The Internal Barriers to Service Quality: Reviving TQM

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ABI/Inform (Proquest) database search for ‘service’ in the titles, keywords and abstracts up to and including 2006:
JOM 191/682  = 28%
IJOPM 145/1318  = 11%

Search for the words ‘operations’ and ‘delivery’ in the titles, keywords and abstracts up to and including 2006:
JSR 9/218  = 4% (operations)
IJSIM 69/249  = 28% (operations)
JSR 15/218  = 7% (delivery)
IJSIM 58/249  = 23% (delivery)
Structure

- Importance of internal service
- Research on internal service
- Research objective, question and hypotheses
- Method
- Results
- Findings
- Implications
Importance

The notion that internal service has a critical impact on the quality of manufactured products was a core principle of the TQM philosophy (see for example Deming 1986, Feigenbaum 1986).

“One of the most powerful aspects to emerge from TQM is the concept of the internal customer and internal supplier … everyone is a customer within the organisation ... errors in the service provided within an organisation will eventually affect the product or service which reaches the external customer” (Slack et al. 2007, p 654).

Internal service is a key influencer of external service (Gremler et al. 1994, Johnston and Clark 2005, Lovelock 1996, Zeithaml et al. 2006).
The Internal Service Rule

The level of external customer service will never exceed the level of internal customer service.

*Short-term exception to the rule:*
When you have bunch of dedicated but disillusioned employees who make great efforts to overcome the organisation’s culture and circumvent the organisation’s systems and procedures.

Johnston and Clark 2005
Importance

Despite the importance and indeed pervasiveness of internal services, there appears to be limited focus on this type of service in the literature.
Research

Categorisation of the type of service studied in all the papers published from 1998 to 2006 inclusive in the *Journal of Service Research*, the *International Journal of Service Industry Management* and the *Service Industries Journal*.

n=852
Research

Trends in the type of service studied in all the papers published from 1998 to 2006 inclusive in the *Journal of Service Research*, the *International Journal of Service Industry Management* and the *Service Industries Journal*.

![Graph showing trends in the type of service studied from 1998 to 2006.](image)

- Business-to-consumer
- Business-to-business
- Internal services
- Public sector/Govt.
- Other not-for-profit

n=852
<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SEE FOR EXAMPLE</th>
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</thead>
<tbody>
<tr>
<td>The role of the customer as employee</td>
<td>Berry 1981, Johnston 1989, Mills &amp; Morris 1986</td>
</tr>
<tr>
<td>Internal service gaps</td>
<td>Quesada &amp; Gazo 2007, Vandermerwe &amp; Gilbert 1991</td>
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<td>The impact of the servicescape on employees</td>
<td>Bitner 1992</td>
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<tr>
<td>The empowerment of employees</td>
<td>Bowen &amp; Lawler 1995</td>
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<tr>
<td>Classifying internal services</td>
<td>Stauss 1995</td>
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<tr>
<td>Internal service recovery</td>
<td>Bowen &amp; Johnston 1999, Simons &amp; Kraus 2005</td>
</tr>
<tr>
<td>Internal customer service in e-services</td>
<td>Croom &amp; Johnston 2003</td>
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<tr>
<td>Internal service encounter</td>
<td>Gremler, Bitner &amp; Evans 1994, Lewis &amp; Entwistle 1990</td>
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<tr>
<td>Internal service guarantees</td>
<td>Hart 1995</td>
</tr>
<tr>
<td>Internal business processes</td>
<td>Quesada &amp; Gazo 2007</td>
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<td>Internal supply chains</td>
<td>Lings 2000, Slack et al. 2007</td>
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<td>The need for consistency within internal processes</td>
<td>Galloway &amp; Wright 1989</td>
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Research Question

Objective: To take an operations perspective to internal service with a focus on quality improvement.

Research question: What are the barriers that are preventing improvements to external service within service organisations, specifically business-to-business organisations?

Hypotheses:
1 – The predominant barriers to improving external service are internal.
2 – The main internal barriers are lack of management support, knowledge and resources (Huq 2005 and McFadden et al. 2006).
Method

- A detailed qualitative study requiring deep and unrestricted access to a wide cross-section of people in an organisation
- Large international express parcel service (B2B)
- 17 detailed interviews with individuals at four levels; board level directors, MDs of country operations, functional managers (operations, marketing and finance) and supervisors of front-line operations
- Structured interviews in two European countries
Findings - Barriers to Service Improvement

For example;
- customers not paying on time
- customers making mistakes.

For example;
- economic situation
- country infrastructure etc

Resp=17  n=67
Findings - Barriers to Service Improvement

- Mind-set
- Coordination
- Systems and processes
- People

Resp=17 n=58
Mind-set

Three tests of customer orientation were used, i.e. organisational perspective or customer perspective (Shaw and Ivens 2002 and Shaw 2005):

1. Was the subject of the statement the organisation or the customer?
2. Was the object of the statement the product/activity or the benefit for the customer?
3. Did the definition concern the process of delivery or the experience for the customer?
### Mind-set

<table>
<thead>
<tr>
<th></th>
<th>We (Org)</th>
<th>They (Cust.)</th>
<th>Product</th>
<th>Benefit</th>
<th>Process</th>
<th>Experience/emotions</th>
</tr>
</thead>
<tbody>
<tr>
<td>We deliver on time without any problems.</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

- **Who is saying it?**  
  (Who is the subject, not the object, of the sentence?)

- **What it is we do for them v. the benefit they get from it.**  
  (Cosmetic v. beauty)

- **How we do it to them/for them v. how it feels to them.**
Mind-set

Per cent

We  They  Product  Benefit  Process  Experience

n=66
Coordination

Not selling something we can’t deliver

Prepare manual invoices
Establish contracts

Marketing, sales and customer service
Operations
Finance

Provide information
Suggest possible solutions

Keep track of payment
Alert to issues

n=24
av gap=1.25
max gap=3
Key Findings

1. The predominant barriers to improvement external service were internal (providing some support for hypothesis 1).

2. The internal barriers were employees’ mind-set, coordination and communication issues, the quality of the organisation’s systems and processes and the recruitment, training and behaviour of employees and managers (contrary to previous literature, casting some doubt on hypothesis 2).

3. In the main managers and staff viewed their service from an organisational perspective which might undermine attempts to overcome some of the other barriers.

4. There was a degree of arrogance that a department’s own service was superior to that delivered by the others, making improvements even more difficult.
Implications

Practitioner – It would be helpful for managers and functions to assess internal service provision and delivery, and to develop better internal processes. But underpinning both of these is a need to change the mind-set of managers to a customer (internal and external) perspective.

Academic – There is support for the OM (TQM) literature that organisations should focus on internal supply chains and internal customers to improve service. There is a need to undertake more work on the operational improvement of internal, and therefore external, service.