IMPLEMENTATION OF A SERVICE QUALITY STRATEGY

APPLICATION TO THE ALGARVE HOTEL INDUSTRY

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A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF SHEFFIELD HALLAM UNIVERSITY FOR THE DEGREE OF DOCTOR OF PHILOSOPHY

JULY 2001

SOME PARTS
EXCLUDED
UNDER
INSTRUCTION
FROM THE
UNIVERSITY

For my family / Para a minha família

ABSTRACT

This dissertation addresses the problem of service quality strategy implementation. The problem has been defined more precisely as how to implement a strategy of quality, which focuses on customers' needs, in a service organisation, or alternatively, as how to integrate coherently a strategy of service quality, centred on the customers, with the requirements and idiosyncrasies of operationalization, in order to make it successful. The nature and scope of this research problem is based in the confluence of the areas of service quality, strategy and strategy implementation. Thus, addressing this problem naturally requires a review of the literature on service quality, on strategy and on strategy implementation. The literature review on *service quality* revealed, first, that service quality is a function of service quality gaps; second, that there are some models of service quality gaps; and, third, that there are several service quality gaps in the literature which are not integrated into any model; thus revealing a need for an encompassing synthesised model. This dissertation consequently considers the existing service quality gap models and a list of other gaps to propose a comprehensive model.

Similarly, the literature review on *strategy* and on *strategy implementation* revealed, first, that there is a lack of clear, detailed and general strategy implementation models; second, that existing strategy implementation models can be separated into two distinct types, the static and the dynamic models; and, third, that existing static models exhibit many relevant aspects but differ strongly on the number and on the nature of the aspects included; thus revealing insufficiencies and the need for an integrative effort. The same happens with the existing dynamic models. This dissertation consequently considers several existing models to propose a synthesised static model and a synthesised dynamic model.

The synthesised static model is a representation of an organisation, of all aspects relevant for strategy implementation, at a given instant. The synthesised dynamic model is a generic process of strategy formulation and implementation that explicitly addresses the requirements for success. Note that whilst the two kinds of models address the implementation problem from different perspectives they are not in competition. In fact, it is the view of the author that static and dynamic models are complementary and have to be integrated into a "mixed model", in order to provide a better understanding of strategy implementation. Thus, besides the already mentioned three comprehensive models, that have been synthesised, this dissertation goes further to suggest a mixed model which, simultaneously and harmoniously, considers all relevant organisational dimensions and all relevant stages of the strategy process. The model shows what dimensions can be changed and at what stages. It can be adapted to the specific circumstances of any organisation. Such model, unique in the literature, as far as the author is aware, is finally combined with the service quality gap model to propose: (1) a map of the pattern of the quality gaps occurring at each implementation stage; (2) the organisational variables that can be manipulated, at each stage, to prevent and eliminate the gaps; and (3) several relevant implications to practising managers.

The gap, static, dynamic and mixed models suggested are confronted with some evaluation criteria and with sample data from the four and five star hotels of the Algarve. The data does not provide evidence against the models thus supporting their validity. This tentative validation of the models thus provides some relevant theoretical contributes to the service quality and strategy implementation literatures. Sample data is also used to describe (1) how these hotels are implementing service quality strategies and (2) how they prevent and eliminate service quality gaps. This description has raised concerns about the absence of a consistent model for the implementation of service quality strategies in many four and five star hotels of the Algarve. It also provides some insights to managers interested in implementing a service quality strategy, especially to those of the Algarve Hotel Industry.

ACKNOWLEDGEMENTS

I wish to express profound gratitude to Professor D. S. Morris, who gave me constant encouragement, true friendship, enlightened guidance and opportune criticisms; to Professor Bob Haigh, for his impartial advice; to my family, for being always a source of strength, encouragement and liberty; to those at the University of the Algarve, who have always encouraged and supported me; and to Fundação da Ciência e Tecnologia, for its financial support through the "Sub-Programa Ciência e Tecnologia do 2º Quadro Comunitário de Apoio".

PUBLICATIONS

Publications made before the submission of this dissertation are:

CÂNDIDO, Carlos J. F. & D. S. MORRIS (2000), «Charting Service Quality Gaps», Total Quality Management, Vol. 11, Nos. 4/5&6.

CÂNDIDO, Carlos J. F. & D. S. MORRIS (2001), «The Implications of Service Quality Gaps for Strategy Implementation», Proceedings of the 6th World Congress for Total Quality Management, Vol. 2, Stockholm School of Economics in St. Petersburg, Russia.

CÂNDIDO, Carlos J. F. (2001), «A Contingent Strategy Framework», The International Journal of Applied Management, accepted for publication.

Copies can be found in Appendix E – Publications.

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1. INTRODUCTION – THE RESEARCH PROBLEM

1.1. WHAT ARE RESEARCH PROBLEMS?

«Research problems are *questions* that [address and] indicate gaps in the scope or the certainty of [scientific] knowledge» (Ghauri *et al.*, 1995). They are raised by «problematic phenomena, observed events that are puzzling in terms of our currently accepted ideas, or current ideas that are challenged by new questions» (Ghauri *et al.*, 1995).

Frequently, the "problematic phenomena" or "puzzling events" attract the researcher's attention to a superficial or partial problem, which is just another symptom of a more fundamental hidden problem (Stoner *et al.*, 1995). In such cases, identifying and defining the real problem can be very difficult.

The consequences of carrying out a research project with an incorrect problem definition are serious. The more obvious consequence being a great loss of time; the problem definition will have to be reviewed at a later stage of the research and the data eventually collected will then prove to be inadequate. This is clearly an undesirable situation, which can only be avoided with a good problem definition.

A good problem definition is relevant, clearly stated, clearly understood and expresses relationships between two or more variables (Ghauri *et al.*, 1995). Problems are always represented by a model, either implicit or explicit (Ghauri *et al.*, 1995).

The following sections present a background to the problem definition, a model representing the problem, a formal definition of this, the research aims and an overview of the dissertation.

1.2. BACKGROUND TO THE PROBLEM DEFINITION – BROAD AREA OF INVESTIGATION AND RELEVANCE

According to a somewhat controversial Mockler (1995), there are two kinds of literature on strategy. A literature with a very scientific and quantitative character and a literature with a practical nature. As he puts it, the first does not seem to help managers, or is less concerned with helping them. The focus of management research should, thus, rest on developing «models that can be used to guide individual managers in getting their jobs done in a specific company and related industry/competitive

market situations» (Mockler, 1995).

Although Mockler is probably not absolutely right, he made a point which helped in defining the following guiding principles:

- the problem to investigate should have practical interest, contributing to help managers in the Algarve Hotel Industry (AHI) doing their jobs in more effective ways; but as far as this collides with the scientific method,
- this research programme should not be constrained by the needs of subsequently communicating useful findings to managers.

1.2.1. WHY THE ALGARVE HOTEL INDUSTRY?

The reasons for choosing the AHI are three. First, the author of this work is a portuguese born in Algarve. Second, the tourism industry is the most important one in this region (CCRA, 1994), and a very important one in Portugal (AHETA, 1997). Third, in spite of this high importance, management research into the AHI is scarce and its findings and recommendations are sometimes contradictory. This fact results in some disputes and misunderstandings between public organizations and between public and private organisations with no benefit accruing to the AHI (AHETA, 1997).

1.2.2. WHY SERVICE QUALITY?

First, service quality is the strategy that the Portuguese Government and other organisations related to the AHI have been recommending, during the last years, in order to fight threats and take advantage of opportunities (DGT, CCRA & RTA, 1994; Carvalho, 1995). Second, the quality/price ratio in the AHI seems to have been deteriorating in the last years (DGT, CCRA & RTA, 1994). Third, the service quality literature provides a comprehensive theoretical framework that can be used to attempt an interesting integration with the strategy formulation and implementation field. And, finally, there are some theoretical problems to solve in the field of service quality itself.

1.2.3. WHY STRATEGY IMPLEMENTATION?

A 1989 Booz Allen study (cited by Zairi, 1995) «concluded that:

- 73% of managers believed that implementation is more difficult than [formulation];
- 72% that it takes more time;

- 64% that it impacts most on performance;
- 64% [that] management lacked implementation skills;
- 75% that employees misunderstood roles;
- 75% that the groups didn't co-ordinate;
- 48% [of managers] criticised inadequate measures for strategy achievement;
- 45% internal competition;
- 40% insufficient employee involvement and commitment;
- 85% [of managers] thought that implementation was the part of strategy over which managers had least control.»

Whilst some of these beliefs may be true or false, they are at least puzzling and they certainly indicate that implementation must be a priority for research. It should be noted that there is a much lesser amount of literature in the implementation than in the formulation field. «Strategy implementation, the Holy Grail of planning, is a neglected subject» (Roberts & Pitt, 1990). Work is «proceeding in this area, though much more slowly then in the strategy-formulation area» (Mockler, 1995). For instance, in the field of small firms research it is apparently non-existent. Even the few studies which «have examined strategy and organisation in small fast growing firms, did not address the issue of implementing strategic decisions» (Stanworth & Gray, 1991). And, more importantly, in the hospitality industry, «there has been very little research into the strategy implementation» (Olsen & Roper, 1998).

When talking of implementation, the text books usually summarise the knowledge about planning, budgeting, organising, leadership, training, control and other "administrative tools".

> *The implementation task [...] is accomplished through a variety of administrative tools. These tools can be grouped into three categories: (1) structure, including these tools: physical structure, methods of specialisation, methods of departmentalisation, methods of co-ordination, delegation of authority, and informal organisation; (2) processes, including these tools: resource allocation systems, informations systems, measurement and evaluation systems, rewards and sanctions, and personnel selection, development, and promotions systems; and (3) behavior, including these tools: interpersonal behavior, leadership style, and use of power. (Schendel & Hofer, 1979)*

The emphasis on each of these tools depends on the approach of the text book, however...

> *The key questions for effective implementation are: (1) Are there any universal or contingent principles that should be followed in the application of these tools? (2) If so, what are they? (Schendel & Hofer, 1979)*

In fact, no one knows how it is that effective organisations move from conception to execution of strategy. According to Mockler (1995), in the same way that there is a general model for strategy formulation, there should be also a general model for strategy implementation. Mockler suggests that research must initially be focused on particular processes of strategy implementation; on particular industries and/or on particular situations. This is for two reasons:

- helping the managers in those specific situations; and
- building the necessary knowledge base to be able to make generalisations. In fact, «the variety and complexity of implementation processes make them almost impossible to define in terms of meaningful and useful discipline generalities» (Mockler, 1995).

These reasons constitute also additional motives for choosing a specific industry, in this case, the AHI.

To conclude, the strategy field is clearly in need of contingent / specific models of strategy implementation (Mockler, 1995). This includes, for instance, a specific model for the implementation of a service quality strategy or even for the implementation of a service quality strategy at the AHI.

1.2.4. WHY QUALITY AND STRATEGY IMPLEMENTATION?

Why quality and strategy implementation? Because there are strong relationships between both. These strong relationship can be perceived in any of the following.

First, Stoner *et al.* (1995) argue that «[w]e can see the [...] elements common to strategy implementation in one increasingly common type of strategic change: the adoption of total quality management» (TQM). In fact, TQM involves elements like leadership, planning, organising, programming, culture, control and others (*e.g.*, Juran & Gryna, 1993), which are frequently found in the existing strategy implementation literature. Stoner *et al.* (1995) thus conclude that TQM is a «form of strategy implementation».

Second, the failure rate of TQM implementation itself, is estimated in 80% (Voss & O'Brien, 1992). One cause for this high failure rate is probably that quality gurus have abdicated responsibility for delineating a comprehensive and coherent pattern of implementation (Morris & Haigh, 1996).

1.3. PROBLEM DEFINITION AND AIMS OF THE STUDY

1.3.1. VARIABLES IN THE PROBLEM DEFINITION

A problem can be represented by a model (Ghauri *et al*, 1995). The model depends on the particular point of view or approach that has been adopted. The point of view adopted in this research takes three global variables as fundamental. Moreover, the view is that these variables must be constantly taken in consideration by management for a successful strategy implementation. The variables are the customer, the strategy formulation process and the operational level.

1.3.1.1. THE CUSTOMER

The customer is an individual or an organisation who purchases or uses a service[1] (Juran, 1988a; Grönroos, 1990; Stoner *et al.*, 1995). For some companies, the customer is just a means of achieving the end, *i.e.* profit, independently of how satisfied is the customer. For other organizations, the end is to delight the customer. There is obviously a great difference between the two approaches, and a number of authors have pointed to the need for strategy to have the customer and customer's satisfaction as the central focus (Levitt, 1991; Ohmae, 1988).

Note that "customer" has a broader definition in the quality literature than is usually adopted in other management fields: with employees being seen as internal customers, using services and products provided by other fellow employees.

In addition to internal and external customers, there are other stakeholders and other environmental aspects, which must also be taken in consideration in the process of strategy formulation and implementation. They are not ignored in this dissertation.

1.3.1.2. STRATEGY FORMULATION

«Strategy is the organisation's "conception" of how to deal with the environment» (Mintzberg, 1976). More specifically, strategy is a coherent set of policies and rules that sets the boundaries and directions for the internal behaviour of organisational members and for the behaviour of the whole organisation in its external environment (Ansoff, 1965).

Strategy is very important because an organisation's performance and survival depends largely on its relationships with the environment and on how these relationships are externally perceived. Being so important, strategy must be carefully formulated. Strategy formulation is the process by which

[1] This thesis is only concerned with services.

alternative strategies are suggested, evaluated and then one is finally approved. There are different processes for strategy formulation. Some are formal, complex and involve planning (Ansoff & McDonnell, 1990); others are informal, simple and emergent (Mintzberg, 1987). The specific process used by an organisation depends on several aspects, namely, on the managers' education and experience (Whittington, 1993). Whatever the processes used, the output should always be a coherent strategy that can be understood by everyone in the organisation and successfully implemented.

1.3.1.3. OPERATIONAL LEVEL

Most of the people in an organisation are located at the operational level. This is where things happen every day and where strategy must come through. And, especially in services, like the hotel service industry, the operational level is where strategy must be visible to the customer.

However, the employees at the operational level must frequently put into practice the decisions of other hierarchical levels without previously having any saying in the decision-making and, even worst, without knowing exactly "why", "what" and "how" to do in order to behave according to a strategy. Even when they know what to do, employees resist change, which impedes a successful strategy implementation (Ansoff & McDonnell, 1990).

This is very important, but there are obviously other organisational aspects that must be considered when formulating and implementing a service quality strategy. These other organisational aspects are also considered in this study.

The variables emphasised above are represented in the model in Figure 1.1.

Figure 1.1. Model Representing the Research Problem

1.3.1.4. LINKS BETWEEN THE VARIABLES IN THE MODEL

To have the customers as the central focus of strategy means, first of all, that discerning their needs is a fundamental step in the strategy formulation and implementation process. The first link in the model in Figure 1.1 is thus identifying the needs of customers. To identify ("discern") is to maintain a relationship between management and customers, making the necessary efforts to fully know customers' needs.

The second link, between strategy formulation and operational level, is also very important. The limitations and resources of the operational level, and of other organisational dimensions, must be carefully considered, during strategy formulation, for their future development. Organisational development is achieved through special non-routine activities, *e.g.*, restructuring, replacing equipment or training, which are completed during implementation.

Eventual impediments to strategy implementation should be pondered while strategy is being formulated. Clearly, strategy formulation depends on its own implementation contingencies. Similarly, unanticipated events that can occur during implementation might suggest a need for some strategy adjustments, *i.e.*, for a "reformulation" of strategy. Thus, the two aspects, formulation and implementation, are neither independent nor separable. Stonich (1982), goes even further to state that «[s]trategy formulation is a part of strategy implementation, and vice versa».

The third link in the model is to "deliver" the strategy, delighting the customer. This involves actual day-to-day activities shaped by the new quality competencies, resources and strategic directions that have been developed. Good bilateral relationships, between the operational level and the customer, are important in providing a quality service to the customer and in receiving information useful for adjusting strategy, plans and the implementation process. The operational level thus, has an important participative role to play in strategy formulation, strategy implementation and, obviously, in service delivery.

The three elements and the relationships described above constitute the model adopted to represent the research problem, which is formally defined bellow.

1.3.2. PROBLEM STATEMENT AND AIMS

The problem is how to implement a strategy of quality, which focuses on customers' needs, in an organisation of the AHI. This problem is not independent of the way the customers' needs are perceived and translated into the organisations' language, nor is it independent of strategy formulation processes, nor of employees' resistance to change. Thus, emphasising the three elements

previously defined, the research problem can be stated as how to integrate coherently a strategy of quality centred on the customers with the operational requirements / idiosyncrasies to make it work? Or more simply, how to make people, especially at the operational level, accept and understand how to implement a quality strategy, which seeks continual improvement by satisfying customers' needs and exceeding their expectations on the first and every subsequent occasion.

The actual research problem is centred at the implementation process, but since it is not independent of formulation, the study cannot rest on implementation only. On the other hand, it may become easy to succumb to the temptation of focusing on strategy formulation, because of the overwhelming existing amount of literature. The "operational level", in the model, and the central question "How to manage?", makes sure that implementation is given proper attention (See Figure 1.1).

The model is thus meant to reflect an holistic approach, including three fundamental aspects and their relationships, which suggest a core research question: "What would constitute a comprehensive model for the formulation and implementation of a service quality strategy?"; and other associated research questions like, for instance: "What basic service quality insufficiencies can occur during strategy formulation, implementation and delivery?"; "How important is it to solve these quality insufficiencies at the AHI?"; "How is it that the operational level participates in formulation of service quality strategies in the AHI?"; "What other organisational dimensions can be relevant for strategy formulation and implementation?"; or "How is it that service quality strategies are being implemented at the AHI?".

The aims of the study can now be defined as:

A1. to develop representative models of service quality insufficiencies, of the relevant organisational dimensions, of strategy formulation and implementation, and of their integrative management;

A2. to make a first assessment of the validity of these models;

A3. to determine the importance of service quality insufficiencies and how they are dealt with in the AHI; and finally,

A4. to describe current managerial practices regarding service quality and service quality strategy implementation at independent and chain hotels in the AHI. For instance, to detail if and how managers try to perceive customers' needs and expectations.

At this stage in the research, the concept of implementation can be generally defined as the steps of the process that actually change the organisational behaviour according to the new strategic direction. Quality is clearly the direction and the background on which decision-making and action

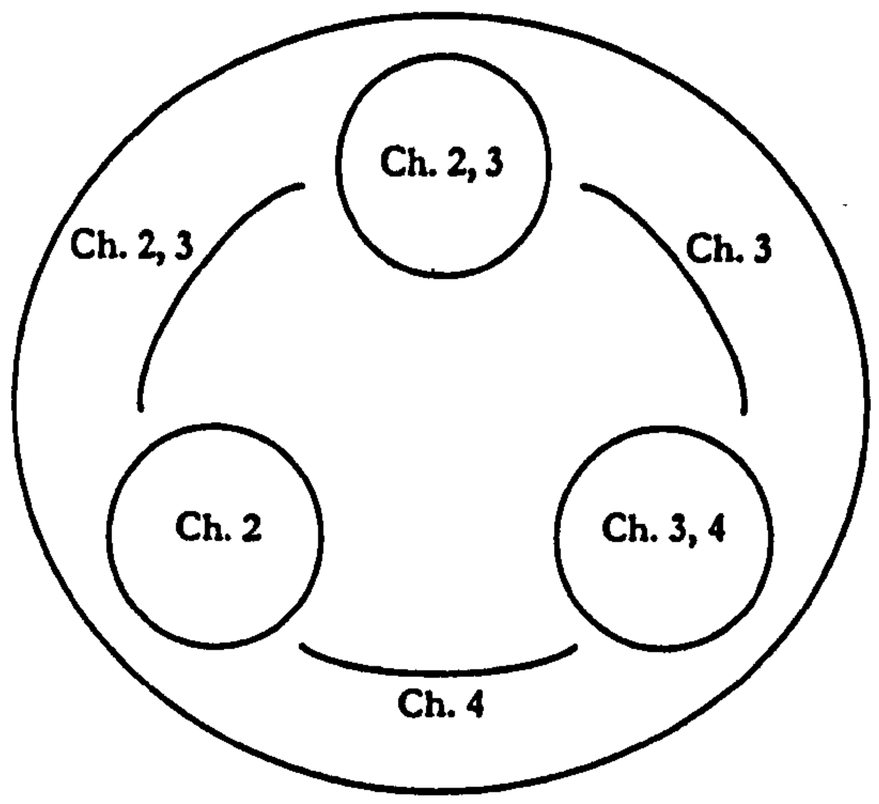
takes place. Finally, the needs of customers are what guides (should guide) the formulation and implementation process at all times (Juran & Gryna, 1993).

1.4. OVERVIEW OF THE FOLLOWING CHAPTERS

Chapters 2, 3 and 4 introduce, in this order, strategy concepts, quality concepts, service quality management, a model of service quality gaps, a model of the fundamental organisational dimensions for strategy formulation and implementation, a model of the strategy implementation process, and finally, a model that attempts to integrate all previous models and concepts.

The general variables in the model representing the research problem are introduced in different chapters. Figure 1.2, below, indicates the number of the chapter where each variable and each link of the model is initially introduced and treated in more detail.

Figure 1.2. Variables and Links of the Model addressed in each Chapter



Chapter 5 considers the theoretical framework that is developed in previous chapters, details the remaining research objectives to be achieved, and explains the research methodology to be followed in the remaining of the thesis.

Chapters 6 and 7 are an analysis of the data obtained on the AHI. These chapters present a tentative validation of the models that are previously suggested and describe how service quality strategies are being implemented in the AHI.

Chapter 8 is a final conclusion to this study, an assessment of its limitations and suggestions for future research in the area.

2. STRATEGY AND QUALITY

This chapter presents the concept of strategy, the strategy formulation process, the instruments used, the strategy content, the attitudes of the strategist, his skills, roles and styles, the environment, the customer, and total quality as a specific kind of strategy. These are all concepts that are clearly related to the research problem and are frequently referred to in subscquent chapters of this dissertation. It will become clear, in reading this chapter, that, in all of the literature that has been considered, strategy implementation is absent, ignored, taken as a black box or as something that presents no difficulties and is automatic. To address strategy implementation, a specific "niche" of the literature must be examined. This is done in a subsequent chapter.

2.1. WHAT IS STRATEGY?

2.1.1. A VERY BRIEF HISTORY OF A "NEW" CONCEPT

The idea of strategy first gained credence more than 2500 years ago. The first significative book on strategy dates back to approximately 500 BC. The book, attributed to Sun Tzu, is dedicated to the field of war strategy. In the field of business administration, the concept seems to have appeared in the 20th century, before the 1950s (Rumelt *et al.*, 1994), and achieved recognition in the 1960s, with the work of Chandler (1962).

In the beginning of the 20th century, the Harvard Business School felt the need to teach a course, called Business Policy, which integrated what students had learned in other courses, for instance manufacturing and finance, and provided a multifunctional view of the organisation, which is essential to the general manager (Rumelt *et al.*, 1994). Later, in 1965, Andrews, Christensen, Guth and Learned, from the same School, realised that the attitudes, skills, roles and responsibilities of the general manager were so demanding that almost a super man is necessary to deal with them appropriately (Andrews *et al.*, 1991) [1]. Thus, these researchers developed a new concept, designated then as business strategy, and a strategy process, divided into strategy formulation and strategy implementation, which were intended to help and guide the general manager in his difficult job. The main contribution of Andrews *et al.* was, however, in strategy formulation, with the appearance of one of today's most important frameworks for strategic analysis: the Strengths, Weaknesses, Opportunities and Threats (SWOT) framework.

[1] Access was possible only to the revised edition (Andrews *et al.*, 1969) and to the seventh edition (Andrews *et al.*, 1991).

In the same year, Ansoff (1965) proposed an extremely elaborate strategy formulation process, essentially based on technical and economic variables (Ansoff *et al.*, 1976), which would also become very popular in large business organisations.

Both 1965 models were, however, much criticised by consulting companies for not concentrating on what was really important. As a consequence, the Boston Consulting Group developed a matrix, known as the BCG matrix, which aimed at simplifying the corporate strategy process. Since then, other companies, for instance, McKinsey and Arthur D. Little, have proposed rival concepts, "models", matrices, techniques and tools for strategy formulation (Segev, 1995). Each was built in such a way as to overcome the faults and insufficiencies of preceding rival ones (Segev, 1995), but the improvements were more of an incremental kind than of a revolutionary type.

By the 1980s, a different attempt was made to provide the strategy field with much better tools. Porter (1980) revisited the ideas of 1965 and filled the remaining gaps with diverse, elaborate and revolutionary instruments, aiming to offer more than the rigid prescriptions of previous models and matrices.

With Porter's work it seemed probable that the field had finally achieved maturity. But the excessive emphasis on competition, and a danger of standardised interpretations of the world and of the strategies available to organisations, soon, heralded the need for innovation in strategy (Perlitz, 1993; Prahalad & Hamel, 1987). Meanwhile, the way was open for a rich stream of concepts and tools to be developed. These included strategic alliances, brainstorming, benchmarking, reengineering, scenarios, and many others.

In spite of all this development, the field, marked by its orientation towards the practising strategists and managers, did not yet seem to have an accepted scientific paradigm or general theory (Prahalad & Hamel, 1994; Porter, 1991) and, indeed, is still searching for one. This means that:

- the field of business strategy is predominantly composed of competing conceptual frameworks, techniques and instruments aimed at helping decision makers (Porter, 1991); and that
- there is a discussion among researchers about almost every relevant concept.

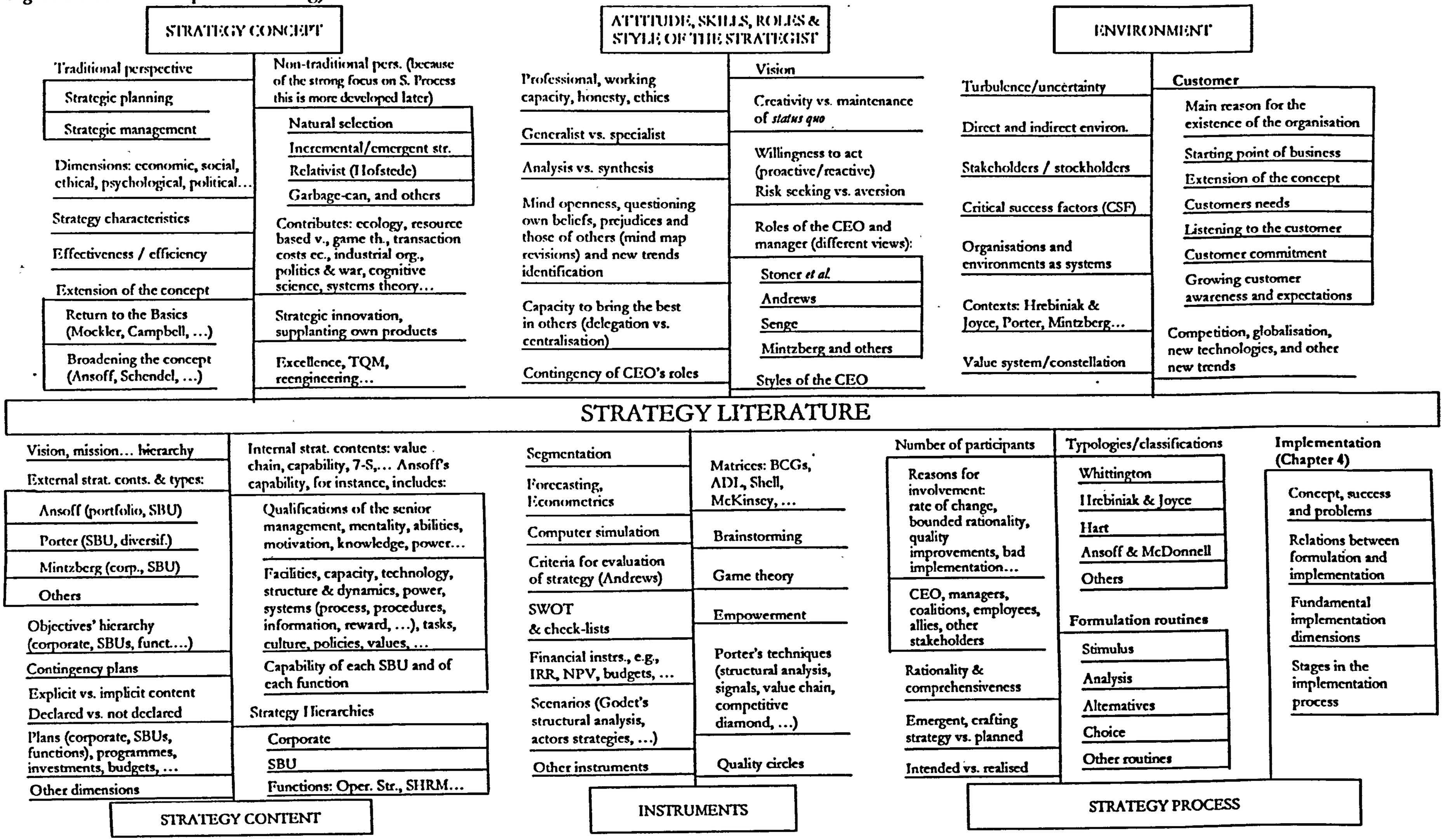
It seems though that there are some general lines along which it is possible to organise a coverage of the acquired knowledge and ongoing discussions.

2.1.2. A MIND-MAP

It is certainly difficult to summarise the state-of-the-art in the field, especially because of a lack of

consensus and accentuated interdisciplinarity. Although incomplete, Figure 2.1 tries to relate, in a comprehensive and coherent manner, the more salient concepts.

Figure 2.1. A Mind-Map of the Strategy Field



Source: developed by C. J. F. Cândido.

2.1.3. THE STRATEGY CONCEPT

The concept of business strategy has evolved since it appeared in the first half of this century. Still, every company and every manager can have a more or less different perspective on that concept.

The concepts of strategy, in the literature, usually refer to the content, to the form, to the process and to the purpose of strategy.

The *purpose* of strategy is to set directions to be followed by an organisation as a whole and by its individual employees, at all organisational levels. These directions concern the relationships with the environment and the development of the internal capability (competencies or competitive advantages) necessary to successfully achieve an organisation's objectives. Strategy encompasses and coherently integrates the efforts of all the divisions, functions, departments and employees of an organisation.

The strategy *content* is a written or an oral description that usually defines what the organisation does, how and for whom. It defines the business and geographical areas where the organisation wants to be present; the customers it intends to serve; the competencies it must develop; and the products it intends to offer.

For some organisations, especially large ones, strategy content is explicitly stated in a written document, called a strategic plan. For some other organisations, strategy content is implicit, resting only in the strategist's mind. This means that the *form* of strategy can be a written plan or just a mental orientation, occasionally communicated to employees.

Finally, the strategy *process* is a much-debated subject in the literature, with some different alternatives being proposed. Generally, the strategy process is the sequence of steps by which a strategy content is forged.

2.1.3.1. TRADITIONAL PERSPECTIVE

Chandler (1962), Ansoff (1965) and Andrews *et al.* (1969) constitute the "inspirational core" of the traditional perspective.

Although the first reference to business strategy is apparently traced to 1948 in the game theory field, the first book on business strategy was probably written by Chandler (1962). After studying close to a hundred of the largest industrial enterprises in the USA, over several years, he concluded that strategy is a «plan for the [long-tem] allocation of resources to anticipated demand» and for «the development of new [resources] essential to assure the continued health and future growth of the enterprise». Strategy responds to «shifting demands, changing sources of supply, fluctuating economic conditions, new technological developments, and the actions of competitors»; and, with time, creates a

new structure for the enterprise (Chandler, 1962).

Ansoff (1965) intended to complement the capital investment analysis (through IRR, NPV...) with a new instrument he called strategic planning. Strategic planning should precede the capital investment analysis, should find the most attractive business opportunities in terms of product-market combinations and should generate a strategic plan for an organisation. Ansoff (1965) had an economic perspective on strategy, according to which strategy defines "what" to offer, "how" and to "whom" and sets forth specific guidelines by which a firm can conduct its search for new and attractive business opportunities.

In spite of being an experienced manager for many years, Ansoff (1965) assumes that once the plans, politics and budgets are made, implementation will present no problems. A mistake that he notes only several years later (Ansoff *et al.*, 1976; Ansoff & McDonnell, 1990).

Another problem with Ansoff's (1965) work is that, although he focuses on the binomial markets-products, he virtually ignores the customer.

Andrews *et al.* (1969) and Andrews (1987) have a broader concept of strategy, encompassing the social, demographic, political and legal dimensions. According to Andrews (1987), strategy is...

> *the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organisation it is or intends to be, and the nature of the economic and noneconomic contribution it intends to make to its shareholders, employees, customers, and communities.*

Strategy can be defined at different levels within a company. Andrews (1987), for instance, distinguishes corporate strategy from business strategy, each applying to the corresponding level in the organisation.

> *..."corporate strategy" usually applies to the whole enterprise, while "business strategy", less comprehensive, defines the choice of product or service and market of individual businesses within the firm. Business strategy is the determination of how a company will compete in a given business and position itself among its competitors (Andrews, 1987).*

Andrews *et al.* (1969) and Andrews (1987) have devoted some attention to the implementation of strategy, but their most significative contribution is, as noted before, the development of the SWOT analysis.

The "inspirational core" of the traditional perspective – formed essentially by Chandler (1962), Ansoff (1965) and Andrews *et al.* (1969) – would be enriched by the work of those who subsequently identified its instrumental gaps. Namely, the consulting houses that developed the corporate strategic

analysis and prescription matrixes, and, especially, Michael Porter (1980, 1985, 1990); who developed several instruments for detailed strategic analysis, while defending a focus on the development and exploitation of competitive advantages.

The principles of the "inspirational core", the corporate strategy matrixes and Porter's (1980, 1985, 1990) techniques have made the essence of tens of "traditional" textbooks. They do not, however, make any significative contribution to the strategy implementation problem, which was, in fact, totally ignored by many writers for many years.

In the 1970s, due to the difficulties with implementation, internal politics of the organisation were finally considered as an important aspect of strategy. Also, with changes in society and in the business world, ecological and ethical concerns were additionally integrated into the traditional perspective on strategy. Still, the number and kinds of dimensions included in a strategy concept may vary from author to author and from organisation to organisation. For instance, in the 1990s, the concept of Campbell *et al.* (1990) is much more restricted than that of Ansoff & McDonnell (1990) or that of Johnson & Scholes (1999). Campbell *et al.*'s (1990) concept is restricted to economic, financial and commercial variables, whereas Ansoff & McDonnell (1990) and Johnson & Scholes (1999) add to these variables the social, cultural and political dimensions. The next section addresses the broadening of the dimensions that are considered relevant to strategy.

2.1.3.2. EXTENSIONS OF THE CONCEPT

Almost every textbook has now passed from a definition of strategy as planning to a strategic management view. Strategic management is broader and includes (1) a cyclic strategic planning process – planning was not abandoned! –; (2) change and resistance to change management; and (3) strategic issues management in real time (Ansoff & McDonnell, 1990).

Strategic management is supported by a "Strategic Success Theorem" (Ansoff & McDonnell, 1990). This states, in general terms, that:

- strategy must match the environment;
- the capabilities of the managers and of the whole organisation must be in accordance with its strategy;
- the capabilities of the subgroups of the organisation must be supportive of one another;
- the resistance to change of the strategy and/or of the capability is proportional to the extension of the change; and that
- an optimal transition requires managers to anticipate, minimise and control this resistance (Ansoff & McDonnell, 1990).

Strategic management is theoretically an integrative view, more concerned with the human side of the environment and the organisation, because people are responsible for a serious implementation problem, *i.e.*, they have the potential to offer sustained resistance to change.

«Strategic management has to do with groups [of people], their birth and their continuing success» (Rumelt *et al*, 1994). Some aspects of this definition should be noted. First, strategic management has to do with a group's success, not with that of an individual person or part of the group. Second, "having to do with groups" of people, implies a significant and perhaps growing attention to psychological, political and social dimensions (Ansoff *et al*, 1976). It is this group of people that will have to make the strategy work, and people do not function as unemotional machines. Third, the group is inserted in a context, which governs the constraints and conditions under which the group has to operate in order to achieve success. These conditions may change, and it is the strategist's job, with the eventual help of other members of the group, to anticipate and adapt to those changed conditions. Finally, the consideration of people and its own interests in the organisation implies that "success" is not just big profits. It means achieving a mission[2] and objectives that make a difference to all internal and external interested parties (stakeholders).

The broadening of the object of strategy has been accompanied by a broadening of the tools that can be used by managers. It all started in the West, in response to a growing awareness of Japanese economical success. Excellence, Quality, Just in Time, Brainstorming, Total Quality Management, Empowerment, Benchmarking, Reengineering, Core Competence, Strategic Intent and Outsourcing are some of these newest and extremely useful management tools (Porter, 1996).

Such tools are, however, operational management tools, not strategic management tools (Porter, 1996). Operational management and strategic management are both necessary, but distinct (Ansoff & McDonnell, 1990). Strategic management aims at making the organisation "effective", whereas operational management aims at making the organisation "efficient". In other words, strategic management aims at creating an organisational potential to be explored in the future (Ansoff & McDonnell, 1990), at making the organisation able to do "the right things" (Drucker, 1967), or things that are "different" from those done by rivals' (Porter, 1996). Operational management exploits existing potential (Ansoff & McDonnell, 1990), doing current "things right" (Drucker, 1967), or "better" than rivals (Porter, 1996).

The following table characterises strategic management and operational management, emphasising some of their differences according to the above and other attributes.

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[2] The concept of mission is considered below.

From Table 2.1, it can be concluded that strategic management is generally located at the uppermost levels of the hierarchy, involves all kinds of variables and the organisation as a whole. It creates a strategic position and affords an organisation a potential to be explored in the future. It irreversibly changes the entire organisation, but the need to make changes may not be felt at an opportune time, because the stimulus may be imperceptible, because information is always insufficient, because strategic problems are difficult to identify and understand, because the solutions are not abundant nor are their results guaranteed. Strategy is thus a serious, multidimensional and highly complex construct/activity which, paradoxically, can be easily neglected by managers. These characteristics are radically distinct from those of operational management.

Naturally, the characteristics in Table 2.1 are not fixed and may vary from one decision to another or from one organisation to another (Martinet, 1992). This changing nature feeds a continuous discussion around the concept and characteristics of strategy. It can be proposed that a more intense and abundant research on strategy implementation might contribute to a more complete, eventually, more consensual concept of strategy.

2.1.3.3. FIELDS CONTRIBUTING TO THE TRADITIONAL PERSPECTIVE AND TO OTHER ALTERNATIVE PERSPECTIVES

> *The field has not, like political science, grown from ancient roots in philosophy ... The prehistory of [strategy] as an academic field lies in studies of economic organization and bureaucracy. ... vigorous interactions with economics and the study of organisation ... characterizes the field today ... (Rumelt* et al., *1994)*

Economic influences come from the subfields of industrial organisation (Porter, 1980, 1985; Caves, 1994), game theory (Shapiro, 1989; Brandenburger & Nalebuff, 1995), business economics (Weston, 1989; Mayer-Wittman, 1989); transactions costs economy (Williamson, 1991), resource-based view (Mahoney & Pandian, 1992; Porter, 1991), evolutionary economics (Alchian, 1950) and agency theory. Each of these new subfields has been built on the revised "false" assumptions of the neo-classical theory of the firm, *i.e.*, «uncertainty, information asymmetry, bounded rationality, opportunism, and asset specificity», and has subsequently «generated insights and research themes that are important to strategic management» (Rumelt *et al*, 1994). Table 2.2 takes the example of business economics and shows the topics of research in this field that, according to Weston (1989), can generate insights and contributions to strategic planning.

The areas of potential contribution from economics are numerous, however, the traditional perspective of strategy is not exclusively economic. «It draws upon a wide range of other areas and disciplines, especially systems theory, cognitive science, and organizational and behavioural sciences»

(Mockler, 1995). Other additional important areas are computer programming and simulation (Norton, 1994), moral and ethics (Singer, 1994), biology and ecology (Henderson, 1989), communications theory (Véran, 1988), political science and war (Fiévet, 1993), sociology (Crozier, 1988) and psychology (Lewin, 1947).

These fields and sub-fields have contributed to the traditional business strategy perspective and, some of them, have inspired new complementary or even opposing perspectives.

Opposing perspectives are fundamentally centred on the lack of validity of the strategy process and on the extension of environmental determinism. Hannan & Freeman (1976), for instance, propose environmental natural selection as an alternative to the traditional view that firms can control the environment and that all that is required for success is a good strategic plan. Aldrich (1979) notes the importance of luck, error and random variation, factors that can undermine the best laid plans and strategies. In this view, the «environment selects the most fit organisations, and *individual* units are relatively powerless to» influence this selection, regardless of their strategies and plans (Aldrich, 1979).

Miles & Snow (1978) introduce a moderate alternative view called "rational selection". In this view, the environment largely influences organisational success, but managers can «select, adopt and discard structural and process components to maintain the organisation's equilibrium with the environment». They cannot, however, manipulate environmental conditions to make them favourable, a power which is only posited when a strategic planning viewpoint is accepted.

Clearly, "natural selection" rejects strategic management and planning, whereas "rational selection" only shortens its efficacy.

Whittington (1993) proposes a comprehensive classification of the different perspectives that have appeared in the business strategy literature. He proposes a view where strategy concepts and processes are contingent even on a manager's education and history, and on external societal factors, *e.g.*, national culture. His four "generic perspectives" are: classical (or rational), evolutionary (or fatalistic), processual (or pragmatic) and systemic (or relativist). They are initially described in terms of differences in outcomes (profit maximisation vs. pluralistic objectives) and processes (deliberate vs. emergent). Whittington, then, largely elaborates on each one. Because of the strong focus on strategy process, this will be dealt with in Section 2.1.7.

Meanwhile, it can be noted that many of the contributing fields and every opposing view to strategic management are not concerned with the strategy implementation problem. An examination of Table 2.2, for instance, shows that all kinds of potential contributions from business economics are directly related to strategy formulation, whereas none is directly related to strategy implementation.

The lack of contributions to research on strategy implementation might arise from the emphasis

of the strategy field itself on strategy formulation, not from an absolute lack of potential contributions. Some useful contributions to strategy implementation have already come from organisational and behavioural sciences, communications theory (Mockler, 1995), psychology (Lewin, 1947), politics and two of Whittington's perspectives: processual and systemic views. These contributions have not been ignored and, where appropriate, are considered below.

2.1.4. STRATEGIC ATTITUDE, SKILLS, ROLES AND STYLES OF THE CEO

2.1.4.1. STRATEGIC ATTITUDE AND SKILLS OF THE CEO

Strategic attitude, although related to such recurrent themes as bounded rationality and uncertainty, is not as famous in the strategy literature. However, it is essential. «Knowledge of either concepts or cases is less the objective of the study of [strategy] than certain attitudes and skills...» (Andrews *et al.*, 1991). Unfortunately, only a few authors write explicitly about the latter. For example, Ansoff & McDonnell (1990), Andrews *et al.* (1991), Martinet (1992) and Godet (1993) consider it explicitly. Porter (1980), for instance, only implicitly, when he talks of assumptions about the company and its competition.

The skills of a strategist (CEO or President) should be three: technical, human and conceptual. Stoner *et al.* (1995) define them as follows.

> *Technical skill is the ability to use the procedures, techniques, and knowledge of a specialised field. Surgeons, engineers, musicians, and accountants all have technical skills in their respective fields. Human skill is the ability to work with, understand, and motivate other people as individuals or in groups. Conceptual skill is the ability to coordinate and integrate all of an organisation's interests and activities. It involves seeing the organisation as a whole, understanding how its parts depend on one another, and anticipating how a change in any of its parts will affect the whole.*

Andrews *et al.* (1991) further detail the attitudes and skills to be found in a successful CEO:

- adopting a generalist, not a specialist orientation (being capable and willing to see the company as a whole, not just the part of it he prefers or knows better);
- having a professional orientation (being dedicated, honest, ethical);
- being an entrepreneur and an innovator;
- being a practitioner (being willing to act, capable of accepting risks, and proactive);
- possessing an analytical ability to look at the company as a whole and identify its real problems/opportunities;

- possessing the ability to make strategic analysis in terms of strengths, weaknesses, opportunities and threats;
- having the ability to make analysis effective, delegating, mobilising and bringing up the best in others; and
- possessing general management skills.

An alternative view about the attitudes and skills that managers should possess is that of Ansoff & McDonnell (1990). In their approach, "attitudes and skills" are designated "managerial capabilities". These managerial capabilities are grouped in four categories as follows:

(a) Mentality

- *the relative preoccupation with external vs. internal problems;*
- *the past vs. future time orientation;*
- *propensity to take risks;*
- *the manager's personal model of the world: what he perceives to be the critical success factors and behaviors;*
- *his values, norms and personal goals.*

(b) Power

- *the strength of his power position within the firm,*
- *his ambition and drive to use power.*

(c) Competence

- *talents/personality;*
- *problem-solving skills;*
- *leadership style/skills (e.g. political vs. custodial vs. inspirational vs. entrepreneurial vs. charismatic leadership);*
- *knowledge about the firm and about the environment.*

(d) Capacity

- *personal work capacity;*
- *work habits (e.g. the typical 'workaholic'). (Ansoff & McDonnell, 1990)*

These are attitudes and skill (capabilities) that managers should possess as individual managers. When an organisation has more than one manager, its group of managers possesses and shares a collective capability (Ansoff & McDonnell, 1990). A collective capability is composed of several skills and attitudes, arranged in the categories of "competence", "power" and "culture" (Ansoff &

McDonnell, 1990). These categories are very similar to those reproduced above for individual managers. In fact, as can be seen, all the lists of attitudes and skills considered above have much in common.

Some of the attitudes and skills included in those lists are, occasionally, discussed as to their precise concept and nature. For instance, Ackoff (1991) considers the importance of analysis compared to that of synthesis; and Drucker (1985) and Baumol (1988) examine the importance of imitation *vs.* innovation. Moreover, some attitudes and skills are occasionally stressed, redefined or presented as new. For instance, Godet (1993) adds to the above lists the prospective vision. A vision developed by managers, based on the rejection of deterministic trends of the past and on the belief that the future is made through the strategic game which is played by relevant actors. Jarrosson (1994) and Drucker (1994) show the importance of "theories" of the world – sets of assumptions about the environment and the organisation – and especially of the need to revise them through constant questioning. Hamel (1996) contends that this is possible only through an ability to listen to new voices, in particular, the voices of young people in the organisation, of people at the organisation's geographic boundaries, and of newcomers to the organisation. Senge (1990) adds three critical areas of skills: «building shared vision, surfacing and challenging mental models, and engaging in systems thinking». And, finally, the leadership literature, which is not reviewed here, adds some more, for instance, charisma (Hunt, 1991).

Whatever the skills and attitudes of a CEO might be, they depend on several factors, for instance, the CEO's innate capacities, education, past experiences, social characteristics, industry competitiveness and local culture (Whittington, 1993).

These factors might not be easily modified, thus, the skills and attitudes of a CEO might be very stable. Nevertheless, Hunt (1991) considers that the characteristics of an adequate strategic attitude are contingent on the situation that is faced. This means that when the situation of the organisation changes significantly, the attitudes and skills that its CEO emphasises must change accordingly. A similar view is defended by Ansoff & McDonnell (1990). According to them, when the external environment of the organisation is very stable, the manager does not require certain skills, *e.g.*, creativity, anticipatory thinking, risk-seeking and active search for opportunities. On the other hand, when the external environment is turbulent, the manager must emphasise those attitudes and skills, especially, the «strategist's method ... to challenge the prevailing assumptions» (Ohmae, 1982).

A similar contingent argument can be suggested here. The skills and attitudes required of a CEO might depend on the specific stage of the strategy process.[3] Hence, if this is accepted as true, the attitudes and skills, listed above, might be related to the simple stages of the model in Figure 1.1. The

[3] This reasoning itself is supported by the views expressed in an article that has been accepted for publication in The International Journal of Applied Management (Cândido, 2001).

stages are: (1) discern customers' needs, (2) develop competencies at the operational level and (3) deliver the strategy to delight the customer. Figure 2.2 shows the attitudes and skills that are probably the most important ones for each of the stages.

Figure 2.2. Attitudes and Skills most needed at each Stage

Abilities to:

see the company as a whole/ systems thinking;

listen to people, "listen to new voices";

make syntheses;

review mental models of the environment (especially about the customers);

make SWOT analyses: identify real problems and opportunities, strengths and weaknesses;

innovate and accept risks.

Practitioner and willing to act.

General management skills.

Capacities to mobilise, delegate and bring up the best in others.

Willingness to accept risks, delegate and inspire.

Communicator.

Practitioner.

Generalist, seeing the company as a whole body to develop, not just the part he knows better or prefers.

Professional.

Source: developed by C. J. F. Cândido.

2.1.4.2. ROLES OF THE CEO

The attitudes and skills that have been looked at are necessary to play the roles of the CEO.

According to Stoner *et al.* (1995), the roles of the CEO, and other managers, are planning, organising, leading and controlling.

> *Planning implies that managers think through their goals and actions in advance and that their actions are based on some method, plan, or logic rather than on a hunch. ...*
>
> *Organizing is the process of arranging and allocating work, authority, and resources among an organisation's members so they can achieve the organisation's goals. ...*
>
> *Leading involves directing, influencing, and motivating employees to perform essential tasks. ...*
>
> *Finally, the manager must be sure the actions of the organisation's members do in fact move the organisation toward its stated goals. This is the controlling function... (Stoner* et al., *1995)*

According to another perspective, proposed by Andrews (1987), the roles of a CEO, and other

managers, are:

- Architect of purpose – as an architect of purpose, the CEO conceptualises or helps conceptualising the purpose, objectives and strategy for the organisation. This is «the role of the planner, managing the process by which ideas for the future course of the company are conceived, fought over, and accepted or rejected» (Andrews, 1987). He installs purpose, defends it from improvisation and recognises the need, when it comes, to review the current purpose.

- Personal leader – as a personal leader, the personality and character of the CEO (*e.g.*, understanding, integrity, competence, energy, courage, generosity and loyalty) is used to establish a behavioural pattern which tends to be followed by other members of the organisation.

- Organisational leader – as an organisational leader, the CEO must be a taskmaster, a mediator and a motivator. He should secure commitment to the purpose of the organisation, creatively maintain and develop the organisation's capabilities, integrate them and be responsible for the results achieved.

A third perspective, based on the "learning organisation view", notes that in «an increasingly dynamic, interdependent, and unpredictable world, it is simply no longer possible for anyone to 'figure it all out at the top'. The old model, 'the top thinks and the local acts', must now give way to integrating thinking and acting at all levels» (Senge, 1990). Thus, in this view, the roles of the CEO are:

- designer of the organisation, involving design of:
    - «governing ideas of purpose, vision, and core values»;
    - «policies, strategies, and structures»; and
    - «effective learning processes»;
- teacher, not as an «authoritarian expert whose job is to teach people the 'correct' view of reality», but as someone capable of:
    - «bringing to the surface people's mental model of important issues [and] revealing hidden assumptions»; and
    - «bringing the focus of analysis to the systemic structure of reality»;
- steward (servant) of «the people they lead and [of] the larger purpose or mission» (Senge, 1990).

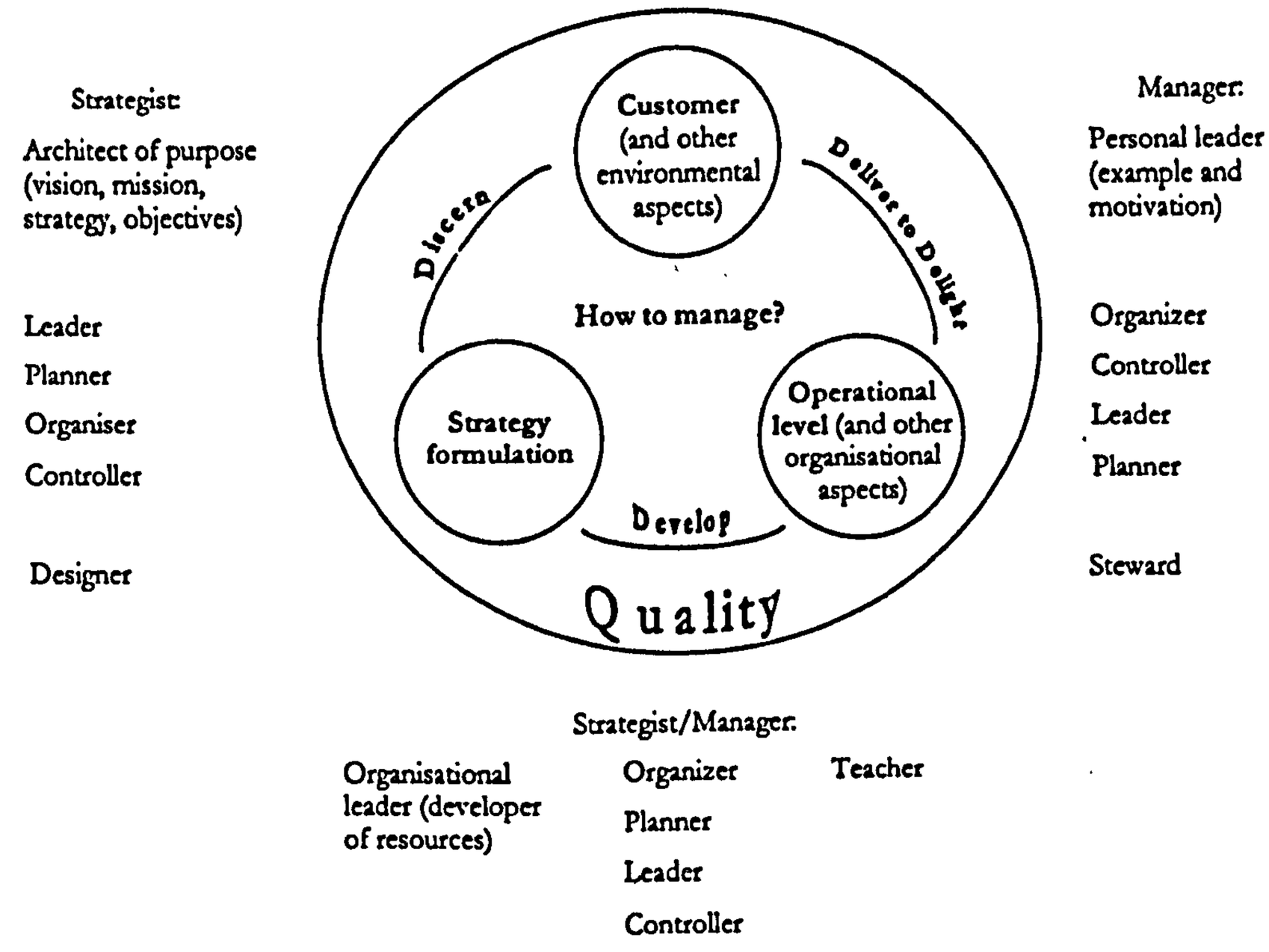
Finally, the last perspective that is looked at here is that offered by Mintzberg (1975). Mintzberg (1975) claims that his approach represents «what managers actually do». In his study of five CEOs, he concludes that a manager's time is consumed in a great number of brief, mingled different activities. These are grouped into ten types, which are themselves grouped into three categories: interpersonal roles, informational roles and decisional roles (see Figure 2.3). The interpersonal roles are leader,

figurehead and liaison; the informational roles are monitor, disseminator, and spokesman; and the decisional roles are entrepreneur, disturbance handler, resource allocator and negotiator. These roles are not considered in detail here as to do so would detract from the primary research aim. It should be noted, however, that some of the roles are not commonly emphasised in the literature (*e.g.*, disseminator, disturbance handler and negotiator).

Whatever the perspective that is taken, it can be contended that the relative importance of each role depends on the hierarchical position occupied by the manager, on the internal characteristics of the organisation (for instance, on the decision process – see Table 2.7) and on the external characteristics of the environment (combine Table 2.7 with Table 2.8).

It is possible to extend this contingent view to suggest that the relative importance of each role might depend on the stage of the strategy process. Thus, taking into account the different roles, listed above, and the different stages of the strategy process mentioned on page 23, a figure, similar to Figure 2.2, can be developed to show the roles that are probably more important at each stage of the strategy process.

Figure 2.4. Important Roles at each Stage of the Strategy Process



Source: developed by C. J. F. Cândido.

Figure 2.4 shows also a possible distinction between the concepts of strategist and of manager. It can be argued that managers should be concerned with efficiency (doing the things right) and that strategists should be concerned with effectiveness (doing the right things) (Ansoff & McDonnell, 1990; Mockler, 1995; Porter, 1996).

Accepting this distinction does not means that a manager does not make strategic decisions or that he does not have a role in making them. It means only that the frequency of strategic decisions made by managers and their contributions to strategic decisions may diminish, as they are located further down the hierarchy. Conversely, the inclination towards action increases, as they are located further down the hierarchy. This means that strategists are less inclined to act than are other managers. Still, action is an integral part of the strategic attitude. Thinking strategically would be a sterile activity without proper action (Fiévet, 1993). The strategist is frequently a man willing to act in a proactive fashion, rather than reactive, and to assume some risks (Ansoff & McDonnell, 1990).[4]

The contingency view posits that, for some internal and external environments, a strategist is not required and a reactive manager constitutes the best option (Miles & Snow, 1978; Ansoff & McDonnell, 1990). For some other environments, however, given the different skills and roles of operations managers and of strategic managers, they must coexist in the same organisation (Ansoff & McDonnell, 1990). The latter hypothesis is shown in Figure 2.4.

[4] This view is consistent with the distinction, which is made in Table 2.1, between strategic management and operational management.

2.1.4.3. STYLES OF THE CEO

CEO's/manager's style is another important characteristic of these organisational actors. Style can be defined, broadly, as the pattern of behaviour adopted by the CEO/manager (Stoner *et al*, 1995; Peters *et al*, 1980). According to this definition, two basic styles can be identified: the task-oriented style and the employee-oriented style (Stoner *et al*, 1995). While the former emphasises employees' supervision and control, to make sure that their tasks are performed satisfactorily, the latter emphasises «friendly, trusting, and respectful relationships with employees, who are often allowed to participate in decisions that affect them» (Stoner *et al*, 1995).

In a more restricted sense, style can thus be defined as the extent of authority or coercion used by the CEO or, in other words, as the extent of employees' participation that the CEO allows to take place in decision processes. According to Johnson & Scholes (1999), management styles can vary from "coercion" to "education and communication". Table 2.3 lists five possible styles, in this range, and provides the authors' definitions. The table also summarises Hart's (1992) alternative suggestion of five different styles. (There is no intention to make a parallelism between the styles in the same column of the table.)

