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Soft and Hard Aspects of Quality Management Practices Influencing Service Quality and Customer Satisfaction in Manufacturing-oriented Services

Usha Lenka
Damodar Suar
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This review rationalizes that quality management practices have been adopted as a marketing strategy in the post-liberalized economy. Evaluating the literature and theories of quality management, differences are found in the implementation of quality management practices in manufacturing and service sectors. A critical assessment of literature and a comparison of various quality management models divulge the variables that are proposed to influence service quality and customer satisfaction in manufacturing-oriented services. These variables are categorized as 'soft' and 'hard' aspects of quality management. The soft aspects include transformational leadership, workplace spirituality, service climate, human resource management practices, employees' affective commitment and job satisfaction. The hard aspects incorporate the management information system and physical evidence. It is rationalized that the adoption of soft and hard aspects of quality management is essential to achieve service quality and customer satisfaction.

Keywords: Customer satisfaction, manufacturing-oriented service, quality management models, service quality, soft and hard aspects of quality, workplace spirituality

A paradigm shift has taken place in the Indian industrial scenario after economic liberalization in the 1990s. Indian industries have seen

transformation from a protected to free market regime. Global players with the latest technologies and better service quality have

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entered the Indian market challenging both manufacturing and service industries, banks too are no exception to this. This has resulted in an increased competitive situation. Customers are opting for better services available in the market. There is tremendous pressure on managers to stop profitable customers from defecting. Organizations have to constantly innovate and create value for their customers to remain in the market. Further, there is need to adopt a quality management philosophy to cope with the challenges brought about by economic liberalization. Quality management is a combination of management principles, practices and techniques to improve organizational performance (Dean and Bowen 1994). With this conceptual backdrop, this article first examines the need for applying quality management practices as a marketing strategy in the post-liberalized economy. Second, it focuses on literature and theories of quality management practices, and differentiates its implementation in the manufacturing and service sectors. Third, it scrutinizes the literature and compares various quality management models to divulge the variables that are likely to influence service quality vis-à-vis customer satisfaction.

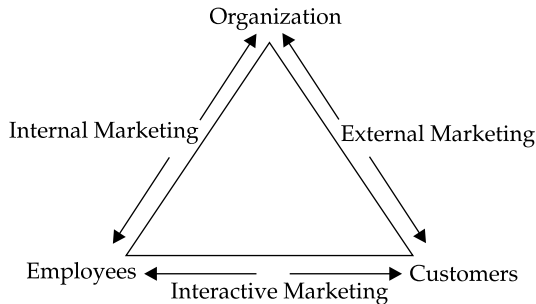
Need for Quality Management Practices as a Marketing Strategy

Over time, organizations have enlarged their strategy from traditional marketing to service marketing to sustain in the market. While traditional marketing focuses on the attraction of a new customer, service marketing emphasizes on customer retention. The cost of acquisition of a new customer is more than

the retention of an existing customer. In order to retain customers, companies need to focus not only on quality products and services, but also on the quality of systems and processes. Traditional marketing is transaction-based marketing with an emphasis on value maximization (Parasuraman et al. 1985). Service marketing is relationship-based marketing with an emphasis on value creation within the entire supply chain. Value creation is the quantification of non-financial performance indicators of organizations like innovation in products and services, customer relations, management practices, technology and better employee relations. Service marketing creates a supportive organizational climate that breeds trust, personal growth, creativity and innovation among the employees, the management and other departments to retain external customers. The concepts of service marketing have emerged from the service marketing triangle (Kotler 1994). These are: (a) external marketing that includes relationships between the organization and its customers, (b) interactive marketing that incorporates relationships between employees and customers and (c) internal marketing that depicts relationships between the organization and its employees (Figure 1).

The marketing process to prepare, price, distribute and promote a service to the customers is called *external marketing*. It promises customers the delivery of a quality service. To deliver the promised service, employees interact directly with the customers. This process is known as *interactive marketing*. Interactive marketing emphasizes on employees creating a good impression on customers during service encounters. It includes employees' emotional and social interactions with

Figure 1
Service Marketing Triangle

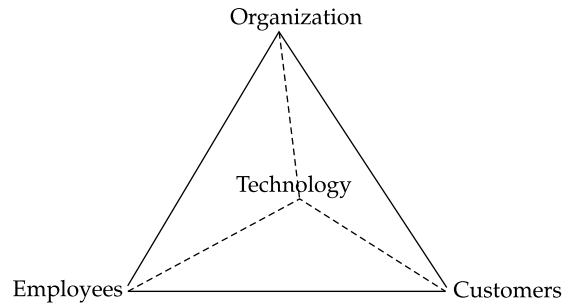


Source: Kotler 1994.

customers during the service encounter. *Internal marketing* is the application of the marketing approach within an organization. Each and every employee and department is an internal supplier and customer to other employees and departments. This leads to the integration of various functional areas of an organization. The organization motivates its employees through appropriate training, support and reward system to serve external customers. Internal marketing emphasizes on achieving customer satisfaction, recognizing the importance of employees in delivering quality service (Kotler 1994). Service marketing constitutes what is delivered through interactive marketing, how it is delivered through internal marketing and what is promised through external marketing.

In the post-liberalized economy, firms compete on the basis of the service process, customer service and service offerings. To be a market leader, firms deploy state-of-the-art technology. This is an important dimension in the modern market to serve customers. Parasuraman (1996) proposed a pyramid model of service marketing (Figure 2) as an extension of Kotler's (1994) service marketing triangle. It is an interaction between the

Figure 2
Pyramid Model



Source: Parasuraman 1996.

organization and technology, technology and employees, and technology and customers. Technology helps employees to tackle complex service situations efficiently.

