approach to quality measurement is needed.

In contrast, measuring customer satisfaction in the hospitality sector can be challenging due to the very nature of the service being delivered, as a guest's perception of quality depends on a wide variety of factors ranging from the hospitality of the staff to the décor of the hotel, for example. In fact, very few industries need to measure such a wide variety of variables, all of which contribute significantly to overall customer satisfaction (Kandampully, 2003). Furthermore, measuring customer satisfaction ratings can have powerful effects as they can focus the employee on the importance of fulfilling the customers' expectations. However, in practice, engaging employees in the feedback process is a complex task. For example, in the Marriot and Ritz Carlton Hotels, daily briefings are held to reinforce and communicate customer feedback and continuous service delivery improvement.

Indeed, the importance of service quality management as a means of gaining competitive advantage, as discussed in Chapter One, suggests organisations need to utilise customer feedback to inform their decision making and to enhance the customer service (Khanh and Kandampully, 2010). To obtain this feedback, managers are continually collecting and analysing this data in both a conscious and unconscious manner. For example, managers can record and monitor customer head counts, sales information and costs and are often personally available to take queries and observe customer behaviour (Kandampully, 2008). Also, they can read comment cards and online feedback and follow up information in the complaints log. In their daily routine, they can talk to the employees to find out what the customers like and dislike, read trade magazines and visit other competitors to increase their knowledge on how other managers gather and scrutinise customer feedback. Consequently, this is often not a formalised process, but works well when mangers are running SMEs where they can work closely with their customers and employees. Not surprisingly, therefore, the management of a multi-national hotel may find it impossible to have the same direct and personal contact with customers and employees; they require a more systematic approach to evaluate and distribute customer feedback (Kandampully, 2008). Often, the greater the distance between the management and the customer, the more a formalised customer feedback system is required.

Fundamentally, however, feedback about an operations service quality is necessary no matter the size of the operation. It could be argued, therefore, that managers need total visibility to customer feedback to support their quest for customer satisfaction and continuous improvement (Yusof and Aspinwall, 2000). However, both add that total visibility does not mean inundating managers with reams of raw and undifferentiated information, but using a handful of strategies will equip them with actionable insights and executable solutions, so they can quickly identify customer related problems and instigate a plan of action to implement changes in the customer experience. Consequently, Head (2012) observes that most customer feedback goes un-acted-upon as many businesses lack the organisational resources and processes to fully engage with collating, evaluating and disseminating the information. Pledger (2012) agrees, stating customer feedback is not acted on because the process of making it actionable is often

unnecessarily complicated and many managers lack the skills and training to gain meaningful insights from complex analytical tools.

Nevertheless, some have suggested that fully utilising customer feedback systems can be a powerful weapon to ensure organisations effectively evaluate their customer experience (Hokey and Hyesung, 2005). Marone (2012) argues that customer feedback systems should not be only about collecting data, they are important touch points that should be designed in a way that not only aligns with the expectation created by the business but collects data that genuinely reflects the experience of the customer. According to Lovelock and Wirtz (2011), an event or experience is multidimensional and, therefore, requires a multifaceted approach. Thus, they propose using a 'cocktail' of customer feedback tools, which are cost-effective, actionable, have multi-level measurement, representativeness, with service recovery potential and first hand learning. Thus, selecting the most appropriate system (tools, techniques and approaches) demands balancing the organisation's strategic goals and the cost of achieving them (Erdogan, 2010). At the same time, customers and employees participating and working within the industry are often reluctant to give up their free time and provide feedback. The question then is how best to obtain information and feedback. Fundamentally, therefore, several methods are commonly used to accomplish this task.

3.2 Tools and Techniques

Whilst exploring service quality management within the tourism and hospitality industry, it is clear the industry faces many challenges, some of which are related to its multiple dimensions. Furthermore, the multi-dimensional attributes of service quality cause major obstacles in developing a comprehensive measurement tool to suit all, such as SERVQUAL, particularly within the hospitality sector with its diverse range of services. In contrast, measures of service quality and customer satisfaction are widely used as a barometer of business performance (Kandampully, 2003, 2008). Therefore, if service quality is critical to the financial well-being of an organisation, then knowing what constitutes service quality is essential to accurately measure and manage its

delivery (Heskett et al., 1997). A number of these tools, techniques and approaches will now be addressed.

It has been observed that today's tourism and hospitality managers face many choices when it comes to business improvement tools, techniques and approaches. A full range of such tools and techniques are now available, each with its own particular strengths and weaknesses (Kandampully, 2003). Despite the range and often unpredictability of these tools, Dale (2003) suggests that, in order to support, develop and continuously improve, it is necessary for a business to use a selection of tools and techniques. Indeed, some of these tools, techniques and approaches are simple, whilst others are more complex, for example, checklists, flowcharts and comment cards, as compared to Balance Scorecards or Six Sigma programmes. According to Dale (2003), even the simplest tools that identify 'What are our customers saying?' can start to inform business decisions.

Furthermore, hospitality and tourism organisations have attempted to achieve further sustained competitive advantage by investing in a host of service quality improvement initiatives. For example, some of the familiar continuous improvement initiatives include: Total Quality Management (Dale and McQuater, 1998; Zairi, 2002), ISO9000 (Nield and Kozak, 1999), Investors in People (Investors in People, 2009), Balanced Scorecard (Niven, 2005) and Six Sigma (Desai, 2010). Each initiative offers a range of tools, techniques and approaches or a 'toolbox' that facilitates improvement changes. In short, it is believed that the attainment of satisfaction will be enhanced if these practices are followed (Oliver, 1996). However, Kandampully et al., (2001) further imply that the central tenet of any such approach is the study of consumer perceptions. Therefore, hospitality and tourism managers must consider the measurement of service quality as an integral element of any quality improvement exercise. Specifically, therefore, this chapter will identify the utilisation of service quality management tools within tourism related SMEs, an area that, as previously observed, has been the focus of only limited empirical research.

First, however, it is necessary to highlight that the term tools, techniques and approaches are used generically to describe practical methods and skills applied to particular tasks to facilitate change and business improvement. In some cases, different

labels are used to describe tools and techniques such as feedback systems or service research methods. Similar to the challenges of defining service quality as discussed in Chapter One, there has been little attempt to distinguish between a tool and a quality technique or approach (Dale, 2003). It is suggested, therefore, that they all lend themselves to managing business improvement and quality. Furthermore, the purpose of this chapter is to identify not only the utilisation, but also the challenges that tourism SMEs face in the selection and implementation of service quality management tools and techniques.

As noted, customer feedback tools are generally categorised into two types: solicited or unsolicited feedback (Barsky and Honetcutt, 2010; Wirtz, Tambyah and Mattila, 2010). Solicited feedback examines customers' responses through satisfaction surveys which can provide consistent measures across a diverse set of operational areas. Customer satisfaction data are among the most frequently collected indicators of market perceptions with the collated data offering an understanding of customer expectations. Furthermore, as discussed in Chapter One, service quality is closely related with customer satisfaction, with the quest for customer satisfaction greatly dependent on the company's overall service quality (Rahman, Khan, and Haque, 2012). In general, it is commonly considered that service quality is one of the antecedents of customer satisfaction (Antony and Antony, 2004; Ladhari 2009; Saeed et al., 2011). However, whilst both concepts are related and appear to be merging, there are still gaps in the understanding of the two constructs (Kandampully et al., 2001). Potentially, however, customer data can examine trends of service satisfaction and highlight areas of possible service development. Furthermore, managers can tailor customer feedback measures to meet the department/companies specific needs as witnessed by the SERVQUAL adaptations.

Traditionally, many hospitality establishments choose comment cards as a process to address customer satisfaction, as they endeavour to measure the gap between actual customer perceptions and the service quality (Bartkus et al., 2009). Comment cards are a popular choice, even though they can only deal with limited issues. For example, there is often a low response rate and there can be problems with reliability and validity (Reid

and Bojanic, 2009). Furthermore, mystery shopping is a popular quality feedback tool used in the industry to offer a snapshot view of the business functioning (Rood and Dziadkowiec, 2010). The feedback from the mystery shopper can assist management with detailed insights for performance evaluation and training (Beck and Miao, 2003). Wilson (1998) adds that mystery shopping can be used as a benchmarking tool to assess the competitiveness of the organisation's service provision against the offerings of others in the industry. However, Lovelock and Wirtz (2011) state these small individual surveys are undertaken by employing external companies and are, therefore, considered costly and not very reliable or representative. Mintrom (2010) concurs stating mystery shopping is unreliable, further expressing it is unethical; especially when employees are unaware they are being examined.

In contrast, unsolicited feedback relies on the customer's own willingness to report experiences of complaints, compliments, recommendations or suggestions. Lovelock and Wirtz (2007) suggest that most unsolicited feedback is given directly to frontline employees rather than through formal channels. Not surprisingly, therefore, frontline employees are the holders of valuable information. This presents a unique opportunity for managers to gain first hand and up to date customer feedback. As a result, many hotels encourage staff to solicit and record feedback during their many service encounters with customers. Above all, immediate feedback needs to be acted upon and can boost employee empowerment in service recovery. In practice, however, the organisations culture in measuring and managing service quality can often determine the success of unsolicited feedback systems. Undoubtedly, organisations need to recognise that employee feedback systems are also a fundamental tool to aid business improvement (Marr, 2012, Kandampully, et al., 2001, Fleming and Asplund, 2007). Furthermore, Heskett et al., (1997) emphasise that customer satisfaction and frontline workers requirements should be at the centre of management's efforts when measuring service quality and implementing business improvements. However, satisfaction varies from one customer to another, rendering its measurement problematic and complex (Munteanu et al., 2010). Other unsolicited sources include user generated content or review sites such as Tripadvisor and Facebook. Fundamentally, this source of feedback can provide insights into issues that the business is unaware of and, particularly with

social media, feedback to the customer can be timely. In practice, O'Connor (2010) suggests taking a proactive approach to transitory online feedback as it signifies that the business has a presence online and is listening.

Not only is it this variety of tools, and their inherent complexity, that often creates difficulties in their selection, application and effective use. The effective use of tools and techniques is also related to the perception of their benefits by the user (Dale and McQuater, 1998), including customers, employees and managers. Indeed, there are issues with implementing these quality management initiatives, proposing the drawbacks often lie not only in the quality management programmes but also in their implementation. Wang and Ahmed (2001) advise that strong internal motivation and emotional involvement are required if quality initiatives are to be successful. Chattopadhyay (2001) further comments that for successful implementation there needs to be a highly motivated management team to drive the quality management programmes. Furthermore, Keating and Harrington (2003) found quality initiatives fail due to poor commitment from senior management, middle management and frontline staff. Fundamentally, Peng and Littlejohn (2002) assert in a study of UK hotel chains, the key requirement in successfully implementing quality management programmes is effective communication, involvement and teamwork. However, as Page and Curry (2000) suggest, staff resentment towards quality initiatives due to the fear of admitting errors may hinder effective implementation. Certainly, implementing quality management initiatives has its difficulties. However, if fully embraced, these initiatives pay dividends in improved resource management, added performance, better communication and cost cutting, all of which maximise company competitiveness (Matias and Coelho, 2011). The purpose of this thesis in its initial stages, therefore, is to identify the utilisation and also the contribution of service quality management tools and techniques within TSMEs.

Furthermore, many of the tools and techniques are not new and have been utilised and adapted in many forms for many years, including Six Sigma. However, some of the tools, techniques and approaches are new, such as Human Sigma which is, of course, the focus of this thesis. Dale and McQuater (1998) suggest that, for the majority of

organisations embarking on an improvement process, the selection and use of tools and techniques is the initial starting point. Consequently, a considerable number of textbooks focus on individual tools and techniques, for example Six Sigma (Basu, 2012; Harry and Schroeder, 2000) and Human Sigma (Fleming and Asplund, 2007). However, Dale (2000, 2003) covers a range of tools and techniques but often in relation to large manufacturing organisations in the UK. At the same time, there are critical success factors involved in the use of tools and techniques, which are subject to many internal and external influences (Dale and McQuater, 1998) and can therefore be related to other types of organisations. For example, small organisations can have the same training requirements as larger ones, but the allocation of resources may be the major issue. Dale states that the consequences for organisations ignoring or being unaware of the influences affecting the use and application of tools and techniques could be potentially damaging, not only to the quality initiative in terms of cost but ultimately to their competitiveness in the marketplace. Fundamentally, users must always be aware of the main uses of the particular tool and technique they are considering applying. As Dale (1998) suggests, the uses can include:

- Collection of data

- Summarising the data

- Presentation of the data

- Discovering problems

- Selecting problems

- Understanding a problem

- Assisting with the setting of priorities

- Find and removing the root cause of a problem

- Identifying relationships

- Structuring ideas

- Performance measurement

- Capability assessment

- Planning

- Implementing actions

- Monitoring and maintaining control

Thus, quality management initiatives embrace the quality philosophy of continual improvement that assumes further improvements in business are always possible and that practices should be constantly re-assessed and improvements applied (Zairi, 2002). Most leading hospitality businesses are aware of the need for quality improvement, with established large international hotel chains such as the Marriott, Hilton and the Ritz Carlton embracing these tools to ensure a competitive advantage. However, the question to be asked is: what tools, techniques and approaches are SMEs embracing in order to achieve competitive advantage and can they utilise the same tools and techniques as larger organisations? The first task however, is to review the specific tools and techniques designed and developed for the tourism and hospitality sector.

3.3 Specialist Quality Tools and Techniques for the Tourism Industry

The United Kingdom Accreditation Service (UKAS), which with support of the government, invests a significant amount of time and resources in raising awareness of the benefits of accredited certification among UK businesses. Several are certified by outside bodies and therefore rigorous documentation and assessments are required. VisitEngland was formed in April 2009 as the national organisation for tourism in England. Its foundation was a key outcome of the British Tourism Framework Review and now, through the Chairman and stakeholder Board, VisitEngland leads the development and marketing of England's visitor economy. It also acts as the authority for tourism in England. VisitEngland's overall role is to develop accommodation schemes, set standards, champion the ratings it awards and promote only quality-assessed accommodation in the EnjoyEngland campaigns and in all VisitBritain international marketing activities. Local, regional and destination partners such as Lancashire and Blackpool, support the quality agenda by promoting quality-assessed accommodation in publications, websites and in Tourist Information Centres (VisitEngland, 2012).

Quality in Tourism (QiT) is the official assessment service provided for VisitEngland. With, on average, sixty assessors, the organisation carries out assessments and handles the administration of the national quality assessment schemes on behalf of

VisitEngland. Over 23,000 accommodation businesses are assessed annually across eleven different schemes, making VisitEngland (in conjunction with Quality in Tourism) the largest provider of quality assessment in England (Quality in Tourism, The assessment service for VisitEngland, 2012). Furthermore, the Visitor Attraction Quality Assurance Scheme (VAQAS) is managed by VisitEngland. Launched in 2010, the Place of Interest Quality Assurance Scheme (PIQAS) is aimed at locations not eligible for VAQAS due to size or infrastructure. The Hospitality Assured Mark is a quality initiative of the Hotel and Catering International Management Association (HCIMA) and the British Hospitality Association, to improve the level of service offered by their industry. Specifically, some of the tools and techniques require a foundation of service standards or performance indicators. However, the difficulty is that many of these techniques are costly, time consuming and complicated in terms of reporting, analysis and dissemination.

3.4 Analysis, Reporting and Dissemination

As previously discussed at the start of this chapter, the use of a variety of tools, techniques and approaches is actively encouraged in order to gain as full an evaluation of a service as possible. Not surprisingly, therefore, hoteliers employ a mix of qualitative and quantitative techniques, choosing to collect feedback through a combination of techniques (Kandampully et al., 2001). The following Table 3.2 is divided between methods that produce qualitative and quantitative data. Qualitative service research methods are those that result in the collection of data that are in the respondents own words for example, interviews. In practice, this often takes longer to collect and analyse. Therefore, businesses often find it difficult, for example, to display the results as they do not fit readily into graphs and charts. Indeed, it has been observed that due to large business organisational structures, customers no longer have the opportunity to interact with top management (Gorry and Westbrook, 2011). Instead, customer feedback creates quantitative results producing graphs, statistics and research summaries for managers to analyse and make future decisions, thereby generating an overall representation and neglecting customers as individuals. Furthermore, this can

cause managers to miss opportunities or even propose inappropriate strategies. It could be argued, therefore, that managers need to work closer with their customers and listen to unedited stories of customer transactions (Wirtz and Tomlin, 2000). Although customer stories may be unstructured and non-directed, stories produce vital feedback on how customers feel about services and products. Not only can customer stories offer direction in developing new business ideas, they can facilitate the transfer of best practice (Zaltman, 1997; Helkkula and Pihlstrom, 2010; Marshall and Adamic, 2010; O'hara and Cherniss, 2010; Gorry and Westbrook, 2011).

Research conducted by Gorry and Westbrook (2011) on the Ritz-Carlton hotel brand found managers listened to customer stories as part of operational and organisational development. This delivered increased customer care, improvements in operations, presented ideas for services and advocated more effective competitive strategies. Similarly, British Airways (BA) employs cabin crew focus group co-ordinators so employees can meet and discuss ways in which the on-board service and products can be improved. Further research sustains storytelling as essential in promoting strategic thinking, increasing company culture, supporting change and growth and communicating company values and goals (Boyce, 1996; Marshall and Adamic, 2010; O'hara and Cherniss, 2010; Barry and Elmes, 1997). Leonard (2002) further suggests observing the behaviour of customers is also useful in identifying difficult to articulate needs, particularly when the customer is unaware they are being observed, unspoken desires can be uncovered. Furthermore, Lockwood (1994) suggests using service incidents to identify quality improvement points as they provide rich data which can be useful at the qualitative level.

This is unlike quantitative service research methods, which generate numerical data. A variety of computer packages, such as SPSS or Excel, can be used to analyse this data quickly and display the results in graphic form. For example, a sample of methods is displayed in Table 3.2; this is divided between methods that produce either qualitative or quantitative data or both:

Method	Qualitative Methods	Quantitative Methods	Either
Customers	Customer Interviews	Surveys SERVQUAL	Customer Surveys
	Focus Groups	Human Sigma	
	Customer Advisory Panels		
	Complaint Monitoring/Critical Incidents		
External Organisations	Inspectors/Assessors		Mystery Shoppers
Internal	Suggestion Schemes	Human Sigma	
	Quality Circles/teams		
	Employee reporting		

Table 3.2: Service Quality Research Approaches

Therefore, choosing the relevant tools and collecting feedback is meaningless if the business is unable to disseminate the information to the relevant parties to take action. Hence, to drive business improvement and learning, a reporting system needs to deliver feedback and its analysis to front-line staff, department managers, and top management. The feedback loop to frontline staff should be immediate for complaints and compliments, for example, during daily briefings. In addition, Lovelock and Wirtz (2007) recommend three types of service performance reports to provide the information necessary for service management and team learning: a monthly service performance update, a quarterly service performance review, and an annual service performance report.

More specifically, Dale (2003) suggests the tools and techniques have different roles to play. Their roles can include:

- Implementing actions
- Discovering and understanding a problem/service recovery mechanism
- Selecting problems for improvement and assisting with the setting of priorities
- Planning
- Identifying relationships/patterns
- Finding and removing the cause of the problem

Although the potential user may be aware of the main uses of a particular tool or technique, there is often a danger of using it in a blinkered manner, almost expecting it to solve the problem (Dale, 2003). Dale goes on to elaborate that, when selecting tools and techniques, there are two factors which businesses should keep in mind:

1. The application of any tool and technique in isolation without a strategy and plan will only provide short-term benefits. If tools and techniques are to be effective over the longer term, appropriate employee behaviour and attitudes are needed to make effective improvements.

2. No one tool or technique is more important than the other; they all have a role to play at some point in the improvement process.

Unfortunately, however, some managers are always looking for tools and techniques as a quick fix solution to the problems facing their business at a particular point in time. Furthermore, businesses can also run the risk of tiring both customers and staff with too much measurement (Kandampully et al., 2001) and also with the wrong types (Marr, 2007). Therefore, research carried out by Dale and McQuater, (1998) and, more recently, by Sutton (2010) into the difficulties relating to the use of tools and techniques discovered that the critical success factors relating to the successful use and application included, data collection including its analysis and dissemination. At the same time, employee involvement is a vital determinant for successful collection, dissemination and service improvement.

Both studies also identify a number of issues which relate to the difficulties experienced with the tools and techniques, including user understanding, level of complexity, resources, time and training. When this happens and a tool or technique fail to meet expectations, disillusionment sets in and the business experiences considerable difficulty convincing its employees that it is serious about improvement. This, of course, can have an adverse effect on the use of techniques in the business in the future (Dale, 2003; Sutton, 2010). The ways in which the tool or technique is applied and how its results are interpreted are critical to its successful use. Managers should, for example, develop their knowledge of the tools and, when appropriate, use them in their day to day activities and decision making (Dale and McQuater, 1998). Crucially, they should engage, recognise and reward those employees. The task, therefore, of developing more effective and efficient ways to measure and monitor service quality will fall to all stakeholders groups involved in its delivery: customers, staff, and management.

3.5 Training Implications

The effective use of any tool and technique is dependent on the user's understanding and knowledge of it (Dale and McQuater, 1998; Sutton, 2013). Therefore, the training process is a determinant in assisting with the transfer of appropriate knowledge. Often in large organisations, they develop a 'champion' or project leader for particular tools and techniques e.g. Six Sigma Champions. However, resource constraints in SMEs can often deter this effective deployment. Fundamentally, training is a concept of quality management (Williams and Buswell, 2003) and ultimately business improvement. Specifically, Welcome to Excellence is a tourism training provider endorsed by VisitEngland. A number of Welcome Host training courses are available to tourism related organisations including: Welcome to Excellence courses for managers and/or supervisors (Lead, Motivate and Succeed), business development courses, destination versions, environmental awareness (Green Edge) courses and ambassador and volunteer courses (Hosting the World) (Welcome to Excellence Training Programmes, 2012). Components of Welcome Host have been successfully used in induction training for major sport tourism events such as the Olympic Games in London 2012 and also by a large range of TSMEs. Indeed, it has been observed that with courses held externally,

the employees are likely to experience a problem of transferring the new knowledge gained while on the course and applying it effectively in their own working environment (Dale and McQuater, 1998). Therefore, it becomes important to assess both the training event and its outcome.

In addition, the UK tourism industry has also participated in the Investors in People Award (IIP). The training and development of staff is a major contributor in reducing the heterogeneity that is characteristic of service delivery (Williams and Buswell, 2003). Noticeably, the underlying philosophies are the same in that staff are the most important resource/asset to the service industry and trained staff will be educated and motivated to engage with customers. More precisely, Lovelock and Wirtz (2011) argues 'the right people are your most important asset' which can result in lowering operational costs and gaining a competitive edge through offering an exceptional service.

However, Kotey and Folker (2007) found that the approach to employee training in SMEs is in consonance with their informal management styles, limited financial resources and greater emphasis on efficiency. The research, including the study conducted by Stokes (2001), point to a prevalence of informal training and an increase in the adoption of formal, structured, and development-oriented training with increasing firm size (especially for firms with 20–99 employees). Again, time and financial constraints were reasons for the lack of training in SMEs (Stokes, 2001; Sutton, 2010).

3.6 Chapter Three Part One Summary - The Story so Far

The first section of this chapter has been designed to give an overview of the variety of methods (tools, techniques and approaches), especially those that have specific application to the service sector and in particular the tourism industry. Certainly, the research clarifies the vast array of methods available to aid business improvement. Consequently, it can be the variety that impinges upon the utilisation and contribution of service quality management tools and techniques. For example, this analysis has included the complex nature of determining the type of data technique (qualitative or

quantitative, solicited or unsolicited), and its subsequent analysis and dissemination. Indeed, it is apparent therefore, the need for business improvement has evolved into a fundamental business strategy and its importance is growing.

Accordingly, with such an important place in the UK economy, it is in the interest of SMEs to adopt business improvement management practice in order to compete in today's global marketplace and in particular within the highly competitive tourism and hospitality industry. Currently, therefore, employers are challenged to find every avenue in which to add value in order for their businesses to thrive and grow. Despite the escalating attention to issues related to service quality management and business improvement, limited research has been undertaken into the utilisation and contribution of service quality management tools and techniques in tourism SMEs. Therefore, in order to fully examine the utilisation and contribution of contemporary business improvement tools within TSMEs (Research Objective 1), an empirical study was also conducted. Therefore, the following section of this chapter closes the gap in this research area and identifies the extent of the utilisation and contribution of contemporary business improvement/quality management tools within a sample of SMEs in the tourism sector.

3.7 Current Approaches to Business Improvement within Tourism SMEs

As suggested in the introduction to this thesis, quality management initiatives have become important as a pre-requisite for doing business (Dale, 2003) and the use of tools and techniques are a fundamental part of a business's approach to quality management. Thus, in order to support and develop business improvement, it is necessary for TSMEs to adopt a selection of tools and techniques. All the tools have different roles to play in business improvement and if applied correctly, give repeatable and reliable results (Dale, 2003). However, although quality improvement methodologies, such as Six Sigma, have been successful in manufacturing contexts (Wessel and Burcher, 2004), their contribution to improving the employee-customer service encounter is less certain. In particular, in a service-focused environment, such as the tourism industry,

organisations often find it difficult to identify processes which can be measured (Kumar et al., 2009). Much of the data is collected by face to face informal interactions with front line staff as compared to automatic data collection methods used in manufacturing processes. In the service industry, most formal business decisions rely on the subjective judgements of staff and customers which are less precise (Antony and Kumar, 2005). Also, a common myth to have emerged over the years is that improvement tools are only applicable to large organisations with extensive resources and budget. At the same time, Terziovski and Samson (2000) reported that small businesses are less likely to have a coherent quality assurance policy and quality department than large organisations. As an initial study to this thesis therefore, it was deemed important to identify the utilisation and contribution of business improvement tools within TSMEs. The following section identifies the research design and results from this initial study.

3.7.1 Research Objectives and Methodology

As noted above, the aim of this initial empirical study is to identify the utilisation and contribution of business improvement/quality management tools within SMEs in the tourism sector. Although a detailed methodology chapter will feature in Chapter Six, this section outlines the general research design and methodology adopted to achieve the aims and objectives mentioned in the previous section. Creswell (2003) suggested that researchers need to consider three framework elements; the philosophical assumptions, the strategy of research inquiry (research methodology) and the specific detailed procedures or research methods to be used in the early stages of designing the research. Therefore, this section starts by initially discussing the methodology as well as the methods employed for data collection. Importantly, this stage aimed to underpin the theoretical foundations of the study and to establish the initial relevance (applicability) of Human Sigma for TSMEs. This research considers an organisation to be an SME if it has less than 250 employees (Department for Business Innovation and Skills, 2005) as organisations with around 250 employees display many characteristics of large organisations. It is not until numbers are around 50 that these characteristics seem to change significantly (Wilkes and Dale, 1998). In order to collect data effectively a survey questionnaire was developed to provide a baseline of practices by TSMEs in the

sub-region (North West England). The questionnaire with open and closed items was sent to 980 TSMEs, which were chosen from the Lancashire Chamber of Commerce database to ascertain the extent of service quality improvement tools utilized, familiarization, including the benefits and common barriers to implementation (Appendix One).

Due to the lack of research conducted in this area and a gap in the literature, the questionnaire was designed by the author but also influenced by previous literature such as (Dale, 2003; Antony and Banuelas, 2002). The questionnaire was divided into three parts consisting of both closed and open-ended questions with a total of 11 questions. Questions 1-5, gathered the business profile of TSMEs. The second part of the questionnaire, Questions 6-10, probed the utilisation and contribution of service quality management tools, techniques and approaches in TSMEs. The third section, Question 11, was comprised of likert scale questions exploring the respondents' attitudes toward service quality management. The statements are considered to be critical success factors in service quality management and business improvement (Anthony and Banuelas, 2002). It was critical the questionnaire was user friendly and the structure including the type of question was logical, clear and easy to respond (Bryman and Bell, 2007).

One of the most important criterion of the research, refers to the issue of whether or not the question measures what it is designed to do (Bryman and Bell, 2007). For content and construct validity, which appraise if the meaning and measure reflect the concept. Therefore, the content of the questionnaire was reviewed by business specialists before the questionnaire was distributed. Reliability, referring to the consistency of the measure of a concept (Bryman and Bell, 2007), was examined by a pilot study, again with business specialists, which was undertaken to pre-test, and modify if necessary, the questionnaire (Veal, 2011). According to Veal (2011), a pre-test of questionnaires should be conducted with a small number of subjects in order to check whether the questions are clear to the intended audience, whether accurate data will be gathered from the field data collection, and on operational aspects such as the time needed to complete the questionnaire (Bryman and Bell, 2007). After conducting a pilot study, the questionnaire was revised and distributed to TSMES listed by the Lancashire Chamber

of Commerce. For Phase One, the data collected has certain limitations due to the number of samplings and time. Any research may have limitations depending upon the methodology and approach used. Therefore, it must be borne in mind that some subjectivity may occur in the findings because they were constructed from the specific chosen approaches for different phases of the research.

3.7.2 Sampling Method and Procedure

One hundred and one completed questionnaires were returned in less than one month which was an appropriate number of respondents for this initial study (Cresswell, 2007; Bryman and Bell, 2007). Undoubtedly, the analysis of the demographics, including number of employees, area of industry and location of business, provided a better understanding of the findings of the study. The questionnaire included representation across most tourism subsectors (Amusement Parks and Arcades, Entertainment Centres, Art Galleries, Historic Buildings & Stately Homes, Tourist Attractions, Hotels and Inns, Restaurants - Hotel Restaurants, Bed & Breakfast, Guest Houses, Holiday Accommodation and Parks, Hostels, Travel Agents and Tour Operators), with the majority being accommodation providers (Table 3.3).

Tourism Subsectors	Response Rate
Hotels	72%
Entertainment centres	1%
Art galleries	2%
Historic buildings	2%
Tourist attractions	7%
Guest houses	6%
Hostels	3%
Travel agents	7%
Tour operators	1%

Table 3.3: Areas of industry

The majority of respondents were located within the counties of Lancashire and Blackpool and Cumbria (Table 3.4). The remainder included respondents from

Merseyside, Cheshire and Manchester. At the time, the North West Regional Development Agency commissioned a number of research studies about tourism in the region. The research studies about tourism in the region summarise that patterns of tourism vary across the North West sub regions and suggests that day visitors are particularly important to Cheshire, Greater Manchester and Merseyside.

Counties	Response Rate
Lancashire and Blackpool	33%
Cumbria	33%
Merseyside	13%
Cheshire	12%
Greater Manchester	11%

Table 3.4: Location of business

Specifically, users of serviced and non-serviced accommodation are more important to the areas of Cumbria and Lancashire and Blackpool. The research further identifies that both Cumbria and Lancashire have a high proportion of accommodation related employment. This reflects the large number of operators, often smaller, in these areas (over 80% of the region's operators are located in these areas). Specifically, there are an estimated 3100 serviced establishments (with fewer than 10 rooms) across the region. Small serviced establishments are also quite significant in Cheshire where they account for 51% of accommodation establishments (North West Regional Intelligence Unit, England's-North West, 2011). It could be argued therefore, while bed and breakfast providers cannot compete with the economies of scale offered by large chains such as Travelodge and Premier Inn, small businesses can compete on quality, individuality and personal customer service. For example, affiliation with a quality assurance scheme such as that offered by VisitEngland could raise the credibility of the accommodation.

Furthermore, forty seven percent recognised themselves to be either the owner/manager of their business. Forty Eight percent stated that their business had been operating for more than 20 years. Forty Five percent had fewer than 50 employees, twenty one

percent responded that they had between 50 and 150 employees and three percent had between 150-250 employees. Thirty one percent of the companies that responded to the questionnaire were micro-sized companies, fewer than 10 employees (Table 3.5).

Number of employees	Response Rate
<10	31%
< 50	45%
50-150	21%
150-250	3%

Table 3.5: Number of employees

Following the summary of demographics, the study continues to identify the utilisation of service quality management tools and techniques in the sample of TSMEs. The returned data was studied through descriptive and inferential analysis in order to conduct sub group analyses. Specifically, the data were analysed using the Statistical Package for Social Sciences (SPSS). Descriptive statistics, which include frequencies and percentages were utilised to present the main characteristics of the sample and cross-tabulation and inferential analysis were also employed to measure the association between the variables.

3.7.3 Status of Improvement Tool and other Quality Initiative Implementation

Regarding practices relating to the utilisation of service quality tools, techniques and systems, 57% of the respondents replied that they had implemented some of the improvement tools. Also, 18% had planned for and the rest have not yet planned for any improvement tool implementation. When computing cross tabulations, the results show that businesses with an operating age of 11-20 years have the highest implementation rate, with 70% stating they have implemented service quality management tools, techniques and systems, followed closely with businesses with an operating age of 20+ years, with 62% actively engaged. Those businesses with the lowest implementation rate had been operating between 7-10 years (40%) (see table 3.6). Moreover, 59% of businesses with an operating age of 1-3 years had not implemented any tools,

techniques or approaches. Although, 53% of those businesses stated that they have considered introducing them. Importantly then, barriers to implementation will be discussed in detail later in this section of the chapter. With the majority of respondents being from the hotel/hospitality sector, 59% of those implemented some form of service quality management tool. However, those respondents from the travel agency sector although limited, 86% did not implement any.

		Has your business implemented any SQMT?	
		Yes	No
	1-3	41%	59%
	4-6	67%	33%
How long has your business been operating	7-10	40%	60%
	11-20	70%	30%
	20+	62%	38%

Table 3.6: Cross tabulation to display Improvement Tool Implementation and Operating Age

As depicted in Table 3.7 below, 50% of the TSMEs are practicing Tourist Board Rating Systems. When compared to other business improvement tools, techniques and systems; trade organisations and bodies, especially the Regional Tourist Boards (RTBs), were perceived as the most valuable. Every participant in the National Quality Assessment Scheme (NQAS) or quality in Tourism (QiT) is assessed on three levels: Minimum entry requirements, facilities, services and quality scores (VisitEngland). Accommodation grading schemes and other external awards, such as Investors in People (IIP), are important vehicles for influencing the performance level of an organisation (Dale, 2003). Grading and award schemes often indicate how TSMEs perform against a range of standards and schemes (Williams and Buswell, 2003). Only one business was actively involved in Six Sigma practices. None of the respondents were actively involved in the Human Sigma approach to business improvement, however four of the respondents recognised Human Sigma.

Certainly, not all tools, techniques and systems are required by one organisation. However, some of these are more commonly used in TSMEs, (for example; customer and employee satisfaction surveys, IIP and Hospitality Assured), whilst others are used infrequently, such as ISO9000, Six Sigma, Human Sigma and Quality Circles. This naturally raises the question as to whether or not it is possible to implement formal systems within TSMEs and the challenges they face in doing so. For example, ISO9000, as a document and a standard, is not user friendly towards SMEs and requires language and application simplification of the document (Wilkes and Dale, 1998). This is not to say that quality approaches such as Six Sigma cannot be successfully implemented in SMEs as will be discussed in the following chapter. Furthermore, this thesis will test the applicability of the Human Sigma approach to quality management within a TSME. Other quality initiatives/awards undertaken by the respondents included: AA, Rosette, Michelin, Johansens, Welcome to Excellence, Green Tourism Award and Proprietor of the Year.

Quality initiatives undertaken	Count	%
ISO9000	4	3.8
Total Quality Management TQM	0	0
Balance Scorecard	12	11.5
QualityCircles/Quality Improvement Teams	7	6.7
Investors in People IIP	23	22.1
Hospitality Assured	19	18.3
Tourist Board Rating systems	52	50
Customer surveys	55	52.9
Employee surveys	28	26.9
Recognition/reward program	29	27.9
Action planning	27	26
Succession planning	20	19.2
Human Sigma	0	0
Six Sigma	1	1
Other/Awards	24	23.1

Table 3.7: Improvement Tool Implementation

Certainly, the evidence suggests, continuous improvement programmes such as Six Sigma do not appear to be easily understood or interpreted by TSMEs, which may be a significant contributor to its low implementation. Holistic quality management initiatives, such as Total Quality Management also appear to exhibit low implementation rates. It is acknowledged by Kumar et al., (2009) that the poor adoption of quality management initiatives in SMEs is due to multiple and complex reasons, not just the often stated impediments of cost, time and relative impacts. The evidence also suggests that quality management programs are not taken up by SMEs for several reasons:

- It is difficult to distinguish between different quality programs like TQM and decide the system that best suits business needs.
- SMEs are often unclear about the advantages, often due to the lack of knowledge.
- There is very little evidence of business improvement rates in the SME context.

(Kumar and Antony, 2008; Yusof and Aspinall, 1999)

As noted, with regards to the 'quality effort' of SMEs as compared to large organisations, there has not been a great deal of research. One interpretation could be the kind of entrepreneurial qualities which made such individuals good at starting up as a business, may well be the very reasons why they reject the possibility of utilising some business improvement tools. This was evidenced in one of the responses "no one knows the business better than me so I can't see any benefits of implementing anything". However, the results of the study revealed that although some managers are reluctant to utilise some of the tools and techniques they had some awareness of the range of business improvement tools available to them. For example, the most commonly recognised improvement tools are IIP and Tourist Board Rating Systems (see Table 3.8). It appears that tools that offer external trade body representation, or are easier to use, appeal more to users. Despite this level of awareness, one organisation did not recognise any of the improvement tools listed. At the same time, the limited number of respondents in tourism subsectors, such as the retail sector of the industry (for example, travel agencies), suggests a lack of awareness and utilisation of business improvement tools. As noted above, 86% of those that responded as travel agents did not implement any service quality management tools or techniques. In practice, both the

retail and tour operating sector rely heavily on traditional methods, such as customer satisfaction surveys at the end of the holiday. Tourism managers are supposed to be responsible for guest satisfaction, but they often have little guidance on how to determine whether or not they have delivered a satisfactory service experience (Hudson et al., 2004).

Quality initiatives	Count	%
ISO9000	19	18.3
Total Quality Management TQM	16	15.4
Balance Scorecard	7	6.7
Quality Circles/Quality Improvement Teams	10	9.6
Investors in People IIP	26	25
Hospitality Assured	16	15.4
Tourist Board Rating systems	18	17.3
Customer surveys	13	12.5
Employee surveys	17	16.3
Recognition/reward program	14	13.5
Action planning	12	11.5
Succession planning	12	11.5
Human Sigma	4	3.8
Six Sigma	3	2.9

Table 3.8: Improvement tools recognised by TSMEs

3.7.4 Reasons for not implementing improvement tools

Crucially, therefore, it is important to understand TSMEs perceptions of improvement tools and the factors hindering their implementation. The respondents were requested to identify what has 'stopped' their business implementing any business improvement tools.

