

STANDARDIZING THE HUMAN COMPONENT OF SERVICES: THE IMPACT OF SERVICE RULES ON CUSTOMER-PERCEIVED SERVICE QUALITY AND TRUST

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SUMMARY

Work standardization, which implies the division of labor into simple routine tasks and limiting discretion of the personnel by imposing formal rules on how tasks should be performed, is a long established concept in management. Organizations employ this approach to increase efficiency, ensure consistent quality, and reduce labor costs since routine tasks are easy to control and require less specialized personnel. Although several service companies have adopted the standardization approach with regard to their frontline employees' behavior and appearance, apart from Levitt (1972) hardly any academic research has addressed work standardization for services. Particularly, the effects that standardization has on customers are largely unclear. To narrow this gap, we test whether three formal rules for frontline employee behavior and appearance, namely emotional, aesthetic, and verbal rules, affect two key drivers of service success – the customers' perception of service quality and their trust in the service firm.

We introduce emotional, aesthetic, and verbal service rules as control mechanisms to standardize the human component of service delivery, that is, frontline employee behavior and appearance. We define service rules as formal instructions given to frontline employees that refer to routine elements of employees' performance when dealing with customers. Our three service rules are grounded in extant research and exploratory interviews with frontline employees and managers of service companies. We define *emotional rules* as those rules which require frontline employees to display certain emotions which are considered as effective by the organization. *Aesthetic rules* are those rules which require frontline employees to have a certain appearance. Finally, *verbal rules* are rules which require frontline employees to use certain vocabulary or phrases.

We argue that the employee's identification with the service organization determines how rules are put into action by the employee and, subsequently, the customer's reaction to such rules (Ashforth and Mael 1989). We hypothesize that in a low organizational identification context emotional rules increase service quality but lower trust with the latter effect being a result of the employee's

emotional display not being authentically felt (Hochschild 1983). Without aesthetic rules, employees with low identification might choose a dress inconsistent with the service, therefore, decreasing service quality and trust. Verbal rules ensure that employees use a polite text when interacting with customers even when identification is low and, thus, increase service quality and trust. In a high organizational identification context, employees display authentic positive emotions to customers even when no rules exist (Hochschild 1983). In this situation, emotional rules will not be visible for customers and have no effect on service quality and trust. As employees with high identification look consistent with the service, the positive impact of aesthetic rules on service quality and trust is smaller for high than for low identification. As employees with strong identification communicate in a friendly and motivated manner with customers, verbal rules might cause these employees to engage in "mindless behavior" and, consequently, reduce service quality (Humphrey and Ashforth 1994). Otherwise, verbal rules increase trust since they allow customers to anticipate what will happen on their next visits.

A 2*2*2 experimental design was used to test our hypotheses. For each of the two identification contexts, eight filmed role-playing stimuli were created, with the stimuli showing a waitress welcoming a guest in a full-service restaurant. Each stimulus consisted of a sequence of four encounters which simulated a customer's repeat visits. Two hundred eighty-one students participated in the experiment. With emotional rules and high identification, the waitress smiled authentic but not for low identification. Without emotional rules and high identification, the waitress showed authentic smiles, while she showed no smiles for low identification. While aesthetic rules prescribed a uniform, without aesthetic rules the waitress wore different private clothes in each encounter. For high identification the private clothes were consistent with the service but not for low identification. With verbal rules the waitress used the same welcome phrase across encounters, while without verbal rules, her welcome phrases differed. For high identification phrases were longer and signaled a stronger motivation than for low identification. Data was analyzed with PLS. In addition to paths from service rules to service quality and trust, respectively, we included three interaction terms (emotional/

verbal, emotional/aesthetic, and verbal/aesthetic) and linked them with service quality and trust. The model also contained paths from service quality and trust to loyalty intentions and from service quality to trust.

Results show that in the high organizational identification context, service quality is affected by the interaction of verbal and aesthetic rules, but not by any of the service rules independently. With regard to trust, verbal rules, aesthetic rules, and the interaction of verbal and aesthetic rules exert negative effects. In the low organizational identification context, aesthetic rules, emotional rules, and the interaction of emotional and verbal rules all have strong positive effects on service quality, while the interaction of verbal and aesthetic rules has a negative effect. Regarding trust, we find negative effects of emotional and aesthetic rules. Service quality is found to positively influence both trust and loyalty intentions, and trust has a positive effect on loyalty intentions.

Service companies can learn several lessons from our study. First, our findings show that service rules can be used to retain existing customers as customers' repeat purchase from a service firm is strongly affected by service quality and trust. Second, the decision for or against service rules should be made on the level of individual rules, since the effects rules have on customers differ in strength and even in direction between the rules. Finally, our findings point toward the conditions under which service rules have an impact on customers, since rules seem to be more effective when employee's organizational identification is low. Low organizational identification might be the result of a cost-reduction strategy which usually includes low payments for employees. It seems that service rules can at least partially compensate for the lack of employee motivation and skills which are usually associated with such a strategy. References are available upon request.

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