Service marketing includes both tangible and intangible dimensions. Intangible dimensions are employees' attitudes, attributes and information quality. Tangible dimensions are products and physical evidence. In the marketing of services, in addition to the traditional 4Ps of marketing—product, price, promotion and place—physical evidence, process and people are added thereby obtaining the 7Ps of marketing (Kotler 2003). The process includes all functions that govern the delivery of a product or service to the customer. It integrates the internal and external markets. People or employees of the organization contribute to process management and maintain better customer relationships through interactive marketing. The 7Ps recognize an integrated effort of service delivery that is the principle underlying the total quality management (TQM) philosophy.

The TQM approach integrates all functions and processes within the organization to achieve continuous improvement of quality

of goods and services. Continuous improvement includes human resource development providing training, upgrading the management information system incorporating state-of-the-art technology and physical evidence improving the décor of the workplace. For example, training on soft behavioural skills and hard technical skills helps employees deliver products/services to meet customers' requirements. In the TQM approach, quality is maintained along the entire supply chain to attain customer satisfaction. The TQM philosophy emphasizes on *relationship-based marketing* (Christopher et al. 1991). According to this philosophy, customer service is an evolutionary process that starts before a transaction takes place and continues beyond the exchange. Customer satisfaction occurs when satisfied and loyal employees of the organization create value in their services. The employees are satisfied when the internal service quality of an organization is high.

Review of Literature

The TQM approach helps in improving business performance satisfying demands of internal and external customers (Oakland 2000). Its principles and techniques are based on ideas of quality management gurus Deming, Juran, Feigenbaum, Crosby and Ishikawa. They focus on technical and human dimensions. The technical dimensions are statistical methods of inspection, process control and reliability. They are used during design and development of the product. Despite different views about TQM, it is characterized by certain quality management practices of customer focus, continuous improvement, defect prevention, performance measurement and team work.

The US Government Accounting Office (GAO 1991), studying 20 companies that scored well on the 1988/1989 Malcolm Baldrige National Quality Award criteria, found that quality management practices of customer focus, leadership, employee training, empowerment and systematic decision making processes of the companies influenced their performance measured in terms of customer satisfaction, increased market share and profitability. Quality management practices like top management commitment, employee empowerment, workforce commitment, shared vision, customer focus, team work and supportive supplier relations are known as 'soft aspects' (Dow et al. 1999; Powell 1995) and are found to enhance organizational performance. The soft aspects of quality management practices help in generating an organizational culture that supports continuous improvement. The 'hard aspects' of quality management practices include production-oriented aspects such as statistical process control, just-in-time principles, technology utilization, benchmarking, systems and tools and techniques (Oakland 2000; Samson and Terziovski 1999). Hard aspects of quality management practices like benchmarking, statistical process control and Taguchi methods have influenced organizational performance in DuPont, Xerox, General Motors, Motorola and Ford (Kumar and Gupta 1993; Taguchi and Clausing 1993). A study carried out in Australian and New Zealand's manufacturing firms found the positive influence of both soft and hard aspects of quality management practices on organizational performance measured in terms of customer satisfaction, productivity and on-time delivery (Rahman and Bullock 2005).

Implementation of quality management practices creates competitive advantage in the manufacturing sector (Dean and Bowen 1994). It benefits organizations that implement it properly (Samson and Terziovski 1999). Following the success of quality management practices in manufacturing, it has been applied in service organizations.

Implementation of quality management practices in service and manufacturing firms is different (Table 1). Manufacturing firms differ from service firms in their operation, process, customer relationship and product features. Manufacturing companies focus on the process and product quality, whereas service firms focus on customer satisfaction. Factors like social responsibility and adoption of environmental management system like the ISO 14,000 series are more appropriate in manufacturing firms because of the release of environmental wastes. Information and analysis help manufacturing firms to procure more quality information about defects in the production process that helps in decision

making. Manufacturing firms focus more on supplier relationships as they are involved in the product development process. Because of employee-customer interaction in the service sector, soft aspects of quality management practices are more important. Service firms use fewer hard aspects of quality management practices, especially statistical process control, information and analysis, process management and quality performance. They give more emphasis on customer satisfaction as customers judge the quality of service.

In manufacturing firms, more emphasis is given on training of advanced statistical methods and in service firms training includes soft behavioural aspects like communication and interpersonal skills. However, there is not much difference in the application of quality management practices like leadership, strategic management and customer focus. Quality management practices that are appropriate in manufacturing firms when replicated exactly in the service sector may prove to be inappropriate.

Table 1
Quality Management Practices in Manufacturing and Service Organizations

<i>Quality Management Practices in Manufacturing Organizations</i>	<i>Quality Management Practices in Service Organizations</i>
Literature is prescriptive	Literature is descriptive
Product/technology focus	Human focus
Focus on top management commitment and visionary leadership	Focus on top management commitment and visionary leadership
Continuous improvement	Continuous improvement
In recruitment and selection, emphasis is on technical skills	Emphasis is on interpersonal relationship and communication skills
Statistical process control is prescribed universally	Statistical process control is inappropriate in professional services
Elimination of product defects	Checks customer defections
Quality measurement by applying statistical techniques	Quality measurement through customer satisfaction
Physical evidence is not applicable	Physical evidence has an impact on service quality

Source: Authors' own.

Service organizations have been categorized into four types based on the degree of labour intensity and the degree of employee-customer interaction and customization (Schmenner 1986). They are: (a) mass service, (b) service factory, (c) professional service and (d) service shop (Figure 3). Professional services and service shops are called 'services'. Mass services and service factories are called 'manufacturing-oriented services'.