The most common reasons reported were as follows:

- Time
- Limited knowledge
- Insufficient resources
- Financial constraints
- Not aware of any improvement tools
- No perceived benefits

Consequently, the findings reveal that 43% of TSMEs do not implement any improvement tools due to the issues raised above. A lack of resources is the most common impeding factor, and as cited in the SMEs literature (Kumar and Antony, 2008; Kumar et al., 2009). Dewhurst and Burns (1993) report that SMEs operate in a very distinct manner due to the lack of specialist managers to oversee their various activities and the focus is on day to day operational matters rather than strategic planning. Not only this, financial constraints exacerbate the lack of management skills and militate against training, future investment and knowledge management (Dewhurst and Burns, 1993). Not surprisingly, therefore, owner-managers may only train staff when the venture is under particular threat or has to meet legislative requirements, such as Food Hygiene (Jones and Haven, 2005). As noted earlier, Antony and Kumar (2005) reveal the weakness of SMEs, suggesting that an adamant and dictorial nature of the owner can damage new initiatives and often decisions are generally made for short-term profitability. In practice, often no incentive or reward programs are offered to front line staff due to budget constraints and other financial objections. This practice pursues the cycle of mediocrity as described by Lovelock and Wirtz (2007) whereby there is no incentive for cooperative relationships to develop. For example, in SMEs there are greater chances that management will lay off employees when their work becomes superfluous (Antony and Kumar, 2005). Lack of understanding and poor interpretation may also lead to TSME owners/managers not being able to justify the use of these methods. In addition, quality methods can often be treated as an extension or separate components of the business operations.

3.7.5 Benefits of improvement tool implementation

For those respondents engaging in business improvement tools and techniques, they were also requested to identify perceived benefits from the usage of business improvement tools. The following summarises the key benefits envisaged from their implementation:

- Improved teamwork, communication, employee motivation and empowerment: Employees must see the results of their practices and that improvements have been made and count. This needs to be encouraged through active and open communication (Dale 2003). As outlined by Axland (1992), the lean make-up of a SME leads to easier communication.

- Increased customer retention and satisfaction: Conventional wisdom has it that satisfied customers = loyal customers = profit or The Service Profit Chain (Heskett et al., 1997).

- Improved profile/reputation, comparable with other TSMEs: Competition is fierce in today's tourism industry and service quality is recognised as a key consideration in many purchasing decisions.

- Encourages feedback and continuous improvement: Creating an organisational culture which is customer focused in which both internal and external customers were engaged and their needs central to decision making was advocated by Oakland (1993). More recently with the shift from measuring satisfaction to measuring and managing customer and employee engagement or Human Sigma (Fleming and Asplund, 2007).

As discussed, quality of service is often considered a key to success. The competitive edge of a business depends on the quality of its goods and services. Given the significant competitive advantages that excellence service offers, it is surprising that few TSMEs were found to be truly committed to a service quality strategy.

3.7.6 Critical success factors of improvement tool implementation/service quality management in TSMEs

The respondents were asked to rank critical success factors (CSF) on a scale of 1 to 5 (1= strongly agree, 2 = disagree, 3 = uncertain, 4 = agree and 5 = strongly disagree). The aim was to determine the CSFs that TSMEs felt to be important. The CSFs used in the study were derived from existing literature of service quality management and business improvement. The mean scores have been calculated and are displayed below:

Question	Mean Score
In our business it is important to achieve customer satisfaction	4.93
Improving business performance is important to the business	4.79
Adherence to service quality procedures is a high priority	4.42
Review and evaluation of policy and procedures is carried out frequently	4.01
Collection of data such as customer/staff feedback for continuous improvement is seen as priority.	4.13
Service quality management requirements is emphasised at staff induction	3.95
Subsequent service quality management training is given to staff	3.93
Managers in the business have enough resources to implement service quality management strategies	3.87

Table 3.9: Mean Critical Success Factor Scores

The findings reveal that achieving customer satisfaction mean=4.93 (94% strongly agree) and improving overall business performance mean=4.79 (81% strongly agree) are the most important CSFs. This highlights that linking tools and techniques to customers and business strategy are the most important factors for the successful implementation. However, only 39% of TSMEs linked the importance of employee training and engagement to the implementation (mean=3.93). Research suggests that management in such organisations can be weak and often involved in 'fire-fighting', paying inadequate attention to softer issues such as leadership, culture change,

employee training and education (Kumar et al., 2009). However, it can be seen that the lowest mean score in Table 3.9 is due to a lack of resources within the business (mean=3.87).

Following the initial descriptive analysis, further inferential analysis was conducted against the CSFs and the grouping variables. This involved the Kruskal–Wallis one-way analysis of variance in order to determine if there were any statistically significant differences between the CSFs and the grouping variables. Therefore, the Kruskal-Wallis is an extension of the Mann–Whitney U test to three or more groups. There were four variables obtained from the first part of the questionnaire, which included: Type of Business, Ownership, Age of Operation and Location. However, the inferential statistical analysis found no statistically significant differences (please see Appendix 2 for the tabulated evidence).

This concludes the analysis of a fundamentally important yet underdeveloped research area: The utilisation and contribution of service quality management/business improvement tools within SMEs in the tourism sector. Accordingly, the following section will summarise and unite the contents of this chapter.

3.8 Chapter Two Summary

Managing business improvement and service quality in the highly competitive and dynamic tourism sector often requires the need to utilise a range of tools, techniques and approaches. Therefore, this chapter has provided an introduction to the tools, techniques and approaches available for managing business improvement and service quality. In particular, it has explored the evolution of methods for measuring service quality whilst considering their use and role within a process of business improvement. In turn, this will be determined by an organisation's ability to deliver service quality, more than any other time in business history. Despite this, limited research has been conducted on the utilisation and contribution of tools and techniques within the tourism sector and in particular within SMEs. Therefore, this chapter has provided an important analysis of business improvement tool implementation and subsequent contributions within a

sample of UK TSMEs. Whilst introducing the different approaches to business improvement, the results of the study revealed that many of the TSMEs lack the knowledge and awareness, and while there are a range of tools, techniques and approaches available, they perceive several key barriers that prevent them from fully engaging. The findings from this study suggest that TSMEs possess different characteristics and face different problems than larger organisations such as, fewer employees, fewer resources and a flatter hierarchy. Conversely, the TSMEs that are engaged in business improvement identify a number of key benefits which include; increases in employee motivation and customer satisfaction, improved reputation and improved levels of communication. Significantly, few TSMEs consider the impacts of business improvement strategies on people in the business and how to motivate, train and ultimately engage employees. Rewarding and recognising staff to increase both their engagement and motivation are vital for successful implementation. Therefore any service quality initiative should have employee's central to the implementation.

Accordingly, therefore, as illustrated in Figure 3.1 at the start of this chapter, critical discussions and findings on the approaches to business improvement have been offered. Recognising the issues facing TSMEs in their quest for service quality management and business improvement, the following chapter begins to analyse the principles and philosophies of Human Sigma. It is therefore necessary to review first the research on the Six Sigma approach to business improvement and in particular within the tourism sector and within SMEs. It is to Six Sigma that this study now turns, leading thereafter to the evolution of Human Sigma.

Chapter Four

Six Sigma

4.0 Introduction

Chapter Three identified that a number of tools, techniques and approaches are available for TSMEs to aid business improvement. Despite this, it is clear that TSMEs perceive several barriers that prevent them from fully engaging in their utilisation. Therefore, the quest for selecting and utilising the appropriate approach to aid business improvement and service quality management is continuous. Hence, the purpose of this thesis is to analyse critically Human Sigma, a potentially useful new approach to managing and measuring service quality. First, however, the principles and philosophies that surround Human Sigma need to be explored. That is, in practice, Human Sigma was developed as a response to the lack of effectiveness of Six Sigma methodology for increasing productivity from people. Therefore, the purpose of this chapter is to analyse the relationship between Six Sigma and Human Sigma. Critically at this stage of the research this chapter moves forward in analysing the principles and philosophies of Human Sigma by analysing its relationship to the Six Sigma approach to business improvement.
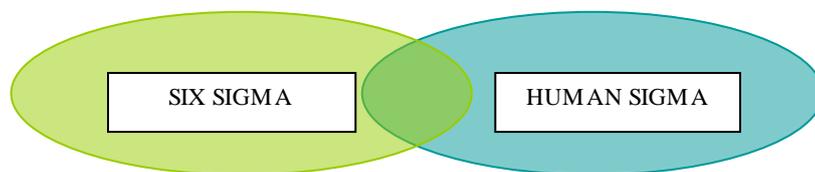
Figure 4.1: Structure of the Chapters

Different business improvement and quality management concepts, including Six Sigma, have been applied by many organisations. Although much important work has been documented regarding Six Sigma, a number of questions remain concerning the applicability of these concepts to various organisations and, in particular, to TSMEs. Hence, the purpose of this chapter is to critically analyse the Six Sigma approach to business improvement. Specifically, the chapter analyses the practice of Six Sigma in service organisations, SMEs and in the tourism industry. This chapter will therefore assist in understanding the background to the development of Human Sigma and its potential applicability to TSMEs. As noted, limited research has been undertaken into the Human Sigma approach and, specifically, between Six Sigma and Human Sigma. Therefore, the purpose of this chapter is to analyse the principles and philosophies that surround Human Sigma through a systematic review of the Six Sigma literature. Furthermore, given the paucity of literature and as part of the data gathering process, a Six Sigma training programme was attended by the researcher. This programme was delivered by Process Management International (PMI), a leading Six Sigma training and consultancy company. First, however, an overview of quality management themes and issues provides the context for this chapter.

4.1 Foundations of Six Sigma

With the increasing prevalence of the quality management environment, the success of organisations relies on good management skills and learning how to solve problems (Ho and Gallaway, 1996). Initially, it was Deming's work that formed the foundation for the quality management movement. Specifically, Deming (1985 and 1986) argues in many of his publications that improvements in quality will result in improved profits, happier customers, increases in productivity, fewer customer complaints and greater market share. Others have shaped quality management in important ways (e.g. Shewhart, 1931; Juran, 1989; Crosby, 1979; Ishikawa, 1985). While Deming is often associated with the concept of Total Quality Management (TQM), he did not use or tolerate this term. He envisioned TQM as continuous, customer-centred quality improvement. In 1989 Deming presented his paper 'Foundation for Western Management'. In so doing, he prescribed a theory of management which encompassed four major concepts

(appreciation of a system, knowledge of variation, theory of knowledge and knowledge of psychology) each supporting and enhancing each other (Deming, 1990). Some of the principles of Six Sigma are advocated by Dr. Deming's philosophy. However, the roots of quality management lie in Taylor's theory of scientific management in 1909-1911. According to Taylor, it was only a matter of matching people to a task and then supervising, rewarding and punishing them in accordance with their performance (Marr, 2006). When analysing the way TSMEs in Chapter Three measure and manage their business today, the human aspect is often ignored. For example, little attention is paid to the employees who create value for the organisation and its customers (Fleming and Asplund, 2007). Taylor suggests that organisations need to look at processes developed to achieve repetitive tasks. This philosophy, as noted by Anjard (1995), overlooked the concept of continuous improvement and focused on the control aspect. Deming believed strongly in the importance of information, developed through what he called statistical process control (SPC), as the basis for quality improvement and management.

1. Create constancy of purpose towards improvement of product and service
2. Adopt the new philosophy. We can no longer live with commonly accepted levels of delay, mistakes and defective workmanship
3. Cease dependence on mass inspection. Instead, require statistical evidence that quality is built in
4. End the practice of awarding business on the basis of price
5. Find problems. It is management's job to work continually on the system
6. Institute modern methods of training on the job
7. Institute modern methods of supervision of production workers, The responsibility of foremen must be changed from numbers to quality
8. Drive out fear, so that everyone may work effectively for the company
9. Break down barriers between departments
10. Eliminate numerical goals, posters and slogans for the workforce asking for new levels of productivity without providing methods
11. Eliminate work standards that prescribe numerical quotas
12. Remove barriers that stand between the hourly worker and their right to pride of workmanship
13. Institute a vigorous programme of education and retraining
14. Create a structure in top management that will push on the above points everyday

Table 4.1: Deming's 14 Points for Management (1986)

He argued that unless an organisation measures and documents what it was doing and how it was doing it, there was no way for management or workers to make the system work better. Deming was unequivocal about the need for leaders to take responsibility for continuous quality improvement. This approach to transforming the way we manage people can be seen in terms of an evolutionary process. To achieve the transformation process and the practice of quality management, Deming introduced fourteen points of management, which provided indicators of change (see Table 4.1 above).

Critics agree that there is a theory of quality management underlying the Deming management method, but this theory is presented in prescriptive form in these fourteen points (Anderson, Rungtusanatham and Schroeder, 1994). Significantly, however, contrasting to Taylor's view, Deming elevated the importance of the line worker, suggesting that front-line employees have critically important information on the quality of products and services, of customer needs and systems problems. He urged organisations to change the way they think about measuring performance as a means of continuously improving products and processes. In his last book, 'The New Economics' (1993), Deming described Profound Knowledge and its relationship to the fourteen points for management. He had first used the system model in 1950 to represent organisations as they really are. Unlike conventional hierarchy diagrams it included customers and suppliers, and a flow of materials and information. 'A system is a network of inter-dependent components which work together to achieve the aim of the system' (Deming, 1993). Thus, he provided a universal framework and foundation for change. As noted, Deming summarised this approach into a four part system for learning, naming it a System of Profound Knowledge (DSPK). Specifically, the 'profound' aspect comes from developing knowledge in all four elements and integrating them into everyday thinking. Therefore, the system provides a solid theoretical framework that lends itself to practical application (Petersen, 1999). Furthermore, DSPK has been proved to be effective in searching for the root cause of system errors, suggesting how it can help organisations and its people to be more 'learningful'; as Deming has said, 'Learning is fun'.

DSPK describes four interrelated elements:

1. *Systems thinking* – With the emphasis on the need to understand the relationships between functions and activities. System-based, optimising across functions.
2. *Variation* – Having knowledge of process capability, control charts, interactions and loss function.
3. *Theory of Knowledge* – Learning focused.
4. *Knowledge of Psychology* – Collaborative approach to people to tap into their natural potential. Differences among people must be used for optimization by leaders.

At the same time, in 1993 Deming refined 'The Shewhart Cycle' in his book The New Economics. This version was titled the PDSA Cycle (Figure 4.2). Containing four steps, it was intended as a flow diagram for learning and improving a product or a process in a circle, the functions plan, do, check/study, act are listed clockwise. The PDSA cycle formed part of the Theory of Knowledge.
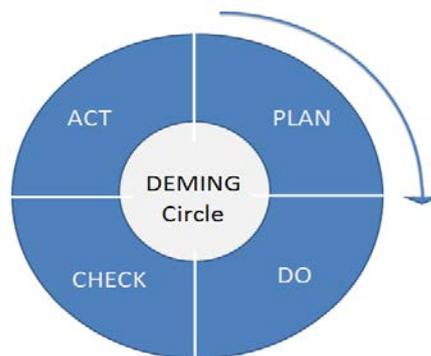
Figure 4.2: Deming PDSA Cycle

However, as the chapter starts to focus on Six Sigma, it is in Six Sigma programs, the PDSA cycle has been developed as the DMAIC cycle, which incorporates the following stages: Define, Measure, Analyse, Improve and Control (DMAIC) and is a systematic, data driven approach to process improvement based on the PDSA cycle (Figure 4.3).

Indeed, it has been observed that most organisations begin implementing Six Sigma using the DMAIC methodology, and is the core tool used to drive Six Sigma projects (Hendry, 2005).

Figure 4.3: Six Sigma DMAIC Cycle

However, a number of commentators, such as Snee (2001) and Mason (2000), tend to explain the features of DMAIC rather than enhancing it. Certainly, further investigations are needed into whether aspects of the model need to be modified for the service sector. For example, Hendry and Nonthaleerak (2005) agree that research to enhance the methodology may be needed. Consequently, as more and more service organisations are implementing Six Sigma, they are realising that the standardized DMAIC approach does not work as compared to their applicability in manufacturing processes (Antony et al., 2007). The applicability of Six Sigma in service organisations is considered later in the chapter. First however, the Six Sigma approach to business improvement will be critically analysed.

4.2 The Six Sigma Approach to Business Improvement

Defining Six Sigma is a complex task. Not only have different meanings been attached to it over time, but also it has been interpreted in different ways and is continuously evolving. Specifically, the term 'Sigma' is often used as a scale for levels of quality (PMI, 2006), whilst is also a statistical term represented by the Greek symbol σ. At the

same time, the figure of six was arrived statistically by looking at the current average maturity of most business enterprises. The approach to Six Sigma as described by PMI (2006) is not tied to a single method or strategy, but it is a systematic, organisation-wide transformation through focused problem solving and process redesign, through innovation and variability reduction. Antony (2004a) considers the strengths and weaknesses of Six Sigma and relates this to statistical thinking, suggesting that it has a strong statistical foundation. The objective of a Six Sigma strategy, as suggested by Antony et al. (2007), is to understand how defects occur in the production process and then to devise process improvements to reduce the occurrence of such defects, the aim ultimately being to improve the overall customer experience. Indeed, Coronado and Antony (2002) suggest that Six Sigma should begin and end with the customer. Arguably, therefore, the term Six Sigma is used both as a philosophy and a goal of performance (PMI, 2006).

As such, Motorola, one of the first organisations to implement Six Sigma, intended to drive comprehensive transformation by choosing a radical target to force step changes. A Six Sigma process will be achieving 3.4 Defects Per Million Opportunities (DPMO) (Linderman et al., 2003); only 3.4 of a million customers should be unsatisfied (Magnusson et al., 2003). A defect in the context of Six Sigma is defined as 'anything that does not meet the customer requirement' (Adams at al., 2003). This worked well for Motorola in electronic new product development and the company decided to publicise the benefits of Six Sigma in quality management. Consequently, in 1988, Motorola received the Malcolm Baldridge National Quality Award, which also led to an increased interest of Six Sigma in other organisations (Pyzdek, 2001). Subsequently, many large scale programmes were launched, mostly dominated by training which applied to problem solving projects (Adams, 2002). At the same time, it was also noted that programmes usually repaid their investment several times and it was deemed the answer to business improvement and success. Thus, Kumar and Gupta (1993) and Dambolena and Rao (1994) view Six Sigma as a quality tool which led to improvements in Motorola quality performance and they propose that any organisation wishing to improve quality should consider Six Sigma. However, it must be noted that by the year 2000, Motorola's market share started to collapse against Nokia and most recently Apple. However, Basu and Wright (2012) comment that, although it can be

successful in multinationals such as Motorola and General Electric, how can it help and support SMEs or the service industry?

Specifically, as noted earlier, there are two major improvement methodologies in Six Sigma, one for already existing processes and one for new processes. In order to support the methodologies there are many different improvement tools used in a Six Sigma programme, ranging from design tools to management tools and from very simple numerical tools to more advanced statistical tools. For example, suggested Six Sigma tools that promote the understanding of processes include brainstorming, tree diagrams, process flowcharts, and cause and effect diagram (Fishbone diagrams) (Pande and Holpp, 2002). Not surprisingly, therefore, the collection of tools available is often labelled the 'Six Sigma Toolbox'.

The deployment of Six Sigma often introduces new job roles and titles, with project leaders being given a martial arts title, such as green or black belt. In some organisations these terms are used as qualification levels rather than as roles. For example, to become a black belt (BB) in Motorola requires a minimum of one year training whilst in General Electric, the length of training is between sixteen to twenty weeks. De Feo (2000), Hoerl et al., (2001) and Hyde (2000) describe the role of black belts as a link to qualification or 'training curriculum'. Further reference to training issues is suggested by Delsanter (1992) and Snee (2000) who focus on providing Six Sigma training to belts. A case study that was considered by Haikonen et al., (2004) explores the role of management in the deployment process. They highlight that the level of management support is positively related to how well they understand the Six Sigma methodology. A number of organisations recorded by Process Management International (PMI) often allocate a number of employees to complete Green Belt training stating that they must have a strong understanding of what the Six Sigma training is all about. However, problems arise when management have a lack of Six Sigma understanding, often providing little support to the employees involved. Few academic and industry research articles that have been identified have considered the impacts of Six Sigma on people in the organisation and how to motivate employees to participate. Not surprisingly, therefore, an extensive literature review on Six Sigma reveals that, whilst practitioners have been publishing papers on the topic since 1991,

academics only began to contribute towards the end of that decade. Consequently, the majority of published work is descriptive with little evidence to support the claims made. Nevertheless, Henderson and Evans (2000) identify the key components of successful Six Sigma implementation as upper management support, organisational infrastructure, training, application of statistical tools and links to human resource based actions such as promotions. However, in a more detailed analysis, Antony and Banuelas (2002) suggest the following key ingredients/critical success factors (CSFs) of a Six Sigma program as summarised in Table 4.2:

- Management involvement and commitment

- Cultural change – change in the attitudes of its employees. Employees have to be motivated and accept responsibility for the quality of their own work. In the study conducted with TSMES (Chapter Two), employee involvement was not seen as priority or a CSF in the utilisation and contribution of business improvement tools.

- Organisation infrastructure in place to support the Six Sigma introduction and development program.

- Training – It is crucial to communicate both the 'why' and the 'how' of Six Sigma and provide the opportunity through training.

- Project management skills – There has to be criteria for the selection and prioritization of projects.

- Understanding the Six Sigma methodology, tools and techniques involved learning the principles behind the Six Sigma methodology DMAIC.

- Linking Six Sigma to business strategy. Six Sigma cannot be treated as standalone. It requires adherence to a whole philosophy (Dale, 2000).

- Linking Six Sigma to the customer. Projects should begin with the determination of customer requirements (Harry and Schroeder, 2000).

- Linking Six Sigma to human resources - Human resources based actions need to be put into effect to promote desired behaviour and results, linking rewards to their bottom strategies.

- Linking Six Sigma to suppliers – You cannot be a Six Sigma company without your suppliers participating in the culture change (Hendricks and Kelbaugh, 1998).

Table 4.2: Critical Success Factors for a Six Sigma Programme

Furthermore, a number of the points raised can be compared with the research conducted with the TSMEs as detailed in Chapter Three. For example, they identified that the critical success factors to successful implementation often linked to business strategy and customer satisfaction. Although Antony and Banuelas (2002) identified the importance of human resource based actions in the successful implementation, this was not seen as priority for the TSMEs. In addition the TSMEs identified the issues resulting in the utilisation of business improvement tools and techniques which can also be related to The Chartered Quality Institute's (CQI) (2009) research on the top ten pitfalls of Six Sigma, which in effect often become the challenges for those implementing Six Sigma and other business improvement tools, techniques and approaches (Table 4.3):

- Where is the money?
- Lack of creativity
- Taking on too many projects at once
- Too much focus on black belt training
- Incurring the cost of Six Sigma consulting
- Reading too many introductory books and listening to too many consultants
- Relating total quality management to Six Sigma
- Undertaking a programme like implementation of Six Sigma
- Undertaking local implementation without corporate strategy and commitment
- Missing the intent of Six Sigma

Table 4.3: Top 10 Pitfalls of Six Sigma (CQI. 2009).

Despite these challenges, Six Sigma, as a widely used approach to quality management and business improvement, has continued to dominate the Continuous Improvement arena and, consequently, has sparked interest within the service sector. Importantly, therefore, the following section now focuses on Six Sigma in service organisations and, in particular, within SMEs.

4.3 Six Sigma in Service Organisations and SMEs

The earliest research focusing on Six Sigma in the services sector was published in 1999 (Hahn et al., 1999). At the same time, Rucker (2000) published the first *Six Sigma in Services* article on Citibank and the banking industry. Critically, it has been noted that services, because they produce intangible products usually with direct customer contact or participation, tend to have processes that are sometimes not very well understood and controlled and tend to develop less quantitatively orientated quality improvement programs (Hensley and Dobie, 2005). Moreover, in many cases, processes within service industries are poorly managed owing to uncontrollable factors or events, such as the emotions of the person who provides the service. For example, in service industries, most decisions often rely on the judgement of a human being; they are made by people driven-processes much more than in manufacturing. In many service organisations, the purpose of introducing a Six Sigma program is to establish and map the key processes that are critical to customer satisfaction (Antony, 2005). Similarly, customer satisfaction was one of the main justifications in TSMEs utilising business improvement tools such as Six Sigma (Study 1, Chapter 3). Furthermore, Hensley and Dobie (2005) suggest that service companies, if they can successfully implement and use Six Sigma methods to make process improvements, should achieve many of the same results as manufacturing companies. Likewise, many quality 'gurus' have argued that the key principles of quality management could also be implemented successfully in the service sector (Deming, 1986; Feigenbaum, 1983; Ishikawa, 1985). According to Antony (2005), service orientated businesses adopting a Six Sigma business strategy could, for example, enjoy the following benefits: improved cross-functional teamwork throughout the entire organisation; transformation of the organisational culture from fire-fighting mode to fire-prevention mode; increased employee morale; reduced number of non-value added steps in critical business processes through systematic elimination, leading to faster delivery of service; reduced cost of poor quality; increased awareness of various problem solving tools and techniques, leading to greater job satisfaction for employees; improved consistency level of service through systematic reduction of variability in processes; and, effective

management decisions due to reliance on data and facts rather than assumptions and gut-feelings.

Whilst considering the benefits, Antony (2007) also suggests that service organisations do not require many of the tools and techniques from the Six Sigma toolbox. Instead, the majority of the process and quality related problems in service organisations can be undertaken using simple problem solving tools, such as process mapping, cause and effect analysis, Pareto analysis, and control charts. However, in practice, some common challenges emerge when applying Six Sigma in the service sector, such as facing data collection issues which is often more difficult to collect in the service setting than in manufacturing. According to Magnusson et al., (2003), within Six Sigma programmes it is difficult to exceed the customer's needs and hence increase the customer satisfaction. Klefsjo et al., (2001) also claim that Six Sigma fails to create conditions to involve everyone. Therefore, the measurement of customer satisfaction in a service environment is more difficult due to the human behavioural interaction associated with the delivery of service. For example, human behavioural characteristics, such as friendliness, often determine the quality of service provided to customers. Therefore, research by Hensley and Dobie (2005) identifies four potential complications encountered when implementing Six Sigma in a service environment:

1. It is generally considered that it is more difficult to gather data in service settings than in manufacturing.
2. Measurements of customer satisfaction may be more difficult in services because the interactions between customer and service provider may create complications.
3. The measure and control phases of Six Sigma may be more difficult to control in services because service sub-processes are harder to quantify and the measurement data is harder to gather.
4. Much of the data in services is collected manually in face-to-face interactions.

It could be argued, therefore, that Six Sigma works most successfully when it is adopted as a management philosophy, not as a quick fix for a particular problem (Hensley and Dobie, 2005). Similarly, Antony (2005) also agrees that the critical success factors (CSFs) include managerial commitment and involvement, the organisations willingness to make cultural changes, patience from management and employees, the development of change agents within the organisation, the incorporation of Six Sigma efforts into the organisations strategic plans and the plans of its customers and suppliers, a well-developed understanding of the tools in Six Sigma and the ability and skills necessary to handle projects (Bane, 2002; Coronado and Antony, 2002).

Despite the widespread adoption and use of Six Sigma both in manufacturing and, to a lesser extent, in services, there is still less documented evidence of its implementation in smaller organisations. Evidence suggests that SMEs are still not convinced that Six Sigma can be effectively implemented as a business development tool relevant to their needs (Antony, 2005). Possible reasons for this lack of enthusiasm include issues such as: it is difficult to dedicate Six Sigma black belts full time to executing projects; unlike in larger organisations, employees often perform many different functions; and, there exists a lack of resources and technical structure (Wessel and Burcher, 2004). Nevertheless, researchers suggest that the successful implementation of Six Sigma in services depends on the firm's ability to apply the underlying concepts of Six Sigma by looking 'past the manufacturing associated labels' (Bane, 2002). A study conducted by Deshmukh and Chavan (2012) reveals that management commitment is most important to Six Sigma implementation in SMEs, yet they accept that quality management culture has largely been ignored or given less importance in the SME sector. Moreover, to some businesses the near perfection of the Six Sigma management system appears to be an impossible ideal, especially for SMEs.

4.4 Six Sigma in the Tourism and Hospitality Industry

McCrossan (2008:1), in her article titled 'Does it fit in Hospitality', argues that experienced tourism and hospitality executives do not need graphs and core cause analysis to know what to do and 'Six Sigma teams can become just another department if not implemented correctly'. Arguably, though, Six Sigma can 'fit in' hospitality, as evidenced by the experiences of Intrawest and Starwood (Hotel Group). In 2001, Starwood Hotels was the first hospitality company to embrace Six Sigma, training 150 employees as black belts and more than 2,700 as green belts in the fundamentals of Six Sigma. Based mostly at the hotels, the specialists are change agents who help create and oversee the development of projects (Starwood Hotels and Resorts). In particular, Starwood record that 'Six Sigma has helped increase the financial performance by improving the quality and consistency of our guest's experiences as well as those of our internal customers'. Furthermore, when Intrawest implemented its Six Sigma program they first requested volunteers. The volunteers were expected to leave the current post for a two year assignment, with no salary change and no bonus tied to the results achieved (McCrossan, 2008:2). In an interview conducted by McCrossan with a Food and Beverage manager at Intrawest explaining how they implement Six Sigma, the manager quotes 'teams at many of our hotels come up with ideas, quantify the change in terms of impact, make the change and track the results'.

Despite the success of Six Sigma in some hospitality organisations, Six Sigma is still tainted with a number of negative perceptions. Indeed, it has been observed that, in an effort to avoid any negative perceptions about Six Sigma, organisations often change the name of the project from Six Sigma to 'Zero Defect Targets'. However, as noted earlier, it is apparent that in the service sector such as the tourism industry, the goal will rarely be achieving technical Six Sigma levels or Zero Defects. It is likely that a large percentage of tourism organisations operate at one or two Sigma quality levels and often getting to three can make a tremendous difference (McCrossan, 2008). For example, research carried out by Yilmaz and Chatterjee (2000) has shown that service processes, such as baggage handling are performing at less than 3.5 Sigma quality level with a defect rate of over 23,000ppm (a failure rate unit of parts per million). Furthermore,

Antony et al., (2013) present some of the fundamental barriers and challenges in the use of Six Sigma as a business improvement approach in the hospitality industry. The key findings indicated that data collection, defining projects and getting group consensus was the most challenging aspects in the context of the hospitality industry. Problems also occurred with time management and resistance to change.

As suggested earlier, in a service-focused environment such as the tourism industry, organisations often find it difficult to identify processes which can be measured (Antony et al., 2007). Within the industry, the use of flow charts and process maps are often uncommon. Much of the data in services is collected in face to face interactions as compared to automatic data collection methods used in manufacturing processes. Moreover, according to Antony et al., (2007) in the service industry, most decisions rely on human judgement, and criteria are less precise. They use the example of changing the machine parameter settings on a particular machine which is quite a different matter to training staff or adjusting work procedures.

It could be argued, therefore, that over a number of years, Six Sigma has become a response to many quality issues, bringing together many tools and methods from the quality improvement movement (Deming, 1986). Although seen by many organisations as a statistically driven tool, Six Sigma is in fact based on the common practices that drive the organisation, rather than the statistical tools (PMI, 2006). Starwood Hotels is an example of such practices. However, issues can occur when management place a greater emphasis on the tools, especially the statistics (Antony et al., 2007) and also the elitism of the belt hierarchy. Therefore, it is evident that organisations can often fall into the efficiency trap if they try to improve performance but use the wrong measures to assess performance, which in turn causes the wrong behaviour, customer dissatisfaction, and high staff turnover (Marr, 2012). Indeed, it has been observed that few research studies that have been acknowledged, consider impacts of Six Sigma on people in the organisation and how to motivate employees to take part.

4.5 Chapter Four Summary

To summarise, Six Sigma is being adopted in both the UK and elsewhere, but in very varying styles. In many organisations, the programme is not even called Six Sigma, but nevertheless contains elements of the methodology. Most of all, Six Sigma is a measure for process improvement and it is a business improvement strategy along with a systematic approach, which helps in financial benefits, productivity, and customer satisfaction (Antony, 2004a). Although Six Sigma provides a framework to achieve improvement in a process, it is not a formula for creative thinking, breakthrough or entrepreneurship, which are essential for organisational excellence (Goh, 2002) and characteristic traits of SMEs. In particular, the Six Sigma approach has not been well received nor has it been extensively utilised within the tourism sector and within SMEs for the reasons discussed in this chapter.

Arguably, therefore, within the service industry and more specifically the tourism sector, organisations are continuously searching for new approaches to managing and measuring business improvement. Indeed, the growth in Six Sigma has been driven, to a large extent, by rising competition and the constant search for continuous improvement and customer satisfaction (Eckes, 2000; Anderson et al., 2008). Often inspired by these improvements, businesses have attempted to apply Six Sigma principles in sales and service settings (Fleming et al., 2005; Godecke and Burcherm, 2004). In essence, Six Sigma programs take their ideas from the Deming philosophy of management, which relies on statistical thinking and statistical process control (SPC) (Hensley and Dobie, 2005). However, although quality improvement methodologies such as Six Sigma have been successful in manufacturing contexts, their contribution to improving service organisations is less certain (Wessel and Burcher, 2004). Consequently, Six Sigma has received considerable attention in the UK service sector, yet many service organisations are yet to be convinced. It is, perhaps, not surprising, therefore, that Human Sigma was developed as a response to the issues raised. Accordingly, therefore, the following chapter will analyse the evolution of Human Sigma and its relationship to Six Sigma.

Chapter Five

Human Sigma

5.0 Introducing Human Sigma

It is clear that some businesses in the tourism sector are continuously seeking to improve service quality through the utilisation of business improvement tools. Therefore, the previous chapter provided a background to the principles and philosophies of Human Sigma by first analysing its predecessor Six Sigma. Moreover, the previous chapter also considered both the benefits and potential barriers associated with the Six Sigma approach to business improvement. Consequently, the discussion revealed that, as a response to the lack of utilisation and effectiveness of Six Sigma in service organisations, a new approach has emerged. Unlike Six Sigma, Human Sigma was developed as a new approach to measure and manage human systems in business. The purpose of this chapter therefore, is to further analyse the principles and philosophies of Human Sigma. According to Fleming and Asplund (2007), the Human Sigma approach has been specifically devised for the service sector and developed by practitioners as a response to the perceived lack of effectiveness of Six Sigma. In other words, Human Sigma purports to be a 'critical avenue' for business performance improvement via the employee-customer encounter in the service sector (Fleming et al., 2005).

As discussed in the introduction to this thesis, numerous different quality management concepts, including Six Sigma, have been applied by many organisations. Although much important research focusing on Six Sigma has been documented, a number of questions remain concerning the applicability of these concepts to various organisations.

Thus, this chapter addresses the applicability dilemma. Ultimately, what are the principles and philosophies of Human Sigma and, in particular, its relationship to the Six Sigma business improvement model? Hence, this chapter will introduce the Human Sigma approach to business improvement, including an evaluation of the similarities and differences between the two concepts. In particular, specific similarities and differences concerning areas such as methodologies, tools and results are considered. Moreover, specific reference is made to the principles and industry practices that have guided Human Sigma. In order to complement the limited literature published on the Human Sigma approach to business improvement, in-depth interviews were conducted with John Fleming, the co-author of Human Sigma, and with a quality director from the Ritz Carlton Hotel Group in order to support the review of the literature. Consequently, the data gathered from these interviews will be referred to as appropriate in the following sections of this chapter. Although a detailed methodology chapter will feature in Chapter Six, the following section provides a brief introduction to this method and phase of the empirical research.

5.1 Interviews – Introduction and Limitations

Based on qualitative methodology, Phase Two utilised secondary research and in-depth interview techniques. There are also limitations for these techniques, but with respect to the purpose of the study, participating interviewees were selected purposively in order to understand further the principles and philosophy of Human Sigma. One of the primary challenges of this research was *uncovering* (the applicability of HS in order to apply within a TSME context) or more specifically - how to apply Human Sigma within a TSME.

Qualitative interview research methods allowed the researcher to get close to the respondents, who were key informants of the principles and practices of Human Sigma. Both interviews were used to gather information and opinions in order to bridge the gap in the literature but also in aiding the process of Human Sigma application and therefore meeting the research objectives. Accomplishing these objectives requires a

comprehensive approach and a qualitative method is preferred when in-depth understanding is desired (Bryman and Bell, 2007).

Semi-structured qualitative interviews were chosen as the primary data collection method for this phase of the research. Bryman and Bell (2007, p.472) stated that 'researchers sometimes employ the term qualitative interview to encapsulate these two types of interview', semi-structured and unstructured. In other words, researchers can add more questions into semi-structured interviews while retaining the conversation. Amongst others, Bryman and Bell (2007) identify this methodology as a highly efficient way to gather rich, empirical data, and gain insights about the phenomena being studied. Careful preparation for data collection before undertaking the fieldwork is crucial in conducting effective interviews (Kumar, 2010), therefore the researcher had analysed all that could be on Human Sigma in order to make full advantage of an interview setting with key respondents. The analysis of qualitative data starts from transcribing records, defining the strategy to use, classifying and codifying the transcripts, making connections amongst assorted classes, and presenting the analysed findings (Shank, 2006). Wholey et al., (2010) described qualitative data analysis as an abstract set of affiliated processes and practices, an interaction between raw data, and its interpretation, organisation procedures, and the emerging findings. Although Gibbs (2008) argued that computer-assisted software application to analyse qualitative data has been recognised as supporting the research analysis process efficiently and systematically, this system was not needed for the purpose of this phase of the research. Instead, the purpose of this phase of the research was to close the gap in the literature whilst uncovering the applicability of Human Sigma. Therefore, it was decided that the whole transcript would be provided and used in this section of the chapter. Likewise, the practices of Human Sigma linking further to its applicability within a real hospitality environment was fully utilised and therefore presented within the chapter.

Specifically, the aim of the interviews was to further understand the application of Human Sigma. Therefore, the discussion points linked specifically to finding out more about the principles and practices of Human Sigma. The main theme of the in-depth interviews was about the implementation of Human Sigma. This sought to explore the

applicability of Human Sigma to quality management and specifically its measurement strategy.

5.2 The Human Sigma Approach to Business Improvement

Arguably, within the service industry in general and the tourism sector in particular, attention needs to be paid to the employees interactions with the organisation's customers or, more succinctly, to the employee-customer encounter. Indeed, in the tourism and hospitality sector, value is created when an employee meets and interacts with a customer (Fleming and Asplund, 2007). However, the service encounter is increasingly being viewed as a highly complex and multidimensional process of interaction between customers and the service providers (Laing and McKee, 2001). In response, the concept of Human Sigma was originally proposed in the July/August 2005 special issue of Harvard Business Review, dedicated to the High-Performance Organisation under the title 'Manage your Human Sigma'. Subsequently, the concept was described in more detail in a follow up book, *Human Sigma: Managing the Employee Customer Encounter*, written by John Fleming and Jim Asplund (2007). Unlike Six Sigma as discussed in the previous chapter, Fleming and Asplund (2007) developed Human Sigma as a way to measure and manage the human systems of business. Unlike other service quality management approaches, Human Sigma offers a holistic approach to managing and measuring the 'quality' of the employee-customer encounter. More specifically, it was established in Chapter Three that many businesses including TSMEs utilise satisfaction metrics to measure employee and customer service quality to improve business performance. However, the evidence suggests that managing and measuring through satisfaction, described as meeting customer expectations, is not enough to drive financial performance and service excellence (Fleming and Asplund, 2007; Torres and Kline, 2006). Consequently, there has been a shift away from satisfaction and proposing a concept that extends well beyond traditional considerations of employee and customer satisfaction is engagement (Fleming and Asplund, 2007).

Engagement is defined by Fleming and Asplund (2007) as an emotional construct, and therefore the measurement and management of the employee-customer encounter must acknowledge and incorporate the critical emotional infrastructure of human behaviour (Human Sigma). However, before the construct of engagement is explored further, it is necessary to review first, in detail, the concept of Human Sigma. As noted, although some businesses including TSMEs succumb to employee and customer satisfaction surveys, they often measure and manage them as separate entities. For example, often these initiatives are owned by different functional areas of the business that operate in isolation e.g. employee measurement programmes are often owned by HR and customer measurement programmes are often owned by marketing or operations (Lovelock and Wirtz, 2011). Hence, this research considers a new approach to measuring and managing the employee-customer encounter holistically. Therefore, unlike other service quality management and measurement tools, the effectiveness of the encounter can be quantified by measuring customer and employee engagement holistically (Fleming and Asplund, 2007).

