Improving the Quality of Services Marketing in Kuwaiti Organizations

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Abstract

The quality of services is important for every organization. This paper examines the linkages between services marketing and quality management and to propose a practical approach to improving and monitoring service quality in Kuwaiti organizations. The concept of quality and process management then is examined and the role of internal customers and suppliers outlined. The paper argues that the variability of service processes and outcomes demands fundamentally new approaches to diagnostic problem solving in order to "design in" quality improvements continuously. The paper identifies four specific diagnostic levels for service system (re)design that require the commitment and collaboration of the services marketer. A practical six-point approach to monitoring service quality then is described and illustrated with reference to service activity in a retail branch network in Kuwait. Finally, outline some of the challenges facing marketing and quality management in Kuwaiti service organizations, the customers of such organizations, and academic researchers.

Key words: Service Marketing, Quality of Service, TQM, Kuwaiti organization

Introduction

The service quality movement is gaining momentum after a slow start in the early 1980s. Many scholars are now working in this area, reflecting the place of services in a firm's total "offer," as well as the strategic importance of quality in service performance. It is this second aspect that specifically links quality with services marketing. Since the start of the 1990s, service quality has moved to be the central agenda point for services marketing, as evidenced by a specialized professional journal (Managing Service Quality, launched in 1990), dedicated issues of academic journals on service quality (e.g., The International Journal of Service Industry Management special issue in 1993 on advances in research on service quality), workshops on the theme of quality management in services such as those run annually since 1991 by the European Institute for Advanced Studies in Management (EIASM), the biennial International Quality in Services Symposium (QUIS) co-launched in 1988 by the University of Karlstad in Sweden and Arizona State University (held most recently at St John's University in New York in 1994), and the formation of combined academic and professional groups, such as the International Service Quality Association in New York in 1991.

Study supports the view that customer-focused quality is a critical strategic dimension. The DIMS (profit impact of market strategies) research undertaken by the Strategic Planning Institute shows customer-perceived quality as a critical variable in profitability. The study by Buzzell and Gale (2009) concluded: "In the long run, the single most important factor affecting a business unit's performance is the quality of its products and services, relative to those of competitors." More recent FIMS based services research, which focused on 50 high performers in service industries, confirms this relationship. The research showed that high-quality service providers earned an average return on investment of eight percentage points above low-quality service providers (Allio and Patten 2008).

The aim of this paper is to examine the linkages between services marketing and quality management and to propose a practical approach to improving and monitoring service quality in Kuwaiti organizations. It commences with the idea of the "quality gap" (Pazasuraman et al. 2006) derived from services marketing concepts of quality. The concept of quality and process management then is examined and the role of internal customers and suppliers outlined. The paper argues that the variability of service processes and outcomes demands fundamentally new approaches to diagnostic problem solving in order to "design in" quality improvements continuously.
The paper identifies four specific diagnostic levels for service system (re)design that require the commitment and collaboration of the services marketer. A practical six-point approach to monitoring service quality then is described and illustrated with reference to service activity in a retail branch network in Kuwait. Finally, we outline some of the challenges facing marketing and quality management in Kuwaiti service organizations, the customers of such organizations, and academic researchers.

Services Marketing Concepts of Quality

One of the most remarkable features of total quality management (TQM) is the way in which it has drawn practicing managers from many parts of an organization to work together across traditional functional boundaries to improve quality and productivity (Crosby 2009). This highlights a rather simple yet dramatic link that has not yet been widely brought to attention: quality has become an integrating concept between production orientation and marketing orientation (Gummesson 2006). This is especially the case in the service sector, where production, delivery, and consumption can occur simultaneously.

The concept of quality referred to here is the match between what customers expect and what they experience. This is perceived quality (Gronroos 2005). Any mismatch between these two is a "quality gap." As perceived quality always is a judgment by the customer, whatever the customer thinks is reality is reality. Thus, quality is whatever the customer says it is. The service quality management goal is to narrow the quality gap. This not only facilitates getting customers, but keeping them. As quality goes up, non-value added activities and time related costs come down. Furthermore when staff participates in the quality improvement process, the beneficiaries are the staff, shareholders, and customers because stakeholder expectations are less often in tension with each other.