Implementation of quality management practices in mass services and service factories is similar to that in manufacturing organizations. The mode of service operation is different in services and manufacturing-oriented services (Table 2). In professional services and service shops, there is a high degree of employee-customer interaction and they provide personalized knowledge-based work. Contrarily, manufacturing-oriented services offer a standardized, routine type of work and

demand high usage of technology. The application of statistical process control is more appropriate in manufacturing-oriented services because of the assembly line nature of the work. Employees' empowerment is more appropriate in professional services because employees are highly skilled. To reduce employee tardiness due to the routine nature of work, nurturing a leadership style, employee motivation and re-training of staff are more appropriate in manufacturing-oriented service organizations like banks, hotels and airlines. Implementation of quality management practices helps in reducing repetitive processes. Customers need consistent and reliable service of employees to make valuable purchase decisions. Therefore, customer feedback to improve employee performance is more appropriate in manufacturing-oriented services. In professional services (like doctors, lawyers and architects) and service shops (like

Figure 3
Service Process Matrix

High ↑	Manufacturing-oriented service	Service
	Mass service Commercial banks, schools, retailing	Professional service Doctors, architects, lawyers
Low ↓	Service factory Airlines, hotels, resorts and recreation	Service shop Hospitals, law firms and consultancy services
	Low	High

← Degree of customer interaction and customization →

Source: Schmenner 1986.

Table 2
Difference between Service and Manufacturing-oriented Service

<i>Characteristic</i>	<i>Service</i>	<i>Manufacturing-oriented Service</i>
Customer contact	Direct	Direct as well as through channels
Focus	Human	Human and technology
Machine/instrument usage	Limited	Extensive
Scope of making errors	More	Less
Tangibility of service	Intangible	Both tangible and intangible
Quality indicators	Customer satisfaction	Quality standard specifications, Customer satisfaction

Source: Authors' own.

accounting firms and law firms) customer feedback is not appropriate. A customer dissatisfied with the service of a doctor or lawyer would probably switch over to a better service provider. The work is regulated more by policies and strategies in manufacturing-oriented services.

The mode of operation in manufacturing-oriented service organizations like banks consists of the integration of the back and front office. Back office operations are technology driven that include computers and information technology. Front office operations are people driven that include employees dealing with customers at counters. The two stages are highly interrelated. An organization coordinates these two stages of operations to deliver an effective service. The service quality is judged on the basis of the service delivery during service encounters. To improve the quality of service, both human and technical factors are considered. Therefore, to provide a better service to the customers, there is the need to apply quality management practices in manufacturing-oriented services. Florida Power and Light was the first American service firm to incorporate quality management practices.

In essence, the application of quality management practices differs in service and manufacturing-oriented service firms. Its application also depends on the demand in the target market. These facts have been explained by the proponents of three theories of quality management practices. These theories are discussed in the next section.

Theories of Quality Management

The quality management concept is based on the theory of competitive advantage (Porter 1985), resource based theory of the firm (Prahalad and Hamel 1990) and the systems theory of work performance (Waldman 1994). Proponents of all these theories argue that the success of a company's competitive strategy depends on demands in the target market. For example, if the demand of a bank's customers is speed and efficiency of transactions, then the bank will emphasize on technology upgrading and improvement in technical skills of its employees. The bank can defend itself against competitive forces. In India, with the advent of private sector banks like the Housing Development and Financial Corporation (HDFC), Industrial Credit and Investment

Corporation of India (ICICI), Indusind, ING Vysya and the Unit Trust of India (UTI), public sector banks have also focused on technology upgradation, physical evidence and fast and efficient customer service. Public sector banks like the State Bank of India (SBI), the Punjab National Bank (PNB), Andhra Bank, Canara Bank and others have incorporated centralized banking solutions, everyday banking, ATMs and e-banking in order to defend themselves against the threat posed by private sector banks.

In the 'resource-based theory', internal resources of firms like technology and people act as a competitive advantage. This theory emphasizes that internal resources of firms help in creating a superior market position. In this theory, sustainability of advantages depends on competitors not being able to imitate resources. Resources include physical capital (firm attributes, infrastructure), human capital (information, knowledge, employee capabilities) and organizational capital (information technology, financial assets). Human and organizational capitals are the main drivers of competitive advantage.

The systems theory examines work performance. Factors in a firm's environment are the primary determinants of its actions and responses. Its actions are driven by the needs of its customers and relationships with its suppliers. Quality management practices are deployed as a means of creating competencies in organizations. These three theories, notwithstanding their different perspectives, propose that organizations formulate their strategies according to market demands.

Now follows an assessment of quality management models based on the quality award criteria to gauge their implementation (Table 3).

Comparison of Quality Management Models

Quality management models are based on quality awards like the Malcolm Baldrige National Quality Award, the European Foundation for Quality Management and the Singapore Quality Award (Samson and Terziovski 1999; Stading and Vokurka 2003). These quality awards have also been applied to the service industry. Comparing these quality management models along with Deming's model, differences and similarities are found in the objectives and fundamental concepts. Each model emphasizes continuous quality improvement, with the exception of the Deming's management model that focuses on quality control.

The Malcolm Baldrige National Quality Award and the European Foundation for Quality Management models reveal that quality management practices like leadership, policy and strategy development, people management, resources and process, facilitate outputs like customer satisfaction and business results. All the quality models share a set of fundamental concepts of leadership, human resource management, information and analysis, strategic planning, customer focus and continuous improvement as practiced in high performing organizations. They do not focus on product or service perfection, but consider a set of quality management practices that influence the quality of the final offerings. These models help organizations to identify and measure their positions against a set of internationally accepted criteria. However, these models do not provide detailed methods to organizations for overcoming their weaknesses. Moreover, these models claim for universal applicability of quality