How does Human Sigma differ from other quality management systems?

My experience is that other tools often don't show the same strong links to business performance and may therefore be the wrong things to look at. Also, this lack of alignment and co-ordination limits an organisations analysis on its customers and employees and obstructs their ability to use this information they collect effectively. (JF)

Human Sigma claims to help businesses assess and improve processes that produce a known and predictable outcome; that is, a highly engaged employee-customer encounter (Fleming and Asplund, 2007). Therefore, Human Sigma assesses both employee and customer engagement levels and the engagement scores are leading indicators of the financial performance that a business hopes to achieve (Fleming and Asplund, 2007). Significantly, John Fleming is also the Principal and Chief for Customer Engagement and Human Sigma at The Gallup Organization. Consequently, Gallup, the global

research-based consultancy specialising in employee and customer management, developed a quantitative mechanism to measure employee and customer engagement.

Can you tell me more about how Human Sigma is used to measure the employee-customer encounter?

Based on scoring sets of specific questions asked to both employees and customers, the Human Sigma Metric or HS of an organization is a calculation of relative employee and customer engagement scores. Gallup identified 12 key questions (the Q survey) that serves as an indicator of an organisation's degree of employee engagement. This instrument asks employees to answer 12 questions to determine whether they fall into the engaged, non-engaged or actively disengaged categories. The items on the Q12 address issues that either strengthen or weaken the emotional connection between an employee and employer. Some of the areas addressed on this instrument include the degree to which employees have the materials they need to do their job and whether expectations placed on them are clear, whether their supervisor takes an interest in them, whether their opinions matter, and whether they are afforded opportunities to learn and grow. Gallup also identified 11 key questions (the CE11) that serves as an indicator of an organisations degree of customer engagement. Taken together, the Q12 and the CE11 form the basis for Human Sigma. For example, in selecting its final questions, Gallup selected questions which are simple and easy to understand. (JF)

Standard Q12 Survey for Employee Engagement

This survey should be completed by the employees. It is recommended that scores above 4.5 would suggest that the employee is highly engaged and is likely to perform very well.

NO	ITEMS	5 "strongly agree"	4	3	2	1 "strongly disagree"
1	I know what is expected of me at work					
2	I have the materials and equipment I need to do my work efficiently					
3	At work I have the opportunity to do what I do best everyday					
4	In the last seven days, I have received recognition or praise for doing good work					
5	My supervisor, or someone at work seems to care about me as a person					
6	There is someone at work who encourages my development					
7	At work, my opinions seem to count					
8	The mission or purpose of my company makes me feel my job is important					
9	My associates or fellow employees are committed to doing quality work					
10	I have a best friend at work					
11	In the last six months, someone at work has talked to me about my progress					
12	This last year, I have had opportunities at work to learn and grow					

Table 5.1: Q12 Survey for Employee Engagement

Standard CE11 Survey for Customer Engagement

The set of 11 customer engagement items are reported below. The questionnaire consists of three attitudinal loyalty items which employ a 5-point scale that ranges from ''extremely'' (5) to ''not at all'' (1):

NO	ITEMS	5 ''extremely''	4	3	2	1 ''not at all''
1	Overall, how satisfied are you with << (**name of business**)?					
2	How likely are you to continue to choose <<?					
3	How likely are you to recommend << to a friend?					

These three attitudinal loyalty items are combined with eight emotional attachment items that also employed a 5-point scale, ranging from ''strongly agree'' (5) to ''strongly disagree'' (1):

NO	ITEMS	5 '' strongly agree''	4	3	2	1 ''strongly disagree''
4	<< is a name I can trust					
5	<< delivers on what they promise					
6	<< treats me fairly					
7	If a problem arises, I can count on << to reach a fair and satisfactory resolution					
8	I feel proud to be a << customer					
9	<< treats me with respect					
10	<< is the perfect company for people like me					
11	I will always remain a loyal customer to <<					

Table 5.2: CE11 Survey for Customer Engagement

Also, what is unique about Human Sigma is the single performance score. The effectiveness of the employee-customer encounter can be quantified by calculating the customer and employee engagement scores into a single performance metric (Human Sigma 1-6). In particular, this could be appealing to managers in terms of utilising a measurement tool that calculates a somewhat complex concept such as engagement to a single number.
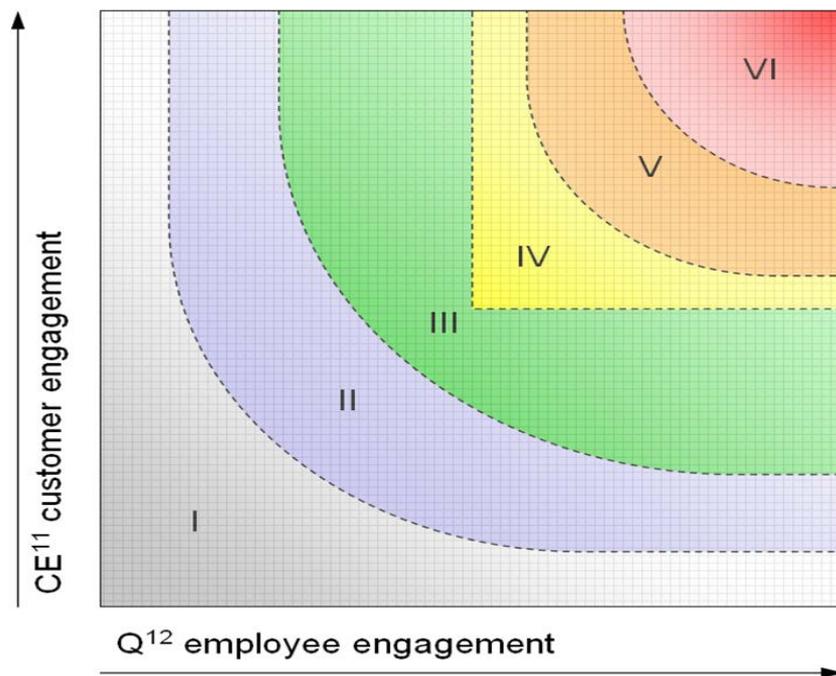
Figure 5.1: Human Sigma Performance Bands 1-6 (Fleming and Asplund, 2007)

Once you have the results, how can a business work to improve it?

Organizations or business units at HS_1 and HS_2 perform significantly below par on employee or customer engagement metrics, and require significant intervention and improvement. This extreme and unbalanced performance on the two metrics is associated with relatively poor financial performance. These two performance bands account for 37 percent of the companies studied. Organizations or business units at HS_3 account for 29 percent of the companies studied and are also frequently out of balance, ranking high on one area but poor on the other.

Organizations at HS$_4$ are classified as emerging optimized performers. They have established balance in the vital signs of the employee-customer encounter, but there are still substantial gains to be made to strengthen these. Organizations at HS$_5$ and HS$_6$ are classified as super performers. Overall, organizations in HS$_4$, HS$_5$ and HS$_6$ are 3.4 times more effective financially than HS$_1$, HS$_2$ and HS$_3$. (JF)

In the interview, John Fleming describes how there are two ways organisations and their people can achieve the upper right box (Human Sigma Bands 5 and 6).

The first is a cyclical or transactional interventions which include activities such as problem solving initiatives that help organisations find ways to do what they already do, but better e.g. action planning, brainstorming, process improvements and Six Sigma initiatives. For example, employees and managers meet regularly to discuss their CE11 scores and choose several items to focus on sustaining or improving. The same process holds for employee engagement.

However, like other tools and techniques, Human Sigma could become increasingly results orientated.

The second is structural or transformational interventions. These focus on how the business is managed, how leadership is formed, and how decisions are made and executed. Structural interventions involve how organisations select employees, identify and promote managers, pay and appraise employees, do succession planning, and recognise and develop employees.

It has been argued that in service organisations, quality improvement must be focused on the selection, training and compensation of employees (Lovelock, 1985; Schlesinger and Heskett, 1991; Schneider et al., 1985, 1995). Ulrich et al., (1991) argue that selection, hiring, appraisal, promotions, and reward practices can be used to increase the shared mind-set among employees and customers, which leads to the organisation attracting customers and being competitive. Therefore, both transactional and transformational activities are essential for sustainable improvement in organisation performance (Fleming and Asplund, 2007).

What else did you learn from the implementation of Human Sigma?

Extensive research has established a strong chain that links the engagement levels of employees and, in turn, with the engagement levels of customers. The analysis studies included 1,926 business units in 10 different companies, including The Ritz Carlton and demonstrated that organisations who adopted Human Sigma management systems have outperformed their peers by 26% in gross margin and 85% in sales growth over a one year period. (JF)

But, what about Human Sigma for SMEs – how big does the size of the sample need to be?

It can be small, as you need to measure at the local level – department or unit for example. (JF)

Furthermore, through Human Sigma, employees and customers can be classified into three engagement categories: engaged, not engaged and actively disengaged.

What about first time customers – can you still apply the customer engagement index?

Yes, it still works because they have bought into the company. (JF)

As noted, Fleming and Asplund (2007) describe engaged employees as loyal and psychologically committed to their job and the organisation. Engaged individuals are two to three times more productive than other employees and are responsible for most of the innovations and creative ideas within an organisation. Actively disengaged individuals are physically present but psychologically absent and these individuals insist upon sharing their unhappiness with others. Organisations have an opportunity to build employee engagement, which in turn builds customer engagement within their business. Customer engagement is a measure of the extent to which customers are committed to a company, organisation, a brand, and/or the employees of that company (Buckingham and Coffman, 1999). Customers who are fully engaged represent an average 23% premium in terms of profitability, revenue, and relationship growth as compared to the average customer (Fleming and Asplund, 2007). Again, the concept of customer engagement will be explored later in the chapter.

What are the best practice principles for managing the employee-customer encounter?

Though the Human Sigma approach may be implemented in various ways the underlying philosophy is the five rules. The five rules suggest a new approach for the employee-customer encounter. It is a model designed to be applied to almost any organisation, but is particular applicable to organisations with a high degree of direct customer contact [as in the tourism industry]. *Human Sigma focuses organisations on accepting human nature and capitalising on it to manage employees, motivate them, accelerate development to ultimately engage the emotions of the customers.*(JF)

Therefore, the contribution of Human Sigma to business improvement is measured across five new rules (Table 5.3) in order to bring excellence to the way employees engage and interact with customers and to ultimately manage the employee-customer encounter:

Rule 1: You cannot measure and manage the employee and customer experiences as separate entities.
Rule 2: Emotion frames the employee-customer encounter.
Rule 3: You must measure and manage the employee-customer encounter at the local level.
Rule 4: Quantify and summarize the effectiveness of the employee-customer encounter through The Human Sigma metric.
Rule 5: Improvement in local Human Sigma performance requires deliberate and active intervention through attention to a combination of transactional and transformational intervention activities.

Table 5.3: The Five New Rules of Human Sigma Management

It could be argued therefore, that Human Sigma is a 'critical avenue' for business performance improvement via the employee/customer encounter (Fleming et al., 2005). As noted, in the service sector in general, and in the tourism sector in particular, value is created when an employee meets and interacts with a customer. Therefore, in order to achieve operational and financial improvements, the employee-customer encounter must be measured and managed (Fleming and Asplund, 2007). Currently, in the tourism sector employers are challenged to find every advantage possible to thrive, grow or

simply stay in business. However, some employers have already restrained hiring and many have downsized their workforce. Certainly, a common theme is for management to value control over quality by scripting employee behaviours when they interact with customers, something that is undoubtedly apparent in the tourism industry. Often, they view employees as mistakes waiting to happen and as costs to be minimised (Lovelock and Wirtz, 2011). For example, the 'Terminator School of Management' is a metaphor for a desire to control human interaction from business (Fleming and Asplund, 2007). Therefore, the principles of Human Sigma focus organisations on accepting human nature and capitalising on it to manage employees, motivate them, and accelerate development to ultimately engage the emotions of the organisations customers. It is business (or perhaps even common sense) that satisfied employees would work more effectively, thus resulting in better performance. At the same time, satisfied and loyal customers are also equally important for an organisation. For example, the better employee service behaviour is perceived, the better is service quality perceived by customers in hotels (Williams, 1999, Hartline and Jones, 1996).

Furthermore, Fleming and Asplund (2007) note that there exist significant variations in customer and employee engagement from organisation to organisation, location to location and from team to team within an organisation. This substantial variability in customer and employee engagement represents a significant threat to the sustainability of the organisation and draws down the financial and operational performance.

How do you manage variability?

The only way to manage that variability and improve local performance is to provide performance feedback at the level where it originated - the local level where employees spend most of their time, where customer interactions occur is where the customer experience is created. (JF)

For example, Fleming and Asplund (2007) suggest that there are four 'lenses' or 'filters' through which customers evaluate organisations:

1. Confidence – is the organisation trustworthy?

2. Trust - can its employees be trusted to do what they say they will do every day?

3. Integrity – does this organisation treat me the way I deserve to be treated?

4. Service Recovery – can I count on the organisation to fix problems quickly?

The next requirement as suggested by the customers is pride; that is, a sense of positive association and identification with the organisation. Any organisation that causes a customer to question his or her own decision making abilities damages that customer's self-esteem (Fleming and Asplund, 2007). Their research suggests that if staff can keep these emotional requirements in mind and strive to fulfil them when interacting with customers, then they will be ideally positioned to build strong, emotionally connected relationships.

Evidently then, managing and measuring the employee-customer encounter interdependently has a greater impact. With Human Sigma, critical links between employee and customer engagement have been identified, demonstrating that organisations which only drive high employee engagement can fail to engage customers. Organisations that focus only on their customers may succeed temporarily, but the results are not sustainable unless employees are also engaged. Consequently, customer engagement and employee engagement interact to promote financial performance. Therefore, frontline employees and customers together need to be the centre of management focus

It has been observed that, unlike Six Sigma, which uses systems efficiency as its measure, Human Sigma assesses human efficiency by quantifying the engagement of both employees and customers of the business. Using the survey questions, businesses can measure and trend employee and customer engagement levels as a way of increasing overall satisfaction and building loyalty to the organisation on both sides of the counter (Buckingham and Coffman, 1999). By focusing on engagement, strong links in the chain for both employees and customers are formed, and leads to Human Sigma.

5.2 Similarities and Differences between Six Sigma and Human Sigma

From the preceding discussion in Chapter Four, it is evident that Six Sigma is a method to improve quality and reduce errors in business processes. Human Sigma, in contrast, reduces variance in key employee and customer outcomes by improving an organisation's human performance and moving it towards excellence. Its goal is to reduce the number of disengaged employees and customers and move them towards engagement with the organisation. Therefore, whilst Six Sigma focuses on materials, methods and measurements to drive improvement, Human Sigma focuses on people to optimise business performance. Overall, then, it may be concluded that the Human Sigma approach to business improvement is potentially more suitable to the tourism industry. Some similarities and differences between Six Sigma and Human Sigma are presented in Table 5.4 on the following page:

Six Sigma	Human Sigma
Solid data and fact based	Employee-customer encounter measured & managed
Formal & disciplined methodology	Holistic approach to measuring
Goal to strive for perfection	Reduce the number of disengaged employees and customers
Elimination of defects/failures Drive out waste	Focus is on human aspects of organisational performance to drive profitability & growth
Improve profitability	Financial performance & growth
Requires top management involvement	Measured & managed locally
Resources & training needed Hierarchy of expertise & a 'belt system'	Transactional & transformational intervention activities
Quantitative measurement of quality, vast range of tools & techniques with a range of metrics	Quantified and summarised in a single performance metric – measures the interaction between employees and customers through employee and customer measurement programmes
Originally designed for the manufacturing sector	Designed for organisations with a high degree of direct customer contact

Table 5.4: The similarities and differences between Six Sigma and Human Sigma

Table Summary:

As is evident in Table 5.4, the correlations between Human Sigma and Six Sigma focus mainly on reducing variability and improving organisational performance to drive profitability and growth. However, unlike Six Sigma, the focus of Human Sigma is on the human aspects of organisational performance to drive profitability and growth. On the one hand, the package of quality tools, the attention to zero defects (Crosby, 1979), and the focus of the problem solving methods of projects are Six Sigma approaches,

which are often less suitable for service and tourism organisations in particular. On the other hand, the attention to employee and customer engagement in which the understanding of and the ability to impact human emotions is the main difference between Human Sigma and Six Sigma, the latter being more process oriented. In contrast, Human Sigma has been designed for organisations with a high degree of direct customer contact with an emphasis on managing and measuring the employee-customer encounter. As discussed in Chapter Four, Six Sigma facilitated the manufacturing industry in controlling the variability in quality output. A similar situation occurs within the service industry with variation of performance quality of the employee-customer encounter, fluctuating from exceptional to seriously flawed (Fleming and Asplund, 2007). As a result, Human Sigma was developed specifically for the service sector that focuses on reducing the variability in service delivery whilst liberating the potential of human systems (Fleming and Asplund, 2007). Fleming, Coffman and Harter (2005) discuss the philosophy of Human Sigma, emphasising the focus on engagement from both sides of the service encounter, employees and customers, given that it goes beyond traditional considerations of employee performance and customer satisfaction.

This section has, therefore, considered the Human Sigma approach to business, revealing the fundamental motives for the development of Human Sigma in recognition of the challenges of implementing Six Sigma in service organisations. Whilst this has enhanced our understanding of the evolution Human Sigma, it is now necessary to critically appraise the *underlying* principles and practices of Human Sigma in more detail.

5.3 The Principles and Practice of Human Sigma

As argued earlier in this thesis, as service quality is critical to customer loyalty and retention, and therefore to higher profits, it becomes increasingly significant to work towards having more engaged employees (Smith, 2007) and customers. Certainly, the evidence suggests that creating engaged employees is a key opportunity for service

organisations to link success to customer engagement. Within the tourism sector in particular, for example, the majority of the business growth comes from its current customer base, so the way that employees deliver the service to the customer sets the stage for future opportunities with that customer. One way to increase customer satisfaction, as well as bottom-line performance, is to have a highly engaged workforce of knowledgeable and skilled employees (Smith, 2007). However, since employees are human, not every employee-customer encounter results in a satisfied customer and, therefore, customer relationships become increasingly important. Seeking methods to increase the engagement rates of employees and customers can have outstanding results: increased retention, increased productivity, increased customer loyalty, and increased profit are all reasons to explore engagement (Buckingham and Coffman, 1999). Lev (2001) suggests that the organisation's human systems should be thought of as one of its main competitive advantages. However, how can an organisation measure this? By measuring customer and employee engagement levels, organisations will be able to better determine the value of their intangible assets. Lev (2001) further argues that employees and customers are assets that need to be accounted for.

5.3.1 Customer Engagement

The first key principal surrounding the Human Sigma concept is customer engagement. Indeed, as suggested earlier, traditional measures of customer satisfaction, such as guest satisfaction surveys, have been criticized for failing to capture the depth of customer responses to service performance. For example, Bowden (2009) seeks to redirect satisfaction research toward an approach that encompasses an understanding of the role of commitment, involvement, and trust in the creation of engaged and loyal customers. At the organisation level, this is evidenced by the continued reliance of organisations on satisfaction metrics to assess customer feedback/responses to their products and services in the belief that high levels of satisfaction may lead to increased customer loyalty, intention to purchase, word of mouth, profit and market share (Heskett et al., 1994). Satisfaction has, for some, become the ubiquitous mantra for corporate success (Chu, 2002). As noted in Chapter One, the most commonly used measurement approach to

assessing customer satisfaction has been the confirmation-disconfirmation of expectations approach, which conceptualises satisfaction as a post consumption, cognitive process (Parasuraman at al., 1988). However, satisfaction measurement has been criticised as failing to measure the depth of customer responses to consumption situations (Giese and Cote, 2000; Oliver at al., 1997) and providing an unreliable predictor of attitudinal loyalty. Despite these criticisms however, it seems that measures of satisfaction continue to be used as key performance and change indicators. Typically, conventional models of customer satisfaction are variations of the disconfirmation of expectation or gap models. This framework assumes that customers have specific expectations about their interactions with service organisations and personnel. As noted in Chapter Two, some models differentiate between perceptions of quality and customer satisfaction and others use various approaches to assess expectations. Therefore, the desired outcome of expectations is getting what one anticipates from a service encounter.

However, some organisations are now realising that engagement is also a more strategic way of looking at customer and stakeholder relationships. As noted earlier, in this emerging approach, engagement refers to the creation of a deeper, more meaningful connection between the organisation and the customer (Fleming and Asplund, 2007), and one that endures over time (Kumar et al., 2010). Similar to Fleming and Asplund (2007), Kumar et al., (2010) suggest that engagement is seen as a way to create customer interaction and participation. In addition, Van Doorn et al., (2010) consider the term 'engagement' to be behavioural in nature and they propose that customer engagement goes beyond transactions, and is specifically defined as a customer's behavioural manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers. However, Kumar et al., (2010) argue that engagement would be incomplete without the inclusion of customer purchases from the firm.

Given that the concept of engagement is still novel and in the development phase, there are differing and conflicting opinions regarding its conceptualisation. For example, Schneider and Bowen (1999) argue for a more sophisticated view of the customer experience beyond mere conformance to functional requirements and an estimate of

overall satisfaction. In their research, they analysed hundreds of customer comments made about organisations that delighted or outraged them. They then classified those comments into groups with similar themes. Based on their analysis, Schneider and Bowen (1999) suggest that extreme expressions of customer delight and outrage can be characterised by whether companies meet or fail to meet a set of emotional requirements. These emotional requirements are organised in a similar manner to Maslow's Hierarchy of Needs (physiological, safety, belonging, esteem and self-actualisation). At the same time, Fleming and Asplund (2007) believe that customers have a hierarchy of needs similar in form to Maslow's. This hierarchy begins with the fulfilment of basic emotional needs and moves through the fulfilment of higher order, aspirational ones. Therefore, the underlying structure of this hierarchy is 'emotional attachment' (Fleming and Asplund, 2007). Accordingly, Fleming and Asplund (2007) propose four levels of customer engagement. The four levels co-incide with the customer engagement items (CE11):

1. Fully engaged customers
2. Engaged customers
3. Not engaged customers
4. Actively disengaged customers.

Ultimately, a customer has a strong need to enhance his/her self-esteem. Unlike Maslow's and Schneider and Bowens' hierarchies, Fleming and Asplund's research, suggests that there are four, key dimensions to a customer's emotional attachment to an organisation:

1. Confidence
2. Integrity
3. Pride
4. Passion

Fleming and Asplund (2007) suggest that passion is the highest level of emotional engagement. Passionate customers cannot imagine a world without the organisation. They suggest that the key is to keep customers and customer engagement at the top of the mind of every employee every day. However, the first study in Chapter Three found that many tourism SMEs do not know exactly what a customer engagement strategy entails, primarily because they do not know how to measure it. Fleming and Asplund (2007) report that most companies do not do a good job of balancing the ways they measure, evaluate, and reward their managers and employees. Most sales representatives, for example, are rewarded when they meet financial goals, not when they generate customer loyalty or high levels of engagement (Marr, 2006, 2012).

Furthermore, Kumar et al., (2010) argue that customers can generate value to the organisation through more ways than only their purchase behaviours and that a more comprehensive assessment is needed. They suggest that customers provide value to the firm through their (a) own transactions; (b) behaviour of referring prospects; (c) encouragement on other customers and individuals to make/or not make initial or additional purchases; and (d) feedback to the firm on ideas for innovation/improvement. The authors present a conceptual model of customer engagement, which is based on multiple behaviours such as word of mouth, blogging, and providing customer ratings.

As already noted, Verhoef et al., (2010) concur, suggesting that customer engagement is considered a behavioural manifestation toward the brand or firm that goes beyond transactions. Not surprisingly, therefore, there is a need for the development of measurement tools that more effectively account for the depth of customers emotional responses to consumption situations. Thus, Bowden (2009) proposes a framework for the process of customer engagement which, like Human Sigma, incorporates the notion of mere satisfaction into a much richer process model of loyalty.

The concepts of engagement have also been explored in the organisational behaviour literature as a means of explaining organisational commitment and organisational citizenship behaviour, and have been utilised as a means of predicting financial performance (Saks, 2006). Within the organisational behaviour literature, engagement has been defined as 'task behaviours that promote connections to work and to others', which are expressed physically, cognitively, and emotionally and which stimulate

personal development and increase employee motivation (Kahn, 1990). Bowden (2009) also notes that employee engagement may act to further increase group morale, cohesion, and rapport via positive psychological contagion processes. Clearly, then, engagement has an important place in contributing to an understanding of service performance and customer outcomes.

Engagement has also been discussed in the advertising literature, where it is suggested that it may be used as a proxy measure of the strength of a company's customer relationship based on the extent to which customers have formed both emotional and rational bonds with a brand (McEwen, 2004). Similar to the opinion of Fleming and Asplund (2007), engagement is therefore argued to include feelings of confidence, integrity, pride, and passion in an organisation. Bowden (2009) expands on this definition of engagement as relating to a combination of rational and emotional bonds by investigating the mechanism by which these bonds might potentially form for new versus repeat purchase customers of a specific service brand. Bowden's model suggests that merely delighting a customer on his or her first visit or even subsequent visit may not be enough to generate long-term affective commitment and loyalty. That is, the loyalty of repeat purchase customers is more effectively maintained through relationship management approaches such as personalised service experiences, rapport with service staff, and recognition.

The issue of engagement and its measurement should, therefore, be considered as a fundamental concern for managers who wish to move beyond the notion of merely satisfying customers. Specifically, Bowden and Dagger (2011) consider the importance of customer satisfaction and have stated that, in order to delight customers, the hospitality industry needs to move beyond merely satisfying customers. But, what is meant by the construct, 'customer delight'?

5.3.2 Customer Delight

Plutchik (1980) originally proposed the customer delight construct in a study in which he identified eight emotions that could interact in various combinations to derive a number of second order emotions. Customer delight was found to be the result of

interaction between joy and surprise. While customer satisfaction is widely viewed as the result of meeting expectations, most existing studies indicate that customer delight requires that the customer receives a positive surprise beyond his/her expectations (Arnold et al., 2005; Oliver, Rust and Varki, 1997; Rust and Oliver, 2000). As with customer engagement, customer delight resides in Oliver's (1980) expectancy disconfirmation paradigm, as discussed in Chapter One, which suggests that individuals compare their actual experiences with their expectations. Therefore, disconfirmation can be associated with various levels of unexpectedness, spawning a surprise disconfirmation (Oliver et al., 1997).

Schneider and Bowen (1999) suggest that a service consists of an exchange relationship, that is, a psychological construct to have needs gratified in exchange for money, time, and effort. They suggest that the challenge for service firms is to gratify and perhaps delight customers, while avoiding the perception that they do not respect customer needs. Schneider and Bowen (1999) describe customer delight simply as exceeding customer expectations. That is, a customer's expectations are positively disconfirmed, which activates an aroused state. The customer experiences this pleasant state as the emotion of delight. However, achieving customer delight by exceeding customer expectations is a difficult management task. Evidence indicates that satisfying customers is not enough to retain them because even satisfied customers defect at a high rate (Fleming and Asplund, 2007). The scales that researchers commonly use to measure satisfaction do not translate linearly into outcomes such as loyalty in terms of purchases. Like Fleming and Asplund, Schneider and Bowen suggest that focusing on customer delight and outrage – emotions more intense than satisfaction or dissatisfaction – may lead to a better understanding of the dynamics of customer emotions and their effect on customer behaviour and loyalty.

However, affective approaches, such as delight have been criticised for increasing customer's expectations (Santos and Boote, 2003). Research has yet to determine whether delight is more effective in the initial attraction of new customers than in the retention of existing customers, due to its short term and transient nature. Chandler (1989) describes customer delight as a reaction extended by the customer when they receive a service that not only satisfies but also provides an unexpected value or

unanticipated satisfaction. It is about how a service provider handles the customer's needs of security, justice and self-esteem (Schneider and Bowen, 1999).

As noted, they propose that customer delight and outrage in service business originates with the three basic needs: security, justice, and self-esteem. These coincide with the Human Sigma Dimensions of engagement:

- Security: the need to feel unthreatened by physical or economic harm
- Justice: the need to be fairly treated
- Self-esteem: the need to maintain and enhance one's self-image.

Certainly, the evidence suggests that a simple meeting or exceeding of customer expectations model is not sufficient for emotionally charged customers. Therefore, it may be concluded that traditional service quality and satisfaction research is outdated.

Crotts and Magnini (2011) recognise the difficulty in delighting loyal customers that engage in regular transactions with the service provider. Kumar, Olshavsky and King (2001) argue that customer delight does not require a surprise component. In their research, they adopted Plutchik's (1980) research design, providing subjects with numerous positive emotions to choose from during the experiment. At the same time, Torres and Kline (2006) in their research demonstrated how customer delight was correlated to outcomes such as positive word of mouth and repurchase intent. Crotts and Magnini (2011) also provide evidence that customer delight is a valid and measurable construct that has a strong association with guest loyalty as measured by willingness to recommend and repeat purchase. The data clearly indicated that the addition of a surprise component is more robustly correlated to loyalty. They thus pose the question: is it possible to provide an element of positive surprise each time a customer visits? They suggest that in a tourism context where encounters are typically infrequent the answer is yes, and is evidenced by the commitment made by benchmark organisations in the tourism industry to service quality (Crotts, Dickinson and Ford, 2005).

What is important to consider, and as noted in Chapter One, is that customer needs change over time. Therefore, organisations need to engage customers based on their individual needs, which can be difficult to achieve. Many organisations in the tourism sector develop rigid scripts for frontline service employees, often based on past buyer

behaviour. A more effective approach as described by Fleming and Asplund (2007) is to help service employees understand what approaches have worked with customers before, while giving them the flexibility to listen to, and meet, a customer's current needs. Meeting the customer's needs is therefore the outcome.

Having established that Human Sigma focuses on engagement from both sides of the service encounter and goes beyond traditional considerations of employee performance and customer satisfaction, the following section now turns to the employee engagement construct.

5.3.3 Employee Engagement

A key underlying principal surrounding the Human Sigma concept is employee engagement.

> Engaged employees want their organisation to succeed because they feel
> connected emotionally, socially and even spiritually to its mission, vision
> and purpose. (Fleming and Asplund, 2007: 160)

Indeed, some have suggested that the principal prerequisite to achieving business success is to create a good environment, well trained staff, with good morale and incentives to offer the best service possible (Wiley, Brooks and Lundby, 2006). Traditionally, Buchanan and Gillies' (1990) basic customer loyalty model included customer satisfaction, customer loyalty, and high sales and profit margins. To this model, Schlesinger and Heskett (1991) and Lovelock (1992) (added employee loyalty and developed the idea of the three Cycles: Cycle of Success, Cycle of Mediocrity and Cycle of Failure. The prominent feature of the Cycles became the link between the employees and the customers. Schlesinger and Heskett proposed that investing in employees gives them the ability (through training and development opportunities) and empowerment to provide superior customer service.

In contrast, Williams and Buswell (2003) note how cultural change is one of the hardest areas for organisations to achieve. Kandampully (2003) agrees, suggesting that managers find it difficult to 'let the power out' and empower frontline staff. Williams and Buswell (2003) explain how the essence of employee engagement is the flexibility and self-judgement required of many front-line staff in tourism organisations. Nevertheless, it could be suggested here that seasonal staff working in the tourism sector find it difficult to be motivated with such concepts. Often with limited training and a minimum wage culture, frontline employees limit their levels of responsibility and engagement with the organisation and the customer. Thus, Harrington and Lenehan (1998) describe internal marketing's role as the requirement to market to staff their role in providing service for the customer within a supportive organisational environment. Similarly, Gronroos (1994) argues that without active and continuous internal marketing efforts, service quality will suffer. 'Internal marketing' includes both an attitude management aspect and a communications management aspect' (Gronroos, 1990). Gronroos (1994) advocates that internal marketing techniques offer an umbrella which makes the development of personnel a strategic issue.

At the same time, according to Fisher, Schoenfeldt, and Shaw (2006), a number of aspects are required by organisations to be competitive, including physical resources, financial resources, marketing capability and human resource. However, the factor most likely to provide potential competitive advantage is human resources and how these resources are managed (Endres, 2008). The authors emphasise that employee engagement is a complex subject with many related issues, from employee trust to employee development, for example, therefore, yielding a concept that extends well beyond traditional considerations of employee 'satisfaction'– a concept Fleming and Asplund (2007) refer to as employee *engagement*. They define engagement as the individual's involvement and satisfaction with, as well as enthusiasm for work. At the same time, Fernandez (2007) states that employee satisfaction is not the same as employee engagement and, since managers cannot rely on employee satisfaction to help retain the best and brightest, employee engagement becomes a critical concept. By definition, engagement includes the involvement and enthusiasm of employees and the emotional attachment of customers (Harter, Asplund and Fleming, 2004). Similarly,

Harter, Schmidt, and Hayes (2002:269) define employee engagement as 'the individual's involvement and satisfaction with as well as enthusiasm for work'. However, a problem exists with the term employee engagement. Endres (2008) critique Harter et al's., (2004) research on employee engagement, suggesting that not enough emphasis has been put on defining and validating the construct of employee engagement. Because of this lack of construct definition, subsequent users interpret the construct in different ways. For example, Lucey, Bateman and Hines (2005:12) interpret their engagement index as measuring 'how each individual employee connects with his or her company and how each individual connects with their customers'.

Not surprisingly, therefore, Little and Little (2006) describe the following four problems with the construct of employee engagement:

1. The definitions are not clear as to whether engagement is an attitude or behaviour.
2. The definitions are not clear as to whether engagement is an individual or a group level phenomenon.
3. The definitions do not make clear the relationship between engagement and other well-known and accepted constructs.
4. There are measurement issues that obscure the true meaning of the construct.

As noted earlier in this chapter, employee engagement as described by Fleming and Asplund (2007) has shown to have a statistical relationship with productivity, profitability, employee retention, safety and customer engagement – Human Sigma. Engaged employees, as suggested by Fleming and Asplund, work with passion and feel a profound connection to their company. In contrast to this are actively disengaged employees who are putting time but neither energy nor passion into their work. For organisations, the difference between an energized and disengaged workforce can mean success or failure (Fleming and Asplund, 2007). However, like customer engagement, employee engagement has a number of challenges in its path to achieve highly engaged employees. For example, often routine and duty jobs which are typical in the tourism sector have difficulty leaving a deep impression. Therefore, in order to measure and manage predictors of employee engagement, Lockwood (2005) suggests using a

combination of tools including internal surveys, focus groups, and detailed gap analysis by location and department. Lockwood also suggests that there are many pathways to foster engagement, with no one kit that fits all organisations. Ultimately, the key to effective engagement will be rooted in the flexibility of approach most appropriate for each individual firm (Lockwood, 2005). Furthermore, as noted earlier, leadership does play a very important role in employee engagement (Endres, 2008). For example, an empowering leader tends to enhance and drive the meaningfulness of the employee's job role and contributions.

Research has clearly and consistently proven the direct link between employee engagement, customer satisfaction and revenue growth (Prahalad and Ramaswamy, 2000). For example, research has shown that engaged employees are more productive employees. The research also proves that engaged employees are more profitable, more customer focused, safer, and are more likely to withstand temptations to leave. As noted, many commentators, including Heskett et al., (1994), have long suspected the connection between an employee's level of engagement and the level and quality of their performance. However, the Service Profit Chain could only go so far in explaining the relationship between employee and customer metrics in driving financial performance. Therefore, Fleming and Asplund (2007) became convinced that there was a more complicated relationship between customer and employee engagement.

Indeed, it has been observed that Fleming and Asplund (2007) developed the 12 item survey instrument Q12, which was designed to measure engagement levels of a given group of employees. Specifically, employee engagement is measured by the quality of four key predictors:

1. How can we grow?
2. Do I belong?
3. What do I give?
4. What do I get?

In contrast, The Great Place to Work Institute (GPTWI) produces '100 best places to work' each year. According to them, a 'great' workplace is measured by the quality of three interconnected that exist there:

1. The relationship between employees and management
2. The relationship between employees and their jobs/company
3. The relationship between employees and other employees

Notably, evidence abounds demonstrating the importance of employee engagement to the success of modern organisations. For example, The Harvard Business Review described how Sears (a large retailer) hypothesised that better employee engagement would lead to better customer engagement, leading to more sales, revenue and profits (The Sears Employee-Customer-Profit Chain). Sears was able to use employee engagement data as a leading indicator of financial performance. Moreover, following the recent MacLeod report (2009) titled 'Engaging for Success'. David MacLoed, commissioned by the Department of Business, Innovation and Skills, claims that 'the lessons that flow from the evidence can and should shape the way leaders and managers in both the public and private sectors think about the people who work for them'. The report contains numerous examples from successful companies which provide evidence that engaging staff brings rewards. The Merlin Entertainments group is an example of 'engaging for success', placing engagement as a key strategic priority with not only its customers but also its employees.

Furthermore, following the publication of Engaging for Success, the government has accepted the following recommendations made by David MacLeod:

Define a clear and compelling goal – (research for the Department of Business, Innovation and Skills found that only 17% of the 47 employees surveyed in the hospitality and leisure sector felt their management had clearly communicated the business objectives)

Get personal – helping staff to connect to their role, involve employees and commit to regular communication.

Analyse your behaviour – identify areas in which you could change to better engage your people. As noted in Chapter One, tourism and hospitality organisations have long resisted high turnover rates and the ability to engage employees.

Avoid micromanagement – give your people more autonomy in the way they operate, be visible and supportive and do not assume understanding. And lastly, always recognise success.

Similarly, according to Gibbons (2006), the top drivers of employee engagement are:

- Trust and integrity
- Nature of the job
- The connection between individual and company performance
- Career growth opportunities
- Pride about the company
- Team members
- Employee development
- Personal relationship with one's manager

Gibbons concluded that emotional drivers, such as one's relationship with one's manager and pride in one's work, had four times greater impact on work effort than did the rational drivers, such as pay and benefits. However, employee engagement is a condition that is reported by a minority of employees. Towers Perrin (2005) similarly found that employee engagement has been associated with a number of important organisational outcomes, many of which are directly related to talent management – such as recruitment, retention and employee turnover (Hughes and Rog, 2008). Despite these benefits, it is questionable to what extent these ideas are actually being practiced in the tourism industry.

Therefore, measuring engagement plays a major part in the industry as a monitoring and evaluation of service delivery quality. It is apparent, that in its present format, the measurement tools and techniques do not always address the needs of the internal customer. How to maximise employee engagement and performance is an issue on the

minds of many employers and managers. In our information driven society, the planning, control and improvement of quality becomes more complex and demanding (Karapetrovic and Wilborn, 2001). For example it is apparent from the research that instead of the sole emphasis being on the customer needs and expectations, all stakeholders are now concerned, including employees. Such developments, including the shift away from satisfaction, continue to challenge the industry. However, Mohr and Bitner (1995) state how the interaction between an organisations employees and its customers as key to its very survival.

5.3.4 The Service Profit Chain

A further underlying principle associated with Human Sigma is The Service Profit Chain. As discussed, Heskett et al., (1994) have long suspected the connection between an employee's level of engagement and the level and quality of their performance.

