Chapter 3- Research Hypothesis and Models

3. Research hypothesis and models

The previous chapter reviewed literature contributing to different aspects of constructs which are under examination in the study. This chapter will represent a research model that integrates these constructs. A brief overview of base models used for the study is provided in this chapter followed by the proposed model. Then the description of the constructs in the proposed model is provided and related research hypotheses are specified.

3.1. Heskett and Colleagues Framework

There are many models that can be used for the research under study such as service/value profit chain approach (Heskett et al. 1994, 2003), human-resource firm performance approach (Schneider and Bowen, 1995), the “balance scorecard” approach (Kaplan and Norton 1996) etc. Of these models Heskett and colleagues service profit chain framework (Fig. 3.1) overall meets the objectives of the study. At present, only three attempts have been made to evaluate empirically large portions of the service profit chain framework: Loveman (1998), Silvestro and Cross (2000) and Kamurka et al. (2002). These three studies have collectively tried to explain the possibility of linkages between the constructs given in service profit chain framework but their findings are questionable by limitations like limited construct development and methodological weaknesses. All three attempts also take into account the difficulty of pursuing rigorous service profit chain research: large sample sizes, new construct development along with defining them, three different sampling populations (employees, customers, business unit) and complicated data analysis tools. These three articles have made an attempt in providing basis for service profit chain research but much of the terrain still needs to be explored.
As stated prior the research under study is based on service/value profit chain of Heskett and colleagues (Heskett et al. 1994, 2003) as it closely meets the objective of the research. According to Heskett and colleagues both profit and revenue of the company are subject to customer loyalty which is dependent on customer satisfaction. Both customer loyalty and customer satisfaction are understood to be “external outcomes” affected by productivity of the firm employees which is dependent on “employee performance” which in turn is dependent on organization’s internal service effectiveness. Employee performance is in turn related to employee satisfaction and loyalty. The importance of linkage of internal service quality to employee role performance is mentioned in details in literature review section. The basic theme of service profit chain is as follows. The provision of stress free working environment where there is minimum interpersonal conflict, job role clarity, and competitive compensation plans will result in motivated and satisfied employee. Satisfied employees can become loyal employees. Over time, loyal employees may not only be selling oriented but also understand the importance of being service oriented in the service industry. Thus they may become more productive for long term. Productive employees enhance the quality of the customer’s shopping experience. Customers may get same
product in more than two shops but what they value more in service industry is high-quality shopping experience and thus become very satisfied. Customer satisfaction may lead to customer loyalty. Loyal customers may shop more often and purchase both larger volumes of their regular products and more ancillary products sometimes paying extra money even for the same quality product due to exceptional service quality rendered. Overall, this phenomenon eventually leads to increased sales and profitability. The logic of this reasoning seems patently obvious yet the first time it was put together into one comprehensive framework was only a decade ago. It was at that time that a group of researchers developed the service management model called “the service profit chain” (Schlesinger and Heskett, 1991; Schlesinger and Zornitsky, 1991; Heskett et al., 1994; Heskett et al., 1997). The service profit chain was developed from an analysis of service organizations with the objective of connecting operational resource investments to marketing, operating, human resource and financial outcomes.

Specifically, the framework, depicted in Figure 3.1, lays the foundation for determining the linkage among four distinct groups of variables – management practices (such as job role descriptions, training), employee outcomes (such as satisfaction, performance), customer outcomes (such as perceived service effectiveness and value) and market outcomes (such as revenue growth and profitability). In the research under study the focus is on:

Management practice: Herein the focus is on designing of job role description that if not properly designed and communicated may lead to presence of job role stressors i.e. role conflict & role ambiguity

Employee outcome: Herein the research under study is focusing on frontline employee role performance towards the customers and effectiveness of service delivered by the frontline employees.

Customer outcome: Herein the focus is on investigating customer expectations and customer perception of service delivered by frontline employee and examining if there is gap between customer expectations and customer perception of service delivered by
frontline employee i.e. how the service effectiveness delivered by the employee is perceived by the customers.

3.2. Perceived Organizational Support Model (POS)

Quality of work life is one of the important factors that can have major emphasis on job role stress experienced by the frontline employees. The term quality of work life was first introduced in 1972 during an international labor relations conference. Lau (2000) recently defines quality of work life as “the favorable conditions and environments of a workplace that support and promote employee satisfaction.” Quality of work life programs generally include job design, compensation management, job security, job enrichment, performance management, promotion and advancement opportunities and employee involvement, teamwork and employee empowerment which have an influence on role conflict and role ambiguity faced by the frontline sales people— all central tenets of Heskett et al.’s (1994, 1997) internal service quality construct.

According to Havlovic (1991) if quality of work life programs are efficiently planned and effectively conducted it can help in reduction of employee attrition, improve interpersonal relationships thus resulting in betterment of working conditions creating a stress-free working environment. Lau (2000) takes a broader perspective and shows that firms who actively pursue quality of work life programs outperform those that do not on several key business performance metrics: sales growth, asset growth, return on asset growth and average profit margin. One of the most popular research streams within psychology and organizational behavior that also supports the Heskett & colleagues framework along with “quality of work life” aspect is the idea of ‘perceived organizational support’. Rhoades et al. (2001, 2002) initiated the work on perceived organizational support. Perceived organizational support is defined as “employees form general beliefs concerning how much the organization values their contributions and cares about their well-being” (Rhoades et al., 2001, 2002). According to Blau (1964) quality of work life programs such as rewards and recognition, job redesign, job enrichment, effective performance management, promotion opportunities and training programs have an influence on perceived organizational support.
Basically, any program or practice that contributes to employees' impressions of how dedicated their company is to their development and growth as individuals can be classified as a dimension of perceived organizational support. Heskett et al. (1994, 1997) use this same argument as a basis of their conjectured link between internal service quality and employee satisfaction. Perceived organizational support is generally measured using the survey of perceived organizational support scale which was originally developed by Eisenberger et al. (1986). The original scale contains 36 items, but most research uses only a subset; anywhere from five to twenty questions (Rhoades and Eisenberger, 2002). Figure 3.2 provides an illustration of the most widely accepted causal model of perceived organizational support (Eisenberger et al., 1986). Perceived organizational support is measured using elements very similar to internal service quality elements: organizational support – management, organizational support – tools, rewards and recognition, training, empowerment and work design.