The quality gap between a customer's service expectations and service experience is seductive territory for research. However, relatively few researchers, with the notable exception of a body of work initiated by Parasuraman et al., have attempted to model the generic determinants of service quality and the kinds of quality gaps that lead to quality shortfalls (Parasuraman 2005).

The difficulty is that customers continually are experiencing and evaluating service performances in particular settings. They continually are "adjusting" their perceptions of customer service. Once something is "fixed" or "improved," other important service issues will emerge naturally. And when one among many critical service issues is resolved, the priority levels naturally change places.

One starting point is that service quality is perceived in a personal way by every single customer (Gronroos 2005; Parasuraman et al. 2005). The experience of service (following Gronroos) is influenced in turn by:

- What the customer gets as a result of the interaction between buyer and seller - "technical quality."
- How the buyer and seller interact in each and every service encounter - "functional quality."

In effect, "technical quality" is about outcomes of service encounters and "functional quality" is about the interactive process of achieving those outcomes. The dichotomy between "technical" and "functional" qualities in services is useful in exploring and coming to terms with the intangibility of service quality. In particular it gives emphasis to the key role of front-line staff in the service marketing process and shows how emphasis on the service relationship might in itself become a competitive strategy.

However, the "functional" and "technical" qualities clearly are interdependent. At this point, some conceptual difficulties arise. The technical dimension is not just a prerequisite for total service quality. In the eyes of the customer, technical quality often is experienced as though it were functional quality. For example, staff may be blamed for "service" problems if the internal data processing "backup" is not supportive. Quality must be built into the total service system or variation will be experienced as poor or inconsistent service.

Quality and Process Management in Services

In total quality management (TQM), we find in many Kuwaiti organizations structures for planning and introducing the kinds of integrating and co-coordinating changes that need to be made to the total service system, but these are linked only tenuously to customer expectations and strategies for building a loyal customer base. Clarifying customer expectations from a marketing based point of view is helped by the concept of customer value chain.
The customer value chain is a series (or linkage) of things a customer does with a product or service that produce value for that customer. A firm's offering is the input into the customer value chain (Porter 1985). The activity patterns of a customer are represented by the links in the chain. These control or modify the way in which a firm's output actually is used. For example, in Gulf Banka banking account may be input into a customer value chain as a bill paying device, an investment for a "rainy day" or a day-today savings account, according to how the customer goes at managing money and the priorities which are given value. The appropriate marketing aim is to identify what a customer is trying to do with the firm's service offering before reaching any conclusions about how this can be facilitated.

The value a firm creates for a customer is a function of the alignment it can achieve between the firm's value chain and the customer's value chain. Marketing management must share some of the responsibility for this. The continuing task is about adjusting the way a firm manages its service intangibles. How can we come to grips with this?

Consider first a Kuwaiti sole trader or self-employed professional. The activities he or she performs on behalf of a customer are sequenced and integrated along the value chain without the need for any command structure or functional differentiation within the "organization." Design, production, delivery, and personal service are integrated within one head. However, if the business grows in staff numbers, new co-coordinating work activities arise which requires functional specialization and some kind of hierarchical command. Vertical controls are usually then strengthened to the detriment of the integration of working relationships between people and across departments. In the case of Sultan Center, morequality problems are found between divisions than within divisions. To the extent that one department's output is mismatched with another department's required input needs, there is a quality gap. Failure to manage work flow and processes laterally across the Sultan Center's value chain has a way of multiplying costs and quality failures all along one value chain to the next, through to the end customer. The cost of quality is swollen by the sum total of all these mismatched activities, which invoke delays and higher-level "firefighting" decisions. One key task of quality management of Sultan Center is to identify and examine the most critical cross-functional organizational linkages and remove any blockages, thereby reducing the cost of achieving quality.