Styles are not necessarily mutually exclusive. In fact, managers use more than one style (Hart, 1992; Stoner *et al*, 1995; Johnson & Scholes, 1999), but one may be emphasised or preferred (Stoner

et al., 1995).

According to Hart (1992) and Johnson & Scholes (1999), there are, however, particular contexts in which each style can become more effective. The contextualization of styles, in terms of organisational and environmental variables, is tackled below, in Section 2.1.7.3, particularly in tables 2.7 and 2.8, and in Section 2.1.7.5, particularly in Table 2.9.

Effective management styles may also depend on the stage of the strategy process (Johnson & Scholes, 1999). For instance, a "direction" style may be preferred during the discern stage, a mix of the styles "education/communication" and "collaboration/participation" during development, and a "intervention" style during delivery. These are relevant aspects that are returned to later in this chapter and in Chapter 4.

2.1.5. STRATEGY CONTENT

Strategy content is frequently defined as the pattern in a series of consistent decisions taken during a period of time (Mintzberg & Waters, 1985; Andrews *et al.*, 1991). More specifically, strategy content has been defined as a description that usually defines what the organisation does, how and to whom. It defines the business and geographical areas where the organisation wants to be; the customers it intends to serve; the competencies it must develop; and the products it intends to offer.[5]

A strategy content can be kept just in the mind of the strategist or it can be written in a plan. The types of plans that are used (strategic plan, functional plans, programmes and budgets) and the specific elements that are included in a strategic plan (vision, mission, objectives and strategies) can vary significantly from one company to another. The issue here is precisely what is written in these plans or, on the other hand, in case the strategy remains in the strategist's mind, what it contains.

2.1.5.1. HIERARCHIES

Some authors consider that the objectives (long term objectives) should be part of the strategy content (Chandler, 1962). If they are or are not a part of the content is an irrelevant question, as long as they exist (Andrews *et al.*, 1969). Frequently, however, mission and objectives are separated from strategy.

The mission can be subordinated to vision (Hooley *et al.*, 1992), objectives can be subordinated to mission, and strategy can be subordinated to mission and objectives. This is the common hierarchy in

[5] See page 14.

textbooks. But, it must be noted that objectives may evolve and change with the strategy content, in a feedback process.

There is also a possible hierarchy between different types of strategies. A large diversified corporation will have one corporate strategy, one business strategy for each business (Strategic Business Unit - SBU), and one set of policies for each function (functional strategies). In the classical hierarchy of strategy: functional strategies are subordinated to a SBU strategy and SBU's strategies are subordinated to a corporate strategy (Chandler, 1962). These strategies are all subordinated to an organisational mission.

2.1.5.2. MISSION

The literature states that, besides strategy and objectives, CEOs are responsible for developing one of the following: a vision of the organisation in the future; a mission for it to accomplish; a general policy to be followed within the bounds it sets (Martinet, 1992); a strategic intent that gives employees something worth fighting for (Prahalad & Hamel, 1989); a company philosophy; or a group of superordinate goals (Peters & Waterman, 1982). These concepts (mission, vision...) are not the same, but they have a commonality in setting the enduring purpose for the organisation; being above the strategy in importance; and preceding it in the process of formulation. Implicitly or explicitly, the above concepts are responsible for defining a set of values for the organisation (Campbell *et al.*, 1990).

The most popular of these concepts is probably mission. «Defined as an enduring statement of purpose that distinguishes one organization from other similar enterprises, a mission statement is a declaration of an organisation's 'reason for being'» (David, 1989).

A mission statement is unique and enduring, but not perpetual. There are many methods to formulate the statement (Hooley, *et al.*, 1992); and there are, also, different kinds of mission statements. A mission may be constituted by just a few words or by a long statement; it may address just the customers and stockholders or it may address a larger number of stakeholders... (Campbell *et al.*, 1990)

Based on an analysis of 75 different mission statements, David (1989) has proposed a general structure for a complete mission statement, which involves nine essential components. These components are listed in Table 2.4. Note that customers' identification is the first component.

When an organisation has one of these purpose statements (vision, mission...), it must define its objectives accordingly. Objectives are quantified and are more specific than a mission. There are corporate objectives for diversified companies, unit objectives for each of the business in the company (Johnson & Scholes, 1999), and objectives for each function in a unit. Team objectives and personal objectives may also be defined.

2.1.5.3. DIMENSIONS OF THE STRATEGY CONTENT AND TYPES OF STRATEGIES AT THE CORPORATE AND SBU LEVELS

A corporate strategy, also designated a portfolio strategy, defines in which businesses the corporation intends to be, its competitive advantages, the synergies it intends to achieve and how it intends to obtain some degree of strategic flexibility for the portfolio (Ansoff, 1988).

Generic strategies that can be pursued at the corporate level include vertical integration, horizontal integration, combinations of them, and withdrawal (Mintzberg, 1988). There are several instruments to help strategists decide their portfolio strategy, mainly planning with matrices (Segev, 1995).

Immediately below corporate strategy, in the hierarchy of strategies, there is business strategy. A business strategy defines the competitive scope and the competitive advantage of the SBU, or of the organisation, in case it consists of only one SBU (Porter, 1980).

Competitive scope, the first component of business strategy, is a definition of the business in which the company intends to be, across a number of dimensions, which are themselves chosen by the organisation. These dimensions can include the group of clients to be served, the product to be offered, the geographic areas to be covered, the degree of vertical integration to be adopted and other

dimensions.[6] [7]

Competitive advantage, the second component of a business strategy, provides the company with a supremacy over its competition. There are, according to Porter (1980), two main types of competitive advantage: cost leadership and differentiation.

With the concepts of competitive scope and competitive advantage in mind, it becomes possible to look at Porter's (1980) generic strategies. All that is necessary is to combine the two main competitive advantages with two simple alternative competitive scopes: a broad competitive scope and a narrow competitive scope. The resulting generic strategies are cost leadership, differentiation, cost focus and differentiation focus (see Figure 2.5).

Porter's typology of strategies is short in the number of alternatives it offers. Mintzberg (1988) suggests a broader typology, which includes the strategies of quality differentiation, design differentiation, image differentiation, support differentiation, price differentiation and undifferentiation. In this typology, quality is seen as having «to do with features of the product that make it better – not fundamentally different, just better. The product performs with (1) greater initial reliability, (2) greater long-term reliability, and/or (3) superior performance» (Mintzberg, 1988). Design differentiation has to do with «offering something that is truly different [and] breaks away from the "dominant design" ... to provide unique features» (Mintzberg, 1988). Image differentiation is a fictitious differentiation. An image is created but the product does not have a seriously enhanced performance, «for example, putting fins on an automobile or a fancier package around yoghurt» (Mintzberg, 1988). Support differentiation is defined as more «substantial, yet having no effect on the product itself, it [consists in differentiating] on the basis of something that goes alongside the product» (Mintzberg, 1988). Examples given are special credit, 24-hour delivery, after-sales service and a product associated integrally with the basic product (Mintzberg, 1988). Price differentiation is basically

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[6] Other dimensions used to define the competitive scope (or business) are, often, called Critical Success Factors (Anastassopoulos *et al.*, 1993). Critical Success Factors are looked at in Section 2.1.8.2.

[7] Different concepts of business and different ways of defining the business have been suggested (Drucker, 1974; Abell, 1980; Porter, 1980; Ansoff & McDonnell, 1990). This section does not enter into that discussion, but a distinction must be made between "business" (also designated as competitive scope, industry, segment and strategic business activity - SBA) and that part of the organisation which operates in it (designated as SBU or division).

a low cost and low price strategy (Mintzberg, 1988).

There are other typologies of business strategy which focus on other specific strategic dimensions, for instance, on globalisation / internationalisation (Porter, 1980), internationalisation (Martinet, 1992), innovation and efficiency (Miles & Snow, 1978), timing of action/flexibility (Wernerfelt & Karnani, 1987), scope, diversification, expansion, elaboration and reconception of the core business (Mintzberg, 1988).

These are important dimensions that can be considered in the definition of a strategy content. An encompassing description of the business content is that given by Ansoff & McDonnell (1990). According to them, strategy content is composed of four dimensions called "substrategies". These substrategies are growth thrust, market position, market differentiation and product differentiation. There are several different alternatives for each of the substrategies.

- For the growth thrust substrategy, the alternatives are: grow with the market, increase market share, expand market, capture market segment, round out product line, stimulate demand, acquire a competitor and change vertical integration.

- For the market position substrategy, the alternatives are: dominant market share, oligopolist market share, competitive market share, minor market share and divest from the business.

- For the market differentiation substrategy, the alternatives are: minimum price, best quality, best buy, brand loyalty, prestige, service and undifferentiated.

- And, lastly, for the product differentiation substrategy, the alternatives are: undifferentiated, innovator, patent protection, performance, reliability, follower, critical value added, added features, imitator, resource control and customising.

To this point, this section has been concerned with "external strategy", *i.e.*, with that part of the strategy content that responds to the external environment. Ansoff & McDonnell (1990) add to this the determination of a strategic investment and of an internal strategy (or capability development). A strategic investment is that «which will be needed to enable the firm to implement the strategy and build the capability» (Ansoff & McDonnell, 1990). Internal strategy is concerned with the development of an adequate organisational capability and involves the following dimensions:

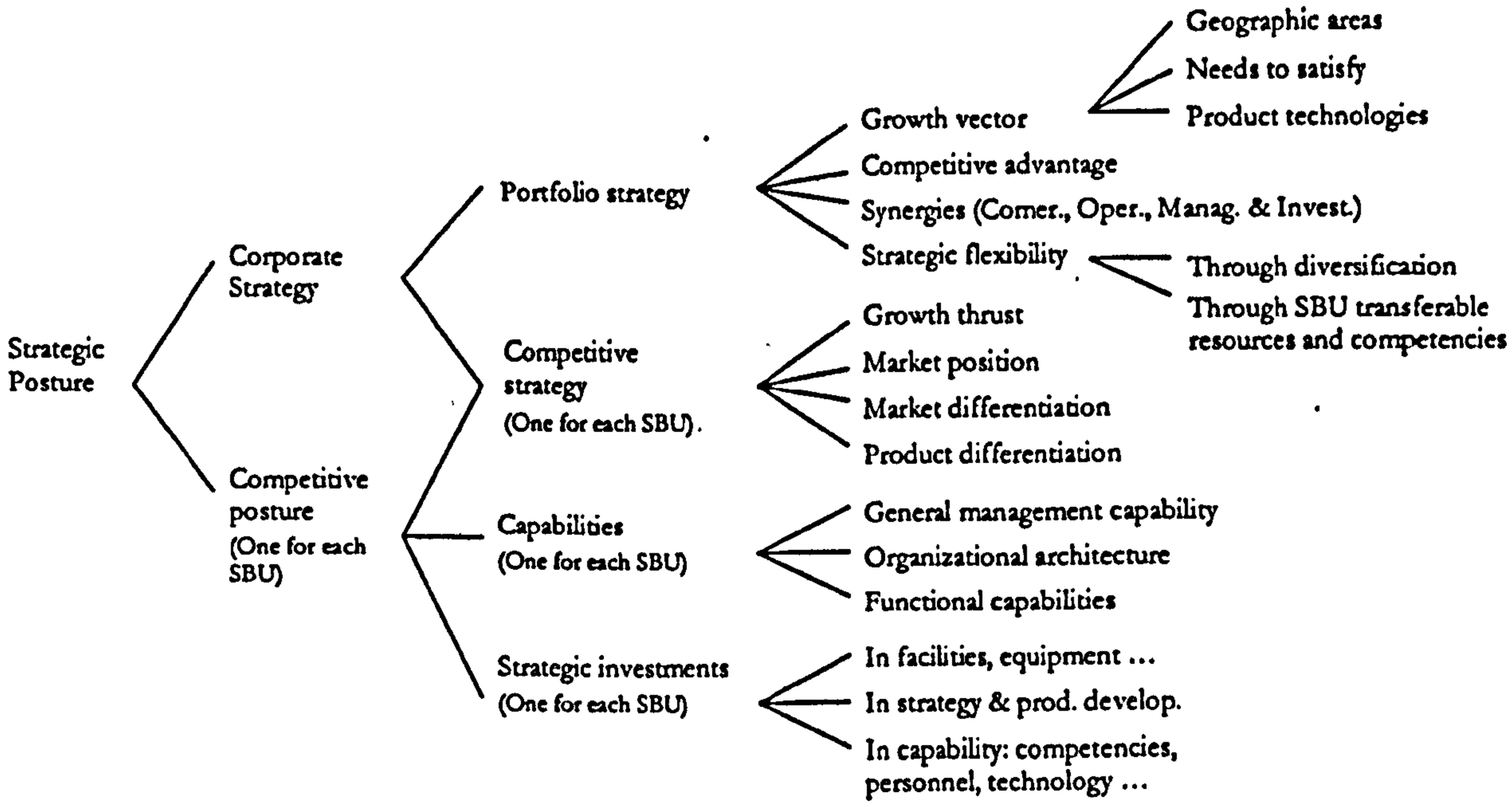
- the strategist's and managers' capability (*i.e.*, qualifications, mentality, capacity, competence, power, culture and mental models);

- the organisational architecture (*i.e.*, facilities, equipment capacity and technology, systems, tasks, culture, mental models, rewards, power structure and information processing/ communication); and

- the functional capability (*i.e.*, facilities, equipment capacity and technology, systems, tasks, culture, mental models, rewards, power structure and information processing/

communication of each function). Figure 2.6 synthesises Ansoff & McDonnell's (1990) approach to the whole strategy content.

Figure 2.6. Ansoff & McDonnell's Enlarged Strategy Content: Strategic Posture



Source: synthesis of Ansoff (1988) and Ansoff & McDonnell (1990) by C. J. F. Cândido.

This view of business strategy encompasses many of the fundamental internal and external dimensions. In fact, it is interesting to note that strategy can be viewed broadly as encompassing the elements in the 7-S Model (Figure 2.7).

The internal more or less manageable variables of an organisation have been aggregated and summarised in a framework with seven generic dimensions: external strategy, structure, systems (processes), skills, staff, style and superordinate goals (values).

This framework was developed in mid-1978 by a team of researchers from McKinsey & Co., which included Peters, Waterman, Athos and Pascal (Peters, 1984). Although the work grounded in the "model", and developed by this team, has received much criticism in the 1990s, the framework itself remains an interesting approach to the understanding and management of organisations (Cf. Ostroff, 1999; Hall *et al.*, 1993).

Its contributions were in clarifying that:

- it is not enough to define the external strategy or the organisational structure and wait for everything to go right in the organisation – all of the seven dimensions are important.
- The seven elements of the model are interdependent – it is difficult to change one without changing the others.
- Top management can and must monitor/manage all of them in order to keep its set in tune. Moreover, it is dangerous not to do this. (Thus, they can all become targets for the strategy content.)
- There is no standard starting point or hierarchy between the seven dimensions. «A priori, it isn't obvious which of the seven factors will be the driving force in changing a particular organisation at a particular point in time» (Peters *et al.*, 1980).

The 7-S is a general, comprehensive, flexible and contingent "model". It is simple but not simplistic. It is limited, however, because it does not offer top management teams, nor researchers, any precise tools. It's usefulness is restricted to setting in mind all the variables that can be important at each time; until the instant at which top management identifies the variable or those variables which need some adjustment. [8]

The variables that have been preferred by top management, and researchers, are strategy (read: external strategy) and structure. It is easier to change external strategy and structure than it is to change people, organisational values, or managers' styles and skills. These are frequently understood as more intractable, intuitive and irrational (Peters & Waterman, 1982). They were not even considered as integrating elements of the strategy content until about 25 years ago (Ansoff *et al.*, 1976).

The trend in the field has been to enlarge the content of strategy; to include the internal organisational variables and to address the difficulties of strategy implementation in a way that those difficulties can be avoided or reduced (Ansoff *et al.*, 1976; Ansoff & McDonnell, 1990).

In summary, strategy content can vary in the form and in the dimensions addressed. More specifically, it can be written or not, explicit or implicit; made public or not; address only the relations of the organisation with the environment, only the internal organisational capability – including the

[8] The 7-S framework is resumed later in Chapter 4, where the seven variables are defined, alongside with the variables of other similar frameworks.

strategy processes (Hrebiniak *et al.*, 1989) – or both the capability and the external relationships (Ansoff & McDonnell, 1990). It can spawn the hierarchy of strategies (corporate, SBUs and functions) or it may be just a single business strategy. It may consider economic, social, cultural, political, psychological, legal, demographic and other variables or just economic, commercial and financial variables (Ansoff, 1965; Campbell *et al.*, 1990). Finally, the strategy content of an organisation can and should be unique (Andrews, 1987).[9]

*

The definition of strategy, mission and objectives is an important aspect in the process of strategy formulation and implementation, because it shapes the future of the organisation and, necessarily, the whole process of strategy implementation. Hence, it must be integrated in the model of strategy implementation that is synthesised in Chapter 4.

2.1.6. STRATEGY INSTRUMENTS

Some usual instruments are SWOT analysis, checklists, matrices, forecasting and financial measures (NPV, IRR...). Porter (1980, 1985, 1990) added, to these, several instruments for detailed analysis of the organisation, its value system, competition and advantages of nations. Courtney *et al.* (1997) include, among the analytic tools, decision analysis, option valuation models, game theory, technology forecasting, pattern recognition and non-linear dynamic models. Godet (1977, 1993) added to this already extensive list some very specific instruments for defining future scenarios and choosing a strategy. Other more unusual instruments are, for instance, described by Senge (1990). In total, the number of tools that have been suggested is very high. They seem to be limited only by imagination. In fact, this last one, imagination, is a very useful "instrument" in strategy analysis and formulation (Perlitz, 1993).

Perhaps with the exception of imagination, all of the above instruments have in common being rational instruments. There are also some less rational, intractable, unproven, and rejected tools like intuition and random experimentation (Krogh & Vicari, 1993; March, 1976). This section, however, focuses on rational instruments only. [10]

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[9] Unique or innovative. Generic types and typologies of strategies can be dangerous for organizations because they can constrain creativity, innovation, strategic thinking and participation (Prahalad & Hamel, 1989). Typologies «rely on a reduction of all strategic possibilities to a few basic ones. ... The real way to develop strategies will not be to search for prefabricated strategy concepts, but to prepare concepts with their own genuine characteristics» (Perlitz, 1993).

[10] Reengineering, benchmarking, empowerment, just in time and outsourcing can be extremely useful management tools (Porter, 1996). They are not strategic tools in the sense that they will not deliberately help choosing a new strategic content (see also page 17). However, in time, they can contribute to changes in strategy. In fact, just the decision to commit a company to its use can bring so many organisational changes that it must constitute a strategic decision.

2.1.6.1. SWOT ANALYSIS

The single most popular strategy instrument is the framework for SWOT analysis. Conceived in ancient times by Sun Tzu, for war strategy, it was developed by Andrews *et al.* (1969), for business strategy and, with or without modifications, it remains a central aspect of any business strategy textbook.

A SWOT analysis can be separated into two interrelated components. One component consists in finding and studying information about the external environment of the organisation. The purpose is to put in evidence those opportunities and threats that the organisation is facing at the moment, those that it will probably face in the future, and also the external trends, stakeholders or events, which may raise them.

Some instruments that can assist in this external environment analysis are segmentation, structural analysis of industries, competitor analysis, analysis of strategic groups, analysis of national competitive diamond, and analysis of industry type and evolution (Porter, 1980, 1990; Mintzberg & Quinn, 1991).

The threats and opportunities that have been identified with this external analysis must be matched, in some way, by the organisation's internal capabilities. Thus, an internal examination must also be conducted. That is the second component of a SWOT analysis. This is intended to find strengths and weaknesses in an organisation's capability. Initial versions of SWOT analysis were intended to eliminate the weaknesses and enhance the strengths of an organisation in order to enable it to avoid threats and take advantage of opportunities. This view has changed due to increased competition and turbulence. Today, new competitive advantages and new products must be developed to replace current ones, even if they are still competitive (Porter, 1990; Peters, 1993).

Particular instruments that can assist in the internal analysis are check-lists (Ansoff & McDonnell, 1990), value chain (Porter, 1985), 7-S framework (Peters & Waterman, 1982) and others.

The combination of the results from both internal and external analyses should inspire the development of alternative strategy contents through some strategy process.

2.1.6.2. OTHER INSTRUMENTS FOR A STRATEGY PROCESS

Any list of the available strategy instruments is bounded to be incomplete and as space is limited here, only a short reference will be made to some of them.

Segmentation. Strategic segmentation consists of dividing the environment into different but homogenous parts (segments) along a relevant set of variables, including customers' needs, competitors, geography, technology and other critical success factors (Anastassopoulos *et al.*, 1993;

Ansoff & McDonnell, 1990). A segment can consist of an industry, a geographical market or a small niche. Due to its unique characteristics, each segment requires a specific strategy. Thus, in multidivisional companies, each SBU is in charge of one or a few similar segments (Ansoff & McDonnell, 1990).

Strategic segmentation uses critical success factors to identify business or niches and to put SBUs in charge of them. But there is a different type of segmentation, designated as marketing segmentation. Marketing segmentation uses demographic, income and other consumer variables to reveal non-satisfied, or ill satisfied, groups of customers, in a particular strategic segment, and to fine tune marketing strategies to meet the special needs of these groups.[11]

Matrices. Matrices like Boston Consulting Group matrix, Arthur D. Little matrix, Shell-DPM matrix and others were used in combination with segmentation to assess the financial, commercial and economic coherence and viability of a company's portfolio of SBUs and, naturally, to design the new portfolio strategy. This implies creating, buying, investing in, divesting, selling and/or closing down SBUs.

Strategic planning, based on matrices, has been much criticised. The mistakes that prescriptions, generated by these matrices, could lead organisations into suggested a need to look closer and more carefully at each SBU (Segev, 1995; Prahalad & Hamel, 1989; Seeger, 1988) and opened the way for new tools like those developed by Porter (1980, 1985). Value chain and competitive analyses were built to dissect the environment, competitors and the organisation, extracting the relevant information to develop a business strategy.

Value chain. The value chain is included in this section because of its potential help in the formulation and implementation of a strategy. The value chain divides the organisation into two main types of activities, namely, into support activities and primary activities (see Figure 2.8). Such activities can be further divided, according to the principles delineated by Porter (1985). This helps in identifying and developing ways to create value for the customer, either through a low cost or a differentiated product/service (Porter, 1985).

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[11] The concept, variables and specific ways of segmentation differ according to differing authors. The same happens with the concept of SBU (*e.g.*, Ansoff & McDonnell, 1990; Anastassopoulos *et al.*, 1993; Porter, 1985).

Econometric forecasting. Econometric forecasting is one of the oldest instruments but it is still very important. Long Range Planning, which preceded strategic planning in time, applied forecasting extensively (Anastassopoulos *et al.*, 1993). Forecasting instruments use available quantified data and mathematical models to extrapolate fundamental variables like demand and prices; offering managers a probable estimate of what their values will be in the future. The "likelihood" of the estimates depends on the assumptions made in the design of the models.

Scenarios. Scenarios analysis (or prospective) came as a "complement" to the extrapolation of past data (Godet, 1977, 1993). Using tailored instruments, it builds a set of three to five different but probable scenarios, with different consequences to the organisation. The objectives are not so much to familiarise management with different possible future situations, but to enable them to identify their deepest assumptions about reality; to help them reflect upon and review their mental models of reality; to enable them to recognise similar scenarios emerging in reality; to enable them to respond quicker to changes and to proactively build the desired scenario (Godet, 1993). Econometric methods can be used as a complement to prospective in order to quantify the scenarios that have been developed (Godet, 1993).

Financial analysis. Another indispensable instrument is financial analysis. Through ratios, break-even analysis and compound measures, like internal rate of return and net present value, it gives an image of the actual financial health of the company and an idea of its dynamics. It can also be used to analyse «the behavior and competence of rival firms» (McNamee, 1990). Thus, it can be used when making decisions on issues like strategic positioning, debt/equity and selection of alternative investments (Ansoff, 1965; McNamee, 1990). A popular financial instrument is the budget, which allocates financial resources to SBUs; to the departments of each SBU; and sets their financial targets. Budgeting appears to be intended to link strategy formulation with implementation, to facilitate implementation and to allow for control of implementation.

Brainstorming. Brainstorming can be used as a means to generate new ideas and inventive strategies. Criticism is avoided while each participant states its ideas and opinions.

Quality circles. Quality circles are groups of employees who meet regularly and attempt to develop ideas capable of improving the quality of processes, products and services.

Brainstorming and quality circles are ways of enlarging the number of participants and the extent of their contributions to the decision making process, thus, of empowering. Used before and during strategy formulation, these instruments can also contribute to facilitate the subsequent implementation of strategy.

Criteria for choosing a strategy. Some criteria for the evaluation of strategies were suggested by Andrews (1987). These are in fact a list of questions that a strategist must answer about the alternative strategies that have been developed in order to assess their clarity, uniqueness, opportunity, viability, social appropriateness and consistency with results from the SWOT analysis.

Programming. Programming consists broadly of dividing a big task or a previously approved strategy into smaller steps or actions, characterising them, establishing dates for completion, attributing responsibility for them and priorities. Gantt charts and critical path analysis can be used to establish a programme.

These and other instruments can be used with different degrees of sophistication, and in different combinations. Some are very specific in their purposes and can be used either in strategy formulation or in implementation, others can achieve several purposes and can be used at more than one stage of the strategy process. Figure 2.9 is an attempt to indicate the instruments that can be used at each stage.

Figure 2.9. Instruments that have Utility at each Stage of a Strategy Process

Identification of critical success factors
Segmentation
SWOT analysis
Porter's tools
Scenarios
Forecasting
Brainstorming
Matrices
Quality circles
Strategic planning (can be seen as an instrument but it is dealt with in the next section)
Financial tools (including budgeting)
Criteria for choosing a strategy
Programming
Gantt Charts
Path analysis

Plans, programmes and budgets
Quality circles
Empowerment

Plans, programmes and budgets
Value chain

Quality circles
Empowerment

Source: developed by C. J. F. Cândido.

In the sample of instruments, considered in this section and represented in Figure 2.9, note that the number of instruments clearly devoted to strategy formulation (discern), represented on the left side of the figure, is much larger than that number of instruments used for strategy implementation (develop), represented at the bottom of the figure. This seems to indicate that there is, on the part of researchers and consulting firms, more interest in developing strategy formulation instruments than in developing strategy implementation instruments.

2.1.7. STRATEGY PROCESS

The strategy process is the sequence of steps by which a strategy is forged. Roughly, it involves the awareness of a problem or opportunity; a single decision or a sequence of decisions addressing the issue; and a purposeful coherent sequence of actions that solves the problem or takes advantage of the opportunity.

The awareness of the problem or opportunity is essentially dependent on an adequate strategic attitude. An adequate strategic attitude is composed of several items and is not easy to achieve and maintain as management attitude is influenced by several distinct factors. The items of a strategic attitude and the factors that influence it have been considered earlier. [12]

The sequence of decisions, involved in the process, may precede or may be merged with the sequence of actions. This is a fundamental distinction in the classical literature (Whittington, 1993). When they are separated, the sequence of decisions constitute what is called the strategy formulation process. The subsequent set of actions, which executes the decisions, is called the strategy implementation process. Formulation and implementation are two necessary, interdependent sub-processes in the strategy process, but are separated in the classical literature of strategic planning. Unfortunately, the formulation process has received considerable more attention from researchers. This section, thus, focuses on strategy formulation and introduces some topics that will be required when studying strategy implementation.[13]

Strategy formulation processes can be very different from organisation to organisation, or even from decision to decision (Mintzberg *et al.*, 1976; Ansoff & McDonnell, 1990). Many different formulation processes, and some different classifications of these processes, have been suggested in the literature. Generally, they can be classified according to the degree of formality; the degree of comprehensiveness; the instruments used; the roles of management and personnel; the urgency of the decision; the costs they involve; and even according to other variables.

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[12] See Section 2.1.4.1. Strategic Attitude and Skills of the C.E.O.

[13] See Chapter 4. Strategy Implementation.

The degree of formality is one of the variables most frequently used to distinguish between formulation processes. If this variable is considered, than two basic types of formulation processes can be identified: formal strategic planning processes and incremental/emergent strategy processes.

2.1.7.1. TWO BASIC FORMULATION PROCESSES: STRATEGIC PLANNING AND EMERGENT STRATEGY

In a formal strategy process, all steps are previously thought of and programmed in a rational sequence. A formal process has a "manual of procedures" or regulations describing all steps to be taken; who is responsible for them; when should they take place; with what kind of resources and information... This kind of formal process is called strategic planning and was first suggested by Ansoff (1965). It has as its output a comprehensive written strategy content, called a plan. And it obviously separates formulation from implementation, *i.e.*, implementation starts only after the plan has been completed and approved.[14] In general, a formal strategy process can been summarised as follows:

> ...*analysing one's own* internal situation*: strengths, weaknesses, competencies and problems;* projecting *current product lines, profit, sales, and investment needs into the future; analysing selected* external environments *and opponent's actions for opportunities and threats; establishing* broad goals *as targets for subordinate groups' plans;* identifying the gap *between expected and desired results; communicating* planning assumptions *to the divisions; requesting* proposed plans *from subordinate groups with more specific target goals, resource needs, and supporting action plans; occasionally asking for* special studies of alternatives, contingencies, *or* longer-term opportunities; reviewing and approving *divisional plans and* summing *these for corporate needs; developing* long-term budgets *presumably related to plans;* implementing *plans; and* monitoring and evaluating *performance (presumably against plans, but usually against budgets). (Quinn, 1989).*

Figure 2.10, below, developed by Stoner & Freeman (1992), represents a formal process, just as described by Quinn (1989), but with slightly different wording.

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[14] Ultimately, however, some suggestions have been made to accommodate part of the implementation within the planning period (Ansoff & McDonnell, 1990).

Formal processes are characterised by an effort to be rational at all times, namely, by considering all relevant information, by developing different alternative strategies and by choosing the best alternative, according to a previously defined set of criteria. The rationality of the formal strategy processes depends on carefully following these requirements and also on the validity of a few assumptions. These assumptions – about the objectives, cognitive ability of decision makers, strategic alternatives, estimates of the outcomes of each alternative, and amount of available information – have been listed and explained by Gore *et al.* (1992) as follows. (Note also the possible violations to each of the assumptions in real organisations.)

As noted earlier, because of resistance to change – but also because of violations to some of the assumptions described above – the traditional strategic planning approach evolved to the currently accepted strategic management approach (Ansoff *et al.*, 1976). Taking these violations apparently more seriously, there are also some less formal strategy processes, called incremental (Quinn, 1989), emergent (Mintzberg & Waters, 1985) or crafting strategy processes (Mintzberg, 1987).[15] In such processes, strategy is forged non-systematically, non-deliberately, with small decisions, which may or not correct the preceding ones, in a trial and error manner, adding new information from each trial and from each new internal or external event. Formulation is not separated from implementation but

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[15] Stated other way, these less formal perspectives have been developed from research that provided «important insights on the crucial psychological, power, and behavioral relationships in strategy formulation. Among other things, these have enhanced understanding about the *multiple goal structures* of organisations; the *politics* of strategic decisions; executive *bargaining* and *negotiation* processes; *satisficing* (as opposed to maximising) in decision making; the role of *coalitions* in strategic management; and the practice of "*muddling*" in the public sphere» (Quinn, 1989).

proceeds alongside it (Mintzberg, 1987).[16] An example of an emergent process that results in a diversification strategy, is provided by Mintzberg (1994b)

> *...rather than pursuing a strategy (read plan) of diversification, a company simply makes diversification decisions one by one, in effect testing the market. First it buys an urban hotel, next a restaurant, then a resort hotel, then another urban hotel with restaurant, and then another of these, etc., until the strategy (pattern) of diversifying into urban hotels with restaurants finally emerges. (Mintzberg, 1994b)*

Interestingly, most strategies, in practice, combine both types of formal and emergent processes (Mintzberg & Waters, 1985; Mintzberg, 1994b). Figure 2.11, below, shows how deliberate and emergent strategy processes combine.

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[16] Other differences between the two opposing formation processes can be arranged in six categories, as follows: (1) the motive for initiating the process, (2) the concept of goals, (3) the relationship between means and ends, (4) the concept of choice, (5) analytic comprehensiveness, *i.e.*, «how comprehensive organisations are in making individual strategic decisions», and (6) integrative comprehensiveness, *i.e.*, «how comprehensive they are in integrating those decisions into an overall strategy» (Fredrickson & Mitchell, 1984). Table 2.5, developed by Fredrickson & Mitchell (1984), explains the differences.

On the left side of Figure 2.11, *intended strategy* is what drives the strategist and an organisation initially (Mintzberg & Waters, 1985). During the strategy process, however, new events, new information and resistance from the inside or outside of the organisation may completely put aside the previous intention. Thus, intended strategy is not realised at all and becomes an *unrealised strategy*. When this does not happen, and the intended strategy is fully realised, it is called a *deliberate strategy*. Deliberate strategies (plans) are intentions that become fully realised (Mintzberg, 1994b). *Emergent strategy* is the opposite type of strategy process, because the strategy that is realised was not initially intended.

Mintzberg & Waters (1985) argue that pure deliberate strategies and pure emergent strategies are not as frequent as strategies that integrate some deliberate intention with some emergent aspects. This is because there is always some initial intention in the strategist's mind, though imprecise it might be, and there always occurs some events that cannot be initially predicted, but that can change initial intentions.

2.1.7.2. STRATEGIC DECISION MAKING PROCESSES

A strategic decision making process (SDMP) is the process by which individual strategic decisions are made in an organisation. [17] These strategic decisions may be coherently integrated in the actual broad strategy content, may partially change it, or may even constitute a whole new strategy. In the first two cases, the SDMP only added or changed some elements of an existing strategy content. It can be said that new aspects of the strategy have emerged. In the latter case, a whole new strategy is formulated through a SDMP. This means that the SDMP can be understood either as one in a

[17] A classification of decisions (in strategic, administrative and operational decisions) was proposed by Ansoff in 1965 and later developed by the author (Ansoff *et al.*, 1976; Ansoff & McDonnell, 1990). These developments emphasised the differences between two kinds of decisions (strategic and operational decisions). Table 2.1 summarises the differences.

sequence of SDMPs, contributing to the emergent formulation of strategy, or as a comprehensive formal strategic planning process. The concept of SDMP is apparently compatible with both formal and emergent strategy processes, thus, having the advantage of avoiding the dispute between the two.

«Strategic decision processes are immensely complex and dynamic» (Mintzberg *et al.*, 1976). They can vary from organisation to organisation, or even from decision to decision; they can address very different issues; they can make use of different instruments; they can have different degrees of formality, sophistication and comprehensiveness; and they can exhibit different combinations of the steps (routines) used.

SDMPs involve the following steps:

- defining a mission and/or the objectives;
- recognising the need for a decision (issue recognition);
- issue definition;
- search for alternatives or formulation of alternatives;
- evaluation of the available alternatives;
- choice of one alternative;
- implementation; and
- monitoring (Gore *et al.*, 1992). (See Figure 2.12.)

The process in Figure 2.12 has two advantages, compared to others in the literature. The limitations of many processes are:

- assuming that their stages are followed in a linear way, one after the other, without any possible interruption or repetition (Johnson & Scholes, 1999); and

- excluding one or more of the important steps listed above (Gore *et al.*, 1992).

As to the first limitation, Gore *et al.* (1992), as well as Johnson & Scholes (1999), have suggested iterative models (figures 2.12 and 2.13) in which one stage may give way to one of its previous steps, in order, for instance, to search for more information or to define better strategic alternatives.

Johnson & Scholes (1999), in particular, describe a process in which four stages are connected in cycles. They assume that the process can evolve from one stage to another without completing the previous one (see Figure 2.13).

Johnson & Scholes (1999) further assume that cultural and political variables can have as much importance, or more, than logic and pure analytical rationality. The following description of their model emphasises how cultural and political aspects – *e.g.*, assumptions, beliefs, values and internal opposing parties – influence the process, namely, by delaying, interrupting or repeating stages.

Awareness of an issue can be delayed if information is misinterpreted or deliberately ignored, namely, because it might not fit within the assumptions held by organisational members. Gradually, additional stimuli may help building awareness of the issue. Full awareness, however, frequently comes only when the formal information system reports a deviation from the budget. At this stage, the organisational members are aware of the issue, but the issue itself might not yet be clearly defined. Issue definition (or issue formulation) is accomplished through a number of information gathering processes. Some of these processes are formal, structured and objective, whereas others are verbal and informal. Internal opposing parties may try to collect information to support their particular views on the issue. Collected information is frequently interpreted in the light (shadow!) of current assumptions, beliefs and values. «Through debate and discussion there may be an attempt to reach an organisational view on the problem» that is consensual (Johnson & Scholes, 1999). However, internal coalitions may not reach a consensus and new information may have to be gathered. According to the authors, this lack of consensus can be beneficial because it provides an opportunity to challenge the taken-for-granted assumptions. When a definition of the issue is finally agreed upon, managers begin to consider

«a rather vague idea of a possible solution and refine it by recycling it through selection routines [eventually by going] back into problem identification or through further search routines» (Johnson & Scholes, 1999). Initially they will search and discuss available ready-made or familiar solutions. Only if none of these are selected will they then try to develop an original custom-made solution. Selection of a solution involves more than just formal analysis; it involves judgement, negotiation and bargaining. To complete this brief description, note that if a satisfying solution is not found at this point, the participants will return to a previous stage.

As to the second limitation noted above, Gore *et al.* (1992) emphasise that «the implementation and monitoring stages are ignored by the majority of writers». It has been noted earlier that formulation is frequently favoured to the detriment of implementation and monitoring. These stages

> *...in practice are vital, for no matter how excellent a solution or decision is, if it is not translated into action and no attempt is made to ensure that implementation is in accordance with plans then the whole effort spent on the previous stages will be wasted. (Gore et al., 1992)*

2.1.7.3. CLASSIFICATIONS OF STRATEGIC DECISION MAKING PROCESSES (SDMPs)

Several different classifications of SDMPs have been suggested in the literature. This section briefly addresses those suggested by Whittington (1993), Hrebiniak & Joyce (1985), Hart (1992) and Ansoff & McDonnell (1990). Whittington's classification is perhaps one of the most comprehensive and enlightening. Hrebiniak & Joyce's classification suggests an interesting conclusion that complements Whittington's. The last two classifications, by Hart and Ansoff & McDonnell, involve other important aspects that are required in the chapter on strategy implementation.

2.1.7.3.1. Whittington's Classification

Whittington (1993) proposes a comprehensive classification of the different perspectives that have appeared in the strategic management literature. His classification includes four «generic perspectives»: classical (or rational), evolutionary (or fatalistic), processual (or pragmatic) and systemic (or relativist). These are described in terms of differences in objectives (profit maximisation vs. pluralistic objectives), forms of strategy (written vs. not written), processes (deliberate vs. emergent) and hypotheses about *man* and *world*.

Classical. The classical perspective defends that there is one SDMP that is best for all organisations, independently of their specific environments and problems. This SDMP is strategic planning, the formal, rational, comprehensive and voluntary process described earlier.[18] The

[18] See Section 2.1.7.1. Two Basic Formulation Processes: Strategic Planning and Emergent Strategy.

objectives, hypotheses, process and form of strategy that, according to Whittington, characterise the classical perspective are summarised in the second line of Table 2.6. Note that Whittington's classical perspective does not include the transformation and enlargement of the field into what is called now strategic management. His classical perspective is compatible with much of the *traditional perspective*.[19]

[19] See Section 2.1.3.1. Traditional Perspective.

Evolutionary. The evolutionary perspective, based on natural selection, was introduced as an alternative to the rational choice and voluntarism of the classics and claims that the environment has a significant impact on company success (Hannan & Freeman, 1976; Aldrich, 1979). Including authors from the Transaction Costs Economy, Evolutionary Economy, and the Population Ecology of Organisations (Whittington, 1993), this view defends positions such as:

- «if there is a rationality [underpinning organisational success], it is the "rationality" of natural selection» (Hannan & Freeman, 1976);
- under a natural selection point of view,

  > *within a given group of organisations, some by chance alone will develop characteristics more compatible with emerging environmental conditions than will their counterparts. Those organisations fortunate enough to have the 'right' structure at that time will perform best, forcing others to emulate this structures or to cease to exist. (Miles & Snow, 1978)*

- environmental fit and business success is more likely to be the result of good fortune and mistakes than strategizing (Alchian, 1950; Aldrich, 1979), thus, managers are passive agents with minimal impact;
- «Organizations are shaped, pushed, and pulled in directions unintended and unforeseen by members» (Aldrich, 1979);
- «evolutionists ... insist that markets are typically too competitive for expensive strategizing, too unpredictable to outguess ... and too efficient to permit the creation of any sustainable advantage» (Whittington, 1993);
- strategy is just for very large firms, not for small nor medium firms (Williamson, 1991);
- small and medium firms should focus on day-to-day activities and efficiency (Williamson, 1991);

Whittington's summary of the evolutionary perspective is given in the third row of Table 2.6. At this point, it can be noted that one perspective, classical, believes that there is a better way for deliberate strategy formulation and another perspective, evolutionary, contends that organisations should not attempt to make strategy at all.

Processual. The processual approach is a moderate alternative, a compromise between the first two perspectives. It has been described earlier in some detail as an incremental or emergent process.[20] The objectives, hypotheses, process and form of strategy that, according to Whittington (1993), characterise this perspective are summarised in the fourth row of Table 2.6.

Systemic. The systemic perspective includes all of the previous perspectives in a contingent framework. This is a view in which strategy concept, content and process are contingent on factors

[20] See also Sections 2.1.7.1 and 2.1.7.2.

such as society, manager's education and manager's experiences. Thus, any of the classical, evolutionary and processual perspectives are valid, as long as they are inserted in an adequate context, *e.g.*, a country.[21] This contingent view is in accordance with Hofstede's (1980) conclusion that the «universal validity» of management theories developed in one country should be questioned. The objectives, hypotheses, process and form of strategy that, according to Whittington (1993), characterise this perspective are described in the last row of Table 2.6.

2.1.7.3.2. Hrebiniak & Joyce's Classification

The theoretical debate between environmental determinism and deliberate strategic choice is visible in Whittington's classification. Hrebiniak & Joyce (1985) consider that these two factors are not incompatible. They argue that ...

> *classifying change as either organisationally or environmentally determined is misleading ... both are essential to an accurate description of organisational behavior ... choice and determinism are not at opposite ends of a single continuum of effect but in reality represent two independent variables (Hrebiniak & Joyce, 1985)*

In accordance with this point of view, they develop a matrix with two axes: the degree of strategic choice and the degree of environmental determinism. Each variable can adopt one of two values: high or low (See Figure 2.14).

In this simplified version of the matrix, quadrant I can be identified with Whittington's classical perspective; quadrant IV with the evolutionary perspective; and quadrants II and III with the processual perspective. The distinction, however, is that every quadrant permits a certain degree of determinism and of strategic choice.

[21] In a different approach, Hitt & Tyler (1991) found that aspects from all of the different perspectives that they considered could contribute to the explanation of any given strategic decision.

2.1.7.3.3. Hart's Classification

Starting from an analysis of 11 different classifications of SDMPs, Hart (1992) aimed at providing a comprehensive non-overlapping classification. His typology, shown in Table 2.7, includes five types of processes: command, symbolic, rational, transactive and generative. This typology is essentially interested in the style, role and degree of involvement of the participants in the strategy process, but it does not ignore other aspects emphasised by Whittington (1993).

The five SDMP are not seen as mutually exclusive: «organizations may combine two or more modes into distinctive combinations of strategy making processes» (Hart, 1992). In fact, «the highest performing firms in this study integrated and blended all four strategy-making modes» (Hart, 1991).

Table 2.7 is directly related to Table 2.8, below. Table 2.8 associates each of the five SDMPs to a particular context, described in terms of different states of four contingency variables – environment, firm size, stage of firm development and strategic orientation.

Considering Tables 2.7 and 2.8, simultaneously, leads to the conclusion that context largely influences the behaviour of members in the organisation; their attitudes and roles; and, naturally, their vision for the future of the organisation. These Tables establish a contingent, partially deterministic, relationship between the internal and external situation of the organisation and its preferred SDMP. Such a contingency view takes Whittington's "systemic perspective" a step further, although it neither considers any social factors, nor a manager's experience.

It is unnecessary to explain here, in detail, all of the strategic management modes included in Ansoff & McDonnell's tree. Thus, only a short reference is made in order to provide a brief description of each mode; to show their different application situations; and to reveal how each mode integrates with strategy implementation.

Organic adaptation (top left hand side of Figure 2.15) is unmanaged myopic adaptation. Any strategic change under this management mode is unguided, incremental and an extension of the past.

Implementation «starts and proceeds, again unguided, by trial and error, to either a successful or unsuccessful conclusion» (Ansoff & McDonnell, 1990). When confronted with a significant environmental change, the organisation will delay a response because of delays in communication, internal politics, natural rejection of unfamiliar events and a wish to verify that the change is permanent. The delay to respond holds until the change is perceived as a threat to the survival of the organisation and is then suddenly replaced by a crisis situation. Management becomes discredited and is replaced; the organisation «closes ranks behind» the new "saviour" management team; and, as soon as recovery is apparent, internal pressure forces a return to the previous incremental, unmanaged, behaviour (Ansoff & McDonnell, 1990). Performance is always mediocre, even in protected or non-competitive environments. And in any competitive environment, survival becomes impossible, unless a timely move to systematic planning occurs.

Systematic planning (right hand side of Figure 2.15) is on the opposite extreme of strategic management modes. Management «plays a vigorous and rational role by predetermining in a systematic manner the directions in which a firm will develop, and then guides and controls the execution in accordance with the established plans» (Ansoff & McDonnell, 1990). Systematic planning includes two different types of planning, *position planning* and *strategic issue management.*

Position planning aims at defining how to change the current strategic posture of the organisation. It consists of either or both *strategic planning* and *capability planning.* Strategic planning focuses on the external strategy of the organisation and capability planning focuses on the organisation's internal capabilities, *i.e.*, managerial capability, organisational architecture and functional capability.[22]

Position planning is adequate when a comprehensive change of strategy is required; the consequences of immediate action are not clear; the urgency to act is low; sufficient information is available; and the cost of planning is not exceptionally high. When these conditions do not apply, other management modes may be more adequate than planning.

Strategic issue management is an alternative, still, under the planning branch of the tree. This alternative addresses three types of strategic issues: *strong signal issues*, *weak signal issues* and *strategic surprises*. These are unpredicted opportunities and threats which quickly develop and cannot wait until a comprehensive strategic plan is complete. Issue management, thus, is based on permanent environmental surveillance and on an assessment of the urgency and impact of each issue. Issues with significative impact cannot be ignored and special measures must be taken, according to one of the three types of issue management. What decides the choice between each of the types is the estimates of time until the impact; time needed to respond; and amount of available information. Strategic issue

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[22] See page 33 and Figure 2.6.

management types are not intended to implement completely new strategies, for instance, the implementation of a total quality strategy, but to anticipate, to assign priorities, and to deal with specific issues.

Ad hoc management and *systematic action* (left hand side of Figure 2.15) are more radical alternatives to position planning. Ad hoc management or systematic action does not mean that some degree of analysis does not take place. It only means that a quick decision and immediate action is favoured in detriment to a time and resource consuming detailed analysis and planning. Ad hoc management «falls between the unmanaged and the planned» behaviours and coincides with the concept of crafting strategy (Ansoff & McDonnell (1990); Cf. Mintzberg, 1987). It is deliberate management but, unlike position planning, it does not provide comprehensive strategic guidance and addresses individual strategic issues one at a time. Ad hoc issue management is appropriate when new strategic issues are not frequent; develop slowly enough to be treated one at a time; and do not affect other issues or parts of the organisation.

An alternative to ad hoc management is *systematic action*. Systematic action is similar to ad hoc management – because of its short period of analysis immediately followed by action – but involves a systematic choice of the *mode* of action to adopt and of the *process*. Alternative modes of action are: crisis management, continued monitoring of the challenge, stepwise progressive commitment, and one-step decisive strategic response. The choice made depends on the degree of urgency and of predictability (Ansoff & McDonnell, 1990). Another

> *... choice is between rapidly forcing the change into the firm (coercion), managing resistance on a project by project basis, or institutionalising within the firm a change-receptive culture, power structure and competence. This choice is determined by the discontinuity of challenges, their frequency, and their urgency. (Ansoff & McDonnell, 1990)*

Ad hoc management and systematic action are very important, not only because they can be used in some of the situations in which there is no time to plan but, more importantly, because these management modes are used to implement any strategic posture that has been previously planned (Ansoff & McDonnell, 1990).[23]

When urgency, complexity and novelty are high and predictability is low, the result is a very high degree of turbulence[24] and *strategic learning* (centre of Figure 2.15) becomes the only valid management alternative. The strategic learning approach combines planning and implementation in a progressive commitment process. Each decision in the process keeps open as many options as possible, but maximises the strategic learning necessary for the next decision. These decisions can be

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[23] The relevant aspects and processes of strategy implementation are considered in Chapter 4 – Strategy Implementation.

[24] See Section 2.1.8.1. Uncertainty and Turbulence.

planned or not, depending on the cost of planning, the urgency of response and the risk of immediate action. Implementation steps are launched after each commitment decision and are also conducted to maximise strategic learning.

This very brief summary of Ansoff & McDonnell's (1990) SDMPs is concluded here by noting that such strategic management modes are not mutually exclusive. In fact, the authors' concept of strategic management [25] can probably be seen as (1) the attentive surveillance of the environment, and (2) the choice, combination and implementation of the most adequate management modes, in accordance with the needs that have been identified and with the "strategic success theorem".[26]

A particular interesting but less recognised model of SDMP is that of the garbage can. This model, developed by Cohen *et al.* (1972), is not visible in the categories above, but it may be viewed as being similar to organic adaptation. Eisenhardt & Zbaracki (1992) synthesise it as follows:

> *The garbage can model describes the accidental or random confluence of four streams: (1) choice opportunities – occasions which call for a decision, (2) solutions – answers looking for problems, (3) participants – people with busy schedules who might pay attention, and (4) problems – concerns of people within and outside the organisation. Thus, decision making occurs in a stochastic meeting of choices looking for problems, problems looking for choices, solutions looking for problems to answer, and decision makers looking for something to decide. ... Decisions are not the result of analysis by boundedly rational individuals or the power of a coalition, but rather are a random confluence of events. (Eisenhardt & Zbaracki, 1992)*

Thus, they conclude, «the garbage can model is less relevant for strategic decision making. It remains a clever reminder of the importance of chance, but is empirically less robust than the other paradigms» (Eisenhardt & Zbaracki, 1992).

According to Cohen *et al.* (1972), garbage can decision processes occur «precisely when the preconditions of more normal rational models are not met», namely, in "organised anarchies" in which:

- preferences and criteria for choices are ill-defined, inconsistent, and changing;
- organisational members do not understand organisational technology nor processes, and operate on the basis of trial-and-error; and
- members «vary in the amount of time and effort they devote to different domains» (Cohen *et al.*, 1972).

Cohen *et al.* (1972) advance some examples of organisations, such as public, educational and

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[25] See page 16.

[26] See page 16.

research organisations, in which garbage can processes are more evident. Moreover, they seem to admit that the model can describe a portion (not all) of almost any organisation's activities. If this is the case, then the great advantage of a garbage can model is the possibility that such processes «can be understood, that organisational design and decision making can take account of its existence and that, to some extent, it can be managed», *i.e.*, avoided or rendered less ineffective.

2.1.7.4. PROCEDURAL RATIONALITY OF THE SDMP

Procedural rationality, also designated as rationality/comprehensiveness, is one of the basic dimensions of SDMPs (Fredrickson & Mitchell, 1984; Papadakis *et al*, 1998). It has been understood as an exhaustive collection of all relevant information, comprehensive analysis of this information and full evaluation of all possible alternatives for a decision. More precisely, as the extent to which the SDMP uses all the available information and undertakes all the steps in a generally accepted theoretical decision making process (Dean & Sharfman, 1993; Papadakis *et al*, 1998). The importance of this procedural rationality derives from its contribution to achieving the best decision possible, under any given circumstances (Dean & Sharfman, 1993).

Procedural rationality has, however, been defined in terms that facilitate researchers' quantitative measurement[27] and hypotheses testing.[28] A comprehensive definition of it would entail:

- synthesis and creativity (Ohmae, 1988; Ackoff, 1991; Mintzberg, 1976, 1994b);
- social context influences (Whittington, 1993); and
- acceptance of the decision by those who will implement it (Maier, 1963).

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[27] This procedural rationality can vary substantially (Dean & Sharfman, 1993). However, how it varies is not very clear. Fredrickson & Iaquinto (1989), for example, concluded that high performing firms in unstable environments use less rational/comprehensive SDMPs than high performing firms in stable environments, *i.e.*, they concluded that procedural rationality is ***negatively*** related to environmental instability. Similarly, Dean & Sharfman (1993) found that procedural rationality is ***negatively*** related to environmental uncertainty. The explanation to these conclusions is that, when uncertainty/instability increases it is not possible to be exhaustive in looking for all necessary information, and that it is not possible to identify all alternatives for choice. But, in spite of this explanation, other authors (Bourgeois & Eisenhardt, 1988) argue that, in high velocity or dynamic environments, managers must study more carefully, use more information and consider more alternatives in order to make better decisions. Therefore, this suggests that the rationality/comprehensiveness of SDMPs is not negatively but ***positively*** related to velocity of change. Although slightly different variables have been used, in these studies, to describe the environment, a controversy is apparent in their conclusions. Papadakis *et al* (1998), in an ambitious study, to try to resolve the contradiction, used three environmental dimensions (heterogeneity, dynamism and munificence), and interestingly reported a lack of any statistically significant relationship between the environmental dimensions used and the rationality of the SDMPs. Papadakis *et al*'s (1998) conclusion is consistent with some theoretical research. In Ansoff & McDonnell's (1990) tree of strategic management, for instance, there are decision processes less comprehensive (*ad hoc* management and systematic action) that can be used when a short period of analysis is sufficient and quick action is demanded; and, more importantly, there are also several rational and comprehensive processes (position planning, strategic issues management and strategic learning) that differ in the velocity of decision making, according to the higher or lower urgency of the decision. Thus, SDMPs can be rational and comprehensive, either in stable or unstable environments, as long as in dynamic environments they allow for a quick decision and implementation. Reasons for the above contradiction might lie in environmental aspects, not considered in those empirical studies; in the kinds of samples that were used; in the concept of uncertainty; or in the concept of procedural rationality. The latter concept is briefly discussed in this section.

[28] See any of the studies mentioned in footnote 27.

Mintzberg (1994b) argues that the «formal rationality [that] permeates the literature of planning ... is rooted in analysis, not synthesis». Decomposition of the SDMP in a series of articulated steps, and decomposition of the strategic problem in a series of parts that can be individually understood, has an analytical nature (Mintzberg, 1994b; Ackoff, 1991). Analysis merely decomposes the phenomenon (Ackoff, 1991). This, alone, will not produce strategies, as strategy results mainly from synthesis and creativity (Mintzberg, 1976). Synthesis puts the phenomenon in its broader context, reveals its properties and why it has those properties. Thus, synthesis is essential to produce global understanding, a singular representation of the strategic problem, and to foster a creative strategy (Ackoff, 1991; Mintzberg, 1976).

Although this seems irrefutable, there are other additional factors to consider. Whittington (1993) and the "Systemic theorists" believe that

> *decision-makers are not simply detached calculating individuals interacting in purely economic transactions, but people rooted deeply ... in a network of social relations that may involve their families, the state, their professional and educational backgrounds, even their religion and ethnicity ... These [aspects] influence both ... what is appropriate and reasonable behaviour for their members. (Whittington, 1993)*

State, religion, ethnicity, education, experience and family are all dimensions that contribute to the formation of different rationales, both within and between countries (Whittington, 1993). Maier (1963) defines two encompassing dimensions of effective decisions. The first dimension is the impersonal and objective procedural rationality, as defined earlier, *i.e.*, getting all relevant information, analysing it, determining all the alternatives and then choosing the best one. The second dimension is the personal and subjective acceptance of decisions by the persons who must execute them. This has to do with preferences, feelings, emotions, and behaviour of personnel. Involvement of personnel in the decision making contributes to an increased acceptance (Maier, 1963). Clearly, the ways to deal with these two encompassing dimensions differ, but the outcomes of the decision depend on both (Maier, 1963).[29]

In summary, effective decisions are a result of two interdependent aspects: procedural rationality of the SDMP and acceptance of the decision by those who must implement it. Procedural rationality can be influenced by economic, cognitive and social factors. Acceptance is particularly influenced by emotional and behavioural factors. Involvement in the SDMP is arguably one of those factors.

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[29] Maier (1963) notes that methods for achieving procedural rationality differ from the methods for achieving acceptance. As «a matter of fact they are in conflict. ... Aiming at both [simultaneously] achieves neither» (Maier, 1963).

2.1.7.5. WHO CAN BE INVOLVED IN THE SDMP?

The CEO has, in the traditional perspective[30], a central role in the strategy process. He is the sole strategist or the chief strategist who works with a restricted group of close collaborators (Andrews *et al*, 1991). Participation in the process by other organisational members has, however, been reported and defended by several authors (*e.g.*, Hamel, 1998). The extension of this participation, apparently, depends on one or more factors. Among these factors are the size and complexity of the organisation, the degrees of uncertainty and complexity of the environment (Mintzberg & Waters, 1985), the power of rival internal coalitions (Miles & Snow, 1978; Ansoff & McDonnell, 1990), the need to motivate and reduce resistance to change (Ansoff & McDonnell, 1990), the style of the CEO[31], the culture of the country (Hofstede, 1980) and the SDMP[32].

In a small, or entrepreneurial company, the strategist does the "strategy work" alone (Mintzberg & Waters, 1985), but in a big single business firm he might need help. An increase in the size and complexity of the firm, together with the manager's bounded rationality, constitute sufficient motives for requiring the help of other organisational members, such as divisional, functional and plant decision makers.

In the same vein, a considerable degree of environmental uncertainty or complexity seems to increase the need for others to participate in the SDMP. A CEO of a multidivisional company cannot know all its businesses' external environments in detail. Thus, the director of each division, who better understands its environment, and his management colleagues, can have a fundamental part in strategy formulation. Furthermore, their involvement is also considered fundamental for a successful strategy implementation, because of the need to increase motivation and commitment to the strategy, or, in other words, to lower resistance to change (Ansoff & McDonnell, 1990).