Figure 3.2. Eisenberger’s (1986) Perceived Organizational Support Model
The relationships in the Perceived organizational support model closely resemble those in the service profit chain. Perceived organizational support model, a quasi-replacement for internal service quality, influences positive mood, a replacement for employee satisfaction, which in turn influences in-role performance, a replacement for productivity, and withdrawal behaviors, a surrogate for employee loyalty. Perceived organizational support has been linked to many different outcomes. The earliest work shows that perceived organizational support can increase employee satisfaction and productivity while also decreasing employee attrition and absentee rates (Eisenberger et al. 1986).

However, over the last eighteen years, researchers have shown that perceived organizational support can influence many other wide reaching outcomes. These outcomes include, but are not limited to: affective commitment, extra-role performance, in-role performance, withdrawal behaviors, organizational citizenship behavior and employee tenure (Rhoades and Eisenberger, 2002). In this study the focus is on understanding how perceived organizational support dimensions i.e work design, role clarity, autonomy, provisions of adequate resources, training provisions, clarity of communications etc. have an influence on frontline employee role performance towards the customers as this area is not explored to a greater extent in department store setting of organized Indian retail industry. In detail description of the relationship between perceived organizational support dimension (which if absent may lead to role conflict and role ambiguity) and frontline employee role performance towards the customers is given in the proposed model session.

3.3. Hackman and Oldham’s work design model (WDM)

Hackman and Oldham’s work design model (WDM), developed in the mid 1970’s, encapsulates much of the same ideology as the concept of internal service quality given in Heskett & colleagues framework (1994, 1997). Hackman and Oldham (1976, 1980) emphasizes that processes within an organization must be designed to meet not only the functional and technical demands of the customer but also the self-emotional needs of the employees who work within it as they are the ones who can control the emotional
demands of the customers. In the model, core job characteristics influence critical psychological stages which in turn influence work outcomes; see Figure 3.3. for an illustration.

**Figure 3.3. Hackman and Oldham’s (1976, 1980) work design model**

The primary driver of the model, core job characteristics, incorporates several of the dimensions of internal service effectiveness – work design, empowerment, training and
rewards and recognition. These dimensions drive employee satisfaction and productivity, as hypothesized in the service profit chain. The Hackman and Oldham model has been validated across an extensive variety of industries, both mechanized and service related (Evans and Lindsay, 1996; Eskildsen and Dahlgaard, 2000). The work design model also supports the proposed research that explores relationship among service effectiveness, frontline employee role performance towards the customers and job role stressors i.e. role conflict and role ambiguity (Naik and Srinivasan, 2015).

3.4. Models to measure service effectiveness

The way today’s customers perceive service effectiveness is changing (Heskett et al. 1994). For instance, at Southwest Airlines customers appreciate frequent departures, on-time service and friendly employees in addition to the low prices they receive (Heskett et al. 1997). Progressive insurance customer’s value quick-response damage assessment and claims processing. Thus customers have now become value driven. When it comes to retail, customers want great physical ambience, friendly knowledgeable employees, ease of service, quality product etc. In other words all in one package i.e. total retail experience. Berman and Evans (1998) define total retail experience as “all the elements that encourage or inhibit consumers during their contact with the retailer.” These elements are wide-ranging and extend far beyond traditional customer assessment scales found within service management literature (e.g. “service” quality). As such an assessment tool which comprises balance of all the demands will be needed. Terblanche and Boshoff (2001a, b) provide further details on assessing the parameters of total retail experience. Their framework breaks total retail experience into controllable and non-controllable elements.

Figure 3.4 illustrates their structural schema. In Total Retail Experience, non-controllable elements (non-controllable within a short to medium time frame) include adequacy of street parking, mall environments, demographics of community, etc. Controllable elements include Service effectiveness, Product Quality, Product Variety & Assortment, Internal Store Environment, Store policies etc.
Focus of this research is on measurement of the controllable element i.e. service effectiveness. Service productivity has two dimensions service effectiveness & service efficiency. Service efficiency is explained as the ratio between outputs produced and inputs utilized, keeping the quality of the outputs constant (the constant quality assumption) (Sink, 1985). When it comes to measurement of service effectiveness there is little consensus of opinion and much disagreement Robinson (1998). Service effectiveness is measured taking into account customer’s expectations of service i.e. what customers expect from the service and customer’s perception of service i.e. what customers actually experience. The three most common frameworks for assessment of service effectiveness are the technical quality / functional quality schema proposed by Gronroos (1984), the SERVQUAL framework anticipated by Parasuraman et al. (1985) and the SERVPERF framework proposed by Cronin and Taylor (1992). Since their
inceptions, each of these three frameworks, or their slight modifications, has been used extensively. One service effectiveness dimension model that has been applied broadly is the SERVQUAL model developed by Parasuraman et al. (1985, 1986, 1988); Zeithaml et al. (1990) Figure 3.5. It measures the service effectiveness by measuring the customers' expectations before a service act and customer perceptions after the delivery of the service and then analyzing if there is any significant gap between the two. (Gronroos, 1982; Lewis and Booms, 1983; Parasuraman et al. 1985).