Internal customers and internal suppliers each supply the other, and are connected invisibly in terms of the input-output links in the value chain. Diagnosing these cross-functional links within the organization from their starting point with an external customer and back upstream to the external supplier represents quality and process improvement opportunities with dividends for both customer and service supplier. Quality also is at the mercy of variability built into work processes. This has to be managed as it will not correct itself. Every work process generates outputs that in some way fall short of perfection and uniformity. Also, processes contain sources of variability and these differences may be large, or small beyond measurement. This is because in service quality management, the customer also is part of the process and, indeed, a special cause of variability. Waste in all kinds of business activity can be brought under control by minimizing process variability; Process variation is generated and passed along the whole chain of customers and suppliers to the end customer. Indeed, the eminent Japanese statistician, Taguchi, says that there is an incremental economic "loss" for each deviation from customer "target requirements," which has a flow-on effect to society as a whole (Taguchi and Clausmg2002).

Coming to grips with service intangibles challenges traditional approaches to quality assurance developed in Kuwaiti manufacturing industries, such as Kuwait Steel Company, Equate, etc. At first glance, marketers may tend to attribute the quality of front-line service to the strength or weaknesses of service staff. This is a natural enough perception but it is nonetheless a partial observation. What constitutes service "performance" is the sum of the performance processes for which staff is the agents and customers the co-participants. Certainly, front-line service staff must perform well and need training in customer service skills. This is an important marketing function. However, efforts to improve front-line service performance by improving staff customer service training typically add cost, not value, unless the design and redesign of work activities, the environment in which service is delivered, and the work processes involved also are targeted for quality improvement, and are part of a continuous service system review. The challenge for Kuwaiti managers is to allocate time and resources for diagnostic problem-solving and service redesign, placing their efforts where it counts most. How should this task be approached?
Diagnostic Levels for Service System (Re) Design

We have conceptualized four diagnostic levels in the service production and delivery process that help focus the options to be considered in service system design and redesign for Kuwaiti organizations.

All service elements need to be seen as part of a total system in which any change or development at one level is likely to influence action or development in another. This systemic structure is what we see as the multisided face of service quality management. It permits us to consider service quality improvement from different points of view so that the most cost-effective solutions are developed. It allows us to consider customer reported "problems" as symptoms of problems for which root causes or optimum solutions may be found at any diagnostic level.

The diagnostic model shows the systemic structure and it reveals how some organizations are approaching service redesign. Customer service research drives analysis forward at each of the four diagnostic levels - the environmental setting, processes, job design, and people.

These levels of analysis, discussed below, open up a range of (re)design possibilities. Again, each level is part of the total system in which all parts are interrelated. These possibilities should not be seen as mutually exclusive but as threads that may be woven in different ways into the total design fabric.

**Level 1: Environmental Setting**

The environment in which the customer "faces" the service provider is critical to the perceived quality of service. The "situational" variables often are overlooked. The physical aspect obviously is a major component of environmental design but there are emotional and psychological features as well (Schneider and Bowen 2009).

In other words, the environment affects behavior by influencing the meaning a customer draws from a particular setting. This includes issues of orientation, learning where we are, where we are going, how things work, and what behavior is expected from us as a customer or as a service provider (Wener2009).

For example, every visit by a customer to Gulf Bank, every telephone call, and every order exists in a specific context defined by people, time, and place. Each and every service encounter therefore may be said to prescribe and to be prescribed in a "service interaction zone." Consider, for example, the transaction (tellers) and the lending (managerial) zones in a bank. People visiting the bank and depositing money see the bank in a different context and have a different set of service expectations to those waiting to see the manager for a loan. In any service organization, there will be multiple service interaction zones and service "channels" through which service is seen differently by the customers. Defining these key access zones conceptually can provide a "grounded" framework for any market research analysis of customers' service quality expectations and experiences, which in turn, can lead to "breakthrough" m-design of these zones.

Few service companies in Kuwait (with notable exceptions) have paid much attention to the good fit of place, time, and service function in service interaction zones. As a consequence, by failure to pay, the customer experiences disorientation effects. The ideal environment setting will prepare the customer by giving visual, procedural, and psychological clues, which both support and define service quality expectations.