Table 3
Comparison of Existing Quality Management Models

<i>Fundamental Concepts</i>	<i>Malcolm Baldrige National Quality Award</i>	<i>European Foundation for Quality Management</i>	<i>Deming's Model</i>	<i>Singapore Quality Award</i>
Focus/objective	To serve as a tool for understanding and managing performance and assessment	To initiate TQM and achieve global competitive advantage	To evaluate and recognize methods of quality control	Sustaining business excellence through a TQM approach
Leadership	Visionary leadership	Leadership	Visionary leadership	Leadership
Customer relationship	Customer driven quality	Customer focus	Customer satisfaction	Customer focus and satisfaction
Supplier relationship	Valuing employees and partnership development	Value adding partnership development with other organizations	Internal and external cooperation	-
Workforce management	Human resource focus	People development and involvement	Employee fulfillment	Human resource development
Organizational and personal learning	Continuous improvement and learning, managing for innovation	Continuous learning and improvement of products and processes, less emphasis on managing for innovation	Learning, continuous improvement	-
Process flow management	Agility, process management	Management by processes and facts	Process management	Management of process quality
Benchmarking/focus on results and value creation	Focus on results	Results orientation	-	Quality and operational results
Corporate social responsibility	Corporate social responsibility	Corporate social responsibility	-	-
Service culture	-	-	-	Quality culture
Information and analysis	Information and analysis	-	Information and analysis	Information and analysis
Quality control	-	-	Quality control, quality assurance and standardization	-
Strategic planning	Strategic planning	Strategic planning	Policy	Strategic planning

Source: Authors' own.

management practices in manufacturing and service industries. As stated earlier, the quality management practices in manufacturing-oriented services cannot be applied to pure services in toto.

Implementation of quality management practices is contingent upon the type of industry and national culture (Sila and Ebrahimpour 2002). Culture has an important effect in determining the quality management practices of a firm. Culture has four dimensions (Hofstede 1997): (a) power distance, (b) individualism/collectivism, (c) masculinity/femininity and (d) uncertainty avoidance. Power distance implies a steep hierarchical structure and unequal power distribution. Individualism/collectivism refers to the primacy given to the individual/the group. Masculinity/femininity deals with social implications of gender characteristics and roles. Uncertainty avoidance implies an intense fear of failure in an ambiguous situation. Differences occur in the adoption of quality management practices due to uncertainty avoidance and power distance (Mathews et al. 2001).

Evidence garnered in individualistic cultures of Australia and New Zealand with low propensity of power distance, moderate uncertainty avoidance and high masculinity is likely to be different from the culture in India (Triandis 1996). India is a vertical collectivistic culture. In India, power distance coexists with collectivistic values of interpersonal sensitivity, cooperation and interdependence. Therefore, the mode of business operations in a collectivistic culture like India that emphasizes on social bonding with power distance would be different from the mode of

business operations in individualistic cultures like Australia and New Zealand that emphasize structural bonding with low power distance (Dash et al. 2007).

These discussions makes it clear that quality management practices vary in different cultures and in the type of services. Cultural values in India like respect for elders, trust, reciprocity and benevolence permeate to the employee-customer relationship. The superior-subordinate relationship in India is treated as a teacher-student relationship. This involves subordinates' respect for their superiors and dependence on them (Sinha 1995). Therefore, soft aspects of quality management practices like nurturing, an inspiring and ideal leadership, workplace spirituality and human aspects of the service quality are more suitable in the Indian culture than in the Euro-American culture. Finally, selection of quality management practices is contingent upon the type of industry and national culture. This study reviews and rationalizes the soft and hard aspects of quality management practices in Indian commercial banks.

Two Facets of Quality Management Practices: Hard and Soft

The present banking scenario demands speed, efficiency and innovation. According to the demand of the target market, banks are adopting state-of-the-art technology and upgrading their physical evidence to meet the challenges of competition. People are the most important element of any service marketing effort. Therefore, employees' job satisfaction and affective commitment need to be judged. To keep employees motivated and provide better service quality, organizations

need to have effective human resource management (HRM) practices and a better service climate.

From Internal Customer Satisfaction to External Customer Satisfaction

Customer satisfaction is the main focus of quality management initiatives that depends on the service quality offered by the employees, technology and the physical evidence of the firm, along with the service product, price and several other factors. Employees deliver better service to external customers when they are satisfied with their job and emotionally attached to the organization. This can be achieved if employees perceive leadership style, service climate, HRM practices and organizational values as supportive that drive their behaviour towards service performance. The whole process appears as a chain reaction to attain customer satisfaction. Let us discuss the process sequentially leading to customer satisfaction.

Customer Satisfaction

Customers' satisfaction is their cognitive or affective response to service encounters. Service quality is the global evaluation of a firm's service delivery system. Service quality is the managerial delivery of the service while satisfaction is customers' experiences with that service. Improved service quality will result in more customer satisfaction (Bitner et al. 1994). This concept is based on the attitude theory (Bagozzi 1992). According to this theory, customers' assessment of the product/service, its outcomes, alternative services available in the market and information

gathered from others help them to evaluate the product/service compared to other products/services. Cognitive evaluation through information search results in customers' affective response in the form of satisfaction or dissatisfaction. In such an evaluation, if customers' expectations are met with respect to human, technical and tangible aspects of the service, they are more likely to feel satisfied with the product/service.

Service Quality

Customers' assessment about the service quality of a firm depends on the service encounter. Service quality can be assessed in terms of interaction with service personnel, technology interface and physical evidence. Traditionally, service quality is the difference between customers' expectations and performance of the service actually delivered. Parasuraman et al. (1988) suggest a measurement scheme using SERVQUAL that provides a 22-item scale to assess the service quality on five dimensions of reliability, responsiveness, assurance, empathy and tangibility. Reliability is the ability of employees to perform the promised service accurately. Responsiveness is the willingness of employees to provide prompt service. Assurance is the knowledge and courtesy of employees and their ability to instill trust and confidence in customers. Empathy is care and individualized attention given to customers. Tangibility includes physical evidence of the service. These dimensions focus on: (a) human aspects of the service delivery and (b) tangible aspects of the firm. The SERVQUAL instrument has been subjected to criticism (Brown et al. 1993). It does not consider the technical aspect that is an

important dimension in service delivery process. Organizations can create a niche in a post-liberalized market by deploying state-of-the-art technology. Moreover, the SERVQUAL instrument measures service quality of a firm on customers' perceptions and expectations using separate scales. Therefore, an assessment instrument is needed to capture both perceptions and expectations on the human, tangible and technical aspects of service quality.