**Figure 3.5. SERVQUAL Model (Parasuraman et al. 1988)**

Service effectiveness as a term has led to large deal of curiosity and is an area of continuous discussion among the practitioners and researchers because of the vagueness in both defining it and quantifying (Wisniewski, 2001). Service effectiveness is explained in general as the level to which a particular service delivered meets the customer expectations or demands (Lewis and Mitchell, 1990;

Measurement of service effectiveness is important as it gives an idea regarding the performance level of both the employees as well as the business. The starting point in allowing the effectiveness concept to be included in services besides efficiency is quantifying as it allows keeping check on the procedures leading to provision of services (Edvardsen et al. 1994). For the purpose of this research study SERVQUAL approach developed by Parasuraman et al. 1985, 1986, 1988 is used for measurement of service effectiveness with some modifications. (Naik and Srinivasan, 2015)

3.4.1. Model of Service Quality Gaps

The service effectiveness gap model contributed by Parasuraman et al. 1985; Curry, 1999; Luk and Layton, 2002 identifies 7 gaps with respect to service effectiveness. The gap model is one of the best models in the services literature (Brown and Bond, 1995). The seven gaps identified in the service effectiveness concept, are briefed in Figure 2.

Gap1: Customers’ expectations versus management perceptions: gap existing as a result of lack of proper upward communication, structure and marketing research orientation.

Gap2: Management perceptions versus service specifications: gap existing as a result of improper quality control with respect to services.

Gap3: Service specifications versus service delivery: gap existing as a result of presence of job role stressors lack of teamwork, employee job fit and technology job -fit, along with improper supervisory control mechanisms.

Gap4: Service delivery versus external communication: gap existing as a result of improper communication among the same levels in the organization and under-delivering.
Gap 5: The discrepancy between customer expectations and their perceptions of the service delivered: gap existing as a result of the difference between what customers feel service providers should provide i.e. customers expectation and what customers perceive service providers actually provide i.e. customer perception.

Gap 6: The discrepancy between customer expectations and employees’ perceptions: gap arising when the frontline service providers are not able to understand what customer’s expectations are.

Gap 7: The discrepancy between employee’s perceptions and management perceptions: gap arising when the managers and the service providers are not able to understand what customer’s expectations are. (Naik and Srinivasan, 2015)

Figure 3.6. Model of Service quality gaps (Luk & Layton, 2002)
The six gaps (Gap 1, Gap 2, Gap 3, Gap 4, Gap 6 and Gap 7) are viewed as functions of the way in which service is delivered, whereas Gap 5 relates to the customer and as such is considered to be the actual measure of service effectiveness. The SERVQUAL model used in research paper applies to Gap 5.

3.4.2. SERVQUAL Model

One service effectiveness measurement model that has been applied widely is the SERVQUAL model developed by Parasuraman et al. (1985, 1986); Zeithaml et al. (1990), Kumar et al. (2009). It measures the service effectiveness i.e. service effectiveness by measuring the customers' expectations i.e. what customer wants from a particular service provider before a service encounter and customers perceptions (what customer perceives he/she received) of the actual service delivered and then finding if there is any significant gap between the two (Gronroos, 1982; Lewis and Booms, 1983; Parasuraman et al. 1985). The difference between customer expectations and customer perceptions is known as the gap which is the measure of customers’ perception of service effectiveness as shown on figure 3.7 below.
The SERVQUAL model has five generic dimensions as stated below (Kumar et al. 2009):

Tangibles: Physical amenities, tools and appearance of recruits.
Reliability: Dependability and accuracy with which service is performed.
Responsiveness: Eagerness to help customers and provide timely access, contact and understanding the customer
Assurance (including proficiency, politeness, trustworthiness and safety): Knowledge and courtesy of employees and their ability to inspire trust and confidence.
Empathy (including access, announcement, taking care of the customer demands): Caring and individualized attention that the firm provides to its customers.

In the SERVQUAL instrument, 22 statements quantify the performance across these five dimensions, using a seven point likert scale measuring both customer expectations and perceptions (Gabbie and O’neill, 1996). These 22 statements are modified to 15 statements for the purpose of the research under study after discussion with the experts in the selected domain of the study. These 15 statements are measured across these
dimensions using a seven point likert scale measuring both customers’ expectations and perception. These 15 statements are tested for internal consistency and validity by means of factor analysis and the details are mentioned in Chapter 5 which deals with data analysis and interpretation. The 15 indicators or service effectiveness factors include: • Physical ambience • Employee appearance • Timeliness • Problem solving attitude • Extra – assistance beyond job responsibilities • Prompt service • Behavior instills confidence & safety • Accuracy of service • Knowledge of products • Politeness • Willingness to help customers • Multitasking attitude • Ease of service • Consistent service • Availability of staff. The brief explanation of other two frameworks is as follows.

The SERVPERF (Cronin and Taylor, 1992) framework is a derivative of Parasuraman et al. (1988) SERVQUAL framework. The same five dimensions of service effectiveness are used; however, the survey items employed to measure the dimensions use a different anchoring system. Instead of asking two questions for each item within a dimension, only one question would be used and it would simply ask the customer to rate the performance of the service provider on a specific dimension. For e.g. one survey item within the empathy dimension that could be used is “Employees at XYZ store provide superior personal attention.”

The third service effectiveness framework includes technical quality / functional quality framework proposed by Gronroos (1984). Technical quality refers to the technical outcome i.e. tangible part of the service, that is, “what the consumer receives as a result of his interactions with a service firm.” The hotel guest will get a room; the restaurant customer will receive a meal, etc. Functional quality corresponds to intangible part i.e. the expressive performance of a service, that is, how the service is performed.