Human Sigma has strong links with The Service Profit Chain
(Extract from John Fleming Interview)

What are the main ways that Human Sigma differs from The Service Profit Chain?

The Linear Service Profit Chain Model could only go so far in explaining the relationship between employee and customer metrics in driving financial performance. We became convinced that there was a more complicated relationship between customer and employee engagement. Human Sigma like The Service Profit Chain, the focus is on customers and frontline staff. Helping managers quantify their investments in people and then integrate those measures into a comprehensive service picture. (JF)

Heskett et al., (1997: 11) define The Service Profit Chain (SPC) as 'involving direct and strong relationships between profit, growth, customer loyalty, customer satisfaction, the value of goods and service delivered to customers, and employee capability,

satisfaction, loyalty and productivity'. They recommend the SPC as a framework for constructing a strategic organisational vision, and suggest that, provided SPC concepts are carefully interpreted and adapted to an organisations specific situation, they are capable of delivering remarkable results. A noted in Chapter One, the SPC is based on themes which have prevailed in the TQM literature for almost half a century, as well as in the most recent service management literature (James, 2013). Many of the TQM 'gurus' claim that process ownership will lead to employee satisfaction which in turn results in higher levels of both quality, productivity and business performance (see, for example, Deming, 1985, Ishikawa, 1985).

In concurrence with the SPC, linkage research involves integrating and correlating data collected from employees with data in other organisational databases. The purpose of linkage research is to identify those elements of the work environment as described by employees that correlate, or link, to critically important organisational outcomes such as customer satisfaction and business performance (Wiley, 1996:330). Links between employee and customer satisfaction have also repeatedly been made in the service literature, early contributions including: the Marriott Hotel chain and Carlzon (1987), who promoted the role of empowerment in driving customer satisfaction. Like Human Sigma, Heskett et al., (1997) capture the relationship between employees and customers labelling the connection as the 'satisfaction mirror', which vividly conveys the notion that business success results from employee satisfaction being 'reflected' in terms of customer satisfaction, with the main difference turning to engagement. However, both the SPC and Human Sigma claim that staff frustrations lead to high turnover, poor rewards and poor customer service, thereby leading to a Cycle of Failure (Schlesinger and Heskett, 1991).

In contrast, the empirical support for the SPC is fragmented. Several studies involving empirical analysis of some of the links in the chain have been undertaken. For example, Schneider and Bowen (1985, 1993) provide documented evidence of the relationship between employee and customer satisfaction. Like Human Sigma, the empirical support for The SPC is limited. Nevertheless, Michelli (2008) provides documented evidence of the implementation of Human Sigma in Ritz-Carlton (RC) Hotels. In this study a solid correlation was established between guest engagement scores and financial outcomes.

By contrast, Wiley's (1991) study of the satisfaction mirror effect found positive correlations between measures of employee perceptions and customer satisfaction; however each of these measures were negatively correlated with financial performance.

Furthermore, Rust et al., (1995) examine the links between service quality, customer satisfaction and loyalty, and profitability, providing a methodology for measuring the profit impact of quality improvements. Rucci et al., (1998) attempted to apply the entire SPC in one organisation, the major US retailer Sears, who describe what they call 'the employee-customer-profit chain'. They demonstrate how this model was used to implement a major turnaround strategy. The employee-customer profit chain is much simpler than Heskett et al.'s and, therefore, does not and was not meant to test their conceptualisation. Furthermore, similar to Human Sigma, the documented evidence which Heskett et al. themselves present to support their conceptual framework is limited and many of the links in the chain have no empirical support. Silvestro and Cross (2000) argued that the SPC is too simplistic a model to fully understand the drivers of business success. Prichard and Silvestro (2005) suggest that there is a danger that the SPC could constrain thinking about performance linkages, since it is based on the assumptions about the specific alignment of the variables. In this sense, they describe the SPC as a 'managerial strait jacket' which perpetuates certain assumptions about performance relationships which may, or may not, obtain in individual organisations and particular service contexts.

Taking the perspective of an organisation's attempt to create or enhance employee commitment to customer satisfaction, Peccei and Rosenthal (1997) argue that a 'somewhat patchy treatment' has been given in the relevant literatures in relation to the nature, antecedents and consequences of internal organisational factors that create customer service focus. They suggest that the internal factors necessary for employees to become more likely to engage in customer service behaviours are primarily a non-calculative phenomenon, driven more by affective, normative and altruistic concerns rather than traditional HR practices which often focus on control, structure, bureaucracy and hierarchy (Solnet, 2006).

Like Human Sigma, internal service quality serves the foundation of the model. Heskett et al., (1994) referred internal service quality to the quality of the work environment that contributes to employee satisfaction, which has also been known as 'quality of work life' (Lau, 2000). Lau's study showed that service organisations that emphasised quality of work life for their employees tended to have better sales growth. What is apparent from the above is that research has demonstrated that organisations in which employee perceptions are favourable enjoy superior business performance. The Service Profit Chain of business performance and improvement has identified customer satisfaction as a critical intervening variable in this relationship, although traditional satisfaction research is outdated. To date, one of the largest studies of employee perceptions and business unit performance is a meta-analysis of 7,939 work units in 36 organisations, conducted by Harter, Schmidt, and Hayes (2002). The authors found small but significant correlations between business unit productivity and profitability, and a composite of items they call employee engagement. In summary, the empirical evidence provides a broad measure of support for the employee-customer link in the SPC. Moreover, from a practical perspective, there is some implementation problems related to the conventional SPC. Consequently, all these studies provide valuable insights into the relationship between different aspects of service performance and ultimately the development of Human Sigma.

5.3.5 The New Gold Standards – Best practice principles from The Ritz Carlton

As previously noted, Michelli (2008) provides some documented evidence of the implementation of Human Sigma in Ritz-Carlton (RC) Hotels. Specifically, during the interview with John Fleming it was revealed that *The principles of Human Sigma are based on these standards.* The New Gold Standards delivered by Michelli (2008), an organisational consultant, includes five leadership principles for creating a legendary customer experience:

Principle 1 – Define and Refine (Communicating core identity and culture)

Principle 2 – Empower through trust (Select- Do not Hire, Trust)

Principle 3 – It's not about you (Build a business focussed on others, support front line empathy)

Principle 4 – Deliver Wow! (The ultimate guest experience, turn WOW into action)

Principle 5 – Leave a lasting footprint (Aspire, Achieve, Teach, Sustainability and Stewardship)

Michelli (2008) suggests that the success of the Ritz-Carlton is largely dependent on a highly engaged workforce, creating a highly engaged customer base. The Ritz-Carlton leadership objectively examine and improve engagement in both these sectors of the business. To assess the engagement of staff, Ritz-Carlton administers the Q^{12} tool (Employee Engagement Metric). The data led to a renewed effort to increase the engagement of professionals and staff. Examples of engagement at the Ritz-Carlton include: 'By asking our Ladies and Gentlemen (employees and customers) how they perceive our efforts to create an environment where they can grow and make a purposeful difference, we can make adjustments in the work environment that help our people drive our key business objectives' (Michelli, 2008). Ritz-Carlton leaders have executed action plans that have been developed at the department (local) level for each of the companies properties (including making employee engagement part of management performances rewards and prioritizing staff engagement as a key business factor). The Q^{12} scores of engagement have continued to show steady improvement (Michelli, 2008). Accordingly, in Ritz-Carlton properties where employee engagement improves, the hotels revPAR (revenue per available room) increases at a rate higher than in hotels that did not show Q^{12} improvement (Michelli, 2008).

It is apparent therefore, that the Ritz-Carlton, as well as other tourism businesses and SMEs, have a rich tradition of measuring customer satisfaction (a measure of the thoughts a customer has towards the business offering). Consistent with their quest for excellence, The Ritz-Carlton listened to the purported advantages of measuring customer engagement (a metric of the emotional connection and perceived fit held by a customer toward a business, and overall customer loyalty). The Ritz-Carlton further

adopted the CE[11] customer engagement metric – the measurement for customer engagement intuitively fits a business that is committed to offering the guest an emotional experience and long term loyalty (Fleming and Asplund, 2007). In 2003, the Ritz-Carlton agreed to conduct a pilot test and the results identified that the organisation has further increased revenues through attention to CE, a stronger metric than customer satisfaction.

At the Ritz-Carlton, CE[11] is well understood and valued by management; however time has been taken to help front line staff understand what customer engagement means, how it is measured, and the relationship between the results of CE metrics and the overall viability of the business (Michelli, 2008). Specifically, Human Sigma identifies the importance of measuring and managing locally, whereas the Ritz-Carlton localises to ensure that information is readily available to all employees.

As suggested by Michelli (2008) and agreed by Marr (2012), customer engagement measurement has to go beyond an infrequent exercise of data collection. To truly build life-long customers, receive recognition for service and quality, enhance customer spending patterns, and produce customer evangelism, businesses must place the information they receive from customers directly in the view of leadership and the front line. The open-communication policies and involvement of the employees in the planning of their work and decision making drive employee engagement and reflect sound business sense. It's about both customers and employees.

> 'An engaged workforce personally invests in success and business growth, while creating an engaged clientele'. (Michelli, 2008: 44)

5.3.6 Human Sigma Practices: The Case of the Ritz Carlton

During the interview with John Fleming, when asked for an example of an organisation that is implementing Human Sigma, he suggested the Ritz-Carlton. Consequently, contact was then made with the Quality Director for Ritz Carlton Hotels to further discuss the practices of Human Sigma, in particular within the tourism and hospitality sector. The outcomes of this interview are reported below:

When were you first introduced to Human Sigma?

I first was introduced to it in 2004 when I moved to the Ritz-Carlton corporate office from the field. We had just begun rolling out Customer Engagement at our hotels and Gallup was educating us on the whole Human Sigma concept to understand exactly how much further we could take our hotels. (RC)

How did you implement the Human Sigma model in to your organisation?

We started with Customer Engagement. Gallup was already handling our customer surveys, but not our employee surveys, so we started with a quarterly measure of Customer Engagement in 2004. By 2006, we changed our primary metric of evaluating our performance with customers to Full Engagement rather than OSAT, and in 2007 Gallup started handling our employee surveys to give us the full Human Sigma measurement. (RC)

How is it benefiting the company?

At The Ritz-Carlton the quality leader consistently drives knowledge of CE at property level and department level, which is both a communication and resource advantage. The Ritz-Carlton uses the monthly customer survey to energize staff and highlights hotels in need of additional attention. (RC)

The Ritz-Carlton aims to hire staff of the highest calibre. However, role fit is only part of the equation, the other being employee engagement. Employee engagement first came to the company's attention because of its correlation to performance measures that have profit consequences (Michelli, 2008). The Ritz-Carlton had conducted employee satisfaction measurements for many years because they understood the crucial role that employees play in guest satisfaction. Nevertheless, as there is a large difference between engagement and satisfaction, The RC began to use the Human Sigma employee engagement metric in 2007 (Michelli, 2008 and Robinson, 2008).

The Ritz-Carlton stresses the importance of measuring the engagement of their staff and strategically addressing ways to maximise the motivation and passion of their people. We understand that employee engagement is a necessary condition for sustained customer loyalty. (RC)

As a result, high employee engagement scores indicated an engaged workforce and, thus, a more engaging atmosphere for customers. Research illustrated that where Ritz-Carlton's employees were more engaged, so too were the guests. Consequently, the Ritz-Carlton stopped managing customer and employee quality processes separately, and began to manage and measure both factors holistically in order to achieve Human Sigma. Presently, senior leaders at the RC incorporate Human Sigma targets into their corporate strategy and subsequent action plans. Essentially, they want employee and customer engagement goals to have the same importance as goals in other functional areas such as sales, marketing and finance (Michelli, 2008).

With reference to the interview conducted with the Director of Quality Assurance: *Human Sigma provided quantifiable measurements to validate the approach that happy employees make happy guests, and happy guests spend more money.* (RC)

The Director went on to reveal that:

It enabled us to determine when employee engagement was a root cause of both strong and weak performance on customer engagement and gave us the ability to predict the movement of hotels on customer engagement based on their performance in employee engagement. It also gave very concrete ways to attack weaknesses in employee engagement and tools to help improve them. (RC)

Is the Human Sigma model applicable to quality management in the hospitality industry?

Absolutely. When your guests are basically purchasing interactions with your employees, it is crucial to understand the impact of how your employees feel and how your guests feel impact the level of loyalty to your brand. (RC)

How does Human Sigma differ from other quality management systems?

The understanding of and the ability to impact human emotions is the main difference between other management systems, which seem to be more process oriented. We find value in both sides, ensuring that the processes are in place to support the employees working there, but also monitoring the health of the employees' engagement level to drive customer engagement levels. No other management system that we have investigated has provided so many tools to create the correct platform for delivering exceptional customer service. (RC)

Hence, The Ritz-Carlton has demonstrated that the understanding of and the ability to impact upon human emotions is the main difference between Human Sigma and other quality management systems, which are often more process oriented like Six Sigma. Ultimately, RC found value in all aspects of the employee-customer encounter, and intervened appropriately to ensure that processes were in place to not only support the employees working there, but also to monitor employees' engagement levels, which , in turn, influences customer engagement levels and thus contributes to the bottom line.

5.4 Chapter Five Summary

This chapter has revealed and analysed the underpinning principles and industry practices of Human Sigma. Notably, this could not have been accomplished in full without the interviews conducted with the author of Human Sigma (Principles) and the Quality Director for Ritz Carlton (Practices). Recognising that traditional service quality and satisfaction research is outdated, this chapter has revealed critical links between employee and customer engagement. Hence, this research integrated a broader theoretical framework to suggest Human Sigma has a fundamental interrelationship with Social Identification. The task now is to empirically apply and test the Human Sigma instrument for the contemporary service economy, that is, within a tourism SME. Therefore, the following chapter of this study begins by outlining the research methodology and subsequent empirical findings. First, a quick summary of the research objectives achieved are listed below:

The research objectives achieved so far:

• Identified the extent of the utilisation and contribution of contemporary business improvement/quality management tools within tourism SMEs.

• Analysed the principles and practices of Human Sigma and its relationship to Six Sigma.

• And finally, critiqued the philosophy and principles of Human Sigma including, but not limited to employee and customer engagement, and also, the employee-customer encounter.

Chapter Six

Research Methodology

6.0 Introduction

In order to achieve the objectives established at the start of this thesis, the previous chapters have evolved from an exploratory and empirical analysis of the issues related to quality management within the tourism sector to a consideration of the utilisation and contribution of business improvement tools within tourism SMEs. Specifically, the research journey continued with an in-depth investigation of the principles and practices of Human Sigma, including its relationship to Six Sigma. Fundamentally, this investigation has influenced both the research structure and content of the previous chapters. Therefore, the objective of this chapter is to justify the choice of research design whilst considering the research objectives, research sample, data collection techniques, and data analysis. Consequently, the chapter concludes with a framework for carrying out the final stage of the research which is the application of Human Sigma.

6.1 Aim of the study

As noted in Chapter One, the overall aim of this thesis is to appraise critically the philosophy of the Human Sigma concepts of business improvement as applied to the service industry and to apply Human Sigma in a single service context: a UK tourism SME, thereby, enabling a critical evaluation of the model in a specific operational context and the identification of potential adaptations to Human Sigma if required. Hence, the research discussed in this thesis provides a unique contribution to the advancement of knowledge and understanding of quality management in the tourism industry. Thus, the empirical work for this thesis has been designed to gain insight into the management challenges of how to measure and manage the employee-customer encounter, consequently, it falls under the heading of applied research (Easterby-Smith and Lowe., 1991). In practice, Cresswell (2007) highlights the significance of illustrating the research approach as an effective strategy to strengthen the validity of

the research. Furthermore, Guba and Lincoln (1994) suggest that the issue of the research technique is of secondary importance, as the research philosophy implemented contains important suppositions about the way in which the world is viewed. Thus, the following sections of this chapter will consider the research philosophy, design and techniques.

6.2 In Search of a Paradigm for Mixed Methods

Firstly, the confidence provided by understanding different philosophical positions provides the researcher with the power to argue for different research approaches and to choose a specific sphere of activity (Dobson, 2002). At the same time, the importance of defining the philosophical position from which the research derives is emphasised by Locke and Golden-Biddle (1997). The term 'under-labouring' is taken from Locke as 'clearing the ground a little, removing some of the rubbish that lies in the way of knowledge'. Giarelli and Chambliss (1988), on the other hand, organise their definition of philosophy around the goals of clarity (logical accuracy and focus), context (the building and understanding of the entire situation under investigation), and consciousness (a grasping of the problem and the need for problem-solving action). According to Creswell (1994), paradigms in the human and social sciences help us to understand phenomena. He suggests that different paradigms are 'incommensurable'; the data are interpreted differently by those working in different paradigms. Furthermore, Gummesson's (1991) definition of a paradigm suggests it as a world view, representing people's value judgments, norms, standards, frames of reference, perspectives, ideologies, myths and theories. A basic ideology as described by Carson and Coviello (1996) is that, if research is to be considered valid, it must be scientific and carried out with a discipline and rigour which emphasises objectivity and validity, and shows clear cause and effect. Parallel to this, there has been a steady but slowly accelerating change in the research methodologies of management research (Hill and McGowan, 1999).

As Hill and McGowan (1999) suggest, traditional research approaches have been grounded in predominately positivistic/quantitative methodologies. These are disciplines with a historical and evolutionary attachment to positivist, single reality philosophical orientations (Johnson and Duberley, 2004). Moreover, Carson and Caviello (1996) note the strong predominance of positivistic methods, the single most popular being the survey. In contrast, the other paradigm in question here is the qualitative paradigm, described by some as the constructivist approach (Lincoln and Guba, 1985), the interpretivist approach (Smith, 1989) or the post-modern paradigm (Carson and Coviello, 1996). Not surprisingly, therefore, the qualitative paradigm is based on several assumptions. Furthermore, Dobson (2002) refers to this as an ontological issue as Cresswell (2009) uses the term worldview, in other words how do people view their world, what do they see as reality? Eisner (1991) suggests that it is important for researchers to recognise the individuality, personality and attributes of the individual involved in the research process. However, Hill and McGowan (1999) state that many researchers from both the qualitative and quantitative traditions pay little attention to such philosophical issues. For example, Strauss and Corbin (1990) suggest that some researchers come from disciplines, such as anthropology, or have philosophical orientations, such as phenomenology, that traditionally make use of qualitative methods. In addition, they consider how qualitative methods can be used to obtain the intricate details about phenomena which are often more difficult to extract or learn about through quantitative research methods. For example, Gill and Johnson (1997) argue that research approaches such as ethnography have arisen out of a critique of positivism's tendency to reduce human action.

The other philosophical issue to consider is the epistemological nature of the researcher and the subjects. Guba and Lincoln (1994) give the example of 'How can we be sure that what we know is what we know?' Epistemology provides a philosophical grounding for establishing what kinds of knowledge are possible (Blaikie, 2007). Despite this, they suggest that another way of thinking about epistemology is in terms of the relationship between researchers and the 'things' of which they wish to have knowledge. However, epistemological issues are questioned by Bryman (2004) as to whether the social world can and should be studied according to the same ideology as the natural sciences. These are assumptions about the grounds of knowledge, as noted

by Burrell and Morgan (1979), about how one might begin to understand the world and communicate this as knowledge. For example, epistemological assumptions raise the issue of whether knowledge is something that can be acquired or something which has to be personally experienced. As noted, the position that affirms the importance of imitating the natural sciences is often associated with an epistemological position known as positivism (Bryman and Bell, 2007). Positivism may be applied to the social world on the assumption that 'the social world can be studied in the same way as the natural world, that there is a method for studying the social world that is value free, and that explanations of a causal nature can be provided' (Mertens, 2005:8). The positivist and post positivist traditions as described by Denzin and Lincoln (2003) 'linger like long shadows over the qualitative research project'. Historically, qualitative research was defined within the positivist paradigm; however Strauss and Corbin (1990), two advocates of the grounded theory approach, made some modifications. For example, it is a qualitative method that uses a systematic set of procedures to develop an inductively derived grounded theory about a phenomenon (Carson and Coviello, 1996). As outlined by Strauss and Corbin (1990), the grounded research approach enables the researcher to begin with an area of study and allows the relevance to emerge. Creativity is a vital component of grounded theory (Carson and Coviello, 1996), forcing the researcher to break through traditional assumptions and make new order. Knowledge and experience are competences which are implicit in Glasser and Strauss's (1967) research. Moreover, using the grounded theory approach also requires the researcher to be sceptical regarding the data (Bryman and Bell, 2007).

Lee (1991) makes a rational distinction between the interpretive and positivist approaches to research. He suggests that the interpretive approach requires that 'the social scientist must collect facts and data describing not only the purely objective, observable aspects of human behaviour, but also the subjective meaning this behaviour has for the human subjects themselves'. Lee observes that 'the positivist approach makes the claim that its methods, the methods of natural science, are the only true scientific ones, while the interpretive approach makes the counterclaim that the study of people and their institutions calls for methods that are altogether foreign to those of natural science'. Thus, the positivist and interpretive approaches would appear to be in opposition'. Not surprisingly, therefore, Bryman (2004) suggests that the study of the

social world requires a different logic, one that reflects the distinctiveness of humans. Similarly, Kuhn (1970), cited in Carson and Caviello (1996:56), states that 'what a man sees depends upon what he looks at and also upon what his previous visual-conceptual experience has taught him to see'. This description and its variance from science is described by Eisner (1985) who made an evaluation of the differences between artistic and scientific approaches to qualitative research, suggesting that the criteria for an artistic approach involves methodological pluralism; 'knowledge conveyed by successful evocation of experience in question' (affect and cognition combined). Eisner argues that the ultimate aim is the 'creation of meaning and generation of understanding; statements seek to alter extant perceptions about the world'. However, positivistic criteria described by Hill and McGowan (1999), such as reliability and objectivity, are suggested as inappropriate for evaluating research generated through the qualitative paradigm. Bryman and Bell (2007) and Guba and Lincoln (1994) offer the alternative criteria of credibility and transferability as the key way of authenticating the outcomes of qualitative research.

Indeed, it has been observed that hermeneutics is a general methodology for interpretation (Gummesson, 2003), and that interpretation appears in all types of research, although it is often most perceived to be typical of qualitative approaches. For example, Hughes and Sharrock (1997:100) comment on the definition of interpretive understanding in the social sciences, suggesting how human action can be studied in greater depth than a natural scientist could ever penetrate into the nature of the unresponsive world. It could be argued therefore, that because the positivist and the interpretivist paradigms rest on different assumptions about the nature of the world, they require different instruments and procedures to find the type of data desired. Epistemologically, interpretivism is anti-positivist in nature and given that the social ontology of interpretivism is highly subjective, epistemology is likewise highly relativistic and exclusive to the actors directly involved in the social activities (Burrell and Morgan, 1979). For example, knowledge and understanding can only be obtained by having the same frame of reference as the actor; consequently, such knowledge is distinctly subjective to the actor's reality (Burrell and Morgan, 1979). Methodologically, the interpretivist takes an ideographic approach to the study of society. As opposed to a nomothetic approach to a methodology, interpretivism requires

a more detailed and thorough analysis of the social situation. An ideographic approach requires first-hand knowledge and a complete analysis of the subjective accounts of the actors or situation (Burrell and Morgan, 1979). Accordingly, Trauth (2001) discusses the important factors in selecting research approaches and concludes that the most important factor may well be the research problem: 'what one wants to learn suggests how one should go about it'.

Furthermore, realism shares two features with positivism, the first being that the natural and social sciences can and should apply the same kinds of approach to the collection of data, and there is an external reality that is separate from our description of it (Bryman, 2004). The first observation critical realism would make is that it cannot concentrate solely on a single level investigation of the society, group or individual (Dobson, 2002). The view of the critical realist believes that the methods of the sciences can be carefully/critically extended to the study of the social sciences (Layder, 1993). For the realist, the inability to create experimental closure requires that the primary aim of the research must be explanatory, rather than prediction or falsification (Dobson, 2002). Dobson also considers that the predictive use of theory and theory testing is limited within the critical realist approach because of the inability to create closure in social situations. For example, consistency is a major aim of realist research, connections between ontology, methodology and practical theory being the most important (Layder, 1993). Its recognition of a transitive and intransitive dimension to reality, (Dobson, 2002) provides a useful basis for bridging the dualism between subjective and objective views of reality. Bhaskar's (1991) philosophy of critical or transcendental realism suggests that philosophy plays an integral role in the social situations involved in research and practice and encourages the adoption of multiple perspectives and that researchers need to reflect upon their philosophical stance.

Accordingly, Creswell (2003) suggests that while some paradigms may appear to lead a researcher to favour qualitative or quantitative approaches, in effect no one paradigm actually prescribes or prohibits the use of either methodological approach. However, this may not sit comfortably with researchers who are strongly aligned with a particular approach to research. Subsequently, paradigms which overtly recommend mixed method approaches allow the question to determine the data collection and analysis

methods applied, collecting both quantitative and qualitative data and integrating the data at different stages of inquiry (Creswell, 2003).

As discussed in this chapter, the use of the term 'paradigm' is reserved for the philosophical intent or underlying theoretical framework and motivation of the researcher with regard to the research. Gummesson (2003) describes the ideal researcher as an Indiana Jones hunting hidden treasures and a Sherlock Holmes solving a mystery. He suggests that researchers should not be bureaucrats and administrators of regulated research rituals but instead should evaluate the research on its own terms and not on the terms of the mainstream quantitative research. Whether research is labelled qualitative or quantitative is immaterial. There is no genuine conflict; we should use whatever tools are best suited to assist us (Gummesson, 2003). This suggests that it is the paradigm and research question which should determine which research data collection and analysis methods will be most appropriate for a study (Creswell, 2003). All good research can be understood, both quantitative and qualitative research can be systematic and scientific. Below is an illustration of the research edifice as advocated by Gummesson (Figure 6.1):
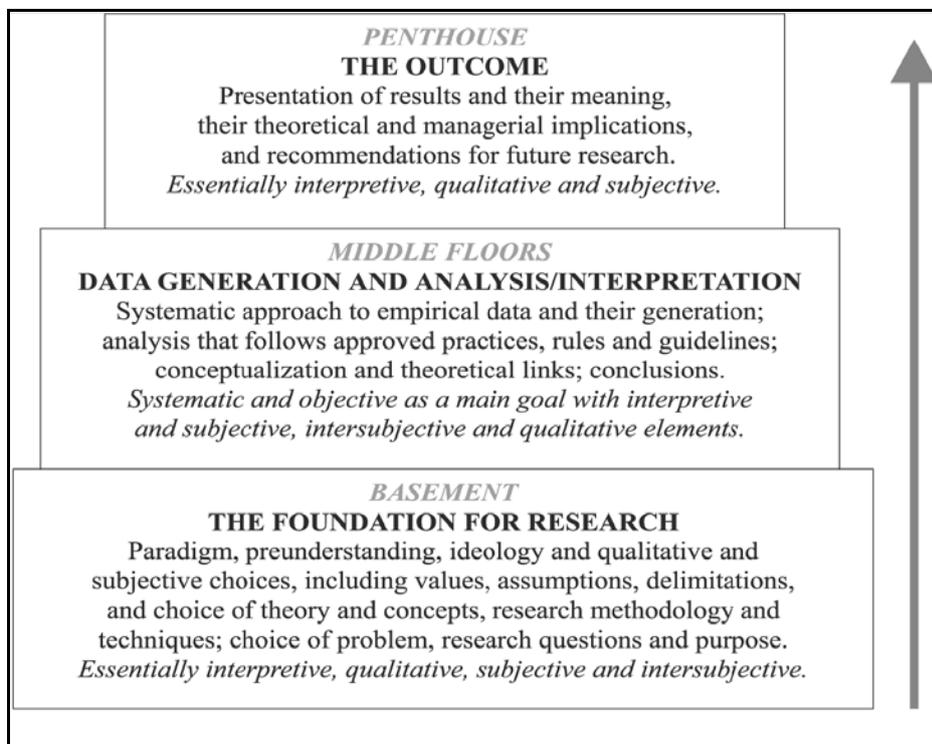
Figure 6.1: An Illustration of the Research Edifice (Gummesson, 2003)

In summary, Gummesson (2003) concludes that whether research is labelled qualitative or quantitative, there is no genuine conflict and researchers should be prepared to utilise whatever tools are best suited to assist the research.

6.2.1 Paradigm for Mixed Method

Whilst acknowledging that multiple philosophical approaches exist as identified in various academic literatures, a paradigm is required for this research that limits neither the range of topics, nor the methods that can be used to conduct the research, and that can accommodate the mixing of qualitative and quantitative methods. A candidate for such a paradigm as described, by Hall (2012), is the realist perspective used in the evaluation field by Pawson and Tilly (1997), Julnes et al., (1998) and extended to other areas by Sayer (2000). As noted, whilst realism is an ontological position usually associated with positivism and post positivism it is not confined to these positions (Hall, 2012). Furthermore, Julnes et al., (1998) developed what they label a 'scientific realist' approach to evaluation in which mixed methods play a prominent role in the conduct of evaluation. At the same time, Julnes et al., (1998) developed an 'emergent realist' paradigm for evaluation in which they argue that the objectives of their approach will be best served by a combination of qualitative and quantitative methods. Finally, as noted, Sayer uses Bhaskar's (1975) approach of 'critical realism' to develop a paradigm for social science. Therefore, this approach according to Sayer is compatible with a wide range of research methods including both qualitative and quantitative. In summary, Hall (2012) concludes that these approaches have in common a version of realism that recognises the complexity of social phenomena by enabling a role of values and interpretive meaning while at the same time accepting explanation as a legitimate goal of social research.

6.3 Research Design

Research designs are generally described as blueprints that connect researchers to research philosophies, strategies and methods for collecting and analysing empirical data. Consequently, the research design comprises the skills, assumptions, and practices that the researcher employs as he or she 'moves paradigm to the empirical world' (Denzin & Lincoln, 2003:22). Furthermore, Saunders et al., (2009) suggest that research design is the general plan of how you will go about answering your research questions. For example, they identify that survey methodology can be defined as research that seeks to gather data, culminating in an analysis of a population or sample attitudes, beliefs and opinions, in order to better understand how individuals perceive an organisation or an individual. Furthermore, Creswell (2003) defines mixed methods research as a research design (or methodology) in which the researcher collects, analyses, and mixes (integrates or connects) both quantitative and qualitative data in a single study or a multiphase program of inquiry. Consequently, as revealed below, this study adopts a research design that embraces a specific range of compatible and complimentary techniques through a progressive and sequential manner.

6.3.1 Initial Data Search

It has been observed by Kelle (1997) that previous knowledge is a crucial prerequisite to gaining an understanding about an area, in the case of this thesis and as identified in Chapter One, this is the importance of managing service quality but at the same time the challenges that arise with it. Therefore, the launch of a new approach to managing and measuring the employee-customer encounter (Human Sigma) in order to improve service quality was the starting point. It was the introduction of this new approach including the importance and continuous challenges of service quality management (particularly within TSMEs) which determined the data search. Accordingly, Bryman and Bell (2007) suggest that literature can be obtained from many sources and it is recommended that several resources are investigated. Therefore, the first stage of the research reviewed numerous secondary theoretical and academic literatures, and also organisational websites, surrounding service quality themes and issues including

Human Sigma. It soon became apparent at this stage of the study, that limited research had been conducted not only into Human Sigma, but into the utilisation and contribution of business improvement tools within tourism SMEs more generally. Therefore, in order to gain an understanding of this important area of service quality management, and to fully achieve the initial research objective (this was recognised as an important building block for the remainder of the research), as detailed in Chapter Three, primary data was also collected and analysed with respect to the utilisation and contribution of service quality management tools and techniques within tourism SMEs. Furthermore, this research design was also used in following sections of the initial research. For example, due to the limited published research on Human Sigma and in order to critique its principles and philosophies, two semi-structured interviews were conducted during the initial data search (as noted in Chapter Five). Consequently, the initial stages of the research were not solely reliant on secondary data sources, both qualitative and quantitative research techniques being employed as part of the research design. The use of the two different techniques is validated by a number of writers including Easterby-Smith et al., (1991) and Veal (1992), who suggest that the two approaches complement each other. Gill and Johnson (1991) concur, referring to this strategy as 'methodological pluralism'. In particular, some of the characteristics which have been attributed to quantitative techniques are considered advantages when compared against qualitative techniques. For example, quantitative techniques provide an opportunity to collect data from large samples, as in the first study in this thesis. Thus, it appears that both qualitative and quantitative methods are valuable for particular stages and that both methods can be employed in isolation or together (Bryman and Bell, 2007).

6.4 Research Methods

Therefore, the principle methods used for this thesis were an integration of questionnaires, semi-structured interviews and on-site survey questionnaires in the selected case study/operational environment. Specifically, Figure 6.2 displays the integrated nature of the research methods:
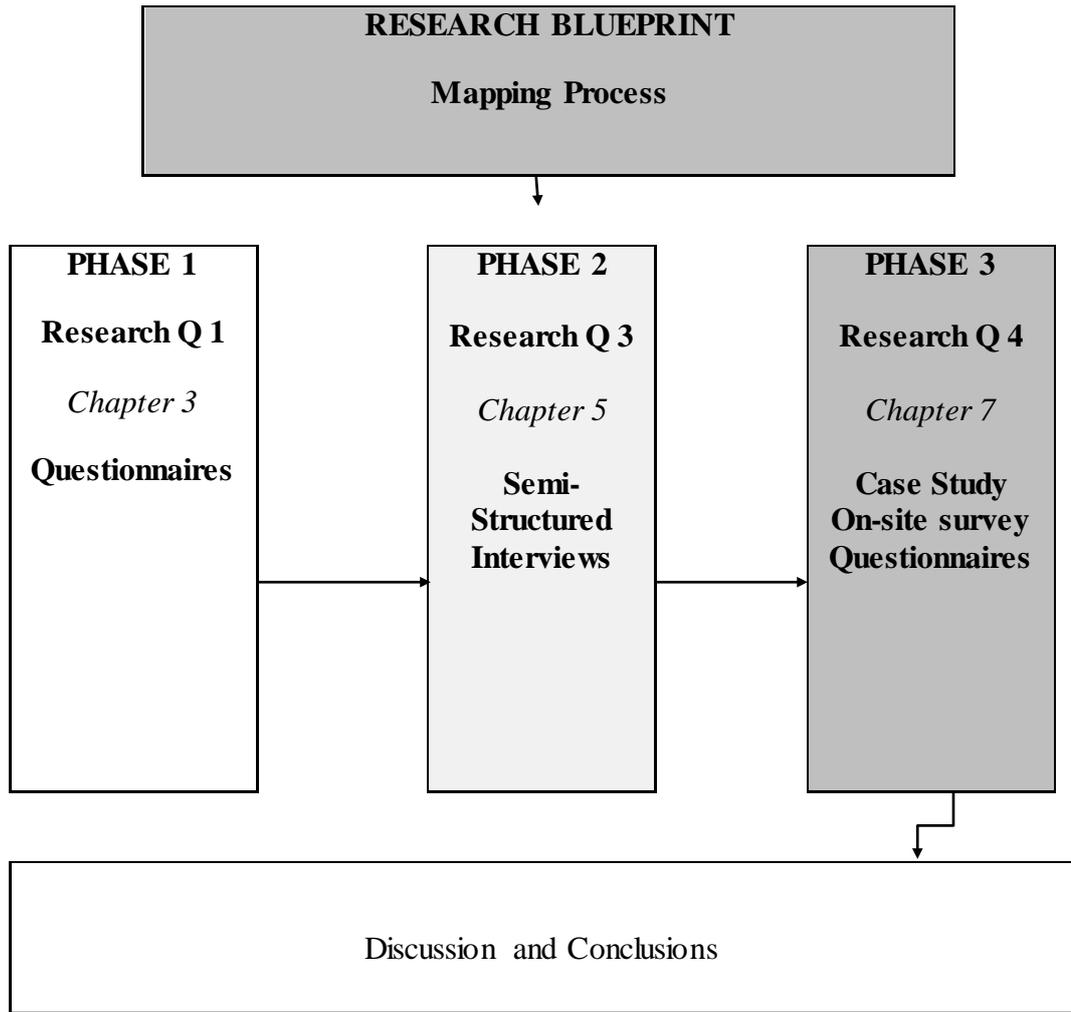
Figure 6.2: Integrated Structure of the Research Methods

According to Johnson and Turner (2003), in what they refer to as the fundamental principle of mixed research, researchers should collect multiple data using different strategies, approaches, and methods in such a way that the resulting mixture or combination is likely to result in complementary strengths and non-overlapping weaknesses. Sells et al., (1995) also advocate this potential superiority of integrative qualitative and quantitative research methods and suggest that they build upon each other and offer information that neither one alone could provide. Therefore, the integrative nature of a mixed method approach was utilised in this study in order to address different aspects of the research aim. Ultimately, the design of the empirical methods comprised three progressive and sequential stages. As noted, the first stage was

a questionnaire that sought to illuminate findings on the utilisation and contribution of service quality management tools and techniques in tourism SMEs. The second stage comprised interviews, firstly with the co-author of Human Sigma and, secondly, with the quality director of The Ritz Carlton Hotels. The purpose of this was to complement and add to the limited literature on Human Sigma in order to better understand its principles and practices. Building on these results, the third stage will comprise the application of Human Sigma in a single case study/operational setting. The following sections describe in detail the progressive nature of the research design and methods utilised.

6.5 Research Collaboration, Access and Confidentiality

Phase 1

As outlined and analysed in Chapter Three, in order to collect data effectively, a survey questionnaire was developed and distributed to provide a baseline of practices employed by tourism SMEs in the sub-region (North West England). The questionnaire with open and closed items was mailed to tourism SMEs, selected from the Lancashire Chamber of Commerce database, the purpose being to ascertain the extent of service quality improvement tools utilized, and their familiarity with service quality more generally, including its benefits and the common barriers to its implementation. The postal survey targeted the manager/owner of the SMEs. A covering letter detailed the purpose of the questionnaire and provided assurance of respondents' anonymity, and a pre-posted envelope was also provided in order to encourage responses (Appendix One). Subsequently, recognising Veal's (1992) seven potential factors that cause low response rates, a mail shot was distributed as a reminder to complete the questionnaire. It was therefore acknowledged that the administration would have to be well-designed and rigorously controlled to ensure a fair response rate would be achieved.

As noted, the survey was used as an initial instrument to supplement the limited data available on the use of quality improvement tools in tourism SMEs. The survey questionnaire is the main channel through which the data is obtained from respondents and transferred to researchers in conclusive-research projects employing personal

interviews and mail surveys (Bryman and Bell, 2007). The design of the questionnaire to be used as a data collection instrument in the survey is crucial. As Parasuraman (1991:34) states, 'constructing questionnaires is not an easy undertaking. Devoting adequate time and effort to questionnaire design is therefore a must. The quality and the ultimate usefulness of data to be gathered through a survey are vitally dependent on how good the questionnaire is'. Furthermore, Churchill (1995) cited in Bryman and Bell (2007) illustrates the procedure for developing a questionnaire. As noted in the display of empirical data in Chapter three, the following stages were employed:

- Specify what information will be sought – the utilisation and contribution of service quality management tools within TSMEs.

- Determine the type of questionnaire and method of administration – self-administered, via post with a covering letter and pre-paid envelope.

- Determine content of individual questions – utilisation, contribution, barriers and critical success factors including organisation characteristics.

- Determine form of response to each question – open, closed and likert style questions.

- Determine wording of each question – user friendly and suitable for business owner/managers.