**Level 2: Processes**

Processes are the backbone of a service firm's marketing performance and service quality (Booms and Bitner 2000). Service support processes directly influence the quality of customer service experienced at the front counter and information desks; i.e., they help to destroy, or support, the face-to-face service experience.

Service (re)design therefore includes changing the way a firm sequences its external (interactive) processes and manages its internal service support processes. Deming has stated frequently that workers never are to blame for flaws in the design of a process. Ineffective process design is management's responsibility. Poor process design prevents workers from giving their best and increase the time required to complete a service process cycle.

The development of "user friendly" data processing systems over the last decade is a case in point. This development was not so much the outcome of a new focus on customers' needs as it was on technological breakthroughs.
Given that there have been further technological breakthroughs in terms of capacity, enquiry languages, interconnectivity, and relational databases; the next step is toward "customer friendly" systems, i.e., contracting the gap among customer effective systems and operationally well-organized systems.

An increase in reutilization, productivity, and customer service is not an impossible goal (Todd 2008). What at first seem circumstances impossible to change often are found to be possible when the assumptions being made about the nature and purpose of the underlying processes are made clear? A major contributor to service process (re)design has been the use of flow charting techniques, sometimes called blueprinting, or service mapping. More developmental work still is required in this area, and indeed a change of mindset among managers to exploit and develop these techniques (Gummesson 2006).

**Level 3: Job Design**

A service company earns its reputation for good service by consistently delivering what customers expect of it. Over time, jobs often develop randomly with little focus on customer concerns. In the more extreme cases, jobs can become arbitrary groupings of activities that machines cannot do, with role conflict or ambiguity being the likely outcome. Also, badly designed jobs unwittingly tend to conceal the environment and process design defects.

There is a natural tendency to think that the design of a job is a "given" dictated by the technology, and that poor performance on the job must be the fault of the worker.

**Level 4: People**

With services, there is a difference in the sequence of events to that in product marketing - the "sale" of a service must be made before production and consumption take place. Unlike manufacturing systems, the operations processes cannot be sealed off from customers and staff, i.e., both customers and staff may contribute to the service performance. Through the interactions of customers and staff, the service production and delivery system is transformed from a static to a dynamic system. This provides some new problems for marketers but also some opportunities.

First, when we think of service as an "ongoing sale," both customers and front-line staff become part of the service sales service cycle. The service concept of the "moment of truth" introduced by Normans (1984) was popularized at SAS Airlines to show staff how this service cycle is a series of critical encounters with the customer (Carlton and Hubendinck 2000).

Second, staff tends to find that service quality itself is motivating when the goal is seen to be about improvements that customer’s value, an opportunity to test one's personal limits and, in so doing, contribute to the customer relationship and the organization's success. This goal-directed activity can contribute greatly to the success of an organization's marketing activities.

Some organizations in Kuwait are tempted to place strong emphasis on training in their plan for improving service quality. Training is vital but education is needed, too. Sometimes the first has to be prevented from interfering with the second. An internal marketing approach is helpful because it gives training a strategic customer focus (see, for example, Gronroos 2006) some key elements are:

- Staff selection processes and induction.
- Training design and the measurement of competency.
- Staff "climate" monitors.
- Internal (staff) communications.
- Support for company-wide service quality improvement.

Our definition of internal marketing is that it is any form of marketing within an organization that focuses staff attention on the internal activities that need to be changed in order to enhance external marketplace performance.

Service re(design) involves collaboration across departmental borders and a shift toward inviting the support and participation of people to work on improving the way the service system is designed and organized. A body of literature is now pointing to ways to improve both systems and "empower" service workers, as aspects of the one strategy (Bowen and Lawler 2004).
Our study about Kuwaiti organizations in this area suggests that there is a recursive relationship between the environmental setting for service, the design of jobs, the people (who are involved in the operational processes) and the processes (which involve people). Each diagnostic level is the key to learning more about the other. Each is the key to the effectiveness of service (re)design.