The customers in a departmental store would not only like attractive store layout but would also like the sales personnel to be friendly and courteous. The consumer will combine his impression of the technical and functional quality to form total impression of the overall quality level of the service provider. Technical quality is also known as product quality and functional quality is also known as service effectiveness. The three
service frameworks have been linked to many different performance measures both customers oriented for e.g. perceived value and business oriented for e.g. profitability. The focus of this research is on customer oriented measure i.e. perceived service effectiveness.

3.5. Proposed Model and Related Research Hypothesis

Figure 3.8. Proposed Model

The proposed model as shown in Figure 3.8 (data taken from Chapter 5) takes into consideration the main objectives of the study by gathering data from multiple sources like sales people, customers and several policies and records of selected department stores. The model is specified at individual employee, customer and store levels, as well as an integrated model that investigates systems of interaction and relationships among job role stressors, service effectiveness and frontline employee role performance towards the customers.
3.6 Focal Constructs and Predictions

The brief explanation of the focal constructs in the proposed model (figure 3.8) will be given in the following section.

3.6.1. Employee performance

Employee role performance for the purpose of the study refers to behaviors of frontline employees towards the organization, individual and group that can be broadly categorized as – prosocial role performance & non-role performance (Bettencourt and Brown 1997). The focus of this research is on frontline employee role performance towards the customers.

3.6.1.1. Frontline employee role performance towards the customers

Prosocial role performance can be perceived as helpful behaviors of employees directed toward the organization or toward other individuals (Bettencourt and Brown 1997). Frontline employee role performance may be directed towards either co-workers or customers (Brief and Motowidlo 1986; George and Bettenhausen 1990). Co-worker directed prosocial behaviors are organizational citizenship behaviors directed toward co-workers and performed by employees. Customer-directed prosocial behaviors are the prosocial role performances directed towards and perceived by the customer. These behaviors are of particular interest in this study as they enable to understand the impact of frontline employee role performance towards the customers on the service effectiveness i.e. the gap between the customer expectations and customer perception of service delivered by frontline employees. For the purpose of the study the customer – directed prosocial behaviors will be called as “frontline employee role performance towards the customers”. Two types of frontline employee role performance towards the customers can be viewed as being beneficial to the firm: role-prescribed performance or in-role performance and extra-role performance (Bettencourt and Brown 1997).

First, role-prescribed performance refers to expected employee behaviors during provision of service to the customers or behaviors specified as a formal part of an individual’s role or job (Bettencourt and Brown 1997; Brief and Motowidlo 1986).
According to Borman and Motowidlo, 1993 these behaviors can also be known as employee in role performances. It comprises of core job responsibilities of the employees included in employee’s formal job description. For e.g.: (1) having knowledge about the firm, firm’s and competitors products and services and the customers (2) performing in-role tasks as specified in formal job description, such as proper processing of customers orders and conducting mandated checkout procedures (3) conducting proper product displays, store signage and opening/closing procedures. Extra-role performance refers to the discretionary behaviors in which employees engage that benefit the firm in some way and when such performance are targeted towards the customers they are called as extra-role performances towards the customers (Borman and Motowidlo, 1993).

According to Bettencourt et al. (2001) extra-role performance towards the customers includes participation and service delivery. Participation means voluntary initiatives that add on to service while communicating with the customers and service delivery means extra efforts to respond to customer queries. For this research extra-role performance towards the customers can be defined as the extra efforts taken by the employee to meet the needs of customers during employee-customer interface. It’s an employer’s belief that customers will stay loyal when they are given personal attention in this mass customer market driven technology (Brief and Motowidlo, 1986). Extra-role service behavior of employees is dependent on the self-emotional appraisal & employees control of emotional responses of the customer (Tsai, 2009). The focus of this study is on frontline employee role performance towards the customers and following service effectiveness parameters will be used to measure the same: Extra-assistance beyond Job Responsibilities, Timeliness, Ease of service, Prompt service, Behavior instills confidence and safety, Politeness, Consistent service, Willingness to help customers, Multitasking attitude and Knowledge about the product.
3.6.2. Job role stressors

Kahn et al. (1964) define role stress as a merged construct consisting of two role stressors which include role conflict and role ambiguity. There have been many studies conducted on relationship between role ambiguity, role conflict and many other correlates since the first introduction of theory of organizational dynamics ((Kahn, Wofe, Quin, Snoek, & Rosenthal, 1964). Most of the studies indicates that role stress is accompanied by anxiety and nervousness and affects job performance (Behrman & Perreault, 1984).

3.6.2.1. Role conflict

Role conflict is defined as “The simultaneous occurrence of two (or more) sets of pressures such that compliance with one would make more difficult compliance with the other” (Kahn et al. 1964, p. 19). For the purpose of the study role conflict is defined as conflict resulting due to clash of expectations of the organization and expectations of customers. For instance, when a superior expects that an employee serves as many customers as possible, a customer at the same time may demand personal attention.

The following parameters will be used to measure role conflict: Job responsibilities are situation based, Inadequate resources to complete the assignment, Work-group conflict, Forgoing of rule & policy, Incompatibility of orders, Clash of Job responsibilities and Importance of job done

3.6.2.2. Role ambiguity

Kahn et al. (1964), Walker et al. (1975) mentions that role ambiguity occurs when employee has incomplete information about the job to be performed. For the purpose of the study role ambiguity is defined as the confusion regarding the actual job responsibilities due to lack of well defined job description (Chenet, Tynan, & Money, 2000; Matterson & Ivancevich, 1987; McLean, 1979^{294}; Sutherland, & Cooper, 1991). The following parameters will be used to measure role ambiguity: Clarity of authority, Clarity of objectives, Time Management, Clarity of responsibilities, Clarity of expectations from management, Clarity of communications and Training provided.
3.6.3. Service productivity

Frontline employees are paid less, training provided is also very minimum, they are generally overworked and highly stressed (Weatherly and Tansik, 1993) though they are very important for service productivity (Hartline and Ferrell 1996; Larkin and Larkin 1996. Rucci, Kirn, and Quinn 1998). Frontline employee’s job can be perceived as a three cornered fight where customers and organization are at two ends and frontline employees are caught in the middle (Bateson’s, 1985). This role of frontline employees is emotionally exhaustive and leads to job role stressors and high levels of attrition (Henkoff 1994; Milbank 1993). The prior studies have tried to examine the influence of job role stress on service efficiency (Singh, Goolsby, and Rhoades 1994 et al.) but very few studies are focusing on service effectiveness parameter. Thus this study focuses on service effectiveness parameter of service productivity.