Customers perceive a service based on attributes of service personnel and those of a service firm. Customer-oriented attributes of the service personnel are called human aspects of the service quality. These are reliability, responsiveness, assurance and empathy and are reflected in the soft quality attributes of service providers (Zeithaml and Bitner 2000). Favourable interpersonal interactions between customers and employees based on these attributes can improve customer satisfaction (Parasuraman et al. 1985). Reliability helps employees to consistently respond to customer needs and meet deadlines. Employees with responsiveness and assurance have a greater knowledge about the company's products, services and the needs of customers. Empathy helps in improving the communication process between employees and customers. Due to the psychological and physical closeness that exists between employees and customers in service encounters, employees' attitudes often have a 'spill over' effect on customer satisfaction. If employees experience favourable affective responses in their jobs, their customers are likely to receive positive service experiences.

The attributes of a service firm are called hard quality. These are the technology and

tangible aspects of service quality. The changing nature of service delivery adopting speed, safety and integrity has led to the adoption of technology. Technology invasion in Indian banks started with the introduction of the magnetic ink character reader, currency note counting machines and automation of front and back office operations of the branches. Bank customers can conduct their transactions over the Internet, telephone, mobile, ATMs, debit cards and electronic banking. Bank branches are linked to the head office through centralized banking solutions in collaboration with information technology consultants such as IBM, HP and Accenture. Information technology improves customer service as it is convenient to access and use. Accurate and timely information aids managerial decision making for improving the operational efficiency of the firm. Banking technologies help banks and customers to keep up-to-date information. When customers use ATMs, the banks capture data about their current balance and amount of withdrawal. Customers also realize the reliability of computer systems. All these technology-enabled transactions incur benefits to the banks and the customers. These transactions require less employees' involvement and more banking technologies. Technology-enabled services provide a constant and reliable quality service.

Tangible elements include the exterior facilities of the firm like parking, interior décor, furniture and the equipment used. Consumers look at these tangible elements and infer about the firm and its service performance. Therefore, the physical environment can have an influence on customer perception of service quality (Parasuraman et al. 1988). Accordingly, it can be proposed

that the better the human, technical and tangible aspects of bank services, the better will be the satisfaction of customers.

Though the service quality of a firm is determined by technology and the physical evidence of the firm, it is also determined by the services rendered by the employees. Employees perform better at work if they are satisfied with their jobs and are emotionally attached to the organization.

Employees Job Satisfaction and Affective Commitment

Service organizations foster employees' affective commitment and job satisfaction to gauge their commitment to customer service. Employees are more productive when: (a) they have pride in their jobs, (b) when their jobs are interesting, and when (c) they are recognized for their work. Employees interact with customers during service encounters and their emotions and attitude such as empathy, reliability, courtesy and assurance help customers evaluate the human aspects of service quality (Parasuraman et al. 1985, 1988). According to the attitude theory (Bagozzi 1992), an individual's cognitive evaluation of events, outcomes and situations create affective reactions that determine his/her behaviour. If employees perceive HRM practices, the leadership style of managers, service climate and organizational values as supportive, it results in their experiencing job satisfaction and an emotional attachment to the organization that elicit their behaviour in terms of service performance.

Job satisfaction can be related to intrinsic and extrinsic factors (Herzberg 1966). Intrinsic factors are internal to the job that employees experience while doing their jobs. These are

achievement, recognition, responsibility, advancement, personal growth and the work itself. Extrinsic factors are external to the job and most of the extrinsic factors are regulated by the top management. Extrinsic factors can be further divided into: (a) interpersonally-mediated extrinsic factors like relationships with supervisor, subordinates and peers, and (b) environmentally-mediated extrinsic factors like pay, working conditions, working hours and fringe benefits. According to Herzberg's two factor theory, intrinsic factors account for satisfaction and motivation. Extrinsic factors, if present, prevent dissatisfaction but neither increase motivation nor satisfaction. The satisfaction of employees may be attributable to extrinsic factors or to intrinsic factors or to a combination of both the factors (Cheung and Scherling 1999). Given the intrinsic and extrinsic factors in a job, employees are likely to improve their service performance.

Organizational commitment comprises—(a) affective, (b) normative, and (c) continuance commitment (Allen and Meyer 1990). Affective commitment is employees' emotional attachment to the organization. Continuance commitment is the costs that the employees associate with leaving the organization. Normative commitment is employees' feeling of obligation to stay with the organization. Organizations that satisfy the needs and aspirations of the employees have more emotional attachment to them. These employees accept organizational goals, work sincerely and promote service quality.

Leadership

As service delivery occurs through human interaction, employees play a major role in

service delivery. Therefore, there is a need for a manager who can guide employees to perform optimally. An effective leadership style of managers is essential for the implementation of quality management programmes. The leadership style of managers is a central agent for employees' performance and business excellence (Kanji 2003). Leaders integrate various functions and practices of the organization to provide a clear vision, purpose and direction. Their attitude promotes quality management practices of customer focus, process improvement, people performance and continuous improvement. Employees receiving support from their managers reciprocate providing more effort in work. Southwest Airlines has made a high place in the list of Fortune 500 companies due to its strong leadership, excellent employee-customer relations and organizational training as sources of employee motivation. Managers who have extensive knowledge of customers' expectations can formulate activities to achieve customer satisfaction. The quality of supervision influences job satisfaction and the service performance of the firm (Burke 2001). Leadership is related to process improvement, team work and employee satisfaction (Foster et al. 2002). Supervisors play an important role in creating a positive work climate that benefits employees and helps in delivering quality service. Considerate behaviour from the supervisor fosters employees' identification with the organization while a supervisor's inconsiderate behaviour increases employees' hostility towards the administration.