Practical Approaches to Monitoring Service Quality

The promise of quality management is an improvement in both quality and productivity. However, many of the attempts made in the Kuwait service sector to implement TQM procedures have viewed service processes narrowly through “manufacturing” eyes, often without the active involvement of marketing managers or disciplined customer service research. This is both surprising and disappointing, as both disciplines share the identical goal of meeting customer requirements. The special challenge in the Kuwait service sector is that the production and delivery of service occurs invariably at the same time and place. This gives rise to the “moments of truth” referred to earlier, when the co-participants in the service relationship come together.

The external starting point for service quality improvement, therefore, is measuring and monitoring customer requirements and perceived service performance, on an ongoing basis. This clearly is a marketing responsibility. The challenge for services marketing is that service quality measurement must stay close to the customer, and yet the customer’s requirements are a moving target, with the customer entering and leaving the service interaction zone(s) at will. The research approach taken in practice will depend on the specific service context being examined. To set some context for discussion in this paper, a retail regional structure is used to illustrate the potential for a triangulation of methods.

Now we can find out a multi-method and a monitoring approach to service quality is proposed. The sequence moves logically from customer service research and a staff attitude survey (or climate monitor) to setting up a range of “risk point” feedback systems. Last of all comes the selective introduction (and review) of internal statistical performance standards. The six market monitors of service quality are defined below.

Customer Service Quality Benchmark

First, a two-step qualitative/quantitative research study, which benchmarks the strength of particular customer satisfactions and dissatisfactions in specified service contexts, is used for the supplier company and its main competitors.

Qualitative customer service research provides managers with information on the service quality issues that require attention. Quantitative research gives managers the customer priority order for action. Further quantitative testing as to which service issues are critical from the point of view of staff (as well as customers) permits more powerful diagnosis of overall results (described later in this section).

Paradoxically, no one person or department can uniquely implement the findings from these studies. The customer service solution always is a mix of changes that cross departmental boundaries. What is required is a diagnostic review of the critical service issues using interdepartmental teams for review of the major (chronic) quality problems, thus achieving significant interdepartmental commitment to “breakthrough” improvement. The diagnostic process can involve a review of both retail service center and “head office” service support issues. Critical action in head office policy and/or systems areas often is overlooked unless a formal review process is established.

Staff Climate Monitor

This survey is an empirical measure of branch/district/head office staff opinion about quality of customer service, and also the quality of work life. These two elements impact on the quality of service experienced by the customer. A comparative analysis between customer perceptions (see above) and staff perceptions is a powerful additional step (Parasuraman et al. 2005).

Silent Shopper

The “silent shopper” is a survey measurement system based on the real shopping experience of customers. The measurement is done by skilled market researchers who are also genuine customers. This ensures that the shopping experience is as genuine as possible.

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This is now being recognized as a legitimate and important area of research. The purpose of this measure is not evaluative but purely diagnostic. Staff should be encouraged to challenge the information received. That is, how might the work processes be improved?

**Quality Maintenance Index**

This maintenance audit incorporates basic "housekeeping criteria" and can be administered by service center staff or by district level audit, or both. It is intended as part of an overall service center performance assessment.

**Risk Point Analysis**

A range of research options are appropriate to risk point analysis. All of them are intended to locate negative customer experiences, including those leading to loss of customers. Four examples - customer complaints analysis, customer complaints diary, account closure interviews and ex-customer telephone surveys - are explained above. The fact that the data are not fully representative of the customer base as a whole is not the point. Any negative customer experience is a variance within the system, and provides valid data for diagnosis and quality improvement.

**Statistics Performance Standards**

Only the customer can "set" service standards. Therefore, the central issue is how these external standards are signaled and interpreted within the company. It is characteristic of an authoritarian approach to quality improvement to move quickly to internal specifications (or statistical performance standards) as a prerequisite for improving service. However, there are better ways. The first step is to identify which customer supplier interactions (and service interaction zones) are connected with the customer service issues that are of critical concern to the customer. What is needed is a clear picture of the time-based steps involved. This usually is achieved by flow charting. What often is revealed at this point is a confusion of job design, environmental setting, work processes, and people issues. Surprisingly, the key processes often have no clear ownership patterns. Questions as to who does what, when, where, and how need to be resolved. This may involve negotiation with other departments, perhaps using a departmental purpose analysis technique (Oakland 2000).