A dominant coalition in an organisation is by definition involved in the SDMP. A dominant coalition is «a group of decision makers whose influence on the system is greatest» (Miles & Snow, 1978). The composition, diversity and size of a coalition can vary according to the organisation's strategic type (prospector, analyser, defender or reactor) and the relative importance of organisational functions (Miles & Snow, 1978). The power of a coalition can be measured in relation to other internal coalitions. The relation of power is important because if a coalition is interested in promoting some kind of strategic change, but does not have sufficient power, or is confronted by opposition from a rival coalition with similar or higher power level, then change can be delayed or impeded (Ansoff & McDonnell, 1990). In this case, political activity is required to resolve the disagreement, through bargaining or persuasion, or the removal of the opposing people from positions of power

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[30] See Section 2.1.3.1. Traditional Perspective.

[31] See Section 2.1.4.3. Styles of the CEO.

[32] Cf. Tables 2.7 and 2.8.

(Mintzberg *et al.*, 1976).

Quinn (1989) has a complementary perspective as to the participation of internal groups of influence. Effective «strategies tend to emerge from a series of 'strategic subsystems', each of which attacks a specific class of strategic issues (*e.g.*, acquisitions, diversification, divestitures, government-external relations or major reorganisations)» (Quinn, 1989). The idea of strategic subsystems seems to differ from that of coalitions, because in the case of a subsystems approach, power can shift between subsystems, according to the problem/opportunity (Quinn, 1989). For successful strategy formulation and implementation, it is reasonable to recommend that both the analytic and behavioural aspects of these subsystems of the organisation are improved, managed and integrated into a coherent whole (Quinn, 1989).

Individual employees and teams can also be involved in the SDMP. Occasionally, individual employees, or teams, develop ideas that are later applied in their work or throughout the whole organisation, namely, ideas for quality improvement (Juran & Gryna, 1993), ideas for new products (Mintzberg, 1987) and ideas for generating *spinoffs* (Ito, 1995); thus, in each case, changing strategy. Employees' involvement is important because of the need to clearly define problems, stretch resources, find creative solutions (Prahalad & Hamel, 1989), motivate people[33] (Mintzberg, 1979), and remove fears and resistance to change. However, employee involvement has limits. Mintzberg (1979) notes «that workers are not really interested in issues that do not pertain directly to their work». Thus, managers considering their involvement must have this restriction in mind.[34]

A specific group of employees, staff members, designated as planners, can also have an important

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[33] Hofstede (1980) notes that what motivates people differs from culture to culture. He characterises 40 countries' cultures based in four dimensions: power distance, uncertainty avoidance, individualism-collectivism and masculinity-femininity. In countries that rank high in masculinity and low in uncertainty avoidance (*e.g.*, Great Britain, Ireland and USA), achievement is a high motivator. In countries in the opposite position, *i.e.*, low masculinity and high uncertainty avoidance (*e.g.* Portugal), security and social needs are at the top of human needs hierarchy.

[34] The number and the kind of people to involve must be considered at the light of a few organisational and environmental aspects. As an illustration of the influence of two aspects, the following table, based on Johnson & Scholes (1999), shows a link between the adequate degree of participation/management authority and its circumstances of effectiveness, which include the degree of organisational change that is needed and the pace of change required.

role in strategy making.

> *Planners should make their contributions around the strategy-making process rather than inside it. They should supply the formal analyses or hard data that strategic thinking requires, as long as they do it to broaden the consideration of issues rather than to discover the one right answer. They should act as catalysts who support strategy making by aiding and encouraging managers to think strategically. And, finally, they can be programmers of a strategy, helping to specify the series of concrete steps needed to carry out the vision. (Mintzberg, 1994a)*

Thus, the role of the planner is not to conceive of strategy but to aid in finding, analysing and summarising information; finding alternative strategies; stimulating and raising questions; and programming the strategy (Mintzberg, 1994a; Ansoff, 1994). They seem to be concerned with procedural rationality. [35]

A stranger contribution to the strategy process might come from "remote enclaves" or "clandestines" who work against the will, or without the permission, of the CEO. These enclaves and clandestines cannot reveal their intentions, but the leadership can play the game too, waiting to see what happens (Mintzberg & Waters, 1985).

The above considered groups and individuals are all internal stakeholders, but stakeholders from the external environment may also be brought into the strategy formulation process (Cassidy, 1990) as a way of avoiding any damaging interference, limiting rivalry, and eventually, assuring mutual support. Alliances with other organisations and joint ventures, for instance, can introduce into the process individuals, from those external organisations, with helpful knowledge, experience and suggestions.

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This section is concluded by noting some fundamental gaps in the strategy literature:

- there is a reduced number of instruments for strategy implementation[36];
- there is a lack of research interest on the strategy implementation and monitoring stages[37];
- there is a lack of clear, detailed and general strategy implementation models (Mockler, 1995) or, in other words, there is a need for the redefinition and integration of the whole formulation and implementation process in order to better accommodate the requirements for a successful implementation.

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[35] See Section 2.1.7.4. Procedural Rationality of the SDMP.

[36] See Section 2.1.6.2. Other Instruments for a Strategy Process.

[37] See, for instance, Section 2.1.7.2. Strategic Decision Making Processes.

2.1.8. ENVIRONMENT

The environment of an organisation can be viewed in two basic opposing ways: (1) as a group of influences that largely determine the future of the organisation; or (2) as a context that is not so influential, but is itself a result of organisations' inventive choices and power (Hrebiniak *et al.*, 1989). Interestingly, the two opposing views seem to be converging into a new mixed perspective (Hrebiniak *et al.*, 1989). In this perspective, both the influence of the organisation on the environment and the influence of the environment on the organisation are seen as independent effects, the magnitudes of which can vary significantly. Organisations may differ in the power and willingness to affect their environments, and environments may differ in their degrees of deterministic effect (Hrebiniak & Joyce, 1985).[38] In this view, both the environment and the organisation can have a significative influence on the decision making processes that are used, including the strategy processes (Mintzberg & Waters, 1985; Ansoff & McDonnell, 1990); on the choice of strategy instruments (Courtney *et al.*, 1997); and on the specific strategic choices made (Andrews *et al.*, 1991; Ansoff, 1965; Ansoff & McDonnell, 1990; Porter, 1980). But, whatever the view that is taken, it is always important to consider the environment in making management choices (Aldrich & Pfeffer, 1976). Hence, it becomes relevant to understand what it comprises. The environment comprises virtually everything outside the organisation – stakeholders, geographical setting, the economic, technological and meteorological climate, even the nature of the products offered, and other aspects (Mintzberg, 1979; Hunger & Wheelen, 1993). To list all the variables of the environment potentially relevant to any organisation would be impossible and would have little meaning, because their importance can vary with time, industry and the given organisation. Such variables can be economic, political, legal, social, cultural, demographic, ecological and of other kinds. They are so numerous and diverse that, frequently, they are grouped into general dimensions, *e.g.*, uncertainty and turbulence; or are taken together as an entity called a system; or are segregated into critical success factors, those few environmental aspects that are "really" relevant for the organisation.

2.1.8.1. UNCERTAINTY AND TURBULENCE

One of the «qualities of the environment to which organizations respond in designing their structures and processes have generally been found to be ... uncertainty» (Liedtka, 1985). Uncertainty seems to result from either a lack of information, a lack of confidence in the interpretation of existing information or an inability to make predictions (Jauch & Kraft, 1986; Milliken, 1987; Milliken, 1990; Buchko, 1994; Elenkov, 1997). According to Milliken (1987), there are three different types of perceived environmental uncertainty:

- state uncertainty – an inability to predict the state of the external environment or of part

[38] See Section 2.1.7.3.2. Hrebiniak & Joyce's Classification.

of it;

- effect uncertainty – «an inability to predict the impacts of [external] events on the organisation»; and
- response uncertainty – «a lack of knowledge of response options and/or an inability to predict the likely consequences of a response choice» (Milliken, 1987).[39]

It is also possible to suggest a scale of the magnitude of uncertainty. Courtney *et al.* (1997) distinguish four degrees of uncertainty: (1) a clear-enough future, (2) a few alternative futures, (3) a range of futures, and (4) true ambiguity. These four degrees of uncertainty differ in the number of possible different futures (scenarios) and in the precision with which it is possible to discern them.

Uncertainty may differ from one sector of the environment to another (Lawrence & Lorsch, 1967). Competitors' and technology suppliers' behaviour, for instance, may be more uncertain than that of materials' suppliers. But it is also possible that different managers have different perceptions of environmental uncertainty, because of their different cognitive processes, biases, social expectations, and behaviour response repertoires (Buchko, 1994). Furthermore, managers' perceptions of environmental uncertainty «are inherently fragile, unstable and likely to change very quickly as a result of changes in the external environment of an organization» (Buchko, 1994).

Turbulence is an alternative aggregate concept that is frequently used to describe the environment of an organisation (*e.g.*, Ansoff & McDonnell, 1990). Environmental turbulence is a function of changeability and predictability. Each of these is, in turn, a result of two other variables, as shown in Figure 2.16, below.

Figure 2.16 shows a model of turbulence, as described by Ansoff & McDonnell (1990), and a model of uncertainty, developed by Lawrence (1981). Note some similarities – complexity and predictability are present in both models – but note also that whereas, in Lawrence's (1981) model, complexity and predictability lead to uncertainty, in Ansoff & McDonnell's (1990) model, it is

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[39] Each of these types occurs at different stages of a SDMP. The first two types can occur during identification of opportunities and threats; the third type, during formulation and choice of alternatives (Milliken, 1987).

changeability and predictability that lead to turbulence.

It is easy to accept that, just as for uncertainty, different industries and different sectors of an organisation's environment may exhibit different degrees of turbulence. Ansoff & McDonnell (1990) have considered five degrees of environmental turbulence, from the easily predictable (*Repetitive*) environment, to the discontinuous-unpredictable (*Surprising*) environment, including the intermediate levels of slow incremental (*Expanding*), fast incremental (*Changing*) and discontinuous-predictable (*Discontinuous*) environments. Naturally, these five levels of turbulence differ in terms of the levels of complexity, novelty of challenges, rapidity of change and visibility of the future.

An idea that has been more or less generally accepted is that turbulence, on average, has been growing over time, during the last century (*e.g.*, Ansoff & McDonnell, 1990; Lorenz & Leslie, 1992). Mintzberg (1994b) seems to disagree.

> *the turbulent environment is generally a figment of the conventional planners' imagination. Conditions meriting a label so extreme are rare, at least in Western business. But unexpected changes do occur. An environment may be stable for years, even decades, and then suddenly go all to hell; then planners have to stop extrapolating. (Mintzberg, 1994b).*

Turbulence might not be growing constantly, as some suggest, and turbulent situations might be rare, as Mintzberg (1994b) declares. However, it seems to be clear that turbulence and uncertainty influence the organisation and its processes. How this influence exactly works is not yet precisely understood, and there is some controversy.[40] One of the reasons for this is probably that just one or two extremely aggregated variables, *e.g.*, uncertainty and turbulence, are not sufficient to explain organisational behaviour (Mintzberg, 1979). Other important variables are the critical success factors.

2.1.8.2. CRITICAL SUCCESS FACTORS (CSFs)

Critical success factors have been defined simply as those few things that must go well if an organisation's success is to be ensured (Daniel, 1961; Rockart, 1979; Hunger & Wheelen, 1993). More precisely, CSFs have been defined as the elements on which competition is predominantly based, corresponding to the competencies that organisations must dominate in order to achieve success (Anastassopoulos, 1993). These CSFs are apparently dictated by the environment, and the organisation must meet them through the development of internal competencies (Thompson, 1993). For instance, if the environment is composed of aggressive competitors that regularly introduce innovations, a good research and development (R&D) department is certainly a critical success factor, and R&D competencies will have to be developed, if an organisation wants to be successful

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[40] See, for instance, footnote 27, regarding the relationship between uncertainty and procedural rationality.

(Thompson, 1993).[41] In this view, CSFs are dictated by the environment and "suggest" the resources, activities and competencies that an organisation must develop, through some management and organisational processes, in order to be successful. Thus, CSFs can be roughly seen as "sources" of competencies, or as sources of competitive advantage. The role of these sources of competitive advantage (CSFs) in achieving organisational success is explained in Porter's (1991) theory of the firm's success, depicted below.

In explaining his theory of an organisation's success, Porter (1991) adopts a philosophical method, *i.e.*, Socratic enquiry, of asking successive questions, starting with the obvious: How is organisational success achieved? Success is achieved through a strong competitive position in an attractive industry that is capable of offering high average returns to most competitors (See top of Figure 2.17). And how is a strong competitive position achieved? Through the development of competitive advantages.[42] But how can organisations develop competitive advantages? This depends on the resources that an organisation has and on the activities of the value chain that it performs, as well as on how those activities are designed, performed and linked with other activities in the value system. Activities must be designed, performed and linked in a way that offers value to the customers, either through a lower

[41] Other examples of CSFs are: personnel's abilities, tight cost control, risk taking management, production technology, distribution channels and others (Daniel, 1961; Thompson, 1993). See also the examples given in Note [a] on Figure 2.17.

[42] See Section 2.1.5.3. Dimensions of the Strategy Content and Types of Strategies at the Corporate and SBU Levels.

cost than competitors or through a differentiated product. But, why are some firms more able than others to design, and perform, activities in such a way? Porter's answer to that is what he calls sources of competitive advantage, and which he defines as the structural determinants of differences among competitors. These have been identified here with CSFs, some examples of which can be found above.[43] It still remains to explain how the sources of competitive advantage (CSFs) can be originated, discovered and exploited. According to Porter (1991), they are originated, discovered and exploited through a dynamic process that involves management strategic choices and environmental conditions (see bottom of Figure 2.17). The initial conditions of the environment and of the organisation will originate the initial sources of competitive advantage, whereas subsequent changes in the environment and management strategic choices will originate and exploit new sources of advantages. Thus, the origins of sources of competitive advantage can (1) originate within the firm and (2) originate in its environment. The origins within the firm are basically management strategic choices and the ability to implement them. The environmental origins, on the other hand, include demand conditions; input conditions; existent supporting industries; and the incentives and competitive pressures on firms to both innovate and accumulate skills or resources over time (Porter, 1991).[44]

Note that an organisation and its proximate environment can be represented in the form of a value system (see Figure 2.18).

Figure 2.18 shows the organisation's value chain inserted in a system of several values chains, belonging to suppliers, distribution channels and buyers. The activities in these value chains can be linked in multiple ways. Such linkages are important because they contribute to an organisation's competitive advantage. Moreover, according to Porter (1991), reconfiguring these links can help to build new competitive advantages. Normann & Ramirez (1993) go a little further in suggesting that:

> *... a company's principal strategic task is the reconfiguration of its ... entire value-creating system ... [This] reshuffles activities among actors so that actor and activity are better matched. To win, a company must write the script, mobilize and train the players, and make the customer the final arbiter of success or failure. (Normann & Ramirez, 1993)*

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[43] See footnote 41.

[44] See Porter's (1990, 1991) determinants of national competitive advantage.

A very creative and/or a very powerful organisation that could follow this suggestion would make every other competitor in the value system a secondary player. Such organisation would actually be changing the whole nature of competition and, consequently, the CSFs of its industry. But, to its competitors, the "environment" would still be dictating their CSFs.

2.1.8.3. ENVIRONMENT AND ORGANISATIONS AS SYSTEMS

Systems theory and the concept of system constitute a useful paradigm for management and organisational studies (Kast & Rosenzweig, 1972). Systems theory constitutes a fecund approach, because it allows the integration of diverse disciplines and avoids the disadvantages of partial, closed and mechanistic approaches (Kast & Rosenzweig, 1973a).

«A system is simply a set of interrelated parts, each of which is related to every other part» (Eldridge & Crombie, 1974). These interrelations are established and maintained in obedience to some distinguishable principles (Jordan, 1960). Thus, a system is a whole composed of interrelated parts (subsystems) organised by some distinguishable principles, and separated from the surrounding environment by some identifiable boundaries (Kast & Rosenzweig, 1973a).

Jordan (1960) notes that the term *system* «is a name for a very general invariance that can admit to very much variance in details». The general invariance that is common to most systems is reflected by a set of general characteristics. Kast & Rosenzweig (1972) provide a list of these characteristics:

- *Components.* A system is composed of interrelated components, also called subsystems.
- *Holism or synergy.* The system is something more than just the collection and accumulation of its parts (Kast & Rosenzweig, 1972). Fundamental to the system are also the existing coherent interdependencies between components. These interdependencies provide the system with a distinct set of properties and a character, which are only present in the whole system and neither in any of its parts nor in a simple accumulation of all parts. A system, like the living human being or the effective organisation, can only be explained by its whole (Kast & Rosenzweig, 1972), and not by a collection of separate uncoordinated organs. A related feature of systems is that a change in any part causes changes in other parts and, consequently, in the properties of the whole system (Hall, 1962).
- *Open and closed systems.* Kast & Rosenzweig (1972) consider two kinds of systems, the open and the closed systems. The most important difference among them is that open systems have the ability to exchange information, energy and materials with their environment, whereas closed systems do not. The latter use an initial endowment of energy and materials until its exhaustion (Kast & Rosenzweig, 1972). Organisations are, thus, frequently seen as open, not closed systems.
- *Input-transformation-output model.* «The open system can be viewed as a transformation model. In a dynamic relationship with its environment, it receives various inputs,

transforms these inputs in some way, and exports outputs» (Kast & Rosenzweig, 1972).

- *Equilibrium and homeostasis.* Open systems can only remain in equilibrium (*i.e.*, in working conditions or alive) because of the continuous inflow of inputs and also because of what is called homeostasis. Homeostasis is the open system's ability to adjust and adapt its own transformational processes in order to remain in equilibrium.

- *Equifinality of open systems.*

> *In mechanistic systems there is a direct cause-and-effect relationship between the initial conditions and the final state. Biological and social systems operate differently. Equifinality suggests that certain results may be achieved with different initial conditions and in different ways. This view suggests that social organisations can accomplish their objectives with diverse inputs and with varying internal activities... (Kast & Rosenzweig, 1972)*

- *Feedback.* Feedback of information concerning the current state of the system's process and output is essential to keep the system in equilibrium (alive).

- *Entropy.* Entropy is a measure of disorder and inability of a system. In closed systems, entropy is always growing. While the closed system's endowment of energy and materials are consumed, entropy grows to a maximum, and then the system dies. In open systems, however, there is the possibility of stabilising the level of entropy and even of reducing it. This would correspond to the improvement of the system's transformational process and abilities (Kast & Rosenzweig, 1972).

- *Internal elaboration.* Open systems «appear to move in the direction of greater differentiation, elaboration, and a higher level of organisation». In social organisations, this is taken to a limit. Social organisations possess a contrived nature (Kast & Rosenzweig, 1972).

- *Multiple goals seeking.* Social systems and their subsystems seek multiple goals.

- *System boundaries.* Systems have boundaries that separate them from their environment. Open systems boundaries are permeable, whereas closed systems have rigid, impenetrable boundaries. The boundaries of social systems, however, can be very difficult to delineate (Kast & Rosenzweig, 1972).

- *Hierarchy of systems and subsystems.* It was noted that systems are composed of lower order systems, called subsystems. The system is, in turn, part of a higher order system, called suprasystem or environment (Kast & Rosenzweig, 1972). This characteristic is further explored in the rest of this section.

«Organisations are often divided into departments, divisions, offices, and groups of men, but careful examination shows that these are not the real components of the system» (Churchman, 1968). Departments like production or marketing are not subsystems, because activities of production and distribution, for instance, can be found in both and even in other departments of the organisation (Churchman, 1968).

The basic components of a system are, according to Stoner *et al.* (1995):

- the technical subsystem – including facilities, equipment, tools, technologies and techniques;
- the social/cultural subsystem – consisting of shared beliefs, shared behaviours, organisational symbols, rewards and recognition; and
- the managerial subsystem – including managers' skills, roles and responsibilities (Stoner *et al.*, 1995).[45]

These subsystems are in contact with each other and with systems that exist in the external environment. The organisational environment itself is composed of several distinct systems (organisations and individuals), some of which provide the inputs that the system needs and which receive the system's outputs. An organisational system and its environment can be represented as follows (see Figure 2.19).

Figure 2.19 shows three organisational subsystems and the relationships of these subsystems with other systems in the environment. When these relationships between systems are not ordered by a superior organisation, the actual pattern of interactions is determined by processes of exchange, conflict, cooperation and bargaining (Etzioni, 1964). The organisation suffers interference and intrusions from the external systems, which it tries to overcome, and, at the same time, it attempts to

[45] Other authors have considered alternative classifications of organisational subsystems. Two examples are those provided by Kast & Rosenzweig (1972, 1973a) and Mintzberg (1979). Kast & Rosenzweig (1972, 1973a) identify five organisational subsystems: the goals and values subsystem, the managerial subsystem, the structural subsystem, the technical subsystem and the psychosocial subsystem. Mintzberg's (1979) subsystems are the formal authority subsystem, the regulated flows subsystem (including operating work flows, control flows and formal communication flows), the informal communication subsystem, the work constellations subsystem, and the ad hoc decision processes subsystem.

influence external systems. Anticipating, adapting to, or overcoming external changes and interference is an important strategic activity. Influencing external systems can also be an important strategic task. According to Normann & Ramirez (1993) the «company's principal strategic task is the reconfiguration of its relationships and business systems».[46] This is not an easy task because

> *...when we say that something lies 'outside' the system, we mean that the system can do relatively little about its characteristics or its behavior. Environment, in effect, makes up the things and the people that are 'fixed' or 'given', from the system's point of view. (Churchman, 1968)*

For an organisation, the "things" that lie outside can be separated into two categories: the indirect-action and the direct-action elements (Stoner *et al.*, 1995).

Indirect action elements are those which have and indirect impact on the organisational system. These include technological, social, political and economical dimensions of a society. They «[1] affect the climate in which an organisation operates and [2] have the potential to become [or stimulate the appearance of] direct action elements» (Stoner *et al.*, 1995).

The direct action elements are in direct contact with the organisation and are also called stakeholders. An organisation has many stakeholders – all those social systems and individuals interested in the organisation's activities and performance, including stockholders, government, unions, consulting firms, competitors, managers, employees, customers, suppliers, creditors, universities, environment conservation organisations, and others (Hunger & Wheelen, 1993).

The interests of the stakeholders are not always clear to a particular organisation; sometimes, not even to the stakeholders, themselves. Moreover, their interests vary with time, geographical location and other factors. Generally speaking, however, stockholders want return on investment at an acceptable risk level; government wishes regulations to be complied with and taxes paid; ecological groups want respect for the environment and actions to preserve it; competitors wish information on the company; managers wish more resources, power and achievement; employers wish better working conditions and salaries; and the consumers "only" wish is better service at lower price. Consumers are important stakeholders and will be dealt with in the next section.

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[46] See end of the previous section.

2.1.8.4. CUSTOMERS/CONSUMERS[47]

2.1.8.4.1. Customers are the Starting Point and Main Reason for the Existence of the Organisation

Customers have needs that business organisations try to identify and then satisfy (Etzioni, 1964). New businesses start with the identification of customers and their needs. The «entrepreneur sees a need and then brings together the manpower, materials, and capital required to that need» (Backman, 1983). Similarly, existing organisations start developing new products after they have identified new customer needs. Asking the questions «who are the customers?» and "what are their needs?" is also the beginning of the "spiral of quality" (Juran, 1988a). Not surprisingly, the starting point of strategic planning is, according to Abell (1980), the definition of the business, which includes the definition of:

- groups of clients to satisfy;
- clients functions (or needs) to be satisfied; and
- technologies to be used (Abell, 1980).

What all this means is that the customer is «the center of the firm's strategy [and] the business is simply a vehicle by which the needs of the customer can be satisfied» (Kuehl & Lambing, 1994). This emphasis and priority given to customers and their needs is justified by Drucker (1974):

> *What a business thinks it produces is not of first importance – especially not to the future of the business and to its success. ... What the customer thinks he is buying, what he considers value, is decisive – it determines what a business is, what it produces, and whether it will prosper. ... The customer is the foundation of a business and keeps it in existence. (Drucker, 1974)*

The customer is the main reason for the existence of the organisation. Therefore, the customer and his needs should be the main concern of the organisation.[48]

2.1.8.4.2. Customers' Needs

The «subject of human needs is quite complex, because human beings are complex» (Juran, 1988a). Humans may disguise or understate their needs; they may be unable to see the difference between their real needs and the needs satisfied by existing products; and they may also have cultural and perception needs that are less than rational (Juran & Gryna, 1993).

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[47] The customer, responsible for payment, the decision-maker, responsible for the product choice, and the consumer, user of the product, might be the same person or different persons. This distinction is acknowledged but not further explored here. Consequently, the expressions "customer" and "consumer" will be used as synonyms.

[48] In practice, unfortunately, this does not hold true for every organisation (Levitt, 1991; Ohmae, 1982; Zairi, 1995), because of excessive concern with competitors' moves, strategic options, and inadequate organisational culture (Ohmae, 1982).

In addition to these characteristics, which make it harder to understand customers' needs, it must be noted that whatever the needs are, they «do not remain static. There is no such thing as a final list of customers' needs» (Juran, 1988a). Thus, new information on customers' needs is regularly required.

2.1.8.4.3. Listening to Customers to identify their Needs

Customers are, perhaps, the most important source of information on their own needs. Thus listening to them becomes very important. The quality of the methods used for listening can have an impact on the quality of the product or of the service (Berry & Parasuraman, 1997).

Talking personally to clients, is one of the simplest and useful methods to listen to customers and obtain important information. Any employee can do it. The problem is that, frequently, employees' communication with customers does not feed through to the top management (Juran, 1988a).

Managers can also talk to customers (Juran, 1988a; Jones & Sasser, 1995). But they must make sure that they ask them the right questions. For instance, instead of asking immediately what features should the company add to a coffee machine, they should «understand why [customers] drink coffee in the first place» (Ohmae, 1988). This is important because it will help to put the organisation's marketing research on the right path. Marketing research has to ask the right questions too. The basic questions are: «Which product features are of primary importance to you? As to those key features, how does our product compare to that of our competitors? What is the significance of those quality differences to you, in money or in any other ways that might be important to you?» (Juran, 1988a).

Clearly, it is important to listen to customers but, according to Peters (1993), if an organisation wants to «to stand out from the crowd [and] to create startling products and services which respond to needs customers hadn't dreamed they had», managers must also listen to other voices. Companies must search constantly for new voices and new lenses that help them to reconceive their view of the customers and themselves (Hamel, 1998). The search for new conceptual lenses and voices may involve:

- conversations with newcomers to the organisation and those at the geographic periphery of the organisation (Hamel, 1998);
- launching a series of low-cost, low risk experiments in the market (Hamel, 1998);
- travelling and sending managers to other parts of the world, where the organisation operates, to understand local cultures and to increase the managers' experience base;
- designing «jobs so that ... a person is directly exposed to many customers needs» (Juran, 1988a);
- establishing training courses «that temporarily expose people to many needs beyond those

directly visible within their respective jobs» (Juran, 1988a);

- listening to employees, who «also take the initiative to communicate cases of dissatisfaction» (Juran, 1988a);
- studying customers' behaviour (Juran, 1988a); and
- simulating customers' use of products, *e.g.*, crash tests, mathematical simulation, tests in laboratory... (Juran, 1988a).

2.1.8.4.4. Distinction between Customer Satisfaction and Commitment

There is a distinction between customer satisfaction and customer commitment (Ulrich, 1989). A satisfied customer is one whose needs have been assessed and met (Ulrich, 1989). Satisfied customers feel good and pleased, with their short-term needs fulfilled, but they remain independent from the organisation and might change supplier in the future, even though they feel good about dealing with this organisation (Ulrich, 1989). Committed customers, on the other hand, «look beyond short-term pleasures and develop an allegiance to the firm» (Ulrich, 1989); they remain loyal. Customer commitment involves shared values, shared strategies, long-term interdependence and continued patronage, even if a «bad single experience» occurs (Ulrich, 1989). Thus, organisations should go beyond customer satisfaction towards loyal/committed customers (Ulrich, 1989; Peters, 1993; Kandampully, 1997).

To achieve customers' loyalty a firm must give it first in the form of products and services which constantly go beyond customers' expectations (Kandampully, 1997).[49] To be successful in this escalade, organisations must understand:

- customers' needs and expectations;
- how customers' needs and expectations change; and
- the factors that strengthen the relationship with customers (Kandampully, 1997).

Two factors that can strengthen the commitment of individuals can be drawn from psychology (Ulrich, 1989). «Providing credible information is the first principle of creating commitment» (Ulrich, 1989). The second is behaviour. «When individuals have access to extensive, understandable and credible information, they engage in activities consistent with the information» (Ulrich, 1989). And when this behaviour is of their own free choice; when it takes time that could have been dedicated elsewhere; and when the behaviour is public, seen or felt by others, commitment is enhanced (Ulrich, 1989).

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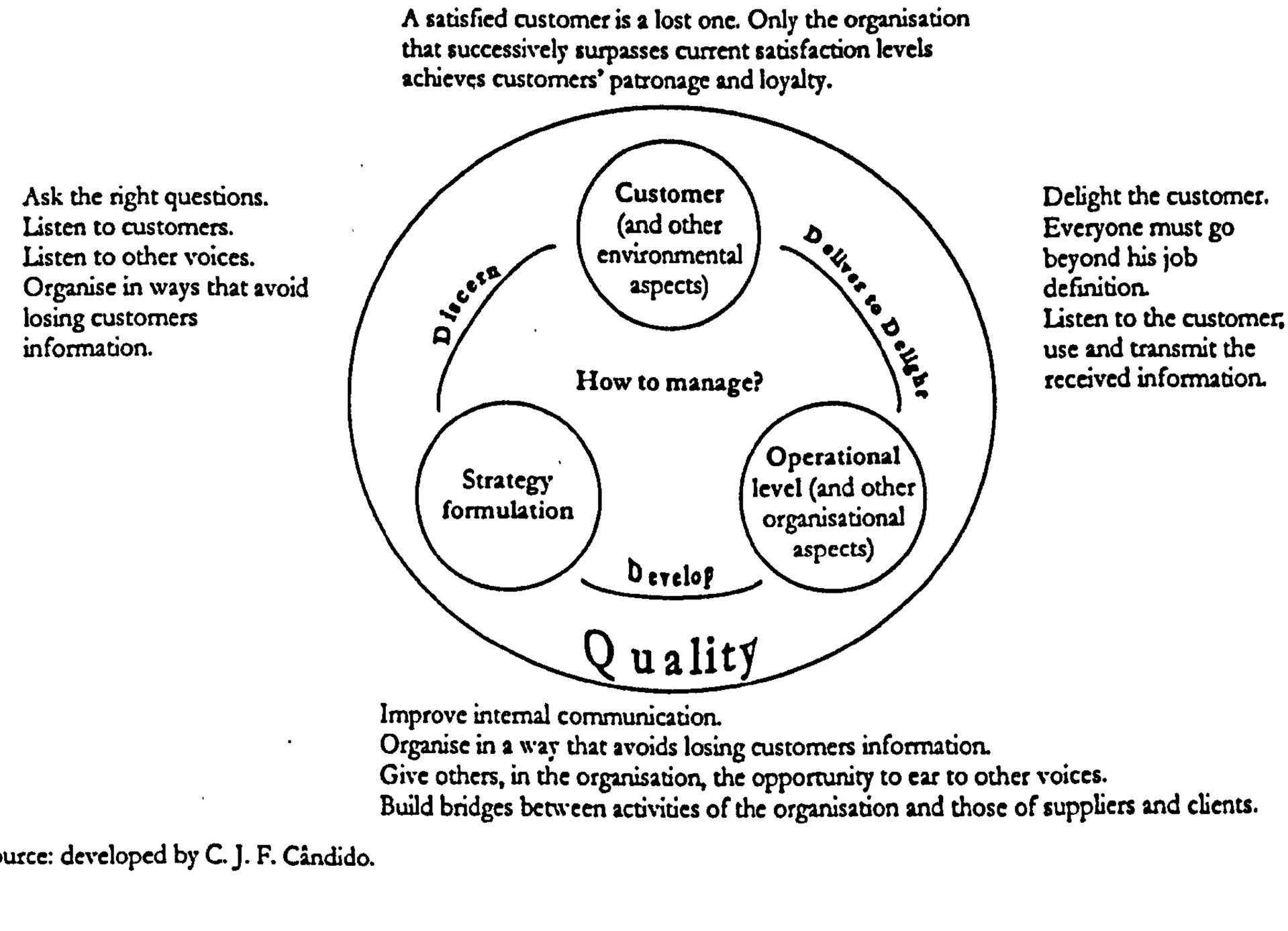
[49] Customers have expectations, which influence their experiences with products (Juran & Gryna, 1993) and the levels of satisfaction achieved. Expectations are continuously increasing (Kandampully, 1997); because of innovations introduced by competitors, of increases in education levels, in available information, in standards of life, and in income.

These two principles suggest that employees' commitment can raise other fellow employees' commitment and their commitment can raise customers' commitment. Human resource management – hiring, promoting, performance appraisal, development, training, rewarding and internal communication – can contribute to committed customers (Ulrich, 1989). Naturally, other areas like product design and organisational design can also be exploited to further customers' commitment. Every «member in the organisation will be required to go beyond their specified job tasks, in order to anticipate and surpass customer expectations» (Kandampully, 1997). Everyone in the organisation «should constantly consider the ... customer-getting consequences of everything – of what's being done, contemplated, and not done. If [they do not do this], something is wrong» (Levitt, 1991).

All of the above has implications for the model representing the research problem in Figure 1.1; and those implications are now summarised in Figure 2.20.

Figure 2.20. Implications for each Stage of the Strategy Process as depicted in the Research Problem Model



Source: developed by C. J. F. Cândido.

The aspects emphasised in Figure 2.20 are considered in Chapter 3 and are integrated into a model that is developed there and which is used throughout the rest of the dissertation.

2.1.8.5. OTHER EXTERNAL VARIABLES

External variables and phenomena that can have an influence on strategy are numerous. Globalisation, multinational companies, deregulation, genetic engineering, space industries, growing consumer awareness, ethics in business, and environment protection are only some of the newest

phenomena. It may not be easy to identify them when they are just emerging, or to see their real importance, but doing that is one of the difficult responsibilities of CEOs.[50]

2.2. TOTAL QUALITY AS A STRATEGY

This section concludes the chapter. It provides a definition of quality and presents it as a generic strategy. This section serves also as a brief introduction to the following chapters on service quality and service quality strategy implementation.

2.2.1. WHAT IS QUALITY?

«All organizations proclaim their aim to deliver quality goods or services, but what is generally meant is the degree of quality necessary to prevent a decline in sales or customer acceptance» (Perrow, 1970). This is not quality, as quality is not defined in terms of potential decline in sales. Quality is «fitness for use» (Juran & Gryna, 1993) or conformance to customers' needs, and can be generally defined as delighting customers by satisfying or supplanting their needs.

These definitions are very useful, because they focus on customers and customers' needs. But it is necessary to go a little further and break down quality into its several components. Note that when a customer buys a car he is looking for more than an object capable of taking him from one place to another. He is also looking for an object that can do that safely, with comfort, a certain style, low fuel consumption, and for many years without failures. This means that quality involves several dimensions. And since makers of cars offer different products, it is easy to see that each car will be positioned differently on each of these dimensions.

According to Juran & Gryna (1993), there are two essential quality components: product features and freedom from deficiencies. The first component of quality, product features, is also called the quality of design and involves several dimensions that are listed in Table 2.10. By improving current features of a product or adding new features to it, an organisation may be able to increase its sales income.

The second component of quality, freedom from deficiencies, is also called quality of conformance and involves two dimensions reported in Table 2.10. When freedom from deficiencies increases, the organisation benefits from: reductions in scrap; in rework on defective products; in

[50] See Section 2.1.4.1. Strategic Attitude and Skills of the CEO.

defective products being offered to customers; diminishing complaints and reduced total costs (Juran & Gryna, 1993).

Naturally, both quality components together can raise customer satisfaction and organisational efficiency and profits.

The differences between service and manufacturing industries, that are visible in Table 2.10, and the definitions of the quality dimensions in service industries are explored in detail in the next chapter, as are other related aspects.

2.2.2. TOTAL QUALITY STRATEGY

Mintzberg (1988) suggests a typology of differentiation strategies which can be related to quality. This typology includes image differentiation, support differentiation, quality differentiation, design differentiation, price differentiation and undifferentiation strategy.[51] Organisations can choose one of these but, naturally, nothing stops an organisation from combining those strategies into a broader concept of differentiation. In fact, Juran & Gryna's (1993) quality concept involves image, support, design and quality differentiation at the same time. And this quality, which can be called "total quality",[52] is not incompatible with lower cost and lower price, achieved through a reduction in

[51] These strategies are briefly defined in page 32.

[52] It is not perfectionism. When a certain improvement in quality «consumes materials and energy without adding to fitness for use, either technologically or esthetically» it should not be sought (Juran, 1988b).

chronic waste, rework, and complaints.

This total quality seems to be so robust that it has been described as «an insurance policy for sustaining competitive advantage over the long term» (Cf. Bemowski, 1992). Total quality, thus, can be seen as a superb competitive advantage.

Having in mind the preceding discussion of strategy content[53], if total quality can be accepted as a competitive advantage, what it needs to become a "generic business strategy" is a competitive scope (*i.e.*, a group of customers).[54] This total quality strategy does not have a place in the strategy literature. Total quality is generally seen as a management tool, just like brainstorming or benchmarking, not as a generic strategy.

Fortunately, to those who have adopted total quality successfully, their success is not easy to imitate. One of the reasons why it is so difficult to imitate is probably because total quality needs total management (Chelsom & Clewer, 1995). But, total management is essentially coherent integrative management, not a new idea to the strategy field, as one of the main concerns of strategy is the coherent integration of all processes, departments, people and policies. This argument supports the view that total quality management can be seen as a generic strategy, which is evident in Kuehl & Lambing's (1994) definition: «Total quality management ... can be defined as a competitive strategy of continuous improvement to cut costs, enhance quality, improve productivity, and increase total customer satisfaction» (Kuehl & Lambing, 1994).

2.2.3. RATE OF SUCCESS OF TOTAL QUALITY STRATEGY IMPLEMENTATION

Although, «the concept of total quality management is basically very simple» (Oakland, 1995). «In the UK, only 20% of companies with TQ programmes have achieved improved business performance» (Kearney, 1993). And in the USA, a «study of 500 executives in major ... companies showed that only 38% believed that their quality improvement programmes had made any contribution to improved performance» (Wiseman, 1995). These percentages are consistent with Voss & O'Brien's (1992) estimate that the failure rate of TQM implementation is as high as 80%.

This thesis aims at making a contribution on how to implement service quality strategies. Thus, the next chapter deals with service quality. It starts by introducing relevant concepts related to services and service management, then it proposes a service quality gap model, which is used in Chapter 4, when dealing with the implementation of a service quality strategy.

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[53] See Section 2.1.5. Strategy Content.

[54] See definition of competitive scope in page 31.

3. SERVICE QUALITY

This chapter reviews current literature on service management and service quality. It makes a link between the literature and the research problem, identifies some gaps in the literature and raises questions which drive the ensuing analysis.

3.1. SERVICES

3.1.1. RELEVANCE OF SERVICES IN THE ECONOMY

In a developed economy different kinds of service organisations offer several distinct services in an attempt to satisfy a number of consumer needs. New services are constantly being created, increasing the range and diversity of those on offer. Generally speaking, these services include banking and finance, business services, education, entertainment, government, health, hotels, restaurants, insurance, retail trade, transportation and others (Rosander, 1989). Taken together, these services constitute the "official" service sector (or III sector).

The service sector of a developed economy has a significative weight. It:

- employs more people than any other sector (Rosander, 1989);
- has «absorbed all the jobs shed by traditional industries, such as agriculture, mining, and manufacture» (Bateson, 1995);
- has impelled modern economic growth (Bateson, 1995);
- permeates every aspect of people's lives (Bateson, 1995);
- concentrates more than 70% of the United States Gross National Product (GNP), accounting for more than 50% of the world-wide GNP (Bateson, 1995).

For example, in the Algarve, which is not a fully developed region, the weight of the III Sector on employment was about 67%, in 1989 (CCRA, 1994).

Services have such a great relevance in today's economy that this age has been compared to the period of the industrial revolution and has been called, not the age of information, but the age of services. The relevance of services to the economy has grown during the 20th century and seems set to continue to grow.[1] Moreover, if the services provided in the manufacturing sector (the so called

[1] Causes for the increase in the relative importance of services in the economy are rooted in several changes in demography, society, economy, income, regulations and politics (Payne, 1993).

"hidden service sector") were to be added to the above figures, the importance of services would be even more significative (Payne, 1993; Grönroos, 1990). [2]

3.1.2. CONCEPT OF SERVICE

There is no consensual definition of service. Why? First, because the definitions of service frequently exclude those services rendered by manufacturing industries (Grönroos, 1990) and even part of the services in the service sector. In fact, given «the diversity of services, examples of services which do not fit any definition can usually be found» (Payne, 1993). Second, because it «is extremely difficult to [find] a pure good or a pure service» (Bateson, 1995). While a pure service assumes that the customer does not receive any physical good (tangible) and a pure good assumes the customer does not receive any service (intangible), most services and goods contain both tangible and intangible elements (Bateson, 1995).

Nevertheless, the definitions of service have focused on its intangibility. Services have been defined, in a word, as "a process", "a performance", "an activity" or "an experience" (Lovelock, 1992b; Berry *et al.*, 1985; Lovelock, 1992a; Grönroos, 1990).

According to Bateson (1995), services have markedly distinct processes and outputs. In fact, a common idea in recent definitions is that the customer is more or less involved in the process of production and delivery of the service. He interacts with the organisation's employees while they are producing the service. From this interaction results an interpersonal experience (output), which can be considered as an effective part of the service.

Two comprehensive definitions of service that are worth consideration are those provided by Payne (1993) and Grönroos (1990).

> *A service is an activity which has some element of intangibility associated with it, which involves some interaction with customers or with property in their possession, and does not result in a transfer of ownership. A change in condition may occur and production of the service may or may not be closely associated with a physical product. (Payne, 1993)*

> *A service is an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems. (Grönroos, 1990)*

Both definitions focus on the interaction and on the variable intangibility intensity of the service.

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[2] This is easy to accept, even though the logical compensation for the corresponding "hidden manufacturing sector" (tangibles manufactured and provided in the service sector), which is not mentioned by authors, would have to be made.

But, while the first notes that there is no transfer of ownership of a good, the second emphasises the desire to provide a solution to a problem. Note also that whilst the physical product, in the first definition, is mainly a possession of the customer, in the second conception, it is primarily constituted by facilities and equipment of the service provider. Both definitions are very broad and abstract but, nevertheless, they are distinct in their focuses.[3]

Confronted with the absence of a good definition of "service", Bateson (1995) suggests that understanding the general characteristics of services is more important than an incomplete definition.

3.1.3. GENERAL CHARACTERISTICS OF SERVICES

One of the fundamental characteristics of services lies in the «critically important interactions between employees and customers» (Boyle, 1990). The service management literature has given those special interactions the name of "moments of truth".

> *Moments of truth are interactions between the representatives of the customer and the various resources of the firm: for example, when a piece of machinery is delivered to a buyer, when a restaurant guest is being served by a waiter, or when a person operates an automatic teller machine. (Grönroos, 1990)*

Mostly because of these moments of truth, Rosander (1989) emphasises that the roles of employees, customers, facilities and equipment in services are distinct from their roles in manufacturing companies. In fact, in service organisations:

- operations' employees maintain "face-to-face" relations with customers;
- interactions with the same customer may occur very frequently, in some cases, daily (*e.g.*, a restaurant or a supermarket);
- there is no mechanical control over variability, as is in a factory, to reduce the variability of these interpersonal relations, *i.e.*, services are «dominated by subjective elements and not by precise physical measurements» (Rosander, 1989);
- the customer actually goes inside the factory and may use part or all of its equipment;
- «services can be observed and conclusions drawn therefrom» but, except for facilities and equipment, services cannot be inspected before delivering them to the customer (Rosander, 1989).

Consequently, some other characteristics of services are:

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[3] The word "good" has been used here instead of "product" to avoid any confusion. Grönroos (1990), notes that a service is also a product – a product «that can be developed, produced and delivered, marketed and consumed». In this sense, goods and services are two different kinds of products.

- services depend much more on human reliability (Rosander, 1989);
- «the customer does not know whether the service will be satisfactory or not without buying it and going through the service experience» (Rosander, 1989);
- in some technical and professional services, even after consumption and for a long time thereafter, it may remain difficult for a consumer to evaluate the service (Gummesson, 1989);
- «mistakes and shortcomings are harder to conceal» (Lovelock, 1992a);
- customers identify these mistakes and evaluate "how" the service is provided, just as they evaluate "what" is provided by the company (Grönroos, 1990);
- reasons for and the nature of quality problems are different from those of manufacturing industries (Rosander, 1989; Lovelock, 1992a);
- time is interpreted differently. Pure goods have a lifetime; they inevitably show a decline in performance and must be repaired. Pure services «take place over time [they] have a beginning and an ending in time» (Rosander, 1989), but not an inevitable decline in performance. They may, however, involve «delay or waiting times, unnecessary time, excessive time, idle time and lost time» (Rosander, 1989);
- in many types of services, the customer has to be present to receive it, *e.g.*, health care (Bateson, 1995);
- services are place dependent, *i.e.*, the service is provided where the customer is to be found or very close to him (Bateson, 1995);
- services are time dependent, *i.e.*, they are provided when the customer asks for it (Bateson, 1995);
- the distribution channels can «combine the service factory, retail outlet, and point of consumption into one» (Lovelock, 1992a);
- distribution channels can be automated and electronic (*e.g.*, ATMs);
- absence of inventories – services cannot be kept in stock (Lovelock, 1992a);
- any unused capacity is lost, while customers in excess of capacity have to wait or will also be lost (Lovelock, 1992a);
- the customer may simultaneously interact with different employees and with other customers waiting for or receiving the service (Bateson, 1995).

A summary of the different characteristics of physical goods and services is given in Table 3.1. It is, however, necessary to emphasise that not all of the generalisations above or below «apply with equal force to all services» (Lovelock, 1992a).

The list of eight characteristics in the table can be further synthesised into four essential characteristics. According to Payne (1993), the characteristics more commonly ascribed to services are intangibility, heterogeneity, inseparability and perishability. However, some of these characteristics may also apply to goods. Thus, «services can only be described as having a tendency towards intangibility, heterogeneity, inseparability and perishability» (Payne, 1993). In this perspective, each characteristic is represented by a continuum on which each service may be positioned. For example, the following goods and services are listed in an order of ascending intangibility: sugar, clothing, soft drinks, cosmetics, fast foods, air travel, legal services, education, babysitting (Payne, 1993).

An important aspect arising from these ideas is the possibility of transforming a good into a service. According to Grönroos (1990), a «machine, or almost any product, can be turned into a service to a customer if the seller makes efforts to tailor-make the solution to meet the most detailed demands of that customer».

3.1.4. THE SERVICE ORGANISATION

A very simple model of the service organisation is shown in Figure 3.1, below. The organisation can be divided into two parts. One is visible to the customer and the other is invisible. The invisible organisation and system includes, for example, maintenance, cleaning, management, accountability and other "internal services". The visible part is composed of (1) the "inanimate environment" (facilities and equipment) where the service encounter takes place and (2) the contact personnel (also called frontline personnel) «who actually provide the service» (Bateson, 1993). Naturally, the invisible part influences the visible part's capacity to serve the customer.

Although the invisible part has important roles in the service organisation,

> *it is the visible part of production activities that matters in the mind of the customer. As far as the rest is concerned, he or she can only experience the result, but the visible activities are experienced in every detail. (Grönroos, 1990)*

Figure 3.1 also suggests that customers interact with the visible organisation. This interaction is indispensable to the service production, thus, making the customer part of the service production system.

A customer interacts also with other customers receiving the service or waiting to be served. While a rude customer may adversely affect other customers, a gentle one may positively affect the service experience of other customers. In each case, a customer can influence the bundle of benefits received by other customers. The arrow linking Customer A and Customer B, in Figure 3.1, represents the influence of customers upon each other during waiting periods or production phases.

According to Bateson (1995), the involvement of the consumer in production and delivery implies that:

- everyone and everything that comes into contact with customers is delivering the service;
- changes in the system will affect customer behaviour;
- changes in the service will require changes in the factory;
- contact people and the rest of the visible part of the system are part of the product being offered, because they influence the customer's experience;
- the distribution channels are non-existent or very short, thus part of the Marketing activities are executed by the contact personnel, blurring the boundaries between Production, Quality Control and Marketing (Bateson, 1995). «The concept of operations being responsible for producing the product and marketing being responsible for selling it ... cannot work in service firms» (Bateson, 1995).

Since services are place dependent, in order to cover a wide territory, a service organisation has to have several small "factories", just like that one in the model. A bank, for instances, can have several similar branches in the same city.

This rudimental model reflects the distinguishing general characteristics of service firms. It «shows the different elements of the service experience [and] shows how the service experience is created» (Bateson, 1995).

3.1.5. AUGMENTED SERVICE OFFERING

This section presents a model of services as products developed by Grönroos (1990). (See Figure 3.2.) A model like this «has to be customer oriented» and has to recognise and describe «all the aspects of a service that customers perceive» (Grönroos, 1990). According to the author, the different aspects of a service that customers perceive are:

- the basic service package or "what" the customer is left with, including:
    - the core service;
    - the facilitating services (and goods);
    - the supporting services (and goods);
- the buyer-seller interactions, or "how" the basic package is delivered to the customer, including:
    - accessibility of the service;
    - interactions between the buyer and the seller;
    - consumer participation;
- and finally, influencing the perceptions of the customer regarding the service, there are:
    - the corporate image; and
    - communication.

The core service addresses the main need of the customer. It constitutes «the main reason for being in the market. For a hotel it is lodging and for an airline, transportation» (Grönroos, 1990).

Reception, room cleaning and other services and goods at a hotel are absolutely indispensable for the consumption of the service. Without them, «the core service cannot be consumed» (Grönroos, 1990). These are called facilitating services.

The third type of services included in the basic service package is the supporting services and goods. They are not indispensable. Their mission is to differentiate the service package and make it more attractive to customers. In a hotel, they may include, for instance, a restaurant, a sauna or a gymnasium.[4]

The three services described above – *i.e.* core, facilitating and supporting services – constitute the basic service package or "what" the customer is intended to receive.

The process by which the customers receive this package is dependent on accessibility, interactions and participation. Accessibility of the service, in turn, depends on the number and skills of the organisation's personnel, office hours, locations, time used to perform the tasks, facilities, equipment, the number and the service knowledge of other consumers involved, and other factors. The interactions between customer and seller include communications between the customer and (1) any contact personnel, (2) any customer receiving the service simultaneously and (3) any physical resources or systems of the company. If the consumer finds these interactions unnecessarily complicated, troublesome or unfriendly, even the most excellent basic package can be spoiled for that customer. The interactions can be improved by the organisation through customer education and complete information. Providing education and complete information facilitates customer participation. Customer participation can improve the service experience by making it quicker, easier,

[4] Grönroos (1990) notes that facilitating services can also be designed to support, make attractive and differentiate the core service from those of competitors.

pleasanter and/or cheaper. Participation depends also on the customer's knowledge and willingness. (Grönroos, 1990)

The augmented service offer, thus, is composed of "what" is served and "how" the customer is served. Image and external communications are not part of the augmented service offering. However, they must be considered when developing the augmented service offering. While a «favourable image enhances the experience, a bad one may destroy it. Therefore, managing image and communication becomes an integral part of developing the service product» (Grönroos, 1990). This communication may even take place at the point and time of consumption with a substantial immediate effect (*e.g.*, a brochure or word-of-mouth).[5]

The service concept (see top of Figure 3.2) is a initial and concise description of a particular service, which guides its development and implementation.

*

The differences between services and goods make management of service companies distinct. The management of two service companies, of different service industries, may also differ drastically, due to differences in the basic function of the service and its operations (Rosander, 1989). The next section addresses the topic of service management.

3.2. SERVICE MANAGEMENT

Systematic research in the area of services and service management started by the end of the 1970s (Gummesson, 1989). As noted by several authors, it is somewhat surprising to see the relative importance of services, in developed economies, and the contrasting relatively newness of the service management field. In spite of its short age, the literature on services has distinguished itself from that on mainstream management. The roles and nature of service strategy, management, organisation and of the service organisation's functions (especially, marketing, operations, human resources and quality) are argued to be very different from those in the manufacturing organisation and in the mainstream management literature. Moreover, the new perspective appears to have potential to influence significantly the mainstream, as the manufacturing companies are using services to differentiate themselves from competition. This point of view is stressed by the so-called "Nordic School" of the

[5] The basic service package is not an adequate construct to describe a service as perceived by the customer because the process by which the consumer receives the service and the surrounding environment influences the total experience. These influences are capable of improving an experience when the basic package is bad and, conversely, of destroying an experience with an excellent basic package (Grönroos, 1990).

service management, which, together with the "North American School", has set the foundations and has been a major contributor to the field of service (quality) management (Brogowicz *et al.*, 1990).

3.2.1. SERVICE STRATEGY

3.2.1.1. SERVICE STRATEGIC MANAGEMENT

Porter's (1980) work on strategy provided a strong impetus to those initially exploring the realms of service management. His ideas about the competitive attitude of firms strongly influenced the field. Boyle (1990), for instance, defined strategic service management as an «approach to competing and winning», dealing with «what it takes for a business to be No. 1». Johnston (1989), also, describes service strategy as «a company's plan to achieve an advantage over its competitors». In this view, service strategic management is about creating competitive advantages and becoming leader in an industry. It is supported by the idea that, in «essence, service strategies are no different from strategies for any business» (Irons, 1994).

These and other dominant concepts on the strategy field seem to have found their way into the recent literature on service management. However, the nature of services, summarised earlier,[6] requires a different approach to strategic thinking and management (Grönroos, 1990).

According to Boyle (1990), strategic service management should focus on two main areas:

> *1. powerful ideas for developing customer driven competitive strategies for market leadership and profit growth. [And]*
>
> *2. systematic processes for successful and accelerated strategy implementation. (Boyle, 1990)*

These "main areas" – *i.e.*, ideas for competitive strategies and processes for strategy implementation – are, however, dependent on a fundamental characteristic of services: the interaction between personnel and customers during the production and delivery of a service. In the context of services, strategy must respond to the interaction when it occurs. Strategy should evolve according to continually changing circumstances. Strategic management should create an environment where employees have the liberty and power to respond to customers during the interaction, eventually contributing to changes in strategy (Irons, 1994). More clearly stated, strategic management must «allow the implementation – itself a production process ... with direct customer interference – to mould as events unfold» (Irons, 1994). This means that «What happens at the interaction is not simply the outcome of strategy but, in a service, it *is* the strategy» (Irons, 1994). Thus, service strategy is

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[6] See Section 3.1. Services.

highly emergent from the bottom; it is moulded at the bottom.

> *In a service ... strategic management needs to be about both the creation of the central purpose, the sense of mission, and the guidance and direction – but not immediate control – of the implementation, together with effective feedback to allow that moulding to happen without anarchy. (Irons, 1994)*

Grönroos (1990), for instance, contends that a service mission is first defined and only then is the service concept formulated. The service mission defines broadly the target markets and the «kinds of problems» the organisation should try to solve. The service concept is equivalent to a product strategy stating "who" is to be served, with "what", "how" and with "which" resources. Strategy integrates coherently all the elements in the service organisation with its environment (Johnston, 1989). Without it, there is the risk of inconsistent behaviour (Grönroos, 1990). Mission and product strategy should be as concrete as possible, agreed upon, generally accepted and understood by everyone in the service organisation (Grönroos, 1990).

*

The following 4 sections (3.2.1.2 to 3.2.1.5) are mainly a synthesis of Grönroos' (1990) and Lovelock's (1983) work on service strategy options and service strategic management.

3.2.1.2. SERVICE STRATEGY OPTIONS

According to Grönroos (1990), the overall strategic options for an organisation are:

- technical quality strategy;
- price strategy;
- image strategy; and
- service strategy.

The four generic strategies overlap, to a certain extent, with two other typologies: Porter's and Mintzberg's typologies.[7] Grönroos' (1990) generic strategies can be described as follows. In the first option, the company's competence is technical and the competitive advantage consists in «maintaining a superior technical quality of a good or service» (Grönroos, 1990). This is very similar to Mintzberg's "quality differentiation strategy"; the product or service is better, not fundamentally different from those of competitors. The second alternative, "price strategy", «means that the firm basically relies on its price level ... as the competitive edge» and aims to be «the less expensive alternative to the customer» (Grönroos, 1990). This is obviously identified with Porter's "cost leadership strategy" and Mintzberg's "price differentiation strategy". The third option, "image strategy", «means that the

[7] See Chapter 2.

competitive edge is based on the imaginative extra surrounding the goods and services, which is frequently created by advertising or other means of market communication» (Grönroos, 1990). The definition is clearly compatible with Mintzberg's "image differentiation strategy". The product or service benefits from a better image, but does not have a seriously enhanced performance. Thus, this is a fictitious differentiation. Finally, the "service strategy", means that «various types of services and servicelike elements in the relationship with customers are developed so that the customer relationship is strengthened» (Grönroos, 1990). This is a strategy that uses the full augmented service offering concept. Service strategy is not necessarily identical to "total quality strategy", a strategy defined earlier,[8] but it seems to be compatible with the latter.

Table 3.2. Comparison between Typologies of Strategy

Grönroos (1990)	*Mintzberg (1988)*	*Porter (1980)*
Technical quality strategy	*Quality differentiation strategy*	
Price strategy	*Price differentiation strategy*	*Cost leadership strategy*
Image strategy	*Image differentiation strategy*	
Service strategy	*Total quality strategy (a combination of Mintzberg's differentiation strategies)* [a]	*Differentiation*

Note: [a] As defined earlier in Section 2.2.2. Total Quality Strategy.

Source: developed by C. J. F. Cândido.

Grönroos (1990) argues that the first three strategies are dangerous. The first strategy «works well in situations where technical excellence ... is in itself of critical value to customers [however] the more the technical competence among competitors grows the less powerful this strategy becomes». The second alternative is a good one if the firm can keep its low cost advantage in the long run, but it can put the company in a strategic trap.[9] The third alternative is also dangerous because the competitive advantage is based on something fictitious, without real substance. The last, "service strategy", is the most robust strategy. It differentiates the company's offer in a way that adds "real" value to the customer. This alternative has become a trend and it is openly advocated by several authors. This strategy is the focus of the service quality literature and the only one seen as capable of creating a strong loyalty relationship between organisations and customers. It creates barriers to entry and is also a «powerful tool for a firm that wants to enter a market» (Grönroos, 1990).

This strategy can be equally used by service or by manufacturing organisations (Chase & Garvin, 1989; Grönroos, 1990; Payne, 1993). The use of pre and post-sale services as a competitive advantage requires that every manager understands services and «what they can do for manufacturing and for establishing an ever-improving competitive position» (Grönroos, 1990). For example, the so called "hidden services", administrative routines like billing and handling of claims, are frequently seen by

[8] See Section 2.2.2. Total Quality Strategy.