- Determine sequence of questions – opportunities to develop responses

- Pre-test questionnaire and revise if necessary – pilot test with business owner.

For the complete questionnaire, please refer to Appendix One.

Phase 2

As noted and detailed in Chapter Five, an interview was undertaken with the co-author of Human Sigma, Dr John Fleming. A meeting with him was arranged in the Gallup Headquarters in New York (1251 Avenue of the Americas, Suite 2350) on 25th February 2011. The interview was fundamental to generating further information about the Human Sigma concept and its inherent principles and, as such, made a contribution to

knowledge and understanding of Human Sigma. Personal interviews permit flexibility in the questioning process, whilst additional advantages included:

- Greater control over the interviewing situation – the interviewer ensures the respondent answers certain questions before they are asked about subsequent questions

- The interview allowed for the wording of the questions (to clarify terms that are unclear, to control the order in which questions are presented).

- To probe for additional information and detail – this was vital for the research study.

Subsequently, in order to discuss an organisation's experience of the implementation of Human Sigma within a tourism/hospitality service setting, a telephone interview was conducted with the Quality Assurance Director at The Ritz Carlton on the 15th June 2011. Given that the interviewee at this time was in Washington D.C., a telephone interview was most appropriate, being both convenient and cost effective. However, telephone interviews often produce less information as respondents may feel less comfortable about sharing information in this way.

Overall, then, conducting semi-structured interviews allowed a set of key questions to act as a foundation, but gave a degree of flexibility to both parties (Bryman and Bell, 2007). Moreover, any supplementary questions deemed necessary afterwards were asked via electronic mail. Semi-structured interviews are methods that seek to understand key informants in complex social and cultural situations (Hay, 2000). More importantly, semi-structured interviews allow flexibility to change the wording and sequence of questions once the interview has been initiated (Hay, 2000; Kitchin and Tate, 2000). Consequently, the interviewer has much greater freedom to explore specific avenues of enquiry, and logical gaps within data can be anticipated and closed (Kitchin and Tate, 2000). Indeed, new lines of enquiry that emerged out of the interview process were pursued, and interviews often evolved into conversations, which points to Kvale's (1996) claim that interviews often transpire as co-authored accounts. Thus, it was within this context and flexibility that the interviews were conducted. Indeed, each subsequent interview, as outlined earlier, allowed a grounding of key issues and themes to emerge.

These key themes and issues have been discussed and outlined in Chapter Five. Critically, however, the interview responses also provided the foundation for the final stages of the integrated research design, that is, the application of Human Sigma in a Tourism SME. Subsequently, the next section outlines Phase 3 of the research design.

Phase 3- The case study

'The representative case seeks to explore a case that exemplifies an everyday situation or form of organisation'

(Bryman and Bell, 2007:64)

Therefore, the case was not random, but reflects the selection of a specific case to extend the theory to a broad range of organisations and in particular tourism SMEs. Thus, the thesis is now concerned with the application of Human Sigma.

Case study = Tourism SME = a single service organisation

The aim of this phase is to explore empirically the implementation of Human Sigma within a tourism SME, using a rigorous case study approach. This research method is consistent with the philosophy of inducting theory using a case study (Eisenhardt, 1989). Furthermore, case study research was chosen given the need to gather in-depth and rich data on the implementation of Human Sigma. For example, Eisenhardt (1989) proposes that this research approach is especially appropriate in new topic areas. Indeed, it has been observed that some of the best known studies in business management research are based on this kind of design (Bryman and Bell, 2007). In particular, Knights and McCabe (1997) suggest that the case study provides a vehicle through which several methods can be combined, thereby avoiding too great a reliance on one single approach. At the same time, in this approach, theory or models are developed throughout the empirical study in a grounded approach (Glasser and Strauss, 1967). Furthermore, the case study is a research strategy which focuses on understanding the dynamics present within single settings. Exploratory research is appropriate here, as very little is known in the academic literature about Human Sigma (Bryman and Bell,

2007), and enables a critical evaluation of the concept in a specific operational context and the discovery of potential adaptations to Human Sigma if required.

Indeed, Gummesson (2003) describes how case study research can be inductive where the case provides data for theory generation, or deductive where cases are used to confront existing theory (Hendry, 2008) with reality and tests validity. Deduction in this sense relates to the left hand side of Kolb's experiential learning cycle as it moves on to testing through the application of theory, so as to create new observations (Gill and Johnson, 1997). However, Johnston, Leach and Liu (1999) suggest that quantitative methods, including statistical hypothesis testing, are appropriate for many case study research studies. The key issue here, though, is how does one generalise from a selected case study? Some argue that the interaction between a phenomenon and its context is best understood through an in-depth case study (Dubois and Gadde, 2002). Furthermore, Dubois and Gadde (2002) comment on the increasing utilization of the case study approach in scientific disciplines. Despite this, Easton (1995), cited in Dubois and Gadde (2002), identifies a weakness in case-study research particularly when the researchers employ multiple case studies, suggesting that they are relying on some notion of statistical generalization. Easton (1995:382) comments 'They seek to do a number of case studies as if greater numbers, by and of themselves, increased the exploratory power of what they have been doing'. Fundamentally, Easton suggests that researching a larger number of cases with the same resources results in greater breadth, but less depth. Hence, the design employed in this research was based on a single case study.

Regardless of approach, the critical issue to be addressed is the need to view the research problem and method holistically (Carson and Coviello, 1996). It has been discussed that the rigour in research planning must exist at all stages of the research design, from defining the unit of analysis and selecting the case to investigate, to the collection and analysis of the evidence (Flynn et al., 1990). Therefore, discoveries which cannot be planned in advance often force the researcher to reconsider the framework (Dubois and Gadde, 2002). Furthermore, the nature of the research questions as well as practical limitations shaped the approaches taken by the researcher. Specifically, therefore, this case study is based on a modification of the methodology

devised by Yin (1984). Each stage of the methodology will consist of a discussion of procedures recommended in the literature, followed by a discussion of the application of those in the proposed study:

Design the case study protocol:
- determine the required skills
- develop and review the protocol

Conduct the case study:
- prepare for data collection
- distribute questionnaires

Analyse case study evidence
- analytic strategy

Develop conclusions, recommendations, and implications based on the evidence.

Thus, the first stage in the case study methodology recommended by Yin (1994) is the development of the case study protocol. This stage comprises two subheadings: the determination of the required skills and application of the recommended procedure. For example, Yin (1994) suggests that the researcher must possess or acquire the following skills: the ability to ask good questions and to interpret the responses, be a good listener, be adaptive and flexible so as to react to various situations, have a firm grasp of issues being studied, and be unbiased by pre-conceived notions. Specifically, therefore, to carry out the proposed study and collect empirical data, it was necessary to obtain access to customers and employees within a tourism SME. Subsequently, after a period of consultation with several businesses in the tourism industry, one SME agreed to collaborate in the study. This particular business assured unlimited access to its guests and employees, but emphasised that the study should be based on voluntary participation of both employees and customers. Furthermore, access to the research site was gained on the strict understanding that the business identity would not be revealed. In preparation for the data collection, the Human Sigma questionnaire was prepared and distributed at the research site with the insertion of the hotel name and included customer and employee profile data (further details of this will be explained later in the Chapter). In particular, therefore, using the existing questions could determine:

questions that seem not to be understood or questions not answered. For example, this may be due to confusing or threatening phrasing or poorly worded questions. At the same time, the study may be instrumental in identifying some problems. Accordingly, a framework was illustrated to guide the implementation and analysis of Human Sigma:
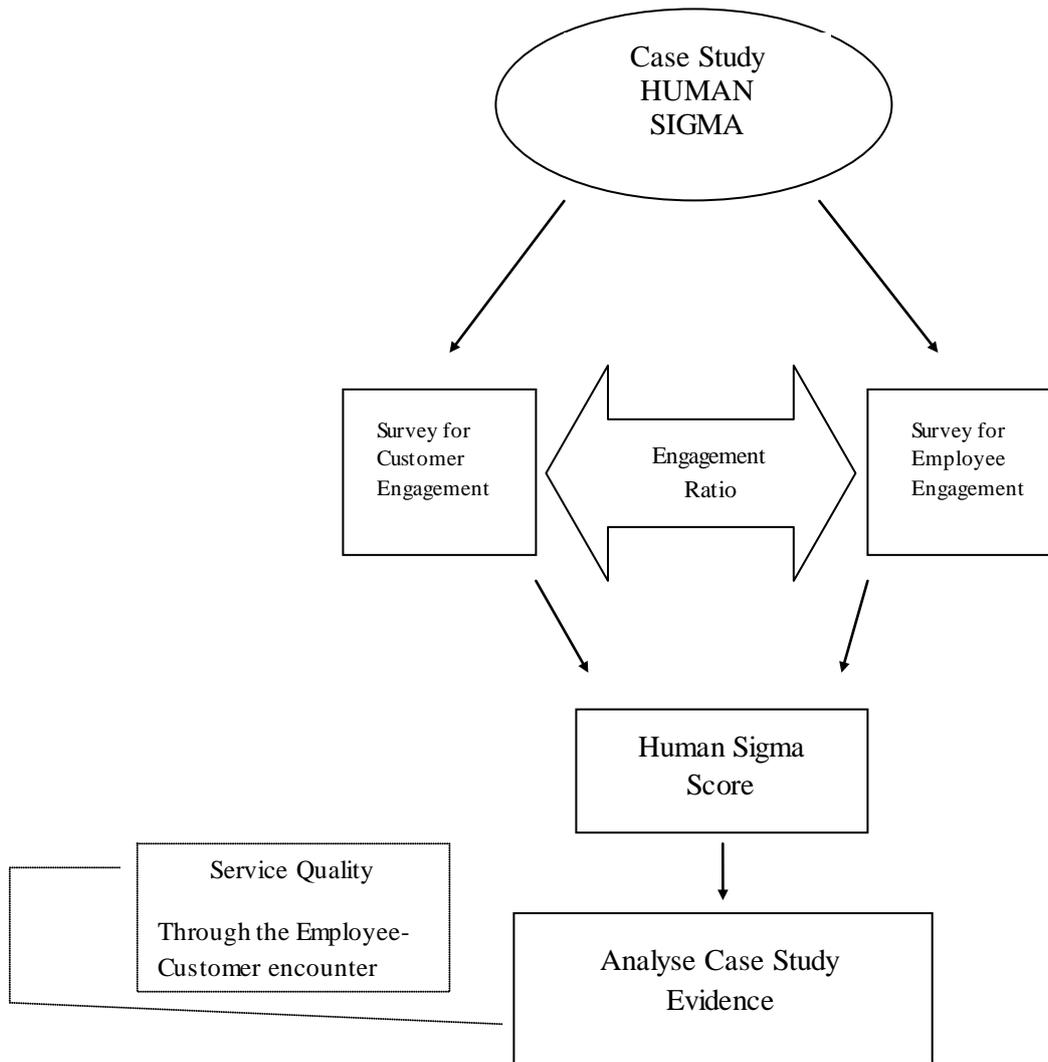
Figure 6.3: A Framework for implementing Human Sigma

Indeed, it has been observed that an empirical investigation of a contemporary phenomenon with its real life context is one situation in which case study methodology is applicable. In particular, Yin (1994) continued to propose five components of case studies:

1. A study's questions

2. Its propositions, if any,

3. Its unit of analysis

4. The logic linking the data to the propositions, and

5. The criteria for interpreting the findings   (Yin, 1994:20)

In particular, the first three components assist the researcher in identifying the data to be collected, while the last two components describe what is to be done with the data after collection (Yin, 1994). Therefore, the case study research question is: to apply and test the Human Sigma scale in a tourism SME, and to establish its value as a business improvement tool. Furthermore, in defining the case/unit of analysis the researcher identified a business that had already participated in phase one of the research study, was representative of tourism SMEs, has a high degree of customer contact, was open all year, and considered introducing business improvement tools.

The second stage of the methodology recommended by Yin (1994) is the conduct of the case study. Specifically, there are two tasks in this stage that must be carried out for a successful project: Preparation for data collection and distribution of the questionnaires. In this phase, the primary activity is that of data collection. In case studies, data collection should be treated as a design issue that will enhance the construct and internal validity of the study, as well as the external validity and reliability (Yin, 1994). The primary data gathering was accomplished using the following Human Sigma scale items:

Employee Survey

The total population of the operational staff had surveys distributed to them for self-completion and return directly to the researcher, who was allowed direct access to the employees following a training course that took place in the hotel. A short briefing was given to the employees, followed by time to complete the questionnaire. A total of twenty employees completed the questionnaire. During the completion time, the researcher was available to answer any questions or determine any issues or misunderstanding regarding the completion of the questionnaire. The staff members completed the questionnaire with no particular issues or problems emerging.

Customer Survey

To allow for consistency, the customer survey was interviewer completed in exit surveys. This again provided the researcher with the opportunity to analyse the customer questionnaire to determine any issues or misunderstood questions. A total of sixteen customers completed the questionnaire. Veal (1992) suggests that, when considering the practicality of conducting interviewer completed surveys, those conducting the survey are seen to be part of the management of the facility. The researcher dressed professionally and assured the customer that all the information collected would be treated with the utmost confidentiality.

The hotel was open all year round and, owing to its location, was not affected by seasonality. However, it was difficult to determine the exact flow patterns of the customers. It was therefore agreed with the manager that the best time would be following breakfast service and around check out time would generate the most responses. The average visit was a two hour duration, and as the only interviewer, this had limitations on the overall sample size. In order to encourage a variety of respondents, field work was carried out mid-week and weekends. Generally, the response rate from the customers when asked to participate was positive. For example, it was only when they had a business meeting or 'rushing for work' they were reluctant to complete the survey.

Furthermore, the case study design needs to meet four conditions (Yin, 1994):

1. Construct validity
2. Internal validity
3. External validity
4. Reliability

This design allowed the researcher to further determine the applicability of the case study findings as they relate to the Human Sigma model:

- Construct validity – occurs at the data collection and composition phases and involves establishing a data chain. As noted, the researcher utilised a Likert scale, survey questions and interviews to clarify any information from the survey.
- Internal validity – the researcher identified responses of the employees and the customers in the business unit and considered variables including contact hours, length of employment with the business, employee engagement scores, and customer engagement scores.
- External validity – In positivistic case studies, the generalization may be done to a broader theory, but not the larger population.
- Reliability – The researcher closely followed established procedures in the data collection process.

Analyse Case-Study Evidence

The following discussion presents the analytic strategy that should be followed in the course of evaluating data gathered. As Yin (2009:126) expressed:

'Data analysis consists of examining, categorising, tabulating, or otherwise recombining the evidence to address the initial propositions of a study'

Therefore, this case study employs a series of quantitative analyses in the presentation of the data, such as tabulating the frequency and ordering. Furthermore, Yin (1994) suggests that every investigation should have a general analytic strategy, so as to guide

the decision regarding what will be analysed and for what reason. In particular, Yin (2009) considers pattern-matching as one of the most desirable strategies for analysis. This technique compares an empirically based pattern with a predicted one; for example, Human Sigma predicts that engaged employees create engaged customers. The researcher utilised pattern-matching logic to compare the predicted pattern that engaged employees create engaged customers with the empirical based patterns. If the patterns coincided, the propositions internal validity would be strengthened; if patterns did not coincide, the proposition would need to be questioned (Yin, 2009). More details on interpreting the findings will be discussed in the data analysis chapter.

Specifically, however, the Likert-type variables were analysed using frequency distributions and the items in the questionnaire were analysed using the mean and median. The results will be presented in the data analysis chapter. Therefore, EXCEL and SPSS software was chosen as a mechanism to collate the questionnaire data, as well as to analyse and present the data from the study. In order to perform the analysis, the Human Sigma calculation was applied to the set of employee and customer survey results. Fleming and Asplund (2007) claims that the single score summarises the overall effectiveness of the employee-customer encounter. As noted, the Human Sigma or HS of a company is a function of employee and customer engagement scores. Therefore, an organization's HS score is calculated by converting the mean scores on employee and customer engagement into percentile equivalent and then taking the square root of the product of the two percentile values:

If *either* employee engagement percentile or customer engagement percentile is less than or equal to 50 then:

$$HS = \frac{\sqrt{EE\ Percentile\ \ x\ CE\ Percentile}}{2}$$

Alternatively, if the employee engagement percentile and customer percentiles are *both* above 50 then:

$$HS = \sqrt{EE\ Percentile\ \ x\ CE\ Percentile}\ \ x\ \frac{Percentile\ Max}{Percentile\ Min}$$

Develop conclusions, recommendations and implications based on the evidence

Indeed, some argue that analysing the data is the heart of building theory from case studies (Dubins, 1978). Therefore, the results of this study will be presented in Chapter Seven, and will include a detailed analysis of the results derived in part from the quantitative tests. These results will be presented not exclusively as statistical results, but with accompanying explanations of the meaning of those results and ultimately the applicability of Human Sigma in measuring and managing the employee-customer encounter. Therefore, recommendations and implications based on the evidence will be an important aspect of the data analysis.

6.6 Chapter Summary

It has been observed that the case study methodology has been subjected to scrutiny and criticism. However, as a research tool, it has been shown to be a reliable methodology and, for the purposes of this research the adoption of a case study approach to apply Human Sigma has been shown to be most appropriate. Furthermore, the literature, while not extensive, contains specific guidelines. For example, Yin (1994) provides a framework to follow in carrying out case study research which was used. Therefore, the guidelines for conducting the case study, enhances the reliability and validity of the investigation. Furthermore, this chapter has presented the methodology and research methods used to conduct the research including the questionnaire surveys in phase 1, and the interviews in phase 2 which have built upon each other. However, at the heart of this research lies the search for business improvement and service quality management. It is to the final stage therefore that this thesis turns in order to establish Human Sigma's value as a business improvement/quality management tool.

In the next chapter, the results will be presented in accordance with the aims and objectives of the thesis. The conclusions will also be presented in the subsequent chapter. Therefore, the next chapter begins the task of analysing and interpreting empirical findings that resulted from the methods outlined.

Chapter Seven

Analysis of Findings and Discussion

7.0 Introduction

As discussed previously, the purpose of this chapter is to present and analyse the results from the final empirical data collection with the literature. Therefore, the corresponding research aim is: **Through the application of the Human Sigma instrument in a UK Tourism SME to establish its value as a business improvement tool.** The originality of this thesis therefore, lies in its examination and application of Human Sigma, thereby advancing knowledge and understanding of service quality management approaches in this sector. As noted, there is currently limited evidence to support the success or otherwise of Human Sigma as applied generally, and within SMEs in the tourism sector in particular.

Ultimately, with increased competition in this sector, there is a greater need for managers to employ measures and manage service quality. From a business perspective, service quality is a 'global judgement relating to the superiority of the service', (Parasuraman et al., 1988:16) and is well recognised as the underpinning element of business survival and success. However, despite widespread research and, certainly, the research conducted in this thesis, the appropriateness of service quality measures are subject to on-going research and debate. For example, the first study and corresponding literature review indicated some limitations with current measures of service quality. In particular, unlike manufacturing or goods quality which can be measured as number of defects (Crosby, 1979), service quality and more specifically the service encounter cannot. Until the evolution of Human Sigma, however, no single quantitative measure was available for measuring and managing the employee-customer encounter. Indeed, it has been noted that an organisation's human systems should be thought of as one of its competitive advantages and, ultimately, the centre of management focus. Therefore, businesses that focus only on their customers may succeed temporarily, but the results are not sustainable unless the employees are also engaged. As noted, creating engaged

employees and customers could be a key opportunity for tourism SMEs that link success to measuring and managing the service encounter. However, this thesis has sought to highlight the complex nature of service encounter effectiveness. Fundamentally, however, Human Sigma has been developed to measure and manage the employee-customer encounter. Importantly, therefore, this thesis has already described in detail the development of the Human Sigma scale for measuring the employee-customer encounter, including its properties and applications. The next step towards advancing the body of knowledge and making an original contribution is through the application of Human Sigma within a tourism SME. At the same time, this will further determine the content validity of the Human Sigma instrument as well as to establish its value at the operational level.

7.1 The Application of the Human Sigma Instrument

Despite Human Sigma being identified as a relevant measurement tool for *any* service sector business, including SMEs with a high degree of customer contact, there has been limited research. Emerging from the study of Human Sigma, therefore, is a framework to guide the implementation of Human Sigma which is modelled as follows (Figure 7.1).

In more detail, based on scoring responses to sets of specific questions put to both employees and customers, the Human Sigma Metric or HS of an organisation is a calculation of relative employee and customer engagement scores. As noted, Fleming and Asplund (2007) identified twelve key questions (the Q survey) that serves as an indicator of an organisation's degree of employee engagement. This instrument asks employees to answer twelve questions to determine whether they fall into the engaged, non-engaged or actively disengaged categories. The items on the Q12 address issues that either strengthen or weaken the emotional connection between an employee and employer (Fleming and Asplund, 2007). For example, some of the areas addressed on this instrument include the degree to which employees have the materials they need to do their job and whether expectations placed on them are clear, whether their manager takes an interest in them, whether their opinions matter, and whether they are afforded

opportunities to learn and grow (Michelli, 2008). Furthermore, Fleming and Asplund also identified eleven key questions (the CE11) that serve as an indicator of an organisation's degree of customer engagement.
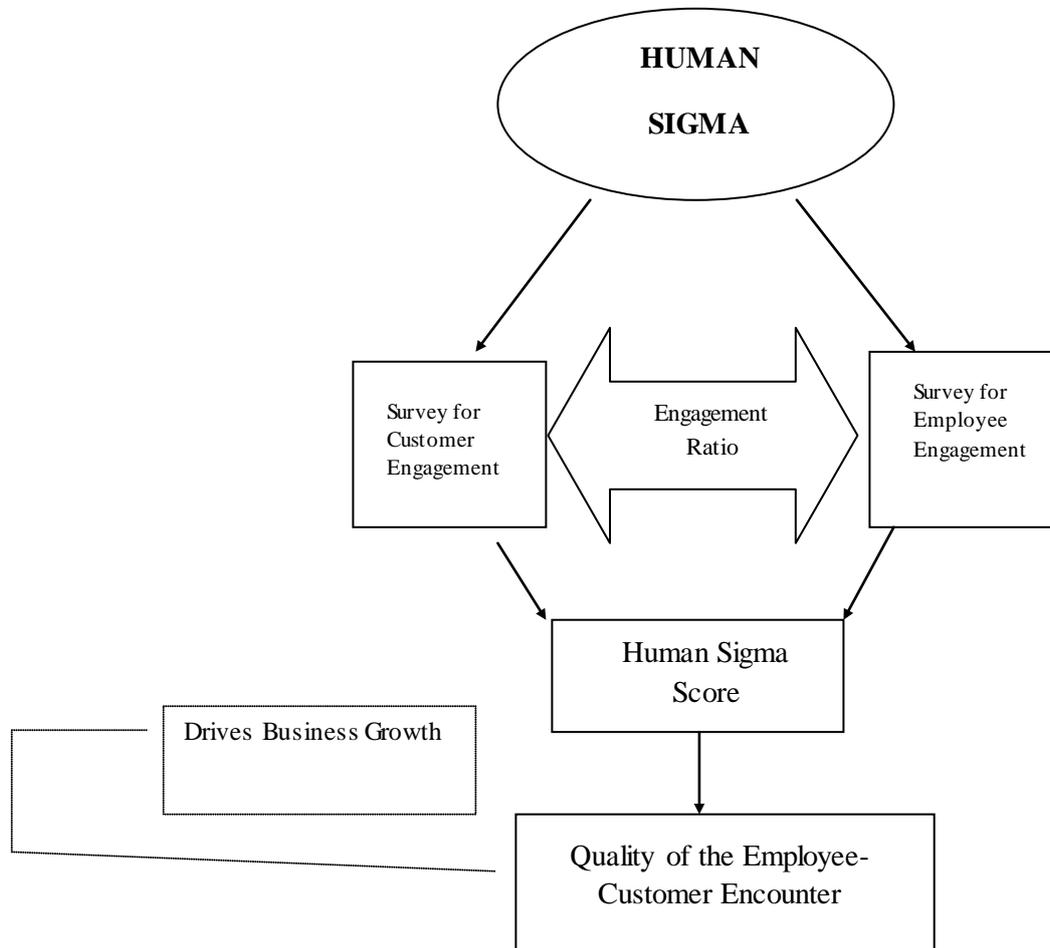
Figure 7.1: A Framework for Implementing the Human Sigma

Specifically, and as noted in Chapter Five, an organisation's HS score is calculated by converting the mean scores on employee and customer engagement into the percentile equivalents and then taking the square root of the product of the two percentile values. However, as Dale (2003) suggests, there are a number of 'success' factors in the effective use and application of tools and techniques, including a planned approach to implementation, management support, commitment and employee participation.

7.1.1 The Research Site: Case study

Therefore, an integral part of the research was the application of the Human Sigma instrument in a live service environment. As discussed in Chapter Six, the author applied the Human Sigma instrument by carrying out fieldwork in a hotel. This hotel was targeted as its business characteristics matched those typical of a tourism related SME. For example, the hotel has a central location within an urban area making it appealing to business, leisure and those visiting friends and family. The hotel has seventy five bedrooms in total, a licenced bar and café and has three meeting rooms. These characteristics link clearly to the SME definitions provided in Chapter One. Accordingly, therefore, the research site was selected for the following purposes:

Rationale/Criteria for selection:

- Already participated in phase one of the research study
- Location and accessibility to both customers and employees granted
- Tourism SME in the North West of England - Number of full time staff = 11 Part time = 5 Part time casual = 15
- Open all year
- Service focused with a high degree of customer contact

In particular, the constraints and limitations encountered during its application are therefore as important as the findings which are offered as an exploratory insight into the use of such an instrument. It has been observed that the case study methodology has been subjected to scrutiny and criticism. However, as a research tool, it has been shown to be a reliable methodology and, for the purposes of this research the adoption of a case study approach to apply Human Sigma has been shown to be most appropriate. Furthermore, the literature, while not extensive, contains specific guidelines. For example, Yin (1994) provides a framework to follow in carrying out case study research which was used. Therefore, the guidelines for conducting the case study, enhances the reliability and validity of the investigation.

In order to carry out the proposed study on Human Sigma and collect empirical data, it was necessary to obtain access to both customers and employees. As noted in Chapter Six, after a period of consultation with several businesses in the tourism and hospitality industry, one SME agreed and was chosen for the study. As noted, this particular business assured unlimited access to their guests and employees, but emphasised that the study should be based on voluntary participation of both employees and customers. Indeed, as discussed in Chapter Three, it has been observed that common problems with improvement initiatives can be overcome if the tools and techniques are implemented with a sound management approach. Therefore, to make the use and application of Human Sigma both effective and efficient, Dale and McQuater's (1998) Critical Success Factor Framework for implementing key tools and techniques was adopted:

- Full management and employee support and commitment
- A genuine need to use the instrument
- Defined aims and objectives for its use and planned approach to application
- An environment that is conducive to improvement
- Used as an integral part of the businesses operation.

In more detail, a full briefing session with the manager took place on site with discussions that highlighted a genuine need and motivations to use the instrument. The framework for the implementation of Human Sigma was discussed and agreed which emphasised the need for a planned approach. Therefore, it was decided that a briefing session would be held with employees by myself and the manager. The purpose of this was twofold: to increase engagement/awareness of service quality issues (conducted by the manger) and to increase participation in the study (conducted by the researcher). Furthermore, given the developmental nature of this research, each survey could then be completed in the presence of the researcher, allowing the subject to offer verbal comments to illustrate their views (Bryman and Bell, 2007). Initially, the study was conducted to assess how the questions would translate to guests and employees. The researcher was initially concerned that some of the questions/assertions like 'I can't imagine a world without…' were very pretentious. However, as noted in Chapter Five in the interview with John Fleming, he stated 'that unless you have a question like that,

you are not going to be able to quantify guest emotions'. Furthermore, having contact with the respondents will prove useful in assessing the exact wording used by employees and customers and identify whether it may differ from the Human Sigma items, especially since most of its applications had been processed in the USA. The following sections display the results from the employee and customer survey and then continue to analyse the findings in more detail.

7.1.2 Customer Survey

As detailed above and in Chapter Six, the customer survey was interviewer completed via exit surveys. The set of 11 customer engagement items are reported below (Table 7.1). They provide a means for measuring and monitoring the strength of the relationship that exists between a company and its customers. The questionnaire consisted of three attitudinal loyalty items which employ a 5-point scale that ranges from "extremely" (5) to "not at all" (1):

NO	ITEMS	5 "extremely"	4	3	2	1 "not at all"
1	Overall, how satisfied are you with (Name of Hotel)?					
2	How likely are you to continue to choose (Name of Hotel)?					
3	How likely are you to recommend (Name of Hotel) to a friend?					

These three attitudinal loyalty items were combined with eight emotional attachment items that also employed a 5-point scale, ranging from "strongly agree" (5) to "strongly disagree" (1):

NO	ITEMS	5 "strongly agree"	4	3	2	1 "strongly disagree"
4	(Name of Hotel) is a name I can trust					
5	The (Name of Hotel) delivers on what they promise					
6	The (Name of Hotel) treats me fairly					
7	If a problem arises, I can count on The (Name of Hotel) to reach a fair and satisfactory resolution					
8	I feel proud to be a (Name of Hotel) customer					
9	The (Name of Hotel) treats me with respect					
10	The (Name of Hotel) is the perfect company for people like me					
11	I can't imagine a world without (Name of Hotel)					

Table 7.1: Human Sigma Customer Survey

7.1.3 Customer Survey Results

A comparison of sample characteristics to company records indicated that the respondents were representative of the hotels customer population. A total of sixteen customers completed the survey, scores above 4.5 or 49.5 total, would suggest the customer is highly engaged, and the results are as follows:

NO	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	TOTAL	L-H
1	5	5	5	3	5	3	3	3	1	5	4	42	25
2	5	5	5	4	4	5	2	5	3	4	4	46	30
3	5	4	4	4	4	4	5	4	4	4	4	46	32
4	5	3	3	3	3	2	3	3	2	3	2	32	33
5	5	5	5	5	5	5	0	0	0	0	5	35	34
6	5	4	4	3	4	4	4	3	3	3	3	40	35
7	5	4	4	3	3	3	4	3	2	3	3	37	37
8	5	4	3	3	3	2	3	3	3	3	2	34	38
9	5	3	4	2	3	3	3	3	2	2	3	33	40
10	5	5	5	3	3	3	5	3	3	4	3	42	42
11	5	3	2	3	2	1	3	3	2	4	2	30	42
12	5	4	4	4	4	4	5	4	4	5	4	47	46
13	5	5	5	4	4	4	4	5	4	4	4	48	46
14	5	3	3	4	4	3	4	3	3	3	3	38	47
15	5	3	2	2	2	2	3	1	1	2	2	25	48
16	5	5	5	5	4	5	5	3	5	5	5	52	52
Total	80	65	63	55	57	53	56	49	42	54	53	627	

Maximum sample score = 80

Highest Score = Q1 – Overall Satisfaction (Overall, how satisfied are you with) Attitudinal Loyalty

Lowest Score = Q9 –Brand Association (treats me with respect) Emotional Attachment

Customer Engagement Percentile = 39

7.1.4 Employee Survey

Following, the set of twelve employee engagement items that were used for the reported analysis are listed below. They provide the means for measuring and monitoring the quality of the local workplace (Table 7.3). The questionnaire consists of twelve items, which again employ a 5-point scale that ranges from "strongly agree" (5) to "strongly disagree" (1):

NO	ITEMS	5 "strongly agree"	4	3	2	1 "strongly disagree"
1	I know what is expected of me at work					
2	I have the materials and equipment I need to do my work efficiently					
3	At work I have the opportunity to do what I do best everyday					
4	In the last seven days, I have received recognition or praise for doing good work					
5	My supervisor, or someone at work seems to care about me as a person					
6	There is someone at work who encourages my development					
7	At work, my opinions seem to count					
8	The mission or purpose of my company makes me feel my job is important					
9	My associates or fellow employees are committed to doing quality work					
10	I have a best friend at work					
11	In the last six months, someone at work has talked to me about my progress					
12	This last year, I have had opportunities at work to learn and grow					

Table 7.3: Human Sigma Employee Survey

Following the briefing session, a total of twenty employees completed the survey. Again, this was representative of the employee population. At the same time, scores above 4.5 or 54 total (highlighted in table 7.4 below), would suggest the employee is highly engaged and is very likely to perform well too. The results are as follows:

7.1.5 Employee Survey Results

No	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	TOTAL	L-H
1	5	5	5	4	5	4	5	5	5	5	5	5	58	38
2	5	5	5	3	5	5	5	5	3	4	4	5	54	41
3	5	5	5	3	4	3	4	5	5	3	5	5	52	41
4	5	5	5	5	5	5	5	5	5	5	5	5	60	41
5	5	5	5	3	4	4	4	4	4	3	3	3	47	43
6	5	5	5	5	5	5	5	5	5	5	5	5	60	45
7	5	5	5	5	5	5	5	5	4	4	5	5	58	47
8	5	5	5	2	5	4	5	5	4	3	4	5	52	47
9	5	5	5	3	5	4	4	4	4	3	4	4	50	48
10	5	4	5	1	5	1	5	4	4	1	1	5	41	50
11	5	5	0	4	4	4	5	5	0	5	4	0	41	52
12	5	5	5	3	5	3	3	4	4	1	2	3	43	52
13	5	5	5	3	3	3	4	3	0	3	3	4	41	53
14	5	5	5	5	5	5	5	5	5	5	5	5	60	53
15	5	4	2	2	4	3	3	3	3	3	3	3	38	54
16	5	5	5	3	5	5	4	5	5	4	2	5	53	58
17	5	3	5	2	5	5	4	4	5	3	2	2	45	58
18	5	3	3	5	5	4	5	4	4	5	5	5	53	60
19	5	2	3	5	5	4	4	4	4	4	3	4	47	60
20	4	4	5	2	5	4	4	4	4	4	4	4	48	60
TOTAL	99	90	88	68	94	80	88	88	77	73	74	82	1001	

Maximum sample score = 100

Highest Score = Q1 – Accountability (I know what is expected of me at work)

Lowest Score = Q4 – Performance Reward/Praise (In the last seven days, I have received recognition/praise for doing good work).

Employee Engagement Percentile = 51

Before the data analysis and findings are discussed in more detail, it is apparent that the use and application of Human Sigma can generate large amounts of data, the analysis and interpretation of which can be daunting for managers. As discovered in the first study in Chapter Three, managers of tourism SMEs are often constrained by time and often lack the analytical skills needed for interpretation. However, there is little point in collecting data if it is never analysed for trends and used to facilitate improvement. Certainly, Human Sigma has been developed to measure locally (and is typically appealing to SMEs), that is in the department or unit. Consequently, managers do not have to deal with large numbers of responses, as in this case. To achieve the aims and objectives of Human Sigma, effective utilisation of the employees and customers was necessary. Therefore, this exploratory study on the Human Sigma instrument has generated data which lend a surprising degree of support to the instrument. For example, the survey is easy and cost effective to administer and both employees and customers feel comfortable when completing the survey in this setting. Certainly, at this stage of the study, no changes needed to be made to the Human Sigma instrument. Therefore, the research moves forward in analysing the results from the surveys in greater detail.

7.2 Data Analysis, Findings & Discussion

Following the results from both surveys, the Human Sigma formula was applied. The Human Sigma or HS of a business unit is a function of the employee and customer engagement scores. For example, an organisation's HS score is calculated by converting the mean scores on employee and customer engagement into percentile equivalent and then taking the square root of the product of the two percentile values (Fleming and Asplund, 2007).

If <u>either</u> employee engagement percentile or customer engagement percentile is less than or equal to 50 then:

HS = √ EE Percentile (51) x CE Percentile (39)

2

Since one of the percentiles is below 50, the formula is SQRT (51 x 39) = SQRT (1989) = 44.6. That would fall in **HS3** as HS1 = 0 to < 10; HS2 = 10 to < 30; and HS3 = 30 to < 50. Since 44.6 is less than 50, it falls in HS 3 (see figure 7.2).

As discussed in Chapter Five, this score is then used to establish threshold values that define each of the Human Sigma levels, HS_1 through HS_6. The HS_4 threshold is defined at 50. An illustrated example is displayed below in Figure 7.2:

= HS 1 – 6. The single score summarizes the overall effectiveness of the employee-customer encounter. (Fleming and Asplund, 2007)

Following the Human Sigma calculation, Fleming and Asplund (2007) identify the positive outcome of achieving high employee and customer engagement levels. Figure 7.2 below illustrates some of these outcomes e.g. customer and employee retention.

- More return business
- Customer retention
- Higher share of wallet
- Less price sensitivity
- More cross-buying
- Better word of mouth

- Higher employee retention
- Fewer lost work days
- Higher productivity
- Higher safety
- Higher customer engagement
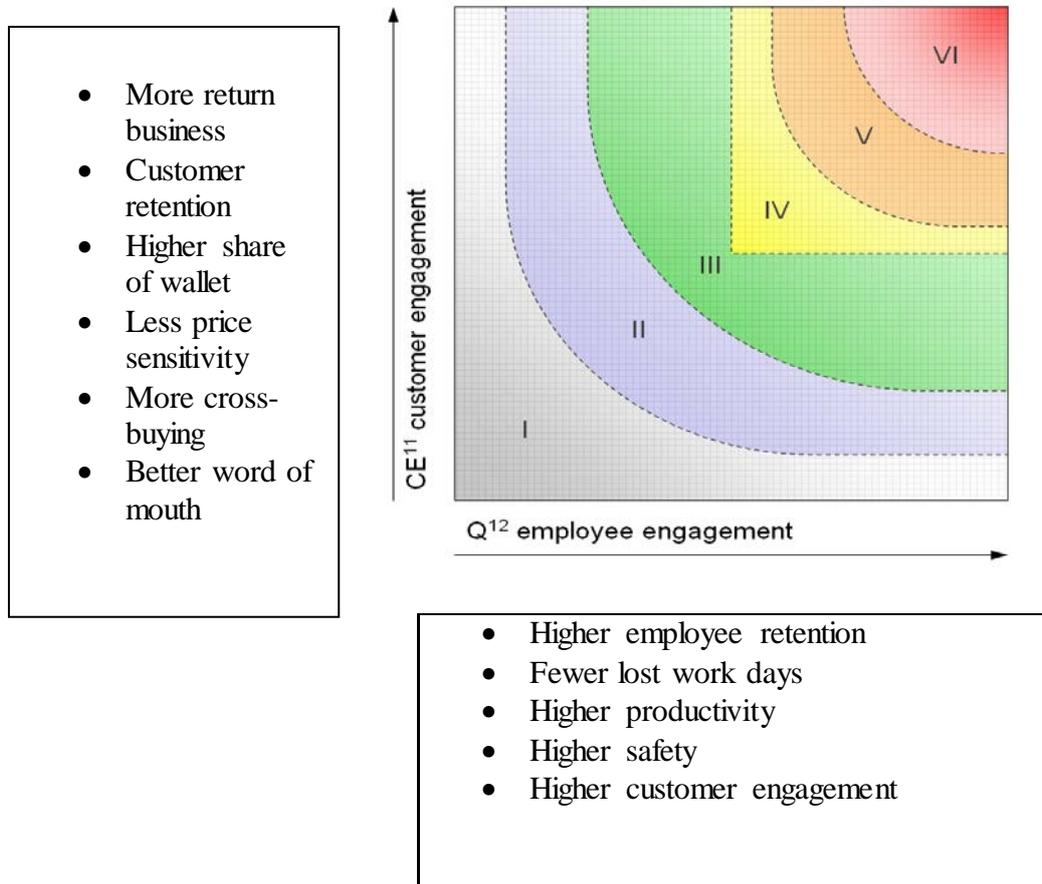
Figure 7.2: Human Sigma Bands

Having conducted the surveys and calculated the results, it has been noted due to the complex nature of calculating the results; this could cause managers, business owners' issues and ultimately deter them from using such a tool. These are the very reasons as highlighted in the first study Chapter Three (Sutton, 2014) that has restrained business owners engaging with such tools. Therefore, this research and the application of Human Sigma (practical application) have exposed the following challenges:

- **Lack of familiarity with the use** – the implementation model was designed to illustrate the implementation of Human Sigma.