Another design technique sometimes used in linking the "vital few" critical service issues to key processes is quality function deployment (Burn 1990). Through a process of linking and matching, an ideal target performance value might be generated after careful consideration of customers' needs (what needs to be done) and the ideal process designs (how it needs to be done). This is the standard at which to aim, but it is by no means the standard by which performance of the process in its current state can be matched. Intermediate goals can be set in the short term for particular operating conditions, so that the end goal is the step-wise elimination of variation over time. In service industries, setting performance standards for front-line service staff to achieve can give incorrect readings when strong technical process backup is needed for good results. It is common to find that the total process creates the service experienced by the customer, so it is the process capability that must be monitored.

**Conclusions**

In this paper, we have reviewed the links between services marketing and quality management in Kuwait organizations. The linkages between profitability and service quality and profitability and customer retention are increasingly being recognized. However, the conclusions between services marketing and quality management are not understood as uniformly. A number of concluding observations are now made.

First, our work in a number of Kuwait banks suggests much needs to be done to introduce structural approaches to service system (re)design. The environmental setting, work processes, job design, and the role of the people who bring it all together seldom are treated in a coordinated way. The approach outlined in this paper has been tested with considerable success in one major financial service institution.

Second, it often is stated that "what gets measured gets done." This is a useful coordinate but attention should be focused on the quality of the monitoring systems and the internal diagnostic review process. What is needed is not feedback about performance but feed forward that effectively channels staff commitment and teamwork into problem-solving and opportunity seeking. We suggest that this is an internal marketing function and, therefore, a marketing responsibility.
Third, improving the quality of service marketing is a strategy for keeping customers, as well as getting them in the first place. This has been expressed as a developmental approach to relationship marketing for Kuwait organizations. Service variability is an ongoing management problem and this is a challenge for marketing management and quality management alike. Marketing needs quality management to reduce service process variability, just as surely as quality management needs marketing information inputs to make sense of customer needs and to review process capability.

So far, this paper has shown how a variety of academic concepts and managerial advances in service quality can be brought together to improve marketing effectiveness. There are parallel challenges facing managers in Kuwait service organizations, customers of these organizations, and academic researchers, which should be briefly mentioned.

For managers in service organizations, the emergence of quality assurance certification is a vital concern. In particular, managers are confronted with the challenge of conforming to prescribed service quality standards or award criteria lay down by third parties.

Pressure to conform to such externally imposed certification is increasing. This view is based on the rapid adoption of standards and awards such as ISO9000. In Scandinavian countries, and particularly Kuwait, service quality management has become a topic of GCC interest, with the government taking a leading role through initiatives such as the Kuwait Customer Satisfaction Barometer.

For customers of service organizations, especially institutional buyers, moves are underway to require suppliers to conform to specific quality standards, through some formal accreditation process. Many are moving from a position of having a fairly limited specification of their requirements to insisting their suppliers adopt the standards required. However, a more flexible development has been termed “partnership contracting” whereby purchasers and providers use quality award criteria to agree on specific requirements that have to be met by the supplier organization, including joint quality monitoring arrangements.

Criticisms have been directed at ISO9000 as a managerial process, particularly for bearing too close a resemblance to the standards used for manufactured goods, despite specific guidelines for quality systems in service organizations being introduced. Additional criticism is that the quality audits required do not emphasize performance outcomes.

For academic researchers, service quality research is entering its third phase (Gronroos2005). The first phase has been concerned with understanding what service quality is and how quality perceptions are determined through what has been termed the "confirmation/disconfirmation concept." The second phase has been concerned with the development of measurement approaches based on the static model of phase one. The third phase is concerned with developing methodologies that capture the dynamics of service quality in various contexts. Our work is offered as a contribution to this third area, defined by Gronroos for Kuwaiti organizations. More needs to be done to examine the interventionist role of internal marketing in influencing service (re)design in the context of ongoing changing external marketing relationships.
References