A leader possessing positive traits/characters, showing concern for followers and inspiring them is more likely to succeed. Such a leader is called a transformational leader

who inspires, motivates and energizes followers to attain higher levels of performance (Bass 1985). Transformational leaders are more likely to succeed irrespective of national cultures and types of organizations, because they motivate their subordinates to perform beyond expectations and create an advantage for the firm. The dimensions of transformational leadership include: (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulation and (d) individualized consideration. Idealized influence is the ability of the leader to provide followers a clear sense of purpose and vision. An intellectually stimulating leader encourages followers to think critically. Inspirational motivation includes motivating followers to do their jobs and leading to higher performance, commitment and satisfaction. A leader displaying individualized consideration pays special attention to each employee's abilities, aspirations and needs. S/he identifies the deficiencies and removes these through education, coaching and counselling. Transformational leaders bring in employees' job satisfaction, commitment, trust and performance (Avolio et al. 2004). Given the transformational leadership of senior managers in banks, managers down the line are better cared for and satisfied with their jobs to serve external customers.

A transformational leader possesses the trait of charisma, inspires followers and compensates for their deficiency. The leader inspires subordinates to be creative and find novel ways of solving problems. S/he listens to the employees, provides them with needed guidance, increases subordinates' confidence and creates a supportive environment. S/he revives the higher order needs of employees by providing a vision. Such support from a

leader leads to employees' job satisfaction and emotional attachment towards the organization.

Workplace Spirituality

Due to globalization of markets, business organizations are experiencing internal turmoil. Companies are transforming their workplaces. Organizations have become flatter and more customer-centric. Employees are given more responsibilities. They come to the workplace with a set of beliefs, values and behaviours to: (a) make their relationships better, (b) experience and enjoy the differences and diversities in the workplace and (c) improve the standard of work. If an organization infuses spirituality in the workplace, the employees produce high quality of products and services.

Workplace spirituality is a framework of organizational values. The construct consists of seven dimensions (Ashmos and Duchon 2000): (a) conditions of community, (b) meaningful work, (c) inner life, (d) blocks to spirituality, (e) personal responsibility, (f) alignment with organizational values and (g) contemplation. These dimensions focus on individuals' personal values and work values. Personal values include an individual's perceptions about spirituality. Work values include a person's perceptions about values that are desirable in the workplace. Work values are meaningful work, conditions for community and alignment with organizational values. Meaningful work includes what is important and joyful about the work. Given meaningful work, employees express their creativity and perform their tasks. They can perform better in an encouraging and caring work environment. They learn new skills and

competencies, and become more knowledgeable. Tasks that provide avenues for personal growth, learning and creativity are likely to enhance employees' satisfaction with the job and emotional attachment to the organization.

Conditions for community include having affiliations with other employees. Employees working with supportive co-workers become creative, because social support from colleagues buffers stress. Employees spend time at work and it becomes a source of identification with the organization. Developing a sense of community is based on Theory YZ that is a combination of Theories XY (McGregor 1960), and Z (Ouchi 1980). The Theory YZ focuses on healthy employee relations. Such bonding cannot negate the employees' positive attitude towards the job and emotional attachment to the organization.

Being associated with a good organization provides the employees a sense of self-worth. They identify with an organization with a sense of pride that drives their work behaviour. Southwest Airlines inculcates among its employees a feeling that they are part of an organizational family and employees take care of each other as well as their customers. The interaction of the employee and the organization is reciprocal. Organizational values help in guiding employees' behaviour at the workplace. These values are benevolence, humanism, integrity, justice, mutuality, respect, responsibility and trust. Individuals experience satisfaction with their jobs and emotional attachment to the organization when their personal values match with the organization's values. The work values congruent with the mindset of the employees help them to better serve clients. Workplace spirituality positively influences employees'

work attitudes (Neck and Milliman 1994). Joyful work, a strong sense of community and congruency of individual values with organizational demands are likely to increase employees' satisfaction with the job and affective commitment to the organization (Milliman et al. 1999).

Service Climate, Job Satisfaction

Service climate is the shared perception of employees about the organizational policies, practices and procedures that promote customer service (Schneider et al. 1998). Employees' favourable perception of the service climate increases their work effort. They provide better service quality when organizational practices are conducive.

Service climate includes customer orientation, managerial practices and customer feedback. Customer orientation is the degree to which an organization emphasizes on meeting customer needs and expectations. It is enhanced by recruiting, training and rewarding people to deliver an excellent service. Employees' behaviour is regulated by the demands of the target market. If the focus of the organization is on customer service, employees who have service motivation and values will be hired and they will be trained and rewarded for effective service delivery. Employees' feel encouraged when they perceive that the management values and cares about service. The managerial practice/support results in employees' positive behaviour such as innovation, decreased absenteeism, increased performance and affiliation to the organization (Eisenberger et al. 2001). Employees show loyalty to the organization and work diligently. Managerial practices increase

employees' job satisfaction (Babin and Boles 1996) and affective commitment (Settoon et al. 1996). Customer feedback incorporates buyers' opinion regarding the service quality delivered by the employees. In interactive services like banks, feedback from customers motivates employees to improve upon their past performance (Schneider et al. 1998). According to the social network theory (Krackhardt 1992), the interaction between employees and customers helps in assessing the current demands and needs of customers and can be a source of intrinsic motivation for higher performance.

