

EMPLOYEE PERCEPTIONS OF MANAGEMENT COMMITMENT AND CUSTOMER EVALUATIONS OF QUALITY SERVICE IN INDEPENDENT FIRMS

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Few words have come to symbolize the decline of American competitiveness as much as "quality." In a recent survey, executives ranked the improvement of service and product quality as the most critical challenge facing U.S. business (Zeithaml, Parasuraman, and Berry 1990). Organizations as diverse as Ford, where "Quality Is Job One," to McDonald's, where quality is the first component of their QVSC (quality, value, service, cleanliness) motto, have begun to publicize their commitment to quality.

This emphasis on quality is not surprising given the numerous benefits enjoyed by firms able to produce quality services and products. Quality has been described as "the single most important force leading to the economic growth of companies in international markets" (Feigenbaum 1982, 22). Research on participants in the Profit Impact of Market Strategy (PIMS) program revealed that, "In the long run, the most important single factor affecting a business unit's performance is the quality of its products and services, relative to those of competitors" (Buzzell and Gale 1987). The

PIMS studies have found that companies that offer higher quality products also enjoy advantages of stronger customer loyalty, more repeat purchases, less vulnerability to price wars, and decreased marketing costs.

Both the PIMS studies and the majority of research done on quality in the past have been oriented toward large manufacturing firms. However, recent research (Gronroos 1984, 1988; Bitner 1990; Bitner, Booms, and Tetrault 1990; Zeithaml, Parasuraman, and Berry 1990) has begun to focus on service quality. Without improved quality in services, the United States may find itself in the same vulnerable position with its services as it has with its manufactured products. Quinn and Gagnon (1986, 103) concluded:

It will take hard and dedicated work not to dissipate our broad-based lead in services as we did in manufacturing. Many of the same causes of lost position are beginning to appear. Daily we encounter the same inattention to quality, emphasis on scale economies rather than customers' concerns, and short-term financial orientation that earlier injured manufacturing.

The benefits to a small firm able to successfully achieve high quality service are at least as great as those accruing to a large firm. It is difficult for small firms to compete with large firms on cost but,

because they are small, these firms may find it easier to differentiate their services than large firms. The active involvement of the owner and employees in small firms allows them to tailor the firms' offerings to the specific needs of their customers without going through the bureaucratic layers typical in large companies (Main 1981). Further, consumers receiving customized services or products from small firms are assured that they have received something special; because of their size, small firms cannot reproduce their goods or services for mass consumption.

This study investigates one question regarding the efforts of small firms to achieve high quality service:

Do small firms whose employees believe their owners are committed to high quality service have more success in achieving high quality service than firms whose employees do not share this belief?

Top management commitment and an understanding throughout the organization regarding the importance of service quality have been cited in numerous sources as critical to the achievement of high quality service. However, these reports are largely limited to case studies and do not represent a systematic attempt to empirically support the relationship. Although the relationship between employee perceptions regarding management commitment to quality service and customer evaluations of service appears to be self-evident, the lack of empirical support indicates the need for confirmatory research. This study is an initial step in exploring the existence of such a relationship.

LITERATURE CONTRIBUTION

Based on their research of five major service companies in different industries, Zeithaml, Parasuraman, and Berry (1990, 73-74) concluded that "the absence of *total management commitment* to service quality virtually guarantees

[that quality won't be achieved] . . . Contact employees and middle management do not and cannot improve quality without strong leadership from management." They argued that strong management commitment energizes and stimulates an organization to achieve a high level of service quality. In spite of the demonstrated benefits of high quality service, few companies have achieved it, primarily due to inadequate service leadership.

In a survey of 336 employees in 307 companies, Shetty and Ross (1985) found that company efforts to improve service quality were inadequate. They argued that:

The development of a company-wide commitment demands first priority in managing quality because the issue can only be understood and operationalized by the employees of an organization when viewed within the context of total company strategy and operations. The *commitment of management* to quality must be reflected in the context of the company's other goals and priorities; only then can it be integrated into the company's way of doing business (1985, 10).

Without top management commitment, other quality efforts are destined to fail.