[9] See Section 3.2.1.3. Traditional "Rules of Thumb" and the "Strategic Management Trap"

customers as causing annoyance, inconvenience, or trouble. But they can be defined as "facilitating" or "supporting services", thus offering unlimited opportunities for differentiation.[10]

According to Johnston (1989), there are five main ways a service strategy can be used to differentiate an offer. Among these are: (1) range of services – providing a greater range of services than the competition; (2) uniqueness – providing a service that is not offered by any other organisation; (3) availability – providing more easily available services; (4) quality – providing services with a higher level of quality; and (5) price – which can be argued not to be a true differentiating element.[11]

In general, all the moments of truth offer opportunities for differentiation. The introduction of distinct moments of truth is a robust way of differentiation (Boyle, 1990; Grönroos, 1990).

A strategic alternative option not yet mentioned is Porter's (1980) "focus strategy". This strategy also has some defenders in the service literature. Davidow & Uttal (1989), for instance, argue that a clear, narrow, focused service strategy has several benefits: learning faster, developing new techniques, avoiding mistakes, using lesser resources and, finally, achieving greater profits. A focused service strategy involves an adequate positioning of the firm.

Adequately positioning the firm is, in fact, a significant activity of service strategic management for any service organisation (Payne, 1993). It consists of identifying and choosing (1) markets, (2) market segments, (3) how the organisation wishes consumers to perceive the company; and (4) the way in which its service fulfils their needs (Payne, 1993).

Davidow & Uttal (1989) argue that segmentation and positioning can be used to (1) exclude the troublesome customer segments, (2) stabilise the «huge and apparently random fluctuations in demand» and, most important of all, (3) decide how much of the flexible, warm human contact is to be used in the service. In this regard, they note that some clients prefer more human contact (a sign of quality and higher cost), while others would welcome a substitute to human contact (*e.g.*, ATM or automatic checkout from a hotel). Intelligent segmentation and positioning, they conclude, «can transform the productivity and profitability of customer service operations». Relationships between productivity, profitability, and quality are addressed below.

---

[10] Chase & Garvin (1989) take this a little further arguing that the "manufacturing factory" of the future will be more like a "service factory". Skilled and knowledgeable workers, as well as managers, will receive, communicate with, appreciate and help solving customers' problems.

[11] It has been argued earlier, in Section 2.2.2, that distinct differentiation strategies can be combined into a "total quality strategy".

3.2.1.3. TRADITIONAL "RULES OF THUMB" AND THE "STRATEGIC MANAGEMENT TRAP"

Most managers allow their strategic thinking to be affected by three rules of thumb, which, they believe, can strengthen the competitive edge of their organisation. These rules are to:

> *1. decrease the cost of production and administration, to decrease the unit cost of the products;*
>
> *2. increase the budget for traditional marketing efforts such as advertising, sales, and sales promotion in order to make the market buy the goods produced; and*
>
> *3. strengthen product development efforts. (Grönroos, 1990)*

These rules might work well in manufacturing industries. Applied in services, however, they can lead to the "strategic trap" (see Figure 3.3). The reasoning is this. When confronted with increased competition or with financial problems, those rules of thumb lead managers to consider internal efficiency options which generally affect personnel (personnel reductions, replacing people by machines, reducing personnel training and increasing self-service schemes). In some service industries, these options have an adverse effect upon quality and the internal climate. The consequences are more acute financial problems and the perpetuation of the problem in a vicious circle, the strategic management trap (Grönroos, 1990).

Involved in this trap are three fundamental sets of opposing concepts.

3.2.1.4. GRÖNROOS' THREE SETS OF OPPOSING CONCEPTS

First, internal efficiency should be distinguished from external efficiency. Internal efficiency is the common efficiency concept. It measures the productivity of resources like capital and labour (*e.g.*, the number of services delivered by employee or the average time to deliver a service). External efficiency «is the way the customers perceive the operations and the output of the firm» (Grönroos, 1990). In manufacturing organisations, the customer is not present during production; thus his assessment of

external efficiency does not include manufacturing operations. However, in service industries, this does not hold true and neglecting attention to the external efficiency (customers' perceptions of operations and output of the service) is dangerous.[12]

Internal and external efficiency are interdependent. Increasing internal efficiency (by reducing personnel, for instances) may have an adverse effect upon external efficiency (*e.g.*, customers having to wait for longer periods of time). Consequently, internal efficiency should only selectively be improved, *i.e.*, where it does not reduce external efficiency. This relationship must be carefully managed, to avoid the strategic trap.

Second, good costs and bad costs can be distinguished. Good costs contribute to «improve the capabilities of the organisation to produce high-quality services and thus enhance revenue» (Grönroos, 1990). These include development of services, training personnel and, in general, maintaining the visible part of the organisation's operations. Good costs, thus, improve external efficiency. Bad costs, on the other hand, «follow from unnecessary bureaucracy, too-heavy middle and top management layers, big staff functions, and, of course, unnecessarily complicated and time-consuming operational and administrative routines» (Grönroos, 1990).

Ironically, what managers do when facing hard times «is to cut good costs without touching evil costs to any considerable extent» and, consequently, lead their companies into the strategic management trap (Grönroos, 1990). The conclusion is that before attempting to save money, a clear distinction between good and bad costs must take place.

Third, scale economies and market economies. Scale economies are well known in the literature. A larger capacity than that of competitors provides an organisation with a competitive advantage of lower unit cost and bigger profits. Market economies, on the other hand, «mean that a competitive edge and profits are accomplished by a closer market orientation», a smaller scale and a focus on customer satisfaction (Grönroos, 1990). This distinction is not important when the market is constantly growing, but becomes relevant when the market stops to grow or competition increases.

It can be demonstrated that external efficiency, good costs and service quality are positively related. Usually managers believe that whenever quality improvements are attempted total cost increases and efficiency goes down. Grönroos (1990) argues that this is not true. The prejudice lies in the failure to distinguish between external efficiency and internal efficiency, on the one hand, and between good costs and bad costs, on the other hand. Figure 3.4 synthesises the two opposing perspectives.

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[12] With manufacturing companies competing more and more in pre and post sale service (Chase & Garvin 1989), these companies will also need to look differently at efficiency.

In the traditional perspective, left side of Figure 3.4, marketing is related to external efficiency, because marketing generates revenue through sales, and production is related to internal efficiency, because it generates costs. But, in reality, marketing also generates costs and, in service organisations, production has a significative impact on future buying behaviour. Thus, both marketing and production contribute to cost and revenue, and to internal and external efficiency. The same argument is valid for service management. Thus, the traditional view is not adequate for service organisations. If the new service view is adopted, right side of Figure 3.4, the following suggestions to simultaneously improve quality and efficiency will become clear:

- improving the skills of employees;
- positive attitudes and behaviour of employees toward good service;
- making systems and technology more supportive of employees and/or encouraging customer participation in the service delivery;
- adequately substituting people for technology and automation;
- increasing customer cooperation in the production process (*e.g.*, self-service) in ways that the customers can see clear benefits; and
- reducing the seasonable character of demand (Grönroos, 1990).

A service strategy, the fourth generic strategy considered above, focuses upon the interaction with customers. It takes into consideration both kinds of efficiency and costs, thus avoiding the strategy trap. It can be based in one or more of three possibilities:

> *1. developing new services to be offered to the customer,*
>
> *2. activating [or exploiting] existing services or service elements in a business relation [to gain competitive advantage], and*
>
> *3. turning the goods component into a service element in the customer relation [through*

customisation]. (Grönroos, 1990)

While the first alternative is widely used, the second is not seen as a strategic issue and the third rarely contemplated. However, Grönroos argues, they can dramatically increase the value to the customer. The second alternative can be accomplished by rearranging existing resources and routines. This includes «for instance, casual advices, order taking, deliveries, claims handling, invoicing, demonstration of manufacturing processes, ... quality control, and telephone reception services» (Grönroos, 1990). Advantages are less contact personnel needed, less time consumed in each contact, and less psychological demands to maintain the contacts. Both internal and external efficiencies improve.

Davidow & Uttal (1989) recommend some prudence. «Provide too little service, or the wrong kind, and customers will leave; provide too much, even the right kind, and your company will go broke or price itself out of the market». They continue; General Electric found that at

> *a certain point, each incremental investment in service starts to yield lower returns than the previous investment. The only way to find that point is to segment customers, find out how much they value different levels of service, and estimate the costs and benefits of serving them well. (Davidow & Uttal, 1989)*

3.2.1.5. GAINING STRATEGIC INSIGHTS THROUGH CLASSIFICATION OF SERVICE INDUSTRIES

Understanding the position of a service industry on each of the service characteristic's continuums (intangibility, heterogeneity, inseparability, perishability...) is an important step towards finding possible sources of competitive advantage (Payne, 1993). In general, Lovelock (1983) argues, classifying services along several dimensions can produce strategic insights.

However, according to Bateson (1995), there is no definitive classification of services capable of putting service industries into clearly distinct groups. Existing classifications

> *are not based on empirically testable properties of services. As with the goods/services dichotomy, they tend to focus on opposites and produce categories [such that] in each set many examples can be produced that fit clearly into neither category but are somewhat in the middle. (Bateson, 1995)*

This difficulty led Lovelock to a different approach:

> *Recognising that the products of service organisations previously considered as "different" actually face similar problems or share certain characteristics in common can yield valuable managerial insights. Innovation ..., after all, often reflects a manager's ability to seek out and learn from analogous situations in other contexts. (Lovelock, 1983)*

To provide strategic insights it is best to look for commonalities, not differences. Lovelock's

classification of commonalities addresses 5 questions – additional questions may be developed – with potential to influence formulation and implementation of marketing strategies. The questions are:

1. What is the nature of the service act?

2. What type of relationship does the service organisation have with its customers?

3. How much room is there for customisation and judgement on the part of the service provider?

4. What is the nature of demand and supply for the service?

5. How is the service delivered? (Lovelock, 1983)

Asking these questions and seeking answers by looking at similar service industries can generate «some useful cross-fertilisation of concepts and strategies» (Lovelock, 1983). It can help in generating strategic insights, in particular, into sources of competitive advantage, new services or service elements, and marketing strategies (Payne, 1993).

Building on these ideas, Lovelock (1983) develops 5 classification 2×2 matrices; each addressing one of the questions. His second matrix, for example, considers the type of relationship with the customer (member relationship vs. no formal relation) and the nature of the service delivery (continuous delivery vs. discrete transactions). This matrix, represented in Table 3.3 below, helps raising strategic questions concerning the advantages of membership versus non-membership in terms of (1) convenience to the customer, (2) pricing and profitability, (3) availability of information about customers, (4) loyalty, and (5) segmentation.

The initial 5 questions and others raised by such matrices can help generating strategic insights. Analysis of commonalities and cross-fertilisation is encouraged. The objective is to discover sources of competitive differentiation, new services or service elements, and marketing strategies.

*

Strategic options and strategic management are considered in some detail in the service

management literature. This literature emphasises the nature and the specificity of services and how that specificity impacts on strategic management. The customer receives special attention in this literature because he is involved in activities, which do not require his involvement in manufacturing firms. Service management literature adds to the main stream of strategic management a new perspective, which is being timidly extended to manufacturing firms (*e.g.*, Chase & Garvin, 1989). Strategy implementation is usually confined in books to those chapters entitled "structuring", "organising" or "managing" and is not addressed as a subject in its own right.

3.2.2. SERVICE ORGANISATION'S FUNCTIONS – SPECIAL CHARACTERISTICS AND THE BLURRING OF BOUNDARIES

The traditional marketing function includes market research, segmentation, definition of a marketing-mix, planning, helping to prepare the organisation, executing and controlling marketing programmes. It is clearly separated from other functions (Lovelock, 1992b), and it «is taken care of by a group of specialists organised in a marketing ... and sales department. (Grönroos, 1990). This distinct department collects information from the market, defines a marketing mix – eventually in collaboration with production and logistics – and then tries to expand the market and to sell the products manufactured, stocked and distributed by operations and logistics. Traditional marketing, thus, makes the link between the rest of the organisation and its customers (Grönroos, 1990; Lovelock, 1992b. See Figure 3.5).

In service industries, given their special characteristics, a different concept of the marketing function is needed. In services, the buyer-seller interactions, during the purchase and the consumption process, have «an immense impact on the future buying behavior of the customers as well as on word-of-mouth, that is, they have marketing implications, and should therefore be considered marketing resources and activities and managed as such» (Grönroos, 1990). Customer relationships are, once more, determinant. «All activities that influence customer relations and the generation of revenue are part of the marketing process» (Gummesson, 1990). During the interaction, the seller and the buyer make mutual promises of exchanges that must be fulfilled during the consumption process. If these promises are fulfilled, the relationship is probably satisfactory to both parties and may be repeated.

This suggests a relationship approach to marketing. In this approach, as «much of the marketing

effort as possible should ... be planned and implemented in the line organisation, where the immediate responsibility for rendering the service lies» (Grönroos, 1990). In such a case, the marketing department cannot be mistaken for the marketing function (Gummesson, 1990). While the marketing department can perform the traditional activities, the interactive marketing activities are carried out by operations and other functions (Grönroos, 1990. See Figure 3.6). A similar opinion is held by Lovelock (1992b): «the marketing function in service business finds itself closely interrelated with – and dependent upon – the procedures, personnel, and facilities managed by the operations functions».

The interdependence of functions is more of an "overlap of functions" (Lovelock, 1992b). The contact personnel have to perform production, logistics, informational and marketing activities (with quality). They often find «themselves in what is termed "boundary spanning roles", where they are expected to be responsive to the concerns of different departments» (Lovelock, 1992b).[13] Many marketing activities, for instance, cannot be performed by the marketing specialists and have to be executed during the service delivery by "part-time marketers" (Gummesson, 1990).

In service organisations, the marketing function is not the exclusive responsibility of the marketing department, but a shared responsibility. Thus, managers from different departments have to work together more closely (Lovelock, 1992b) and «marketing becomes a top management issue, much more than it is though to be» (Grönroos, 1990; Irons, 1994). The marketing manager may still be responsible for the marketing department, but the top manager must be responsible for the marketing function (Grönroos, 1990; Irons, 1994).

In this context, Lovelock (1992b) defines three fundamental functions of a service company. His definitions are shown in Figure 3.7, in close interrelation, and with the customers in the centre.

[13] This blurring of functional boundaries is also occurring in manufacturing companies (Chase & Garvin, 1989).

In these definitions, each function retains its usual essence, but exhibits a higher concern for quality, customer satisfaction and integration with other functions. This higher concern is a result of the need, recognised above, for contact personnel to perform simultaneously, during each moment of truth, activities that are of production, logistics, informational and marketing natures. [14]

Another relevant function in any organisation is finance. Financial management in service organisations has been seen mainly as an obstacle to other functions (Adams & Colebourne, 1989); to such an extent that the abolition of budgeting in service organisations has been already put into practice by several companies (Irons, 1994). Alternatively, Adams & Colebourne (1989) suggest an "enlightened" approach to financial management in service organisations. This consists of a more participative and positive approach, contributing to personnel motivation, quality control, strategic planning, costing systems, continued solvency, and keeping outsiders' confidence in management (Adams & Colebourne, 1989). Particularly, there is a need to distinguish between "good costs" and "bad costs", as well as between "internal efficiency" and "external efficiency" (Grönroos, 1990).[15] Doing this will, probably, require a substantial effort, understanding, cooperation and good will from financial managers and personnel to avoid traditional methods and arguments. The time and financial efforts involved are probably beyond the reach of smaller service organisations.

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[14] Such a characteristic of services emphasises also the limitations of the common marketing-mix concept (Christopher *et al.*, 1993; Payne, 1993; Grönroos, 1990). The marketing-mix does not cover all resources, activities and processes that are involved in the customer relationship lifecycle (Grönroos, 1990. See Section 3.2.4). Thus, several other alternative marketing-mix concepts have been proposed. Christopher *et al.*'s (1993) and Payne's (1993) suggestion includes product, promotion, price, place, processes, people and customer service. This can be compared with the augmented service offering. But most important is the recognition that the mix should be adapted according to the circumstances of a particular organisation (Payne, 1993).

[15] These concepts were considered in Section 3.2.1.4.

*

The challenge for service management – and relationship marketing – can be synthesised in a three-fold movement of emphases in management (Christopher *et al.*, 1993):

- moving emphasis towards an integration of quality, marketing and other functions for better customer service (Payne, 1993);
- moving emphasis from a "single transaction view" to a durable relationship with customers, in order to ensure customer satisfaction and loyalty (Payne, 1993);
- moving emphasis from just one target market (potential customers) to a system of markets which includes customers (current and potential), employees, suppliers and recruitment markets (Payne, 1993).

Integrating marketing and other functions in service organisations – where productions takes place in front of customers – can be, just by itself, particularly difficult (Palmer, 1998).

3.2.3. MANAGING AND ORGANISING SERVICE FIRMS – SPECIFICITY AND SOME INSTRUMENTS

> *...service organisations are more sensitive to the quality of their management than probably any other kind of organisation. (Normann, 1995)*

3.2.3.1. PRINCIPLES OF SERVICE MANAGEMENT

Grönroos' (1990) principles of service management, reproduced in Table 3.4, represent an attempt to integrate the functions of the service organisation, in order to deliver quality services. These principles embody also «a shift from a focus on structure to a focus on *process*» (Grönroos, 1990) because a service «is a social process and management is the ability to direct social processes» (Normann, 1995).

The principles enunciated touch upon several of the critical functions performed by managers, namely, establishing organisation's objectives, decision-making, organising, and controlling (supervision, measurements and rewards). Some remarks and exceptions are also shown in Table 3.4.[16]

3.2.3.2. MANAGING CULTURE IN SERVICE ORGANISATIONS

As a "direction" of social processes and relationships between people, a service management system has, also, to place emphasis on "managing" culture (Normann, 1995). Culture can be understood as the stable but manageable set of beliefs, norms and values which are shared by the members of an organisation and, to an extent, shape their attitudes, habits, social relations and actions. This culture is a central determinant of success in services, as it affects the social process (Normann, 1995). It «is an effective (and sometimes the only) way of controlling a decentralised operation which is probably heavily dependent on individual contributions» (Normann, 1995).

According to Normann (1995), essential elements that should be introduced to an organisation's culture are:

- an orientation towards quality and excellence;
- an orientation towards long term relationships with clients;
- trust and investment in people;

---

[16] These principles are becoming less and less exclusive to services with the trend to differentiate manufactured goods through pre and post-sale services (Grönroos, 1990; Chase & Garvin, 1989).

- strong focus and rigour «with regard to factors vital to success in the client relationship» (Normann, 1995);
- informality and liberty in other aspects; and finally,
- constant monitoring and prospecting activities without the potential to dilute the organisation's focus.

This is largely seconded by Irons (1994). According to whom, managers must provide a "framework" that combines an adequate degree of control with adequate employee discretion; develops employee's knowledge and self-confidence; centres on quality and customer satisfaction; and balances bureaucracy with employee's enthusiasm.

3.2.3.3. MODELS OF SERVICE MANAGEMENT

3.2.3.3.1. Normann's Model

Culture is the central element in Normann's (1995) service management model. Other important elements are the service concept, the delivery system, the image, the market segments and the critical success factors. Normann stresses that managers, in any service industry, must maintain a holistic view of these elements. Managers must identify the critical success factors and «reflect them in the management and culture of the organisation» to achieve consistent and persistent service performances (Normann, 1995).

3.2.3.3.2. Grönroos' Model of Quality-Generating Resources

According to Grönroos (1990), managing services involves the development and coordination of quality-generating resources. The quality-generating resources are customers, personnel and systems (including equipment and facilities). Figure 3.8, below, illustrates these resources and their relationships. The model considers also business mission and total service quality. Figure 3.8 shows business mission, embracing the whole system of resources, and shows total service quality, as the main result of an adequate management of the resources.

Adequate management involves the development of resources and the coordination of the links between resources. Link number 1, in Figure 3.8, between the service concept (or product strategy) and the consumer, refers to the need to collect information from the market and to the fact that, in services, customers act as an active part (and a resource) in the production and delivery process. Note that Grönroos (1990) puts the customer at the centre of the model. This is because a service organisation must be designed to put the customer at the heart of its concerns (Irons, 1994).

Link number 2, between the service concept and personnel, refers to the need to have the right number of employees with the requisite training and attitudes. Services are often divided into sub-processes, which are handled by different people and systems (Lovelock, 1992b). In an insurance company, for instance, the customer may interact with only one employee, while in a hotel or a hospital, he may interact with several employees. As the number of contact employees increases, so to does the probability that the customer perceives mistakes or some lack of coordination (See Figure 3.9). A customer in direct relation with more than one employee and/or system, with no one contact person responsible for the customer, «is easily sent from one person to another in an unorganised way» (Grönroos, 1990). The customer feels lost with nobody knowing who he is or what he wants (Lovelock, 1992b). The impact upon quality is obvious and detrimental. Thus, to the extent that it can be managed, the number of contact employees is an important decision.

Naturally, extensive and adequate training of all personnel is required. This is because services are heterogeneous (less standardised than goods) and, at the same time, the contact employee is more

responsible for quality (Rosander, 1989). An employee's error can be fatal and his responsibility can range from 0 to 100% (Rosander, 1989).

> *A company or organisation is based on the tacit assumption that the employee who waits on the customer will perform a satisfactory service. Clearly they were hired for this purpose and for nothing else.*
>
> *The customer does not deal with supervisors, managers, or executives. ... The customer deals with an employee. The customer has no alternative but to hold the employee responsible for the quality of the service received. (Rosander, 1989)*

A related and relevant aspect is that contact personnel should be allowed an adequate degree of discretion and power to quickly deliver and customise the services to the customer (Irons, 1994). This discretion and power can also be used to handle deviations or mistakes, making employees more (externally and internally) efficient (Gummesson, 1989).

It is vital that the appropriate degree of discretion is perceived by the employees. Frequently, in the less successful service organisation, employees have perceptions that differ from those held by managers (Irons, 1994).

A final note on this link is that differences in attitudes between "visible" and "invisible" personnel may easily develop with an ensuing loss of quality. Invisible personnel «never see "real" customers, and they easily feel that those whom they serve are somehow just fellow employees and that the service they get does not affect the external performance in any way» (Grönroos, 1990). Managers should make explicit to both "visible" and "invisible" employees how important they are. The quality of invisible and internal service is a necessary condition for the quality of external services (Gummesson, 1989). Viewing colleagues as internal suppliers and internal customers (to whom a quality service should be delivered) helps to avoid the danger of differences in attitudes (Gummesson, 1989; Grönroos, 1990).

Link number 3, between the service strategy and systems, relates to the need for the development of systems, physical resources and technology that match the service concept. Invisible systems (*e.g.*, measuring and rewarding systems) and invisible physical resources must be carefully aligned in order to give the adequate quality support to visible operations.

Link number 4 refers to the necessary coordination between personnel, systems, technology and physical resources in order to deliver service quality. Trained personnel and uncomplicated systems are of prime importance.

In the modern economy a specific system is of prime importance to almost every service industry: the information system, part of which is composed of computers and software. Not only managers,

but operations and, particularly, contact personnel are heavily dependent on these kinds of tools, «both for data processing and communications» (Gummesson, 1989).

Link number 5, between personnel and customers, emphasises that, on the one hand, the behaviour of personnel influences the level of quality perceived by the customer. Employees are persons; likewise they are subject to variations in mood and in performance. This affects their relationships with customers and, consequently, the quality of the relations. On the other hand, a strange behaviour by a customer, or a customer with complicated demands, may contribute to a less interested employee and reduced quality.

Finally, link number 6 means that coordination between customers and systems is also required. Proper and opportune information must be given to customers so that they can use the systems. Simultaneously, equipment, facilities and systems that can be used by customers and employees must be designed so that they are simple to use (*e.g.*, ATM) (Grönroos, 1990).

An effective organisation, and consistent functioning of the service system, require that management formulates a strategy to address, develop and coordinate the resources in the model. The six links between resources must be consistently kept in harmony and must always «be geared to the needs and wishes of the target customers» (Grönroos, 1990). The organisation must be designed and built around the customer (Irons, 1994).[17] [18]

3.2.3.4. SERVICE ORGANISATION STRUCTURES

Some orientations to organising effectively are:

- turning the "pyramid" upside down and putting operational personnel at the top of the organisation hierarchy (Grönroos, 1990);
- flattening the hierarchy, reducing bureaucracy and formality (Grönroos, 1990);
- devolving power to people and avoiding the involvement of managers in operational decisions (Irons, 1994; Grönroos, 1990);
- trusting, assisting and encouraging subordinates (Normann, 1995; Grönroos, 1990);
- organising a network of small reproducible service organisations (Normann, 1995).

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[17] Some reasons might be forwarded for not building the organisation in a way that makes the customer central: (1) it is easier to concentrate on the technical aspects of the service; (2) not enough is known by management science about the needs of customers at the point of interaction; (3) managers are afraid of anarchy; and (4) managers «do not feel responsible for all of the events which [take place during interaction and which] condition customers' responses» (Irons, 1994).

[18] Grönroos' (1990) model, Normann's (1995) model, and Lovelock's model (Figure 3.7) can be seen as versions of the 7-S model. The 7-S framework, itself, «provides a powerful device for planning organisational change» in service organisations (Christopher *et al.*, 1993). It «illustrates that organisational effectiveness and successful implementation of organisational change comes about through careful orchestration of the seven elements» (Christopher *et al.*, 1993).

These orientations can assist in building a structure for the service organisation. But there is, still, a fundamental choice that must be made, concerning how to integrate customer service with organisational structure. Three general alternative solutions have been suggested in the literature (c.f. Stone & Wild, 1985; Christopher *et al.*, 1993; Palmer, 1998):

- customer service as a separate function and department, eventually situated in the marketing department (Stone & Wild, 1985);
- customer service is «an integral part of the relationship with customers» (Stone & Wild, 1985), it is integrated with other functions and benefits from the work of multifunctional teams as well as the technical advice of staff personnel (Stone & Wild, 1985; Christopher *et al.*, 1993); and
- develop a matrix organisation (Stone & Wild, 1985; Palmer, 1998).

All three alternatives have their advantages and risks (Stone & Wild, 1985; Palmer, 1998). The first alternative is «compartmentalised around the basic business functions», seeks to optimise the use of resources, and is driven by budgets, not the customer (Christopher *et al.*, 1993). This alternative is unable to provide good service quality (Stone & Wild, 1985).

The second alternative is driven by the market and the customer. Functional departments still exist, but «they are now seen as "pools of resources" from which the market-facing teams draw their members» (Christopher *et al.*, 1993). Customer orientation «requires all of these departments to "think customer" and to work together to satisfy customer needs and expectations» (Palmer, 1998). Every member is aware of the importance of good service, his part in its attainment, and is able to see a link with the customers (Christopher *et al.*, 1993). This alternative is the most frequently defended by authors (Grönroos, 1990; Lovelock, 1992b; Christopher *et al.*, 1993; Chase & Garvin, 1989; Juran & Gryna, 1993).

Finally, the third alternative is too difficult to manage (Stone & Wild, 1985) and rarely works (Christopher *et al.*, 1993). However, firms which are positioned in several service/market combinations may benefit from a matrix organisation (Palmer, 1998).

Considering the above assessment, and if the second alternative is accepted, then marketing is considered a part of everyone's job and cannot be confined to a department. Thus, the doubt is whether there should be a Marketing Department at all (Grönroos, 1990; Palmer, 1998). The common answer is that it must exist in order to deal with the range of "specialist functions" that cannot be accomplished by operations personnel, *e.g.*, advertising and marketing research (Palmer, 1998).[19]

If a marketing department must exist, then there are four alternative approaches to organising the

[19] The "specialist functions" that the marketing department will be in charge of depend on environmental uncertainty, competitiveness, organisation culture, tradition, managers' mentality and managers' inertia (Palmer, 1998).

marketing department in service organisations (Palmer, 1998):

- the marketing department is divided and organised in sub-functions (*e.g.*, advertising, sales, research and development, marketing research, customer services...);
- the marketing department is divided and organised in sub-functions, with some of these being further organised on a geographical basis;
- combination of the organisation in sub-functions with product managers in an additional layer of managers with mixed responsibilities in several of the marketing sub-functions;
- combination of the organisation in sub-functions with a division of markets, assigning a manager to each market. This alternative has the advantage of being «focused on meeting the needs of distinct and identified groups of customers» (Palmer, 1998).

Each approach has its advantages and disadvantages, which the author also enumerates. He notes further that none is appropriate to all firms, «even within the same service sector» (Palmer, 1998).[20]

3.2.3.5. ORGANISING OUTSIDE BORDERS

Organising outside the borders of the organisation is an interesting and powerful idea suggested by Normann (1995). Since services require contact between an organisation's personnel and its customers, services are responsible for the creation of new social relationships (Normann, 1995). Thus, Normann argues, services have to "organise" their clients. This means to organise and help customers in aspects that are usually outside the organisation and beyond the service boundaries. More important, perhaps, is that the service firm can take advantage of relations with other external groups. Unconventional or unexpected parties (people, groups or sectors) may become very important to the service organisation. Service firms are encouraged to establish new kinds of external linkages with them. To do that it is fundamental that the organisation identifies the particular needs and life situations of the outside parties. These parties do not have to be paid much, but if their tasks are designed based on a clear understanding of their particular needs, they may think that they are being offered a service, not offering a service (Normann, 1995). Thus, everyone involved can benefit. Normann (1995) describes several real life examples of this method for organising beyond boundaries. Norman & Ramirez (1993), have also encouraged firms to redesign and reshape their whole value system into a new "value constellation". New patterns of behaviour with stakeholders are created, some that greatly deviate from established norms, but which make better use of resources and can bring benefits to everyone (Normann, 1995).[21]

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[20] Jones & Ricks (1989) note that «the key issues [to effectively organising] are similar whatever the industry [and that] what is needed is a responsive, flexible business providing added value where customers genuinely request it».

[21] See end of Section 2.1.8.2

3.2.3.6. DESIGNING THE SERVICE PRODUCTION AND DELIVERY SYSTEM

Generally, service companies lack a systematic method for the design of new services, which are frequently developed by trial and error. (Shostack, 1984). Services should be designed before they are tried in the market in order to avoid expensive mistakes. This design goes beyond the volumes of procedures and regulations which «are only fragmented views of a more comprehensive, largely undocumented phenomenon» (Shostack, 1984).

The design of services must consider the interaction with customers and the "behind the scenes" operations. It must consider the human resources, the physical resources and the systems (*i.e.*, all quality-generating resources). These must be analysed, designed and moulded in harmony, in such a way as to reinforce each other (Normann, 1995). When this is accomplished «the employee, the client and any other organised but not employed participants ... emerge from the process of service delivery and/or service consumption with an enhanced sense of self-esteem» (Normann, 1995).

The design and development of a service (augmented service offering) involves, according to Grönroos (1990), the following steps:

- assessment of customers needs/desired bundle of benefits;
- definition of the service concept;
- planning the rest of the service offer's elements;
- planning market communication to inform, persuade and educate customers in the correct way(s) to consume the service;
- preparing the organisation and the quality-generating resources (Grönroos, 1990).

To design a new service offering, a flowchart can be a useful instrument. Since a service is essentially a process, it can be flowcharted (Shostack, 1984). «In the same way that manufacturing systems can be analysed and modelled to improve operating performance, so too can the delivery system» (Christopher *et al.*, 1993). Flowcharting involves the following stages:

- identifying and representing in a diagram with the adequate symbols all of the steps of the service process;
- identifying possible points of failure, *i.e.*, «areas most likely to cause execution or consistency problems» (Christopher *et al.*, 1993);
- seting execution standards, *i.e.*, performance criteria, tolerances, quality targets and costs of each step;
- identifying every moment of truth. These are the vital points and must achieve the highest possible consistency. Because each represents «an opportunity for the service provider to demonstrate the quality of the service or, alternatively, to fail and hence, to»

demonstrate low quality (Christopher *et al.*, 1993).

A line of visibility can be drawn in the flowchart to separate the visible steps from the invisible steps, from the point of view of the consumer. Another line can separate the planning and the organising functions from the service delivery activities. The flowchart can be used as an implementation instrument of a service strategy as it can be used to integrate systems and departments, simplify and objectively communicate details, reveal otherwise invisible systems, document processes and help in everyone's jobs (Kingman-Brundage, 1989).

Some other benefits of flowcharting are:

- shows deficiencies/errors (Bateson, 1995);
- reduces inconsistency (Christopher et al., 1993);
- helps discovering hidden/ignored contact points (Bateson, 1995);
- full understanding of the service process (Bateson, 1995);
- control and direct implementation of changes in the process (Bateson, 1995);
- more cost effective decisions and service production systems (Kingman-Brundage, 1989; Christopher et al., 1993);
- demonstrates «how each job or department functions in relation to the service as a whole» (Kingman-Brundage, 1989)
- contributes to integration and coordination of otherwise fragmented activities (Christopher et al., 1993); and, in general,
- allows designing quality in the process, *i.e.*, prevention, instead of having to correct mistakes (Gummesson, 1989); and
- increased levels of quality (Bateson, 1995).

Other instruments that can be used to design services include value chain analysis and storyboarding (Payne, 1993). Storyboarding has been used in the film industry and by the Walt Disney Corporation in developing theme parks (Payne, 1993).

The challenge of blueprinting, using any of the above instruments, «is to seek to create a linked system of carefully managed and controlled moments of truth where nothing is left to chance but everything is planned» (Christopher *et al.*, 1993) and where everyone involved emerges with a sense of self-esteem.

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The review of the literature on service strategy and service management showed that strategy

implementation, as a *distinct* subject, is not addressed.[22] The only exception to this is provided by Grönroos (1990). However, in the less than two pages that he dedicates to strategy implementation,[23] he defines implementation («by actions of many kinds» coupled with the rejection of old rules at all organisational levels), and then returns to the discussion of strategic options.

Marketing and relationship marketing are the prime interests in the Service Management textbooks, frequently called "Service Management and Marketing". The "traditional" implementation related subjects (leadership, culture, organising, structuring, controlling, rewarding...) are occasionally and selectively addressed. The authors of such texts argue that service organisations are different and their conclusion appears to be that service employees have a larger influence on the process of strategy formulation-implementation than in manufacturing and that this influence occurs primarily while they deliver the service; thus, that the process is, at least in part, emergent and largely customer dependent.

3.2.4. SERVICE CUSTOMERS

Customers have scripts for frequently used services. Those scripts «are analogous to a theatrical script, and governs the experience in much the same way» (Bateson, 1995). This means customers have expectations about a service and how it should be provided. Moreover, different customers will have different scripts and expectations for the same service (Bateson, 1995).

Nevertheless, a general customer relationship lifecycle can be delineated. Grönroos' (1990) customer relationship lifecycle has three stages. In the initial stage, the customer is «unaware of [the] firm and its services». In the purchasing process, stage 2, «the potential customer evaluates the service in relation to what he or she is looking for and prepared to pay for» and makes a decision. In the case of a positive decision, there then follows the first purchase and consumption/usage process, stage 3, during which the consumer observes «the firm's ability to take care of his or her problems and provide service» (Grönroos, 1990). If satisfied he may decide to do business with the company the next time he needs the service. The customer may stay with the company or leave at any stage (Grönroos, 1990).

Service organisations provide services in exchange for money. It is frequent and easy for service organisations and customers to assess the values exchanged (money for service) from differing perspectives, resulting in different evaluations of both. The provider tends to see the service only in a technical perspective, while the client may or not assess it in a broader perspective, attributing a great importance to, for example, how gentle and courteous are the service contact personnel.

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[22] Sections 3.2.1 to 3.2.3.

[23] Grönroos (1990), pages 115-116.

On the other hand, the organisation may believe that the customer perceives the price as the main cost, while the real main cost for the customer may be the cost of delays in the service delivery (See Figure 3.10).

Stone & Wild (1985) note that while it is not advisable to adopt only the provider perspective, it is dangerous to adopt only the customer's perspective. Each one, alone, will put the supplier in trouble for different reasons. Implicit here are the quality dimensions, which will be studied in the next section. Explicit, however, is the importance of listening to the service customer.

Carefully listening to customers has an impact on the quality of service (Berry & Parasuraman, 1997). They argue that «companies need to establish ongoing listening systems using multiple methods among different customers groups ... from various angles and through different lenses». There are several methods, each with advantages and disadvantages. The authors believe that it is best to combine just a few of them, in a complementary way, into a Service-Quality Information System. They list 11 distinct methods, their purposes, frequency of use and limitations. They also suggest some guidelines for the development of a Service-Quality Information System.

A Service-Quality Information System, however, «does not replace the need for managers to interact directly with customers [because] everyone believes his or her own eyes and ears first [and because customers are] the most credible source» (Berry & Parasuraman, 1997). Managers can interact with customer in several different ways, for example, participating in some of those methods used by the organisation to listen to customers.

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The strategic service literature, as already seen, puts the emphasis on customers as the prime, almost the only, stakeholder. If the customer is the main reason for being in any business, in service industries he is even more than that. He is "in the business"; he participates in operations, in distribution, in strategy formation and in marketing (word-of-mouth). This argument is highly supportive of the model depicted in Figure 1.1.

The concentration of attention on customers is also a result of the increased marketing role of the general manager or CEO, suggested by Grönroos (1990).[24] However, this concentration on customers cannot be allowed to distract attention from the needs of other stakeholders, *i.e.*, to restrict the strategic attitude of the CEO or his strategic thinking. If customers are the main reason to be in the business, an exclusive attention to customers may represent a dangerous move. In fact, service quality is also dependent on relationships with suppliers, special interest groups and other stakeholders.

3.3. SERVICE QUALITY

In «the search for a general service theory ... quality has gradually stood out as the most important issue» (Gummesson, 1989). Service quality «means pleasing consumers [and] protecting them from annoyances» (Garvin, 1987). It involves two fundamental aspects: (1) the features of the service, which are directed at customers' needs, and (2) freedom from mistakes, which avoid annoyances (Juran & Gryna, 1993). This definition is consistent with that provided in a previous chapter,[25] but...

3.3.1. SERVICE QUALITY IS DIFFERENT FROM GOODS QUALITY

It can be «argued that quality and service cannot exist independently – without quality there is no service, and without service there is no quality» (Kandampully, 1997). This is because services, as opposed to manufactured goods, cannot be returned, nor can they be reworked to enhance their quality (Kandampully, 1997). Services are different from manufactured goods. The tendency of services towards intangibility, inseparability, heterogeneity and perishability make them different. Thus, service quality has also to be different from goods quality (Grönroos, 1990; Rosander, 1989; Juran & Gryna, 1993). The differences are embodied in the specific dimensions used to define quality and in the methods to provide and control for quality (Rosander, 1989). The quality dimensions and the quality control of a manufacturer of aeroplanes, for instance, must be different from those of an air transportation company, because the company is not selling the aeroplane, but using it (Rosander, 1989).

The following sections deal essentially with quality perceptions and expectations, benefits of satisfying customers with service quality, dimensions of service quality, and quality gap analysis.

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[24] See Section 3.2.2. Service Organisation's Functions – Special Characteristics and the Blurring of Boundaries.

[25] See Section 2.2.1. What is Quality?

3.3.2. MODELS AND DIMENSIONS OF SERVICE QUALITY

3.3.2.1. CONSUMER'S QUALITY EXPECTATIONS AND PERCEPTIONS

It is possible to distinguish between absolute and relative quality. Absolute quality can be designed and described by certain standards. Relative quality is a comparison of a service's standards (or current performance) against those of another company. According to Normann (1995), absolute standards of quality are more important in the early stages of development of a new service, while a relative appreciation is more important at more mature stages of the product life cycle.

These types of absolute and relative quality concepts are concerned with how companies determine or evaluate quality. However, there are other kinds of measures of relative quality, which concern how customers assess service quality. These are obviously not independent from the previous, but have received considerable more attention in the service management literature. Implicit in this fact is the assumption that it is not how perfect an organisation thinks its service is that is relevant to success in the market, but how well it serves the needs of real customers. Quality of the service «cannot be determined by management alone, it has to be based in customers' needs and wishes» because service «[q]uality is what customers perceive» (Grönroos, 1990).

Customers' perceptions of quality are created in the "service factory" and at the moment of truth (Grönroos, 1990; Normann, 1995). In these moments, thus, «good service quality is meeting or exceeding what customers expect from the service» (Parasuraman *et al.*, 1985). This means that consumers measure service quality by comparing the quality expectations they have before trying the service with their perceptions of the service quality after trying it (Berry *et al.*, 1985).

$$\begin{aligned} \text{Service Quality (SQ)} &= \text{Service Experience Perceptions (P)} - \text{Service Expectations (E)} \\ &= P - E \end{aligned} \qquad (3.1)$$

This concept is disputed (Cf. Parasuraman *et al.*, 1994; Cronin & Taylor, 1994) but it is apparently the one around which consensus has grown (Brogowicz *et al.*, 1990).

Possible quality evaluations can be discerned using equation (3.1). When E=P, there is a confirmation of the quality expected. This is an acceptable level of quality for that particular customer (Grönroos, 1990). When E>P, the quality expected is not confirmed and the actual level is unacceptable (bad quality). If P>E, then quality exceeds what was expected and the consumer is delighted. If, however, P exceeds by far the expectations, then the customer might think there is excess quality to be justifiable and/or that the service might be overpriced, even if it is not the case (Grönroos, 1990).

3.3.2.1.1. Formation of Customers' Expectations

According to Davidow & Uttal (1989), customers' expectations can and should be set by organisations at the right level. «Not all customers want or deserve high levels of service, but they are entitled to what they have been promised» by service providers (Davidow & Uttal, 1989).

«Great service providers inform customers about what to expect and then exceed the promise» (Davidow & Uttal, 1989). They do that deliberately, a practice that Davidow & Uttal (1989) call "underpromising". Underpromising and then exceeding expectations may be an effective tactic. However, a desired level of "underpromise" may be (1) insufficiently attractive to attract some customers and (2) difficult or impossible to maintain, because the formation of customers' expectations does not depend solely on market communication. Customer needs, past experiences, word-of-mouth and the organisation's image may also contribute to the formation of expectations (Cf. Parasuraman *et al.*, 1985; Grönroos, 1990). Note that not all of these factors are under control of the organisation. [26]

3.3.2.2. RELATIONSHIPS BETWEEN CUSTOMER SATISFACTION, SERVICE QUALITY AND PURCHASE INTENTIONS

What is the relationship between customer satisfaction (CS) and service quality (SQ)? What are the relationships between these concepts and customer's (re)purchase intentions? What is the relation between intentions and real behaviour?

Although these relationships constitute a very important subject, they are not consensual, nor have they received much research attention (Parasuraman *et al.*, 1994). While there is no consensus

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[26] Iacobucci *et al.* (1994) argue that in some industries, repeat business, or repurchase, may occur even with minimal customer satisfaction. Examples of such industries are those where competition is low (Jones & Sasser, 1995) and industries where purchases are characterised by low involvement on the part of the customer (Iacobucci *et al.*, 1994).

about the direction of the causality between customer satisfaction and service quality (CS leads to SQ or SQ leads to CS), practitioners and the popular press frequently confuse customer satisfaction with service quality (Parasuraman *et al.*, 1994).

Parasuraman *et al.* (1994) posit a complex model of the relationships between CS and SQ. This model distinguishes satisfaction with a specific discrete transaction or moment of truth from a global impression that customers may develop after several transactions or several contacts with the organisation. Both the specific transaction satisfaction (TSAT) and the global impression about the organisation are multifaceted (See Figure 3.12).

In this model, each customer's transaction satisfaction ($TSAT_1$, $TSAT_2$, .., $TSAT_n$) is «a function of his or her assessment of service quality [read intangibles quality], product quality [read tangibles quality], and price». Global impressions, on the other hand, are formed through the aggregation of past transaction's experiences and consists of, not only CS, but also, again, of intangibles quality, tangibles quality and price.

In this view, a sequence of short-term satisfaction and quality assessments contribute to the formation of a changeable but longer term satisfaction and quality assessments.

The relationship between quality and purchase intentions, or consumer behaviour, is usually assumed to be of a positive nature, *i.e.*, quality leads to purchase and customer loyalty. Zeithaml *et al.* (1996) have studied this relationship. Their «overall findings offer strong empirical support for the intuitive notion that improving service quality can increase favourable behavioural intentions and decrease unfavourable behavioural intentions». Favourable behaviour intentions include saying positive things and recommending the company to potential customers, remaining loyal, spending more and paying a price premium to the company (Zeithaml *et al.*, 1996).

Similarly, Heskett *et al.* (1997) argue that employees' satisfaction, loyalty, capability and output quality lead to good service value[27], which leads to customer satisfaction. Customer satisfaction, in turn, leads to customer loyalty, which finally, leads to both revenue growth and profitability (Heskett et al., 1997).

Consistent with this discussion, it will be assumed here, as before, that good quality (SQ) leads to positive customer evaluation (CS) and positive customer behaviour, including repurchasing.[28]

3.3.2.3. THE GUMMESSON-GRÖNROOS MODEL: CONDITIONS, SOURCES, AND DIMENSIONS OF QUALITY

In a holistic view of quality every member and department of the organisation contributes to quality. Two conditions that must be respected to achieve this total quality are:

- the *specialist condition* – each and every employee has to do his job properly; and
- the *integration condition* – each and every employee must work in harmony with others (Gummesson & Grönroos, 1987).

Both conditions must be respected throughout the whole organisation. To make these conditions manageable in practice, the notion of the organisation as a chain of internal and external customers can be used (Gummesson & Grönroos, 1987). In this "process view" there are four sources of quality: design quality, production quality, delivery quality and relational quality. Each of them can "add-on" and contributes to the customer's "total quality experienced" (Gummesson & Grönroos, 1987; Grönroos, 1990). In fact, as seen previously, every function and department has an impact on quality. Thus, "total quality offered" results in "total quality experienced". Total quality experienced is composed of two aggregate dimensions: technical quality and functional quality (See Figure 3.13).

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[27] Defined as: $\frac{\text{outcome quality} + \text{process quality}}{\text{price} + \text{customers access costs}}$. Outcome and process quality are addressed in the next section.

[28] However, this is not absolutely proved, nor are the relationships clear, much less the weight of each variable's impact.

The technical quality dimension is the quality of the technical solution given to the customer's problem (*e.g.*, a night of sleep, a meal, a hair cut, or transportation from one place to another). In other words, it is the quality of the service outcome or "what" «the customer is left with, when the production process and buyer-seller interactions are over» (Grönroos, 1990). Because it deals with technical aspects of the service, it can usually – but not always – be objectively measured by customers (Grönroos, 1990). The «technical quality is the basic condition for a positively perceived total service quality» (Gummesson & Grönroos, 1987) but not the only one.

Functional quality refers to the process by which the service is delivered, *i.e.*, to how the moments of truth are handled by the contact personnel. This quality dimension is a function of, for instance, the courtesy of the contact personnel, their communication capabilities, their understanding of the customer and also the behaviour of other customers in the factory (Grönroos, 1990). Subjective and unpredictable human behaviour is involved, making functional quality more difficult for providers to objectively measure (Brogowicz *et al.*, 1990) and to manage. However, the positive side is that functional quality offers numerous opportunities for differentiating the service and this differentiation, based on functional quality, is harder for competitors to imitate than the differentiation base on technical quality (Gummesson & Grönroos, 1987).

It can be argued that functional quality is more important than technical quality. Some reasons for this are that:

- technical quality is easier to achieve and imitate (Grönroos, 1990);
- the bad manners of an employee (bad functional quality) can completely spoil the customer's experience of a technically perfect service (Grönroos, 1990);
- functional quality is easier for customers to evaluate (Brogowicz *et al.*, 1990), because technical quality may not be so quickly visible (*e.g.*, a very good night's sleep, in the excellent room of an hotel, may be preceded by a bad check-in experience at the reception) or because the technicalities may be beyond the customer's knowledge (*e.g.*, a

surgeon's decision as to whether or not to operate) (Gummesson, 1989).

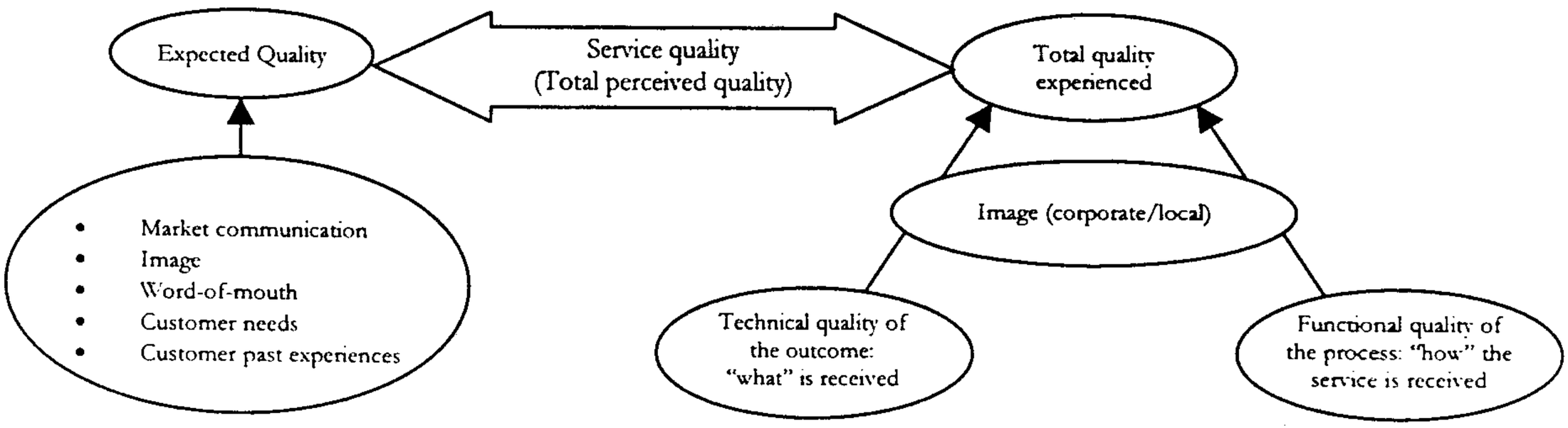
Although, in some circumstances, functional quality might be more important than technical quality, the latter should not be considered negligible. Service managers and employees must make sure that both quality dimensions are properly handled and controlled (Gummesson, 1989).

In this model of experienced total quality, image works as a "filter" (Gummesson & Grönroos, 1987).

> *If the provider is good in the minds of the customers, that is, if it has a favourable image, minor mistakes will probably be forgiven. If mistakes occur often, the image will be damaged. And if the image is negative, the impact of any mistake will often be considerably greater in [the experience] than it otherwise would be. (Grönroos, 1990)*

Finally, service quality «is not determined by the level of technical and functional quality dimensions only, but rather by the gap between expected and experienced quality» (Grönroos, 1990; see Figure 3.14).

Figure 3.14. Service Quality (or Total Perceived Quality)



Source: adapted by the author from Grönroos (1990).

3.3.2.4. CATEGORIES OF PROPERTIES OF GOODS AND SERVICES

Darby & Karni (1973) defined three categories of properties of goods which, according to Parasuraman *et al.* (1985), are also applicable to services. These properties are search properties, experience properties and credence properties. Search properties are those product attributes «that can be ascertained in the search process prior to purchase» (Darby & Karni, 1973). Search properties work as quality cues and help the potential customer in making a purchase decision (Parasuraman *et al.*, 1985). Experience properties «are those that can be discovered only after purchase as the product is used» (Darby & Karni, 1973). And, finally, credence properties are those «characteristics which the consumer may find impossible to evaluate even after purchase and consumption» (Parasuraman *et al.*, 1985).

This distinction is relevant because while goods may possess many tangible cues (or search properties) by which to judge quality, for instance, the style, hardness, colour, label, feel, package or fit of the goods, services have very few of these cues (Parasuraman *et al.*, 1985). Thus, potential customers have to look for other kinds of helpful information. The nature of these has not been investigated, but price seems to become a pivotal quality indicator when other information is not available (Parasuraman *et al.*, 1985). Services, however, have many experience and credence attributes, making quality evaluation more complex than in the case of goods (Parasuraman *et al.*, 1985).

The technical complexity of some services (*e.g.*, medical care) and the intangibility of services in general «lead many clients to seek and evaluate "surrogate indicators of quality", including such factors as paraprofessional staff behaviours, office ambience, and even signage» (Brown & Swartz, 1989).

3.3.2.5. GAP ANALYSIS MODELS

3.3.2.5.1. Parasuraman et al.'s Gap Analysis Model

The gap analysis model illustrates some elements on the part of the service organisation, which are essential to the quality of a service. These are the manager's perceptions of consumer expectations, the translation of those perceptions into service quality specifications, the service delivery and the external communication (see bottom of Figure 3.15). The model illustrates how inconsistencies between these elements (called quality gaps) can result in quality problems and in customer perceptions of poor service quality (Parasuraman *et al.*, 1985). The model identifies these sources of bad quality (gaps 1 to 4), the factors that influence customers' expectations (see top of Figure 3.15) and the customers' perceptions of service quality (Gap 5). It suggests that closing gaps 1 to 4 will improve service quality, thus, eliminating Gap 5. [29]

Gap 1 is a discrepancy between a real consumer's expectations and a manager's understanding of them. This means that «service firm executives may not always understand what features connote high quality to consumers in advance, what features a service must have in order to meet consumer needs, and what levels of performance on those features are needed to deliver high quality service» (Parasuraman *et al.*, 1985).

Gap 2 is an inconsistency between whichever perceptions managers have of a consumer's expectations and the actual service specifications that are built into its design. A variety of factors can originate this gap, for instance, resource constraints, management indifference and/or market conditions (Parasuraman *et al.*, 1985).

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[29] Although the authors identify service quality (SQ = P - E) with Gap 5, particularly in a subsequent work (Zeithaml *et al.*, 1988), it would be probably more rigorous to consider Gap 5 the symmetrical of SQ (Cf. Brown & Swartz, 1989). This distinction was probably not made for simplicity and is not made here also.

Gap 3 is a difficulty in adhering to the specifications «because of variability in employee performance» (Parasuraman *et al.*, 1985).

External communications can affect consumers' expectations. Organisations use it to attract consumers but they should not promise more than they can deliver. Promising more would raise initial expectations but will result in lower perceptions of quality when the promises are not fulfilled (Parasuraman *et al.*, 1985). Gap 4 shows this difference between what is promised and what the service organisation is actually capable of delivering to consumers.

The gap analysis model, in Figure 3.15, shows that external communications can also affect perceptions. External communications can and should be used to inform consumers of special efforts going on «behind the scenes to serve them well» and of service standards that are not readily apparent to them (Parasuraman *et al.*, 1985). In doing so, companies can contribute to improve customers' perceptions of the service and, consequently, service quality.

Finally, Gap 5, the last in this model, is a discrepancy between customer's expectations and customer's perceptions of service quality. This discrepancy is a result, or a function, of all the other gaps (Parasuraman *et al.*, 1985). It is the essence of manager's job «to prevent or eliminate service quality gaps» (Brogowicz *et al.*, 1990), in order to ensure that customers are recipients of good quality.

The gap model has been further developed in an attempt to integrate service quality, marketing and organisational literature (Zeithaml *et al.*, 1988). In consequence, its authors propose that the extent of gaps 1 to 4 depend on a set of factors which are identified in Figure 3.16.

For each of the crucial variables identified in Figure 3.16, several "second order" manageable variables are also identified (Zeithaml *et al.*, 1988). These can enhance the understanding of service quality and may help in defining corrective actions to eliminate gaps (Zeithaml *et al.*, 1988).[30]

3.3.2.5.2. Some Contributions from Brogowicz et al.'s (1990) Gap Analysis Model

Brogowicz *et al.* (1990) suggest another model of service quality gaps with implications for management. Their model is based on accumulated previous research. Some major contributions are:

- The recognition that consumers distinguish between technical and functional quality, and thus that «management must determine both what customers expect and how they expect

[30] Measures of these other factors «must be developed and then can be related statistically (*e.g.*, through regression analysis) to the measures of the four gaps» (Zeithaml *et al.*, 1988), in order to better understand and quantify their relationships.

to get it» (Brogowicz *et al.*, 1990).

- The distinction between management activities addressing the technical service offerings and the functional service offerings.

- The recognition that a service quality gap can exist «even when a customer has not actually experienced the service», because of advertising and word-of-mouth (Brogowicz *et al.*, 1990). In this context, Gap 5 is redefined as a gap between customers' expectations and customers perceptions of service quality *offered by the organisation (but not experienced)* or *actually experienced.*

- The assumption that customers possess expectations both on technical and on functional quality and that they compare them with the respective perceived technical service quality (offered or actually received) and perceived functional quality (offered or actually received). Thus, resulting in a technical quality gap (hereafter designated Gap 5A) and a functional quality gap (hereafter designated Gap 5B).

- The assumption that these eventual gaps are interdependent but might not be cumulative. In some services, customers may give up one dimension in favour of the other; while in other services, high (low) technical expectations may raise (lower) the functional expectations.

- The conceptual amplification of gaps 1 to 4, which are in their model, respectively, information and feedback related gaps, design-related gaps, implementation-related gaps and communication-related gaps. Implicit is also the fact that numerous types of specific gaps can occur inside these categories.

- Some of these gaps occur and must be resolved during the interaction. They call this "on-the-spot" gap analysis and resolution.