The mission of the service organization is to achieve quality customer service. Employees find their work to be meaningful when they successfully achieve this target. Employees feel motivated when they receive positive feedback from the customers and recognition from peers and seniors. They realize that the organization values their contributions and takes care of them. Employees feel satisfied with their jobs and emotionally attached to the organization when their work is recognized and reward is administered justifiably. According to the organizational justice theory (Folger and Cropanzano 1998), fairness in the appraisal procedure (timeliness, feedback and goal-setting) can result in distributive outcomes of satisfactory pay and promotion. Their motivation to work depends on the meaningfulness of the work, responsibility for outcomes of the work and knowledge of the results of the work. In the job characteristics model (Hackman and Oldham 1976), these psychological states affect employees' work behaviour in terms of job satisfaction and organizational commitment. Further, management support reduces employees' burnout

and they exhibit a high affective response to the organization. Therefore, job attributes, justice in reward administration (Folger and Cropanzano 1998) and management support are essentials for job satisfaction and affective commitment.

Human Resource Management Practices

HRM is an important quality management practice. There are two categories of HRM practices: skill- and motivation-oriented. Skill-oriented practices include recruitment, training and skill development, while motivation-oriented practices include performance appraisal, reward and compensation. The inherent plea is that employees who feel well-treated by the management's HRM practices can effectively treat their customers.

According to the socio-technical systems theory (Emery and Trist 1960), careful recruitment and selection of employees can develop a committed workforce. It identifies prospective employees who will fit well with the hiring organization and its target market. A newly hired employee is more likely to be intrinsically motivated and satisfied when his/her values match with the values of the organization. Service organizations recruit and select employees possessing service attributes (Schneider and Bowen 1992). According to the resource-based theory (Prahalad and Hamel 1990), the firm's human resources must be rare and inimitable to create a competitive advantage. Following the employees' hiring, organizations train and develop them.

Training and development programmes enhance the existing skills, knowledge and attitude of the employees for making them courteous, caring, responsive and empathetic. Following training, employees acquire not

only effective listening and interpersonal skills but also problem solving and technical skills essential for the service. Training inputs provide employees with the abilities that the organization will need in the future. They help employees to remove deficiencies. Training coupled with career advancement, promotion and job security, positively influences employees' affective commitment.

Performance appraisal has two purposes. First, it makes employees aware of their achievements, successes and failures and how they can improve and develop themselves. Second, it helps senior managers to take decisions regarding wages and salaries, career planning, transfers, promotions and person-job matching. Fairness associated with the appraisal procedures results in employees' satisfaction and their emotional attachment to the job and the organization.

Employees feel more satisfied and motivated if they are rewarded and recognized for their worthy contributions. Rewards like flexible pay, bonus, recognition and the interesting nature of work lead to job satisfaction. Along with these rewards, training and development and satisfactory performance appraisals enhance employees' emotional attachment to the organization.

Not only the 'soft', but also the 'hard' technical and physical aspects influence the service quality. We shall now discuss the 'hard' aspects.

Management Information System

Successful implementation of quality management practices calls for changes in organizational processes which include the

information system and the physical environment. In order to remain competitive, organizations need to have a well-developed information system, besides other infrastructure such as proper utilities, location and environment. To support quality management, the organization's information base must be comprehensive and easy to use. The Malcolm Baldrige National Quality Award and the European Foundation for Quality Management models suggest that the information system helps in the implementation of quality management to integrate all useful data to improve quality, cost and service delivery. It helps in sustaining quality management through effective coordination, use and transfer of information. A quality information system uses networks, client-server computing, database, integration tools and technology effectively to provide performance feedback to serve clients.

Some service organizations like banks have been upgrading their management information systems and physical evidence or servicescape in order to have a competitive advantage. Management information systems are needed to sustain high quality service delivery that meets the needs of customers. Support systems such as appropriate technology, equipment and service-oriented internal processes are essential for the delivery of quality services (Sureshchandar et al. 2002). Organizations use information technology such as the Internet and Intranet to communicate and exchange ideas. Internet technologies help departments and enterprises to reach business partners and consumers to achieve strategic and operational benefits. McDonald trains and educates its employees with information technology and expert systems to improve customer satisfaction.

Therefore, a management information system would enhance service quality.

Physical Evidence

The servicescape or physical evidence conveys to the customers an external image of the service package. The physical evidence differentiates a firm from its competitors and signals the market segment about its service. According to the stimulus-organism-response theory proposed by Mehrabian and Russell (1974), physical evidence (stimulus) of the organization can influence employees' and consumers' (organism) behaviour (response). Individuals react to places with two opposite forms of behaviour: approach and avoidance. The approach behaviour includes all positive behaviour such as desire to stay, explore, work and affiliate towards the built and natural environment. The servicescape influences employee-customer interactions in interpersonal spaces like banks and hotels. Environmental variables can influence consumer behaviour in service settings (Turley and Milliman 2000). Disney uses physical evidence of its service to excite and stimulate its customers.

Physical evidence is important for a bank as it helps customers develop an image of the bank. If a bank wants to have a user-friendly image, its interior décor will have a comfortable seating arrangement, pleasant lighting, temperature and cleanliness. On the other hand, if a bank wants to have a hi-tech and efficient image, the interior design will show computers with the latest technology and network connectivity and convenient and easily accessible counters. In the post-liberalized economy, Indian public and private sector

banks like the State Bank of India, the Punjab National Bank, Canara Bank, Allahabad Bank, ICICI and HDFC have reformed their workplace layouts that present a fast, efficient and consumer-friendly image. Therefore, a more favourable perception of servicescape will positively influence the tangible aspects of service quality.