Crosby (1979), based on his experiences at ITT and with other firms, maintained that the cost of scrap, rework, inspections, tests, warranties, and related expenditures far outweigh the cost of implementing a quality program throughout a company. He designed a 14-step program to "make quality certain" in an organization. The first step in this program is to gain *management commitment*. Unless management is committed to quality and effectively expresses this commitment, others in the organization will only be as committed to quality as their personal standards dictate.

A recent review of the literature related to hospital quality (Reeves and

Bednar 1993) revealed that *top management support* for quality programs was cited in every case as being critical to the achievement of quality by the hospitals. In cases where quality efforts have been and are effective, top management support was considered the key cause of success; in instances where quality programs have been ineffective, a lack of top management support was judged to be the primary cause of failure (Shoop 1991).

If management commitment is critical to the achievement of high quality service, firms whose employees recognize this commitment should realize a higher level of service quality than firms whose employees do not recognize this commitment. With the exception of the Zeithaml, Parasuraman, and Berry study, this literature reflects only anecdotal reports of the importance of management commitment. The Zeithaml, Parasuraman, and Berry study explored the *perceptions of management* regarding the difficulties their firms faced in successful service quality delivery. None of these studies examined how much top management commitment *employees* perceived, and none examined whether this perceived commitment was then reflected in higher quality service. The present study addresses this gap.

METHODS

Sample

The sample for this study was 26 small restaurants operating in the greater metropolitan area of a large city in the southeastern United States. Restaurants were chosen because they are in an industry dominated by small firms, and high quality service is an important source of differentiation in this industry. In annual surveys done by *Restaurants and Institutions* ("NRA Studies" 1979, "Tastes of America" 1980-1991), criticism about the quality of service received in restaurants has dominated

customers' complaint lists. Dissatisfaction with service has been cited by almost 70 percent of restaurant patrons each year for the past eight years. Complaints about service quality are mentioned 50 percent more often than the next most frequently cited irritant. Given the tremendous dissatisfaction with service and the brutally competitive environment in which restaurants operate,¹ restaurants that are able to differentiate their service from that of their competitors will gain a significant competitive advantage.

Even though the question being explored in this research might be applicable to many service industries, limiting the sample to one industry is appropriate for several reasons. By restricting the sample to one industry, the confounding effects of technology and environment are minimized (Child 1977). Limiting the sample also facilitates the identification of appropriate performance measures (Cheng and McKinley 1983). Thus, restricting the sample to one industry increases the probability that a relationship, and its intensity, can be inferred from this early-stage research.

To identify restaurants appropriate for this study, a pre-visit questionnaire was sent to 78 restaurants that the researchers believed met the criteria for inclusion in the study. To be included, the restaurants had to be small (fewer than 100 employees), independently owned (non-franchised), have been in operation more than one year, and compete on the basis of the quality of their service. In addition, the owner-respondents had to be responsible for establishing strategies and policies governing the restaurant.

¹The Small Business Administration (SBA) reports that restaurants remain the top industry for business start-ups in the U.S., while simultaneously ranking first in failures. In 1990, the number of restaurant closings exceeded the number of openings for the first time since 1980 (Bowers 1990).

To determine their competitive strategy, restaurant owners were asked to rank the following factors according to the amount of emphasis they placed on them when competing with other restaurants: surroundings, customer turnover (serving a large volume of customers in a short period of time), location, price, quality of food, quality of service, and type of food. These variables were chosen because they are used in restaurant trade journals to identify strategies of competing restaurants. Although each of these seven factors is important to success, small restaurants with limited resources are constrained in their ability to pursue all of the factors simultaneously and must therefore choose where they will concentrate their efforts.

Only those restaurants whose owner/managers indicated that quality of service ranked in the top three areas they emphasized were included in the sample. Limiting the sample to restaurants emphasizing quality service ensured that the sample included only restaurants whose employees *should* perceive management commitment to quality service. Thus, the study concentrated on whether differing levels of perceived management commitment, by itself, were correlated with differing levels of quality service, as perceived by customers.