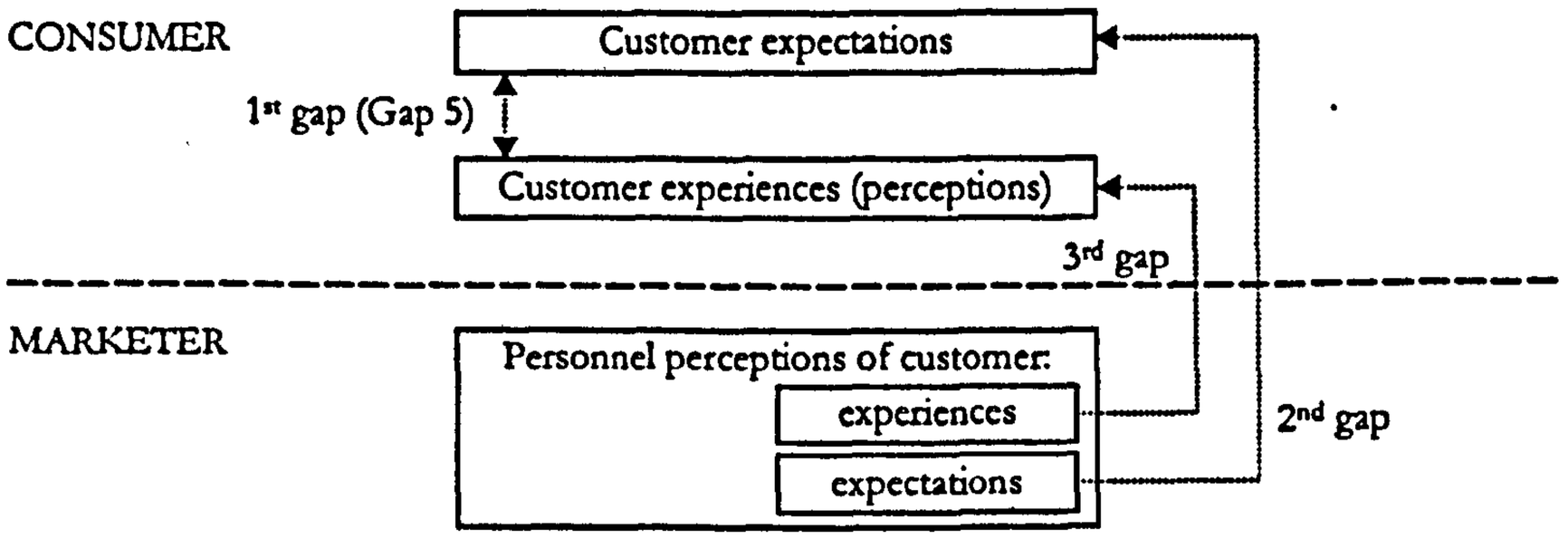
Brogowicz *et al.* (1990) further suggest the definition of two integrated "subsystems" of service management: the technical and the functional subsystems. This division of the firm into two systems is, they argue, the key to focus management attention and close the gaps on both dimensions. Planning, implementation and controlling activities are very different between the two dimensions (Brogowicz *et al.*, 1990). A management agenda is proposed for each of these management roles, which considers the specificity of the human and physical resources in each of the technical and functional aspects.

3.3.2.5.3. Some Contributions from Brown & Swartz (1989) to Gap Analysis

Brown & Swartz (1989) distinguish three kinds of gaps where other authors see only Gap 5. They believe that «gaps that relate to expected and experienced service *and* represent both sides of the service exchange [*i.e.*, customer and organisation] *should* have a significant impact in the service evaluation» (Brown & Swartz, 1989). The gaps, represented in Figure 3.17, are:

- first, the gap between customer expectations and customer experiences; corresponding to Parasuraman *et al.*'s (1985) and Zeithaml *et al.*'s (1988) Gap 5;
- second, the gap between contact personnel perceptions of customer expectations and customer real expectations, a variant of Parasuraman *et al.*'s (1985) and Zeithaml *et al.*'s (1988) Gap 1; and
- third, the gap between contact personnel perceptions of customer experiences and customer actual perceptions of the service, a new gap.

Figure 3.17. Brown & Swartz' Three Gaps



Source: based on Brown & Swartz (1989) and adapted by the author.

The context in which the second and the third gaps can have most impact is in professional services (*e.g.*, medical care, legal practice, consulting...) because «professionals' perceptions most directly affect the design and delivery of the services offered» (Brown & Swartz, 1989). But it seems that even in other services these gaps can have a significant impact on both sides and thus on the service quality.[31] The two gaps clearly address the need of contact employees to understand their customers and their needs/problems. More specifically, the second gap, when nil, will allow the employee to evaluate correctly the customer's expectations, whilst when nil the third will permit an accurate assessment of the customer's perceptions. In conjunction, these two gaps will affect the contact employee's perceptions of his interlocutor's assessment of the quality with which the latter is being provided and will influence the employee's subsequent behaviour. The analysis of these two gaps is apparently related to what Brogowicz *et al.* (1990) called "on-the-spot" gap analysis and resolution.

The authors conclude that greater consistency of expectations and experiences (every gap equal to zero) «leads to a more positive service encounter and enhances the likelihood that the experience will evolve into a longer client-provider relationship» (Brown & Swartz, 1989).

They admit, however, that wrong perceptions on the part of an organisation's personnel may have a positive impact on quality, but only when those wrong perceptions are an overestimate of customer

[31] This is in accordance with, for instances, Haywood-Farmer's (1988) opinion about the concept of employees' professional judgement (see page 126, below).

expectations and/or an underestimate of customer experiences.

The authors further conclude that customers evaluate the entire service encounter, not just the interaction. This evaluation includes dimensions such as other staff behaviour, facilities ambience and even signage.

The present section has analysed the concept of quality gaps, the different quality gaps that can occur, the variables influencing the gaps and their relations. The next section addresses the dimensions across which customers may evaluate service quality.

3.3.2.6. MODELS OF SERVICE QUALITY DIMENSIONS

«Too often improving quality is mentioned as an internal goal without any explicit reference to what is meant by service quality» (Grönroos, 1990). Departing from the point of view of the consumer, organisations need to define what is meant by quality, breaking it down into understandable, measurable and manageable parts and developing a clear quality vocabulary (Garvin, 1987; Grönroos, 1990). The quality dimensions are fundamental in this vocabulary.

It was noted previously that service quality can be divided into two basic dimensions: technical quality and functional quality. The former is mainly technical and objective; the latter is mainly interactive and subjective. Customers evaluate both but they seem to prefer to focus upon, and appear to find it easier to evaluate, functional quality. Organisations, however, tend to focus their measures of efficiency and quality on the technical dimension.

It was also noted that service quality is difficult for customers to evaluate before consumption because of service characteristics and, particularly, because they possess just a few search properties. Most of the service's properties are experience and credence properties (Parasuraman *et al.*, 1985).[32]

These distinctions, whilst are important to the understanding of service quality, are not in themselves sufficient. A small number of researchers have tried to identify all of the dimensions which customers may use in creating service expectations, in perceiving and in assessing service quality (Parasuraman *et al.*, 1985). Defining these dimensions is very important because they can provide a better understanding of what is quality and what variables organisations should monitor attentively. However, service quality and its dimensions are not free from ambiguity in the literature because of «difficulties involved in delimiting and measuring the construct[s]» (Parasuraman *et al.*, 1985).

According to Rosander (1989), the principal dimensions by which quality is perceived or measured are:

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[32] See Section 3.3.2.4. Categories of Properties of Goods and Services.

- personnel attitudes, competence and behaviour;
- service satisfies needs (does what it is supposed to do);
- service promptness (quick service, time);
- service price (affordable, good deals);
- service safety (a neglected characteristic);
- previous experiences of the customer with the service.

Based on a 1985 Poll by the American Society for Quality Control, Rosander (1989) concludes that employee attitudes, competence and behaviour are by far the most important determinants of quality. Price, however, «does not seem to be a straightforward quality determinant» except for some specific situations (Grönroos, 1990).

Rosander's (1989) examples of adequate behaviour and attitudes are:

Behaviour:

- *Acting promptly;*
- *Listening carefully;*
- *Being attentive;*
- *Acting with understanding;*
- *Making to-the-point explanations;*
- *Avoiding unusual ways of talking;*
- *Showing ability to do the job;*
- *Getting along with people.*

Attitudes:

- *Courteous;*
- *Friendly;*
- *Mannerly;*
- *Kind;*
- *Conversational;*
- *Alert;*
- *Accurate;*
- *Concerned;*
- *Responsible. (Rosander, 1989)*

The perceived quality of the service can also be improved by an adequate appearance (hair, beard, cleanliness and general appearance), proper clothes and shoes (fit, colour and style), and «by giving employees a certain prestige through unique symbols of identification» (Rosander, 1989).

These classifications, although extensive, are far from being complete. Haywood-Farmer (1988) proposed a classification of three quality dimensions, two of which were not considered in Rosander's (1989) list. The dimensions are:

- *Physical facilities, facilitating goods, processes and procedures* used in the production, delivery and consumption of the service by both personnel and customers. This includes: location, layout, size, décor and reliability of facilities as well as process flow, process control and process flexibility, capacity, timeliness, speed and communication with consumers.

- *People's behaviour and conviviality.* This is very similar to Rosander's (1989) dimension of personnel attitudes, competence and behaviour. Haywood-Farmer (1988) adds the personnel ability to solve customer problems and dealing with customer complaints.

- *Professional judgement.* This includes judgement, advice, guidance, innovation, autonomy, flexibility, diagnostic ability, self-motivation, knowledge and discrétion. «Even though these characteristics are central to professional service organisations [e]very organisation requires a certain amount of these characteristics in its employees» (Haywood-Farmer, 1988).

Based on group interview data, Parasuraman *et al.* (1985) suggest, in an exploratory study, 10 determinants of service quality. Table 3.5 reproduces their definitions and examples.

Table 3.5. Determinants of Service Quality

Parasuraman *et al.* (1988) use these dimensions to generate a 22-item scale called SERVQUAL. «The purpose of SERVQUAL is to serve as a diagnostic methodology for uncovering broad areas of a company's service quality shortfalls and strengths» (Parasuraman *et al.*, 1991). The method consists of obtaining data pertaining to customers' expectations and perceptions, on each item, and then calculating the corresponding service quality measure (SQ=P-E). (Note that each of these differences can also be thought of as quality gaps by the customer.) When properly used, «SERVQUAL can be a useful tool to assess the [global] service quality of firms» (Mels *et al.*, 1997).

The development of SERVQUAL required the construction of an initial 97-item scale, with approximately 10 items for each quality dimension (Parasuraman *et al.*, 1988). This scale was "purified" through a multiple-stage statistical procedure resulting in the final 22-item scale.

In this process, however, the initial 10 service quality dimensions were revealed – through factorial analysis – to be an inadequate structure. Some of the dimensions did not originate a clear factor, thus a new structure with only five dimensions was suggested. Of these, three dimensions were already in the original classification, while the remaining two are a result of combinations of the other initial seven dimensions. The definitions are as follows:

Tangibles:	*Physical facilities, equipment, and appearance of personnel.*
Reliability:	*Ability to perform the promised service dependably and accurately.*
Responsiveness:	*Willingness to help customers and provide prompt service.*
Assurance:	*Knowledge and courtesy of employees and their ability to inspire trust and confidence.*
Empathy:	*Caring, individualised attention the firm provides its customers.* (*Parasuraman* et al., *1988*)

A further refinement of the scale (Parasuraman *et al.*, 1991) «still reflects the basic five-dimensional structure» with the exception of tangibles being dichotomised into two sub-dimensions: one pertaining to facilities/equipment and another to employees/communication materials. The wording of some items in the scale (SERVQUAL) was changed; the authors concluded that a positive wording (instead of a negative wording) was preferable (Parasuraman *et al.*, 1991). The wording can be further changed to adapt the scale to specific contexts. The authors also recognise that in specific contexts, some items can be added to supplement SERVQUAL in any of the five dimensions, but deletion of existing items can affect the integrity of the scale (Parasuraman *et al.*, 1991).

Moreover, the authors recognise two other problems with SERVQUAL. First, the five dimensions are not orthogonal, but interdependent (Parasuraman *et al.*, 1985, 1988 & 1991). Second, replication studies reported different factor structures, thus affecting the consistency of the scale

(Parasuraman *et al.*, 1991).

Mels *et al.* (1997), for instance, conclude that the best factor structure is one with two factors only. Factor 2 includes the items corresponding to tangibles and Factor 1 comprises all the items corresponding to the remaining four dimensions. They suggest that researchers and managers should not accept the structures in the literature, but derive the structure underlying their own data.

Grönroos (1990) has also reduced the number of quality dimensions, but for different reasons. He believes the list should be short enough to be useful to managers. Grönroos' (1990) quality dimensions are professionalism and skills, attitudes and behaviour, accessibility and flexibility, reliability and trustworthiness, recovery, and reputation and credibility. Table 3.6 provides his definitions.

The recovery dimension is not present in previous classifications, but it is a very important one. If something goes wrong, corrective actions should be taken immediately. This dimension is linked with the customers' sense of control of the consumption situation (Grönroos, 1990). Anything that interferes with or makes customers lose the sense of control will make them feel uncomfortable and will reduce their satisfaction and quality perceptions (Grönroos, 1990). An important aspect of recovery is keeping consumers well and timely informed of what is being done to solve the problem

(Grönroos, 1990). A situation where an aircraft departure is delayed can easily make customers lose the sense of control. Giving courteous and prompt information of the delay time and making everything so they can feel comfortable, will put them in control of the situation and improve the quality perceived (Grönroos, 1990).

Garvin (1987) proposes eight critical dimensions of goods and service quality: performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality. Performance in services is defined as prompt service. Features involve the offer of a diversified array of services and options, and/or the flexibility to adapt the service benefits to individual customer's needs. Reliability is not defined in the service context but is related to performing well when it is expected to do so. Conformance is defined as «the degree to which a product's [or service's] design and operating characteristics meet established standards» (Garvin, 1987).[33] Conformance is also related to accuracy and timeliness. Durability is not applied to services. Serviceability is equated with speed, behaviour, courtesy, and handling of complaints or failures (recovery). Aesthetics is a subjective dimensions relating to «how a product looks, feels, sounds, tastes, or smells» (Garvin, 1987). It is defined in terms of goods but it can be applied to the service's tangibles and supporting goods. Perceived quality is equated with reputation.[34]

An additional dimension defined by Price *et al.* (1995) is "extras". This is frequently neglected and consists of «giving something more to the customer than expected within the norms of a commercial transaction. [Extras] are *not* a standardised part of the service delivery package [but] a relationship of generalised reciprocity between provider and customer» and/or gifts (Price *et al.*, 1995). This dimension is naturally related to the idea of delighting the consumer.

The following table is an attempt to summarise the previous discussion about service quality dimensions.

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[33] This dimension is related to Parasuraman *et al.*'s (1985) Gap 3.

[34] «Consumers do not always have complete information about a product's or service's attributes», and reputation can make the difference between two different brands (Garvin, 1987).

Table 3.7. Quality Dimensions

Quality dimension	*Rosander, 1989*	*Haywood-Farmer, 1988*	*Parasuraman* et al., *1985*	*Parasuraman* et al., *1988*	*Grönroos, 1990*	*Garvin, 1987*	*Price* et al., *1987*
Personnel competence, behaviour and attitudes	●	●	○	○	●	○	
Appearance of personnel	●	●	○	○			
Safety/security	●		●				
Tangibles (facilities, equipment and facilitating goods)		●	●	●	○	○	
Other customers receiving the service		●	●		●		
Process flow and control		●					
Personnel professional judgement, diagnostic ability and autonomy		●			○		
Reliability	○	○	●	●	●	○	
Responsiveness	●	●	●	●	○	○	
Competence	○	○	●	○	○	○	
Access	○	○	●	○	○	○	
Courtesy	●	○	●	○		○	
Communication	○	○	●				
Credibility			●	○	●	○	
Understanding/ knowing the customer	○		●	○	○	○	
Empathy	○	○	●	●	○	○	●
Assurance	○	○	●	●			
Recovery		○			●	○	
Extras							●

Note: "●" means that the dimension is originally defined by the author in the column heading, or that the author gives an equivalent definition.
"○" means the author in the column heading defines a similar dimension but only includes some of the elements of the "original" definition.

Source: developed by C. J. F. Cândido.

Building a Table like this is to some extent a subjective work. The basic criteria used are:

- all quality dimensions keep the original designation given by its author, with some minor adaptations;

- the best or more comprehensive "original" definitions are the chosen ones to figure in the Table, for instance, "reliability" (Parasuraman *et al.*, 1985) is preferred to "service satisfies needs (does what it is supposed to do)" (Rosander, 1989);

- three particular elements are separated from their original dimensions ("other customers receiving the service simultaneously", "process flow and control", and "appearance of personnel") for being sufficiently relevant but isolated and forgotten or uneasily attached to tangibles;

- it is required that each author clearly addresses at least one of the elements included in the "original" definition of each dimension before one of the symbols ("●" or "O") can be entered in the Table;

- two symbols are used because two different authors may include the same element in different dimensions. The symbol "●" means that the dimension is originally defined by the author in the column heading, or that the author gives an equivalent definition. The symbol "O" means that the author in the column heading defines a similar dimension but only includes some of the elements of the original definition.

Table 3.7 clearly shows that even those authors who have broken the concept of service quality into understandable, distinct dimensions have completely ignored some of the possible dimensions. It shows that the concepts used are very different from one author to another. And it also shows that some of the elements related to one dimension can be attached to a different dimension.

Quality in products and services can be broken down into several quality dimensions. The relative importance of each dimension may differ according to industry and to customer/group of customers (Grönroos, 1990). Other dimensions, not considered here, may be defined, if a specific context or industry is considered (Garvin, 1987; Grönroos, 1990; Price *et al.*, 1995). Moreover, the dimensions or their relative importance may change very quickly, even during the delivery of a service to a particular customer (Haywood-Farmer, 1988). «A [flight] passenger primarily interested in arriving at the right place on time may suddenly alter his or her priority to arriving anywhere safely should there be a hijacking, mechanical problems, health problems, or a sudden change in the weather» (Haywood-Farmer, 1988). Thus, the author concludes that, in «quality control terms, the [service quality] target is camouflaged, fuzzy and moving» and the service managers must consider more dimensions than those taken into account by managers in manufacturing industries (Haywood-Farmer, 1988).

These quality dimensions are correlated (Parasuraman *et al.*, 1985, 1988 & 1991), and some times an improvement in one may be achieved only at the expense of another (Garvin, 1987). Thus, managers must choose on which ones to compete (Garvin, 1987; Haywood-Farmer, 1988). This is, according to Garvin (1987), what «makes strategic quality management possible; the challenge to managers is to compete on selected dimensions» (Garvin, 1987). Managers must carefully choose a balanced combination, knowing that concentrating on some of the dimensions may constitute an appropriate strategy or «may also lead to disaster» (Haywood-Farmer, 1988).

The dimensions in Table 3.7 are too numerous and some overlap completely. From this Table some dimensions are chosen to be used in this study. An acceptable compromise should be achieved by utilising the following criteria: (1) a dimension is not chosen if it is too much aggregated (*e.g.*, "personnel behaviour and competence and attitude") and is conveniently represented by other dimensions; (2) a dimension is not chosen if it is too specific, and explicitly and coherently represented by other dimension; and (3) the set of dimensions chosen must be comprehensive but not too big.

Thus, the chosen quality dimensions are:

1. reliability;
2. responsiveness;
3. assurance;
4. empathy;
5. tangibles (facilities, equipment and facilitating goods);
6. appearance of personnel;
7. personnel professional judgement, diagnostic ability and autonomy; and
8. recovery.

This is in fact the set of dimensions that resulted from the conceptual and empirical work of Parasuraman *et al.* (1985, 1988 & 1991), supplemented by the personnel professional judgement, diagnostic ability and autonomy, derived from Haywood-Farmer (1988), and with the addition of recovery, found in the work of Grönroos (1990).

With regard to the adoption of Parasuraman *et al.*'s tangibles dimension, however, it should be noted that this dimension is here considered separately from appearance of personnel (Cf. Parasuraman *et al.*, 1991). Additionally, it is also considered that other customers receiving the service simultaneously should not be regarded as "tangibles" but as exerting an influence on several quality dimensions, for instance, on responsiveness and on recovery.[35]

With service quality dimensions having been defined, attention is now briefly directed towards service quality gaps, specifically towards Gap 5. This gap can now be defined as a function of eight other gaps. These gaps are defined – according to the eight quality dimensions chosen – as the differences between the ability expected by customers to be shown by the organisation in handling the dimensions and the customers' perceptions of that ability. The eight gaps can be designated, respectively, gaps 5.1 to 5.8. Gap 5.1, for instance, can be defined as the difference between the reliability expected by customers to be shown by the organisation and the customers' actual

[35] See last row on Table 3.5.

perception of reliability. These gaps are similar to the definitions of Gap 5A (which is the difference between customers' expectations of technical service quality and perceived technical service quality) and Gap 5B (which is the difference between customers' expectations of functional service quality and perceived functional service quality) suggested by Brogowicz *et al.* (1990).[36] As Brogowicz *et al.* (1990) also noted, it is not required that customers actually try the service to form their opinions.

3.3.3. A SUGGESTED SYNTHESISED MODEL FOR GAP ANALYSIS[37]

This section presents a model that draws on the work of several authors. An unfinished paper by Professor David Morris and a postdoctoral student at Sheffield Hallam University have provided great inspiration and guidance.

3.3.3.1. ELEMENTS OF THE MODEL

The purpose of any model is to explain some part of reality. To do so, it must capture the fundamental elements of that reality and their relationships. A management model, thus, should capture and relate those key variables that require systematic management attention (Brogowicz *et al.*, 1990). Some of the most influential models in the service management literature have focused on and discussed the concepts of quality and quality gap (Parasuraman *et al.*, 1985, 1988 & 1991; Zeithaml *et al.*, 1988; Grönroos, 1990). Quality was defined as a function of a series of gaps (Parasuraman *et al.*, 1985), *i.e.*, of «all those things that have been done right and wrong» (Gummesson & Grönroos, 1987). And, Brogowicz *et al.* (1990) have concluded that service management's job, in essence, is to prevent or eliminate those gaps.

Service quality gaps are usually defined as an inconsistency between two *elements* (Cf. Parasuraman *et al.*, 1985; Brown & Swartz, 1989; Brogowicz *et al.*, 1990). The elements included in this model are:

- customer's expectations about the service (Grönroos, 1990; Parasuraman *et al.*, 1985; Brown & Swartz, 1989; Brogowicz *et al.*, 1990);[38]
- customer's perceptions of the service (Grönroos, 1990; Normann, 1990; Parasuraman *et al.*, 1985; Brown & Swartz, 1989; Brogowicz *et al.*, 1990);
- management's perceptions of customer expectations and perceptions about the service

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[36] The designations "Gap 5A" and "Gap 5B" are attributed on page 122 to unequivocally distinguish them, not by Brogowicz *et al.* (1990). On page 122, Gap 5A is used to refer to technical quality gap, whilst Gap 5B refers to functional quality gap.

[37] The content of this section has been presented at the 5th World Congress for Total Quality Management and published in the Total Quality Management Journal (Cândido & Morris, 2000).

[38] See sections 3.3.2.1, 3.3.2.4 and 3.3.2.5.

(Parasuraman *et al.*, 1985; Brown & Swartz, 1989; Brogowicz *et al.*, 1990);[39]

- vision, mission, service strategy and directions to close the gaps (Brogowicz *et al.*, 1990; Grönroos, 1990);[40]
- service analysis, translation of perceptions into service quality specifications and service design (Parasuraman *et al.*, 1985; Shostack, 1984; Normann, 1995; Grönroos, 1990; Christopher *et al.*, 1993);[41]
- financial management (Adams & Colebourne, 1989; Grönroos, 1990; Irons, 1994);[42]
- human resources management (Rosander, 1989; Grönroos, 1990; Lovelock, 1992b; Normann, 1995);[43]
- external communication (Parasuraman *et al.*, 1985; Brogowicz *et al.*, 1990);[44] and
- service delivery system, with its basic elements – contact personnel, support personnel, support systems, and tangibles – developing activities of production, distribution and "part-time" marketing (Parasuraman *et al.*, 1985; Grönroos, 1990; Gummesson, 1990; Lovelock, 1992b; Bateson, 1995).[45]

All these elements have been introduced earlier, in the chapter, and their definitions have been provided according to the references given above. Figure 3.18 shows those elements and some fundamental relationships between them. Namely, the:

- influence of management's perceptions on mission, strategy and directions to close gaps;
- influence of mission and strategy on human resources management, financial management, service specifications and design, external communications, and delivery system;
- influence of external communications on consumer expectations and perceptions;
- relationships between specifications, finance, human resources management and the service delivery system; and the
- relationships between the basic elements of the service delivery system.

These relationships are drawn or synthesised from the same references.

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[39] See sections 3.3.2.4 and 3.3.2.5.

[40] See pages 89 and 120, and Brogowicz *et al.*'s (1990) Figure 4.

[41] See whole Section 3.2.3.6.

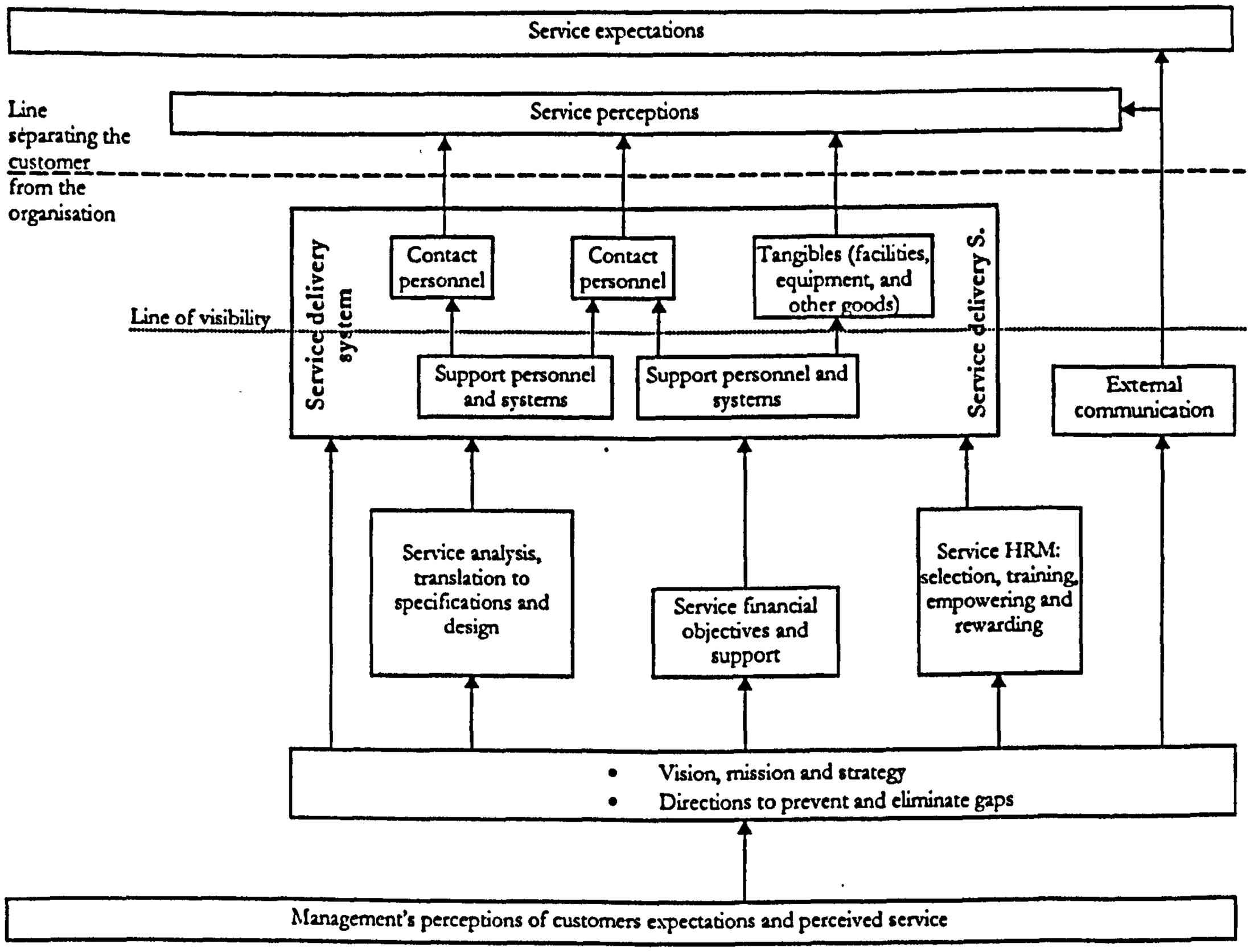
[42] See whole Section 3.2.1.4 and page 99.

[43] See Figure 3.7 and pages 101-104.

[44] See Figure 3.15 and Brogowicz *et al.*'s Figure 4.

[45] Accurate references in footnotes 46, 47 and 48.

Figure 3.18. Quality Gap Analysis Model: Elements and Some Fundamental Relationships



Note: Among the elements that influence customer's expectations, only external communication is shown to avoid excessively burdening the figure.

Source: developed by C. J. F. Cândido.

The elements of a service delivery system that are in contact with consumers are depicted, in Figure 3.18, above the line of visibility, while support personnel and systems are shown below that line. This part of the model, corresponding to the service delivery system, is mainly drawn form Grönroos (1990)[46], Lovelock (1992b)[47] and Bateson (1995)[48].

3.3.3.2. GAPS INVOLVING INTERNAL AND EXTERNAL CUSTOMERS

Parasuraman *et al.* (1985) define a model, depicted in Figure 3.15, with four internal gaps:

- Gap 1 – between actual customer expectations and management's perceptions of these;
- Gap 2 – between management perceptions and service quality specifications;

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[46] See Grönroos' (1990) Figure 8-7, adapted here as Figure 3.9.

[47] See Lovelock's (1992b) Figure 2.

[48] See Bateson's (1995) Figure 1.2, reproduced here as Figure 3.1.

- Gap 3 – between service quality specification and actual service delivery; and
- Gap 4 – between service delivery and external communications.

The concepts of their internal gaps are conceptually amplified by Brogowicz *et al.* (1990), who define, respectively:

- information and feedback-related gaps;
- design-related gaps;
- implementation-related gaps; and
- communication-related gaps.

The amplified concepts are meant to encompass different kinds of more specific, narrower gaps. Thus, implicit is the fact that numerous types of quality gaps can occur in a service organisation, which can be (or not) classified in any of the above four categories. The authors do not, however, define any of the possible narrower gaps. They do not fully exploit this path, but proceed to exploit their distinct concepts of Gap 5A and Gap 5B, two different narrower external gaps of the category of Gap 5.[49] Their ideas are, nevertheless, important, opening a way to the definition of new models. Such models can exploit the potential of relevant dimensions that were previously aggregated or were ignored.

The model described in this section encompasses relevant aspects, which, although referred to in some works, have not been exploited in previous gap models. The more obvious being, probably, the deliberate definition of gaps between internal customers, in particular,

- gaps between members of the contact personnel;
- gaps between support personnel/systems and contact personnel; and
- gaps between functions (design, financial management and HRM).

The model is presented in the next section, where these and other gaps are briefly defined.

3.3.3.3. SERVICE QUALITY GAP MODEL

Several references to possible service quality inconsistencies and some formally defined service quality gaps were collected from the literature. These inconsistencies were grouped and are listed, alongside the gaps, in the rows of the next table. The studies from which they are derived are to be found in the works of Parasuraman *et al.* (1985), Grönroos (1990), Gummesson & Grönroos (1987), Lovelock (1992b), Garvin (1987), Brogowicz *et al.* (1990), Zemke & Schaaf (1989), Brown & Swartz

[49] Originally defined by Parasuraman *et al.* (1985).

(1989), Norman & Ramirez (1993) and are listed in the columns. A dot "●" indicates that the inconsistency or gap was found in the study corresponding to that column.

Table 3.8. Quality Inconsistencies/Gaps drawn from the Literature

Gap number	*Inconsistency /gap*	*Parasuraman et al., 1985*	*Grönroos, 1990*	*Gummesson & Grönroos, 1987*	*Lovelock, 1992b*	*Garvin, 1987*	*Brogowicz et al., 1990*	*Zemke & Schaaf, 1989*	*Brown & Swartz, 1989*	*Norman & Ramirez, 1993*
1	*Management perceptions*	●	●		●[a]	●	●	●		
2	*Service quality strategy*		●			●		●		
3	*Service design and service quality specifications in terms of customers' expectations*	●	●	●	●[a]	●	●	●		
4	*Quality supportive financial function*				●					
5	*Internal communications*		●	●				●		
6	*Integration/coordination*	●	●	●	●					
7	*Coordination of other people and/or organisations in the value system*									●
8	*Selection, training, and adequate levels of autonomy, power and rewards to personnel*		●		●			●		
9	*Service delivery*	●	●	●	●[a]	●	●	●		
10	*External communications*	●	●		●		●			
11	*Contact personnel perceptions of customers' expectations*								●	
12	*Contact personnel perceptions of customers' experiences*								●	
13	*Customer perceptions*	●	●	●			●[b]		●	
14	*Service quality evaluation*		●		●	●		●		

Note: The dot "●" means "feature found".

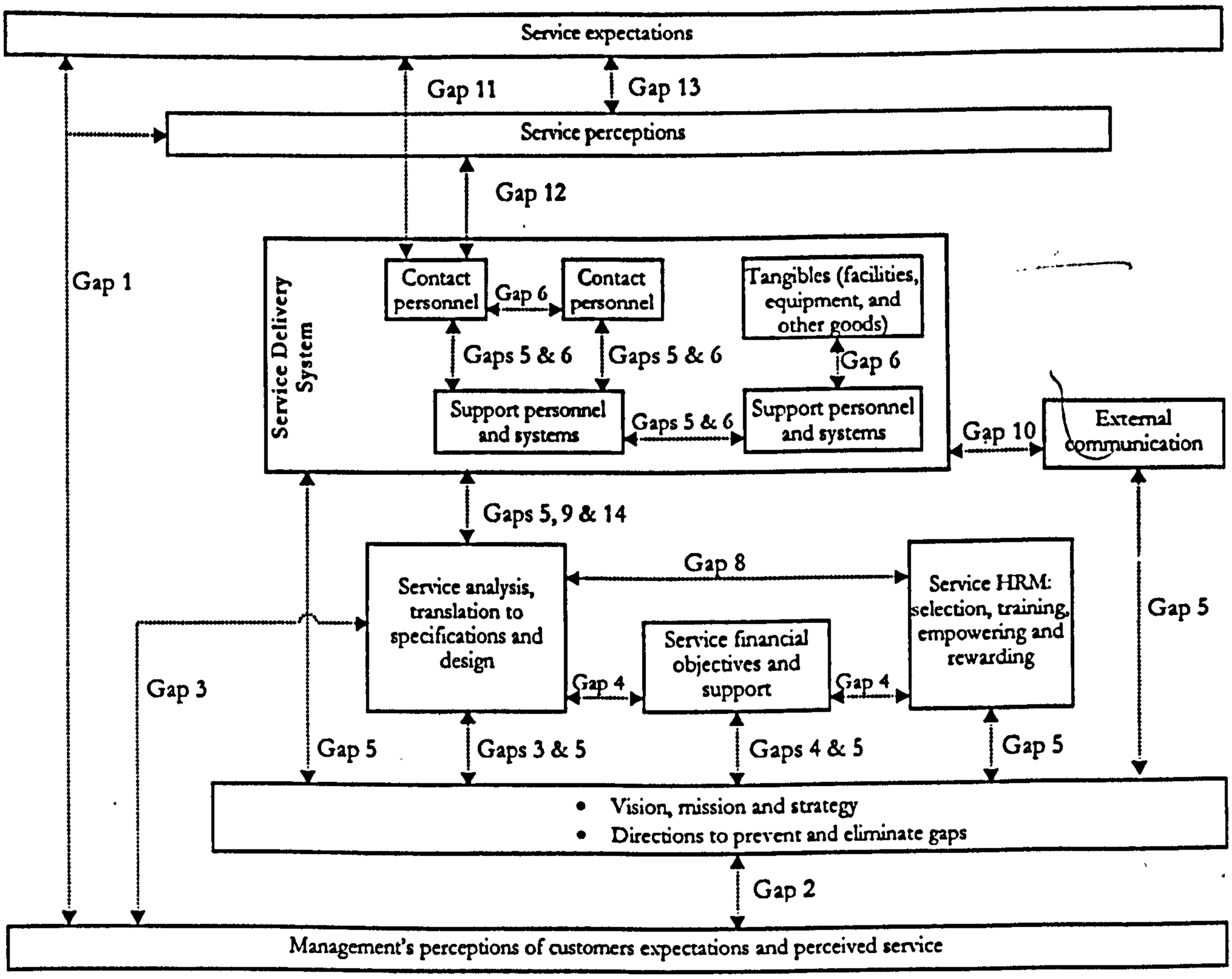
[a] Although Lovelock (1992b) does not specifically identify each of these gaps, he refers to a possible inconsistency between the consumers' preferences and the nature of the delivery system.

[b] Brogowicz *et al.* (1990) distinguish between two particular gaps, which are designated as Gap 5A and Gap 5B, in page 122.

Source: developed by C. J. F. Cândido.

The inconsistencies identified are redefined as the new gaps and the gaps found already in the literature are renumbered and redefined accordingly to fit in an integrated gap model (see Figure 3.19).

Figure 3.19. Service Quality Gap Analysis Model: Elements and Gaps



Notes: Where Gap 9 appears, it can be disaggregated into gaps 9.1 to 9.8. Gap 13 can be equally disaggregated into gaps 13.1 to 13.8. Gap 7 is not shown to avoid burdening the figure.

Gaps 1, 3, 9, 10 and 13 are essentially derived from Parasuraman *et al.* (1985) and Brogowicz *et al.* (1990). Gap 2 is derived from Garvin (1987), Zemke & Schaaf (1989), Grönroos (1990) and the strategy literature. Gap 4, from Adams & Colebourne (1989) and Lovelock (1992b). Gap 5 is derived from Gummesson & Grönroos (1987), Zemke & Schaaf (1989) and Grönroos (1990). Gap 6, essentially from Grönroos (1990) and Lovelock (1992b). Gap 7, from Normann & Ramirez (1993). Gap 8, basically from Zemke & Schaaf (1989). Gaps 11 and 12 are defined by Brown & Swartz (1989). Gap 14 is derived mostly from Garvin (1987), Zemke & Schaaf (1989) and Grönroos (1990).

Source: developed by C. J. F. Cândido.

Gaps 1, 2, 8 and 13 appear once in the figure. They occur only between two of the elements of the model. All other gaps occur between more than two elements. A particular set of gaps (Gaps 5, 9 and 14) can occur between the "service analysis, translation to specifications and design" and any of the elements of the service delivery system. Although, there is only one arrow and their numbers appear only once for simplification reasons. A similar argument is valid for gaps 10, 11 and 12. Gaps 11 and 12, however, can only occur between customers and contact personnel. Gap 7 is not represented at all in Figure 3.19 for simplification. Gap 7 can occur between more than one of the elements of the organisation and several or all of its stakeholders.

A brief description of each of the gaps is now proposed, bringing together the contributions of several of the studies already mentioned.

Gap 1 – management perceptions. Zemke & Schaaf (1989) note that «deft to [their] own devices, [managers and personnel] pay more and more attention to things of less and less importance to the customer». As a consequence, they remain blind to what customers actually value. Some of the "devices" and causes for this blindness (gap) are managers' and personnel's education, habits developed over time, and company policies and procedures, especially relating to marketing research and communication (Zemke & Schaaf, 1989; Zeithaml *et al.*, 1988). Zeithaml *et al.* (1988) suggest a comprehensive list of 8 factors that may originate Gap 1. The gap is defined here as a management lack of understanding of customers' expectations and perceptions of the service characteristics, motivated by both a lack of incentives to listen to customers (Zemke & Schaaf, 1989) and by a lack of correct understanding when these incentives are present (Parasuraman *et al.*, 1985). The gap can be further enlarged to include a lack of understanding of other external information, *e.g.*, culture, competition... (Cf. Brogowicz *et al.*, 1990).

Gap 2 – service quality strategy. Strategy relates the service organisation to its environment and defines the way it wants to compete. Service quality strategy precises the organisation's competitive scope and its concept of quality, through a selection of, and positioning on, the fundamental quality dimensions upon which it wants to compete. Service quality strategy is also a set of guidelines that provides orientation for everyone in the organisation. It should be thoroughly communicated, should be meaningful for personnel, and should distinguish the organisation from others. Failure to forge and communicate a coherent service quality strategy is a serious quality gap.

Gap 3 – service design and service quality specifications in terms of customers' expectations. Specifications of the augmented service offering, along the relevant dimensions, are useful to define what is quality. Frequently, organisations do not possess any kind of formal specifications, which results in aggravated service variability and, thus, lower quality (Zemke & Schaaf, 1989). Specifications are required to guide personnel in their activities and are also required as a means of comparison for effective quality evaluation. Setting adequate specifications requires analysis of the "total" service. Flowcharting is arguably an excellent instrument to analyse and design the whole of the service's moments of truth. It can also be used to aid in defining quality specifications. When specifications do exist, they might be or they might not be in accordance with strategy and manager's perceptions of customer's quality expectations. Gap 3 is, thus, defined as

- a lack of analysis, design and definition of service quality specifications, or when specifications exist, as
- an inconsistency between those specifications and the strategy content or the perceptions management held of customers' expectations.

Several factors can originate this gap, for instance, lack of management commitment to service quality and short-term profit orientation (Zeithaml *et al.*, 1988. See Figure 3.16).

It is worth noting that designing and setting standards does not mean total standardisation. In fact, service quality is incompatible with full standardisation, as is well demonstrated in both the service management literature and relationship marketing literature.

Gap 4 – quality supportive financial function. Although a vital function in the service organisation, finance involves little customer contact, except for billing, payment and credit activities (Lovelock, 1992b). This is one reason why it may have been so much neglected in the service literature. Financial management, in service organisations, has also been seen mainly as a constraint and an obstacle to other functions (Adams & Colebourne, 1989); to such an extent that the abolition of budgeting in service organisations has been already put into practice by companies (Irons, 1994). Nevertheless, the financial function is indispensable. Organisations must make a profit and quantify how much this profit is in order to socially justify their use of resources.

Adams & Colebourne (1989) suggest an "enlightened" approach to finance in service organisations. This consists of a more participative and positive approach where far from being an obstacle, it contributes to strategic planning, costing systems, personnel motivation, quality control, continued solvency, and keeping outsiders' confidence in management (Adams & Colebourne, 1989). Particularly, there is a need to distinguish between "good costs" and "bad costs", as well as between "internal efficiency" and "external efficiency" (Grönroos, 1990)[50]. Doing this will, probably, require a substantial effort, understanding, cooperation and good will from financial managers and personnel to avoid traditional methods and arguments.

Gap 5 – internal communications. Zemke & Schaaf (1989) insist that service strategy has to be communicated over and over again to everyone in the organisation. The «employees at all levels must be aligned with a single vision of what the organisation is trying to accomplish» (Zemke & Schaaf, 1989). Effective internal communications is the requisite for integration and harmony in the service organisation's activities and quality. Internal communications is not only about strategy, it has to do with managers listening to employees, receiving feedback about the employees' perceptions of the performance of the organisation on its fundamental quality dimensions. It also involves managers working with and listening to other managers, thus sharing problems and solutions; managers giving information to employees, about their individual performances, thus contributing to individual improvement; and involves prompt horizontal and both ways vertical communications, thus flattening and inverting the hierarchical pyramid (Grönroos, 1990; Irons, 1994).

Gap 6 – integration/coordination. Integration between every employee, every activity, every department and every function is fundamental for the success of a service quality strategy. The need for integration efforts arises from the differentiation of jobs and functions in the organisation. This

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[50] These concepts are discussed on page 92.

differentiation implies differences in cost/revenue orientations, policies and in specific external environments, which can easily lead to misunderstandings, lack of coordination and even conflict (Lawrence & Lorsch, 1967; Lovelock, 1992b). Integration can be achieved through several distinct devices, for instance, promoting employees' mobility inside the organisation, cross training, task forces, team projects, supervision and, basically, good internal communications (Cf. Lawrence & Lorsch, 1967; Mintzberg, 1979; Lovelock, 1992b). There are two sides to integration. One is that every job, activity, department and function should be compatible and mutually reinforcing (Normann, 1995; Lovelock, 1992b). The other is that customers should not feel ignored, unimportant or abandoned. For instance, a customer should not feel that he has been repeatedly sent from one department to another; that no one knows who he is or what he wants; or that people in the organisation are not working together to his benefit (Grönroos, 1990; Lovelock, 1992b).

Gap 7 – coordination of other people and/or organisations in the value system. Organising the service delivery system in a way that everything fits together appropriately avoids quality gaps. However, if other organisations in the value system are not organised to provide service quality to the final consumer, this lack of understanding and coordination can result in reduced customer perceptions. Normann & Ramirez (1993) report that several organisations have achieved a total reconfiguration of the value constellation to which they belong, with benefits to every member of the network and to consumers Norman (1995) also suggests that service firms «have to extend their organising capability well outside their own company»; that the service firm «has to "organise" its client»; and that it can do the same with other people «or groups or sectors normally regarded as separate».[51] Hotels, for instance, can create/improve a network with suppliers and entertainment companies to increase and improve the choices available to their customers in new creative ways.

Gap 8 – selection, training, and adequate levels of autonomy, power and rewards to personnel. The importance of functional quality, especially in service industries, makes human resources management an even more important function in service organisations. This function is about selection, training and setting adequate levels of personnel autonomy and power, setting standards/objectives, accessing individual performance, helping people where help is needed and, finally, rewarding them for their achievement. The right people should be selected and the tendency to recruit quickly to fill a sudden vacancy (accepting people with inadequate attitudes, values and skills) should be avoided (Zemke & Schaaf, 1989). The people selected are then trained to enhance their skills, improve attitude towards the customer and learn about the services offered. These people can then be slowly vested with substantial responsibility, enabling them to solve customer problems in a more autonomous and satisfactory way to both parties (Zemke & Schaaf, 1989; Irons, 1994). Contact personnel are encouraged to feedback information about customers' expectations and perceptions. Finally, contact personnel are rewarded for excellent service quality and their achievement is made

[51] See page 107.

public (Zemke & Schaaf, 1989). An inability or unwillingness to manage personnel coherently and with orientations similar to these will constitute a significant quality gap for a service organisation.

Gap 9 – service delivery – is an inconsistency between service design/service quality specifications and the service quality actually delivered by the service delivery system. The inconsistency may be technical quality and/or process quality related. It can be analysed more precisely using the quality dimensions selected and included in the strategy content. This means that on each of these dimensions can be found a quality gap. Thus, gaps 9.1 to 9.N can now be defined, just like gaps 5.1 to 5.8 were previously described,[52] with N being the number of quality dimensions selected. Gap 9.1, for example, is a difference between the designed level of reliability and the level of reliability actually delivered by the system, as measured or observed by members of the organisation. Gap 9 can, consequently, be defined as a function of gaps 9.1 to 9.N. Such gaps, in turn, result from employees' inability or unwillingness to perform, namely, from conflict, ambiguity, employee/job/technology lack of fit and other factors (Zeithaml *et al.*, 1988). [53]

Gap 10 – external communications – is an inconsistency between what is externally communicated (promised) and that with which the service delivery system is actually able to provide the customers. Several factors may originate this gap: a lack of communication between the marketing department's members and the operations department's members, a propensity to overpromise (Zeithaml et al., 1988), or an inability to communicate clearly and accurately the benefits of the service offering to the customers (Brogowicz et al., 1990).

In order to adequately use and fully appreciate the choices that the organisation offers, the customer has to be in possession of accurate and comprehensive information. It may be necessary to use more than one communication means to inform, persuade and educate the customer. Designing services to be user friendly will simultaneously facilitate consumer use and external communication.

Gap 11 – contact personnel perceptions of customers' expectations. This gap consists of a discrepancy between the contact personnel perceptions of customers' expectations and the customers' real expectations (Brown & Swartz, 1989).

Gap 12 – contact personnel perceptions of customers' experiences. Similar to the previous gap, Gap 12 consists of a discrepancy between the contact personnel perceptions of customers' experiences and the customers' real experiences (Brown & Swartz, 1989). Gaps 11 and 12 clearly address the need of contact employees to understand their customers and their needs/problems.[54]

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[52] See page 133.

[53] See Figure 3.16 for a synthesis.

[54] See page 123 for a comment on context and relevance of gaps 11 and 12.

Gap 13 – customer perceptions – occurs on the customer's side. It is defined as the difference between what consumers expect from the service and what they actually perceive of it. The need for managers to access customers' expectations and their perceptions of the quality provided should be emphasised here. Such an assessment should be constant or, at least, periodic. It should encompass the totality of the service offering, *i.e.*, including every moment of truth, and it should probably be done for each of the N quality dimensions previously identified and selected. Gap 13 can be disaggregated into gaps 13.1 to 13.N, as was also suggested for Gap 9, above. Gaps 13.1 to 13.N are distinct from gaps 9.1 to 9.N. Gaps 13.1 to 13.N are external gaps, defined on the side of the customers. They refer to the differences between what customers expect and what they perceive on a particular dimension. Gaps 9.1 to 9.N are the inconsistencies on the same general dimensions, which can be defined on the side of the organisation. They refer to inconsistencies between the service quality specifications and the actual state of the delivery system at a specific moment or period, as measured/observed by the organisation.

Gap 14 – service quality evaluation. Setting standards is not sufficient to assure management and personnel that customers are being provided with good quality. Accurate measures are essential for monitoring and for effective quality management. Measuring is an objective way to monitor service quality, but personal observation is also important. This should not be equivalent to "police action". Several methods can be used to measure quality, however, the best measurements that can be devised «mirror and validate the details of [the organisation's] service strategy» (Zemke & Schaaf, 1989). This means that standards are set according to essential strategy elements and measurements are focused on these fundamental variables (Garvin, 1987).

3.3.3.4. IMPORTANCE OF THE SERVICE QUALITY GAPS TO A STRATEGY IMPLEMENTATION PROCESS

From the definitions above, it can be seen that service quality gaps occur during day-to-day delivery activities and that some may occur during the strategy formulation and implementation process. The gaps can, thus, be mapped accordingly. Table 3.9 shows in which of three simple stages of the strategy process each of the gaps is most likely to occur.[55] [56]

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[55] The stages considered are taken from Figure 1.1 – discerning customers' needs and formulating strategy, implementing strategy, and delivering the service to delight.

[56] Table 3.9 has provided the criterion for reordering and renumbering the 14 service quality gaps identified in the literature.

Table 3.9. Relationships Between the Stages of the Strategy Process and the Service Quality Gaps

Gap number	*Gaps that can occur in or arise from the stages of the model*	*Stages of the strategy process*		
		Discerning & formulating	*Implementing (developing)*	*Delivering the service to delight*
1	*Management perceptions*	●		
2	*Service quality strategy*	●		
3	*Service design and service quality specifications in terms of customers' expectations*	●	●	
4	*Quality supportive financial function*	●	●	
5	*Internal communications*	●	●	●
6	*Integration/coordination*	●	●	●
7	*Coordination of other people and/or organisations in the value system*	●	●	●
8	*Selection, training, and adequate levels of autonomy, power and rewards to personnel*		●	●
9	*Service delivery (including all the relevant quality dimensions, thus, Gaps 9.1 to 9.N)*			●
10	*External communications*			●
11	*Contact personnel perceptions of customers' expectations*			●
12	*Contact personnel perceptions of customers' experiences*			●
13	*Customer perceptions (including all the relevant quality dimensions, thus, Gaps 13.1 to 13.N)*			●
14	*Service quality evaluation*			●

Source: developed by C. J. F. Cândido.

Gaps 1 to 7 can occur when discerning customer needs and formulating strategy. Gap 2 is included because an organisation may not have a quality strategy at all, or having one, it might not be coherent or might not be the most appropriate for the organisation's current situation. Gaps 3 to 8 can occur during strategy implementation and development of organisational capabilities. Finally, Gaps 5 to 14 can occur during day-to-day delivery activities.[57]

If any group of gaps occurs during strategy formulation or implementation, the process is flawed. In that case, it is probable that the gaps will become engraved in the organisational processes, routines and culture. All the subsequent organisational activity will be severely affected; the strategy implementation will be considered unsuccessful; and the organisation's competitiveness will be endangered. This reasoning indicates that some gaps might be conceptualised both as impediments to quality and as impediments to effective strategy implementation. It also suggests that prevention and

[57] Gaps 5, 6 and 7 seem to be of extreme importance, because they can occur in every stage of the process. These three gaps are related to communication and coordination, either inside the organisation or between members of the organisation and external parties. Thus, in order to formulate, implement and deliver a quality strategy, obtaining the relevant information, communicating it to the relevant people and integrating their efforts seems to be highly important, always.

elimination of gaps should occur prior to, during, and after the strategy process. Thus, an understanding of quality gaps becomes necessary before starting any quality strategy formulation and implementation process.

This line of reasoning raises some questions – How are the gaps related to the process of strategy formulation and implementation? What more specific stages are actually involved in the strategy process? What gaps can occur at those more specifically defined stages? What organisational variables are affected by each gap? What organisational variables can be used to prevent and eliminated the gaps? At what stages? Is the manipulation of organisational variables at one specific stage capable of eliminating any specified gap? Will the gap recur?... These questions are considered in the next chapters.

*

Quality was defined as a function of «all those things that have been done right and wrong» (Gummesson & Grönroos, 1987), or more precisely, as a function of a series of gaps (Parasuraman *et al.*, 1985). Service management's job, in essence, is to prevent or eliminate these gaps (Brogowicz *et al.*, 1990).

Drawing on several studies, this section presents a comprehensive model of service quality gaps. The model amplifies the areas where quality gaps are to be sought and outlines a total of fourteen gaps, some of which can be disaggregated, according to the organisation's strategic quality dimensions. This is the case of, for instances, Gaps 9 and 13, which can be broken down into a number of strategic quality dimensions, respectively.[58]

The 14 quality gaps encompass relevant aspects found in the literature that have not been exploited in previous gap models. For instance, the deliberate definition of an "external coordination" gap or of gaps between internal customers, namely, between members of contact personnel; between contact personnel and support personnel; between contact personnel and support systems; and between an increased range of organisational functions.[59]

The 14 service quality gaps are major impediments to service quality, but they can also be seen as impediments to strategy formation and implementation. Successful service quality strategy formation and implementation seem to require an understanding and elimination of the gaps. It was clear, before, that because of the impact of gaps on service delivery, departmental managers must prevent,

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[58] Gap 9 – broken down into gaps 9.1 to 9.N, according to the N strategic quality dimension chosen by the organisation, as already mentioned on page 143. Gap 13 – broken down into gaps 13.1 to 13.N, according to the same strategic quality dimension, as already mentioned on page 144.

[59] See Section 3.3.3.2. Gaps Involving Internal and External Customers.

detect and eliminate them at source. But this section has further suggested that the impact of service quality gaps on strategy formation and implementation makes it increasingly important for the CEO and staff planners to do the same.

The models studied in the present chapter indicate which are the relevant service quality dimensions, explain what are service quality gaps and how they occur. The models do not explain, however, how to implement a service quality strategy using this knowledge. This is a subject for the next chapter: a model for the implementation of a service quality strategy.

4. STRATEGY IMPLEMENTATION

This chapter should review the literature on strategy implementation and make contributions to the development of a model for the implementation of a service quality strategy.

4.1. IMPLEMENTATION, SUCCESS AND CHANGE

4.1.1. IMPLEMENTATION CONCEPT

Andrews *et al.* (1969) have defined strategy implementation basically as a series of administrative subactivities:

> *The implementation of strategy is comprised of a series of subactivities which are primarily administrative. (Andrews* et al., *1969)*

Such administrative activities include the allocation or reallocation of resources – funds, equipment, personnel – and the adjustment of the organisational structure (Chandler, 1962).

More recently, however, other management activities have also gained substantial relevance in the implementation of strategy. These are related to individual and organisational behaviour, namely, to internal resistance and barriers to the changes that should be introduced by a new strategy content.

Ansoff & McDonnell (1990) have defined implementation as a process that establishes a desired organisational behaviour, in accordance with the strategy content:

> *Implementation is the process of causing the firm to behave in accordance with the purposes, guidelines and strategies. (Ansoff & McDonnell, 1990)*

A definition that captures both administrative and behavioural aspects of implementation is that given by Johnson & Scholes (1999):

> *Strategy implementation is concerned with the translation of strategy into organisational action through organisational structure and design, resource planning and the management of strategic change. Successful implementation of strategy is likely to be dependent on the extent to which these various components are effectively integrated to provide, in themselves, competencies which other organisations find it difficult to match. (Johnson & Scholes, 1999)*

This management of change is directed at overcoming barriers to the changes introduced by a new strategy content so that the new competencies are installed and the day-to-day activities of

everyone in the organisation are accomplished according to the strategy (Johnson & Scholes, 1999).

Implementation is, thus, in simple terms, the execution of a new strategy. Execution of a strategy is constituted by a sequence of actions involving (almost) every organisational department/resource in a coordinated way. Such execution results in actual changes in the direction of the organisation. This means giving a different shape to what is already being done or introducing bigger modifications at different levels like, for instance, competencies, activities, processes, norms, products and services. A strategy content specifies what should be done, how and for whom; implementation makes it reality.

4.1.2. ORGANISATIONAL SUCCESS AND IMPLEMENTATION SUCCESS

Organisational success has been defined as «attaining a competitive position or a series of competitive positions that lead to superior and sustainable financial performance» (Porter, 1991).

More generally, organisational success can be seen as the sustainable fulfilment of an organisation's mission and objectives.

Organisations may be successful or not; strategy implementation may also be successful or not. A relationship between the two concepts – organisational success and implementation success – can be established in two different definitions of the latter. Successful implementation may be defined in the following two ways (Cf. Hussey, 1995). In the first one, implementation success is the achievement of the organisational mission and objectives. In this case – a desirable one – successful implementation leads to organisational success. The other definition corresponds to the strict achievement of what the strategy content determines, regardless of the organisational results in terms of its mission and objectives. In this case, a successful implementation does not result in organisational success, because a bad/wrong strategy was implemented (Hussey, 1995). Organisational success may even be compromised.

Such a distinction in concepts is perhaps useful only to make clear that:

- a "bad" strategy may be impossible to implement, but when "successfully" implemented may lead to organisational difficulties;
- poor implementation of a "good" strategy can also lead to disaster; and
- organisational success – or strategic success – depends on both a good strategy and a good implementation (Hussey, 1995).

Strategic success is obviously the aim of any organisation. And successful implementation is a necessary condition for organisational success, because even an excellent strategy content cannot do anything for the organisation unless it is also adequately translated into operational reality.

4.1.3. HOW PEOPLE EXPERIENCE THE CHANGE PROCESS AND WHY THEY RESIST CHANGE

The implementation of a new strategy content brings significative changes to an organisation. For instance, changes in responsibility lines, in communication lines, in tasks performed and in processes. These changes can be threatening to middle/lower management and to front line and support personnel, because these people may not feel able to perform under the new conditions. Such changes create uncertainty, anxiety and stress (Carnall, 1986).

In this case, people will probably resist change. Resistance to change has been understood to be the most important difficulty with implementation, assuming that the strategy is "right" for the organisation (Cf. Johnson & Scholes, 1999; Ansoff & McDonnell, 1990; Carnall, 1986).

This sections looks at Carnall's (1986) perspective on how people experience the process of organisational change and at the sources of resistance to change.

Carnall (1986) describes a simple model of how people working in an organisation experience change. The process is divided in five different stages: denial, defence, discarding, adaptation and internalisation (see Figure 4.1).

Two variables are fundamental in explaining each stage: self-esteem and performance. These variables are linked and closely correlate. According to Carnall (1986), changes which have a big impact on people affect their self-esteem and their performance.

In Stage 1, denial, Carnall explains, there is a tendency to deny the new ideas and to deny the need to make the changes proposed. People find value in their present circumstances and in the way they always have done things (job, skills, and work-group) thus self-esteem increases. Performance,

however, does not increase because energy is spent discussing the impending change and because of the systems in place (*e.g.*, reward system).