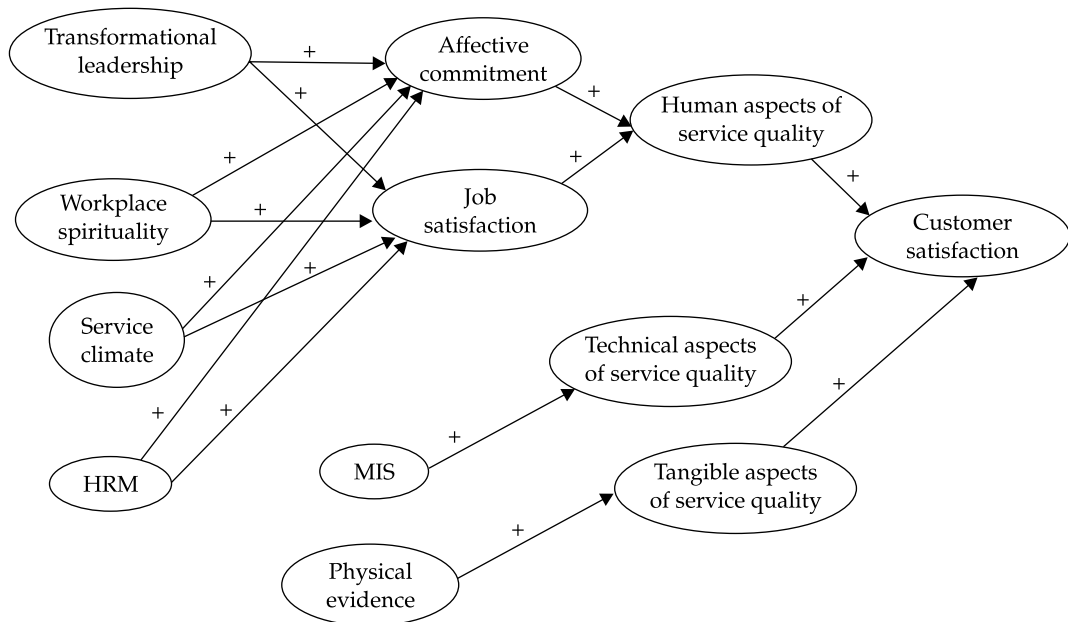
All the linkages discussed earlier, leading to service quality and customer satisfaction are given in Figure 4. To sum up, what we have pleaded is that customer satisfaction is derived from service performance that includes the human, technical and physical aspects of the service firm. Human aspects of service delivery depend on the employee's satisfaction with the job and his/her emotional

attachment to the organization. Employees provide a better service when they operate in a work environment that has a supportive leadership style, better HRM practices, customer-oriented values and a conducive service climate. The hard aspects of the management information system and physical evidence of the firm also contribute towards better service performance and help in achieving customer satisfaction.

Conclusion

Quality management focuses on customer-oriented service processes. For implementation of quality management, the soft and hard

Figure 4
Conceptual Model of Quality Management Practices Influencing Service Quality and Customer Satisfaction



Source: Authors' own.

Note: + indicates direct positive relations.

aspects are essential. 'Soft' aspects are transformational leadership, workplace spirituality, service climate, HRM practices, employees' affective commitment and job satisfaction. 'Hard' aspects are the management information system and physical evidence. Service delivery by its very nature is concerned with the intricacies of human interactions. Therefore, human issues involved with the service delivery are more likely to be important in manufacturing-oriented service organizations like banks and hotels, particularly in collectivistic cultures. Quality management does not measure customer satisfaction directly but there are certain key business elements related to the human factors of the enterprise which play a prominent role in achieving quality management. Our arguments suggest that the quality management process is best viewed as a gestalt, and can be realized if all the soft as well as hard aspects work in unison to achieve service quality and customer satisfaction.

Culture has an important effect in determining the quality management practices of a firm. A qualitative study carried out in Greek service industries found that the hard aspects of quality management practices are more important (Psychogios and Priporas 2007). Portuguese companies use hard quality management practices that are fact and measurement based such as statistical process control and ISO 9001 to reduce costs (Earley and Erez 1999). Portuguese and Greek cultures with a high propensity of uncertainty avoidance have chosen documented systems and management-by-fact approaches. These arguments create an avenue for further enquiry as to how the application of soft and hard aspects of quality management practices varies across cultures and industry. There is paucity

of empirical research on quality management practices in the service sector. Studies can be done in the Indian cultural context as per the propositions in the manufacturing-oriented service that will result in service quality vis-à-vis customer satisfaction (see Figure 4).

Customer satisfaction is an important global issue as organizations are more service oriented. It can be achieved by adopting a transformational leadership style of the managers, HRM practices, service climate, workplace spirituality and latest information technology. Earlier studies on quality management reveal the importance of leadership, but this study highlights the importance of the transformational style of senior managers in maintaining quality in the Indian banking sector. Further, workplace spirituality has been newly introduced in quality management literature that inculcates certain human values in the organization to provide a healthy working environment to reduce employees' stress, increase fitness and concentration and finally improve productivity. These quality management practices develop a high performance work system in the organization that establishes a relationship between internal customers' satisfaction leading to external customers' satisfaction. The organization integrates the customer satisfaction strategy with the strategies of employee satisfaction, the leadership style of managers, organizational values and information technology to achieve a balance scorecard approach.

The balance scorecard identifies customers, employees, technology, innovation and learning and financial perspectives as drivers for success in an organization. Barring financial perspectives included in the balance scorecard, this model can be a strategic management framework that creates value through

investment in these resources. It focuses on cross-functional integration, continuous improvement, employee-customer relationship and teamwork that fit well into the quality management philosophy.

The results of quality management implementation can be seen in the long-run. It is a management philosophy to develop a good quality management system. If quality

management practices are implemented properly, it can help organizations achieve customer satisfaction. The success of quality management depends on quality factors. Quality factors have a direct relationship with customer satisfaction. An organization can rationalize which aspects—hard and soft—of quality management practices can determine customers' satisfaction.

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