Thus, of the 78 restaurants who were requested to participate, 26 agreed and provided adequate data. Six restaurants had gone out of business; 13 were judged as inappropriate either because they did not compete on the basis of the quality of their service, they were part of a chain, or they were too large. Thirteen owners declined because of time constraints, and 11 declined because they felt that customer questionnaires would be inappropriate for their restaurants. Four owners agreed to participate and were interviewed but an inadequate

number of customer surveys (fewer than five) was received from these restaurants so they were dropped from the final sample. Additionally, data were gathered from owners and customers, but not employees, in five restaurants, making it necessary to exclude them from this analysis. Thus, 26 of the 59 restaurants that were eligible to participate in the survey chose to do so and provided the necessary data, for a restaurant response rate of 44 percent. The size of the 26 participating restaurants ranged from 5 to 60 employees, with two-thirds of the restaurants having between 10 to 35 employees. Six restaurants had more than 50 employees, and four restaurants had fewer than 10. The average age of the participating restaurants was 10 years. Three of the restaurants had been in operation fewer than 3 years, 12 had been in operation from 3-10 years, and 11 had been in operation for more than 10 years. Thus, in a brutally competitive industry, each of the participants in this study had already achieved an important measure of success.

Data Collection Procedure

Data were collected from three classes of respondents: restaurant owners, restaurant employees, and restaurant customers. In addition to identifying their strategy, owners were asked to provide background information on the restaurants.

Employees were asked to complete a questionnaire containing questions regarding the operating procedures in their restaurant and their restaurant's strategy. The employee questionnaire came with a self-addressed, stamped envelope to encourage participation and to ensure anonymity for the employees. The average rate of response per restaurant from the questionnaires was 46 percent, with a range of 21 to 86 percent. The fewest number of employee ques-

tionnaires returned was three, from a restaurant with five employees. The greatest number of employee responses was 22, from a restaurant with 40 employees.

Finally, to determine the restaurants' success in achieving high service quality, the final arbiters of that decision — the customers — were surveyed. The customers were asked to complete a pre-tested questionnaire concerning their experiences at the restaurant. Each restaurant was asked to distribute the surveys on two nights, one weekday evening and one weekend evening. To minimize disruption to the customers' meals, the questionnaires were distributed with the customers' checks, to be returned to the host/hostess upon departure. A total of 1,181 customer surveys were completed. The response rate from the customer questionnaires at the restaurants ranged from 43 to 100 percent, with a median response rate of 84 percent. The smallest number of customer responses returned was 8 (out of a possible 12), and the most responses from a restaurants' customers was 78 (out of 78).

Measures

Employee beliefs regarding emphasis placed on quality service. To gauge the employees' beliefs about the emphasis their restaurant placed on quality service, the employees of each restaurant were asked to rank the seven variables that had been ranked by the owners in terms of the amount of emphasis their restaurant placed on them when competing with other restaurants. These variables were: ambiance/surroundings, customer turnover, location of restaurant, price of food, quality of food, quality of service, and type of food. The variable that the employees believed was most emphasized by management received a "1," while the variable the employees believed received the least

emphasis received a "7." The rankings that the employees gave for quality of service were averaged for each restaurant, and the average was used as a measure of the employees' belief regarding the emphasis placed on service by the owner of their restaurant.

Success in achieving high quality service. The only appropriate judges of the quality of service received by customers are the customers themselves. If the restaurants' customers evaluated the service received positively, the restaurants were judged to have successfully achieved high quality service. The restaurants' service was evaluated along seven dimensions: prompt greeting, prompt seating, timely delivery of food, pleasant server, knowledgeable server, needs anticipated, and timely delivery of the check. These measures have repeatedly been cited in trade publications such as *Restaurants and Institutions* ("NRA Studies" 1979, "Tastes of America" 1980-1991) as important to customers' evaluations of restaurant service quality, and thus allow one to state with some confidence that there is content validity to the service quality measure.

The most commonly cited definition of service quality is the extent to which the service meets customer expectations (Gronroos 1984, Wyckoff 1984, Haywood-Farmer 1985, King 1985, Zimmerman 1985). This definition of quality, combined with the degree of excellence achieved (Wyckoff 1984, Garvin 1987), was used to operationalize the service quality construct. The customers were asked to rate the service received in the restaurants *as compared to other restaurants of this type*. A five-point scale, ranging from "well below average" to "well above average" was used.