Stage 2 – defence. As the changes become clear in plans and programmes, people must start to face reality: working with different people in different tasks and process, using different instruments and skills. This stage is characterised by feelings of depression and frustration, which lower the self-esteem, as well as performance. «People may attempt to defend their own job, their own territory» (Carnall, 1986), hence the name "defence".

According to the author, the first two stages of denial and defence seem to create the time and the "psychological space" for people to accept the changes. Some people may persist longer or may even not go beyond the denial of change or the defence stage, continuing to resist change (Carnall, 1986). Several other authors, *e.g.*, Martin (1998), Ansoff & McDonnell (1990), Steers *et al.* (1985), have listed some sources of resistance to change. Table 4.1 shows individual, group and organisational sources of resistance to change.

Stage 3 – discarding. People begin to discard the past and face the future:

> *We do not know how this happens. ... It may well be that the discarding process is impelled by an awakening sense that the present anxieties are just too much to bear, or that perhaps the future is not as forbidding as it first seemed. (Carnall, 1986)*

Positive feelings and behaviour towards the new system will start to appear. People become committed to it, talking favourably about it, asking questions, taking the initiative and solving problems. These positive feelings and behaviour improve self-esteem and prevent performance from going further down. But people will still feel upset and encounter some frustration, because the new job may seem to be of lesser status, it is not easy to work with the new instruments, previous skills will have lost their value and the new group does not abide by the old rules. People need support to take risks, to engage in experimenting with the new systems and in learning. They also need time «to recreate their own sense of identity and self-esteem» (Carnall, 1986).

Stage 4 – adaptation. This is a stage of adaptation of the systems and of people to the new systems and instruments. It is basically a process of trial and error and can be frustrating, raising anger. The author contends that this is not resistance to change, but the result of individuals' massive investment of energy and the slow increase in performance.

Stage 5 – internalisation. The people involved have created new relationships; «processes have been tried, modified and accepted ... the new behaviour becomes part of "normal" behaviour» (Carnall, 1986).

Finally, Carnall notes that not all people go through all of these stages, nor do they do so at the same time or speed. Some people «may not go beyond the denial of change» (Carnall, 1986).

4.1.4. IMPLEMENTATION PROBLEMS

Resistance to change is one of the most important, but not the only problem, with implementation. For instance, Alexander (1985) lists 10 frequent problems with implementation (See Table 4.2).

The difficulties reported in the above Table may not be independent; some may be the consequences resulting from others. For instance "problems surfaced during implementation" can result in "delays".

Resistance to change is not reported in this list, although it is possible to see at least five of the problems in the list as possible *consequences* arising from lack of commitment/resistance to change. These are the problems under number 1, delays; number 2, major issues surfacing during implementation; number 3, ineffective coordination; number 4, competing activities and crises; and number 8, inadequate leadership. In fact, according to Ansoff & McDonnell (1990), resistance manifests itself in different ways, introducing delays, inefficiencies, costs, instabilities, and efforts to roll back the effects of the change, to sabotage it or «to "absorb" it in the welter of other priorities» (Ansoff & McDonnell, 1990). Three other problems in the list of Table 4.2 can be seen as *sources* of resistance to change. These are problems under number 5, insufficient employees' capabilities; number 6, insufficient training given to lower level employees; and number 9, implementation tasks not defined in enough detail. Perhaps only two of the ten problems in the Table are not directly related to resistance to change. These are problems under number 7, uncontrollable external events; and number 10, inadequate information and monitoring systems.

Alexander (1985) groups the 10 implementation problems into two general types:

- poorly formulated plans «that no amount of implementation effort can help rescue»; and
- «failure to do the things required during implementation to ensure that a well-formulated strategy is successful» (Alexander, 1985).

This classification suggests a third possibility in which other authors consider the problem of implementation resides (Eccles, 1993; Roberts & Pitt, 1990; Wiseman, 1995; Oakland, 1995; Dyason & Kaye, 1997; Porter, 1985). According to them, the roots of the problem are in the relationship between formulation and implementation. More precisely, in the missing links between formulation and implementation.

Some relationships between formulation and implementation are tackled in the next section. The "missing links approach" is considered more fully in Section 4.1.6.

4.1.5. RELATIONSHIPS BETWEEN FORMULATION AND IMPLEMENTATION

"Implement" is a transitive verb. One has to implement something, that is, an intention, a decision or a plan. Since formulation and implementation are (should be) obviously linked, it is possible to analyse the relationships between them.

Two notes appear relevant here about the relationships between formulation and implementation. The first note concerns the partial overlapping/simultaneity of these phases and the second the different degrees of overlapping/simultaneity.

Gore *et al.* (1992) observed that the «tendency at the strategic level to ignore the operational consequences will inevitably have strategic consequences by causing back-tracking». This means that it may be necessary, during implementation, to review the strategy or the plan.

Additionally, Ansoff & McDonnell (1990) noted that Japanese organisations frequently launch certain implementation steps during the formulation stage. This means that there may be an overlapping of the two stages.

Eccles (1993) has suggested a model (see Figure 4.2) with five stages: strategy formulation, planning, endorsing, assembling and implementing. In his model, the five stages overlap to a certain extent and back-tracking (or feedback) is also allowed.

The model

> *...illustrates stages in the evolution and implementation of a purposeful strategic change in which the formulation of the proposed strategy is linked with both the planning of its inferences and the selling of the strategy as groups of relevant people endorse it, modify, and assemble the resources needed for implementation to occur. There is feedback at every stage and the stages can shift temporally, depending on the context, scope and type of strategic change being undertaken. (Eccles, 1993)*

The model considers the two ideas of overlapping stages and iterativeness (feedback). It also includes political considerations (endorsement; the need to sell and to receive approval from different groups) and the allocation of resources (assembling).[1]

Finally, the model also emphasises that strategy implementation is neither to plan the strategy, nor to decide how to operationalise the strategy (Eccles, 1993). Some authors have defined strategy implementation as "planning" or "deciding". For instance, Hrebiniak & Joyce (1984) have considered

[1] Eccles (1993) does not give formal definitions of the five stages, except for implementation.

«*planning* and *organisational design*» to be the basic activities of implementation; and Stonich (1982) has considered the decision of how to operationalise a strategy to be strategy implementation.[2] According to Eccles (1993), however, these activities are intermediate stages that precede implementation. If those concepts were true, no strategy would be translated into reality (Eccles, 1993). The concept of implementation is related to action. Implementing consists of actually effecting the necessary actions according to the plan (see section 4.1.1 also), whereas planning and designing (or deciding how to operationalise a strategy), however important they may be, are intermediate stages between the conception of the strategy and its implementation (Eccles, 1993).

> *Implementation is action. It is not planning to act; nor thinking about acting; nor clearing the organisational decks for action; nor persuading others to back your proposed plan; nor even just deciding what action should occur and how it should take place. It is the action itself ... (Eccles, 1993)*

The second note about the relationships between formulation and implementation is concerned with the different degrees of overlapping/simultaneity of the five stages. According to the same author, there is a spectrum of possible relationships between formulation and implementation or, in other terms, a spectrum of different combinations between emergent and traditional planning models (see Figure 4.3).

The figure shows some different possible combinations between formulation and implementation. In the incremental or emergent models, formulation and implementation go side by side, integrated and inseparable. In the traditional planning processes, implementation starts only after completion of the plan, programmes, schedules and budgets. Thus, formulation and implementation are sequential or contiguous. Eccles (1993) concludes that in the middle there are other possibilities, namely, the intermingled and overlapping processes, which, unfortunately, he does not explain. A possible example of the intermingled process, however, may be that of modular planning, suggested by Ansoff

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[2] Stonich's (1982) definition of strategy implementation is «deciding *how* to get your company from where it is today to where it should be tomorrow».

& McDonnell (1990).[3]

4.1.6. SOME MISSING LINKS BETWEEN FORMULATION AND IMPLEMENTATION

Some authors (Eccles, 1993; Roberts & Pitt, 1990; Wiseman, 1995; Oakland, 1995; Dyason & Kaye, 1997; Porter, 1985) have considered the root of the problems with strategy implementation to be a missing link between formulation and implementation. This seems an acceptable idea, especially when looking at the models of Strategic Decision Making Processes (SDMPs). In such models (see for instance Figures 2.10 and 2.12), formulation captures all the attention and is disaggregated in several steps. Whereas implementation, almost ignored, is represented by a mere "black box", the functioning of which is neither disaggregated nor explained. Some steps (or links) concerning implementation may be missing in those models.

It has been noted previously that Eccles (1993) emphasises how some authors have ignored the fundamental characteristic of implementation, which is action. "Action" was missing in those views.

Roberts & Pitt (1990) consider that a missing link between formulation and implementation lies in the identification of the Critical Business Activities (CBAs) supporting each Critical Success Factor (CSFs).[4] They «contend that identifying which CBA service[s] which CSF is ... vital in the implementation process» (Roberts & Pitt, 1990). Correct identification makes the difference between the success and failure of the whole process.

Other authors have adopted similar postures, focusing on critical actions (Wiseman, 1995) or critical processes (Oakland, 1995; Dyason & Kaye, 1997).

Porter (1985) aims at building the «bridge between strategy formulation and implementation». To do that he proposes the value chain concept.[5] According to Porter, each and every of the activities and linkages of the value chain can provide opportunities for creating and sustaining a competitive advantage. This means that they can also represent missing opportunities or points of failure in developing a competitive advantage. Seeing the value chain as a missing link between formulation and implementation is, in fact, to see all of its activities, its linkages and its management – this may cover all of the organisational variables! – as missing links or, in other terms, as potential loci of implementation difficulties. This seems to suggest that blaming just one aspect (missing link) for the implementation difficulties of any strategic change may not be the best approach.

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[3] See Section 4.3 of this thesis which is concerned with dynamic models.

[4] See Section 2.1.8.2 of this thesis which considers Critical Success Factors.

[5] See Section 2.1.6.2. Other Instruments.

4.1.7. SERVICE QUALITY STRATEGY IMPLEMENTATION AND SERVICE QUALITY GAPS

The concept of service quality strategy was discussed in sections 3.2.1 and 3.3 of the previous chapter. It was noted there that a service quality strategy

> *...relates the service organisation to its environment and defines the way it wants to compete. Service quality strategy precises the organisation's competitive scope and its concept of quality, through a selection of, and positioning on, the fundamental quality dimensions it wants to compete with. Service quality strategy is also a set of guidelines that provides orientation for everyone in the organisation. It should be thoroughly communicated, should be meaningful for personnel, and should distinguish the organisation from others.*[6]

Section 3.3 also introduced the concept of the service quality gap. Fourteen specific gaps were defined. These relate to the:

- lack of management understanding of customers' expectations and perceptions of the service (Gap 1);
- failure to forge and communicate a coherent service quality strategy (Gap 2);
- lack of analysis, design and definition of service quality specifications, or when specifications exist, lack of consistency of the specifications with the strategy and the management perceptions of customers' expectations (Gap 3);
- lack of a supportive financial function (Gap 4);
- lack of, or inadequate, internal communication (Gap 5);
- lack of integration/coordination (Gap 6);
- lack of coordination of other people and/or organisations in the value system (Gap 7);
- lack of an adequate human resource function (Gap 8);
- inconsistency between service design/service quality specifications and the service actually delivered by the service delivery system (Gap 9);
- inconsistency between what is externally communicated (promised) and what the service delivery system is actually able to provide the customers with (Gap 10);
- inconsistency between contact employees' perceptions of customers' expectations and customers' actual expectations (Gap 11);
- inconsistency between contact employees' perceptions of customers' experiences and customers' actual experiences (Gap 12);
- difference between the service quality customers experience and the quality they expect (Gap 13);

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[6] See Section 3.3.3.3. Service Quality Gap Model.

- lack of accurate measurements on the fundamental service quality strategy variables and lack of personal observation of the service quality provided (Gap 14).

These gaps have been seen earlier as impediments to service quality and, simultaneously, as impediments to strategy formulation and implementation.[7] Table 3.9, at the end of the last chapter, made a link between the gaps and three basic stages of the strategy process, showing the gaps that can affect and raise problems at each stage. This table might be adapted to relate the gaps to the stages of Eccles' (1993) model or to an even more complex model of the strategy process. The objective of this chapter is to contribute to the development of a model of service quality strategy implementation that considers and eliminates service quality gaps. Such a model must consider the set of questions raised earlier.[8]

4.1.8. TWO CONSIDERATIONS ABOUT MODELS

This section is based exclusively on the work of Morris & Haigh (1998). It refers to the concept of model and to the criteria that models must exhibit in order to be useful.

A model is built on a set of assumptions (called a paradigm). From these assumptions, a set of prescriptions and a set of approved actions can be drawn. A model consists of these three sets and of its logical relationships (Morris & Haigh, 1998). More generally, a model can also be defined as

> *...a structure comprising a set of variables which exhibit a set of specified inter-relations to each other, those variables and inter-relations need have only limited correspondence to the empirical phenomena and inter-relations among empirical phenomena to which they refer, with measurement being used to abstract variables and inter-relations from empirical phenomena. (Morris & Haigh, 1998)*

According to Morris & Haigh (1998), these models may be used to describe reality, to explain it, to verify a theory and/or to make predictions. Two different models with the same objectives may differ in their power to achieve any of the objectives stated. Thus, some criteria may be used to assess the performance of a model. The criteria suggested by Morris & Haigh (1998) are as follows:

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[7] See Section 3.3.3.4. Importance of the Service Quality Gaps to a Strategy Implementation Process.

[8] See end of Section 3.3.3.4. Importance of the Service Quality Gaps to a Strategy Implementation Process.

Thus, in short, when building models, researchers should pay attention to its:

- correspondence with the perceived reality;
- capacity to admit the confrontation with new data or even new concepts;
- breadth of application and abstraction;
- inclusion of accurate measurements;
- applicability to sets of important areas of investigation; and
- possibility of deducing empirical propositions from the structure of the model.

These criteria «are both the terms by which models are defined and the terms by which models are evaluated» (Morris & Haigh, 1998).

*

Few books «have tried to look at implementation as a whole subject, linking the numerous concepts that may be helpful» (Hussey, 1996). This chapter attempts to look fundamentally at implementation and at some relevant concepts.

Helpful concepts related to the organisation will be considered and integrated in what will be called below a "static model" of the organisation. The static models of current literature are

summarised in Section 4.2. A very well known example is the 7-S framework. It is argued that the 7-S framework, and other "static models", can be used during strategy formulation (as an aid to stimulate thinking and to plan) as well as during strategy implementation (as an aid to action and to strategic decisions that may have to be made or changed).

A dynamic consideration is also necessary, since implementation occurs during a period of time. Some dynamic models of change management that are suggested in the literature to implement strategic changes are summarised in Section 4.3. A synthesis of these models is attempted, with the last section of the chapter making the link between static and dynamic models, and between these and service quality gaps.[9]

4.2. STATIC MODELS

4.2.1. GENERAL ASSUMPTIONS OF THE MODELS

> *To change the level of velocity of a river its bed has to be narrowed down or widened, rectified, cleared from rocks, etc. To decide how best to bring about such an actual change, it does not suffice to consider one property. The total circumstances have to be examined. For changing a social equilibrium, too, one has to consider the total social field: the groups and subgroups involved, their relations, their value systems, etc. The constellation of the social field as a whole has to be studied and so reorganized that social events flow differently. (Kurt Lewin, 1947)*

To change the behaviour of a group, all the circumstances involving that group at a given period have to be analysed. To change the behaviour of an organisation, all of its fundamental circumstances have to be studied. Some models have been proposed that capture fundamental aspects of an organisation at any given time. Since these models are like photographs, they can be called "static models".

A photograph is limited in what it shows by both its physical boundaries – which exclude everything outside the borders – and by the perspective adopted by the photographer in relation to the object pictured – some aspects to the sides and at the back of the object will not be seen. Thus, the same object can be portrayed from different perspectives, showing different characteristics. Organisations, also, can be portrayed from different perspectives, each perspective emphasising distinctive aspects of the organisation. There are several static models, like photographs, emphasising specific dimensions of organisations.

[9] Section 4.4. Mixed Models.

Some static models will be summarised in this section. These include, for instance, the 7-S model and Johnson & Scholes' (1999) cultural web.

The elements in these models are:

- elements all of which are organisationally important and cannot be ignored (Peters *et al.*, 1980; Perlitz, 1993);
- elements which have no previously defined hierarchical relation of importance (Peters *et al.*, 1980);
- a set of dimensions which were put together to create instruments to do better and richer diagnosis (Peters, 1984);
- variables which must be monitored and subjected to information collection and distribution;
- elements which may be in a zone of uncomfortable organisational debate, related to vested interests, bases of power, reputation, attitudes and beliefs (Johnson & Scholes, 1999);
- dimensions useful to make an analysis of forces for and against change (Johnson & Scholes, 1999);
- dimensions to use in assessing the extent of change which each one needs in a particular organisation (Johnson & Scholes, 1999);
- elements which can be subjected to any kind of change, which are interdependent and which have to be coordinated and aligned in coherence to make a company an organised one (Peters *et al.*, 1980; Hussey, 1995);
- elements which, once changed, will affect all the others. Some of these effects will be helpful or compensatory, but others will be harmful or retaliatory (Leavitt, 1964; Leavitt *et al.*, 1973).
- elements that «should be examined each time there is a change in strategy» (Hussey, 1995) and «at each critical stage of the implementation process» (Hussey, 1995);
- elements useful to design a desired final state of the organisation after change has been completed (Johnson & Scholes, 1999);
- elements which determine the success or failure of the strategic change (Johnson & Scholes, 1999; Hussey, 1995);
- a set of dimensions for «judging the achievability of a strategic implementation» (Christopher *et al.*, 1993).

These are characteristics and, at the same time, assumptions of the models.

Two more assumptions are those stated by Hrebiniak & Joyce (1984):

- «managers intend to be rational when formulating and implementing strategy, but that rationality is bounded by limited cognitive and information processing capacities». This limited rationality of managers «requires that large strategic problems be factored into more local and manageable proportions to reduce the complexity of implementation activities» (Hrebiniak & Joyce, 1984).

- in «implementing strategy managers should change only what is necessary and sufficient to produce an enduring solution to the strategic problem being addressed» (Hrebiniak & Joyce, 1984). This avoids unnecessary financial costs and human stress. Any violation of this principle «only results in unnecessary change and potentially negative impact on individuals responsible for the strategy implementation process» (Hrebiniak & Joyce, 1984).

4.2.2. SOME STATIC MODELS

4.2.2.1. LEAVITT'S MODEL

In trying to bring together different perspectives about organisations, Leavitt (1964) proposed a simple model (see Figure 4.4) comprising four basic parts of an organisation: tasks, people, technology and structure. His definitions are as follows.

Tasks. Tasks refers to the organisational *raisons d'etre*, may it be to produce a good or a service, and to the «large numbers of different, but operationally meaningful subtasks which may exist in» the organisation (Leavitt, 1964).

People (actors). People are those who manage or execute the operational tasks (Leavitt, 1964; Leavitt *et al.*, 1973).

Technology. Technology includes tools, machines, computers, software and knowledge to solve problems and accomplish the tasks (Leavitt, 1964; Leavitt *et al.*, 1973).

Structure. Structure includes «systems of communication, systems of authority (or other roles), and systems of workflow» (Leavitt, 1964).

These parts of the organisation are subsystems of the whole organisational system. «Sometimes we may aim to change one of these as an end in itself, sometimes as a mechanism for effecting some changes in one or more of the others» (Leavitt, 1964). Changes in one part may have helpful effects and retaliatory effects on others. «Any of these changes could presumably be consciously intended; or they could occur as unforeseen» (Leavitt, 1964). Somehow, the manager effecting the changes «must identify the secondary and tertiary consequences of any change as well as its primary effects. If he doesn't, those unforeseen effects may more than cancel the primary effects» (Leavitt *et al*, 1973).

4.2.2.2. THE 7-S MODEL

With the basic intention of providing managers with a better tool with which to analyse their organisation, Peters *et al.* (1980) defined the 7-S Model.[10] This is comprised of seven elements, as follows.

Structure. Structure divides tasks, assigns them to people and provides coordination (Peters *et al.*, 1980). It defines hierarchy, formal authority and communication lines. Recently, however, the «dimensions along which companies want to divide tasks have been multiplied» (Peters *et al.*, 1980). These can be functions, products, markets, geographical areas, Strategic Business Units (SBUs) and others. The challenge to organisations is to develop the «ability to focus on those dimensions which are currently important to the organisation's evolution – and be ready to refocus as the crucial dimensions shift» (Peters *et al.*, 1980). Centralisation versus decentralisation is also an obvious preoccupation when designing structure.

Strategy. Strategy is a plan of action that responds to or anticipates changes in the environment and aims to improve the organisation's position, in relation to competitors, by creating "unique value" (Peters *et al.*, 1980).

Systems. Systems include all formal and informal procedures «that make the organisation go day by day and year by year» (Peters *et al.*, 1980). It includes training systems, information systems, budgeting systems, planning systems and others. Systems are the ways things get done (or don't) in the organisation and «mirror the state of the organisation» (Peters *et al.*, 1980). Systems can be changed without inflicting severe restructuring to the organisation. Managers do not seem to pay attention to systems but «it is astonishing how powerfully systems changes can enhance organisational effectiveness – without the disruptive side effects that so often ensue from tinkering with structure» (Peters *et al.*, 1980).

Style. A manager's style is the pattern of actions and symbolic behaviours that he chooses to

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[10] The model was briefly introduced in Section 2.1.5.3. Dimensions of The Strategy Content and Types of Strategies at the Corporate and SBU Levels (see also Figure 2.7). However, its elements were not explained there.

adopt. This pattern is more important than what he has to say. People «may listen to what managers say, but they believe what managers do. Not words, but patterns of actions are decisive» (Peters *et al.*, 1980).[11]

Style is not confined to the Chief Executive Officer (CEO) or to the managers. Organisations as a whole have a style. The organisation's style is a reflection of its culture and has to do with the organisation's ability and willingness to change itself and its performance.

Staff (People). People are a «pool of resources to be nurtured, developed, guarded and allocated» (Peters *et al.*, 1980). They should deserve the attention of CEOs and be carefully, «aggressively and concretely» managed (Peters *et al.*, 1980).

Skills. Skills are crucial attributes or capabilities. They are what organisations do best. Skills deserve the distinction of being in the 7-S model, because where strategy changes, skills must change. Skills also warrant inclusion because «possibly the most difficult problem in trying to organise effectively is that of weeding out old skills – and their support systems, structures, etc – to ensure that important new skills can take root and grow» (Peters *et al.*, 1980).

Superordinate Goals. Superordinate goals are goals of higher order, «a set of values and aspirations, often unwritten ... around which a business is built» (Peters *et al.*, 1980). They are guiding concepts, «broad notions of future directions that the top management team want to infuse throughout the organisation» (Peters *et al.*, 1980).

The proponents of the 7-S model further note that it may be quicker to change strategy and structure, the "hard" elements of the model, than the others, "soft" elements, which are frequently understood as more intractable, intuitive and irrational (Peters & Waterman, 1982). However, «the pace of real change is geared to all seven Ss» (Peters *et al.*, 1980).

These are the seven elements of the most famous, but not necessarily the "best" or the most interesting, of the static models that will be summarised in this section.

4.2.2.3. IRONS' MODEL

Irons (1991) emphasises six broad factors that have an impact on implementation. These factors

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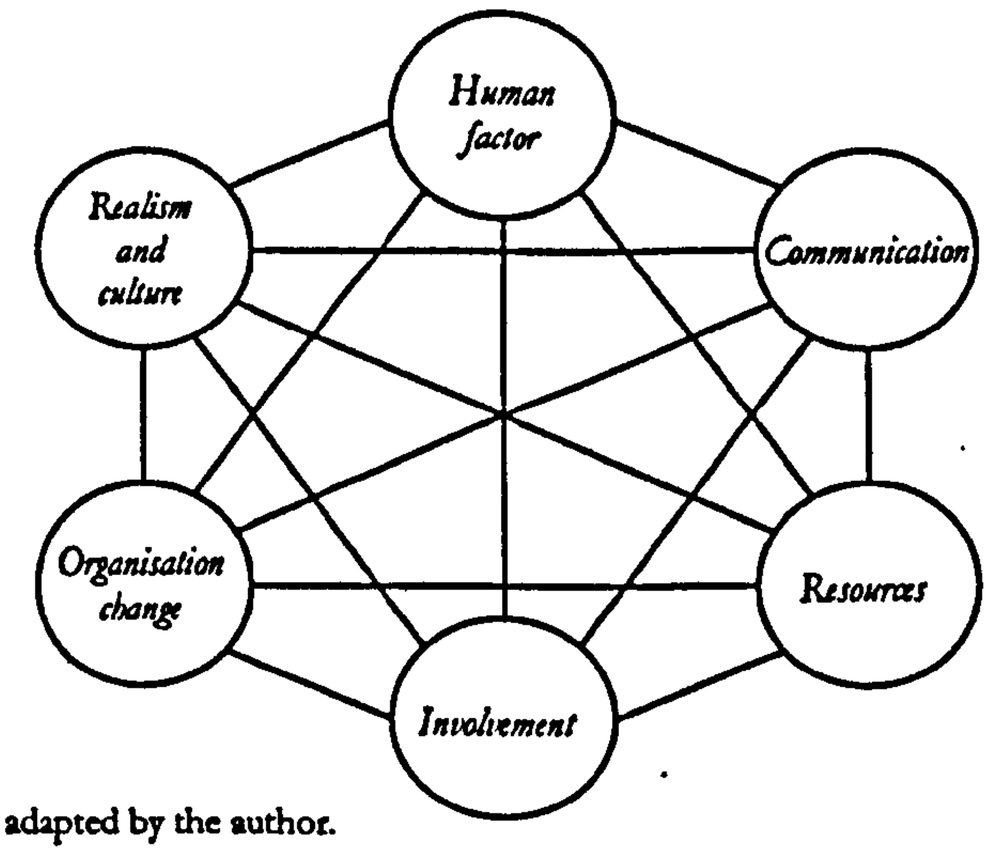
[11] See also Section 2.1.4.3. Styles of the CEO.

have been drawn from the studies of several other authors[12] and are listed in Figure 4.5.

Figure 4.5. The Six Factors of Irons' (1991) Approach



Source: Based on Irons (1991) and adapted by the author.

Communication. Communication is a tool for management to deal with people. It includes three aspects: «communication of goals and strategies throughout the organisation; lines of responsibilities; and feedback procedures» (Irons, 1991).

Human factor. The human factor involves all the people in the organisation; their skills, mutual understanding, communication and support. It is particularly important that managers can combine the skills required to implement the strategic changes with the skills needed to help employees during the change process. This help assumes several distinct forms including:

- 'empathy', «with empathy meaning an understanding of the struggle an individual faces [during change], rather than simply making assumptions about what that individual needs» (Irons, 1991);
- providing extensive communication;
- providing employees with new skills; and
- giving employees the personal support they need to overcome change.

Organisation Change. «The strategy should be made to fit the organisation rather than changing the organisation to suit the strategy» (Irons, 1991). This means that if a positive attitude towards change

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[12] Among these authors, Alexander (1985), Carnall (1986), Reed & Buckley (1988) and Wernham (1984) are fundamental. The remaining authors have not been included in the bibliography of this dissertation, because they have not been used directly. The corresponding full references are: Frank Shipper & Charles S. White (1983), «Linking Organisational Effectiveness and Environmental Change»; Robert M. Worcester (1970), «Managing change»; H. J. Kloeze, A. Molenkamp & F. J. W. Roelofs (1980), «Strategic Planning and Participation: A Contradiction in Terms?»; Shawki Al-Bazzaz & Peter M. Grinyer (1980), «How Planning Works in Practice – A Survey of 48 U.K. Companies»; A. C. B. Wilson (1972), «Human and Organization Problems in Corporate Planning»; H. H. Berschin (1973), «Participation in Planning»; Thomas G. Marx (1990), «Strategic Planning for Public Affairs»; Ian A. Thornley (1988), «Creating a Productive Culture at Shell Chemicals»; Olle Stiwenius (1985), «Planning for a Rapidly Changing Environment in SAS»; Paul Chapman (1988), «Changing the Corporate Culture at Rank Xerox»; Karmjet Singh (1984), «Successful Strategies – The Story of Singapore Airlines (SIA)»; all from the journal *Long Range Planning*.

should and must be encouraged, unnecessary change must be avoided. Any proposed changes to the organisation should pass the test of being relevant «both technologically and for the market» (Irons, 1991).

Involvement. Managers, staff and other employees' involvement in planning is seen as most desirable. Their involvement can increase their identification with organisational goals, their motivation towards these goals, and their acceptance of the necessary organisational changes. All this can contribute to a lessening of resistance and to a reduction in the number of implementation problems.

Perlitz (1993) explains what happens when people are not involved in organisational change and argues in favour of employee involvement.

> *The lack of employee integration into the creative process of strategy development often generates bias, which partly results from a given inertia, and partly from the offence of not having been asked. It is thus problematic to put a prefabricated strategy concept over any organisation if the employee cannot identify with what is going on. In order to reach acceptable strategy concepts, which take both employee strengths and weaknesses into account, it is necessary to consider strategy development as a bottom up procedure as well, and search for mutually acceptable solutions. (Perlitz, 1993)*

Although involvement has advantages, Irons (1991) notes that «the more there is cooperation [as a result of increased involvement], the more there will be tensions». Organisations should ask the question of «how to reduce these tensions and ensure employees' acceptance» (Irons, 1991). Answers to that question may involve structural changes. But it is probably more important to ensure that the planning system is particularly attentive to the human and environmental realities, and that it is sufficiently flexible and responsive towards them (Irons, 1991).

Realism and culture. In order for a plan to be implemented successfully it should be realistic, making the fit between the internal constraints (including culture) and the external changes.

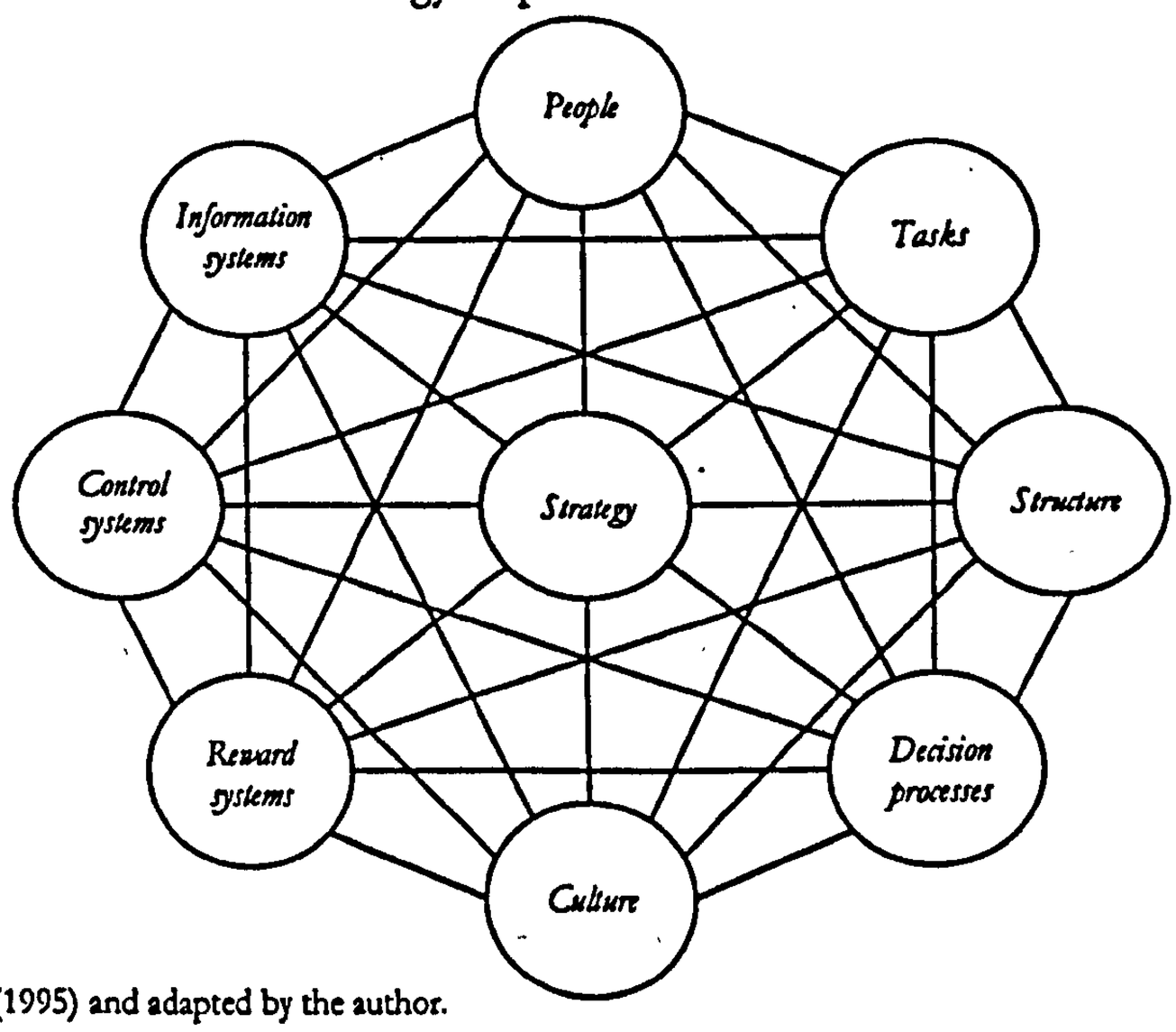
Resources. Resources seem to include people, people's skills, people's involvement, management support, management involvement, communication, technology and the time factor. This element (resources) greatly overlaps with others in the model, since people, people's skills, people's involvement, management support, management involvement and communication have been included in other elements of the model. Only technology and the time factor have not been included. The author being quoted, however, does not provide the definitions for these concepts.

4.2.2.4. HUSSEY'S MODEL

Hussey (1995) has suggested a model with nine variables that are fundamental to strategy

implementation. One of the variables is strategy, «the driver of the organisation», and the other eight variables are structure, tasks, people, decision processes, culture, information systems, control systems and reward systems (see Figure 4.6). Instead of giving comprehensive definitions of each element, Hussey emphasises some questions that may be relevant.

Figure 4.6. Hussey's Dimensions of Strategy Implementation



Source: Based on Hussey (1995) and adapted by the author.

Strategy. «The strategic vision and the strategies must be clearly defined, at least to the point that is possible» (Hussey, 1995). Strategy may have to be developed in stages, thus dividing implementation into stages also. At each stage, the strategies are refined and harmony between the other elements of the model must be ensured. If an element of the organisation seems impossible to change, the strategy will have to be reviewed and changed.

Tasks. Tasks concern what the organisation has to be able to do in order to implement strategy. Some questions are relevant here, for instance: What tasks have to be changed or eliminated? What tasks have to be undertaken more quickly, more cost effectively or with more quality?

People. Tasks are executed by people. A whole plan dealing with the following questions and others may have to be developed. How many employees does the new strategy require? With what skills and competencies? In what locations? What changes in the way people work will have to be introduced? Should the morale and motivation be improved?

Structure. Structure must be harmonised with the new tasks and strategy. The basic question is «Does the current structure facilitate or hinder the implementation?» (Hussey, 1995). Big issues related to structure may be the number of management layers, the dispersion of strategic responsibilities, the dispersion of operational responsibilities and the ambiguity of responsibilities. If it is not possible to

change these aspects in accordance with the new strategy, the new strategy must be reviewed.

Decision processes. «How are decisions taken, where are they taken, and where does the power lie?» (Hussey, 1995). Is the key power exercised by just one function? Are the people competent enough and aware of the preoccupations of the organisation's various functions to be empowered?

Culture. Culture is a result of several other factors, for instance the way power is exercised, the decision processes, history and the patterns of organisational success or failure. Culture may act against the strategy and against changes in any other variable of the organisation. Managers should anticipate and manage proactively to support the intended changes.

Information systems. «Information is power, and the way information is shared in the organisation will have a powerful effect on, amongst other things, the culture. Information systems must ensure that the right information gets to the right people on a timely basis» (Hussey, 1995). Information should not be distributed according to the old structure of responsibilities.

Control systems. «The issue here is where control is exercised, and how it is exercised. Control systems must relate to the key elements of the strategy» (Hussey, 1995) and must be the most appropriate to the new strategy. For instance, does the control system blame people for errors or does it try to «find the cause of the error to stop it happening»? (Hussey, 1995).

Reward systems. Reward means more than money, it means money, recognition and carer development. Such rewards are strong drivers of people's behaviour. Thus, there must be harmony between what managers say they want people to do and those kinds of behaviours that are rewarded by the system. If the reward systems are not changed to fit the new strategy, people will probably continue to behave according to the old behaviours that are rewarded.

The nine elements summarised must fit together in order for strategy to be implemented successfully (Hussey, 1995). Fit means simply the harmonious alignment of the strategy with all the variables that make up the organisation. According to Hussey, «if the strategy is out of step with the organisation variables, it has a good chance of failing; if all the variables are in harmony, the chances of success are improved» (Hussey, 1995).

The author also emphasises that the elements of the model «should be examined each time there is a change in strategy» and «at each critical stage of the implementation process» (Hussey, 1995).

4.2.2.5. GALPIN'S MODEL

Galpin's (1997) "making strategy work model" is based on twelve "influence systems". This set of subsystems can be seen as a static model of the organisation. The subsystems are: (1) goals and

measures; (2) rewards and recognition; (3) communications; (4) training and development; (5) organisational structure; (6) senior leadership; (7) rules and policies; (8) physical environment; (9) staffing, selection and succession; (10) information systems and knowledge; (11) operations and process; and (12) ceremonies and events.

Goals, measures, rewards and recognition.

> *Some people purport that organisations can be changed by simply changing what you measure ... Although this viewpoint oversimplifies the matter, there can be little argument that measurement sends a strong message to employees about what is expected of them, and that clear goals and performance measures can have a significant impact on getting people to act on a strategy. (Galpin, 1997)*

Goal setting and rewarding in organisations have been dependent on short-term performance measures like profit and other outputs which depend on external variables outside managers' and personnel's control (Reed & Buckley, 1988). Thus «managers see their performance in these terms and not in terms of its relationship to the critical success factors which are associated with strategy implementation» (Reed & Buckley, 1988). These authors suggest that «the process of goal setting, when carried out in a fashion which identifies factors that are vital to the successful strategy implementation, becomes a pivotal issue in both the communication and implementation of strategy». According to the same authors, CSFs are intermediate goals, the completion of which will lead to successful strategy implementation. In their opinion, goals, measures and rewards – for managers and employees – should be linked to the CSFs.

Ansoff & McDonnell (1990) distinguish between rewards for strategic work and rewards for the normal operations of the organisation. Galpin (1997) seems to imply the same distinction between reward systems. It is possible and desirable to distinguish rewards for strategic work with long-term impact (like developing a new product or implementing a new strategy) and operational work (day-to-day operations). If this is not done, managers will tend to occupy their time exclusively with operational work, despising formulation and implementation work (Ansoff & McDonnell, 1990).

Communications. A one-time declaration about the strategy by the CEO is insufficient. Continuous communication «about the strategic change process is a crucial ingredient of success» (Galpin, 1997).

Training and development. Several organisations have developed an education plan and provided «some kind of recognition or celebration when people complete it» (Galpin, 1997).

Organisational Structure. Changing structure is an important part of implementation. Structure can be changed in order to improve efficiency, to improve the integration of functions (*e.g.*, designing, producing, testing and marketing) and/or to force decisions to be made closer to the market (Galpin, 1997).

Senior leadership. Senior leadership includes:

- presenting the organisation with a clear vision of the strategic changes;
- personally taking part in relevant actions;
- participating in the definition of goals, measures, feedback mechanisms and rewards for all management, including senior leaders; and
- listening to, searching for and spreading ideas.

According to Ansoff & McDonnell (1990), exemplary behaviour by top managers can also have a strong effect on organisational behavioural change. This includes:

- participation in the same training given to other managers;
- involvement in the strategic planning process by defining mission, strategic guidelines, objectives and allocating strategic resources;
- focusing attention on strategic work by «minimising involvement in budgeting and programming problems»;
- in daily contacts, discussing all problems, even operational problems, in the perspective of the new strategies; and
- giving verbal recognition to strategic work.

Rules and policies. Providing adequate rules and policies tailored to the strategy, filling gaps and/or simplifying a too extensive manual of rules and policies are relevant activities.

Physical environment. «To facilitate strategic changes, many organisations also transform their physical environment ... allowing much easier movement between groups [and encouraging] people to work outside of their facilities and closer to their customers» (Galpin, 1997).

Staffing, selection and succession. It is fundamental «to have the right people in the right place at the right time doing the right things» (Galpin, 1997); and it might be suggested, in the right way. New approaches to selection, training and succession of managers and employees can be designed with the new technologies and Internet.

Information systems and knowledge sharing. Develop a system that forms knowledge, facilitates its transfer and allows managing the various kinds of knowledge existent in the firm.

Operations and processes. Changes in the operations and processes are expected to occur during strategic changes and should be aimed at achieving the basic strategic objectives of efficiency, effectiveness, flexibility and customer satisfaction.

Ceremonies and events. Ceremonies and events like the organisation's Open Day, summer events, Christmas events and employees' achievement celebrations can play a significative part in effective implementation by reinforcing strategic changes and pointing out the right directions to the workforce. These events and celebrations present opportunities for the CEO and other top managers to emphasise the core values of the organisation, while at the same time, the employees who best exemplify and represent those values can be recognised for everyone to see.

4.2.2.6. JOHNSON & SCHOLES' MODEL

While Galpin's model focused on people influencing systems, the next one, developed by Johnson (1992) and Johnson & Scholes (1999), focuses on culture related dimensions which have an impact on strategy formulation and implementation.

«The cultural web is a representation of the taken-for-granted assumptions, or paradigm, of an organisation and the physical manifestations of organisational culture» (Johnson & Scholes, 1999). These manifestations of organisational culture are stories; symbols; rituals and routines; power structures; measurement, control and reward systems; and organisational structures (see Figure 4.7).

These elements should compose a coherent set in order for the organisation to be effective. When aligned with strategy and the organisational competencies, the cultural web may constitute the basis for a strong competitive advantage, because culture is difficult to imitate and is slow to change (Johnson & Scholes, 1999).

The elements of the cultural web hedge about and protect the paradigm (Johnson, 1992), making it even more difficult to change the deeply rooted beliefs and assumptions that compose the common paradigm.

Paradigm. The paradigm corresponds to the set of assumptions about the environment (in particular, the opportunities and the threats this poses) and about the organisation (in particular about its capabilities and weaknesses) that are «held relatively in common and taken for granted in the organisation» (Johnson & Scholes, 1999). The paradigm represents collective experience, evolves gradually, is tacit, and it is unlikely that people in the organisation may talk about it as being problematic (Johnson & Scholes, 1999).

Routines. Routines include the formal and informal «ways that members of the organisation behave towards each other, and towards those outside the organisation» (Johnson & Scholes, 1999). Routines constitute the visible expression of how people in the organisation believe they should do things. Routines can "lubricate" the organisation and can provide a distinctive competence but they can «also represent a taken-for-grantedness about how things should happen which is extremely difficult to change and [be] protective of core assumptions in the paradigm» (Johnson & Scholes, 1999).

Rituals. «The rituals of organisational life are the special events through which the organisation emphasises and reinforces 'the way we do things around here'. Examples of rituals can include relatively formal organisational processes – training programmes, interview panels, promotion and assessment procedures, sales conferences and so on» (Johnson & Scholes, 1999). Other rituals are informal and may include drinks in the pub or gossiping around the photocopying machine (Johnson & Scholes, 1999).

Stories.

> *The stories told by members of the organisation to each other, to outsiders, to new recruits and so on, embed the present in its organisational history and also flag up important events and personalities. They typically have to do with successes, disasters, heroes, villains and mavericks who deviate from the norm. They distil the essence of an organisation's past, legitimise types of behaviour and are devices for telling people what is important in the organisation. (Johnson & Scholes, 1999)*

Symbols. «Symbols such as logos, offices, cars and titles, or the type of language and terminology commonly used, become a short-hand representation of the nature of the organisation» (Johnson & Scholes, 1999). Symbols of hierarchy or deference are indicators of conservative organisations and of barriers to change. The language used can also be particularly revealing, especially with regard to customers and other stakeholders, about the assumptions the organisation holds of them and how it shapes its behaviour.

Power structures. Power structures refers to the power distribution in the organisation, to the beliefs each coalition has, and to the blockages some of them pose to change. The power may come from different sources (hierarchy, knowledge, networking or informal power, and control of the

environment). It is likely that «the most powerful managerial groupings within the organisation are ... closely associated with» the current, common paradigm (Johnson & Scholes, 1999).

Measurement, control and reward systems. The measurement, control and reward systems «emphasise what it is important to monitor in the organisation, and to focus attention and activity upon» (Johnson & Scholes, 1999). These systems may either indicate an emphasis on financial controls or in stimulating creativity. Reward schemes are important in managing change because they can have a significative impact on behaviour. They will have to be aligned with the new strategies in order for the latter to be effectively implemented. Changing rewards will constitute a strong signal that change is really intended.

Organisational structure. The structure can also reflect what is assumed to be important in the organisation. This element of the model is concerned with the organisational degrees of mechanicism (rigidity), formality and flatness of the hierarchy. It is also concerned with the degree to which the organisation encourages collaboration versus competition and the types of power structures it supports.

In order for a new strategy to be implemented it has first to be accepted and this frequently means that the paradigm and some (or all) of the elements of the web have to be changed accordingly (Johnson & Scholes, 1999). In this respect, the cultural web concept these authors have suggested can be used as an instrument to analyse and to draw a picture of an ideal organisation (Johnson & Scholes, 1999).

4.2.2.7. ANSOFF & MCDONNELL'S ORGANISATIONAL CAPABILITY MODEL

Ansoff & McDonnell (1990) have provided a definition of organisational architecture. This includes:

- *Physical facilities, their capacity, and capabilities, and technology.*
- *Information processing and communication capacities and capabilities.*
- *Organisational tasks assigned to individuals and groups of individuals.*
- *Rewards and punishments for the performance of assigned tasks.*
- *Power structure and dynamics.*
- *Systems and procedures.*
- *Organisational culture, norms, values and models of reality which guide organisational behaviour. (Ansoff & McDonnell, 1990)*

When this organisational architecture is added to the *management capability*[13] and to the *functional capability*[14], the resultant is the *organisational capability* (Ansoff & McDonnell, 1990), which is a comprehensive static model of the organisation.

Other authors have suggested similar models of the dimensions and aspects to consider before and during strategy implementation, for instance, Ahmed & Rafiq (1992) and Galbraith & Kazanjian (1986). These are not dwelt upon here, but a reference to the latter will be made in a subsequent section.

This completes the summary of the static models. The next section constitutes an attempt to make a synthesis of those models.

4.2.3. A SYNTHESIS[15]

The previous section lists and summarises some static models of an organisation. The common feature of these models is that they identify the fundamental variables which managers should take into consideration when implementing strategy. Such static models differ markedly in the number and nature of the dimensions that they include. The first column of the following table, Table 4.3, lists all the dimensions found in the models. The first line lists all the models previously summarised and adds the systemic approach, as viewed by Stoner *et al.* (1995) and considered earlier in this work.[16] A dot "●" indicates that the dimension is present in the model corresponding to that column. The last column of the Table counts the number of references to each dimension.

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[13] See Section 2.1.4. Strategic Attitude, Skills, Roles and Styles of the CEO.

[14] See Section 2.1.5.3. Dimensions of The Strategy Content and Types of Strategies at the Corporate and SBU Levels.

[15] The essence of this section's content has been presented at the 6th World Congress for Total Quality Management and published in the Proceedings (Cândido & Morris, 2001).

[16] Section 2.1.8.3. Environment and Organisations as Systems.

Table 4.3. Fundamental Dimensions of Strategy Implementation

Dimensions	*Stoner et al., 1995 (Systems approach)* [a]	*Leavitt, 1964*	*Peters et al., 1980 (7-S)*	*Irons, 1991*	*Hussey, 1995*	*Galpin, 1997*	*Johnson & Scholes, 1999*	*Ansoff & McDonnell, 1990 (Organisational capability)*	*Frequency*
1. Paradigm/model of the world							●	●	2
2. Managerial attitudes, skills, roles and styles [b]	●		●	●		●		●	5
3. Strategy content [c]			●		●				2
4. Structure		●	●		●	●	●		5
5. Facilities, equipment, their technology and capacity	●	●		●		●		●	5
6. Information and communication systems				●	●	●		●	4
7. Decision processes					●				1
8. Service analysis, design, external communication and delivery systems [d]			●			●		●	3
9. Rules, policies and task descriptions		●			●	●		●	4
10. Measurement, control & reward systems	●				●	●	●	●	5
11. Organisational competencies			●						1
12. People (selection, nurturing, skills development)		●	●	●	●	●			5
13. Power structures (formal and informal)							●	●	2
14. Involvement				●					1
15. Values and norms	●		●	●	●			●	5
16. Stories							●		1
17. Symbols	●						●		2
18. Rituals, routines and ceremonies	●					●	●		3
19. Financial resources									0
20. Time (timing, coordination, programming, urgency for decisions and actions)				●					1

Note: The dot "●" means that the corresponding dimension is present in the model.

[a] See Section 2.1.8.3. Environment and Organisations as Systems.

[b] See Section 2.1.4. Strategic Attitude, Skills, Roles and Styles of the CEO.

[c] The definition of a strategy content may include aspects relating to the other organisational dimensions. See Section 2.1.5.3. Dimensions of The Strategy Content and Types of Strategies at the Corporate and SBU Levels.

[d] This dimension has been given a designation which is more specific than those designations in other models (*e.g.*, "systems", "systems and procedures" and "operations and processes") because this table considers other specific systems which would not be coherent to include in this dimensions as a repetition.

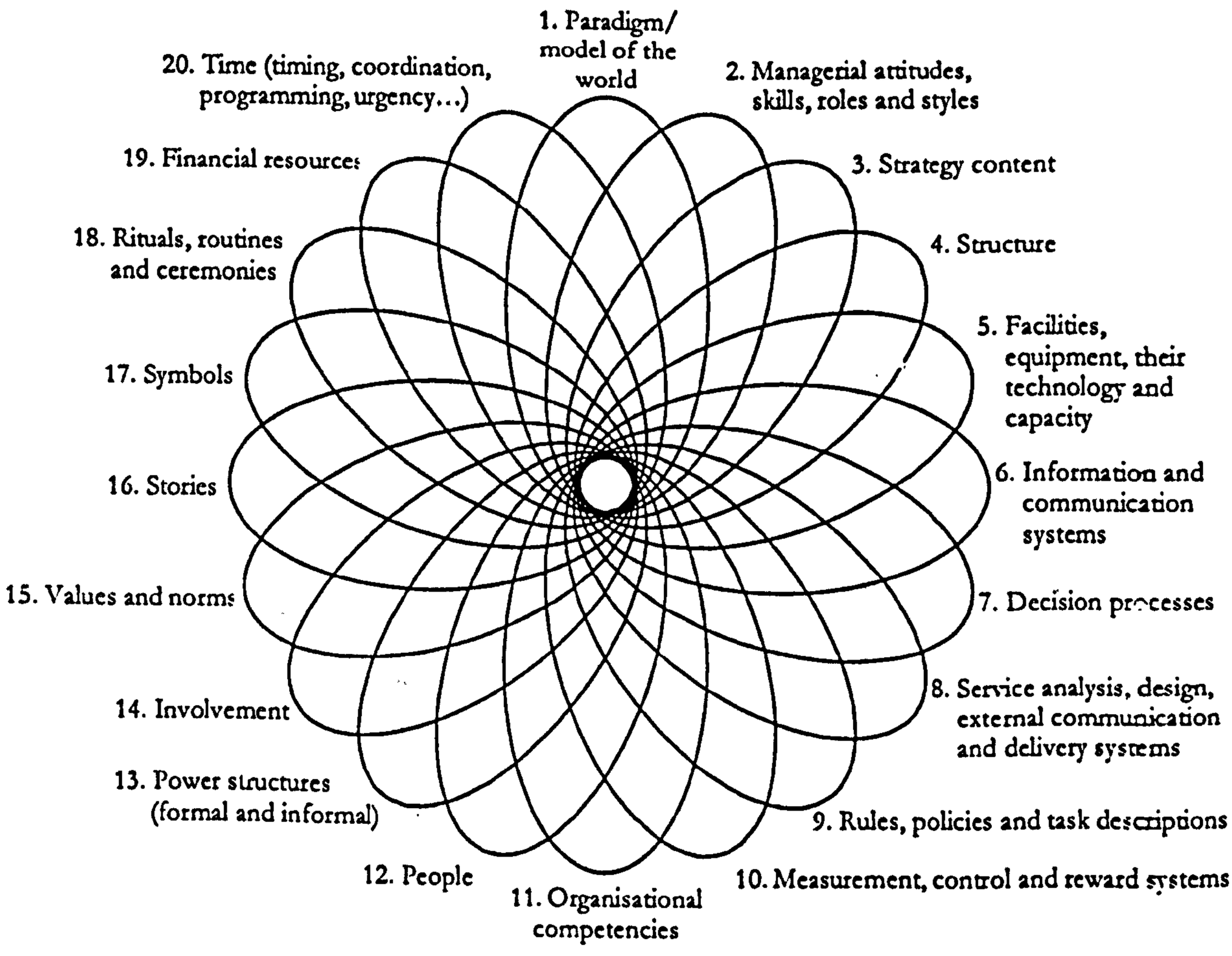
Source: developed by C. J. F. Cândido.

The Table emphasises the dimensions that are common to the models and the dimensions that

are ignored in each of them. More important, the Table has the virtue of providing a more complete set of the dimensions that can be relevant to the implementation of strategy in a given organisation.

Often, the models – from which the Table is derived – do not provide a definition of the concepts involved. When a comprehensive definition of a dimension has already been provided, it will be adopted here. When there is not a comprehensive definition, but merely several inferences as to meaning, an attempt is made to provide a synthesis of those meanings. What follows is the conceptual static model that will be adopted in this dissertation. Figure 4.8 shows the dimensions of the model. It emphasises the diversity of dimensions involved in implementation. The intricacy of their relationships is represented by overlapping each ellipse of the model with every other.

Figure 4.8. A Synthesised Static Model – Fundamental Dimensions of Strategy Implementation



Source: developed by C. J. F. Cândido and based upon the previous static models and on Table 4.3.

While describing each concept in the Figure, some duplication of ideas cannot be avoided because of the overlapping of concepts and because they have been previously commented upon.[17] This slight repetition is the reasonable price that has to be paid to have all of the concepts in a single location as a way of facilitating future reference.

[17] See section 4.2.2. Some Static Models.

1 - Paradigm. The paradigm corresponds to a set of assumptions held by the CEO, managers and other employees about their organisation and about their environment (Johnson & Scholes, 1999). There may be a common paradigm shared by the members of the organisation (Johnson & Scholes, 1999), but each member will have its own view of the world. The shared and individual paradigms are important because of their influence on the strategy content (Drucker, 1994; Porter, 1980) and on individuals' behaviours (Martin, 1998; Schein, 1985). The assumptions of a paradigm are deeply taken for granted (Johnson & Scholes, 1999; Schein, 1985), but they may or not correspond to reality (Drucker, 1994; Porter, 1980). If they do not correspond, they will lead to inadequate strategic behaviour (Drucker, 1994; Porter, 1980).

Any dimension of an organisation and of its environment is a potential area for assumptions/ prejudices. These include the dimensions of Table 4.3. (*e.g.*, where to look for information), the stakeholders (values and behaviours of competitors, customers...), and the general social, demographic, political, economical and technological dimensions of the environment (Drucker, 1994). Some fundamental assumptions/prejudices are those about opportunities, threats, strengths and weaknesses (Johnson & Scholes, 1999).

2 - Managerial attitudes, skills, roles and styles. This is discussed in some detail in Section 2.1.4. In summary, the "right" attitudes include:

- a holistic view of the organisation and of the world;
- a balanced preoccupation with external vs. internal problems and future vs. current problems;
- a balanced ambition and drive to use power;
- a propensity to challenge, review and correct personal assumptions about the world, personal values and individual goals;
- a propensity to take risks and innovate;
- professionalism, ethics and dedication to the organisation's own mission and goals (Cf. Stoner *et al.*, 1995; Andrews *et al.*, 1991; Ansoff & McDonnell, 1990).

The adequate managerial skills include:

- an ability to analyse, understand and anticipate external trends;
- an ability to analyse, understand and anticipate behaviours of individuals and groups inside or outside the organisation;
- an ability to synthesise and identify the fundamental strengths, weaknesses, threats and opportunities;
- an ability to solve problems;

- an ability to understand, to work with, to communicate and to motivate people to give of their best;
- the personal work load capacity of the manager (Cf. Stoner *et al.*, 1995; Andrews *et al.*, 1991; Ansoff & McDonnell, 1990).

As Figure 2.2 suggests, it is possible to propose a relationship between the attitudes and skills most needed with the stages of the strategy process.

The roles and responsibilities of the strategist are apparently less consensual then attitudes and skills. According to some authors, the manager's job is much organised, managers plan (to a certain extent), organise, lead and control theirs and other people's work (Stoner *et al.* , 1995). Managers are organisational leaders, personal leaders and chief architects of organisational purpose (Andrews, 1987). Managers are teachers and servants (Senge, 1990). Howèver, for Mintzberg (1975), while managers develop well defined roles – they develop interpersonal roles (figurehead, liaison and leader), informational roles (monitor, disseminator and spokesman) and decisional roles (entrepreneur, disturbance handler, resource allocator and negotiator) – they spend their time in an almost chaotic sequence of distinct, brief activities.

Figure 2.4 suggests that each role of the CEO can assume more or less relevance, according to the particular stage of the strategy process.

The CEO's style was broadly defined as the pattern of behaviour he adopts and, in a restricted sense, as the degree of authority he uses.[18] The style can also vary according to the strategy process stage (Johnson & Scholes, 1999).

A final note – what managers say and do must be coherent. But, above all, what they do seems to be more important. Because while people might listen to what managers say, they believe what managers do (Peters *et al.*, 1980). Managers' actions set the example and have repercussions on the symbols, attitudes, values and paradigm of the organisation. Exemplary managerial behaviour includes showing integrity, competence, energy, courage, generosity and loyalty (Andrews, 1987). It also includes participation in the strategy formulation work and in the relevant implementation actions (Galpin, 1997). For instance, challenging other people's mental models, participating in the same training given to other managers/employees, adequately balancing strategic with operational work load, and giving verbal recognition for work done (Ansoff & McDonnell, 1990).