- **Concerns about numeracy** – the maths behind Human Sigma is a complex calculation using data from both survey results. However, reducing complex concepts like this to a single number is appealing.

- **Potential of use not being encouraged by managers** – this was overcome by briefing and feedback sessions and effort in collecting the data.

- **Time -** difficulty in breaking the 'firefighting' or operational cycle.

- **Perception that the solution is already known -** it is apparent therefore, that the acceptance and usage of business improvement tools and more specifically Human Sigma is hindered by the complexity of the principles that surround Human Sigma and ultimately, the time taken to see any results.

Furthermore, Dale and McQuater (1998) suggests that those tools and techniques that require a greater knowledge of statistics and a degree of analytical skill such as Human Sigma, will encounter the most difficulties in acceptance. Users can often relate to some tools and techniques more than others, especially when there are difficulties in analysing the data. For example, managers and business owners often become frustrated by the "lack of significance" and sustainable improvement and consequently de-emphasize their employee/customer measurement programs (Fleming and Asplund, 2007). However, this issue of measurement as discussed in Chapter Five was explored during the interview with author John Fleming. In practice for example, an alternative to the Human Sigma calculations could be to consider scores above 4.5, which would suggest the employee/customer is highly engaged or calculate the average mean score for employee engagement and customer engagement. This certainly raises the question of whether complex concepts can be reduced to a single number.

Despite this, the research has empirically tested the Human Sigma hypothesis that is linked to the employee-customer encounter of engaged employees create engaged customers. However, the results as displayed above from the application of the Human

Sigma instrument in an operational environment, indicate that the hotel is scoring higher on employee engagement but lower on customer engagement achieving HS3 overall. In turn, the hypothesis suggesting engaged employees create engaged customers is somewhat flawed. For example, at this level of Human Sigma = HS3 (higher employee engagement and lower customer engagement), organisations or businesses are frequently out of balance, ranking high on one but poor on the other. Analysing the results in more detail, the highest rated score on the employee survey was **Question 1**: I know what is expected of me at work - with an average score = 4.95. Subsequently, this is the very reason why employees are engaged and customers are less engaged. The employees are often process driven (transactional) and have limited knowledge of the customer's expectations (Parasuraman, 2004). For example, role expectations are comprised of the privileges, duties, and obligations of any occupant of a social position (Sarbin and Allen, 1968). These expected behaviours must always be defined in relation to those occupying the other positions in the social structure (Solomon et al., 1985). In the service industry and often in the hospitality sector, businesses frequently focus on transactional service rather than interpersonal levels of service. Due to limited control, employees may misinterpret customer requirements which can have a negative and lasting effect on the perceptions of the customer (Berry et al., 1988). Furthermore, Schneider and Bowen (1999) suggest that a service consists of an exchange relationship – a psychological construct to have needs gratified in exchange for money, time, and effort. They suggest that the challenge for service firms is to gratify and perhaps delight customers, while avoiding the perception that they do not respect customer expectations. As suggested by Solomon et al., (1985), the concepts of role expectations are especially powerful for determining the quality of the service encounter. Consequently, issues may occur because the participants do not share common role definitions (Solomon et al., 1985) as found in the study of Human Sigma.

As noted in Chapter Two, inter-role congruence is a term described by Solomon et al. (1985) as the degree of agreement between both parties involved in the service transaction regarding the appropriate roles to be played. For example, a lack of congruence in roles toward communication can lead to decreased efficacy of dyadic communication performance. It seems then likely that the accurate mutual

comprehension of role expectations is a pre-requisite for a quality service encounter (Bitner, Booms and Tetrealt, 1990).

Fundamentally, therefore, much of social behaviour consists of joint activity and a major task for the interacting person is the mutual coordination of appropriate behaviour with the other person (Thibaut and Kelly, 1959) or to predict an individual's behaviour (which is obviated by congruent role enactment). Furthermore, when socio-psychological boundaries are dissolved through employee-customer identification, as described by Bhattacharya et al., (1995), the collectivistic aspects of the identity become more salient. This collectivistic orientation tends to foster relational exchanges, in contrast to individualistic identity orientations, which maintain a norm of transactional exchange (Flynn, 2005) as witnessed in the application of Human Sigma.

Consequently, the Human Sigma instrument gives interesting if conflicting results at the case study site. The results indicate that whilst employees have an inaccurate perception of their customer expectations, the customer scores reflect that a slightly inaccurate service is being delivered.

Therefore, implementing the Human Sigma instrument has identified the following themes and issues and a detailed discussion will follow:

- Service encounter assessment and the interaction between employee and customer engagement – can the result assist managers' understanding or improve the employee-customer encounter? Furthermore, can the service encounter be measured and managed through engagement metrics?

- Service encounter assessment and the interaction between employee engagement and customer expectations. Certainly, the findings suggest that the Human Sigma instrument assesses organisation identification as described by Ashforth and Mael (1989) in Chapter Two, and is not 'encounter specific'.

Moreover, what is important to consider from the results, is that customer and employee expectations change over time. Therefore, organisations need to engage customers and employees based on their individual needs – which can be difficult to achieve. Heterogeneity reflects that no customers are truly alike, and that each has unique

expectations. This challenge implies that an employee must understand customer needs in their interaction with them. However, many organisations in the tourism sector develop rigid scripts for frontline service employees, often based on past buyer behaviour and transactional service processes. A more effective approach, as described by Fleming and Asplund (2007), is to help service employees understand what approaches have worked with customers before, whilst giving them the flexibility to listen to, and meet, a customer's current expectations. For example, in many routine service encounters, such as hotel check in, particularly for experienced employees and customers, it can be suggested that the roles are well defined and both the customer and employee know what to expect from each other. As noted in Chapter Two, the standardisation of service delivery was aided by the development of Blueprinting and the introduction of self-service technologies. Despite this, it is difficult for organisations to guarantee that every service encounter will be of the highest quality since, in many situations, most of the control is in the hands of the employee and customer (Zeithmal et al., 1988). At the same time, Parasuraman et al., (1985) agree that service firms have difficulty in controlling services since they depend so much upon people as the prime determinant of that experience, a factor which is not conducive to ensuring standardisation and quality control. Due to the limited control, employees can misinterpret customer requirements as seen in the results, which can have a negative and lasting effect on the perceptions of the customer (Berry et al., 1988). Furthermore, standardisation of roles are designed to remove as much variability and individuality among employees as possible. In some cases within the tourism and hospitality industry, job roles are reduced to the lowest service standards and staged processes are embedded so that anyone can perform them. Consequently, this limits an employee's understanding and recognition of customer expectations in the service encounter. Therefore, it has been noted and discussed in detail and confirmed in this study, that problems arise when there is a discrepancy somewhere in the service system. This inconsistency with expectations, the results from the application of Human Sigma, signify the employee's perception of the job duties differs from the customer's expectations or the customer's conception of the customer's role differs from the employee's notion of that role (Solomon et al., 1985).

In accordance with these findings, social identification as discussed in Chapter Two is the extent to which an individual senses a oneness or sameness with others in a social group (Tajfel and Turner, 1986). For example, research conducted by Solnet (2006) displays factors that increase a sense of social identity making people: more willing to communicate, more open to others communications and more likely to interpret communicative actions in similar ways (Haslam et al., 2003). More specifically, customer-employee identification is a type or classification of social identification. For example, during the service encounter, the service employee image interacts with the customer's self-concept generating a subjective experience. The rationale behind this comes from social psychology literature and it is argued that people try to protect and enhance their self-concept by affiliating with people whom they perceive to be the same as them (Turner, 1985). However, Human Sigma does not consider this element in its proposed instrument for measuring and managing the employee-customer encounter. Instead, Human Sigma focuses on the employee's and customer's identification with the business.

In addition, from a social psychological perspective, individuals attempt to make sense of one another in order to guide their own actions, as well as the social interaction process with others (Fiske, 1993). During the consumption process, a particular service user-image interacts with the consumers self-concepts, generating a subjective experience referred to as a self-image congruence (Sirgy et al., 1997). Furthermore, during the service encounter, customers may use some congruent traits that are associated with the human personality and structures that can be used to make sense of other people (Leyens and Fiske, 1994), and many form these impressions in even the briefest social interactions (Ambady and Rosenthal, 1992). McGinnies and Ward (1980) argue that perceived similarity between customers and employees facilitates communications concerning specific service attributes. For example, Coulter and Coulter (2002) state that perceived similarity helps individuals to reduce interpersonal barriers, allows them to identify with others on a personal basis and generates a level of trust and assessment of others according to perceived similarity with themselves. Similarly, Stinglhamber et al., (2002) identify the importance of affective commitment in the service encounter. Such findings reflect the theory of homophily (Lazarsfeld and

Merton, 1964) which argues that individuals enjoy the comfort of interacting with others who are similar to themselves.

Other drivers of employee-customer identification are how front-line employees construe the distinctiveness, similarity, and prestige of the customer's identity (Ashforth and Mael, 1989). Many roles in the tourism and hospitality sector, such as those of front-line employees, inherently contain a substantial relational component (Sluss and Ashforth, 2007), where employees work at the boundary between the company and the customer. In these cases, conditions are ripe for employees to assess their place in a complex social landscape. The researcher has extended this view, asserting that employee-customer identification enhances the quality of the service encounter.

Therefore, in the context of frontline employees who span the boundary between the company and its customers, the complexity of the 'social landscape' may result in an assessment of the self-concept in relation to the organisation and its customers. However, it has been noted that the Human Sigma instrument only measures organisation identification. It has been observed from the findings that the organisation can be a powerful emblem of group identity for employees. However, recent advances in social identity theory and management suggest that employees can identify with more than the organizational identity (Ashforth et al., 2008). It has been argued that relational identities, those which relate to a work relationship with another individual or group (Sluss and Ashforth, 2007), can also be a powerful source of self-definition. By identifying with customers, employees perceive themselves to be relatively interchangeable exemplars within the social category, where the employee-customer relationship is a basis for self-definition (Sluss and Ashforth, 2007). Employee-customer identification functions independently from identification with the company. However, the two can coexist, converging or competing with one another (Sluss and Ashforth, 2008). Employee-Customer Identification is a new concept, but the notion that employees can construe the disposition or values of those on the other side of the corporate boundary is already present in the literature. As such, customer-employee identification is thought of as a mirror image of employee-customer identification where customers also identify with the employees.

Certainly, therefore, through the review of the literature and the application of Human Sigma, the findings indicate some limitations with the current measures. For example, scoring high on employee expectations of the job role is somewhat comforting and pleasing for management as discovered in this study. Despite this, understanding why your customers have lower levels of engagement if your employees are engaged is confusing and an issue for managers and ultimately the success of the business. It is apparent therefore, following the implementation of the Human Sigma instrument, that it fails to measure the connection between the employee and the customer and vice versa. A radical finding from the research and study of Human Sigma is that it only measures the strength of the relationship between the employee-organisation and the customer-organisation. It fails to measure the social relationship between the employee↔customer which is vital in determining the quality of the service encounter. Although Human Sigma claims to 'link the quality of the employee and customer encounters, weaving together a consistent method for assessing *each encounter* and a disciplined process for improving future encounters' (Fleming et al., 2005), it is clear from the findings of this study that the measure of employee-customer encounter effectiveness does not appear to be based on any information actually derived at the point of these encounters.

Furthermore, another criticism of the Human Sigma model as evidenced by this study is the accuracy of the underpinning theory of engagement. It is questioned as to whether the employee-customer encounter can be measured solely on the terms of engagement. In turn, the author submits the premise that further dimensions are required. As noted, there is a growing realisation that the traditional and new approaches to managing the service encounter are failing both employees and customers, and therefore limiting the opportunity for businesses to improve. The literature review and the application of the Human Sigma instrument exposed some limitations with the current measures. The study of the Human Sigma instrument revealed that it does not adequately capture the social nature of the service encounter. Recognising that in the hospitality and tourism industry the social nature or the impact the person to person contact has on the overall service experience is critical. For example, it has been argued that service encounters are first and foremost social encounters and must therefore proceed from a

conceptualisation of these structural and dynamic factors that affect social identification. As noted, employee-customer identification functions independently from identification with the organisation. However, the two can coexist, converging or competing with one another (Sluss and Ashforth, 2008).

Arguing from this perspective, it can be concluded that the global measure (Human Sigma) cannot distinguish between the organisations identification and the employee-customer identification. Therefore, the Human Sigma instrument does not provide the necessary details to assess the strengths and weaknesses of service encounter quality. In particular, Human Sigma fails to take account of the uniqueness and the realities of specific relationships. The measurement of identification in the service encounter needs, therefore, to reflect not only the organisation identification but also the social identification of such interactions.

7.2.1 The Applicability Dilemma

Therefore, when critically evaluating the applicability of Human Sigma, it is clear HS has the capability of being applied within a TSME but in order to improve its relevance (applicability) in measuring and managing the employee-customer encounter, further research and developments would need to be conducted. The following identify the next stage of the research in order to fully achieve research objective 4:

1.   Intervention activities linked to Human Sigma business improvements
2.   Adapting the Human Sigma instrument to improve its relevance in measuring and managing the service encounter.

It was clear that Human Sigma did not measure the social interaction within the service encounter. This research was therefore designed to specifically follow the theory-building process using a wide range of data sources: primary and secondary. Following the first set of Human Sigma results and when critically analysing the applicability of Human Sigma, it became clear that the next phase was not only to incorporate the next stage of Human Sigma intervention, but also to add additional scale items to the

instrument. Therefore, two tasks are needed following the first set of results – 1) Human Sigma intervention activities and 2) adapt the Human Sigma scale to incorporate social identification elements. Hence, both will be discussed in detail:

1) A meeting was held with the manager in regards to the results and findings. The details of the results were discussed in order to determine an action plan based on the Human Sigma intervention techniques as discussed in Chapter Five. Based on the results and subsequent discussions, the following action plan was devised:

Intervention Plan
Reward/recognition programme mean score 3.40 lowest item (Immediate once agreed and in place) performance reviews and individual coaching
Individual training and development plans for all front line (on-going but within 6 months) targeted training
Service recovery protocols revised –linking to empowerment (Immediate once agreed and in place – however subsequent staff training would be need to be included). It was proposed that the hotel would use Lovelock and Wirtz (2007) – Service Recovery Framework (see appendix 3).

Table 7.5: Transactional (short term) and Transformational (long-term) activities

Therefore, the results can be used in order to strategically plan for long term and short term goals. As noted, not only did the Human Sigma application give interesting yet conflicting results at the case study site, the results confirmed its *inapplicability* of measuring and managing the employee-customer encounter. Therefore, it was agreed that the survey would be conducted again in one month (as suggested at the start of Human Sigma implementation). It was also agreed that the survey would contain additional items to strengthen its *applicability* in measuring and managing the employee-customer encounter. Fleming and Asplund (2007) state that although the numbers may not significantly change over a short period of time, the culture of the organisation starts to change. For example, employees start to understand the

importance of Human Sigma measurement and link business practices. However, as noted, for many business improvement tools to be successful a key requirement is effective communication, involvement and teamwork. As the findings from study 1 showed, often managers don't consider employees as an important underlying factor of its success. Critically then the next stage would include a comparative analysis before and after Human Sigma intervention but in addition the scale will be developed to enhance the applicability for measuring and managing the employee-customer encounter.

2) Hence, this thesis will attempt further too originally contribute to the body of knowledge by proposing a new model and instrument that captures not only the organisational identification elements but also the social identification aspects of the service encounter. In other words, the current research aims to extend the Human Sigma approach to incorporate the impact of both **employee-customer identification** and **customer-employee identification** (which involve the degree to which customers and employees, identify and interact with one another to fulfil self-definitional needs/role expectancies) in order to determine the quality of the service encounter. It is argued that the root cause of many employee-customer encounters is the failure of participants to identify with each other and not just the failure to identify with the organisation. Therefore, this study will deepen our understanding of the importance of measuring and managing identification. Unlike Human Sigma, which identified the importance of organisational identification in levels of engagement and dissimilar to previous research that identified general dimensions of measuring and managing the service encounter, this study identifies specific behaviours and emotions in the service encounter.

Thus, the following statements itemise this approach:

➤ **Human Sigma measures the strength of the relationship between an organisation and its customers** (Customer-Organisation identification), **but fails** to recognise the importance of measuring the connections/relationship between its **customers and employees (Customer-Employee Identification)**, a factor that determines the quality of the service encounter.

- Human Sigma measures the quality of the local workplace (employee-organisation identification) but fails to recognise the importance of measuring the connections/relationship between its employees and customers (Employee-Customer Identification) in order to determine the quality of the service encounter.

Implementing the Human Sigma instrument has identified that Human Sigma can be a useful tool to measure employee and customer organisation identification, but recognised that further developments are needed in order to better measure and manage the employee-customer encounter. This suggests a degree of conceptual complexity which is not embraced in the Human Sigma model, where the links between employee engagement and customer engagement take no account of the actual social encounter. The study revealed that while engaged employees do not necessarily cause emotionally engaged customers – both employee and customer engagement is a pre-requisite for business success. Additionally, it is the degree to which customers' and employees' identify and interact with one another to fulfil self-definitional needs/role expectancies that will ultimately enhance the service encounter.

The inability of employees and customers to understand role expectancies in the service encounter created a vital link to the importance of social identification in managing and measuring the employee-customer encounter. In analysing the items inherent within Human Sigma, the significance of high employee and customer engagement is dependent on both employee↔customer identification – which involves understanding role expectations in the service encounter. Therefore, the construct 'mutual understanding' (Bitner et al., 1990) between customers and employees emerges as an important underlying factor in determining the level of engagement in service encounters. It also confirms the importance of incorporating the recent advances in social identity theory and management that suggest employees can identify with more than the organisation (Ashforth et al., 2008) and likewise so can customers.

In the review of the existing literature and the application of Human Sigma, it is apparent that prior research studies do not capture the organisational and social nature

of encounter quality. Conflicting literature and empirical findings therefore represents an opportunity. As noted in Chapter Six and as described by Eisenhardt (1989), the juxtaposition of conflicting results forces researchers into a more creative, frame breaking mode of thinking and the results can give deeper insights into both the emergent theory and the conflicting literature, as well as sharpening of the limits to generalizability of the focal research. Consequently, linking results to the literature is crucial in theory building research.

7.3 Theory Building

Following the analysis of findings, Dubin's (1978) work on theory building was selected to be an appropriate structure for this case study and ultimately the following stages of the research. Therefore, both Yins' (1994) work as noted in Chapter Six and Dubin's (1978) work provided an opportunity to validate sections of the proposed study.

Specifically, Dubin's method includes eight progressive steps necessary for theory-building research. For example, the first part of the theory-building research process entails the development of the theoretical model:

1. Units of a theory – for this study the units are: employee-customer identification, employee-organisation identification, customer-employee identification and customer-organisation identification. Figure 7.3 also provides an illustration of the proposed theory.

2. Laws of interaction – for this study, categoric laws applied, as the value of the units of analysis describe a relationship in which four units work together to measure and manage the employee-customer encounter.

3. Boundaries – the boundaries for this study was the utilisation of the same case study used in the application of Human Sigma.

4. System States – the characteristics that accurately describe the conditions of the theory are: inclusive, persistent and distinctive. The study will therefore

demonstrate how the scale was built and the usefulness of the results to business managers, and how it can be re-administered to track trends.

Following this, the research then moves to research operation. This part of the theory building research process entails operationalizing and testing the theory. The framework in this section of the theory building research process includes:

5. Propositions – a truth statement about a model when the model is fully specified in units, laws of interaction, boundary and system states. Utilising the concepts developed above, it is possible to derive a set of propositions which can be used to examine service encounters.

6. Empirical Indicators – the research will collect data from employees and customers.

7. Hypothesis – for this study, a hypothesis was not applicable. Rather, analysis of the proposition will be conducted.

8. Research – the research will identify patterns in the responses (Pattern-Magic Logic) of the employees and customers in the business unit.

Measure and Manage
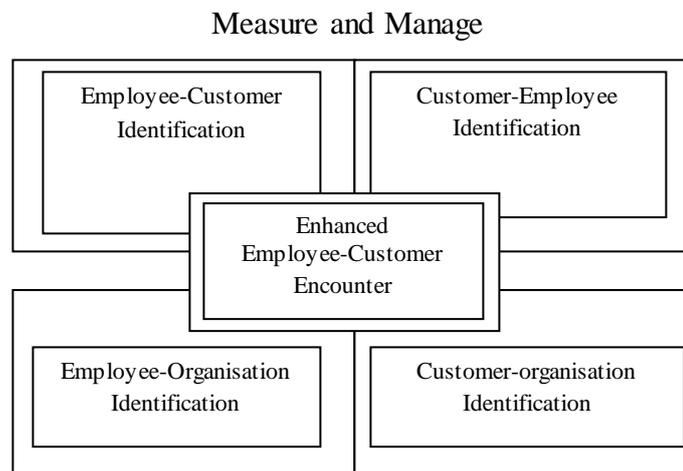
Figure 7.3: Human Sigma Enhanced Theory

7.4 The Model Building Process

Following the theory building process as itemised above, it is clear that Human Sigma served as a starting point for the development of a new model namely: The Human Identification Model (HIM). As noted, the study has investigated the strengths and limitations of the Human Sigma model and developed a new model following its application. In particular, the findings revealed a role discrepancy in the service. In particular, there exists inconsistency with expectations – for example, it was found the employees' perception of the job differs from the customer's expectations or the customers' conception of the customers' role differs from the employee's notion of that role. It is from these findings that the Human Identification Model (see **Figure 7.5**) and instrument can be developed. Therefore, this was grounded in the empirical findings of the analyses of the data from Phase One, Phase Two, and Phase Three. Underpinned by critical analysis and grounded theory (Charmaz, 2008), this model is a conceptual framework for managing and measuring the employee-customer encounter and also contributes to the body of knowledge.

Therefore, the study employed the following stages to generate the new model and instrument:

(Break in page to display full Figure)

The framework for the development and application of the Human Identification Model (HIModel):

HUMAN SIGMA Applied and Tested
- Application and testing of the Human Sigma model in a TSME
- Human Sigma measures both employee and customer engagement levels by determining the strength of the relationship between a company and its customers (customer-company identification), and the quality of the local work place (employee-company identification)

HIModel Developed
- The Human Identification Model was developed following the testing of the Human Sigma model
- Extending the Human Sigma approach to incorporate the impact of both employee-customer identification and customer-employee identification

HIModel Applied and Tested
- Application and Testing of the Human Identification model in the *same* TSME

FINDINGS
- Drawing on the social identity theory, the model predicts that the service encounter is mediated by the dual identities of frontline employees: identification with customers and with the company. And, by the dual identities of customers: identification with employees and with the company.

Identification Mirror: such customer-employee identification might be thought of as a mirror image of employee-customer identification

Figure 7.4: Human Identification Model Framework

In more detail, the following figure presents the conceptual model of Human Identification:

The Human Identification Model

Dimensions of Employee Engagement

Dimensions of Customer Engagement

An organisation will only improve customer engagement if employees understand their connections with the customer

INNOVATION & GROWTH

BELONGING

INDIVIDUAL CONTRIBUTION

BASIC NEEDS

Employee-Customer Identification

Understand their **connections** with the Customer

Role Expectancies

Customer-Employee Identification

Understand their **connections** with the Employee

PASSION

PRIDE

INTEGRITY

CONFIDENCE

Inter-Role Congruence

Mutual comprehension of role expectations is a pre-requisite

Drives Business Improvement

Quality of the Service Encounter

Figure 7.5: Human Identification Conceptual Model

7.4.1 The Human Identification Model

It could be argued, therefore, that the empirical findings with the theory building have provided the drive for the theoretical model of Figure 7.5 – which first sought to identify the dimensions relevant to measuring and managing the employee-customer encounter via Human Sigma. Therefore, the Human Identification Model demonstrates the importance of engagement by illustrating the dimensions of employee and customer engagement. However, the model proposes that an organisation will only improve or achieve higher levels of engagement if both employees and customers understand their connections (inter-role congruence), that is, employee↔customer identification. Therefore, the model focuses on the most important dyad within the service encounter – customers and employees. Moreover, the model focuses on bridging the gap between the employees and customers in order to improve what is fundamentally the most important aspect of the service journey, that is, the employee-customer encounter. Thus, the model will better inform managers to develop strategies for business improvement which will be discussed later in the chapter.

First, in more detail, both levels of employee and customer engagement will be measured. In order to measure engagement levels, the Human Sigma scale items will be adapted and used, such adaptations involving the measurement of their connections with the customer/employee. For example, 'whether they perceive any similarity with employees/customers' and 'whether it is important to feel a connection with the employee/customer' (further details of the scale development will be discussed below). As noted, the conceptual model incorporates employee and customer identification as a useful and important measure for predicting and managing the service encounter. It has been argued that service encounters are first and foremost social encounters. However, when measures only focus on specific transactions or on organisational identification, as with the Human Sigma measure, they may fail to improve the level of engagement linking to business improvement. This view is supported by Gutek (1995) who distinguishes between two types of services: the encounter and the relationship.

7.4.2 Scale Development Process

Accordingly, therefore, following the theory and model building process utilising Dubin's framework, the subsequent research proposal was put forward:

Adapting the Human Sigma Instrument to enhance the employee-customer encounter

The purpose of this is to develop a scale to measure employee↔customer identification; this will identify inter-role congruence (comprehension of role expectation). The proposal states that customers, in their role, identify with employees; likewise, employees identify with customers.

Therefore, the research ascertains that the Human Sigma instrument can be a useful tool to measure the employee-customer encounter, but recognises that further developments are required. Following the application of the Human Sigma instrument and recent advances in identification theory and management, additional formulations of the Human Sigma instrument has provided more powerful explanations of the links between the employee-customer encounter. In turn, the research enabled the author to devise a new instrument, namely the Human Identification Instrument, which evaluates both employee↔customer identification as a critical measure for predicting and managing the service encounter.

As a next step towards contributing to and advancing the existing body of knowledge, the research added additional scale items that further and more specifically contribute to measuring and managing the employee-customer encounter:

➢ The (**Customer**) survey can measure **the strength of the relationship between a company and its customers** (Customer-Company identification), and the relationship between its customers and employees (**Customer-Employee Identification**) - Factors that determine the quality of the service encounter.

➢ The (**Employee**) survey can measure **the quality of the local workplace** (Employee-Company identification), and the relationship between its employees and customers (Employee-Customer Identification), in order to determine the quality of the service encounter.

The items have been developed based on an extensive literature review and the application of Human Sigma. In total, the employee instrument consists of nineteen items and the customer instrument consists of seventeen items. Furthermore, all items use a 5 point likert-type scale where 1=strongly disagree and 5=strongly agree.

7.4.3 Checking the Reliability of the Scale

When selecting scales, it is important to allocate scales that are reliable (DeVellis, 2011). One of the main issues as described by Pallant (2007) concerns the scale's internal consistency – which refers to the degree to which the items that make up the scale 'hang together'. Therefore, Cronbach alpha coefficients were computed to estimate the scale reliability. Cronbachs alpha coefficient was 0.91 (suggesting very good internal consistency) for the customer questionnaire and 0.77 for the employee questionnaire; therefore exceeding the minimum recommended internal consistency threshold (alpha coefficient >0.70) and were therefore deemed reliable (Pallant, 2007). An inspection of the alpha if item deleted column revealed there was no need to eliminate any items from the scale to further improve the reliability coefficient.

The following are the Performance Measures used in the study:

(Break in Page to display full tables)

Customers

Elements of the Human Identification Model	Measurement Criteria
Attitudinal Loyalty	Overall, how satisfied are you with....?
Customer Loyalty	How likely are you to continue to choose......?
	How likely are you to recommend ...to a friend?
Emotional Attachment	.......is a name I can always trust
	.......always delivers on what they promise
	.......always treats me fairly
	If a problem arises, I can always count on ..... to reach a fair and satisfactory resolution
Customer-Organisation Identification Social Identification	I feel proud to be a ....customer
	.......always treats me with respect
	.......is the perfect company for people like me
	I can't imagine a world without........
Customer-Employee Identification Power Balance	The staff at ....understand my needs
	I feel the staff at this hotel have too much power over me
	The staff at …… find out what kinds of products or services that would be most suitable for me
	I feel comfortable dealing with the staff at this hotel…
	I feel a connection with the staff at this hotel
	Having a connection with the staff improves my experience

Table **7.6**: Human Identification Instrument for Customers

Employees

Elements of the Human Identification Model	Measurement Criteria
Employee-Organisation Identification Quality of the local workplace -Employee Engagement	I know what is expected of me at work
	I have the materials and equipment I need to do my work right
	At work I have the opportunity to do what I do best everyday
	In the last seven days, I have received recognition or praise for doing good work
	My supervisor, or someone at work seems to care about me as a person
	There is someone at work who encourages my development
	At work, my opinions seem to count
	The mission or purpose of my company makes me feel my job is important
	My associates or fellow employees are committed to doing quality work
	I have a best friend at work
	In the last six months, someone at work has talked to me about my progress
	This last year, I have had opportunities at work to learn and grow
Employee-Customer Identification Affective Commitment Power Balance	I feel a connection with our customers
	I identify little with customer expectations
	I feel customers have too much power
	When I talk about our customers, I usually say 'we' rather than 'they'
	Customers and I are on the same team
	I feel more powerful in the service encounter than the customer
	I perform the service better when I have a connection with the customer

Table 7.7: Human Identification Instrument for Employees

The aim of this research, therefore, is to introduce a social psychological dimension to existing research (Human Sigma) which links employee-customer identification and customer-employee identification with important business outcomes – in this case the quality of the service encounter. This study aims to analyse the significant connections between a persons' identification with their organisation and each other (employee or customer). Relational forms of exchange are analogous to customer orientation as outlined by Saxe and Weitz (1982) because each interaction is embedded in the context of a long-term commitment to exchanging value. This reasoning leads the researcher to construe that the more the perceived boundaries between employees and customers are dissolved, and an identity emerges (employee-customer identification), the more frontline employees will seek to satisfy and exceed customer's expectations. These observations provided the theoretical framework of Figure 7.6:

Human Identification – positions 'people' at the centre

1. PEOPLE

Our Employees/
Front-line Staff

Build

Identification

2. PEOPLE

Our Customers

Build Relationships
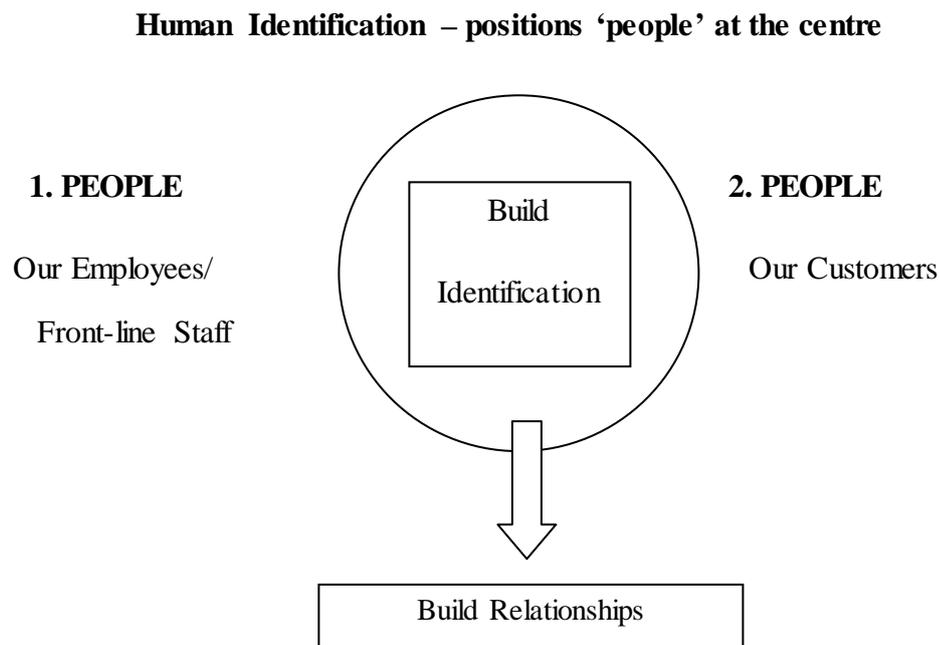
Figure 7.6: Building Identification Theoretical Framework

7.4.4 Applying the Human Identification Model

Having revealed the potential limitations of Human Sigma with respect to its relevance to quality management in TSMEs, the next step is to 'apply' the Human Identification instrument developed by the researcher in order to establish its value at the operational level. The researcher developed a model and instrument that can be utilized in a service setting and in particular within a hospitality SME to measure and manage both employee↔customer engagement and employee↔customer identification. The researcher was concerned that the current Human Sigma instrument did not consider the importance of measuring and managing identification. At the same time, it is argued that the root cause of many employee-customer encounters is the failure of participants to identify with each other. Having discussed the importance of measuring and managing the service encounter, the purpose of this stage of the research was to produce a significant measurement tool for the industry. Considering the limitations of measurement tools and techniques and, in particular, Human Sigma, this stage of the research was vital in discovering the applicability of the Human Identification scale in an operational environment.

Therefore, the first stage of the research consisted of the purification of the scale in a sample of 12 employees and 33 customers at one site and, ultimately, the same site as the previous study, which compares favourably to other hospitality case studies (Barsky and Huxley, 1992). Although the results are important, the aim of the research is to establish its value at the operational level. Again, each survey was completed in the presence of the researcher following a service encounter with front-line employees and within the hotel. In particular, this allowed the subject to offer verbal comments to illustrate their views on the actual question and response. Furthermore, completing surveys in the presence of the researcher has been recognised as a sound methodology for obtaining data on social aspects of the service encounter and other behaviours that result in satisfaction or dissatisfaction (e.g. Bitner et al., 1990). Therefore, the purpose of the instrument interviews was to investigate the elements on which the employees and customers rely in evaluating identification during the service encounter. The aim therefore, was to maximise the content validity of the scale to be developed as well as establish the scale at the conceptual level as developed from the implementation of

Human Sigma, literature reviews and at the operational level. Accordingly, the instrument was guided by the theorised elements of encounter identification, empirical findings and then analysed.

7.4.5 Data Analysis and Findings

The Tourism SME employs 31 employees in total and 12 employees completed the questionnaire. Fifty eight per cent of respondents had a full time contract, 16 percent part-time and 26 per cent part-time casual. Considering the hotel opened in 2008, 50 per cent of the respondents have worked for the hotel for 1-2 years, with one respondent having worked at the hotel since opening. However, the majority of respondents (83%) could see themselves continuing a career in the hospitality industry. As noted in Chapter One, high staff turnover is a common issue within the industry. Certainly, the findings could go some way in explaining some of the reason why. Furthermore, the respondents were predominately female (83%) and between 22-34 years old (50%).

Forty six per cent of the respondents in the customer sample were staying at the hotel for leisure purposes. Twenty four per cent were visiting friends and relatives and 27 per cent were on business. Sixty per cent of the respondents were female, and most of the respondents were aged between 45-54 (27%) and 65 and over (24%). Fifty eight per cent were first time guests and made the booking themselves. A comparison of sample characteristics to company records, as discussed with the manager, indicated that the respondents were representative of the hotels customer population.

As discussed, the new scale can distinguish between the different types of interaction, with both the employees and the customers of the organisation:

Human Identification Model Elements:
A. Employee-Customer Identification – Did not exist in the Human Sigma scale.
B. Employee-Organisation Identification– These items were classified in the original Human Sigma scale.
C. Customer-Employee Identification – Did not exist in the Human Sigma scale.
D. Customer-Organisation Identification– These items were classified in the original Human Sigma scale.

Both A and C elements include a smaller number of items which were additional to the original scale.

Furthermore, it was important to consider the results and ultimately the feedback from practitioners in study one (Chapter Three) in relation to the utilisation and contribution of service quality management/business improvement tools (Sutton, 2013). It was obvious from these findings that managers/business owners required a less complex measurement tool. However, the application of the Human Sigma instrument although easy to administer, has complex calculations to determine the single HS score. Therefore, the new scale items can be calculated by averaging the scores on items making up the element and individual item scales can provide insight into which particular aspects might pose a problem thereby indicating suggestions for improvements. It was important in the development of the new instrument to understand the motivations and constraints of business owners/managers in the process of business improvement. Therefore, it was vital that the new instrument was easy to administer and analyse, due to time constraints, resources and analytical skills (Sutton, 2013). More details regarding managerial implications will be discussed towards the end of this chapter. First however, it is necessary to display and review the findings from the implementation of the Human Identification instrument.

7.4.6 Unit of Analysis

The results arsing from the implementation of the Human Identification Model are displayed below under the four elements as noted above A-D followed by a theoretical discussion. As noted, an operational analysis needs to determine if the instrument can be

utilised within a Tourism SME and also its contributions to business improvement. It is vital therefore, that the results are shared but ultimately managerial implications are sought. Therefore, following the results, a comparative analysis will be made between the two sets of results (post Human Sigma intervention).

The following stage of the research consisted of the purification of the scale in a sample of 12 employees. Total completed employee questionnaires N=12

Element A - Employee – Customer

Descriptive Statistics

Elements of the Human Identification Model	Measurement Criteria	N	Minimum	Maximum	Mean	Std. Deviation
Employee-customer identification	I feel a connection with our customers	12	2	5	3.67	1.155
Employee-customer identification	I identify little with the expectations of my customers	12	1	5	2.58	1.379
Power Balance	I feel customers have too much power	12	1	4	2.42	1.165
Employee-customer identification	When I talk about our customers, I usually say us rather than they	12	1	3	2.25	.965
Power Balance	Customers and I are on the same team	12	1	5	2.91	1.136
Power Balance	I feel more powerful in the service encounter than the customer	12	2	4	3.17	.835
Employee-customer identification	I perform the service better when I have a connection with the customer	12	2	5	3.92	1.165

Table 7.8: Employee-Customer Identification Results

A: Element A, that is employee-customer identification is simply the type or classification of social identification. As noted, this approach deepens our understanding of the influence of the employee's identification with customers. Specifically, it shows the highest score in Element A is 3.92 for the whole sample, leading to the conclusion that employees perform the service better when they have a connection with the customer. Such findings reflect the theory of *homophily* (Lazarsfeld and Merton, 1964) which argues that individuals enjoy the comfort of interacting with others who are similar to themselves. It is argued that the root cause of many employee-customer encounters is the failure of participants to identify with each other. In this study only 25 per cent of respondents strongly agreed that they felt a connection with their customers. Many roles in the tourism/hospitality sector, such as those of front-line employees – inherently contain a substantial relational component (Sluss and Ashforth, 2007), where employees work at the boundary between the organisation and the customer. In these cases, organisations are striving to increase engagement levels of both employees and customers. However, organisations must realise that employee-customer identification in the service encounter is a vital determinant of increased levels of engagement.

