Service quality delivery in a cross-national context

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ABSTRACT

Consumption of a broad range of services ranging from tourism to hospitality by an increasingly global mix of customers, especially from the new millennium of the emerging middle class, is creating an interesting challenge for service providers. What are the macro-environmental (cultural, historical, economic, political etc.) influences on service culture and on service quality delivery? Drawing on the expectancy-disconfirmation theory, this qualitative study provides insights on profound macro-environmental drivers of attitudes towards service quality delivery from a cross-national context. Based on comparative, country-based industry insights that highlight employee attitudes from advanced and emerging markets, we discuss the impact from a cross-national service quality delivery perspective. By examining comparative country contexts in growing service sectors, as in hospitality and tourism, we develop and present a conceptual model of cross-national service quality delivery.

1. Introduction

Countries have their own idiosyncratic origins and paths that influence service culture. Attitudes and behaviour of service sector stakeholders (e.g. owners, managers and employees) are typically influenced by social and cultural norms that have been formed and reformed in the past (Agarwal, Malhotra, & Bolton, 2010; Malhotra, Ulgado, Agarwal, Shainesh, & Wu, 2005). Many factors impact the mindset, attitude, expectations and behaviour (service culture) of those who are engaged in the service industry (service quality delivery). These include culture and philosophy, social hierarchy, historical events (e.g. political revolution) and transformation (e.g. economic reform). In addition, such factors as technological development, access to information, and the process of globalisation influence the nature of service quality.

Given the increasing cross-border trade and investment in general, and expanding international tourism and hospitality in particular, cross-national service delivery has become a key performance indicator. The spectacular growth of emerging markets provides more opportunities to develop new perspectives to capture cross-national service delivery, which are needed to better understand the differences between emerging market and increasingly economically nonviable markets in advanced economies (Kaski, Hautamaki, Pullins, & Kock, 2017; Sheth, 2011). The rising interconnectedness of economies (e.g. Manyika et al., 2014; McKinsey's Interconnectedness Index, 2016) suggests tourism and hospitality services (including hotels, resorts, restaurants, cruises, airlines, banking, retailing, etc.) are now

increasingly being consumed by a mix of international consumers. A range of home and host contextual factors play a role in constraining the effective application of cross-cultural skills (Wang, Fan, Freeman, & Zhu, 2017).

Accordingly, it is critical and timely to identify those elements that influence service culture and cross-national service delivery in a comparative setting (Donthu & Yoo, 1998; Hoang, Rao Hill, Freeman, Lu, & Imrie, 2017; Kaski et al., 2017). Taking a novel approach, we draw on the expectancy-disconfirmation theory (Oliver, 1977, 1980, 1997; Oliver & DeSarbo, 1988; Oliver, Balakrishnan, & Barry, 1994) to the cross-national service quality delivery context. A cognitive psychology theory, the expectancy-confirmation framework is more commonly used to explain post-purchase satisfaction as a result of expectations, perceived performance, and disconfirmation of beliefs. Perceived performance is how a person perceives what is actually happening (e.g. in the initial service delivery encounter). Typically, discontinuation occurs when the perceived performance moves sufficiently away from the buyer's expectations. Specific to our focus, discontinuation can be positive (where performance exceeds expectations) or negative (where performance fails to meet expectations). Disconfirmation, then impacts the satisfaction with the service provider or employee, either positively or negatively.

From a social psychology perspective, customer satisfaction is regarded as a function of positive disconfirmation (Oliver, 1977; Oliver & DeSarbo, 1988). Alignment of expectations between the customer and the employee or service provider, implies a confirmation of

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expectations, where both parties are satisfied, and their expectations are met (Oliver et al., 1994). More commonly, the expectancy-disconfirmation theory has been used to explain business to consumer purchase behaviours (Oliver, 1977, 1980; Oliver & DeSarbo, 1988; Oliver et al., 1994). Nevertheless, it also applies to service provider or employee behaviours.

We acknowledge that the customer's experience of created value with the provider is to some extent shaped by his or her expectations. Similarly, as the focus of this paper, we argue that the provider's behaviours are also partially shaped by his or her expectations engaging in the shared interaction during the encountered service delivery. It is thus rational to suggest that reasonable alignment between these expectations is important to avoid negative disconfirmation. In the current business environment, it might be very challenging for employees to fully satisfy customers from increasingly multi-national backgrounds, in view of the sharp rise in international tourism and hospitality (Hoang et al., 2017). Further, from the standpoint of alignment, to satisfy customers' high, ideal or "should happen" expectations (Kaski et al., 2017), we need a deeper theoretical understanding of what shapes expectations going into the service delivery encounter. We argue that this should not just be from the customer's point of view but also from the service provider's perspective (Yakimova, Mavondo, Freeman, & Stuart, 2017).