3 - Strategy content. Strategy is the driver of the organisation (Hussey, 1995). It should anticipate and provide a timely response to environmental changes in order to improve the organisation's position *vis-à-vis* its competition (Peters *et al*, 1980). Thus, strategy relates the organisation to its

[18] See Section 2.1.4.3. Styles of the CEO.

environment and defines the way it wants to compete. Service quality strategy delineates the organisation's competitive scope and its concept of quality, through a selection of, and positioning on, the fundamental quality dimensions on which it wants to compete. Service quality strategy is also a set of guidelines that provides orientation for everyone in the organisation. It should be thoroughly communicated, it should be meaningful for personnel, and it should distinguish the organisation from others.[19]

The dimensions of the strategy content were previously discussed[20] and Figure 2.6 provides a comprehensive example of the kinds of dimensions involved. Figure 2.6 includes, among other aspects, the organisational capabilities. In general, the strategy content may include aspects relating to any aspect of Table 4.3.

Some generic types of strategic contents have been referred to earlier.[21] The relationships between formulation of the strategy content and implementation were analysed above.[22]

4 - Structure. Structure is the set of formal (and informal) ways by which the organisation:

- divides its work into tasks;
- assigns the tasks to groups and individuals; and
- coordinates them (Mintzberg, 1979; Lorsch, 1970; Peters *et al.*, 1980; Stoner *et al.*, 1995).

The formal structure defines the formal tasks, the formal organisational work-flows, the formal authority chain and the formal communication lines (Cf. Leavitt, 1964; Mintzberg, 1979; Johannsen & Page, 1990). "Formal" means, here, that the division, assignment and coordination of work conforms to internal conventions that are rational, officially accepted, written and stable (Cf. Dalton, 1959; Stoner *et al.*, 1995). Formal structure is generally regarded as fundamental to ensure efficiency, stability and predictability of behaviour.

Efficiency, however, depends also, to a greater or lesser extent, on an informal structure. The informal structure corresponds to the tasks, power, decisions and communication lines that are exercised in informal ways (Cf. Mintzberg, 1979; Stoner *et al.*, 1995). "Informal" means officially unrecognised, undocumented, less stable and emerging from people's needs and interactions (Cf.

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[19] See Section 3.3.3.3. Service Quality Gap Model.

[20] See Section 2.1.5. Strategy Content

[21] See sections 2.1.5.3. Dimensions of the Strategy Content and Types of Strategies at the Corporate and SBU Levels; 2.2.2. Quality Philosophy or Total Quality Strategy; and 3.2.1.2. Service Strategy Options.

[22] See sections 4.1.5. Relationships Between Formulation and Implementation; and 4.1.6. Some Missing Links Between Formulation and Implementation.

Dalton, 1959; Stoner *et al.*, 1995).[23]

A division of tasks (formal or informal) can be accomplished across several dimensions. The first and basic division distinguishes the five core parts of an organisation: strategic apex, middle line, operating core, technostructure and support staff (Mintzberg, 1979). The division of tasks proceeds along other dimensions, namely, specific management positions, operational units (Johannsen & Page, 1990), organisational functions, departments, SBUs, products, markets, geographical areas (Peters *et al.*, 1980) and knowledge (Mintzberg, 1979).

To differentiate tasks and provide coordination (*i.e.*, to build a structure), organisations can use several distinct instruments. Some of the essential instruments are job specialisation, behaviour formalisation, training, indoctrination, unit size, unit grouping, planning, control, lateral liaison devices, vertical decentralisation and horizontal decentralisation (Mintzberg, 1979).

Among these instruments, six coordination mechanisms deserve an emphasis: mutual adjustment; direct supervision; standardisation of work processes; standardisation of outputs; standardisation of skills; and standardisation of norms (Johnson & Scholes, 1999). Their potential can be enhanced through use of cross-functional teams, (Lorsch, 1970), employee mobility between functions and cross training.

Three ideas are immediately associated with formal structure: (1) the job descriptions; (2) the organisational manual of rules and policies; and (3) the organisational chart.

Job descriptions are documents which describe the tasks involved, its sequence, time and place (Mintzberg, 1979).

Organisational manuals institute common detailed rules for all jobs, all work-flows and all workers in the organisation (Mintzberg, 1979). These may specify who can or cannot do what, when, where, to whom and with whose permission (Mintzberg, 1979). "Formal rules and policies" is a dimension of the model, which is tackled below.

Finally, the organisational chart, or organigram, is a picture of the formal structure. It shows «(1) what positions exist in the organisation, (2) how these are grouped into units, and (3) how formal authority flows among them» (Mintzberg, 1979).

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[23] Concepts of "formal" and "informal" have been suggested as a dichotomy, but they are more of a continuum, in which different combinations of pure formal and informal behaviours can be found (Dalton, 1959). Some of the mixtures between formal and informal are: «command from high levels for unofficial action from bellow», official meetings to solve problems originated by unofficial activities, «informal requests from below for the right to engage in specific unofficial actions», temporary unofficial roles «that become more important than expected», adoption by the formal structure of «unofficial widespread practices that have proven their worth» (Dalton, 1959). These may also exhibit different degrees of standardisation, rationality, emotion, acceptance, stability, documentation ...

The fundamental question to the implementation of strategy, as it relates to both formal and informal structure, is «does the current structure facilitate or hinder the implementation?» (Hussey, 1995). This question has to be put in terms of the dimensions used to divide organisational work and of the instruments used to provide coordination. Some of the current preoccupations are related to the number of management layers, the dispersion of strategic and operational responsibilities, the unambiguity of responsibilities (Hussey, 1995), the need to make decisions closer to the market (Galpin, 97), and the degree of internal collaboration vs. competition (Johnson & Scholes, 1999).

As happens with other models, more operational aspects of the formal and informal organisation are detailed in other dimensions (Cf. also Lorsch, 1970). This dimension is concerned only with the basic structural aspects and questions, as described above. Alternative structures, for the service organisation, are briefly discussed elsewhere.[24]

5 - Facilities, equipment, their capacity and technology. The facilities and equipment, their layout, capacity and technologies constitute the internal physical environment of the organisation. The internal physical environment interacts with people, limiting or enhancing their work efficiency (Galpin, 1997). Changing this environment can increase personnel efficiency. Changing the environment, however, does not seem to durably increase job satisfaction (Herzberg, 1966). From the point of view of job satisfaction, it only stops people from becoming dissatisfied with their work (Herzberg, 1966).

The elements of the internal environment interact also with service consumers, contributing to their perceptions of service quality. The design of the internal physical environment, especially that part of the facilities and equipment that are in contact with the service customers, should deserve special care (Cf. Chapter 3).

Strategy implementation may involve the adoption of new facilities and new equipment (eventually based in a technology not familiar to personnel and consumers). The design of the facilities and the choice of equipment must take into consideration how they will interact with employees and consumers, what will be the effects on employees and consumers, and how to oppose the negative effects on the strategy implementation.

6 - Information and communication systems. Organisational information and communication systems are concerned with acquiring, processing, storing and disseminating information (Johannsen & Page, 1990; Galpin, 1997). This information concerns the external environment and the internal activities. Both kinds of information constitute basic feedback to the regulation of all organisational systems. Thus, the activities of the information and communication systems (acquiring information, processing...) must be aligned with all other systems, in order to make the right information and

[24] See Section 3.2.3.4. Service Organisation Structures.

knowledge available to the right people at the right time (Hussey, 1995; Galpin, 1997).

During, or prior to, the implementation of a new strategy, information and communication systems may have to be realigned. This means the introduction of changes to the databases, communication channels, communication media and other parts of the system.

The intention is to facilitate the continuous development and availability of information and knowledge relevant to strategy implementation (Galpin, 1997). Because implementation success depends on the ability to quickly correct misunderstandings and to secure changes that are not being made properly (Johnson & Scholes, 1999).

Some common pitfalls related to information systems that must be avoided are the following:

- First, the tendency to distribute information and knowledge according to the old communication channels, providing specific information to the wrong people – even when radical changes to the information and communication systems have been made (Hussey, 1995).
- Second, the inadequate choice of communication media. For instance, to

> *...communicate a highly complex set of changes, it would be inappropriate to use standardised bulletins and circulars with no chance of any feedback or interaction. In situations of strategic change ... communication which provides interaction and involvement is likely to be desirable. (Johnson & Scholes, 1999)*

- Third, the inadequate choice of the information contents. This includes, for instance, the difficulty of simplifying the complex reasons for change, and the new strategy itself, in a way that can be assimilated across the organisation (Johnson & Scholes, 1999).
- Fourth, the lateral rumours and gossip, which increase during change processes and are used as counter communication (Johnson & Scholes, 1999).
- And fifth, the managers' tendency to «underestimate substantially the extent to which organisational members understand the need for change, what it is intended to achieve, or what is involved in the changes» (Johnson & Scholes, 1999). This tendency can lead to wrong choices of media, of what kind of information to provide and to other pitfalls.

7 - Decision processes. These are the processes by which strategic and operational decisions are made. A generic decision making process was shown in Figure 2.12, and the distinction between operational and strategic decisions was made in Table 2.1. The strategic decisions concern the new strategy content, but also the decision processes itself. That is, the conceptualisation and implementation of a new strategy may require changes to the decision processes. Some typologies of Strategic Decision Making Processes (SDMPs) were previously summarised.[25] According to Mintzberg

[25] See Section 2.1.7.3. Classifications of Strategic Decision Making Processes (SDMPs).

et al. (1976), SDMPs «are immensely complex and dynamic». At the extreme limit, each decision may involve a completely different process. Consequently, total formalisation/standardisation of the SDMP is both impossible and counterproductive. Part, if not all, of the functioning of the SDMP is not captured by the formal structure, rules and policies.

When implementing a strategy, managers must consider «how are decisions taken, where are they taken, and where does the power lie?» (Hussey, 1995). This is input information to assess the changes that are needed and the extent of possible changes regarding the decision process and the extent of possible empowerment (Hussey, 1995).

8 - Service analysis, design, external communication and delivery systems. Open systems were previously defined as a whole composed of interrelated parts, which are organised by some distinguishable principles.[26] Open systems also are provided with a transformation process, an ability to improve its organisation and process, an ability to generate feedback and to regulate itself (homeostasis). An open system is always part of a higher order system from which it is separated by permeable and diffuse boundaries. Through its boundaries, the open system exchanges information, energy and materials with other systems. Any two systems (may it be two internal subsystems or may it involve one external system) engage in relationships of collaboration, exchange, bargaining and/or conflict (Cf. Etzioni, 1964).

Social organisations are composed of several of these open subsystems. They constitute the ways things are done and «make the organisation go day by day» (Peters *et al.*, 1980). The present synthesis of static models integrates several organisational systems. For instance, the information and communication systems are defined above. Other components of the managerial, of the social/cultural and of the technical/operational systems (see Figure 2.19) are considered above, here and below. Here, the concern is with the service analysis, service design, external communication and service delivery systems.

Services should be designed before they are tried in the market. This can avoid expensive mistakes. However, service firms usually lack a systematic method for the analysis and design of new services (Shostack, 1984). The design should consider all human resources, physical resources and systems, integrating them in a mutually reinforcing way (Normann, 1995). Implicit is the need to go beyond the volumes of procedures and regulations, penetrating into the human and informal dimensions of the organisation (Shostack, 1984). The steps of the process and some instruments used (flowcharting and value chain) were earlier described.[27]

The external communication is a component of the marketing function. The fundamental aspects

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[26] See Section 2.1.8.3. Environment and Organisations as Systems.

[27] See sections 3.2.3.6. Designing the Service Production and Delivery System; and 2.1.6.2. Other Instruments.

are (Cf. Chapter 3):

- to avoid overpromising - overpromising creates expectations that may not be fulfilled by the service delivery system (Parasuraman *et al.*, 1985);
- to promote close communication between the marketing department and the service analysis, design and delivery systems (Zeithaml *et al.*, 1988);
- to use external communication to inform, persuade and educate customers in the correct way(s) to consume the service (in the use of software, equipment and facilities) (Grönroos, 1990);
- to use external communication to inform consumers of the special efforts going on «behind the scenes to serve them well» and of service standards that are not readily apparent to them (Parasuraman *et al.*, 1985); and
- to keep in mind that external communication can even take place at the time and point of consumption, *e.g.*, through brochures and word-of-mouth (Grönroos, 1990).

The service production and delivery system has been earlier described.[28] Some particular aspects are the separation between the visible and the invisible parts of the system, between an inanimate internal environment and personnel, and between contact personnel and support personnel. The service production system and its components are probably those dimensions of the static model where the new strategy becomes more apparent and more meaningful to customers. The invisible parts of production influence «the result, but the visible activities are experienced in every detail» (Grönroos, 1990).

9 – Rules, policies and task descriptions. Rules and policies are distinct concepts, but they can be joined together, because they might be written and apply to everyone in the organisation. Job/task descriptions are written, but they apply only to the people doing those tasks.

According to Mintzberg (1979), organisational manuals of rules establish formal regulations for all jobs, all work-flows and all workers in the organisation. The rules specify who can or cannot do what, when, where, to whom, with what resources and with whose permission (Cf. Mintzberg, 1979).

A policy is a previously made decision that is applied only when special events occur (Ansoff, 1965). The events covered by policies are relatively frequent, but managers do not know when exactly will they occur, *e.g.*, overtime work, personnel recruiting, bad weather (Ansoff, 1965), access to short-term loans, price promotions, and others. A policy defines the event to which it refers and then indicates the actions or tasks that must take place in response. The details of the response may be specified in rules and/or tasks descriptions.

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[28] See sections 3.1.4. The Service Organisation; and 3.2.3. Managing and Organising Service Firms – Specificity and Some Instruments.

The use of rules and policies saves time, because managers do not have to repeat the same decisions. They also bring conformity and fairness of treatment (Ansoff, 1965).

Providing adequate rules and policies, tailored to the strategy, is a task for managers (Galpin, 1997). The elaboration of new rules and policies should be directed to:

- facilitate the implementation of the new strategy and the delivery of services;
- fill important gaps to resolve the deficiencies in the current documentation; and, at the same time,
- simplify too extensive manuals of regulations and policies (Galpin, 1997).

Finally, task descriptions. A task is «a major element or combination of elements of a job» (Johannsen & Page, 1990). Tasks are assigned to individuals or groups of individuals (Ansoff & McDonnell, 1990), exist in large numbers in the organisation (Leavitt, 1964), and constitute what the organisational members have to be able to do (Hussey, 1995) more or less frequently, in order to deliver the services. Tasks are, thus, routine elements of peoples' jobs and task descriptions explain how people must execute them.

When facing a strategic shift, the organisation has to consider what specific tasks have to be changed or eliminated, and what tasks have to be undertaken more quickly or more cost effectively (Hussey, 1995). In general, the definition of tasks is subordinated to the quality dimensions and concrete positioning determined by the strategy content.[29] Collectively, task descriptions describe the formal routine functioning of the organisational systems. Those routines that are not documented are addressed below in *Routines, rituals and ceremonies.*

10 - Measurement, control and reward systems. Measurement, control and reward systems can apply to all other organisational systems by measuring, correcting and «encouraging desired action [or] inhibiting undesirable action, with the objective of maintaining [fundamental] operations within certain ranges» (Heyel, 1982). Effective measurement, control and reward becomes possible only after plans, tasks and systems have been designed and the most appropriate standards, degrees of flexibility and measures have been defined. Then becomes possible the continuous (or periodic) measurement, assessment of deviations from standards and correction of significant deviations (Cf. Heyel, 1982). Broad definitions of the concept of control include planning, measurement, corrections and modification of the plans and standards; all in a continuous cycle (Heyel, 1982; Ansoff & McDonnell,

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[29] It is possible to distinguish the previous concepts from the concept of programme and from the concept of strategy. A programme is used in conditions of outcome certainty or when the probabilities of all possible outcomes are known (Ansoff, 1965). It consists of a predetermined sequence of actions to effect during a period of time, but only once, in order to guide and coordinate operations (Cf. Ansoff, 1965).

Strategy content is defined above and applies to conditions of partial information and ignorance of all the possible outcomes (Ansoff, 1965). Strategy is also a guide for other decisions that have to be made (Ansoff, 1965), including programmes, policies, rules, task descriptions and others. In fact, all of these can be used to prepare the strategy implementation.

1990). These definitions emphasise the idea that the measurement, control and reward systems must be in a close relationship with other systems, including information systems and decision processes. In the interest of the whole organisation, such relationships must be collaborative and supportive, not intrusive or disruptive.

Measurement, control and reward systems can have a significative impact on individual and group behaviour (Johnson & Scholes, 1999; Galpin, 1997). Individuals performing well/badly – according to the measurement, control and reward systems – will be informed, urged to continue/change and be rewarded/punished. Because of this, measurement, control and reward systems must relate to and emphasise the key elements of strategy (Hussey, 1995; Johnson & Scholes, 1999; Reed & Buckley, 1988), *i.e.*, the quality dimensions and the CSFs/competencies.

What these systems may easily tend to emphasise is the attribution of financial rewards for an organisation's short-term economic performance (Reed & Buckley, 1988), or even of blame for people's errors. While blaming people is almost certainly not the way to correct behaviour (Cf. Hussey, 1995), financial rewards linked to economic performance constitute an adequate rewarding item (not necessarily the only one) for operational managers (Cf. Ansoff & McDonnell, 1990). From the perspective of the organisation confronting the formulation and implementation of a new strategy, however, the measurement, control and reward systems should use measures associated with risk taking, creativity, future prospects of the projects – not budget conformance (Ansoff & McDonnell, 1990) – and CSFs/competencies of the new strategy (Reed & Buckley, 1988).

Measurement, control and reward systems, thus, may be developed to measure, assess, correct and reward – on the one hand – the operational work related to the exploitation of current organisational capabilities, and – on the other hand – the strategic formulation and implementation work (Ansoff & McDonnell, 1990). This has the advantage of protecting strategic work from being neglected in favour of the frequently overwhelming amounts of operational work (Ansoff & McDonnell, 1990), and has the further advantage of adequately controlling activities which differ in nature and end results (Cf. Table 2.1). Moreover, when a new strategy is adopted, the measurement, control and reward systems must be aligned accordingly (Johnson & Scholes, 1999; Hussey, 1995). Such alignment constitutes a strong signal to everyone in the organisation that changes are really intended (Johnson & Scholes, 1999). If the measurement, control and reward systems are not changed to fit the new strategy, people will probably not change their behaviours (routines, rituals, stories, symbols, attitudes, skills, values...), in spite of all managerial exhortations for change (Hussey, 1995).

The impact of reward systems, in particular, can be enhanced by using packages of several distinct rewards, including money, formal and informal recognition, career development, and other benefits.

Fundamental aspects to consider when developing the measurement, control and reward systems

are:

- the subordination of what and how is measured, controlled and rewarded to the strategic quality dimensions and to the CSFs (Hussey, 1995; Johnson & Scholes, 1999);
- the distinction between financial rewards, linked to the short-term economic performance of the past, and rewards dependent on risk taking, creativity and future prospects of strategic projects (Ansoff & McDonnell, 1990);
- the distinction between a system that produces measures that are "nice to know" but do not produce any practical results and a system that is seen as producing information which is part of the job and should trigger action for adjustments (Galpin, 1997); and
- the distinction between being interested in finding the causes of errors to stop them from happening or finding them just to be able to blame people (Hussey, 1995).

11 - Organisational competencies. Organisational competencies or skills are the crucial organisational attributes or capabilities – those things that organisations do best (Peters *et al.*, 1980).

Capabilities can be found in all areas of business, for instance, research, operations, marketing, finance, general management ability and other areas (Porter, 1980). The idea that competencies can be developed in various areas of the business is also shared by Ansoff & McDonnell (1990). They define a competence as a part of an organisation's capability. The organisational capability consists of several dimensions to which attention has previously been directed.[30]

Because of the diversity of competencies, organisations can elaborate a graphic of the capability profile (Ansoff, 1988; Ansoff & McDonnell, 1990). This provides a quick impression of the competencies that are better or worst performed by an organisation. It also allows some comparisons.

Strengths and competitive advantages are almost synonymous to competencies. The former concepts, however, imply a comparison between an organisation's capability profile and that of the current best competitor (Ansoff, 1965; Porter, 1980). Strengths and weaknesses can also be identified by comparing the current organisational capability profile with the capability profile which an organisation anticipates as being required to survive in the future (Ansoff, 1988; Ansoff & McDonnell, 1990). This allows the organisation to identify the areas of capability that need to be developed (Ansoff, 1988).

Porter (1996) is not so much concerned with the durability of strengths. Whilst he treasures innovation as an important vehicle for renewal (Porter, 1990), he also believes in sustaining competitive advantages (Porter, 1996). Sustainability of competitive advantages depends on choosing:

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[30] See page 173 above.

- a unique competitive scope; [31]
- a set of activities that are different from those of competitors or performed in a different way;
- tailoring the activities and systems to fit the strategy; and
- ensuring fit between all of them (Porter, 1996).

Porter emphasises that «competitive advantage grows out of the entire system of activities» and it can be misleading to explain organisational success by specifying individual strengths, skills, competencies, or critical resources (Porter, 1996). In this systems approach, competitive advantage results from the parts and from the unique holistic characteristics of the whole organisational system.

When strategy changes, the competencies that an organisation possesses must change (Peters *et al.*, 1980). This is neither immediate nor easy, because entire subsystems, structures, values and other dimensions are involved and take time to change (Peters *et al.*, 1980).

12 - People. People are responsible for managing the organisation. People are also those who execute the tasks that machines and computers cannot do (Leavitt, 1964; Leavitt *et al.*, 1973). It is people who, for instance, create the solutions to new problems. Thus, people «are a special kind of resource in that they are directly involved in all the functioning processes of the organisation and can affect its aims as well as the methods used to accomplish them» (Pugh, 1997).

It is fundamental «to have the right people in the right place at the right time doing the right things» (Galpin, 1997). It is fundamental to have people capable of doing the right things right. Some people can be very difficult to substitute, because of their rare capabilities. All this means that people are a very special group of resources. They must be carefully and concretely managed (Peters *et al.*, 1980). They must be captivated by the organisation, selected, nurtured, educated, developed, guarded and allocated (Peters *et al.*, 1980).

As a fundamental and emotional resource, people require specific management attitudes, skills and roles, particularly when significant changes are to be introduced in their jobs/environment. These attitudes, skills and roles (listed above) include communication, real understanding of others, support (Irons, 1991), providing education, recognition and rewards, (Galpin, 1997), and providing the right example (Ansoff & McDonnell, 1990).

Some relevant questions regarding people that managers confront when implementing a strategy were earlier discussed.[32]

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[31] See Section 2.1.5.3. Dimensions of The Strategy Content and Types of Strategies at the Corporate and SBU Levels.

[32] See page 167 above.

13 - Power structures. Organisations can be characterised as political systems. More accurately, perhaps, as having an internal political subsystem, among other subsystems. Having a political subsystem means that people in an organisation possess partially conflicting interests, form opposing groups (also called coalitions) and engage in internal political manoeuvres, as a way to achieve what they want or think is best (Eisenhardt & Zbaracki, 1992). Figure 4.9 upper boxes exemplify potential areas of interests and some political manoeuvres against change:

Figure 4.9. Sources of Power, Political Processes, Areas of Interests and Some Political Manoeuvres

Frequently, the decision making process is dominated by political processes and manoeuvres. In such cases, the resulting decisions correspond to the preferences of the most powerful individuals/coalitions in an organisation (Eisenhardt & Zbaracki, 1992). This makes power an important aspect of organisational life. Power can be defined as the extent to which individuals and coalitions «are able to persuade, induce or coerce others into following certain courses of action» (Johnson & Scholes, 1999). This capacity to persuade, induce or coerce comes from different sources, namely, hierarchy, charisma, persuasiveness, knowledge, skills, control of parts of the environment, control of information and others, listed in Figure 4.9 (Allison, 1971; Carnall, 1986; Johnson & Scholes, 1999). It is clear that some sources of power are based in the formal structure, while others are personal and informal. The complete power structure of an organisation, thus, depends on more than just the formal power that comes from hierarchic position.

Managers must be sensitive to all forms and sources of power, because they can be used to help

the implementation of strategic changes or to block it (Johnson & Scholes, 1999). Based upon a different paradigm, preferences, expectations and/or interests, individuals and coalitions may try, by various means, to stop a particular change from being decided and implemented.

The relative power of individuals and coalitions can be analysed and assessed using specific instruments (Johnson & Scholes, 1999; Ansoff & McDonnell, 1990). Some tactics can also be used to limit the influence of coalitions/individuals that oppose change (Johnson & Scholes, 1999; Ansoff & McDonnell, 1990). This theme is further developed in the dynamic models of strategy implementation. For now, it is sufficient to note what is meant by power structure. It involves coalitions and individuals' distinct perceptions and interests, their sources and extent of power, their possible manoeuvres and favourite political processes (Cf. Johnson & Scholes, 1999).

14 - Involvement. This is strongly related to the power structure and to the human characteristics. The concept has been earlier considered.[33] Two basic aspects to note here are:

- The adequate extension of people's involvement as well as the specific kinds of involvement must be, as far as possible, a managerial choice, according to:
    - individual's characteristics – personality, maturity, knowledge, tasks, roles, interests and desire for change; and
    - other characteristics – power of coalitions, size and complexity of the organisation, uncertainty and complexity of the environment, and national culture.
- In order to avoid excessive internal tension, the decision and planning system must be particularly attentive of the organisational human realities, and be flexible and responsive to them (Irons, 1991).

Involvement brings some benefits. Internal benefits are people's identification with organisational goals, motivation towards them, acceptance of change and less resistance (Irons, 1991; Perlitz, 1993). The need for supervision can also be reduced – not eliminated (Martin, 1998). Internal and external benefits can result from the involvement of external stakeholders in the process of decision making. Some external benefits are the reduction of external interference, the restriction of rivalry and the increase of mutual understanding, support and coordination.

15 - Values and norms. Values and norms are sometimes identified with culture (Schein, 1985). Culture, however, can be seen as a more encompassing concept, with three distinct levels (Martin, 1998; Schein, 1985). The three levels are mainly distinguished by the degree of difficulty with which each can be consciously analysed and its contents described (Martin, 1998; Schein, 1985). The shared paradigm of an organisation is the third level, the essence of culture, and the most difficult to identify,

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[33] See page 166 and Section 2.1.7.5. Who Is/Should be Involved in the SDMP?

analyse and describe. It seems to be as invisible and preconscious as it is taken for granted and "nondebatable" (Schein, 1985).[34]

Rituals, routines, ceremonies, symbols and stories constitute the most easily analysable and describable cultural level (first level), because they are observable artifacts and behaviours (Martin, 1998; Cf. also Schein, 1985). Rituals, routines, ceremonies, symbols and stories are determined by the "taken for granted" assumptions of the paradigm and by the shared values and norms of an organisation (Martin, 1998; Schein, 1985). Their definitions are dealt with below. Meanwhile, attention is focused on defining values and norms.

Values and norms constitute the second level of this culture model. That is also the reason for them being joined together in this element of the static model.

The values of an organisation are beliefs (Martin, 1998) or «convictions about the nature of reality and how to deal with it», which may or may not be true (Schein, 1985). They are a «sense of what "ought" to be, as distinct from what is» (Schein, 1985). The values of an individual (*e.g.*, the CEO) may become the shared and dominant values in an organisation, if continuously validated before every organisational member through successful problem solving processes (Schein, 1985). Such shared values then «provide the day-to-day operating principles by which the members of the culture guide their behavior» (Schein, 1985). Ultimately, shared values may reach the state of indisputable assumptions, integrating the organisational paradigm (Schein, 1985). Values are often unwritten (Peters *et al.*, 1980), evolving (Schein, 1985) and are very important because of their power to determine behaviours.

Norms have the same behavioural guiding effect. Norms can be defined as people's «expectations about how they and other [organisational] members will behave» (Stoner *et al.*, 1995). Norms are formed unconsciously (Schein, 1985) and are also informal (Martin, 1998; Cf. Schein, 1985).

Since written norms were (above) called rules, policies and task descriptions; the concept of "norm" will be restricted only to the unwritten expectations about members' behaviour. Another significative difference between – on the one hand – norms and – on the other hand – rules, policies and task descriptions is that employees believe in norms and do things accordingly, while they simply comply with written instructions (Martin, 1998). Employees may even attempt to make dissidents conform to norms.

> *When an individual breaks with ... norms, the other members [of the organisation] will probably pressure that individual to conform. Methods of enforcing range from gentle ridicule to criticism, sarcasm, ostracism, and even physical harassment. (Stoner* et al., *1995)*

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[34] See page 177 for a definition.

Values and norm enforcement may act against the implementation of a new strategy (Hussey, 1995). Possible conflict between values/norms and the new strategy must be anticipated and managed proactively (Hussey, 1995). This means that cultural changes may be required. Managers can introduce and reinforce strategically adequate values and norms (or change undesirable values and norms) by what they do, what they say and what they reward (Stoner *et al.*, 1995; Schein, 1985). What they say and do about almost any other element of the static model, for instance, about how information is distributed and how involvement is managed, will have an impact on values and norms (Cf. Hussey, 1995).

The values that managers want to introduce, into an organisational culture, must continually prove to work as a solution to the new problems (Schein, 1985). That is, values and norms are not directly changeable by decree. They are more a result of a group's interactions and shared experiences (Schein, 1985). This can raise management difficulties. If the new values (and norms) desired by managers are not based on prior cultural learning and are not reasonably coherent with people's current assumptions, they may influence what people say, but not what they do (Schein, 1985).

Moreover, the assumption that culture can be changed to suit the manager's purposes is possibly an incorrect one, and serious attempts to change it may cause the group to disintegrate (Schein, 1985). Changing culture is thus, a slow learning process, difficult to manage, which can have very profound consequences (Schein, 1985).

Finally, for all of this, cultural change seems to be a product of the whole strategic changing process. Culture is also difficult to imitate by competitors and can constitute a strong organisational competence/competitive advantage (Johnson & Scholes, 1999).

16 - Stories. A story is a narrative based on true organisational events, usually assimilating some fictional elements (Trice & Beyer, 1984). The organisational stories can be «told by members of the organisation to each other, to outsiders, to new recruits and so on» (Johnson & Scholes, 1999). Organisational stories

> *...embed the present in its organisational history and also flag up important events and personalities. They typically have to do with successes, disasters, heroes, villains and mavericks who deviate form the norm. They distil the essence of an organisation's past, legitimise types of behaviour and are devices for telling people what is important in the organisation. (Johnson & Scholes, 1999)*

17 - Symbols. A symbol is any object, person, act, event, quality, or relation «that serves as a vehicle for conveying meaning, usually by representing another thing» (Trice & Beyer, 1984). Symbols express more than their physical or intrinsic content; they «may be everyday things which are nevertheless especially meaningful in the context of a particular situation or organisation» (Johnson &

Scholes, 1999). Symbols include logos, cars, language/terminology, titles, size of offices, office contents (Johnson & Scholes, 1999), great leaders of the past and physical objects awarded as prizes for achievement. Symbols – as well as stories – can be included in the first level of culture, because they are relatively easy to perceive and can be revealing of organisational assumptions, values or norms (Johnson & Scholes, 1999).

Many organisational symbols are manageable. For instance, logos, titles and prizes can be created, modified, manipulated or even eliminated. They can be used alone or in association with other elements of the static model (*e.g.*, ceremonies) to send clear signals of the desired organisational changes to everyone, thus, encouraging and guiding change (Johnson & Scholes, 1999).

18 - Routines, rituals and ceremonies. Routines, rituals and ceremonies can be included in the first level of culture. They are joined together in one element of the model because of their processual nature.

As to routines and rituals, these can be formal or informal (Johnson & Scholes, 1999).[35] However, to distinguish them from previous concepts, they will refer here only to the unwritten routines and rituals of an organisation. Routines and rituals differ from norms (previously defined) because they constitute actually effected behaviour, while norms are just behavioural expectations.

Routines are the unwritten recurrent ways by which «members of the organisation behave towards each other, and towards those outside the organisation» (Johnson & Scholes, 1999). An example of an informal routine is the way contact employees recover a service that went wrong when there is no formal procedure available. Routines are, thus, potential targets for change.

Rituals are distinguished from routines because rituals «seldom produce intended, technical consequences of practical importance» (Trice & Beyer, 1984). They are behaviours that do not produce work (Martin, 1998). Rituals include drinks in the pub after work and gossip near the photocopy machine (Johnson & Scholes, 1999). These rituals can, however, be managed to reinforce group cohesion (Martin, 1998) or to emphasise the ways "things should be done" (Johnson & Scholes, 1999). That is, to facilitate implementation.

Ceremonies are relatively elaborate sets of activities carried out through social interactions, usually for the benefit of an audience (Trice & Beyer, 1984). Ceremonies may include summer events, Christmas events, informal employees' achievement celebrations (Galpin, 1997), ceremonies of a people's transition into new roles, tenure conferral ceremonies (Trice & Beyer, 1984) and reception of representatives from external organisations (Martin, 1998). Ceremonies can be used to reinforce strategic change and to point people in the right direction (Galpin, 1997).

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[35] Or can be located somewhere between the two poles.

19 - Financial resources. It is curious to observe that all of the static models considered in this chapter have totally ignored or minimised the importance of financial resources. This is probably the result of two related main causes. One is that most researchers have preferred to study larger organisations. The other reason is that bigger organisations have more financial resources and have easier access to credit and capital markets.

It is more difficult for smaller firms to access the credit and capital markets (House of Commons – Trade & Industry Committee, 1995). Smaller companies are also more vulnerable to high interest rates and to interest rates variability (Department for Enterprise, 1994). To the small organisation, financial resources may be an important constraint. It follows that, for the small organisation implementing a new strategy, it would be appropriate to consider its financial resources and conditions of external access to credit and capital as one of the relevant dimensions.

20 - Time. The importance of time is often neglected in the literature (Johnson & Scholes, 1999). Only one of the models studied (Irons' model) includes time, as a fundamental implementation dimension. Irons, however, does not elaborate on the concept. A definition that can be useful in the dissertation is now suggested.

It is commonly accepted that the right organisational competencies have to be in place at the right time, in order to respond to the consumers' changing needs. It is also acknowledged that the development of new competencies takes time. This is why organisations must anticipate consumers' future needs. The strategic analyses and decisions, made at specific moments, contribute to the definition of those organisational competencies necessary to ensure survival in the future (Martinet, 1992; Ansoff & McDonnell, 1990; Cf. Table 2.1). Time is the dimension along which this set of decisions and activities are sequenced, coordinated and integrated in such a way that the whole process makes sense. Time is, thus, a crucial element in the decision making process (Stoner *et al.*, 1995).

Time is also one of the dimensions used to measure implementation success or failure. In fact, the most frequent symptom of implementation problems is that implementation takes more time to complete than previously expected (Cf. Section 4.1.4).

From the previous ideas, a possible definition for the time factor would be: the adequate timing of the strategic decisions and actions taken in anticipation/response to external opportunities. This concept relates not only to scheduling, programming, Gantt charts and critical path analysis, but also to «choosing the right time tactically to promote change» (Johnson & Scholes, 1999). Managers can create a sense of crisis to promote otherwise undesirable changes (Johnson & Scholes, 1999). Managers should also be aware that an improper tactical choice of timings for specific actions can cause «unnecessary fear and nervousness» (Johnson & Scholes, 1999).

Less popular than the concept of timely decisions and actions is the related concept of urgency as defined by Ansoff & McDonnell (1990). The urgency of an opportunity or threat can be estimated by comparing two other estimates (Ansoff & McDonnell, 1990). The first is the estimate of the time available before the full impact of the environmental threats/opportunities is experienced. The second is the estimate of the time needed by an organisation to complete the implementation of a response to those threats/opportunities. An estimate of urgency, thus, can be obtained by comparing (1) the probable time before the impact of a threat/opportunity is experienced with (2) the time an organisation needs to complete an adequate response (Ansoff & McDonnell, 1990). Urgency naturally increases as the moment of the impact on an organisation approaches and as the time needed to complete an adequate response increases. In simple terms, urgency may be defined as the difference between the available time and the time needed to complete implementation.[36] As this difference becomes smaller, the urgency increases.

In summary, the time factor can be associated with the urgency of response and the timeliness of each decision and each action; where urgency is defined as above and timeliness is defined as the chronological concordance in the interactions between decisions, actions, external events and internal circumstances.

In this chapter, time is also used to separate the static from the dynamic models.[37] In the static models time is stationary – allowing a description from several different perspectives of an organisation confronting strategic decision and implementation, including an estimate of urgency and timeliness. In the dynamic models time flows – allowing the study of the sequence of events by which organisations secure change.

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The adequate number of distinct elements of a model is mentioned by Galpin (1997) and by Mintzberg *et al.* (1998). Galpin adopts 12; Mintzberg *et al.*, chose 10. The 20 dimensions of this static model are probably too many to retain in the human short-term memory (Mintzberg *et al.*, 1998). Nevertheless, it seems indisputable that strategists (and managers) have to be aware of them all and keep them in mind – not only in their short-term memory.

The 20 dimensions emphasised are all distinct, but overlapping to a certain extent. For instance:

- service analysis, design, external communication and delivery systems;
- routines, rituals and ceremonies;

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[36] It does not seem necessary to exploit here the rigorous mathematical definition of urgency given by Ansoff & McDonnell (1990: 436).

[37] See Section 4.3. Dynamic Models.

- information and communication systems;
- decision processes; and
- measurement, control & reward systems are more or less overlapping areas.

The definitions chosen are intended to be all-encompassing and, at the same time, mutually exclusive. If this is achieved, it will improve the rigour of the following discussion. Still, some overlapping remains. For instance, the drinks in a bar may constitute a way of transmitting information, discussing the details of a particular decision, or a gesture intended to motivate, involve, recognise and/or reward an employee. Completely expunging the overlapping of concepts is probably impossible, because of the strong interrelationships between dimensions. Moreover, an attempt to do so would probably correspond to the deliberate erasure of important organisational aspects from the model.

The present section is concluded with a reference to the last column of Table 4.3. That column shows how frequently each dimension is found in the set of models used. Clearly, some dimensions are more frequently reported than others.

These frequencies might be, but are not necessarily, indicators of the relative importance of a dimension to a given organisation. All the dimensions reported constitute possible areas for management intervention. How managers choose the group of areas in which to intervene will depend on their experiences and knowledge. But, more importantly, this choice will depend on the current internal and external situation of an organisation, particularly, on the service quality gaps that have been identified. The reason for this is because, as previously noted, service management's «job, in essence, is to prevent or eliminate service quality gaps» (Brogowicz *et al.*, 1990).[38]

The next section relates all the relevant areas for management intervention during implementation to the service quality gaps which were earlier delineated.[39]

4.2.4. LINKING THE SERVICE QUALITY GAPS TO THE ELEMENTS OF A STATIC MODEL

The previous sections have analysed static models of an organisation and an effort has been made to generate a "new" model, possessing 20 dimensions, through synthesis. The common feature of these static models is that they identify the fundamental variables which managers should take into consideration when implementing strategy.

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[38] See Section 3.3. Service Quality.

[39] See Section 3.3.3.3. Service Quality Gap Model.

This section focuses on the implementation of a particular strategy, the service quality strategy. Service quality was defined as a function of a series of gaps (Parasuraman *et al.*, 1985), which may occur during any of the stages of the strategy formulation and implementation process.[40] This clearly means that the implementation of such a strategy is related to the gaps. Thus, the fundamental dimensions of strategy implementation (the variables in the static model) can be related to the service quality gaps. Table 4.4 makes one such link.

The first column of Table 4.4 lists all the 20 dimensions of the synthesised static model and the first line lists the 14 gaps previously identified.[41] A dot "●" indicates that the dimension has a clear, a direct or a dominant association with the gap. An unfilled dot "o" indicates that the dimension has a less clear, an indirect or a less important association with the gap. An empty cell means that there is no relation or that the connection is very weak. A "relation" or "association" means that the gap has an impact over that dimension and/or that the dimension contributes to amplify or reduce the gap.

The last column of Table 4.4 summarises the information in the rest of the Table by providing the numbers of the gaps related to each dimension of the static model.

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[40] See Section 3.3.3.4. Importance of the Service Quality Gaps to a Strategy Implementation Process; and Section 4.1.7. Service Quality Strategy Implementation and Service Quality Gaps.

[41] See Section 3.3.3.3. Service Quality Gap Model.

Table 4.4. Relationships Between the Fundamental Dimensions of Strategy Implementation and the Service Quality Gaps

Dimensions of the static model	Service quality gaps														
	1. Management perceptions	2. Service quality strategy	3. Service design and service quality specifications in terms of customers' expectations	4. Quality supportive financial function	5. Internal communication	6. Integration/coordination	7. Coordination of other people and/or organisations in the values system	8. Selection, training, and adequate levels of autonomy, power and rewards	9. Service delivery	10. External communication	11. Contact personnel perceptions of customers' expectations	12. Contact personnel perceptions of customer's experiences	13. Customer perceptions	14. Service quality evaluation	Summary of gaps related to each dimension
Paradigm/model of the world	●	o	o		o	o	o	o	o	o	●	●	o		1-3, 5-13
Managerial attitudes, skills, roles and styles	●	●	●	●	●	●	●	●	o	o	o	o		o	1-12, 14
Strategy content	●	o	●	o	●	●	o	o	o	o	o	o	o	●	1-14
Structure				o	●	●	o		o					o	4-7, 9, 14
Facilities, equipment, their capacity and technology					o	o			o				●		5, 6, 9, 13
Information and communication systems	●	o	o	●	●	o	o		o	●	o	o	o	●	1-7, 9-14
Decision processes	●	●	●	o	o	o	o	o		o	o	o		o	1-8, 10-12, 14
Service analysis, design, external communication and delivery systems [a]	o	o	●	●	●	●	●	●	●	●	●	●	o	●	1-14
Rules, policies and task descriptions	o	●	●	●	●	●	o	●	●	o	o	o	o	●	1-14
Measurement, control and reward systems	o	●	●	●	●	o		●	●		o	o		●	1-6, 8, 9, 11, 12, 14
Organisational competencies	o	●	●	o	o	●	●	●	o	o			o	o	1-10, 13, 14
People	o	o	o	●	●	●		●	●		o	o	●	●	1-6, 8, 9, 11-14
Power structure	●	●	o	o	●	●	o	●	o	o				o	1-10, 14
Involvement [b]	o	●	o	o	●	●	o	●	●	●	o	o	●	o	1-14
Values and norms	●	o	o	●	o	●	o	●	●	o	●	●	o	●	1-14
Stories	o	o	o	o	●	o		o	●	o	o	o	o		1-6, 8-13
Symbols	o	o	o	o	o	o		o	●	o	o	o	●		1-6, 8-13
Routines, rituals and ceremonies	o				●	●	●	●	●		o	o	o	o	1, 5-9, 11-14
Financial resources		o	o	●			●	●	o	o			o		2-4, 7-10, 13
Time (timeliness, time avail., urgency)	●	●		●	●	●	●		o	o			o		1, 2, 4-7, 9, 10, 13

Note: [a] The relationships were identified according to Figure 3.19. [b] Considering only the involvement of support and contact personnel.

Source: developed by C. J. F. Cândido.

The relationships established in Table 4.4 can be traced back to the crossing of the previous definitions of the essential implementation dimensions and of the service quality gaps. The matrix was built through constant reference to these definitions. It is useful to clarify and document all the relationships, which could not be explicitly stated in the definitions, and would take a long space to describe.

These relationships are general and indicative. An organisation may adapt the table according to its specific situation, in terms of any of the essential organisational dimensions of the static model.

Two simple conclusions can immediately be drawn from Table 4.4. First, all of the elements/dimensions can be associated in one way or another with the service quality gaps. Second, the table seems to support the idea that the so-called "soft variables" (paradigm, values, norms, symbols, stories...) are pervasive, possibly affecting almost every gap, although they may not be directly related to them.

4.3. DYNAMIC MODELS

Some static models were described in the last sections. They are intended to describe the situation of an organisation and the behaviour of its people at a given moment or short period of time. In addition to the description and analysis, the models can also be used to stimulate thinking about a future desired situation, to "design" it, to plan it and to help guide the actions intended to secure change.

Dynamic models are different. The dynamic models introduced in the following sections are generic processes that can be used to choose and implement a strategy which significantly modifies the current situation of an organisation and the behaviour of its people. These are the processes that actually change and implement a new "static model" of the organisation or, in other terms, change or implement its "mission" or "vision".

What distinguishes the dynamic models presented in this chapter from the traditional Strategic Decision Making Processes (SDMPs) in Chapter 2 is basically that, although both chapters present models starting with analysis of the situation and planning, the models in this chapter have a greater concern for implementation and implementation difficulties. Traditional SDMPs leave the persuasion of those who have to implement the strategies and plans to the end, while the models in this chapter stress:

- the «importance of achieving the commitment of people in the organisation to change» (Johnson & Scholes, 1999); and

- «the need for behavioural change not only in terms of that which is formally controlled, but also in terms of everyday aspects of organisational life» (Johnson & Scholes, 1999).

The models visited are those of Lewin (1947), Schein (1961), Galpin (1997), Hussey (1995), Johnson & Scholes (1999), and Ansoff & McDonnell (1990). Some of these authors have been considered earlier but others make a first appearance here.[42] Those previously considered, and which are included again here, make their reappearance because they have developed both static and dynamic models.

4.3.1. GENERAL ASSUMPTIONS OF THE MODELS

The behaviour of an organisation and its people at any particular moment, or over a short period of time, can be described using the dimensions of a static model, like the ones explained before. To implement a new strategy that requires significative changes in the behaviour of an organisation's people, specifically designed processes must be used. The generic processes that can be employed to implement such strategies have been denominated here dynamic models. The assumptions of dynamic models are arranged here, for convenience, around five basic areas: (1) the nature of the process; (2) managing the static model; (3) communication; (4) people and change; and (5) resistance to change. The assumptions are as follows :

1. The nature of the process:

- the idea that strategy is made at the top is questionable (Johnson & Scholes, 1999);
- implementation does «not always follow the lines intended by the HQ strategic planners» (Wernham, 1984);
- a «change toward a higher level of group performance is frequently short lived; after a "shot in the arm", group life soon returns to the previous level» (Lewin, 1947).
- the initial strategic objectives of the process may be changed because of environmental turbulence and internal coalitions (Wernham, 1984);
- implementation is «an interactive rather than a rational/sequential process» (Wernham, 1984);
- treatment «of strategy planning and implementation as two sequential and independent processes is an artificial convenience which neglects the fact that the way planning is done has a determining effect in the eventual implementability[43] of decisions» (Ansoff & McDonnell, 1990);

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[42] See Section 4.2.2. Some Static Models, and Table 4.3.

[43] Implementability is «the degree of organisational support for planned changes» (Ansoff & McDonnell, 1990: 488).

- a proactive approach is better than a reactive (Reed & Buckley, 1988). A proactive approach anticipates possible implementation difficulties and risks and communicates them so they can be avoided (Reed & Buckley, 1988; Irons, 1991). A proactive approach can avoid part of the delays, resistance and costs;

- a clear and shared view of the strategy (and of the changes to be effected) is essential for implementation (Johnson & Scholes, 1999);

- the idea that a bureaucratic and mechanistic organisation will implement a strategy is questionable (Johnson & Scholes, 1999). Implementation is not automatic because of resistance mechanisms (Ansoff & McDonnell, 1990);

- the extent of the desired change will influence the change process (Johnson & Scholes, 1999);

- the best approach «to managing strategic change is likely to be context dependent. It will not be the same for all situations in all types of organisation. Managers need to consider how to balance the different approaches to managing strategic change according to the circumstances they face» (Johnson & Scholes, 1999);

2. Managing the static model:

- «whatever the ... approach, it must address the powerful influence of the paradigm and the cultural web on the strategy» (Johnson & Scholes, 1999);

- changes upon one variable will in time have an impact on others (Galpin, 1997);

- there is a need to monitor and regulate the implementation of strategy, taking into account many influences (Johnson & Scholes, 1999), *i.e.*, the many dimensions in the static model adopted;

- Thus, managers have to manage carefully those variables over which they have control to influence people to make the desired changes (Galpin, 1997);

3. Communication:

- communicating – «telling people to change what they do» – is not sufficient to ensure change (Galpin, 1997);

- «no matter how much attention is given to the actual presentation of the new desired attitudes» the attempts to make changes may only produce temporary change (with people quickly getting back to the old habits and attitudes) or, at worst, arouse resistance (Schein, 1961);

- similarly, this resistance «cannot be removed [only] by exhortations from top managers» (Ansoff & McDonnell, 1990);

- other means (dimensions of the static model) have to be cumulatively used (Galpin, 1997);

4. People and change:

- «people are the key bridge between an organisation's strategy and its business results», *i.e.*, between formulation and implementation (Galpin, 1997);

- people's commitment is a *sine qua non* condition for implementation. Management has to «consider how [people's] commitment can be achieved», because without it change will not occur (Johnson & Scholes, 1999);

- management may have direct control over the content of strategy, structure and systems, but not over people's behaviour nor their competencies. Management can only influence people's actions. Faced with that influence, people can choose to change or not (Galpin, 1997);

- any change is in the direction of developing the individuals and the organisation, thus, in the best interests of both parties (Schein, 1961);

- «change does not occur unless the individual is motivated and ready to change. This statement implies that the individual must perceive some need for change in himself, must be able to change, and must perceive the influencing agent [manager] as one who can facilitate such change in a direction acceptable to the individual» (Schein, 1961);

- pointing out to a person his areas of deficiency in intellectual skills or technical knowledge is sufficient to induce in him a readiness to learn and change (Schein, 1961);

- when dealing with attitudinal changes, however,

> *the suggestion of deficiency or [of] the need for change is much more likely to be perceived as a basic threat to the individual's sense of identity and to his status position ... Attitudes are generally organised and integrated around the person's image of himself, and they result in stabilised, characteristic ways of dealing with others. The suggestion of the need for change not only implies some criticism of the person's image of himself but also threatens the stability of his working relationships because change at this level implies that the expectations which others have about him will be upset, thus requiring the development of new relationships. [Moreover] the man's co-workers ... may want to see him change, but their very expectations concerning how he normally behaves operate as a constraint on him which makes attitudinal change difficult in that setting. (Schein, 1961)*

- managers and other employees «may be eager to change at a conscious motivation level, yet still be psychologically unprepared to give up certain attitudes and values in favour of untried, threatening new ones» (Schein, 1961);

- "reasonable people" do not act only according to analytically logical choices (Ansoff & McDonnell, 1990);

- changing attitudes is «a process which occurs over time» (Schein, 1961) and may take a long time; [44]

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[44] See Section 4.1.3. How People Experience the Change Process and Why They Resist Change.

- «it is usually easier to change individuals formed into a group than to change any one of them separately» (Lewin, 1947). Fear to depart from the group's values and norms will make any isolated individual urged to change resist those changes. However, if the group values themselves are changed, this kind of resistance, which is due to the relation between individual and group values, is eliminated (Lewin, 1947).

5. Resistance to change:

- the level of resistance to change increases when:
  - «the degree of discontinuity in the historical culture and power structure implied by the change» increases (Ansoff & McDonnell, 1990);
  - «the length of the period over which the change is introduced» diminishes (Ansoff & McDonnell, 1990);
  - the threats, insecurities, loss of prestige and/or the loss of power implied for key individuals increases (Ansoff & McDonnell, 1990);
  - the threats to the power of groups, the violations to the accepted values and norms of the groups, the extension with which the new external information supporting the need for change is regarded as irrelevant and the extent to which the new model of reality differs from those held by groups increases (Ansoff & McDonnell, 1990);
  - the preparedness to defend the group's cultural convictions and the use of power to impose such convictions increases (Ansoff & McDonnell, 1990);
  - «the expected contribution by the change to the success/survival of the organisation» diminishes (Ansoff & McDonnell, 1990);
  - the perception of the imminence of a crises becomes less clearer (Ansoff & McDonnell, 1990);
- «when change is introduced locally and gradually, only one part of an organisation at a time is affected, resistance is local, and does not receive support from the unaffected parts» (Ansoff & McDonnell, 1990);
- fortunately, while «resisting change, the affected individuals typically take the near term view of its consequences, and seldom concern themselves with the cumulative impact of all of the future increments» (Ansoff & McDonnell, 1990);
- there will always be a degree of distorted perceptions, because of which «resistance will usually be higher than is justified by the facts of the situation» (Ansoff & McDonnell, 1990).

4.3.2. STRATEGIC CHANGE METHODS AND MANAGEMENT STYLES

Before proceeding to the dynamic implementation models, it seems appropriate to introduce here two brief sections. The first section considers strategic change methods and the second section management styles.[45] In both of those sections, the alternatives available, the benefits and the disadvantages of each alternative will be presented. No preference is indicated about management styles. However, Section 4.3.2.1 will indicate the change method that is dealt with in the rest of this work.

4.3.2.1. STRATEGIC CHANGE METHODS

Johnson & Scholes (1999) consider three explanations for how strategic change is effected in organisations. These three explanations of (or methods for) strategic change are the learning organisation, the imposed change, and the managed change.

The *learning organisation* is a continually changing organisation. It is «capable of benefiting from the variety of knowledge, experience and skills of individuals through a culture which encourages mutual questioning and challenge around a shared purpose or vision» (Johnson & Scholes, 1999). The learning organisation is commendable, but «there is little evidence of its common existence» (Johnson & Scholes, 1999).

The second method, *imposed change*, is that occurring when an organisation has no alternatives available for choice, either because changes in the environment are extremely marked or because an external stakeholder dictates the terms of the change (Johnson & Scholes, 1999).

Both methods, the learning organisation and imposed change, are extreme alternatives and are not common. Johnson & Scholes (1999) discard both and focus on the *managed change method*. They seem to consider the managed change method as a "best possible model", which should even be adopted, to the extent that is possible, in the implementation of imposed change. Moreover, the authors suggest that a learning organisation would have a continuously ongoing (sustained) process of managed change.

Ansoff & McDonnell (1990) propose a distinct typology with four distinct strategic change methods. The four methods are coercive, adaptive, crisis management and managed resistance.

The *coercive method* introduces a discontinuous change, but also high social disturbance and resistance, which managers attempt to overcome by using power (Ansoff & McDonnell, 1990). It is applicable only under conditions of high urgency and high management power (see Table 4.5).

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[45] See Section 4.3.2.1 and Section 4.3.2.2 below.

The *adaptive method* is a slow pace, incremental, trial and error, unmanaged process identified with organic adaptation and, eventually, with the learning organisation.[46] Resistance is low because change is slow, local and accompanies learning. The method can be applied when urgency is low.

The *crisis method* (similar to Johnson & Scholes' (1999) imposed change) is the «introduction of a change at a time when the firm is in a state of crisis» (Ansoff & McDonnell, 1990). In this situation, people's resistance is replaced by support – at least until the moment the firm starts to emerge from the crisis (Ansoff & McDonnell, 1990).

Managed resistance, or *managed change*, also called the 'accordion' method, is an intermediate approach. It is applicable «when there is more time than necessary for the coercive method and not enough for the adaptive» (Ansoff & McDonnell, 1990). According to the authors, the «duration of the change is tailored to the available time. As urgency increases, the method moves toward the coercive extreme. As urgency decreases, it approaches the adaptive change. Hence its name 'accordion' to describe the stretchable property». Other characteristics of the method are presented in the subsequent sections of this chapter.

Meanwhile, a very important aspect that Ansoff & McDonnell (1990) repeatedly note is that any of the first three methods (coercive, adaptive and crisis) can be made more effective by using, to the extent that is possible, the features of the managed change/managed resistance method.[47]

This implies that for the successful implementation of a service quality strategy, the features of the managed change/managed resistance method certainly become relevant.

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[46] See Section 2.1.7.3. Classifications of Strategic Decision Making Processes (SDMPs).

[47] It was mentioned before that Johnson & Scholes (1999) have also adopted this position.

This dissertation will adopt, from now on, the managed change/managed resistance method. The question now is, thus, what constitutes a managed change/managed resistance method? The following management styles and dynamic models are distinct theoretical suggestions for how to manage resistance.

4.3.2.2. MANAGEMENT STYLE

The subject of management style was briefly discussed before. In fact, the subject is scattered throughout this thesis. This was not planned, but in the end, it seemed the best approach. Hence, Section 2.1.4.3 introduces the concept and two different perspectives on alternative styles. Section 2.1.7.3 (Tables 2.7 and 2.8) and Section 2.1.7.5 (Table 2.9) make the contextualization of the styles for each perspective, whilst Section 4.2.3 integrates the concept in the static model. Finally, in this section, the subject is addressed to consider what is involved in the choice of an adequate management style for strategy implementation.

As mentioned before, a management style is a pattern of behaviour favoured by the chief executive officer/manager (Stoner *et al.*, 1995; Peters *et al.*, 1980) and can be more restrictedly defined as the degree of authority used by him.[48]

Hrebiniak *et al.* (1989) note that «the choice of a decision process is itself a strategic decision, because the method chosen subsequently constrains strategy». A similar argument can be developed about the choice of management style – "the choice of a management style is itself a strategic decision because it can significantly affect the implementation of the strategy".

The question of the "choice" of a management style is not only important, but also a difficult and constrained one. It is constrained because:

- each style is probably related to a specific kind of SDMP (Hart, 1992 – see Table 2.7);
- each style can also be related to a different stage of the formulation and implementation process, thus, multiple styles – one for each stage – may be adopted during the same process (Johnson & Scholes, 1999);
- each style may possibly be linked to a different management level (Stace & Dunphy, 1992);
- the choice of style or styles depends on the organisation's current circumstances (Johnson & Scholes, 1999; Stace & Dunphy, 1992), on its business strategy (Stace & Dunphy, 1992) and on the desired degree of employee involvement (see tables 2.8 and 2.9);
- styles are not mutually exclusive and most managers use more than one (Hart, 1992;

[48] See Section 2.1.4.3. Styles of the CEO.

Stoner *et al*, 1995; Johnson & Scholes, 1999). However, managers put an emphasis on one of the styles they use (Stoner *et al*, 1995), and the problem is that they may not be able to significantly change this predominant style (Cf. Ansoff & McDonnell, 1990).

Where it is possible to change the style (or the predominant style), the choice depends on the benefits and risks involved. Table 4.6 shows the benefits and problems of each style.

As can be seen, the problems and benefits of each style are related to other elements of the static model, namely, the information system, people's involvement, power, manipulation, decision processes, acceptance of decisions, time, clarity of mission, clarity of strategy content, revision of paradigms and also with final success or unsuccess. These aspects, the constraints listed above, and the contingency variables in Table 2.7, Table 2.8 and Section 2.1.7.5 (particularly Table 2.9) are the kind of aspects a CEO and other managers should consider when deciding whether to change or not their style (or styles) and what particular style (or styles) to adopt.