In addition to the seven dimensions of service quality mentioned above, customers were asked to evaluate the over-

Table 1
THE CORRELATION BETWEEN EMPLOYEE PERCEPTIONS OF MANAGEMENT COMMITMENT TO QUALITY SERVICE AND CUSTOMER EVALUATIONS OF SERVICE

Range of Employee Rankings of Management Commitment	N	Mean	S.D.	r	t
1.50-4.67	26	2.76	0.83	-.4144*	-2.231**

*Note that a lower score on the employee rankings indicates a greater emphasis placed on quality service by the restaurant. Therefore, a negative correlation indicates that as emphasis increases, quality service scores also increase.

** .005 < p < .0125.

all service received on the same rating scale. A correlation of the average of the first seven variables with the overall service score was computed, with $r = 0.845$. Because the correlation was high and reliability for the global average could be assessed, the global average of the seven service measures was used to measure high quality service.

To assess the reliability of the customers' responses, a Cronbach alpha for the entire sample of restaurants was computed, with $\alpha = 0.91$. An alpha for each of the 26 participating restaurants was also computed. The range was from 0.822 to 0.937, with a median alpha for the restaurants of 0.903. A Cronbach alpha above 0.80 is considered adequate for basic research (Nunnally 1969), thus demonstrating a high degree of internal consistency in the customers' responses.

RESULTS

The question of interest in this study was:

Do restaurants whose employees believe their owners are committed to high service quality have more success in achieving high quality service than restaurants whose employees do not share this belief?

As is presented in table 1, an r of -.4144 was found. Thus, employee recognition of the owner's emphasis on quality accounted for 17 percent ($r^2 = .172$) of the variation in customers' evaluations of service quality.

To test whether the relationship was statistically significant, the r score was converted to a z score using Fisher's z transformation. As is evident in the table, there was strong support for the hypothesis. In restaurants whose employees believed the quality of service was emphasized by the manager, the restaurants were more successful in achieving high quality service, as measured by customer evaluations. Thus, even though all of the owners claimed to compete on quality service, they were not equally successful in achieving it, and a significant amount of the variation was due to their employees' understanding of management's commitment. The arguments by scholars that employees must understand management's commitment to quality before quality can be achieved have been supported in this study.

DISCUSSION AND CONCLUSIONS

There are several explanations for the results of this study. Employees who believe the manager of their restaurant is committed to service quality may be motivated to provide higher quality service simply because they perceive this to be important to the manager. Alternatively, employees may perceive management commitment because of actions taken by the manager. In this case, it may be the actions rather than the perceived commitment that are influencing the high level of service quality.

The managers of the restaurants in this study reported few activities, such as training or increased rewards, to stimulate employee delivery of high quality service. Employees were asked whether managers provided them with incentives to do their job well. Although a few employees did mention increased tips as an incentive, *no employee* identified any management-provided incentives to deliver high quality service. This leads to the conclusion that employee understanding of management commitment, by itself, is a strong contributor to high quality service.

Several important issues that call for additional research have been raised in this study. Even though it was found that an understanding by employees regarding management commitment to high quality service has a significant impact on the achievement of quality service, how this emphasis was communicated was not addressed. Although neither employees nor managers were able to identify management practices leading to high quality service, it is likely that continuous attention from management, every hour, every day has a strong influence on employee perceptions of management commitment.

Although it was appropriate to limit this study to one industry, it is important that the study be replicated in other industries so that the generalizability of the findings is increased. It is also necessary to replicate this research in large firms, where the variation in level of commitment by management is likely to be great. Likewise, whether the relationship holds in firms that have not declared a commitment to quality also needs to be examined. Factors other than perceived management commitment might emerge to explain the achievement of a high level of service quality.

The positive relationship between high quality service and financial per-

formance that was found in the PIMS and other studies of large firms needs to be examined to confirm that it also holds for small firms. Although customer satisfaction is an extremely important effectiveness measure, particularly in restaurants, it must be considered along with other measures of effectiveness, such as profits and growth, for a more complete evaluation of the effectiveness of the firm (Connolly, Conlon, and Deutsch 1980).

The results of this study substantiate anecdotal reports in the literature that firms whose employees understand management's commitment to service quality are more likely to achieve high quality service. Even though it is unlikely that commitment will be perceived without reinforcing actions on the part of management, this study has found that management commitment, by itself, is strongly correlated with customer judgments of high quality service. Although the relationship of management commitment to high quality service appeared to be self-evident, little empirical evidence existed to confirm the relationship. The results of this study have provided evidence that such a relationship does exist.

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