Not surprisingly therefore, while some employees agreed (42%) that customers have too much power (mean of 2.42) some employees felt more powerful in the service encounter than the customer (mean of 3.17). It is argued that people try to protect and enhance their self-concept by affiliating with people whom they perceive to be the same as them (Turner, 1985). Individuals attempt to make sense of one another in order to guide their own actions, as well as the social interaction process with others (Fiske, 1993). In many dyads of social interaction, one person is more powerful than the other (Lee, 2010). Power is not necessarily owned by an individual, for example in the tourism industry, a service employee's expertise, knowledge, and judgement, would place the service employee in a position of power superiority over the customer. Such differences in power may place less powerful service customers in an uncomfortable position. However, when customers are not dependent upon the service provider, alternatives with competitors are often sourced or the use of self-service technologies utilised. Despite this, organisations need to consider the technology readiness of the intended users of such services including customers and employees (Parasuraman,

2013). For example, customers and employees can feel intimidated by their level of technology knowhow. Subsequently, organisations need to consider training and support mechanisms that often need a human touch point. Indeed, it has been observed that customers strive for the human touch whilst engaging in service settings. Furthermore, as noted in Chapter Two, frontline employees can also feel less powerful in the service encounter than the customer. For example, front-line employees are often divorced from ownership and control (Lockwood, 1958) – which can affect their sense of identification and encourage role stress.

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Element B - Employee - Organisation

Descriptive Statistics

Elements of the Human Sigma Model	Measurement Criteria	N	Minimum	Maximum	Mean	Std. Deviation
Quality of the Local Workplace – employee engagement	I know what is expected of me at work	12	4	5	4.58	.515
Quality of the Local Workplace – employee engagement	I have the materials and equipment I need to do my work efficientl	12	3	5	4.33	.651
Quality of the Local Workplace – employee engagement	At work I have the opportunity to do what I do best everyday	12	4	5	4.50	.522
Quality of the Local Workplace – employee engagement	I have received recognition for doing good work	12	1	4	2.75	1.055
Quality of the Local Workplace – employee engagement	My supervisor , or someone at work seems to care about me as a person	12	1	5	4.00	1.128
Quality of the Local Workplace – employee engagement	There is someone at work who encourages my development	12	1	5	3.58	1.084
Quality of the Local Workplace – employee engagement	At work, my opinion seems to count	12	1	5	3.67	1.155
Employee – Company Identification	The mission or purpose of my organisation makes me feel my job is important	12	2	5	3.58	.793
Employee Identification	My associates or fellow employees are committed to doing excellent quality work	12	3	5	4.25	.622
Employee Identification	I have a best friend at work	12	1	4	2.92	1.311
Quality of the Local Workplace – employee engagement	In the last six months, someone at work has talked to me about my progress	12	1	5	2.92	1.240
Quality of the Local Workplace – employee engagement	This last year, I have had opportunities at work to learn and grow professionally	12	1	5	2.92	1.379

Table 7.9: Employee-Organisation Identification Results

B: The items on element B address issues that either strengthen or weaken the emotional connection between an employee and employer. At the same time, Element B also builds upon Element A. For example, in order to measure and manage the employee-customer encounter a relational component must exist as in Element A. Therefore, the areas addressed in Element B relating to organisational identification, found the degree to which employees have the materials they need to do their job (mean 4.33) and whether expectations placed on them are clear (mean of 4.58). Again, both of these items scored relatively high in comparison to other items. Despite this, other important areas relating to employee recognition and whether employees are afforded opportunities to learn and grow scored low (mean of 2.92 for both items). However, the employee's sample characteristics identified that the majority (83%) could see themselves continuing a career in the hospitality industry. Indeed, both Fleming and Asplund (2007) and Marr (2012) report that most organisations do not do a good job of balancing the ways they measure, evaluate, retain and reward their managers and employees. Often, employees are rewarded when they meet financial goals, not when they generate customer loyalty or build relationships. Subsequently, the results show that the employees understand their expectations of the job role but are not recognised or rewarded to build customer relationships and ultimately engage/identify with the customers. Consequently, they are too inwardly focused and have lost their direction.

The following stage of the research consisted of the purification of the scale in a sample of 33 customers. Total completed customer questionnaires N =33:

Element C - Customer – Employee

Descriptive Statistics

Elements of the Human Identification Model	Measurement Criteria	N	Minimum	Maximum	Mean	Std. Deviation
Customer – Employee Identification	The staff at this hotel understand my needs	33	1	5	3.45	1.603
Power Balance	I feel the staff at this hotel have too much power over me	33	1	5	1.58	1.480
Customer – Employee Identification	The staff at this hotel find out what kinds of products or services that would be most suitable for me	33	1	5	2.82	1.811
Power Balance	I feel comfortable dealing with the staff at this hotel	33	1	5	4.00	1.369
Customer – Employee Identification	I feel a connection with the staff at this hotel	33	1	5	3.45	1.622
Customer – Employee Identification	Having a connection with the staff improves my experience	33	1	5	3.18	1.740

Table 7.10: Customer-Employee Identification Results

C: Element C relates to customer-employee identification, that is, a type or classification of social identification. As noted, both employee and customer identification must be measured and managed holistically and not as separate entities. In particular, the results show that on this occasion customers felt comfortable when dealing with the employees (mean score of 4.00). During the service encounter, customers may use some congruent traits that are associated with the human personality and structures that can be used to make sense of other people (Leyens and Fiske, 1994).

For example, even with 58 per cent of the customer sample being first time guests, Coulter and Coulter (2002) states that perceived similarity helps individuals to reduce interpersonal barriers, allowing them to identify with others on a personal basis and generating a level of trust and assessment of others according to perceived similarity with themselves. Fundamentally, therefore, the employee-customer encounter becomes ever more vital in terms of service excellence and business improvement. Over half of the customers (51 per cent) strongly agreed or agreed that having a connection with the staff improves their service experience. In particular, the 51 per cent can be correlated to that of the first time guests and those seeking a leisure opportunity. Increasingly, as noted in Chapter One, the industry has become and continues to be more competitive. However, this could be taken as an opportunity as the findings propose that self-employee congruence has an impact on customer interactions, relationships, satisfaction, loyalty and trust. For example, 52 per cent of customers are "extremely satisfied", 42 per cent are "extremely likely" to continue to choose this hotel and 52 per cent are "extremely likely" to recommend this hotel to a friend. Forty-two per cent also strongly agreed and 36 per cent agreed that the hotel was a name they could trust (see Element D below). Therefore, there is a positive relationship between customer-employee identification and satisfaction, loyalty and trust. For example, employee identification has a stronger impact on customer satisfaction. Satisfaction has been defined primarily an affective construct (Oliver, 1996), hence the impact on employee identification upon satisfaction is strong.

Element D – Customer – Organisation

<div align="center">Descriptive Statistics</div>

Elements of the Human Sigma Model	Measurement Criteria	N	Minimum	Maximum	Mean	Std. Deviation
Attitudinal Loyalty	Overall, how satisfied are you with the hotel	33	2	5	4.33	.816
Customer Loyalty	How likely are you to continue to choose this hotel	33	3	5	4.21	.781
Customer Loyalty	How likely are you to recommend this hotel to a friend	33	2	5	4.30	.883
Emotional Attachment	The hotel is a name I can trust	33	1	5	4.09	1.100
Customer – Company Identification	The hotel delivers on what they promise	33	1	5	4.03	1.075
Customer – Company Identification	The hotel always treats me fairly	33	1	5	4.06	1.088
Customer engagement	If a problem has arisen, the hotel reached a fair and satisfactory resolution	33	1	5	2.24	2.208
Customer – Company Identification	I feel proud to be a customer at this hotel	33	1	5	3.30	1.759
Customer – Company Identification	The hotel treats me with respect	33	1	5	4.09	1.100
Customer – Company Identification	This hotel is perfect for people like me	33	1	5	3.85	1.253
Customer – Company Identification	I can't imagine a world without this hotel	33	1	5	2.70	1.794

Table 7.11: Customer-Organisation Identification Results

D: As discussed above, Element D = customer-organisation identification which is a form of social identification in which a customer experiences a sense of oneness or sameness with the organisation. In this case, customers scored high on satisfaction, loyalty and trust. The results further demonstrate the importance of understanding that employee identification has a direct role to play in forming service loyalty. Despite this, 18 per cent strongly disagreed with the statement 'I can't imagine a world without this hotel'. Fleming and Asplund (2007) suggest that passion is the highest level of emotional engagement and passionate customers cannot imagine a world without the organisation – subsequently 21 per cent agreed with this statement. It could be argued, within the tourism and hospitality industry, consumers are making use of new media and information sources to become increasingly well informed about what is available in the market (People 1st report, 2013). Certainly, these changes are influencing the way customers perceive value and what they want from services, as they are able to compare information more easily for example. Consequently, the report highlights that this is leading to an increase in competition but on the other side a real focus on the customer experience in order to retain and attract customers.

7.4.7 Comparative Data Analysis following Human Sigma Intervention

As discussed, following the results on the first set of Human Sigma data and achieving HS3, the results were discussed with the hotel manager. As employees are too inwardly focused, the intervention plan along with the development of the Human Identification Model began. Therefore, when piloting the new scale it was interesting to note any significant differences in the results from the first set of Human Sigma data following the results. However, it must be noted that only one month had passed before the second data collection took place and a smaller sample of employees as compared to study 1 took part. Both the timing (one month after intervention) and sample size is within the protocols of Human Sigma (Fleming and Asplund, 2007). However, a larger number of customer responses were achieved in this timescale as compared to study 1. Due to hosting different participants in each condition and unequal sample sizes, a Mann-Whitney test will be conducted. Mann-Whitney tests assess whether there is a statistically significant difference between the mean ranks of the two conditions (Dancey and Reidy, 2004). Therefore, the following tables display the results from the

Mann-Whitney test conducted on both the employee sample and the customer sample. Both tables consider the Median score from both study 1 and study 2 and continues to highlight any significant differences.

Employees

Question	Study 1 Median	Study 2 Median	Sig.	Decision
1.I know what is expected of me at work	5	5	.091	Retain the null hypothesis
2.I have the materials and equipment I need to do my work right	5	4	.326	Retain the null hypothesis
3.At work I have the opportunity to do what I do best everyday	5	4.5	.366	Retain the null hypothesis
4.In the last seven days, I have received recognition or praise for doing good work	3	3	.244	Retain the null hypothesis
5.My supervisor, or someone at work seems to care about me as a person	4	4	.044	Reject the null hypothesis
6.There is someone at work who encourages my development	4	4	.255	Retain the null hypothesis
7.At work, my opinions seem to count	4.5	4	.070	Retain the null hypothesis
8.The mission or purpose of my company makes me feel my job is important	4.5	4	.010	Reject the null hypothesis
9.My associates or fellow employees are committed to doing quality work	4	4	.744	Retain the null hypothesis
10.I have a best friend at work	4	3.5	.182	Retain the null hypothesis
11.In the last six months, someone at work has talked to me about my progress	4	3	.107	Retain the null hypothesis
12.This last year, I have had opportunities at work to learn and grow	5	3	.019	Reject the null hypothesis

Table 7.12: Employee Mann-Whitney Test Summary

Looking at the output from the Mann-Whitney analysis carried out in relation to the employee engagement items, 3 items display a significant difference. As noted above, the hotel was only 1 month into the intervention plan and the analysis confirms that employee engagement is an issue. The results display that the employees are still inwardly focused, they understand service processes, have the materials and equipment they need but as the results show that they have lower levels of emotional attachment with the business. As described by Fleming and Asplund (2007:160) 'engaged employees want their organisation to succeed because they feel connected emotionally, socially and even spiritually'. However, problems with this construct still exist. For example, Q5: is statistically significant. Also, Q8: displays a significant difference with a lower median score in study 2 (median=4) when compared to study 1 (median=4.40). Finally, question 12 displays the issue the hotel has with 'opportunities to learn and grow'. Through the chapters of this thesis, it is has discussed in detail that investing in employees gives them the ability (often through individual training and development opportunities) and empowerment to provide superior service. The results of question 12 displays a significant difference = Q12 with a lower median score in study 2.

Customers

Question	Study 1 Median	Study 2 Median	Sig.	Decision
1.Overall, how satisfied are you with....?	5	5	.001	Reject the null hypothesis
2.How likely are you to continue to choose......?	4	4	.561	Retain the null hypothesis
3.How likely are you to recommend ...to a friend?	4	5	.232	Retain the null hypothesis
4......is a name I can always trust	3	4	.012	Reject the null hypothesis
5......always delivers on what they promise	4	4	.051	Retain the null hypothesis
6........always treats me fairly	3	4	.022	Reject the null hypothesis
7.If a problem arises, I can always count on .....to reach a fair and satisfactory resolution	4	2	.065	Retain the null hypothesis
8.I feel proud to be a ....customer	3	4	.419	Retain the null hypothesis
9......always treats me with respect	3	4	.000	Reject the null hypothesis
10...is the perfect company for people like me	4	4	.266	Retain the null hypothesis
11.I can't imagine a world without.......	3	3	.329	Retain the null hypothesis

Table 7.13: Customer Mann-Whitney Test Summary

Looking at the output for a Mann-Whitney analysis on the customer engagement items, 4 display a significant difference. In particular, Q4: shows a significant difference and looking at the medians it is evident that study 1 (median =3) is significant and lower than study 2 (median =4). That is the same for Q6, again showing a significant difference and considering the medians, it is evident that study 2 is higher (median=4) as compared to study 1 (median=3). Interestingly, both questions fall in the emotional attachment elements on the HS scale (see table 7.6) and therefore display higher levels of customer engagement. Furthermore, the final question to display a significance

difference was Q9: with a median score in study 1 (mean=3) compared to study 2 (median=4). Furthermore, this item on the scale falls in to customer-organisation identification elements. As noted, customer-organisation identification is when a customer experiences a sense of oneness or sameness with the organisation (Ashforth and Meal, 1989). This is the same for the employees who display on some elements of the Human Sigma scale, high levels of employee-organisation identification. The overall satisfaction score was also significant Q1: with a median score in both studies (median=5). Similar then to the opinion of Fleming and Asplund (2007), engagement is therefore argued to include feelings of confidence, integrity, pride and passion in the organisation. However, as discussed in Chapter Five, Bowden (2009) expands on this, stating that the loyalty of repeat purchase customers is more effectively maintained through relationship management approaches such as personalised service experiences, rapport with service staff and recognition. However, as noted, Human Sigma fails to capture the social elements (employee↔customer identification) of the service encounter and again this is noted in the employee inferential analysis.

As noted, cultural change is one of the hardest areas for organisations to achieve (Williams and Buswell, 2003). The authors explain how the essence of employee engagement is the flexibility and self-judgement required of many front-line staff in hospitality and tourism organisations. Nevertheless, it could be suggested that seasonal staff working in the industry find it difficult to be motivated with such concepts. Often with limited training and a minimum wage culture, frontline employees limit their levels of responsibility and engagement with the organisation and the customer. However, as a requirement, ensuring staff understand their role in the service encounter must be within a supportive organisational environment.

Furthermore, recent advances in social identity theory and management suggest that employees can identify with more than the organizational identity (Ashforth et al., 2008). It has been argued that relational identities, those which relate to a work relationship with another individual or group (Sluss and Ashforth, 2007), can also be a powerful source of self-definition. It is proposed that the employee-customer encounter is enhanced when the two dyads identify with each other. For example, customer perceptions of the organisation are less important compared with the human

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identification factors of interaction in the service encounter. Specifically, in more detail, the on-site survey questionnaires often evolved into conversations. Consequently, the decision was taken to transcribe conversations/additional comments by hand. Importantly, therefore, quotes that appear in the subsequent table are actual to the further comments made by both customers and staff during the research study:

EMPLOYEE	CUSTOMER
'I feel comfortable working in this hotel as the customers are like me'	'Yes, I am friendly like (her)'
'I can talk to the customers if they are like me'	'Yes, I can talk to them easily'
'I can talk to the customer easy if they are like me'	'I always stay at this hotel as the staff are like me'
'I find it hard when customers are not like me – I can't always put on an act'	'I hate it when the staff think they are better than me – that's why I stay in this hotel, they are used to me'
'I feel more comfortable in this hotel than the one I used to work in – as the customers match me – they are more like me'	'It is important when you stay in a hotel you have a connection with the staff – if you don't you generally don't have a good time' 'The staff can make your stay much better – sometimes'
'If you are like the customer it is easier – you can make the service much better and they are very grateful'	
'As long as I stay to the script – the customers should understand me'	
'I'm not sure – but sometimes the customers think they are better than me and I find it difficult to talk to them'	
'I don't think about what the customer expects – I just do the job'	

Table 7.14 – Additional Survey Responses

The above quotations from both employees and customers provide powerful associations that link to the theory of Human Identification. In general, the comments from the respondents highlight the importance of customer↔employee identification during the service encounter. More striking, however, are the employee comments that relate to role stress, power balance and service scripts. Although Human Sigma intervention activities have been implemented, the results still show that the business

has become inwardly focused and transactional in its level of service provided. It is not surprising, therefore, that too much rigidity causes role stress between what the job requires and employee's own personality and beliefs, including the dilemma of whether to follow company rules or to focus on customer expectations. Despite this, the customers comment favourably about the importance of feeling a sense of similarity and having a connection with employees. Consequently, customers and employees can enjoy the comforts of repeat visitors. Again, employees understand their expectations of the job role but not necessarily the customers. Therefore, as illustrated on the Human Identification Model (Figure 7.5), role expectancies are a powerful determinant of service encounter success.

As reported, the findings of the study suggest that the elements identified were acceptable as confirmed by the respondents and accordingly used to validate the instrument. Therefore, in a high contact service environment, employee/customer identification is significant in determining customers and employees perception of service encounter quality. Given the more affective nature, the study suggests encounter identification connects with customers and employees on an emotional level. This study provides an understanding of how employee↔customer identification interrelates in the formation of attitudes and interaction. Consequently, in practice, it is important for managers to monitor the level of identification of their employees and customers. As witnessed, a hotel for example, can learn a great deal about its service performance by measuring how employees identify with the business and their customers and, likewise, by measuring their customer's identification with the business and front-line employees. In addition, hospitality managers could use the Human Identification Scale as a selection tool to identify suitable employees. Therefore, a new operational focus is required to recruit, train and manage front-line employees.

From a customer's perspective, the Human Identification instrument can assess how customers perceive the quality of interaction they have with employees. Soliciting such information can help the business to better identify the link between organisation and customer identification in order to improve the service encounter. Based on the theory that a customer orientated business must know and understand their customers – the

Human Identification instrument detects whether or not processes are in place to monitor customers' changing expectations.

Moreover, the study has investigated the applicability of Human Sigma. The adapted Human Sigma instrument provides a detailed insight into the importance of employee/customer identification within a hospitality operational environment. The study has therefore demonstrated that the tool can be used by managers/business owners of a hospitality SME. Furthermore, the Human Identification instrument can also be used at different periods in time for continuous business improvement.

In particular, the study has demonstrated how the scale was built and the usefulness of the results for owner/managers of hospitality businesses. For example, once adopted, the instrument could be used by hotel managers in several ways. The scale can provide measures to assess an employee and customer's identification with the organisation and identification with each other. This can be achieved by averaging the scores on items making up the element and individual items scales can provide insight into which particular aspects of an element might pose a problem thereby indicating suggestions for improvements. For example, following the results from the Human Sigma study, the hotel manager decided to implement an intervention plan e.g. new staff recognition/reward system. The question that scored this item (have you received praise and recognition in the last 7 days) would allow the business to analyse the new system. The results would also allow managers to understand how this impacts on building relationships.

Like Human Sigma, the Human Identification instrument takes a holistic approach to measuring and managing the service encounter as it is not possible to measure and manage the employee and customer experiences as separate entities. Creating value in a hospitality organisation is a function of the interaction between employees and customers, and businesses must view both sides of the employee-customer encounter as interrelated and mutually dependent (Fleming and Asplund, 2007). Furthermore, the instrument permits the measurement and management of the employee-customer encounter at the local business level. This is particularly appealing, of course, to managers of SMEs who measure and manage at the local level.

However, like Human Sigma, improvement in Human Identification performance will require deliberate and active intervention. As this study has demonstrated, measurement by itself is never enough to improve performance (Deming, 1990; Dale, 2003; Fleming and Asplund, 2007 and Marr, 2012). For example, as witnessed in this case study, creating organisational change is challenging and requires active intervention (Williams and Buswell, 2003; Dale, 2003; Fleming and Asplund, 2007; Marr, 2012). Transactional activities as described by Fleming and Asplund (2007), such as action planning, training and other interventions are cyclical and recur regularly. In particular, they are designed to help the business do what it already does – but better. Again, a strategy that SMEs in the hospitality sector would find appealing due to the constraints of managing such a business. Furthermore, transformational activities are structural interventions that focus on selection, promotion, pay and employee evaluation (Fleming and Asplund, 2007). For example, transformational activities as implemented in this study can include succession planning and recognising/developing your employees. These activities focus on creating an organisational infrastructure that would support the Human Identification Model. Ultimately, engaging employees undertaking training and before changing service processes, employees will be more ready for a change in culture (CQI, 2013). Furthermore, utilising structured selection interviews to hire individuals with more talent for a particular job could be a powerful way to build a stronger Human Identification culture. Therefore, the findings display the importance of maintaining high levels of employee↔customer identification through careful selection, training, supporting and rewarding of front-line employees.

7.5 Human Identification as a Strategy

As noted above, the Human Identification model, like Human Sigma, is a strategic approach that needs to be supported by tactics for driving improvement and organisational change. One of the reasons for the success of Six Sigma is the fact it was embraced by management as a business strategy (Dale, 2003). Management involvement and support is crucial because without it, any initiative, strategic or otherwise is doomed to failure (Fleming and Asplund, 2007) – including Human Identification. Human Identification is intended to drive business performance by

optimising the employee-customer encounter that is vital to the organisation's success. Therefore, Human Identification is also a philosophy, recognising that improving your businesses human identification can achieve a sustainable competitive advantage. Moreover, embracing this philosophy could differentiate a business from its competitors, a strategy which many hospitality and tourism businesses are continuously working towards.

One interpretation could be that Six Sigma companies, such as Motorola, are committed to Six Sigma as a strategic tool and has become the norm in the way of doing business (Hendry and Nonthaleerak, 2005). As Fleming and Asplund (2007) describe, these companies have thoroughly embraced the Six Sigma philosophy and its methodology permeates their culture. Organisations adopting the Human Identification philosophy would need to demonstrate the same commitment – a strategic initiative and a way of doing business with a focus on improving the elements as described. For example, "What kinds of actions is the business taking in response to opportunities identified by the measurement data?" Marr (2012) fundamentally agrees that measurement only improves performance when employees are engaged in the process and then acted upon.

Once an organisation has established the overall goals of the Human Identification program, the instrument can be re-administered periodically to track trends. Managers could observe changes in the scores, monitor the success of the implementation of new managerial practices e.g. new recognition and reward techniques for instance. Ultimately, the instrument will allow managers to engage with both customers and employees in managing the employee-customer encounter. Fleming and Asplund (2007) suggest that measurement should be conducted twice a year with employees. One interpretation could be if measurement happens too frequently, it can often be frustrating to employees. Conversely, if measurement does not happen enough, the process will lose its urgency and become a one off event rather than an on-going dialogue. Furthermore, as discussed in Chapter Three, it is vital that organisations consider a feedback system. Many organisations in the tourism and hospitality industry allocate lengthy surveys to both customers and employees to complete. Often, results are not shared and turned quickly in to key performance indicators with limited employee involvement and engagement. By tailoring interventions to current

performance – a process Fleming and Asplund (2007) call adaptive intervention, businesses can apply strategies that best fit. In contrast, Marr (2012) describes how employees become disengaged and reluctant to change when the performance expectations are perceived to be outside of their ability to accomplish. It is difficult for employees to embrace an organisational change initiative if employees are unaware of why it is being done or how it will benefit them. Consequently, communication and orientation activities as conducted for this study are essential elements of any effective organisational improvement initiative (Fleming and Asplund, 2007). Therefore, the research considers the following intervention framework:

➢ Communication: From the outset, employees need to be aware what identification is and how it will benefit everyone involved.

➢ Brand or Business promise: An essential step to build identification is to instil the promise for customers and employees into every aspect of the business. For example, the Ritz Carlton clearly articulates the employee and guest promise. However, it is not just how well known it is, but how well they are implemented (Fleming and Asplund, 2007).

➢ Action Planning: Usually within one month of receiving feedback and engaging all members of the team in developing specific improvement actions. If the team owns the actions they are more likely to achieve them (Marr, 2012; Fleming and Asplund, 2007). This also includes how the employees are praised and rewarded.

➢ Action Planning Review: Most of the time spent reviewing these action plans should be in conversation (not bureaucracy) about what is planned, what it was suggested, and how changes are progressing.

There is no single path to business success and organisations are continuously striving for service excellence. Therefore, with this is mind, having a strategy to progress is crucial. To achieve the objectives of service excellence, businesses need to support, control and motivate in order to drive change.

7.6 Closing the Conceptual Framework: key influences of the use of service quality management tools and techniques

In bringing this section of the thesis to an end, it is important to first close the conceptual framework by considering the initial findings in the very first study (Chapter Three), which related to the key influences of utilising service quality management tools and techniques. As Dale (1998) first described, there are a number of 'success' factors in the effective use and application of tools and techniques. Following this research, therefore, it has been determined that these success factors could be grouped into four main categories which will be discussed below:

1. Role of the instrument in the improvement process (generally businesses want to do what they already do but better)

2. Use, frequency and application of the instrument

3. Data collection, analysis and feedback

4. Commitment and Involvement

However, each category is subjected to various influences such as management, resources, employee and customer involvement. Hence, it is the effects of these influences that cause the issues and difficulties associated with service quality management tools and techniques. For example, lack of experience in both service quality management and tools and techniques can cause fear with the management and suspicion among the employees. If both parties do not perceive any benefits and view organisational motives with mistrust, this can lead to a failure to use the required instrument effectively. Although managers 'want to do what they already do but better' they have to be passionate and committed. Therefore, effective use of tools and techniques such as Human Identification can assist employees to accept more ownership for improvement. For example, the extent to which involvement takes place is also dependent on leadership and communication (Dale, 1998). The issue here is that the effectiveness of any tool or technique is dependent on how it is used, and how the application of it is supported and facilitated in the workplace. Managers also have influence over the organisational culture, which indirectly affects the control over

service encounters (Jones and Lockwood, 2004). A further example of this is training key people, although resource utilisation in SMEs is challenging, champions could be selected, and be seen as a credible role within the business. In all cases, the use made of the data collected to ensure improvements do take place is vital. As noted in Chapter One, The People First State of the Nation 2013 report has shown that customer service management and leadership skills will play a significant role in the hospitality and tourism sector as customer expectations increase and social media use continues to rise. With 21 per cent of employers reporting skill gaps, the sector's productivity is being severely affected. The research shows that, in addition to retaining staff in the hospitality and tourism workforce, providing the right training and development opportunities for individuals is also imperative. Indeed, it has been observed that without focused and disciplined action, even the best evaluation tools are nothing more than information without context (Sutton, 2014; Fleming and Asplund, 2007; Marr, 2012). It is by taking action on that information which will begin to embed Human Identification, and for sustainable success, reward and encouragement is vital.

7.7 Discussion and Conclusions

This detailed chapter has taken us on a journey from the initial stages of Human Sigma implementation and intervention to a revised conceptual model and instrument for measuring and managing the employee-customer encounter. This study is the first known investigation to implement the Human Sigma instrument in a tourism/hospitality SME. Therefore, this in-depth investigation and comparative analysis of whether Human Sigma can be applied in a tourism SME has made an original contribution to the body of knowledge. This chapter confirms the views of Fleming and Asplund (2007) about its suitability for high contact service organisations. However, overall this study did not confirm the view that engaged employees create engaged customers. The inability of employees and customers to understand role expectancies in the service encounter created a vital link to the importance of social identification in managing and measuring the employee-customer encounter.

In analysing the items inherent within Human Sigma, the significance of high employee and customer engagement is dependent on both employee↔customer identification, which involves understanding role expectations in the service encounter. Therefore, the construct 'mutual understanding' (Bitner et al., 1990) between customers and employees emerges as an important underlying factor in determining engagement in service encounters. Jones and Lockwood (2004) agree that the overall interaction is governed by the 'mutual responses' of the individuals. The study also confirms the recent advances in social identity theory and management that suggest employees can identify with more than the organisation (Ashforth et al., 2008) and, likewise, so can customers. This study indicates that both employee↔customer identification impacts on the evaluation of the service encounter and supports observations of factors relating to repurchase intentions.

Through the application of the Human Sigma instrument and subsequent intervention activities, the study has further revealed the relationship between organisational identification and social identification. A key conclusion of this research is that the Human Sigma instrument can be adapted to measure not only organisational identification but also social identification as a key determinant for managing and measuring the employee-customer encounter. Accordingly, therefore, this study has provided a valid and reliable instrument that takes into account the on-going social nature of the service encounter. In particular, the new scale can distinguish between the different types of identification (organisation and employee/customer) and, therefore, it provided the detail necessary to assess the strengths and weaknesses of the employee-customer encounter. This research has demonstrated how the Human Identification model can serve as a tool to measure and manage the employee-customer encounter.

In this regard, this research points to the conclusion that there needs to be a significant shift away from solely focusing on employee↔customer organisational identification towards an increased understanding of other factors that can form the basis of the measurement and management of the service encounter.

In summary, this research makes an original contribution to the body of knowledge with respect to measuring and managing the employee-customer encounter. Specifically, since there are most often two dyads in the service encounter, that is the employee and

the customer, it contributes to our theoretical understanding of the appropriateness of the social psychology perspective for research on identification in service encounters from these two perspectives. However, the application perspective to identification in service encounters does not merely provide theoretical contributions but is also has managerial implications for service firms.

7.8 Managerial Implications

In all likelihood, all customers have probably experienced positive or negative service encounters. Conversely, some may have experienced both positive and negative service encounters as an employee with our 'customers'. This thesis holds that it is vital for service managers, in particular those within the tourism and hospitality sector, to understand the importance of measuring and managing the service encounter from these two dyads holistically. Therefore, the study supports the idea that tourism and hospitality businesses can achieve competitive advantage through measuring and managing the employee-customer encounter. Moreover, in addition to the theoretical contributions described, this study has provided new insights for practical business improvement. Subsequently, the managerial implications of this research are as follows:

Employee and customer identification is an increasingly important factor for managing the employee-customer encounter and achieving service excellence. In particular, they should not be measured in isolation as, in most cases, they are not detached.

The employee-customer encounter is an integral part of the service and service offering. The best practice, therefore, is to track employee and customer organisation identification as well as their interactions with each other. Therefore, relational components exist in managing the encounter and the focus is not on transactional levels of service. This research will help businesses move away from a 'Tayloristic' view of managing the service encounter as discussed in Chapter One, in which employees are mainly seen as hands to perform pre-defined tasks, or simply mistakes waiting to happen (Marr, 2012). Instead, by recognising and managing the chain between employee-customer organisation identification, as well as their identification with each

other, businesses can start valuing not just processes and duties but also the 'heads and hearts' (or the social psychology) of employees and customers.

Indeed, it has been observed that for those businesses that want to engage their customers, engagement must start with their employees. For example, when employees identify with the business that they represent, they have a sense of ownership in identifying with customers. They are engaged employees and they actively work to identify with and create engaged customers. Therefore, businesses have an opportunity to manage both employee-customer engagement and employee-customer identification in tandem to create the greatest employee-customer encounters – Human Identification.

In practice, promoting the importance and impact of identification within the business will provide the employees with opportunities to further understand what identification means to them and how they can enhance the employee-customer encounter. Furthermore, the Human Identification Model can serve as a starting point for activities and communications with the businesses employees. Consequently the manager has the opportunity to create an environment in which employees can share opinions and clarify expectations and ultimately recognise the importance of role expectancies in the service encounter. Accordingly, the team can develop relationships with their customers and understand the importance of identifying with them. Thus, this model can serve as a 'catapult' for managers/business owners to create and enhance the employee-customer encounter.

While learning new skills are vital to employees, it is also important to enhance employee's beliefs about what they are able to do with the skills they already possess. To this end, their education and training in service quality awareness and the use of tools, techniques and approaches become priorities. Managing the talent of current employees becomes a vital strategy for improvement including the demand for *individualised* praise and recognition techniques (Fleming and Asplund, 2007).

Furthermore, such tools and techniques require attention to be paid to a number of critical success factors to make their use and application both efficient and effective (Dale and McQuater, 1998 and Dale, 2003). These include:

- Full management support and commitment. Management and staff should be fully aware of the main purpose and use.
- Effective, timely and planned training
- An environment that is conducive to improvement and talent management
- Must be used as an integral part of the business operations
- Employees must be recognised and praised

It is also essential that a problem solving methodology is introduced as part of the process of business improvement. Although there are a number of problem solving methodologies proposed in the literature, the common steps as described by Dale (2003) are:

- Identify the opportunities for improvement
- Define the opportunity to be tackled
- Evaluate all the possible root causes and select the most likely
- Act to implement and follow up solutions

Therefore, in bringing this chapter to a close it is useful to summarise these themes:

- Providing a good explanation as to why the instrument is being used
- Providing guidance to employees and customers
- The instrument should be used to facilitate improvement
- The way the instrument is applied and how its results are interpreted are critical to its successful use – a tool or technique is only as good as the person who is using it (Dale and McQuater, 1998).
- An organisations manger/business owner has a key role to play in the effective use of the instrument.
- For sustainable success, reward and encouragement is vital

As detailed in this section of the chapter and summarised above, it is clear that there are some implications and key recommendations for managers in their quest for service

quality management. Therefore, having identified the managerial implications, the thesis can now turn to its concluding chapter.

Chapter Eight

Conclusion

8.0 Introduction

This thesis started from the premise that, for many tourism and hospitality organisations, it is becoming increasingly difficult to establish a competitive advantage simply from the range of services offered. Rather, it is the 'contact' employees who represent the source of differentiation that may create a competitive advantage. Although tourism and hospitality consumers strive for independence and self-sufficiency, they nevertheless respect organisations that strive to be 'human' and, therefore, exceed inherent customer expectations. Therefore, managing the employee-customer encounter becomes a vital determinant of service quality management. Certainly, the evidence from extant research suggests that creating a superior service experience is critical to service success and survival. Despite this, the role of frontline employees in service firms tends to be underappreciated with the lowest paid, less experienced and trained employees 'put' on the front-line. As a result, internet review sites and word of mouth outlets abound with customers describing in detail the often poor experiences they have had dealing with frontline employees. Therefore, this thesis has focused on an aspect of the service experience that emerges as a key driver of overall service quality perceptions – the employee-customer encounter. Whilst identifying the importance of this encounter for service businesses, it is how this encounter can be measured and managed that is the concern of this thesis.

This thesis started by considering the notion that the original quality writers had little to offer the service industry in terms of quality tools and techniques. Although this argument is to some extent valid, two significant points immediately emerged, namely that, first, customers and employees are central to the judgement of quality and, second, there is a need for continuous improvement to meet their ever changing expectations. Moreover, it was found that these concepts are central to theorists of the two main schools of service quality. However, although a number of tools, techniques and

approaches exist, Six Sigma dominates the business improvement arena, with many service organisations and SMEs adopting and adapting the tools and techniques that were originally devised for the manufacturing sector. Indeed, it was as a result of the recognised constraints and limitations of implementing Six Sigma (which focuses on materials, methods and machines to drive improvement) in service organisations and SMEs, that Human Sigma evolved. In contrast to Six Sigma, Human Sigma focuses on people to improve business performance by measuring and managing the employee-customer encounter. Therefore, with the importance of managing and measuring service quality and in particular the employee-customer encounter established, Human Sigma provides an approach for service organisations to measure and manage this encounter. Understanding that this new approach could have a positive impact on service organisations, Human Sigma became the fundamental focus of this thesis. As a new approach to the area of service quality management, it soon became clear that limited research had been conducted. Like the Service Profit Chain, there have been very few, if any, studies substantiating the Service Profit Chain Model. Furthermore, with the research focus on the UK tourism industry, it was established that the nature of the industry and in particular the hospitality sector was predominately represented by SMEs.

Hence, the overall aim of this thesis, was to critically appraise the philosophy of the Human Sigma concepts of business improvement as applied to the service industry and to apply the Human Sigma model in a single service context, a UK tourism SME.

As the study would focus on tourism related SMEs, it was important in the first instance to understand the utilisation and contribution of service quality management tools and techniques in tourism SMEs. Again, it soon became apparent that limited research had been conducted in this area and therefore an initial study was conducted. Importantly, this study went on to support the whole thesis. The study provided clear evidence that many tourism and hospitality SMEs do not engage in business improvement processes and have fallen in to the trap of believing that operational measures, such as compliance to standards of service level agreements and service guarantees, are indicators of service quality and customer satisfaction.

At the same time, it was necessary to critically assess current quality improvement methods in theory and practice. The literature review showed many limitations with current measures of service quality and service encounter quality. Therefore, this thesis contributes towards filling the gaps in the literature in many ways. In particular, the research has achieved the following intended objectives:

- Clarification of the concepts of service, quality and service quality

- Critical assessment of the current tools, techniques and approaches to facilitate further development of concepts and methodology

- Rigorous investigation of the critical factors surrounding employee-customer encounters

- The implementation of Human Sigma to critically analyse its applicability

- Development of a concept and instrument to measure and manage service encounter quality on a continuous, customer-employee-driven and competitive basis.

More specifically, it is possible to infer from this research, and reflecting with Bowen and Schneider's (2013) Future Service Research Agenda, that it has encompassed: applying theoretical perspectives that have incorporated multiple stakeholders (employees, customers, and managers) and collecting data from more than one stakeholder, certainly including both internal and external sources; linking the research to significant business outcomes, such as customer and employee experiences and organisational performance, on multiple dimensions; considering both scholarly and practical implications; and taking seriously what was previously taken seriously when the field of service management first emerged – that all business functions are necessary to create customer experiences.

Originally contributing to the body of knowledge, the results from the application of Human Sigma in this study reveal that the employee's impact on customer's perception of the service encounter extends well beyond the range in which they perform their

expected duties. The interaction the employee has with the customer impacts on employee and customer perceptions for exceeding the immediate confines of their role expectations. To overcome these issues and further contributing to the body of knowledge, the intervention of Human Sigma activities took place and a revised conceptual model and instrument was developed. First however, in analysing the results and items inherent within the Human Sigma instrument, a radical finding was that it only measures the strength of the relationship between the employee-organisation and the customer-organisation. That is, this study found that Human Sigma fails to measure the social relationship between the employee↔customer which is critical in determining the quality of the service encounter. Although Human Sigma claims to 'link the quality of the employee and customer encounters, weaving together a consistent method for assessing *each encounter* and a disciplined process for improving future encounters' (Fleming et al., 2005), it was clear from the findings that the measure of employee-customer encounter effectiveness did not appear to be based on any information actually derived at the point of these encounters. Therefore, with no relational components, Human Sigma did not adequately capture the social nature of the service encounter.

