Service Quality and the Congruence of Employee Perceptions and Customer Expectations: The Case of an Electric Utility

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ABSTRACT

Understanding how the quality of customer service is impacted by employees is essential to managing and improving customer service quality. This article develops a model that looks at the relationship between a series of two important customer service gaps. The first series of gaps (service provider gaps) is a result of the difference between consumers' and employees' expectations based on various dimensions of the customer service encounter. The second series of gaps (service quality gaps) occur when a difference exists between consumer expectations and the service they actually receive based on specific aspects of the customer service encounter. This study found a positive significant relationship between these two series of gaps. This significant relationship provides empirical evidence as to the importance of keeping employees informed about the expectations of consumers. ©1995 John Wiley & Sons, Inc.

A prerequisite to providing high-quality customer service is having service providers (employees) that clearly understand the needs and
expectations of the consumer (Albrecht & Zemke, 1985; Zemke & Schaaf, 1989). In fact, maintaining congruency between employee perceptions of consumer expectations and actual consumer expectations is essential to providing excellent quality service.

When employees fail to understand the needs and expectations of consumers, service gaps emerge. These service provider gaps result when employees underestimate consumer expectations (see Figure 1). If employees fail to anticipate consumer expectations accurately, consumers will not be completely satisfied with the quality of service provided (Tse, Nicosia, & Wilton, 1990).

When service provider gaps are present in an organization, it is likely that service quality gaps will also be evident (see Figure 1). Service quality gaps are a result of the difference between what a consumer expects and what a consumer actually receives (Parasuraman, Zeithaml, & Berry, 1990). If the quality of service delivered to the customer is less than their expectations, then the customer will be dissatisfied.

A consumer arrives at a customer service encounter with specific expectations. If these expectations are not met, the consumer will leave the encounter less than satisfied. Therefore, if employees fail to understand what is important to consumers in a service encounter, customer satisfaction levels suffer.

**HYPOTHESIS**

The concept of service gaps is theoretically appealing because it provides a better understanding of the customer service process. Despite the well-developed theory in this area, sparse research has been conducted to test its validity (Schneider, 1980; Smith, 1991; Stershic, 1990).

The focus of this study is to provide empirical evidence and test the validity of two important service gaps. Our hypothesis contends that when gaps exist between consumer expectations and employee perceptions of their expectations (service provider gaps), gaps will also be found between consumer expectations and their perceptions of the actual service being provided (service quality gaps).

**Figure 1** Model of service provider and service quality gaps
Previous research (Schneider, Parkington, & Buxton, 1980) found a significant relationship between employee and customer perceptions of service quality in banks. These findings demonstrated that bank employees understood the expectations of customers. Our study started with an evaluation of the Schneider et. al. (1980) findings and went one step further. In addition to looking at the relationship between what employees and customers perceive as occurring, our hypothesis examined the relationship between how well employees were able to anticipate the expectations of consumers on individual service components, and whether or not consumers perceived the service as meeting their expectations.

HYPOTHESIS

The gaps existing between what consumers expect and what employees think they expect (service provider gaps) will have a positive significant relationship with the gaps existing between consumer expectations and perceptions of the quality of service provided (service quality gaps).

SERVICE COMPONENTS

To analyze the relationship between service provider and service quality gaps, 10 individual service components were selected for this study. Each of the 10 service components were extracted from the findings of previously conducted customer service research studies.

The 10 components selected were (a) friendly and caring employees (Parasuraman, Berry, & Zeithaml, 1990), (b) employees who listen (Goodwin & Ross, 1990; Szabo, 1989), (c) employees who have the ability to communicate (Parasuraman, Zeithaml, & Berry, 1988), (d) employees who are able to make decisions (Magrath, 1990; McAleer & Smith, 1990), (e) employees who have the ability to make the consumer feel special (Parasuraman et al., 1990; Szabo, 1989), (f) confidence in employee's ability to solve problems (Parasuraman et al., 1990), (g) appearance of personnel, (h) employees who are accurate (Parasuraman et al., 1990; Szabo, 1989), (i) confidence that consumer input helped solve problem, and (j) assurance that company policy is followed (Goodwin & Ross, 1990).

METHODOLOGY

An empirical study was conducted to test our hypothesis of a relationship between service provider and service quality gaps. The organization selected for this study was a small electric utility located in the
western United States. The utility’s work force consisted of 88 employees providing service to a consumer base of over 20,000 households.

Two separate surveys were necessary to test our hypothesis and the validity of the Schneider et al. (1980) findings. The first was an employee survey designed to measure the degree of the service provider gaps on each of the 10 service components. The second was a consumer survey designed to measure the degree of the service quality gaps on the same 10 service components (see the Appendix for actual questions asked).