3.6.3.1. Service Effectiveness

According to Harris et al. 2005; Saxe and Weitz, 1982 service effectiveness basically requires salespeople to focus on qualitative aspects of service i.e. meeting customers’ needs, solving their purchase problems, and earning their loyalty. For the purpose of this study service effectiveness is defined as the qualitative aspect of service delivery and measured by using SERVQUAL model developed by Parasuraman et al. 1985, 1986, 1988, Kumar et al. 2009 by means of investigating gap between customer expectation and customer perception of service delivered by frontline sales personnel. The following parameters are used to measure service effectiveness: Physical ambience, Employee appearance, Timeliness, Problem solving attitude, Extra – assistance beyond job responsibilities, Prompt service, Behavior instills confidence & safety, Accuracy of service, Knowledge of products, Politeness, Willingness to help customers, Multitasking attitude, Ease of service, Consistent service and Availability of staff.
3.7. Hypotheses

Hypothesis is defined “as a proposition or set of proposition set forth as an explanation for the occurrence of some specified group of phenomena either asserted merely as a provisional conjecture to guide some investigation or accepted as highly probable in the light of established facts” (Kothari, 2008). In simple terms hypothesis is an assumption which is to be proven by established facts. Following section will state the hypotheses for the research to be conducted.

**Table 3.1. Hypothesis formulation and testing**

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<tr>
<th>Sr. No.</th>
<th>Research Questions</th>
<th>Research Objective</th>
<th>Hypotheses</th>
<th>Questionnaire Tools Used</th>
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<tbody>
<tr>
<td>1.</td>
<td>Do gap exist between customer expectations and customer perceptions of service effectiveness delivered by frontline employees?</td>
<td>To examine if gap exist between customer expectations and customer perceptions of service effectiveness delivered by frontline employees</td>
<td>Hypothesis 1: $H_0$: There is no gap between customer expectations and customer perceptions of service effectiveness delivered by frontline employees</td>
<td>A fifteen-item, seven-point scale that measures customer expectations &amp; customer perception of service effectiveness (Parasuraman et al., 1988)</td>
<td>Mean Value</td>
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<td>Question</td>
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<td>2.</td>
<td>Which factors are prominent to describe customer expectations/customer perception of service effectiveness?</td>
<td>To investigate the factors those are prominent to describe customer expectations /customer perception of service effectiveness</td>
<td>Hypothesis 2/3&lt;br&gt;H_0: There is no internal consistency and reliability among the variables selected in the study for conducting factor analysis focusing on customer expectation /customer perception of service effectiveness. A fifteen-item, seven-point scale that measures customer perception /customer perception of service effectiveness (Parasuraman et. al, 1988) Cronbach’s Alpha (α) and factor analysis&lt;br&gt;Kaiser-Meyer-Olkin Measure of Sampling Adequacy, Bartlett's Test of Sphericity</td>
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<td>3.</td>
<td>Is there a dependency between service effectiveness factors &amp; frontline employee role performance towards the customers</td>
<td>To examine dependency between service effectiveness factors &amp; frontline employee role performance towards the customers</td>
<td>Hypothesis 4&lt;br&gt;H_0: Service effectiveness factors are not significant in influencing the frontline employee role performance towards the customers&lt;br&gt;A 10-item, 7-point scale that measures the service effectiveness factors (Bettencourt and Brown, 1997) Non-parametric Chi-square Test</td>
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|   | Do Role conflict have significant impact on frontline role performance towards the customers | To investigate the significance of role conflict on frontline employee role performance towards the customers | Hypothesis 5  
H₀ : Role conflict is not significant in influencing the frontline employee role performance towards the customers | A 7 – item, 7 – point scale that measures the level of job role conflict faced by frontline employees (Rizzo et. al, 1970) | Non-parametric Chi-square Test |
|---|-----------------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. | Do Role ambiguity have significant impact on frontline role performance towards the customers | To investigate the significance of role ambiguity on frontline employee role performance towards the customers | Hypothesis 6  
H₀ : Role ambiguity is not significant in influencing the frontline employee role performance towards the customers | A 7 – item, 7 – point scale that measures the level of job role ambiguity faced by frontline employees (Rizzo et. al, 1970) | Non-parametric Chi-square Test |
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| 6. | Is direction of relationship between service effectiveness and frontline employee role performance towards the customers negative or positive? | To examine the direction of relationship between service effectiveness and frontline employee role performance towards the customers | Hypothesis 7
H0: There is no positive relationship between service effectiveness and frontline employee role performance towards the customers | A 1-item,7 point scale that measures service effectiveness in relation to employee role performance towards the customers (Dubinsky, 1984) |

| 7. | Is direction of relationship between job role stressors and frontline employee role performance towards the customers/service effectiveness negative or positive? | To examine the direction of relationship between job role stressors and frontline employee role performance towards the customers/service effectiveness | Hypothesis 8/9
H0: There is no negative relationship between job role stressors and frontline employee role performance towards the customers/service effectiveness | A 1-item,7 point scale that measures job role stressors in relation to frontline employee role performance towards the customers/service effectiveness (Dubinsky, 1984) |