2. Review and theoretical underpinnings

Previous studies have predominantly examined service quality from a customer-focused perspective in a single country context. Service quality is a complex phenomenon influenced by a host of factors (Brady & Cronin, 2001; Cronin & Taylor, 1992; Dabholkar, Thorpe, & Rentz, 1995; Gronroos, 1982; Parasuraman, Zeithaml, & Berry, 1985; Parasuraman, Zeithaml, & Berry, 1988; Rust & Oliver, 1993). These factors relate to such macro-environmental level variables as the prevailing culture and institutions of the country as well as consumer characteristics and expectations (Wang et al., 2017). We know that employees do not always meet the expectations of customers, and that these expectations may be higher where more complex value is created and exchanged, and the employees become a point of differentiation (Kaski et al., 2017). This is certainly the case in service sectors where the relational interactions are a major component of the service delivery encounter. The employee or salesperson becomes a point of difference in service culture and quality of delivery (Hoang et al., 2017). Drawing on expectancy-disconfirmation theory (Oliver, 1977), we argue that their expectations, attitudes and behaviours impact service culture and quality. While we have an adequate understanding of the expectations salespersons may fail to meet (Kaski et al., 2017), we know little about the macro-environmental influences on service employee expectations and behaviours in the cross-national context.

2.1. Influence of controllable and uncontrollable factors on service expectations

Service expectations are influenced by controllable and uncontrollable factors (Zeithaml, Berry, & Parasuraman, 1996). Controllable factors refer to explicit and implicit service promises. Uncontrollable factors refer to: enduring and transitory service intensifiers, personal needs, perception of alternative services, self-perception of service role, word-of-mouth communication, past experience, situational, and predicted service. This conceptualization applies to the determinants of service expectations from a single domestic (country) market. However, customers or providers in different countries (i.e. national culture for our purposes) may have varying levels of service expectations due to cultural differences (Donthu & Yoo, 1998).

While there is now considerable service quality literature that acknowledges the impact of culture on service expectations (Kaski et al.,

2017), there are two broad limitations.First, it does so at the single country level; and second, it takes a customer focus. By doing so, it tends to undervalue the cross-national level of analysis (Donthu & Yoo, 1998) and the service provider perspective (Hoang et al., 2017). As cultures (at the national level) differ, the context needs to be considered if we are to develop universal theory (Donthu & Yoo, 1998). Diverse cultural settings give rise to very visible differences in not only consumer, but also provider behaviour and expectations. It is only by including these macro-environmental contextual factors are we then able to refine theory (Wang et al., 2017) to explain our predictions and support our validations (Farley & Lehmann, 1994). In particular, knowledge of the level of expectations is critical in understanding the quality of service delivery required by customers. For cultures that expect an elevated level of service, a low level of service quality delivery would indicate a negative discontinuation (service quality failure) (Donthu & Yoo, 1998; Kaski et al., 2017). However, research needs to be extended to the perspective of the provider in order to generate greater insights about the influence of the macro-environmental factors. These factors are crucial for determining the service provider's expectations, attitudes and behaviour, for alignment of expectancy.

2.2. Expectations, value creation and relational aspects of selling services

Employees add value as a source of differentiation in the provider quality delivery context that is increasingly requiring adaptation, customization and problem-solving ingenuity (Dixon & Tanner, 2012; Hoang et al., 2017; Kaski et al., 2017). Yet most research on customer value creation focuses on product-oriented and not on the relational aspects of selling services (Parasuraman & Grewal, 2000). At the employee end of the equation, to create value, employees need to understand customer expectations concerning value creation, and need to react, respond and initiate behaviours to provide positive expectancy disconfirmation (Kaski et al., 2017; Yakimova et al., 2017). Importantly, "there is a gap in the extent sales literature, which fails to advance our understanding of customers' expectations and how salespeople can fulfil them…and we need a theoretical framework to advance this understanding" (Kaski et al., 2017, p. 47). In this study, we seek to understand what drives employees in terms of attitudes, motivations and behaviour, at the national level, and reflect on the gap, at the cross-national level.

Value-creation and sales research has moved away from a linear focus with a controlled conceptualization to the relational perspective (Dixon & Tanner, 2012; Grönroos, 2011), signifying co-creation of value in service delivery as one that is highly interactive between the customer and provider in a context that is unplanned (Haas, Snehota, & Corsaro, 2012). This shift acknowledges the creativity needed by the sales provider or employee. Yet research that examines the nature of the interaction perspective is rare (Yakimova et al., 2017). At the point of service delivery where interaction is high, such as the focus of our study, typically found in the people-based tourism and hospitality sectors, interaction is not just one of many business activities in the service delivery encounter. Rather, in this business to consumer environment, interaction is elevated to the level of the primary purpose and a means for organizations to combine their activities, and knowledge and resources for mutual gain and positive expectancy disconfirmation. Thus, value is the outcome and not the driver (Yakimova et al., 2017).

In our study, this recent shift in focus is important, because without a deeper understanding and theoretical explanation of the macro-environmental influences (Wang et al., 2017) on employee's attitudes, expectations and motivations at the national level (Hoang et al., 2017), we are unable to understand the uncontrollable aspects surrounding value creation from a relational perspective (Dixon & Tanner, 2012). This element is important where the relational perspective is a dominant aspect of the nature of the interaction, namely people-based