Recognising that within the hospitality and tourism industry, the social nature or the impact of the employee-customer encounter has on the overall service experience is critical. For example, it has been argued that service encounters are first and foremost social encounters and must therefore proceed from a conceptualisation of these structural and dynamic factors that affect social identification. As noted, employee-customer identification functions independently from identification with the organisation. However, the two can coexist, converging or competing with one another (Sluss and Ashforth, 2008). Arguing from this perspective, it can be concluded that the global measure (Human Sigma) cannot distinguish between the organisations identification and the employee-customer identification. Therefore, the Human Sigma instrument does not provide the necessary details to assess the strengths and weaknesses of service encounter quality. In particular, Human Sigma fails to take account of the uniqueness and the realities of specific relationships. The measurement of identification in the service encounter therefore, needs to reflect not only the organisation identification but also the social identification of such interaction. Together, therefore,

this thesis has enhanced our knowledge of identification in service encounters from both an organisational, employee and customer perspective.

Like Human Sigma, the new model and instrument, called Human Identification, was applied within a tourism SME and in-line with the guidelines of case study research. This was conducted following the Human Sigma intervention activities. Therefore, the application was completed by careful research design through both quantitative and qualitative approaches directed at the collaborating establishment. A comparative analysis was also conducted following the implementation of Human Sigma activities. The achievement of the research was further demonstrated by its contribution towards strategic planning. For example, the collaborating business used the results of this study to determine its recruitment and training programmes, and its reward and recognition programme. In other words, the results from the research contributed to quality management procedures whilst, owing to the success of the instrument in practice, the manager of the case-study organisation is still in contact with the researcher, providing regular updates.

Within the context of this thesis therefore, strong support for the importance of Human Identification has been recognised. Understanding and developing identification between the employee↔customer and the business will ultimately enhance the employee-customer encounter. From an employee's perspective, the contribution of this thesis can be divided into two parts. Organisational related aspects and customer identification were the two identified elements of service encounter quality. First, it extends our understanding of the employee's identification with the organisation and how this can effect customer perceptions based on role expectancies in the service encounter. Secondly, this approach deepens our understanding of the influence the employee's identification with the customers has. Furthermore, this thesis proposes that employee identification has a mediating role with the managerial practices, such as reward and recognition.

From a customer's perspective, the contribution of this thesis can likewise be divided into two parts. Again, organisational related aspects and employee identification were the two identified elements of service encounter quality. First it extends our understanding of the customer's identification with the organisation. Secondly, it shows

that customer perceptions of organisation identification are less important compared with the human identification factors of interaction in the service encounter. Specifically, customers enjoy the comfort of employee identification within the service encounter. Therefore, the new scale can distinguish between the different types of interaction (the organisation and the encounter) and, consequently can provide the necessary detail to assess the strengths and weaknesses of the employee-customer encounter. The Human identification instrument can overcome the issues with the Human Sigma Instrument and serve as a tool to measure and manage the employee-customer encounter.

This thesis has studied the direct interaction between employees and customers in the service encounter. It therefore makes an overall contribution by extending our knowledge of identification in service encounters. Specifically, this thesis suggests that employee↔customer identification is directly related to customers and employee's perceptions of service encounter quality. Moreover, it suggests that customers' perceptions of service encounter quality are related to employee identification and, thus, constitute an 'identification closeness' between the two dyads. Therefore, the thesis supports the idea that tourism and hospitality SMEs can achieve competitive advantage through employee-customer encounter management.

In summary, this thesis has extended the limited research on the applicability of Human Sigma and introduces the impact of human identification in service encounter research - an opportunity that no business leader can ignore.

8.1 Final Thoughts

My passion for service quality management started when it became apparent that, although widely recognised, many choose to ignore, poorly manage or simply limit ownership of and responsibility. Recognising the need for improved service quality and the need to take it seriously, this research has provided a much stronger understanding of why so many don't engage in service quality management or simply get it wrong. In today's business world there is no single accepted definition of quality. However, service quality conveys a host of benefits and meanings and this research provides a

way forward. Certainly, in many industries including tourism, quality of service is one of the few variables that can distinguish a business from its competition.

With all its complexities however, an important aspect of this research was to reduce these and provide better understanding but also to equip managers in their quest for business improvement. One point particularly that is clear, customers and employees value their service experience. Hence, the introduction of Human Sigma as a new approach to managing service quality became the centre of attention.

With much hype and discussion surrounding this new concept, yet with limited scholarly research, the journey began. This journey has sent me around the globe, from attending a Six Sigma training programme in Birmingham to interviewing John Fleming in New York, liaising with local and international tourism businesses and, finally, presenting a paper based on this research at the International Research Symposium on Service Excellence Management in Sweden. However, in order to achieve this, it has also been an incredible personal journey. One that has increased my confidence in so many areas, teaching, writing, publishing, planning and delivering presentations and being part of the research and business community – A journey I would title 'continuous improvement'. It has tested my problem solving skills to the maximum and confirmed my levels of dedication.

8.2 The Nature and Limitations of the Study

Case and field research has consistently been one of the most powerful research methods in service operations management, particularly in the development of new theory (Voss et al., 2002). Pure case research, that is research based on analysis of a single case study to which, at best, only limited statistical analysis can be applied, is widely used in Europe (Drejer et al., 1998). This study was conducted utilising a single case study in the North West of England in order to conduct an operational analysis. In addition, the research was conducted in a tourism related SME. However, although the study has focused on one representative tourism SME, the generalizability of its findings to other tourism/hospitality organisations was always considered – but for the

purpose of this thesis remains untested. Hence, the concepts and this newly created instrument can be replicated at other service organisations.

Despite this, the result of the case research has created high impact. Unconstrained by the rigid limits of other methods, it has led to new and creative insights, development of new theory, and has high validity with practitioners - the ultimate user of this research. Through triangulation with multiple means of data collection, the validity has been increased further. Indeed, it has been observed that many of the breakthrough concepts and theories in service operations management have been developed through field case research (Voss at al., 2002). Furthermore, through conducting research in the field and being exposed to real problems, the creative insights of people at all levels of organisations, the individual researcher has personally benefited from the process of conducting the research. Increasingly new ideas are being developed, not by distant academics, but by those working in close contact with the case study as management consultants.

In summary, '. . . embracing a field investigation technique such as case studies is bound to make the individual researcher, and the field in general richer and better prepared to solve real problems' (McCutcheon and Meredith, 1993:252).

Therefore, this study reveals the potential for service organisations to enhance service quality through the employee-customer encounter. Potentially, however, other possible correlations outside those in Figure 7.5 could include, for example; the relative importance of price, marketing and physical features of a service setting. This would need to be explored in subsequent studies.

Certainly, this thesis can conclude that it is not time to be complacent, so in addition future research directions are considered.

8.3 Future Research Directions

Further analysis of the benefits, challenges and ultimately the critical success factors for implementing the Human Identification approach to business improvement should be a primary focus of further research. The inherent limitations as described above offer

some evident areas of future research, such as measuring identification over a period of time to monitor results and track trends. Further research could also be directed towards revealing how managers communicate the results including what specific activities can be utilised to enhance identification, or towards exploring the activities managers and employees engage in to enhance human identification. This would also provide additional information on how individuals work to positively impact identification scores. In addition, tracking which elements of the model occur formally and informally requires further investigation. Indeed, as noted above, further research should be conducted to test the scale in various service settings, such as tourist attractions, whilst differences not only in service settings or type of business but also in different countries and cultures would provide the focus of valuable future research.

The portrait of future research can therefore continue with the importance of managing and measuring the employee-customer encounter in managing service quality. Therefore, a manager has the opportunity to create a culture in which employees can share opinions and clarify role expectations, so the whole team is following a common vision for the business. When managers engage employees with the concepts, employee's ideas and opinions will help solve problems. Due to the importance of the employee in the service encounter as described in this thesis, they are the first to deal with customers emotions. Thus, this research can serve as a 'catapult' for managers to create and enhance the employee-customer encounter in their business. When managers utilise this model and instrument, the manager has the opportunity to put in place the necessary strategies and activities in order to continuously improve. The business can only be successful when all three (employee-customer-organisation) work together and 'identification' is the quality that joins them together that enhances the results.

As a final note, the thesis concludes how it started, that is, from the premise that original contributions are vital to provide more comprehensive guidance to tourism/hospitality business owners and managers striving to attract and retain customers and employees – especially where there are many diverse choices. In this environment, insights to the key drivers of service quality management are paramount.

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Appendix 1

Phase 1 Questionnaire Survey and Results

Objective: To identify the extent of the utilisation and contribution of contemporary business improvement /quality management tools within SMEs in the tourism sector.

UNIVERSITY OF CENTRAL LANCASHIRE

Service Quality Management Research Project

Dear Sir or Madam,

As part of my PhD at the University of Central Lancashire, I am conducting research into the implementation of business improvement / service quality tools used by the North West of England Tourism industry.

I would appreciate your contribution to this research by completing the short questionnaire attached. If you return the questionnaire you need to be aware that you are acknowledging that the information it contains can be cited in my thesis and other publications. I can assure you that all information that you give will be treated with the utmost confidentiality.

Enclosed is a freepost envelope for returning the completed questionnaire. Please complete and return the questionnaire by ……..………………..

Thank you again for your co-operation.

Yours Faithfully,

Carley Sutton

University Lecturer

School of Sport, Tourism and The Outdoors

E Mail: csutton1@uclan.ac.uk

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Section 1 – Organisation Characteristics

Organisation characteristics – This section is intended to help me obtain an overview of your organisation.

1. Type of Business? (e.g. Visitor Attraction) ....

2. Where are you located? (e.g. County) ....

3. Type of Ownership? (*please tick the appropriate box*)

Owner ☐   **Owner/Manager** ☐   **Limited**(LTD) ☐ **Public Limited Company** (PLC) ☐

4. How long has your business been operating? (***please tick the appropriate box***)

1-3 years ☐   **4-6** ☐   **7-10** ☐   **11-20** ☐   **20+** ☐

5. How many people work in the business? (***please write a number in the relevant boxes***)

Full Time ☐   **Part time** ☐   **full Time Casual** ☐   **Part Time Casual** ☐

Section 2 – Service Quality Management

This section contains questions related to Service Quality Management in your business.

6. Has your business implemented any service quality management tools? *(e.g. Investors in People)*

Yes ☐ **(go to question 9)**   **No** ☐ **(go to question 7)**

7. If **no,** has your business considered introducing any service quality management tools?
(e.g. Tourist Board Rating Systems)

Yes ☐   **No** ☐ **(go to question 8)**

8. What has stopped your business implementing any service quality management tools?
(go to question 11)

……

……

……

……

9. Please indicate by inserting a tick on the grid below the tools and techniques your business **Use**. Continue by placing a tick against the Tools and Techniques you **Recognise**.

Tools, Techniques, Systems	USE	RECOGNISE
ISO9000		
Total Quality Management TQM		
Balance Scorecard		
Quality Circles/Quality Improvement Teams		
Investors in People IIP		
Hospitality Assured		
Tourist Board Rating systems		
Customer surveys		
Employee surveys		
Recognition/reward program		
Action planning		
Succession planning		
Human Sigma		
Six Sigma *(If use please specify what tools you use)*		
Awards *(Please State)*		
Others: *(please specify)*		

Within your experience do you feel your business has benefited from the use of Service Quality Management Tools and Techniques? *(If so please indicate what they are)*

……

……

……

……

11. **Please read the following** statements and **circle** the choice that most truthfully tells how you feel about that statement.

5 = Strongly Agree   4 = Agree   3 = Uncertain   2 = Disagree   1 = Strongly Disagree

a. In our business it is important to achieve customer satisfaction   5   4   3   2   1

b. Improving business performance is important to the business   5   4   3   2   1

c. Adherence to service quality procedures is a high priority   5   4   3   2   1

d. Review and evaluation of policy and procedures is carried out frequently   5   4   3   2   1

e. Collection of data such as customer/staff feedback for continuous

improvement is seen as priority.   5   4   3   2   1

f. Service quality management requirements is emphasised at staff induction   5   4   3   2   1

g. Subsequent service quality management training is given to staff   5   4   3   2   1

h. Managers in the business have enough resources to implement service   5   4   3   2   1

quality management strategies

Name of your organisation …………………………………………………………………… (*optional)*

<u>**Return Details**</u>

Enclosed is a freepost envelope for returning the completed questionnaire. Please complete and return the questionnaire by 18th September 2009.

Thank you for your co-operation. Obviously, any information will remain confidential and will not be passed on to any other organisation or used for any other purpose than this research.

Carley Sutton

Results

Research Sites				
	Accommodation	**Tour Operator**	**Travel Agent**	**Visitor Attraction**
No of Respondents	82	1	6	12
				TOTAL 101

Organisation Characteristics

County					
Sector	**Lancashire & Blackpool**	**Cumbria**	**Merseyside**	**Manchester**	**Cheshire**
Accommodation	26	29	10	11	6
Tour Operator	1				
Travel Agent	3	1	1	1	
Visitor Attraction	5	5		2	
TOTAL	35	35	11	14	6

Ownership				
Sector	**Owner**	**Owner/Manager**	**Limited LTD**	**Public Limited Company PLC**
Accommodation	21	17	33	11
Tour Operator			1	
Travel Agent			5	1
Visitor Attraction		3	4	5
Total	21	20	43	17
Operating Age – Years				
Sector	**1-3**	**4-6**	**7-10**	**11-20**	**20+**
Accommodation	14	7	11	12	38
Tour Operator					1
Travel Agent	1		1	1	3
Visitor Attraction	1	1	3	2	5
Total	16	8	15	15	47

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Service Quality Management

The Implementation of Service Quality Management Tools		
Sector	Yes	No
Accommodation	51	31
Tour Operator	1	
Travel Agent	1	5
Visitor Attraction	6	6
Total	59	42

Organisations considering introducing Service Quality Management Tools		
Sector	Yes	No
Accommodation	14	18
Tour Operator	N/A	N/A
Travel Agent	3	2
Visitor Attraction	1	5
Total	17	25

Keywords/comments out of the 42 Tourism SME's that do not use any Service Quality Management Tools:

Sector	Keywords/Comments
Accommodation	Finance
	Tourist Board rating System is expensive £300
	Well established business
	Limited resources
	Not a priority
	No requirement
	Small business
	New business
	Lack of time
	Lack of support
	Paperwork – administration
	Lack of knowledge
	Lack of information
	In the process
Travel Agents	Not aware any existed
	Not useful for our type of business
	Unsure of the relevance
Tourist Attraction	Lack of information
	Lack of awareness
	Expensive
	Not seen as relevant or value

Service Quality Management Tools used and recognised

Accommodation		
Tools, Techniques, Systems	**Use**	**Recognise**
ISO9000	3	14
Total Quality Management TQM		11
Balance Scorecard	11	4
Quality Circles/Quality Improvement Teams	7	9
Investors in people IIP	19	20
Hospitality Assured	16	12
Tourist Board Rating Systems	49	8
Customer Surveys	42	10
Employee Surveys	21	13
Recognition/Reward program	26	10
Action Planning	22	4
Succession Planning	18	6
Human Sigma		3
Six Sigma		2
Awards :	AA Rosette Tourist Board Michelin Johansens Merseyside Awards Ambassador Awards Gold Awards Guest Focus Awards	
Others :	Proprietor of the Year Award LETS Welcome to Excellence Green Tourism Award	

Service Quality Management Tools used and recognised

Travel Agent/Tour Operator		
Tools, Techniques, Systems	**Use**	**Recognise**
ISO9000		1
Total Quality Management TQM		1
Balance Scorecard		1
Quality Circles/Quality Improvement Teams		1
Investors in people IIP		3
Hospitality Assured		1
Tourist Board Rating Systems		3
Customer Surveys	3	1
Employee Surveys	2	2
Recognition/Reward program	2	2
Action Planning	1	2
Succession Planning		3
Human Sigma		1
Six Sigma		1
Awards :	Monthly Staff Awards	

Service Quality Management Tools used and recognised

Visitor Attraction		
Tools, Techniques, Systems	**Use**	**Recognise**
ISO9000	1	4
Total Quality Management TQM		4
Balance Scorecard	1	1
Quality Circles/Quality Improvement Teams	1	
Investors in people IIP	5	2
Hospitality Assured	3	1
Tourist Board Rating Systems	1	2
Customer Surveys	9	
Employee Surveys	2	2
Recognition/Reward program	3	
Action Planning	4	
Succession Planning	1	1
Human Sigma		
Six Sigma		
Awards :	Excellence Through People VAQAS – Quality Assured Visitor Attraction Cumbria Tourism Award Excellence in Tourism Training QUEST	
Others :	Health Food – Better Business Award	

Appendix 2

Phase 1 – Inferential Statistical Analysis of Critical Success factors and grouping variables.

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of In our business it is important to achieve customer satisfaction is the same across categories of Type of Business.	Independent-Samples Kruskal-Wallis Test	.494	Retain the null hypothesis.
2	The distribution of Improving business performance is important to the business is the same across categories of Type of Business.	Independent-Samples Kruskal-Wallis Test	.739	Retain the null hypothesis.
3	The distribution of Adherence to service quality procedures is a high priority is the same across categories of Type of Business.	Independent-Samples Kruskal-Wallis Test	.569	Retain the null hypothesis.
4	The distribution of Review and evaluation of policy and procedures is carried out frequently is the same across categories of Type of Business.	Independent-Samples Kruskal-Wallis Test	.698	Retain the null hypothesis.
5	The distribution of Collection of data such as customer/staff feedback for continuous improvement is seen as priority is the same across categories of Type of Business.	Independent-Samples Kruskal-Wallis Test	.223	Retain the null hypothesis.
6	The distribution of Service Quality Management requirements is emphasised at staff induction is the same across categories of Type of Business.	Independent-Samples Kruskal-Wallis Test	.144	Retain the null hypothesis.
7	The distribution of Subsequent service quality management training is given to staff is the same across categories of Type of Business.	Independent-Samples Kruskal-Wallis Test	.310	Retain the null hypothesis.
8	The distribution of Managers in the business have enough resources to implement service quality management strategies is the same across categories of Type of Business.	Independent-Samples Kruskal-Wallis Test	.755	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

CSFs and Ownership

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of In our business it is important to achieve customer satisfaction is the same across categories of Type of Ownership.	Independent-Samples Kruskal-Wallis Test	.973	Retain the null hypothesis.
2	The distribution of Improving business performance is important to the business is the same across categories of Type of Ownership.	Independent-Samples Kruskal-Wallis Test	.907	Retain the null hypothesis.
3	The distribution of Adherence to service quality procedures is a high priority is the same across categories of Type of Ownership.	Independent-Samples Kruskal-Wallis Test	.616	Retain the null hypothesis.
4	The distribution of Review and evaluation of policy and procedures is carried out frequently is the same across categories of Type of Ownership.	Independent-Samples Kruskal-Wallis Test	.197	Retain the null hypothesis.
5	The distribution of Collection of data such as customer/staff feedback for continuous improvement is seen as priority is the same across categories of Type of Ownership.	Independent-Samples Kruskal-Wallis Test	.309	Retain the null hypothesis.
6	The distribution of Service Quality Management requirements is emphasised at staff induction is the same across categories of Type of Ownership.	Independent-Samples Kruskal-Wallis Test	.093	Retain the null hypothesis.
7	The distribution of Subsequent service quality management training is given to staff is the same across categories of Type of Ownership.	Independent-Samples Kruskal-Wallis Test	.313	Retain the null hypothesis.
8	The distribution of Managers in the business have enough resources to implement service quality management strategies is the same across categories of Type of Ownership.	Independent-Samples Kruskal-Wallis Test	.851	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

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CSFs and Age of Operation

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of In our business it is important to achieve customer satisfaction is the same across categories of How long has your business been operating.	Independent-Samples Kruskal-Wallis Test	.222	Retain the null hypothesis.
2	The distribution of Improving business performance is important to the business is the same across categories of How long has your business been operating.	Independent-Samples Kruskal-Wallis Test	.483	Retain the null hypothesis.
3	The distribution of Adherence to service quality procedures is a high priority is the same across categories of How long has your business been operating.	Independent-Samples Kruskal-Wallis Test	.685	Retain the null hypothesis.
4	The distribution of Review and evaluation of policy and procedures is carried out frequently is the same across categories of How long has your business been operating.	Independent-Samples Kruskal-Wallis Test	.520	Retain the null hypothesis.
5	The distribution of Collection of data such as customer/staff feedback for continuous improvement is seen as priority is the same across categories of How long has your business been operating.	Independent-Samples Kruskal-Wallis Test	.994	Retain the null hypothesis.
6	The distribution of Service Quality Management requirements is emphasised at staff induction is the same across categories of How long has your business been operating.	Independent-Samples Kruskal-Wallis Test	.703	Retain the null hypothesis.
7	The distribution of Subsequent service quality management training is given to staff is the same across categories of How long has your business been operating.	Independent-Samples Kruskal-Wallis Test	.978	Retain the null hypothesis.
8	The distribution of Managers in the business have enough resources to implement service quality management strategies is the same across categories of How long has your business been operating.	Independent-Samples Kruskal-Wallis Test	.829	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of In our business it is important to achieve customer satisfaction is the same across categories of COUNTY.	Independent-Samples Kruskal-Wallis Test	.067	Retain the null hypothesis.
2	The distribution of Improving business performance is important to the business is the same across categories of COUNTY.	Independent-Samples Kruskal-Wallis Test	.685	Retain the null hypothesis.
3	The distribution of Adherence to service quality procedures is a high priority is the same across categories of COUNTY.	Independent-Samples Kruskal-Wallis Test	.861	Retain the null hypothesis.
4	The distribution of Review and evaluation of policy and procedures is carried out frequently is the same across categories of COUNTY.	Independent-Samples Kruskal-Wallis Test	.570	Retain the null hypothesis.
5	The distribution of Collection of data such as customer/staff feedback for continuous improvement is seen as priority is the same across categories of COUNTY.	Independent-Samples Kruskal-Wallis Test	.786	Retain the null hypothesis.
6	The distribution of Service Quality Management requirements is emphasised at staff induction is the same across categories of COUNTY.	Independent-Samples Kruskal-Wallis Test	.783	Retain the null hypothesis.
7	The distribution of Subsequent service quality management training is given to staff is the same across categories of COUNTY.	Independent-Samples Kruskal-Wallis Test	.721	Retain the null hypothesis.
8	The distribution of Managers in the business have enough resources to implement service quality management strategies is the same across categories of COUNTY.	Independent-Samples Kruskal-Wallis Test	.236	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Appendix 3

Phase 3 – Case Study on-site survey questionnaires and results.

Customer Questionnaire Analysis

Total Completed questionnaires = 33

52% of customers are extremely satisfied

Overall, how satisfied are you with the hotel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	1	3.0	3.0	3.0
	-	4	12.1	12.1	15.2
	-	11	33.3	33.3	48.5
	extremely	17	51.5	51.5	100.0
	Total	33	100.0	100.0	

42% of customers are extremely likely to continue to choose the hotel.

How likely are you to continue to choose this hotel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	7	21.2	21.2	21.2
	-	12	36.4	36.4	57.6
	extremely	14	42.4	42.4	100.0
	Total	33	100.0	100.0	

52% of customers are extremely likely to recommend the hotel to a friend

How likely are you to recommend this hotel to a friend

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	2	6.1	6.1	6.1
	-	3	9.1	9.1	15.2
	-	11	33.3	33.3	48.5
	extremely	17	51.5	51.5	100.0
	Total	33	100.0	100.0	

42% of customers strongly agree that The Hotel is a name they can trust

The hotel is a name I can trust

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	1	3.0	3.0	3.0
	-	1	3.0	3.0	6.1
	-	5	15.2	15.2	21.2
	-	12	36.4	36.4	57.6
	strongly agree	14	42.4	42.4	100.0
	Total	33	100.0	100.0	

42% of customers agree that the hotel delivers on what they promise and 36% strongly agree

The hotel delivers on what they promise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	1	3.0	3.0	3.0
	-	1	3.0	3.0	6.1
	-	5	15.2	15.2	21.2
	-	14	42.4	42.4	63.6
	strongly agree	12	36.4	36.4	100.0
	Total	33	100.0	100.0	

39% of customers strongly agree that the hotel treats them fairly

Treats me fairly

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	1	3.0	3.0	3.0
	-	1	3.0	3.0	6.1
	-	5	15.2	15.2	21.2
	-	13	39.4	39.4	60.6
	stongly agree	13	39.4	39.4	100.0
	Total	33	100.0	100.0	

In this case – the majority (46%) of customers has no problems. 24% strongly agree that if a problem has arisen, the hotel reached a fair and satisfactory resolution.

If a problem has arisen, the hotel reached a fair and satisfactory resolution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	15	45.5	45.5	45.5
	-	2	6.1	6.1	51.5
	-	2	6.1	6.1	57.6
	-	6	18.2	18.2	75.8
	strongly agree	8	24.2	24.2	100.0
	Total	33	100.0	100.0	

33% of customers strongly agree that they feel proud to be a customer of the hotel. 22% agree with this statement also.

I feel proud to be a customer at this hotel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	5	15.2	15.2	15.2
	strongly disagree	1	3.0	3.0	18.2
	-	2	6.1	6.1	24.2
	-	7	21.2	21.2	45.5
	-	7	21.2	21.2	66.7
	strongly agree	11	33.3	33.3	100.0
	Total	33	100.0	100.0	

46% agree that the hotel treats them with respect and 39% strongly agree

The hotel treats me with respect

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	1	3.0	3.0	3.0
	-	2	6.1	6.1	9.1
	-	2	6.1	6.1	15.2
	-	15	45.5	45.5	60.6
	strongly agree	13	39.4	39.4	100.0
	Total	33	100.0	100.0	

36% strongly agree that the Hotel is perfect for them. 33% agree with this statement also.

This hotel is perfect for people like me

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	1	3.0	3.0	3.0
	strongly disagree	1	3.0	3.0	6.1
	-	2	6.1	6.1	12.1
	-	6	18.2	18.2	30.3
	-	11	33.3	33.3	63.6
	strongly agree	12	36.4	36.4	100.0
	Total	33	100.0	100.0	

21% strongly agree with this statement. 15% suggest that this question is not applicable and 18% strongly disagree.

I can't imagine a world without this hotel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	5	15.2	15.2	15.2
	strongly disagree	6	18.2	18.2	33.3
	-	3	9.1	9.1	42.4
	-	6	18.2	18.2	60.6
	-	6	18.2	18.2	78.8
	strongly agree	7	21.2	21.2	100.0
	Total	33	100.0	100.0	

33% strongly agree that the staff at this hotel understand the customer needs

The staff at this hotel understand my needs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	4	12.1	12.1	12.1
	-	2	6.1	6.1	18.2
	-	9	27.3	27.3	45.5
	-	7	21.2	21.2	66.7
	strongly agree	11	33.3	33.3	100.0
	Total	33	100.0	100.0	

46% strongly disagree that the staff at this hotel have too much power over them.

I feel the staff at this hotel have too much power over me

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	7	21.2	21.2	21.2
	strongly disagree	15	45.5	45.5	66.7
	-	3	9.1	9.1	75.8
	-	3	9.1	9.1	84.8
	-	3	9.1	9.1	93.9
	strongly agree	2	6.1	6.1	100.0
	Total	33	100.0	100.0	

21% agree and strongly agree that the staff at the hotel find out suitable products and services for them

The staff at this hotel find out what kinds of products or services that would be most suitable for me

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	7	21.2	21.2	21.2
	strongly disagree	1	3.0	3.0	24.2
	-	4	12.1	12.1	36.4
	-	7	21.2	21.2	57.6
	-	7	21.2	21.2	78.8
	strongly agree	7	21.2	21.2	100.0
	Total	33	100.0	100.0	

46% strongly agree that they feel comfortable dealing with the staff at this hotel

I feel comfortable dealing with the staff at this hotel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	2	6.1	6.1	6.1
	-	3	9.1	9.1	15.2
	-	1	3.0	3.0	18.2
	-	12	36.4	36.4	54.5
	strongly agree	15	45.5	45.5	100.0
	Total	33	100.0	100.0	

33% strongly agree that they feel a connection with the staff at this hotel.

I feel a connection with the staff at this hotel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	3	9.1	9.1	9.1
	strongly disagree	2	6.1	6.1	15.2
	-	3	9.1	9.1	24.2
	-	5	15.2	15.2	39.4
	-	9	27.3	27.3	66.7
	strongly agree	11	33.3	33.3	100.0
	Total	33	100.0	100.0	

30% strongly agree and 21% agree that having a connection with the staff improves the service experience

Having a connection with the staff improves my experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not applicable	4	12.1	12.1	12.1
	strongly disagree	3	9.1	9.1	21.2
	-	3	9.1	9.1	30.3
	-	6	18.2	18.2	48.5
	-	7	21.2	21.2	69.7
	strongly agree	10	30.3	30.3	100.0
	Total	33	100.0	100.0	

Customer Characteristics

67% of customers chose themselves to stay at the Hotel. 33% did not choose themselves and the booking was made via a tour operator.

Did you choose to stay at this hotel

		Frequency	Percent	Valid Percent	Cumulative Percent
	yes	22	66.6	66.6	66.7
	no	11	33.3	33.3	100.0
	Total	33	100.0	100.0	

58% of the customers in this sample are first time guests

How many years have you been staying at this hotel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	first time	19	57.6	57.6	57.6
	0-1	9	27.3	27.3	84.8
	1-2	1	3.0	3.0	87.9
	2-3	4	12.1	12.1	100.0
	Total	33	100.0	100.0	

46% of customers in this sample stay at the hotel for leisure purposes. 24% visit friends and relatives and 27% are on business.

What is the purpose of your visit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	VFR	8	24.2	24.2	24.2
	leisure	15	45.5	45.5	69.7
	business	9	27.3	27.3	97.0
	Other	1	3.0	3.0	100.0
	Total	33	100.0	100.0	

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40% of customers in this sample are male
60% are female.

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	13	39.4	39.4	39.4
	female	20	60.6	60.6	100.0
	Total	33	100.0	100.0	

24% of the customers in this sample are aged 65 and over

9% 55-64

27% 45-54

12% 35-44

21% 22-34

6% 21 and under

What is your age range

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-under	2	6.1	6.1	6.1
	22-34	7	21.2	21.2	27.3
	35-44	4	12.1	12.1	39.4
	45-54	9	27.3	27.3	66.7
	55-64	3	9.1	9.1	75.8
	65-over	8	24.2	24.2	100.0
	Total	33	100.0	100.0	

Employee Questionnaire Analysis

Total Completed questionnaires = 12

58% of employees strongly agree with this statement – I know what is expected of me at work. 42% agree with this statement also.

I know what is expected of me at work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	5	41.7	41.7	41.7
	STRONGLY AGREE	7	58.3	58.3	100.0
	Total	12	100.0	100.0	

50% agree that they have the materials and equipment to do the work efficiently. 41% strongly agree

I have the materials and equipment I need to do my work efficiently

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	1	8.3	8.3	8.3
	-	6	50.0	50.0	58.3
	STRONGLY AGREE	5	41.7	41.7	100.0
	Total	12	100.0	100.0	

50% agree and strongly agree that have the opportunity to do what they do best everyday

At work I have the opportunity to do what I do best everyday

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	6	50.0	50.0	50.0
	STONGLY AGREE	6	50.0	50.0	100.0
	Total	12	100.0	100.0	

42% of sampled employees sometimes (neutral) receive recognition and praise for doing good work.

I have received recognition for doing good work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	2	16.7	16.7	16.7
	-	2	16.7	16.7	33.3
	-	5	41.7	41.7	75.0
	-	3	25.0	25.0	100.0
	Total	12	100.0	100.0	

50% of the sampled employees agree that someone at work cares about them.

My supervisor , or someone at work seems to care about me as a person

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	1	8.3	8.3	8.3
	-	1	8.3	8.3	16.7
	-	6	50.0	50.0	66.7
	STRONGLY AGREE	4	33.3	33.3	100.0
	Total	12	100.0	100.0	

42% agree that someone at work encourages their development. 33% disagree with this statement

There is someone at work who encourages my development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	1	8.3	8.3	8.3
	-	4	33.3	33.3	41.7
	-	5	41.7	41.7	83.3
	STRONGLY AGREE	2	16.7	16.7	100.0
	Total	12	100.0	100.0	

58% of employees sampled agree that at work, their opinions seem to count.

At work, my opinion seems to count

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	1	8.3	8.3	8.3
	-	1	8.3	8.3	16.7
	-	1	8.3	8.3	25.0
	-	7	58.3	58.3	83.3
	STRONGLY AGREE	2	16.7	16.7	100.0
	Total	12	100.0	100.0	

50% of employees sampled agree that the mission or purpose of the job makes them feel their job is important

The mission or purpose of my organisation makes me feel my job is important

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	1	8.3	8.3	8.3
	-	4	33.3	33.3	41.7
	-	6	50.0	50.0	91.7
	STONGLY AGREE	1	8.3	8.3	100.0
	Total	12	100.0	100.0	

58% of employees sampled agree that fellow employees are committed to doing excellent quality work

My associates or fellow employees are committed to doing excellent quality work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	1	8.3	8.3	8.3
	-	7	58.3	58.3	66.7
	STONGLY AGREE	4	33.3	33.3	100.0
	Total	12	100.0	100.0	

25% strongly agree that they have a best friend at work – 50% disagree.

I have a best friend at work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	3	25.0	25.0	25.0
	-	1	8.3	8.3	33.3
	-	2	16.7	16.7	50.0
	-	6	50.0	50.0	100.0
	Total	12	100.0	100.0	

17% of employees sampled disagree and strongly disagree that someone at work has talked about their progress. 33% are neutral

In the last six months, someone at work has talked to me about my progress

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	2	16.7	16.7	16.7
	-	2	16.7	16.7	33.3
	-	4	33.3	33.3	66.7
	-	3	25.0	25.0	91.7
	STONGLY AGREE	1	8.3	8.3	100.0
	Total	12	100.0	100.0	

25% disagree that this last year, they have had the opportunity at work to learn and grow professionally. 17% agree and strongly agree they have.

This last year, I have has opportunities at work to learn and grow professionally

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	2	16.7	16.7	16.7
	-	3	25.0	25.0	41.7
	-	3	25.0	25.0	66.7
	-	2	16.7	16.7	83.3
	STONGLY AGREE	2	16.7	16.7	100.0
	Total	12	100.0	100.0	

42% agree that they feel a connection with the customers - 25% disagree.

I feel a connection with our customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	3	25.0	25.0	25.0
	-	1	8.3	8.3	33.3
	-	5	41.7	41.7	75.0
	STONGLY AGREE	3	25.0	25.0	100.0
	Total	12	100.0	100.0	

33% strongly disagree that they identify little with customer expectations.

I identify little with the expectations of my customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	4	33.3	33.3	33.3
	-	1	8.3	8.3	41.7
	-	4	33.3	33.3	75.0
	-	2	16.7	16.7	91.7
	STONGLY AGREE	1	8.3	8.3	100.0
	Total	12	100.0	100.0	

42% agree that sometimes customer have too much power – 33% strongly disagree with this statement

I feel customers have too much power

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	4	33.3	33.3	33.3
	-	1	8.3	8.3	41.7
	-	5	41.7	41.7	83.3
	-	2	16.7	16.7	100.0
	Total	12	100.0	100.0	

58% agree that sometimes when they talk about the customers, they usually say us rather than they. 33% disagree with this statement.

When I talk about our customers, I usually say us rather than they

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	4	33.3	33.3	33.3
	-	1	8.3	8.3	41.7
	-	7	58.3	58.3	100.0
	Total	12	100.0	100.0	

25% disagree that customers and them are on the same team – 17% agree.

Customers and I are on the same team

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	1	8.3	9.1	9.1
	-	3	25.0	27.3	36.4
	-	4	33.3	36.4	72.7
	-	2	16.7	18.2	90.9
	STRONGLY AGREE	1	8.3	9.1	100.0
	Total	12	100.0	100.0	

42% of employees sampled disagree that they feel more powerful in the service encounter than the customer

I feel more powerful in the service encounter than the customer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	3	25.0	25.0	25.0
	-	4	33.3	33.3	58.3
	-	5	41.7	41.7	100.0
	Total	12	100.0	100.0	

42% of employees sampled strongly agree that they perform the service better when they have a connection with the customer.

I perform the service better when I have a connection with the customer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-	2	16.7	16.7	16.7
	-	2	16.7	16.7	33.3
	-	3	25.0	25.0	58.3
	STONGLY AGREE	5	41.7	41.7	100.0
	Total	12	100.0	100.0	

Employee Characteristics

58% of employees sampled have a full time contract
16% Part time contract
25% Part time casual

Contract Hours

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	FULL TIME	7	58.3	58.3	58.3
	PART TIME	2	16.7	16.7	75.0
	PT CASUAL	3	25.0	25.0	100.0
	Total	12	100.0	100.0	

50% of employees sampled have worked the hotel for 1-2 years
17% 2-3 years
8% 6-12 months
17% 0-6 months

How long have you worked at The Legacy Preston International Hotel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-6 months	2	16.7	16.7	16.7
	6-12 months	1	8.3	8.3	25.0
	1-2	6	50.0	50.0	75.0
	2-3	2	16.7	16.7	91.7
	3+	1	8.3	8.3	100.0
	Total	12	100.0	100.0	

83% of employees sampled see themselves continuing a career in the hospitality industry

Do you see yourself continuing your career in the hospitality industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	10	83.3	83.3	83.3
	no	2	16.7	16.7	100.0
	Total	12	100.0	100.0	

50% of the employees sampled are aged between 22-34

25% 34-44

17% 21 and under

What is your age range

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21 and under	2	16.7	16.7	16.7
	22-34	6	50.0	50.0	66.7
	34-44	3	25.0	25.0	91.7
	45-54	1	8.3	8.3	100.0
	Total	12	100.0	100.0	

83% of the employees sampled are female

17% are male

Please state your gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	2	16.7	16.7	16.7
	female	10	83.3	83.3	100.0
	Total	12	100.0	100.0	

Appendix 4

Phase 3 Human Sigma Intervention Activity

Objective: 4. Critically evaluate the applicability of Human Sigma within a UK TSME.

Customer Feedback and Service Recovery

Key Questions for Managers to Ask about Customer Complaining Behavior:

- Why do customers complain?
- What proportion of unhappy customers complain?
- Why don't unhappy customers complain?
- Who is most likely to complain?
- Where do customers complain?

Components of an Effective Service Recovery System
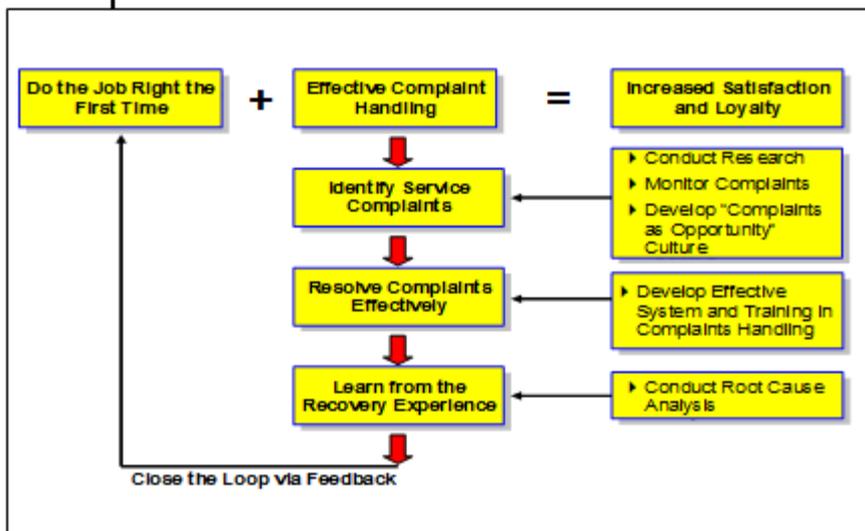
(Adapted from Lovelock and Wirtz, 2007)