Spearman rank Correlation
3.7.1. Study 1 – Gap between customer expectation & customer perception of service effectiveness

According to Parasuraman et al. (1988, p.17) satisfaction literature and service effectiveness literature has different meaning with respect to expectation. In satisfaction literature expectations are viewed as ‘forecasting’ by customers about what is possibly going to happen during a particular purchase encounter while in service effectiveness literature, customer expectations are considered as view point of consumers, with respect to what service providers ‘should’ offer. According to Gronroos, (1982); Parasuraman et al. (1985) customer’s perception of service delivered by frontline employees is formed on the basis of the comparison of their expectations (what they believe service providers should offer) with their perceptions(what they feel service providers actually offer) of the performance of the service provider i.e. the customer’s view of what they actually receive. The research under study is largely based on this discrepancy of or gap between customer expectation and customer perception of service delivered by the frontline employees. This is in order to obtain a better understanding of how customers perceive service effectiveness in selected department store. This gap is known as service effectiveness gap or SERVEFF gap delivered by frontline employees. SERVQUAL model (Figure 3.5) given by Parasuraman et al. (1988) and service value profit chain model (Figure 3.1) given by Heskett and colleagues (2003) are used as the main model to develop the proposed model as it best meets the objective of the study i.e. to measure gap between customer expectation and customer perception of service delivery by frontline employees which are described in details in this previous chapter and this chapter.

H₁: There is significant gap between customer expectations and customer perceptions of service delivered by frontline employee towards the customers.

H: There is no significant gap between customer expectation and customer perception of service delivered by frontline employee towards the customers.
3.7.2 Study 2: Factors those are prominent to describe customer expectations/perceptions

When it comes to measurement of service effectiveness there is little consensus of opinion and much disagreement Robinson (1998). Service effectiveness is measured taking into account customer’s expectations of service i.e. what customers expect from the service and customer’s perception of service i.e. what customers actually experience. According to Harris et al. 2005; Saxe and Weitz, 1982 service effectiveness basically requires frontline employees to focus on meeting customers’ demands and wishes, taking care of their procurement problems, and gaining their loyalty. According to Anderson et al. (1994); Buzzel and Gale (1987); Jacobson and Aaker (1987); Reichheld and Sasser(1990); Rust et al. (1995) service effectiveness have gained strategic importance because now-a-days due to advent of information, technology and communication it’s possible to obtain products of similar features but what differs one service provider from other is the service effectiveness perceived by the customer. Thus there is increase in recognition of service effectiveness perceived by the customer as a significant determinant of business performance in terms of economic returns. But implementation of this strategy depends on frontline employee’s performance as they are accountable for putting strategy into process in their service encounters with customers in retail outlets.

According to Wharton, a Canadian Consulting firm customer perception of stressed and demotivated frontline sales personnel led to more loss of business due to negative word of mouth. Thus it is essential to have insight into the factors that enhance or impede the service encounter between frontline employees and customers to keep profitability of business in check (Mangold and Babakus, 1991). The “Nordic” perspective (Grönroos 1983) of service quality suggests that service quality can be best identified using overall categorical descriptors (functional quality and technical quality). Functional quality reflects how service is delivered, or customer perceptions of the service delivery process. Technical quality is the end result of the service encounter, or what the customer receives in the service act (Brady and Cronin, 2001). Rust and Oliver (1994)
propose a three-component model: the service product (i.e., technical quality), the service delivery (i.e., functional quality), and the service environment. Adopting Rust and Oliver’s (1994) conceptualization, Brady and Cronin (2001) found empirical evidence suggesting each of the basic parameters of service feature (encounter, outcome, and environment) has three sub-dimensions that define the basis of service quality perceptions: interaction quality (attitude, behavior, and expertise), outcome quality (waiting time, tangible elements, and valence of the outcome), and environment quality (ambient conditions, design, and social factors). In addition, they suggest that for each of these sub dimensions to contribute to improved service quality perceptions, the service received by customers must be apparent to be trustworthy, receptive, and considerate. The two dimensions directly under the service provider’s control, encounter and outcome, are of particular interest for the study for understanding the relationship among three constructs i.e. service effectiveness, frontline employee role performance towards the customers and job role stressors i.e. role conflict and role ambiguity. For measuring the service effectiveness in this study SERVQUAL model proposed by Parasuraman et al. (1988), Kumar et al. 2009 is used as this model best meets the objective of the study i.e. to measure service quality perceived by the customers which is described in details in this chapter along with other two models namely technical quality / functional quality model proposed by Gronroos (1984) and SERVPERF model proposed by Cronin and Taylor (1992). SERVQUAL model developed by Parasuraman et al. (1985, 1986, 1988); Zeithaml et al. (1990); Kumar et.al. (2009) measures the service effectiveness by measuring the customers' expectations before a service act and customer perceptions of the actual service delivered and then finding if there is any considerable gap between the two (Gronroos,1982; Lewis and Booms, 1983; Parasuraman et al. 1985). The SERVQUAL model comprises of five general parameters as given below (Kumar et al. 2009) Refer Figure. 3.5:

- **Tangibles**: Physical amenities, tools and appearance of recruits.
- **Reliability**: Dependability and accuracy with which service is performed.
Responsiveness: Eagerness to help customers and provide timely access, contact and understanding the customer

Assurance (including proficiency, politeness, trustworthiness and safety): Knowledge and courtesy of employees and their ability to inspire trust and confidence.

Empathy (including access, announcement, taking care of the customer demands): Caring and personal attention that the firm caters to its customers.