The two surveys were implemented concurrently. All 88 employees were sent a copy of their survey and 69 responded, for a 78% response rate. The consumer group was comprised of individuals who had reported a problem to the utility. Due to the nature of the questions being asked, it was necessary to survey a group of consumers who had recently contacted the electric utility. Consumers who had not contacted the electric utility would not have been able to evaluate the service quality dimensions at the level of detail we required. One hundred seventy-five consumers were sent a survey within 1 week of their service encounter with the utility. A 60% (105) response rate was obtained.

RESULTS

Replication of Schneider et al. (1980)

To test the validity of the Schneider et al. (1980) findings, a correlation analysis was conducted to determine the relationship between consumer expectations and employee perceptions of these expectations based on the 10 service components. The correlation between these two variables was 0.901, which was significant at the 0.05 level (see Figure 2). Similar to Schneider et al. (1980), our study found that employees had a strong comprehension of consumer expectations.

Service Provider Gaps

The first stage of the analysis of our expanded hypothesis involved the determination of the service provider and service quality gaps. Table 1 depicts the service provider gaps based on employee perceptions and consumer expectations.

Service provider gaps were calculated by subtracting consumer expectations from employee perceptions on each of the individual service dimensions. Previous researchers (Berry, Parasuraman, & Zeithaml, 1988; Ford, Walker, & Churchill, 1975; Parasuraman et al., 1988, 1990) have successfully used this method of calculating difference scores.
Figure 2 Scatter plot of employee and customer perceptions. Scatter plot of employee perceptions of consumer expectations and actual consumer expectations on each of the 10 individual service components.

A negative service provider gap indicates that consumer expectations are higher than employees perceive them to be. A positive service provider gap indicates that consumer expectations are lower than employees perceive them to be. Four negative and six positive service provider gaps were found in our study. Figure 3 provides a visual presentation of the service provider gaps.

Table 1. Employee Perceptions and Consumer Expectations of Customer Service Components. Service Provider Gap = Perceptions – Expectations.

<table>
<thead>
<tr>
<th></th>
<th>Employee Perceptions</th>
<th>Consumer Expectations</th>
<th>Service Provider Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friendly/caring employees</td>
<td>7.50</td>
<td>7.32</td>
<td>0.18</td>
</tr>
<tr>
<td>Employees who listen</td>
<td>6.87</td>
<td>7.69</td>
<td>-0.82</td>
</tr>
<tr>
<td>Communication ability</td>
<td>6.66</td>
<td>7.53</td>
<td>-0.87</td>
</tr>
<tr>
<td>Decision-making employees</td>
<td>6.54</td>
<td>6.52</td>
<td>0.02</td>
</tr>
<tr>
<td>Ability to make consumers feel special</td>
<td>5.73</td>
<td>4.58</td>
<td>1.15</td>
</tr>
<tr>
<td>Ability to have confidence in employees</td>
<td>6.46</td>
<td>7.11</td>
<td>-0.65</td>
</tr>
<tr>
<td>Appearance of personnel</td>
<td>5.24</td>
<td>4.06</td>
<td>1.18</td>
</tr>
<tr>
<td>Employees who are accurate</td>
<td>7.06</td>
<td>7.44</td>
<td>-0.38</td>
</tr>
<tr>
<td>Consumer input helps to solve problem</td>
<td>5.53</td>
<td>5.50</td>
<td>0.03</td>
</tr>
<tr>
<td>Follow company policy</td>
<td>5.40</td>
<td>5.21</td>
<td>0.19</td>
</tr>
</tbody>
</table>

*Expectations and perceptions were measured on a 9-point scale with 1 as the lowest value and 9 as the highest value.

*For the exact wording of the question asked, see the Appendix.
Service Quality Gaps

Similar to previous studies (see Berry et al., 1988; Parasuraman et al., 1988, 1990), service quality gaps were calculated by subtracting consumer expectations from their perceptions based on the service provided. Table 2 presents the values for customer perceptions, expectations, and each of the corresponding service quality gaps.

A negative service quality gap indicates consumer expectations are greater than their perceptions, based on the service provided. Positive service quality gaps result when consumer perceptions exceed consumer expectations. Seven negative and three positive service quality gaps were recorded. Figure 4 provides a visual presentation of the service quality gaps.

Comparison of Gaps

After calculating the service provider and service quality gaps, a plot of the gaps was prepared to determine if the gaps were related (see Figure 5). The findings revealed a very close relationship. Seven of the 10 gaps had the same sign and, of the 3 with different signs, the service provider gaps were very close to 0.