In the SERVQUAL instrument, 22 statements quantify the performance across these five dimensions, using a seven point likert scale measuring both customer expectations and perceptions (Gabbie and O'neill, 1996). These 22 statements are modified to 15 statements for the purpose of the research under study. These 15 statements (Figure 3.8) are measured across these five dimensions using a seven point likert scale measuring both customers expectations and perception.

The following hypotheses is framed with respect to internal consistency and reliability among the 15 variables

H2: There is internal consistency & reliability among the variables selected in the study for conducting factor analysis focusing on customer expectation of service effectiveness.

H0: There is no internal consistency & reliability among the variables selected in the study for conducting factor analysis focusing on customer expectation of service effectiveness.

H3: There is internal consistency & reliability among the variables selected in the study for conducting factor analysis focusing on customer perception of service effectiveness.

H0: There is no internal consistency & reliability among the variables selected in the study for conducting factor analysis focusing on customer perception of service effectiveness.

3.7.3. Study 3 – Frontline employee role performance towards the customers and service effectiveness

Considerable time and attention in the services literature has been given for examining the organizational and individual antecedents of frontline employee role performance
(Brady and Cronin 2001; Donavan, Brown, and Mowen 2004; Kelley and Scott, 1992; Kelley and Hoffman 1997). Similarly, managers have taken initiatives to ensure positive employee role performance by carefully screening job candidates, developing structured training programs, and conducting company-wide campaigns to develop a customer focus (DeWitt, 2004). For most customers, interactions with the frontline employee and perceptions of employee role performance represent their view of the firm.

Grönroos and Ojasalo (2004) offer perhaps the most comprehensive model of the service productivity process to date. The authors propose that from a productivity perspective, the service production process can be divided into three separate processes: (1) the service provider producing the service in isolation (2) the service provider and the customer producing the service in interactions, and (3) the customer creating the service in separation from the service provider. Here in the critical element on which service effectiveness is dependent is the input provided by the frontline employee role performance. The more efficiently the service firm uses its own resources as input into the processes, the better the internal efficiency of the service process will be. The outputs of the service process include: (1) quantity of output (volume), and (2) quality of output (process and outcome). Grönroos and Ojasalo (2004) also propose the quality of the outputs or service effectiveness is manifested both in the process (interaction-induced quality) and in the outcome of the process (outcome-induced quality). The greater the effectiveness perceived that is created using a given quantity of inputs (provided by both the service provider and the customer), the greater is the service effectiveness and therefore overall service productivity.

Alternatively, if perceived service effectiveness is not up to the customer standards because the inputs are functioning in a less customer-oriented way lower perceived service effectiveness is likely to be experienced by the customer. This in turn will have a negative impact on service productivity. In summary, Grönroos and Ojasalo (2004) propose that service productivity is dependent on minimizing costs (efficiency) by balancing supply with demand and maximizing revenues (effectiveness) by ensuring customer loyalty. Since, retail salespeople are in boundary spanning positions; they must
attempt to meet the demands of customers while managing to fulfill expectations of managers, often simultaneously i.e. they have to provide efficient as well as effective service. Attempting to meet conflicting demands can have impact on both service efficiency & service effectiveness resulting in overall impact on service productivity (Flaherty et al. 1999).

Role stress has been shown to have a negative influence on organizational loyalty, employee’s obligation to service effectiveness and therefore service effectiveness perceived by customers (Behrman and Perreault, 1984; Goolsby, 1992; Jackson and Schuler, 1985; Johnston et al. 1990; Sager, 1994; Wheatherly and Tansik, 1993; Zeithaml et al. 1988). Meanwhile, the job role stressors impact on frontline employee role performance has gone relatively unnoticed by academics and practitioners alike. This study proposes that the performance of frontline employees is reflection of the job role stress in which the employees live and work, with the role conflict & role ambiguity being the most prominent stressors (Behrman & Perreault, 1984). In examining the job role stress antecedents of employee performance, this dissertation hopes to lay the groundwork for future research on job role stress related phenomenon in the services literature, while also offering practical recommendations to managers on how to bring optimization of service effectiveness by understanding impact of job role stress on frontline employee performance & service effectiveness.

Till the discovery of the new theory defensive marketing (Fornell and Wernerfelt, 1987) priority of most service firms has been to target most of their investments and resources towards acquiring new customers in hopes of expanding market share. Defensive marketing theorists make an observation that in the focus on solely gaining new customers the current customers feel neglected and have a much higher risk of shifting the patronage to competitor. Reichheld and Sasser (1990) support this thought in their work on customer defections. They believe that quality of market share, measured in terms of customer loyalty, is a far better predictor of future business success than quantity of market share.
Their analysis shows that a 5% increase in customer loyalty can lead to profitability increases of between 25% and 85%. Numerous reasons have been given in justifying the link between customer loyalty and profitability. The most prominent reasons predict that increased customer loyalty leads to: decreased advertising costs (Nowack and Washburn, 1998; Gremler and Brown, 1999; Anderson and Fornell, 2000), increased referrals (Anderson et al., 1997; Gremler and Brown, 1999; McDougal and Levesque, 2000), more frequent purchases (Anderson et al., 1994; Sirohi et al., 1998) and reduced transaction costs (Potts, 1988; Anderson et al., 1994; Anderson et al., 1997, Mittal and Lasser, 1998). According to Heskett et al. (1994) the best way to increase customer loyalty is to create “apostles” – customers that are so satisfied that they not only continue buying from an organization but they also “convert the amateur”. On the basis of many studies conducted customer satisfaction can be said to be the best predictor of customer loyalty (e.g. Soderlund, 1998). A study carried out at Xerox corporation showed that when surveyed, customer who answered a perfect score of “5” on a satisfaction question where six times more likely to repurchase Xerox equipment than those who answered “4” (Heskett et al., 1994). Customers today are more demanding & quality conscious than they ever have been in the past (Patterson and Spreng, 1997). They now emphasize more on cost benefit analysis giving away the traditional definition of value. The benefits received can come in the form of product quality, friendly service, ease of service, physical ambience, time management etc. Customer investment in a product or service includes not only direct costs, such as price, but also indirect costs, such as time.

Customer satisfaction is dependent on the service effectiveness parameter of service productivity which is the main focus of research under study. It is the role of frontline employees to provide the service excellence which is dependent on the internal service quality experienced by the employee on which employee satisfaction is dependent (Heskett et al., 1994). Employee satisfaction may lead to employee loyalty. A employee who is loyal to the firm will be more productive resulting in better employee role performance and thus providing service excellence to maintain the positive trade of
balance according to the social exchange theory (Sheridan, 1992; Wayne et al., 1997; Eisenberger et al., 2001).

With this premise following hypotheses formulation:

H4: Service effectiveness factors are significant in influencing the frontline employee role performance towards the customers
H0: Service effectiveness factors are not significant in influencing the frontline employee role performance towards the customers

3.7.4. Study 4 – Job role stressors and frontline employee role performance towards the customers

Though, considerable numbers of empirical studies (Hochschild, 1983; Kahn, 1993; Morris and Feldman, 1996) so far were able to demonstrate negative effects of job role stress on employee performance but few other studies exhibited different results. Adelmann (1995) carried out a study on table servers and found no relationship between job role stressors and job outcomes while Pugliesi (1999) found an independent effect of job conditions and job role stressors on job strain, job satisfaction and psychological distress.

Van Maanen and Kunda (1989) focused on the constraining consequences of being employed at Disneyland, whereas Shuler and Sypher (2000) mentioned the positive aspects of job role stressors. Hochschild (1983) mentioned that high-emotional demands had negative effects on mental and physical health. Rutter and Fielding (1988) reported that job role stressors are negatively associated with job satisfaction. Sandiford and Seymour (2002) conducted their research with staff members working for the pubs in the UK and found evidence of job role stress would negatively affect employee’s job performance. However, other studies did not uniformly find these negative effects, and some even found positive effects of job role stressors. According to Putnam and Mumby (1993), job role stress reduces the discretion exercised by the workforce in performing their jobs, whereas, stress free environment enable them to manage their emotions so as
to enhance organizational effectiveness (Van Maanen and Kunda, 1989). Further, it was disclosed by Wharton (1999) that the consequences of job role stressors may be highly contingent upon other characteristics of the job and the organization. Pugh (2001) found that the exhibit of positive emotions was related to customer satisfaction and customers’ positive affect which may be indicators of successful service interactions.

These processes may contribute to feelings of personal accomplishment. Wharton (1993) found a positive relation between job role stress levels and employee performance. Kruml and Geddes (2000) contended that job role stressors can benefit an employee depending on the employee strategy utilized. But there is hardly any previous research focusing on impact of job role stressors on frontline employee role performance towards the customers from the frontline employee perspective in department store setting of organized Indian retail sector. Hence to fill in this gap following hypotheses are formulated:

H<sub>5</sub>: Role conflict is significant in influencing frontline employee role performance towards the customers.

H<sub>0</sub>: Role conflict is not significant in influencing frontline employee role performance towards the customers.

H<sub>6</sub>: Role ambiguity is significant in influencing frontline employee role performance towards the customers.

H<sub>0</sub>: Role ambiguity is not significant in influencing frontline employee role performance towards the customers.

3.7.5. Study 5 – Relationship among job role stressors, service effectiveness and frontline employee role performance towards customers

According to Dubinsky & Mattson (1979) and Abramis (1994) there is a negative relationship between job role stressors and job performance. Yousef (2000) who investigated 397 employees from several mechanized and service organizations in the
United Arab Emirates found that low perceptions of both role conflict and role ambiguity would predict better job performance. Behrman and Perreault (1984) found out that role ambiguity and job performance show a negative relationship whereas role conflict and job performance show a positive relationship (Michaels, Day, & Jaochimsthaler, 1987). Thus it can be seen that there is inconsistencies in impact of job role stress on employee performance (Schuler, 1975). There are hardly any previous studies in Indian context talking about the effect of job role stressors i.e. role conflict & role ambiguity on service effectiveness dimension of performance i.e. frontline employee role performance towards the customers. Hence to fill in this gap following hypotheses are formulated:

H\(_7\) : There is positive relationship between frontline employee role performance towards the customers and service effectiveness

H\(_0\) : There is positive relationship between frontline employee role performance towards the customers and service effectiveness

H\(_8\) : There is negative relationship between job role stressors and frontline employee role performance towards customers

H\(_0\) : There is no negative relationship between job role stressors and frontline employee role performance towards the customers

H\(_9\) : There is negative relationship between job role stressors and service effectiveness delivered by frontline employee role performance towards the customers.

H\(_0\) : There is negative relationship between job role stressors and service effectiveness delivered by frontline employee role performance towards the customers.
3.8. Summary

The primary research questions addressed in this dissertation are
Do gap exist between customer expectations and customer perceptions of service effectiveness delivered by frontline employees?
Which factors have significant impact on customer expectations/customer perception of service effectiveness?
Is there a dependency between service effectiveness & frontline employee role performance towards the customers?
Do job role stressors i.e. role conflict and role ambiguity have significant impact on frontline role performance towards the customers?
Is relationship between service effectiveness and frontline employee role performance towards the customers negative or positive?
Is relationship between job role stressors and frontline employee role performance towards the customers/service effectiveness negative or positive?
Different models are used as base models and the proposed model was developed for the research under study integrating the constructs. This proposed model was used for hypotheses formation and testing. The next chapter discusses the research methodology, data collection methods, analysis plan and statistical results of the thesis.