After visual inspection, we determined if a statistical relationship between the gaps existed. To avoid any insinuation of a causal or di-

<table>
<thead>
<tr>
<th></th>
<th>Perceptions</th>
<th>Expectations</th>
<th>Service Quality Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friendly/caring employees</td>
<td>6.76</td>
<td>7.32</td>
<td>0.56</td>
</tr>
<tr>
<td>Employees who listen</td>
<td>6.82</td>
<td>7.69</td>
<td>-0.87</td>
</tr>
<tr>
<td>Communication ability</td>
<td>6.68</td>
<td>7.53</td>
<td>-0.85</td>
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<tr>
<td>Decision-making employees</td>
<td>5.74</td>
<td>6.52</td>
<td>-0.78</td>
</tr>
<tr>
<td>Ability to make consumers feel special</td>
<td>5.17</td>
<td>4.58</td>
<td>0.59</td>
</tr>
<tr>
<td>Ability to have confidence in employees</td>
<td>5.81</td>
<td>7.11</td>
<td>-1.30</td>
</tr>
<tr>
<td>Appearance of personnel</td>
<td>6.34</td>
<td>4.06</td>
<td>2.28</td>
</tr>
<tr>
<td>Employees who are accurate</td>
<td>6.33</td>
<td>7.44</td>
<td>-1.11</td>
</tr>
<tr>
<td>Consumer input helps to solve problem</td>
<td>5.09</td>
<td>5.50</td>
<td>-0.41</td>
</tr>
<tr>
<td>Follow company policy</td>
<td>5.65</td>
<td>5.21</td>
<td>0.44</td>
</tr>
</tbody>
</table>

*Expectations and perceptions were measured on a 9-point scale with 1 as the lowest value and 9 as the highest value.

For the exact wording of the questions asked, see the Appendix.

A reciprocal relationship, correlation analysis was used to evaluate the relationship between these two gaps. In support of our original hypothesis, service provider gaps were found to have a positive significant relationship with service quality gaps. The correlation between these two gaps was 0.85, which was significant at the .05 level.

Service Quality Gaps

![Graph showing service quality gaps](image)

Figure 4
CONCLUSIONS

Similar to the results of the Schneider et al. (1980) banking study, we found electric utility employees to have a good understanding of consumer expectations. However, upon further analysis, we revealed the presence of service quality gaps. The presence of these service quality gaps indicated that the electric utility was failing to meet the expectations of their consumers.

Our hypothesis revealed a positive significant relationship between service quality and service provider gaps. Even though employees had a very good understanding of consumer expectations, the degree to which employees did not understand these expectations was strongly related to the customer service gaps.

The results of this analysis provide evidence that service provider gaps must be reduced as organizations attempt to minimize service quality gaps. An important step in minimizing service provider gaps is to measure consumer expectations and communicate these expectations to employees. If employees do not fully understand the needs of consumers, they cannot be expected to meet or exceed these needs.

Although this study is limited in its ability to generalize to other populations, it does provide evidence of a positive significant relationship between service provider and quality gaps. The results of this
study emphasize the need for managers to focus on the demands of the consumer and relate these needs to employees. Through this communication, a portion of the service provider and quality gaps should be alleviated.

Organizations should be cognizant that meeting and exceeding consumer expectations should be a constant endeavor. Once a certain level of service quality is provided, consumer expectations are established. Therefore, to exceed consumer expectations, it is necessary for an organization to continually improve the quality of service provided to consumers. For example, to exceed the current level of consumer expectations, an electric utility might follow up on a complaint with a phone call or personal visit. This extra effort would demonstrate that the utility was concerned with the problem and that is was willing to go beyond the current level of consumer expectations. However, it must be noted that Parasuraman et al. (1990) found the dissolution of negative service quality gaps to be extremely difficult.

This study examined a small portion of the overall customer service process. Future researchers should continue to examine various aspects of the customer service process. For example, researchers could integrate a multitude of variables such as time spent with consumers, employee characteristics, employee motivation, feedback from employees and consumers, and empowerment. As we continue to examine the factors that might be related to service quality gaps, our ultimate goal of providing quality service to the consumer will be enhanced.

APPENDIX

Survey Questions

Consumer expectations were measured with the following 10 questions. Consumers were asked to evaluate each item in terms of its importance to them. Each question contained a 9-point scale with 1 being less important and 9 being most important.

1. Friendly and caring employees when reporting a problem.
2. Employees who listen when reporting a problem.
3. Employees who have the ability to communicate with you.
4. Employees who are able to make decisions on their own.
5. Employees who have the ability to make you feel special.
6. Confidence in employees' ability to solve problems.
7. Appearance of personnel.
8. Employees who are accurate.
9. Confidence your input helped solve the problem.
10. Assurance that company policy is followed to resolve problem.
Consumer perceptions were measured with the same 10 questions. Instead of indicating importance, consumers were asked to evaluate the performance of their electric utility. Each question contained a 9-point scale, with 1 being poor and 9 being excellent.

Employee perceptions of consumer expectations were measured with the same 10 questions. Employees were asked to evaluate how important each item was to the consumer. Each question contained a 9-point scale, with 1 being less important and 9 being most important.

REFERENCES


Stershic, S. (1990). The flip side of customer satisfaction research (you know how your customers feel, but have you talked to your employees lately?). Marketing Research, 4, 45–50.