The CEO and managers of an organisation contemplating the need or desire to change its strategy into a service quality strategy, for instance, may or may not concern themselves with such decisions. Yet, it is not an overstatement to claim that these are decisions capable of risking the success of the whole process and that conscious choices should be made; eventually at more than one stage of the process.

Next, the stages of some alternative dynamic models of strategy implementation through managed change/resistance are presented.

4.3.3. SOME MANAGED CHANGE/RESISTANCE MODELS FOR STRATEGY IMPLEMENTATION (DYNAMIC MODELS)

In this section, it is preferred not to detail each stage of the models. If this were to be done, the chapter would be much longer, because of repetition. Thus, this section merely designates and affords a brief description of each stage. The detailed contributions of the models are integrated in a synthesis in the following section.

4.3.3.1. LEWIN'S MODEL

The model was not intended only for the implementation of organisational strategic changes, but also for the effective implementation of changes involving the modification of people's beliefs and behaviours in groups; groups which may be as large as society or much smaller in scale.

Lewin (1947) sees individuals' and groups' behaviour in a constant change process. This change can be slow or quick. In many cases, the group will be in a quasi-stationary equilibrium, where behaviour is almost stabilised, near a certain standard, by a force field. The force field is composed of several forces, for instance, vested interests, ideals, ambitions, needs, fears, habits, costumes and norms. These forces emanate from the current "social field", *i.e.*, the group and its social and physical setting. They act to keep (to force) standards of behaviour at specific levels. In order to change the current standards, the relative strength of such forces have to be modified or a new force has to be applied, for instance, through education or group decisions. The introduction of a new force may be intended to «bring about deliberately an emotional stir-up» or catharsis (Lewin, 1947). Producing an emotional stir-up/catharsis helps the unfreezing stage of the model. It is aimed at removing prejudices, complacency, self-righteousness and resistance (Lewin, 1947). Next, in the second stage, the new forces will act to move to the desired standard behaviour. Finally, since any standard of behaviour is determined by a force field, the modified force field (habits, needs, fears, goals...) has to be stabilised. This is the freezing stage of the model.

A constellation of forces forms the basis for the group's current behaviours. These forces will have to be identified, measured quantitatively and analysed (Lewin, 1947). An «analysis makes it possible to formulate in a more exact way problems of planned social changes and of resistance to change» (Lewin, 1947). More importantly, it helps in the selection of change objectives; in the choice of change methods; and in the prediction of secondary effects of those methods (Lewin, 1947).

This "technical-behavioural analysis" proceeds in three steps. First, a separate analysis of the life space, force fields and psychological situation of the group (or groups), at time 1, with the purpose of deriving future behaviour. Second, an objective representation of the group's situation and actual behaviour at time 2. Third, deriving (or estimating) the resultant psychological situation for the group

(or groups) at time 2. «This would give the basis for the next sequence of three steps, starting with the analysis of the psychological situation of the persons involved to predict their actual next step» (Lewin, 1947). Such "behavioural analysis" would, presumably, precede and accompany the three stages of the dynamic change process (unfreeze, change and freeze).

Lewin's (1947) dynamic model, thus, is composed of three basic stages: unfreezing, changing, and freezing of the group's new standards. The three stages are preceded and accompanied by constant analysis and prediction of future behaviours. As it will be seen, the model has served as a source of inspiration for other authors.

4.3.3.2. SCHEIN'S MODEL

Schein's (1961) model aims at changing «the beliefs, attitudes and values ... of an individual for the purpose of "developing" him, *i.e.*, changing him in a direction which the organisation regards to be in his own and the organisation's best interests» (Schein, 1961). In terms of stages, the model is very similar to Lewin's (1947); the same three steps are adopted. Only the specific content of the unfreezing, changing and refreezing stages differs slightly. Schein's (1961) contributes are in adapting the model to the management field and in adding some detail to the description of the three stages. His perspective and contributes will be integrated in a synthesis undertaken below.[49]

4.3.3.3. HUSSEY'S MODEL

Hussey (1995) suggests a process of strategy formation and implementation aimed at facilitating implementation. Designated EASIER, the process is divided in 6 stages: Envision, Activate, Support, Install, Ensure and Recognise.

- Envision is about creating an organisational vision that is coherent and meaningful.
- Activate is to ensure «that others in the organisation understand, support, and eventually share the vision» (Hussey, 1995).
- Supporting consists of «inspiring them to achieve more that they otherwise might have believed possible, and providing the necessary moral and practical support» (Hussey, 1995).
- Installing consists of developing detailed plans, priorities, policies and budgets. It also includes allocation of responsibilities. The people who are going to implement the strategy should be involved.
- Ensuring consists of acting, monitoring action and correcting deviations to the plans (or, alternatively, modifying the plans) when it proves necessary.

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[49] See Section 4.3.4. A Synthesis.

- Recognising is about rewarding and recognising peoples efforts and achievements.

The first three stages (envision, activate and support), are mainly directed at the behavioural aspects of implementation (Hussey, 1995). The last three steps (install, ensure and recognise) are mainly directed at the analytical aspects and at changing structure, systems and administrative tasks (Hussey, 1995). According to the author, an incremental strategic change will not require as much attention to the first three stages (mainly behavioural) as a more radical strategic change. Moreover, he notes that «how each element [*i.e.*, stage] of the model might be applied is ... situational» (Hussey, 1995). The model contributes to the synthesis to be undertaken below.[50]

4.3.3.4. GALPIN'S "MAKING STRATEGY WORK" MODEL

Galpin (1997) suggests a model designed to make strategy work. The model is based in a project approach and has six stages. These are the:

- establishment of the basic guidelines, benchmarks, time frames, participants, decision and communication lines;
- clarification of strategy, strategy core elements, outcomes, implications and challenges;
- identification of organisational, departmental, and individual desired competencies and behaviours;
- several task forces prepare recommendations for alignment of the elements of the static model capable of developing and sustaining the desired competencies;
- preparation of detailed plans for implementation and beginning of implementation;
- measurement and refinement of the process.

The method described is intended to fit large companies. Galpin (1997) frequently refers to diversified and international organisations. Moreover, the number of managers and technical staff involved in the teams and task forces devised by the author can easily go beyond 70 persons.

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[50] See Section 4.3.4. A Synthesis.

Galpin (1997) notes that in medium organisations the process would obviously have to involve fewer people. However, he does not explain how to adjust the method. The possibility of adapting the model to smaller organisations is not even considered. In these cases, however, when the number of managers is small, the organisation might experiment with co-opting other employees to the process. The decision would depend on their knowledge, maturity and influence over other employees.

4.3.3.5. JOHNSON & SCHOLES' MODEL

Johnson & Scholes' (1999) model adds a few stages to Lewin's unfreezing model (See Figure 4.11). The way this model is integrated with other aspects of Johnson & Scholes' (1999) work, namely diagnosis of strategic change needs, strategy formulation and actual changing the organisation is not always clear. The following seems to be the most logical reconstruction of the authors' global perspective:

If the whole process is to be managed and kept under control, the initial stage should constitute a process of strategy formulation (Johnson & Scholes, 1999), perhaps restricted to a small number of executives. Besides formulating the broad lines of the new strategy content, the initial stage should also provide a clear understanding of the magnitude and kind of strategic changes needed (Johnson & Scholes, 1999). Another major aspect of this step is the previous identification of the individuals and groups that might block or facilitate change. If the opposition is strong, then the political dimensions involved should be fully considered and understood and a power base pro-change should be developed. The strategic diagnosis and formulation continues in subsequent steps, with more people being introduced to the process.

Unfreezing is the next stage. After that, Johnson & Scholes (1999) add two new stages: organisational flux and information building, in which opposing coalitions make their own diagnosis and discuss points of view.

Experimentation then follows. Some ideas are tried in practice and the organisational elements of the static model start to change. Finally, the refreezing stage validates, reinforces and stabilises those strategic changes effected that are considered positive. The organisation may decide, alternatively, to sustain the changing process, *i.e.*, to evolve in the direction of a learning organisation.

4.3.3.6. ANSOFF & MCDONNELL'S MODEL (ACCORDION METHOD)

According to Ansoff & McDonnell (1990), traditional strategic planning follows a sequence of three basic steps: (1) strategy formulation, (2) modification of systems, and (3) behavioural change. This sequence maximises resistance to change because it does not anticipate resistance, nor does it

address resistance in any way. Thus, the authors' approach to strategy implementation follows the opposite sequence: (1) behavioural modification, (2) systems development, and (3) strategy formulation and action. The authors call this sequence the "change motivation sequence". It provides them with the justification for their "accordion" method of strategy implementation. As explained earlier, the accordion has the property of expanding or stretching according to the time available for completing the change process.[51] The accordion method addresses resistance issues from the beginning. The method further uses a modular planning approach. It divides the strategic management of change into several distinct modules. Each module addresses a specific aspect (or element of the static model). These modules can be arranged in the sequence that better addresses the environmental issues and the anticipated resistance to change.

Each module has three steps. First, the participants receive training about analysis, planning and implementation instruments and skills. Second, they analyse, decide and plan for the change of those aspects included in the module, using the previous learned instruments. They also identify the decisions that can be immediately implemented, regardless of the conclusions of subsequent modules. Third, after the module plan is complete, these actions can start while the rest waits to be coordinated with subsequent module plans.

Naturally, the duration of each module depends on the total time available and the time needed to complete the changes. When the urgency is high, the authors suggest that some modules could be arranged to run in parallel, in order to speed up the process. In any case, a master plan (or "metaplan") is developed to coordinate the whole process[52].

Ansoff & McDonnell (1990) suggest an exhaustive list of possible modules, but these can be summarised as follows:

- building a launching platform to support the changes to be effected. This includes:
    - behavioural and resistance diagnoses;
    - building a power base strong enough to effect change;
    - preparing a master plan for change (division of the change into modules, sequencing, assignment of accordion resources, responsibilities and interactions); and
    - introducing behavioural features into the process to optimise acceptance and support of change (*e.g.*, training and involvement).
- changing the relevant aspects of the external strategy and/or the organisational capability,

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[51] See page 205.

[52] Plans may occur in hierarchies (Hall, 1962). In the case of modular planning, a master plan or "metaplan" establishes the plan for the process of developing plans that are more detailed.

following the modular plan approach.

- completion and institutionalisation of the changes.

Although it has been explained here only briefly, this is the most elaborated and complex of the six dynamic models studied, and its essence is heavily influential in the following synthesis of the six models.

One of the great hindrances in Ansoff & McDonnell's (1990) approach is, perhaps, the excessive centralisation, at the top, of the formulation and implementation work. In this respect, Galpin's (1997) perspective, for instances, is very different.

4.3.4. A SYNTHESIS[53]

The previous section briefly summarises some dynamic models of strategy implementation. The common feature of these models is that they identify the fundamental stages of the strategy implementation process. But, such dynamic models are different in the number and in the nature of the stages that they include. Thus, a synthesis is needed.

The first column of the following table lists all the relevant stages found in those models. The first line lists all the models previously summarised. A dot "●" indicates that the stage is present in the model corresponding to that column. The last column of the table counts the number of references to each stage.

[53] The essence of this section's content has been presented at the 6th World Congress for Total Quality Management and published in the Proceedings (Cândido & Morris, 2001).

Table 4.7. Stages in the Dynamic Process of Strategy Implementation

Stage number	*Stages*	*Lewin, 1947*	*Schein, 1961*	*Hussey, 1995*	*Galpin, 1997*	*Johnson & Scholes, 1999*	*Ansoff & McDonnell, 1990*	*Frequency*
	UNFREEZING AND PREPARING FOR CHANGE	●	●	●[a]		●		4
1	*Stimulus – awareness of the issue/need for change*					●	●	2
2	*Assessment of the degree of change required/impact of the issue*					●	●	2
3	*Assessment of the time available, time necessary to complete the changes and urgency*						●	1
4	*Choice of the most adequate method of strategic change management and of management style (or styles)*					●	●	2
5	*Definition and clarification of the mission and strategy contents*			●	●			2
6	*Behavioural diagnosis*	●				●	●	3
7	*Building a supportive climate*		●	●		●	●	4
8	*Organisational flux*					●		1
9	*Information building*					●		1
10	*Building implementability into planning*				●		●	2
	CHANGING	●	●	●			●	4
11	*Modular planning for change*			●	●[b]		●	3
12	*Experimentation/pilot project*					●		1
13	*Realigning organisational systems and other organisational dimensions to create the necessary competencies and behaviour*				●			1
14	*Monitoring, controlling the process and refining*			●[c]	●		●	3
15	*Rewarding and recognising*			●			●	2
	REFREEZING / SUSTAINING CHANGE	●	●			●	●	4
16	*Refreezing (or institutionalising)*	●	●			●	●	4
16[d]	*Sustaining change (institutionalising a learning organisation / strategic learning management)*					●	●	2

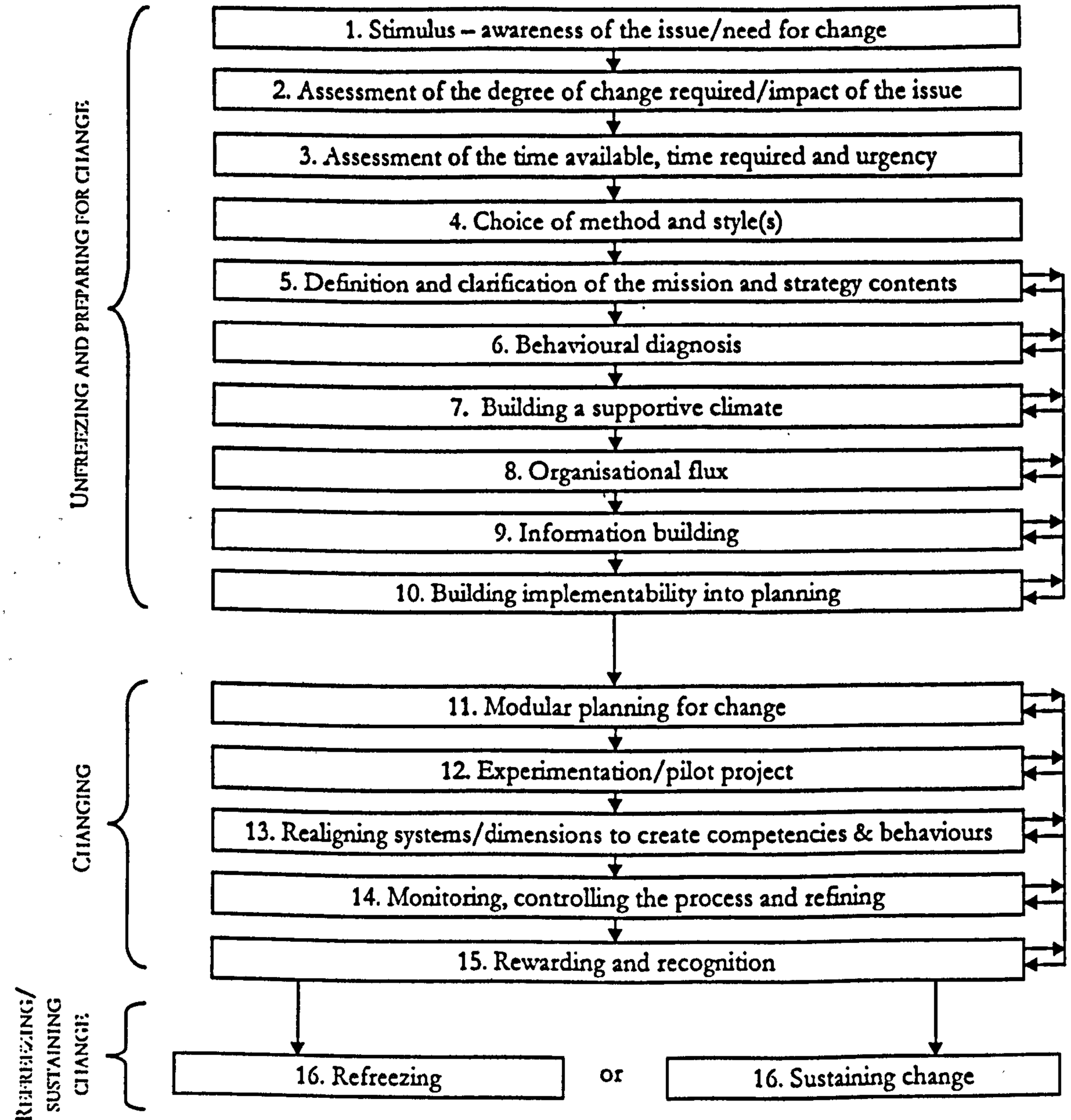
Note: The dot "●" means that the corresponding stage is present in the model.

[a] Envisioning, activating and supporting. [b] Each task force prepares a plan for one element of the static model. [c] Ensuring. [d] The same sequence number has been given to the last two stages because they are alternative stages.

Source: developed by C. J. F. Cândido.

"Unfreezing and preparing for change" and "changing" are stages that some of the models disaggregate. Thus, it seemed appropriate to use them as headlines for the rearranged disaggregated stages. The arrangement of the stages and its flow is presented in Figure 4.12. A description of the model is given below. It will be instrumental in developing the present work.

Figure 4.12. Dynamic Model of Strategy Implementation Through Managed Resistance



Source: developed by C. J. F. Cândido and based on Lewin (1947), Schein (1961), Ansoff & McDonnell (1990), Hussey (1995), Galpin (1997) and Johnson & Scholes (1999).

A – Unfreezing and preparing for change. Unfreezing is the disturbance of the current cognitive and emotional stable equilibrium of individuals in the organisation (Lewin, 1947; Schein, 1961) to make them aware of the need for organisational and individual changes (Johnson & Scholes, 1999).

Unfreezing can be accomplished by one or more of the following actions:

- presentation, with or without exaggeration, of the issue (problem/opportunity) (Johnson & Scholes, 1999);
- removing prejudices and complacency (Lewin, 1947);
- removing support for old attitudes (Schein, 1961);

- maximising support for new attitudes (Schein, 1961) using, for instance, organisational symbols (Johnson & Scholes, 1999);
- introducing some internal changes, *e.g.*, the removal of long established management associated with the old paradigm (Johnson & Scholes, 1999);
- temporary reduction of formal rank and responsibilities may be helpful (Schein, 1961).

These aspects are disaggregated and detailed in the following stages.

1 - Stimulus. From previous discussions, it is clear that the CEO has the major responsibility for monitoring the environment and for identifying the trends that will require some kind of proactive/reactive response. It is also clear that other individuals at any level of the organisational hierarchy will have a perception of these trends and of the response needed. This perception may vary according to their experiences, skills, points of contact with the environment and tasks. However, because the CEO has the main responsibility for strategy, he is also responsible for identifying external stimuli, be it via external sources or via an internal collaborator. He is responsible for "unfreezing" himself, and for unfreezing the rest of the organisation, at a time that is strategically useful.

2 - Assessment of the degree of change required/impact of the issue. The identification of external issues requiring a strategic response (Stage 1) allows the CEO to define an initial and broad idea of the mission or of the broad strategic lines. A simplified strategic analysis, at this point, can provide a more detailed idea of the strategic adjustments required (Ansoff & McDonnell, 1990). But, it may be the case that the organisation already has a complete strategic plan (Cf. Galpin, 1997). In any case, for now, it is important to determine the «magnitude of the challenge faced in trying to effect strategic change» (Johnson & Scholes, 1999), because resistance increases with the magnitude of the change (Ansoff & McDonnell, 1990; see Section 4.3.1).

It is also important to determine the units of an organisation that will be affected (Ansoff & McDonnell, 1990). Resistance increases also with the number of units impacted (Ansoff & McDonnell, 1990; see Section 4.3.1). These units can be Strategic Business Units (SBUs), when they exist in the organisation, functions, departments, groups and/or individuals.

3 - Assessment of the time available, time necessary to complete the changes and urgency. The estimates of the degree of change, units impacted, and an organisation's ability to change in the past, can help in the assessment of the time necessary to complete the changes.

The time available, on the other hand, depends on the estimate of the moment at which an organisation should be prepared to confront the external threats, which depends on the environmental turbulence (Ansoff & McDonnell, 1990; see Section 2.1.8.1) and eventual agreements or contracts.

Urgency can be determined by the difference between time available and time needed to complete the changes.[54] Time, an element of the static model, assumes great relevance at this stage but, according to the definition given before, it is relevant at most of the other stages.[55]

4 - Choice of the most adequate method of strategic change management and of management style (or styles). The information about the degree of change required (stage 2) and urgency (stage 3) is an important input to the choice of the change management method and of the management style. These two choices were discussed in some detail earlier.[56] It was then noted that while the management method would be fixed in this dissertation (only managed change/resistance is analysed), there may be a choice of management style or styles. The choice of styles may involve the consideration of several variables, thus, some more information collection and analysis may be required at this stage.[57]

Styles are not mutually exclusive; «clear direction may be vital in the unfreezing and refreezing stages, whereas participation or intervention may be especially helpful in information building and in experimentation» (Johnson & Scholes, 1999).

5 - Definition and clarification of the mission and strategy contents. Two main approaches can be discerned here. In the first, only a few broad lines of the new mission and strategy contents are known. The rest is to be developed in the following stages with the participation of those who will be involved in the strategy implementation. Meanwhile, the broad lines that have been determined by the CEO are communicated clearly to a restricted management team or key players (Hussey, 1995). During the communication, the CEO should eliminate «misperceptions and exaggeration by making clear ... the need/opportunity and the beneficial consequence of the change to the firm's performance» (Ansoff & McDonnell, 1990). The CEO should also try to eliminate fears and anxieties by making clear to individuals the positive/negative impact on them (Ansoff & McDonnell, 1990). During this communication, modifications may be introduced to the initial broad lines of strategy and mission. The extent of such modifications, if any, will depend on the management style adopted.

In the second approach, delineated by Galpin (1997), a fully developed strategic plan is already available. The aim of this stage is for a small group of managers to clarify that strategic plan. Clarifying strategy involves the collection and analysis of data, and of the plan itself, to specify the core elements of strategy, the desired strategy outcomes, the managers responsible for them and the acceptable time frames (Galpin, 1997). This work is very important because it enables the identification of the implications and challenges of the new strategy, as well as its gaps and overlapping aspects (Galpin,

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[54] For a fuller consideration of this topic, see page 195 above.

[55] Again, see page 194 above.

[56] See Section 4.3.2.1. Strategic Change Methods, and 4.3.2.2. Management Style.

[57] See page 207 above.

1997). It also provides a basis for the decision of which elements (or modules, in Ansoff & McDonnell's terminology) should have precedence. The key managers and part of/all of the people previously involved in the definition of strategy should also participate in its clarification (Galpin, 1997).

Since each key player has a distinct vision of his department and of the organisation, whatever the approach taken, this stage must constitute, above all, a determining step towards developing an understanding, sharing and supportive climate for a coherent organisational mission (Hussey, 1995).

6 - Behavioural diagnosis. Once the overall strategic direction of an organisation has been clarified, the forces pro and against change should be identified (Johnson & Scholes, 1999). An analysis of the constellation of forces in an organisation can help to formulate more precisely the problems of resistance to change and to chose the best ways to effect change (Lewin, 1947).

Most or all of the elements of the static model of an organisation can act as forces for and against change (see Figure 4.9). Hence, Johnson & Scholes (1999) suggest their static model (cultural web) as an instrument to identify and analyse such forces. The framework can be used to identify and represent the current forces, to represent the desired situation and to discover ways of facilitating change (Cf. Johnson & Scholes, 1999).

Some particular aspects of this analysis are emphasised by Ansoff & McDonnell (1990). A behavioural diagnosis should determine:

1. *The extent of cultural/political disturbance which will occur in the affected units.*
2. *The key individuals who will support/resist change and the reasons for their position.*
3. *The support/resistance by culturally/politically coherent groups.*
4. *The relative importance of individuals/groups to the success of the change.(Ansoff & McDonnell, 1990)*

They further suggest that the result of such analysis should be «superimposed on the organisational chart to produce a cultural/political support/resistance map» (Ansoff & McDonnell, 1990).

7 - Building a supportive climate. Building a supportive climate can involve the following activities:

- Eliminating misperceptions, exaggerations, fears and anxieties by making clear to all individuals and coalitions, particularly to those opposed, the need and the benefits of the changes to the organisation, and the positive/negative impacts of the changes to everyone of them (Ansoff & McDonnell, 1990).
- Inspiring people to achieve more than they think they can achieve (Hussey, 1995).

- Providing moral and practical support (Hussey, 1995), including support for changes in the right direction that were not planned or asked for (Schein, 1961).
- Building a pro-change power base by reconfiguring the current power structure (Ansoff & McDonnell, 1990; Johnson & Scholes, 1999).

The last of these four activities, building a pro-change power base by reconfiguring the current power structure, may not be the most important, but some more considerations are due here.

According to Johnson & Scholes (1999), organisational politics must be consciously managed. Frequently, the managers who support a rationally good strategy can be surprised when apolitical organisational aspects are politicised and manipulated to impede change (Johnson & Scholes, 1999). Defenders of the new strategy should be aware of this possibility and be pro-active in establishing a power base (or coalition) to secure people's support and commitment to the new strategy (Johnson & Scholes, 1999; Ansoff & McDonnell, 1990).

The CEO/manager can develop a strong coalition through the acquisition and manipulation of objects of political desire (see top left box of Figure 4.9) and the improvement of current sources of power (see bottom left box of Figure 4.9). Johnson & Scholes (1999) suggest «the manipulation of organisational resources; the relationship with powerful groupings and *élites*; activity with regard to *subsystems* in the organisation»; and use of organisational symbols. In this effort to build a coalition, Ansoff & McDonnell (1990) go as far as suggesting the offer of rewards in exchange for support and the neutralising of points of resistance through side bargains and payments.

Invariably, those who think they can benefit from the changes should be included in the coalition, but the less enthusiastic and the less powerful should also be enlisted (Ansoff & McDonnell, 1990; Johnson & Scholes, 1999). This would help to build momentum and overcome resistance (Johnson & Scholes, 1999).

Engaging in political activities has some dangers (Johnson & Scholes, 1999). For instance, the manager may become excessively identified with other groupings and lose support from some advocates of change. The political activity may also become the focus of the process, thus undermining the real focus, *i.e.*, implementation of strategic changes (Johnson & Scholes, 1999).

8 - Organisational flux. After communicating the intention to change strategy to managers/key individuals (Stage 5), and particularly after communicating it to the whole organisation (Stage 7), a period of debate and confrontation may arise. During this period, an organisation's coalitions compete with different views about problems, about their causes and best solutions (Johnson & Scholes, 1999). According to those authors, it is a time of political activity and rumour spreading. A positive approach to the debate should be adopted in order to lead people to challenge what has been taken for granted (Johnson & Scholes, 1999). It is also opportune to update the behavioural diagnosis and reinforce the

supportive climate for change/ Innovations and special coalitions' concerns may be introduced both into the management of the whole change process and into the current strategic guidelines/strategic plan.

9 - Information building. An informed debate requires information building, thus different coalitions will make their own data collections (Johnson & Scholes, 1999). The data collection of a given coalition may be partial and biased because it may still be constrained by its own views and the current shared paradigm (Cf. Johnson & Scholes, 1999).

Johnson & Scholes (1999) note that organisational flux and information building are interactive stages, but the present synthesis implies that more stages (stages 5 to 10) are included in this iterative process.

Managing strategic change during these stages should involve the creation of project teams to gather information and consider options, as well as the promotion of strategy workshops/meetings to debate them in an open, efficient and orderly manner (Cf. Johnson & Scholes, 1999). The participants, the dates, the resources available and the objectives of these teams and meetings can be planned during the first interaction(s) – in a metaplan.

10 - Building implementability into planning. The stages, studied until this point, are concerned with the acceptability of the need to change and the debate about a new strategic direction. This step is concerned with the understanding and acceptance of the shared responsibility to plan. According to Ansoff & McDonnell (1990),

> *...little effort is devoted to making it clear to the participants why strategic planning is necessary [and] what benefits it will bring ...*
>
> *It is also common practice to treat managers as instant planners, to give them forms to fill, without giving them an understanding of the nature of strategic thinking and developing their skills in strategic analysis.*
>
> *A typical result ... is a feeling by the involved managers that planning is done for 'them' at the headquarters, that it has little to do with their own problems, that it is a form filling exercise, which distracts them from their daily responsibilities. Hence a lack of commitment and resistance to planning. (Ansoff & McDonnell, 1990)*

To avoid the lack of commitment to planning and minimise resistance to change, the authors suggest:

- excluding «from the process individuals or groups who will continue to resist change»;
- including all managers who will be responsible for implementation and other individuals who may help solving problems;

- making managers and experts work in groups and accountable for reaching decisions;
- freeing time for strategic work and protecting it from operational work (Ansoff & McDonnell, 1990).

Some other aspects that the authors suggest to build implementability and which must be carefully managed during the *following* stages are:

- inform everyone of reasons, and the impact of changes, decided at each step (module), discuss it with individuals involved in implementation and publish and distribute bulletins/newsletters to "nonparticipants" (Ansoff & McDonnell, 1990). It is very important to ensure that the reasons and the foreseeable consequences of change are understood by everyone (Ansoff & McDonnell, 1990; Hussey, 1995);
- provide education and training in concepts, skills and techniques that are relevant to each module, but keep it simple, «compatible with the level of knowledge and skills of the participants. The emphasis is on the understanding of the logic of the problem, and not on technical sophistication of the» techniques (Ansoff & McDonnell, 1990). Moreover, the planning process must have a problem solving approach, not of a mechanistic form filling (Ansoff & McDonnell, 1990).
- ensure that «planning tasks assigned to each group of managers should have a real impact on their own jobs» (Ansoff & McDonnell, 1990);
- provide new strategic information. A fully adequate strategic database is a pre requisite for modular planning (Ansoff & McDonnell, 1990);
- continue to make sure that participants have free time for strategic work (Ansoff & McDonnell, 1990);
- if time permits, use what Ansoff & McDonnell (1990) call the contagion approach:

  (a) Start change with groups which are committed to change.

  (b) Reward and recognise them.

  (c) After their initial successes, spread the change to other units. (Ansoff & McDonnell, 1990)

- «spread the change over the longest possible time which is compatible with the urgency of the» change (Ansoff & McDonnell, 1990);
- when possible, external consultants should be used. The «roles of the consultants are: to assist in the design of the process, to supply tools of analysis, to train managers, to help monitor the process, to play the devil's advocate» (Ansoff & McDonnell, 1990).

The above suggestions as to how to avoid lack of commitment and resistance to change, can be planned. A metaplan (or master plan), already mentioned, can make provision for these activities.[58] If

[58] See pages 213 and 221.

the CEO decides to develop such plan, he should do it before starting the next stage. Hence, the metaplan is developed during the iterative stages (stages 5 to 10).

A metaplan for change should take cognizance of the implementability features above and should include:

- a division of the global change into modules (Ansoff & McDonnell, 1990) or subprojects (Galpin, 1997), each one corresponding to a element or group of elements of the static model (Cf. Ansoff & McDonnell, 1990; Galpin, 1997);
- a choice of the priorities/best sequence of modules (Galpin, 1997; Ansoff & McDonnell, 1990). (The choice of modules and prioritisation requires a clear understanding of mission and strategy contents – see stage 5).
- the time frames for each module (Galpin, 1997);
- the participants and time for important meetings and public internal communications (Galpin, 1997);
- the assignment of resources, responsibilities and interactions regarding each module (Ansoff & McDonnell, 1990), namely:
    - the selection of people for the task forces, eventually one task force for each module (Galpin, 1997);
    - the choice of where and how decisions concerning the integration of the progress made by each team will be made (Galpin, 1997); and
    - the decision on how will participants communicate (Galpin, 1997).

A "project manager" responsible for the conditions of implementability, execution and control of the metaplan can be chosen. In this case, the CEO would be the "project sponsor" (Galpin, 1997).

The ten stages above unfreeze and prepare the organisation for implementation. Next, the stages corresponding to changing the organisation are summarised.

B - Changing. Changing is moving to a new standard of group behaviour (Lewin, 1947). Changing a group behaviour requires the presentation of the direction for the change and the «actual process of learning new attitudes» (Schein, 1961). Learning can occur in two ways: by the emulation of other people's attitudes and by going through a process of problem solving (Schein, 1961). Involving people in planning the details of change gives them the opportunity to help forging the new direction and to learn through problem solving. Planning the details of the change is thus an important part of changing. Nevertheless, execution of the actions planned is the crucial aspect. These actions will lead to a new external positioning of an organisation and to a new organisational capability (Ansoff &

McDonnell, 1990).

11 - Modular planning for change. Modular planning is a theme common to three of the models studied (Cf. Ansoff & McDonnell, 1990; Hussey, 1995; Galpin, 1997). The basic ideas of the modular planning process and, in particular, of the three steps composing each module, have already been briefly described.[59] This approach has some advantages:

- dividing change into modules gives the sensation that change is smaller and may reduce resistance (Ansoff & McDonnell, 1990);
- it may reduce complexity because «in some cases, only the initial actions are clear, and ... what happens subsequently will depend on the results of those» (Hussey, 1995); and
- it can increase the number of people involved, if several task forces are formed.

Even if strategy has been defined and clarified (see Stage 5), successful implementation requires more detailed plans. Thus, the aims of modular planning and implementation are to:

- determine the details of the external strategy (Ansoff & McDonnell, 1990);
- identify the competencies and behaviours that are necessary for each department, each group and each individual, based on an understanding of the new organisational competencies and external strategy (Galpin, 1997);
- determine the extension of the gaps between current capabilities and those that are needed at each of those levels (Galpin, 1997);
- prepare implementation plans for each dimension of the static model (Galpin, 1997), detailing the actions that have to be taken (Hussey, 1995), and the related numerous logistical elements, for instances, «where training will occur, who should attend, how people will be notified, who will conduct the training, what the content will be, and so forth» (Galpin, 1997);
- allocate responsibilities and resources for those actions formally (Hussey, 1995);
- establish priority actions (Hussey, 1995), keeping the implementation of actions concerning the external strategy (*e.g.*, promotion) at a pace that is compatible with the actions concerning internal systems and management of resistance (Ansoff & McDonnell, 1990).

Each task force is responsible for one module, for which it makes analyses, decisions and detailed plans. It also coordinates implementation of the actions that were planned (Ansoff & McDonnell, 1990). The CEO/project manager/top management is also involved in these activities. «It is essential that top management should have its own planning tasks and that it makes decisions at the end of each planning module» (Ansoff & McDonnell, 1990). It can also be responsible for the coherent

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[59] See page 212 above.

integration of the modular plans (Galpin, 1997).

In very small firms (like those in the Algarve hotel industry) it may not be possible to create several task forces for the purposes of modular planning. Thus, an alternative is to create one team that co-opts other members of an organisation, according to the specific module being planned. Parallel planning of more than one module becomes impossible, in this case.

12 - Experimentation/pilot project. This stage corresponds to the pilot project that may take place according to the contagion approach described above.[60] A pilot project has the virtue of proving to an organisation the advantages of changing and whether or not the new strategy can work in practice.

The experimentation with competing projects, defended by opposing coalitions, can also be adopted. This would help in making decisions when information is insufficient and consensus could not be previously achieved (Johnson & Scholes, 1999).

13 - Realigning organisational systems and other organisational dimensions to create the necessary competencies and behaviour. To make sense of what has been previously said, this stage must correspond to the last step of each module, when the implementation of the actions planned takes place. More precisely, it corresponds to the actions that are initiated immediately after the completion of each modular plan. (This means that Stage 11 and Stage 13 can be described as recursive or iterative stages.) And additionally, because not all actions are implemented immediately, this stage corresponds also to the final iteration, when the remaining actions of all modular plans continue to be implemented.

"Actions" are all the special activities that change an organisation's external and internal behaviour, the activities that change internal systems and competencies in accordance with what has been planned. The activities that make an organisation look like the idealised static model. Actions that can take place are, for instance:

- selection and recruiting of personnel;
- training of employees;
- communications from the CEO to the whole organisation;
- substitution of facilities, equipment and software;
- introduction of new tasks, procedures, regulations..; and
- introduction of new services.

14 - Monitoring, controlling the process and refining. Monitoring, controlling and refining can

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[60] See page 222 above.

proceed at three levels:

A first level ensures a balanced pace of progress between three areas (Cf. Ansoff & McDonnell, 1990):

- the development of the external strategy projects;
- the development of the internal capability;
- the behavioural acceptance of the changes on the two previous dimensions (Cf. Ansoff & McDonnell, 1990).

This first level of monitoring, controlling and refining thus makes sure that the progress on these three areas is kept in a proper balance. If the projects related to the external strategy get «too far ahead and generate strong resistance, it may be necessary to stop strategy development temporarily and focus energies on gaining acceptance of the progress made thus far» (Ansoff & McDonnell, 1990). If this is not done, implementation will be blocked and plans will "die in the drawer" (Ansoff & McDonnell, 1990). On the other hand, if the organisation is building acceptance of change but has not produced decisions and has not launched the strategic changes, it must insist more on the latter (Ansoff & McDonnell, 1990). If not, "frustration through inaction" will arise (Ansoff & McDonnell, 1990).

A second level of monitoring, controlling and refining, focuses on the first two areas cited above, namely, the development of the external strategy projects and the development of the internal capability. It is important to ensure that:

- all actions planned are taken on time (Hussey, 1995);
- «the results of actions are as expected, and if not, corrective action is taken» (Hussey, 1995);
- the effectiveness of the new systems (elements of the static model) is as expected (Galpin, 1997), including that of the information systems and of the measurement, control and reward systems;
- there is always good reasons for altering the plans (Hussey, 1995).

The last level of monitoring, controlling and refining is concerned with the third area, *i.e.*, the behavioural acceptance of change. This includes the following:

- monitoring and anticipating sources of resistance;
- marshalling and using power to overcome resistance;
- anticipating and providing adequate training in concepts and skills (Ansoff & McDonnell, 1990).

Because of its nature and importance, this stage is also recursive. In fact, stages 11 to 15 can be included in an iterative organisational changing process.[61] Stage 15 is tackled below.

15 - Rewarding and recognising. Rewards and recognition for support of the changes being effected can be given since the early development of the launching platform (Stage 1) and during every stage of the change process, including planning and pilot projects (Cf. Ansoff & McDonnell, 1990). Punishment/rewarding and recognition «should be used to reinforce the change, and to ensure that obstacles to the process are removed» (Hussey, 1995).

C - Refreezing/sustaining change. Refreezing and sustaining change as a continuous process are alternative stages. One of them will have to be adopted.

16 - Refreezing (or institutionalising). Refreezing is a period of stabilisation of the new standards of behaviour (Lewin, 1947). It validates, confirms and institutionalises the changes made and the new organisational model (Johnson & Scholes, 1999). Refreezing seems to start after all changes have been made, however, refreezing may require some additional changes.

Refreezing is an important stage. It is possible that hidden resistance will surface and attempt to reconstitute the initial "status quo" (Ansoff & McDonnell, 1990). Some people may still want to go back to the old model (Johnson & Scholes, 1999). This last resistance is even more likely when the external strategy is in place before the full development of the new capability and power structure (Ansoff & McDonnell, 1990). The following can be recommended at this stage:

- continue to monitor and manage behavioural acceptance of change – see stage 14 (Ansoff & McDonnell, 1990);
- continue to implement capability projects until its completion, even if the new external strategy has already been launched on the market (Ansoff & McDonnell, 1990);
- implement structural and other changes that have a permanent character (Johnson & Scholes, 1999) or are perceived as such;
- continue to stimulate, support and reward because the lack of stimulus, support or rewards can act «as a new unfreezing force» (Schein, 1961);
- continue to provide exemplary behaviour (Schein, 1961; Ansoff & McDonnell, 1990).

Refreezing (institutionalising) is completed only when «the new culture and power structure are [fully] supportive of the new strategy» (Ansoff & McDonnell, 1990). Achieving such a point may take as long as five to ten years (Ansoff & McDonnell, 1990).

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[61] See Figure 4.12 above.

16 - Sustaining change (institutionalising a learning organisation /strategic learning management). Instead of stabilising the new systems, behaviours and strategy, the organisation may decide to sustain the change process (Johnson & Scholes, 1999). This corresponds to the institutionalisation of a learning organisation (Johnson & Scholes, 1999) or of the "strategic learning" mode of strategic management (Ansoff & McDonnell, 1990).[62] It means entering a new process of strategy formulation and implementation, from the first stage, and going through the same process repeatedly. Such an approach would be adequate under circumstances of high turbulence, when the kind of discontinuity that triggered the change process is likely to frequently recur (Ansoff & McDonnell, 1990). Managers have to be able to access the future degree of environmental turbulence, in order to decide not to refreeze and, instead, to enter a process of continued change.

*

Some final notes on the dynamic process synthesised:

- An attempt is made to position the stages in an order that indicates its first occurrence in time or the moment at which its occurrence is more clearly visible.
- The sequence suggested and the definitions of each stage may not be peaceful. In fact, the sequence of steps and the definitions given in the six models studied are not easily reconciled. This suggests that there is not one best method, and the method synthesised here may have to be adjusted according to circumstances.
- Some stages occur more than once in an iterative cycle, depending on the circumstances. For instance, information building and organisational flux may occur more than once.
- Some stages may overlap with others. For example, on some occasions, modular planning may overlap with experimentation, creation of competencies and systems realignment. These latter stages are identified as individual stages, however, because they are sufficiently important parts of the process; because of their identifiable distinct nature; and because they can occur in a recursive manner. Moreover, in a traditional strategic planning process, these stages would occur in a linear sequence, thus Figure 4.12 becomes a more comprehensive model.
- Modular planning addresses the organisational dimensions, one at a time or in parallel (a few modules at a time). Galpin (1997) suggests that different teams should address all the dimensions at the same time.
- Refreezing includes some of the aspects of changing, and consists basically of sustaining what has been achieved so far. Sustaining change goes beyond that, it is to sustain the ability to change continually.
- This ability was also described as a strategic change method.[63] However, by focusing on

[62] See Section 2.1.7.3. Classifications of Strategic Decision Making Processes (SDMPs).

[63] See Section 4.3.2.1. Strategic Change Methods.

an alternative method that seems more common and robust – the managed change/ resistance method – this thesis has not considered the learning organisation method.[64] Thus, to be coherent with such choice, from this point on, the "sustain change" stage will not be further considered.

- Some of the stages of the dynamic model are closely identified with just one of the elements of the static model. A close identification of one stage with one element does not mean that that particular element is important during that stage and is not important and should not be monitored nor managed during other stages. Because the same element should probably be monitored and managed during other stages (and eventually with distinct purposes), a mixed model, which combines the static and the dynamic models, is developed below. Such combination of models is intended to allow for a more comprehensive understanding of the strategy implementation process.

4.3.5. LINKING THE SERVICE QUALITY GAPS TO THE STAGES OF A MODEL

The previous sections have summarised a range of dynamic models and have attempted to draw a synthesised model. The common feature of these models is that they identify the fundamental stages through which an organisation goes when implementing strategy.

This section focuses on the implementation of a particular strategy, the service quality strategy. Service quality was defined as a function of a series of gaps (Parasuraman *et al.*, 1985). Fourteen gaps were earlier summarised.[65] These were subsequently related to three stages of a simple model of the strategy process.[66] The dynamic model synthesised in the last section now permits the suggestion of more detailed relationships between the stages of the strategy formulation and implementation process and the service quality gaps. The motive for providing this suggestion is to contribute to a model which anticipates the service quality gaps and allows timely avoidance or reduction of their negative impact. However, not every gap reported at a given stage can be avoided, because that may be depend on the full implementation of the new strategy.

The first column of Table 4.8 lists all the stages of the synthesised dynamic model and each of the following columns corresponds to one of the 14 service quality gaps previously identified. A dot "●" indicates that the corresponding gap is likely to occur with a negative impact on that stage. An empty cell means that the gap is not expected to occur during the stage, or that it is expected to occur, but has no negative impact on the desired results of the stage.

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[64] See same Section.

[65] See Section 3.3.3.3. Service Quality Gap Model.

[66] See Section 3.3.3.4. Importance of Service Quality Gaps to a Strategy Implementation Process; and Section 4.1.7. Service Quality Strategy Implementation and Service Quality Gaps.

The last column summarises the information in the rest of the Table by providing the numbers of the service quality gaps occurring at each stage of the dynamic model which have a negative impact.

Table 4.8. Service Quality Gaps That Can Occur With Negative Impact on Each Stage of the Dynamic Model

Stages of the dynamic model[a]	*Service quality gaps*														
	1. Management perceptions[b]	*2. Service quality strategy*	*3. Service design and service quality specifications in terms of customers' expectations*[c]	*4. Quality supportive financial function*	*5. Internal communication*	*6. Integration/coordination*	*7. Coordination of other people and/or 'organisations in the values system*	*8. Selection, training, and adequate levels of autonomy, power and rewards*	*9. Service delivery*[c]	*10. External communication*[c]	*11. Contact personnel perceptions of customers' expectations*	*12. Contact personnel perceptions of customers' experiences*[c]	*13. Customer perceptions*[c]	*14. Service quality evaluation*	*Summary of the gaps occurring with a negative impact on each stage*
Stimulus – awareness of the issue/need for change	●			●	●	●	●	●						●	1, 4-8, 14
Assessment of the degree of change required/impact of the issue	●	●		●	●	●	●							●	1, 2, 4-7, 14
Assessment of the time available, time necessary to complete the changes and urgency	●				●	●	●								1, 5-7
Choice of the most adequate method of strategic change management and of management style (or styles)	●				●			●							1, 5, 8
Definition and clarification of the mission and strategy contents	●	●	●	●	●	●	●	●						●	1-8, 14
Behavioural diagnosis		●			●			●						●	2, 5, 8, 14
Building a supportive climate		●		●	●	●	●	●							2, 4-8
Organisational flux	●	●	●		●	●		●							1-3, 5, 6, 8
Information building	●	●		●	●	●	●	●						●	1, 2, 4-8, 14
Building implementability into planning					●	●	●	●							5-8
Modular planning for change	●	●	●	●	●	●	●	●						●	1-8, 14
Experimentation/pilot project		●		●	●	●	●	●	●	●	●	●	●	●	2, 4-14
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		●		●	●	●	●	●	●	●	●	●	●	●	2, 4-14
Monitoring, controlling the process and refining	●	●	●	●	●	●	●	●						●	1-8, 14
Rewarding and recognising		●	●	●	●	●		●						●	2-6, 8, 14
Refreezing (or institutionalising)		●	●	●	●	●	●	●	●	●	●	●	●	●	2-14

Notes: The dot "●" means that the gap is one of the most likely to occur during the corresponding stage and has a negative impact on the desired results.
[a] Even if collapsed into three stages (unfreezing and preparing change, changing, and refreezing), this table is not comparable to Table 3.9, because the stages used in the latter are of a distinct nature. [b] According to its definition, the gap does not concern the misperception of internal aspects of the organisation.
[c] The gap may be present during most of the process, but a dot "●" is present only when the gap should not exist and has a negative impact on the stage.
Source: developed by C. J. F. Cândido.

The relationships suggested in Table 4.8 can be traced back to the crossing of the previous definitions of the implementation stages and of the service quality gaps. The matrix was built through constant reference to these definitions. Constant reference was intended to increase rigour and coherence. The resulting matrix is useful to clarify and document all the relationships, which could not be explicitly stated in the definitions, and would take a great volume of space to describe. However, it should be noted that the configuration of the dots in the matrix is a general and indicative one, not the only one. A given organisation may adapt the Table according to its specific situation. Such an adapted table could be used as a helpful instrument in the formulation of the metaplan and in the management of the whole formulation/implementation process.

The general matrix in Table 4.8 can also be used to extract some simple conclusions:

- almost all of the stages can be negatively affected by three or more of the gaps.
- during "unfreezing and preparing for change" (stages 1 to 10), gaps 9 to 13 are not considered dangerous. In fact, they are unavoidable at these stages and have probably provided the basic justification for starting the whole process, which should intend to eliminate them in the end. During the "changing" stages and "refreezing", gaps 9 to 13 can still occur, but this time they should not. Refinement of the process must eliminate them.
- "experimentation/pilot project" and "realignment of the systems" seem to be negatively affected by almost all of the gaps. Being affected by an increased number of gaps and also by resistance to change makes the "changing" stages much more difficult to complete satisfactorily and to manage. This justifies the need for a good preparation for change during the "unfreezing and preparing for change" stages.
- during refreezing, all but one of the gaps can occur, with a negative impact. Assuming the strategy is appropriate, if any of these occur, it means the process is not completed.[67]
- gaps 5, 6 and 8 are capable of almost constant damage to the process, whilst gaps 1, 2, 4, 7 and 14 are almost as pervasive.

The last column is a summary and will be used in Section 4.4.4.

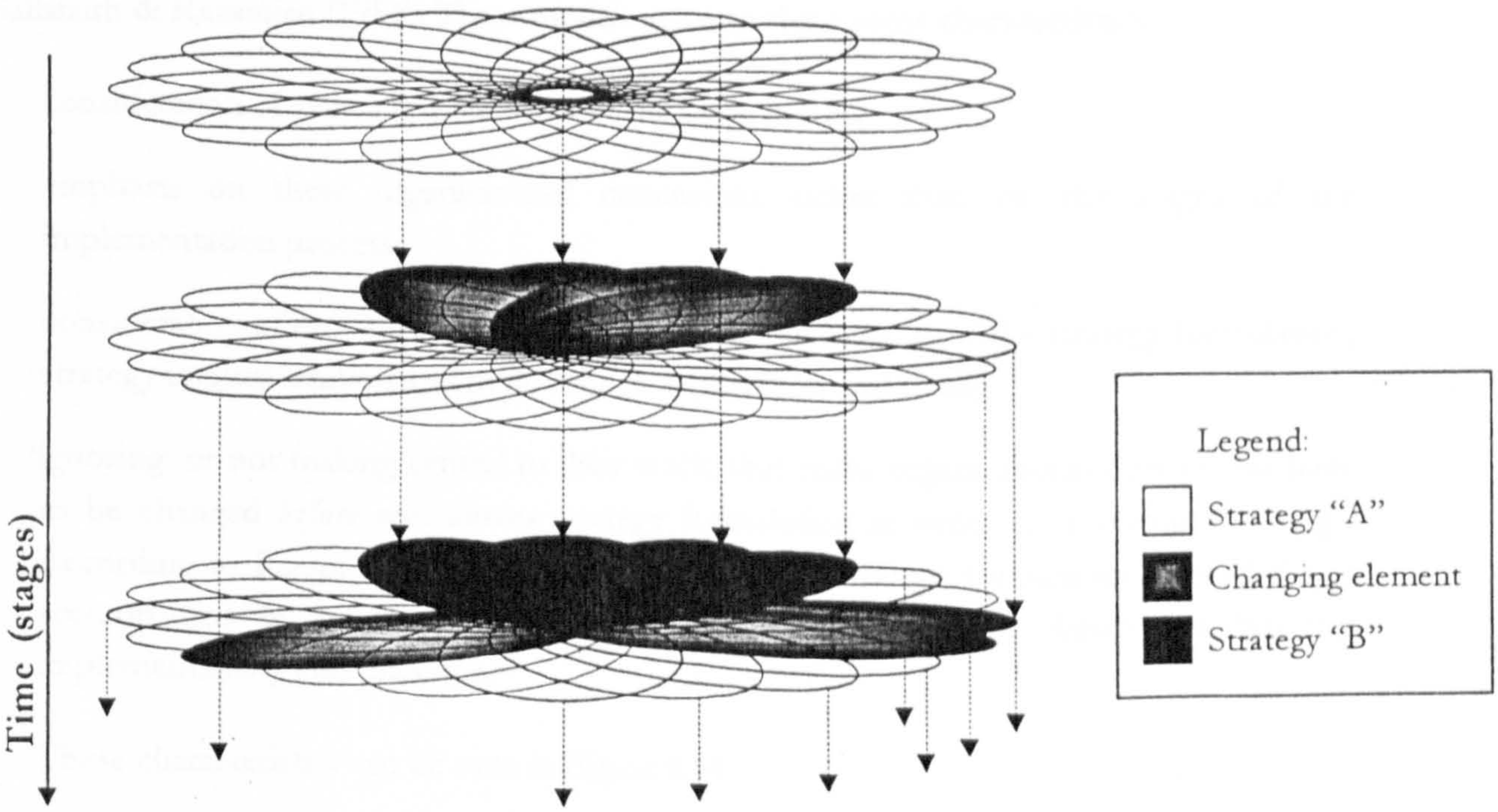
[67] Or, alternatively, that it may be necessary to sustain change. If this is the case, it will imply the use of a method of strategic change management that is different from the one focused in this dissertation (see end of Sections 4.3.2.1 and 4.3.4).

4.4. MIXED MODELS[68]

4.4.1. A GENERAL MIXED MODEL

This section is concerned with the joining of the static and the dynamic models. It is assumed that bringing together (mixing) the models will have a synergistic effect in trying to explore strategy implementation. A mixed model is more comprehensive than either a static model or a dynamic model in isolation. A mixed model considers simultaneously the fundamental organisational dimensions of strategy implementation (static model) and the steps of the implementation process (dynamic model). This is important because each organisational dimension can be monitored and manipulated several times, at distinct stages, according to its impact or relevance to the new strategy and to the desired outputs for the different stages. A mixed model is graphically represented in the following figure.

Figure 4.13. A Mixed Model: Example of Some Stages in Changing from Strategy "A" to Strategy "B"



Source: developed by C. J. F. Cândido.

The static model previously synthesised (see also Figure 4.8) is represented at different moments (stages) of the strategy implementation process (dynamic model). As before, each ellipse represents one element/dimension of the organisation. Changes in the state of each of the elements are represented by a different pattern. In the beginning of the process, Strategy "A" is deeply rooted in every dimension of the organisation. At a later moment, some changes have been made, and the

[68] The essence of this section's content has been presented at the 6th World Congress for Total Quality Management and published in the Proceedings (Cândido & Morris, 2001).

organisational elements are represented by a different pattern. These modifications continue, and the 20 dimensions go through a process that leads them through several distinct states, until the desired final state is achieved. During this process, each dimension can be monitored and changed several times, according to its relevance to the new strategy or to the desired outputs of each stage.

A mixed model, thus, combines the fundamental organisational dimensions of strategy implementation with the stages of the process. It poses that there is a succession of distinct configurations of the organisational elements/dimensions, during the implementation process. This assumption is the essence of what is called here the "mixed model". It is also the underlying reasoning behind the previous and the final sections of this chapter.

4.4.2. SOME MIXED MODELS IN THE STRATEGY IMPLEMENTATION LITERATURE

Figure 4.14 represents three mixed models suggested by Wernham (1984), Stonich (1982) and Galbraith & Kazanjian (1986). These models seem to share some characteristics:

- consideration of only a few elements of the static model;
- emphasis on these organisational dimensions rather than on the stages of the implementation process;
- consideration of only three aggregate stages of the dynamic model – strategy formulation, strategy implementation and performance assessment; and finally,
- ignoring, or not making central to their work, that some organisational dimensions have to be changed *before* and *during* strategy formulation in order to implement strategy. According to Figure 4.14, in none of the models is strategy formulation preceded nor accompanied by behavioural diagnosis, building a supportive climate, or building implementability into planning.[69]

These characteristics can be seen in Figure 4.14.

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[69] The authors of the first two models have not ignored some of the aspects related to these important stages of the synthesised dynamic model and clarify that strategy implementation is not straightforward. Galbraith & Kazanjian (1986), the authors of the third model in Figure 4.14, however, only go as far as recognising that «the move from one strategy to another requires a disengagement, realignment, and reconnecting of all organisational factors»; the «problem of managing transition from one [strategy] to another is not central to [their] work» (Galbraith & Kazanjian, 1986).

These mixed models are limited in the number of their dimensions and stages; with only a few being taken into account. Their authors, however, are very effective at emphasising the multidimensionality of strategy implementation, the interactions between the relevant organisational dimensions and the necessary internal consistency. They also note the iterativeness among the stages of the process. This is clearly mentioned by Stonich (1982) but is more precisely represented in Wernham's (1984) model. Other relevant contributions by the authors of the mixed models have been integrated into different parts of this chapter.[70]

*

With the objective of contributing to a comprehensive model of strategy implementation, this

[70] Some mixed models can also be found in the Total Quality Management (TQM) literature, for instance: (1) Juran & Gryna (1993); (2) Kanji & Asher (1993), modified by Kanji (1994 & 1996); and (3) Morris & Haigh (1996). The length and complexity of the work explaining the first of these three models emulates the high level of complexity in real life situations. However complex it may be, the authors still leave it to managers to decide how to integrate their mixed model with their Quality Planning Road Map and their list of Universal Processes for Quality Management. Moreover, the difficulties felt by organizations in implementing TQM have lead to the development of the two other TQM implementation models mentioned. Both «by their emphasis upon the key implementation aspects of TQM, direct attention to the areas in which barriers [to implementation] are most likely to emerge» (Morris & Haigh, 1996). The analysis of an extensive list of these barriers has led Morris & Haigh (1996) to conclude that: (1) the list of barriers «can be extended almost infinitely»; (2) it is important «to raise awareness of some of the more common, the recurring ones, so that they can be prevented»; and (3) the means of prevention «must be located in the effective management» of the principles of TQM (Morris & Haigh, 1996).

They suggest that both (planning and organising) are important for successful strategy implementation and that their relationships should also be studied. Thus, instead of studying only the organisational variables (static model) or the decision-making processes (dynamic model) in isolation, the linkages between them must also be studied.

4.4.3.2. MIXED MODEL – COMBINING THE STATIC AND THE DYNAMIC MODELS

The implementation of a new strategy creates «a new synthesis of people, resources, ideas, opportunities and demands» (Carnall, 1986). It involves changes in many organisational dimensions; dimensions that are interrelated in highly complex and changing ways. As noted before, some changes are undesired and pose unanticipated problems. An implementation model will not avoid them completely. «There is no all-encompassing model of the implementation process that offers complete guidance through the maze of interrelated problems that emerge» (Reed & Buckley, 1988). In other words, because the context and situation of an organisation is probably unique, there is no one best way to implement (Johnson & Scholes, 1999).

However, according to Mockler (1995), in the same way that there is a general model for strategy formulation, there should be a general model for strategy implementation.

A model can help researchers and organisations. Models help researchers by providing coherent explanations of reality and concepts necessary for unambiguous communication and debate. A general model of implementation can also serve as a guide for what to do (or what to avoid) in the development of models at specific organisations.

Models have intrinsic problems but they are still indispensable instruments for learning and managing. Hence, the development of a mixed model is taken a step further, in this section. The 20 dimensions of the static model are now analytically crossed with the 16 stages of the dynamic model. A table is used for this purpose. The first column of Table 4.9 lists the stages of strategy implementation according to the dynamic model.[74] The second line of the table shows the fundamental elements/dimensions of strategy implementation.

Table 4.9 has been built one row (one stage) at a time. One objective of the Table is to identify the elements that have a stronger impact on each stage and/or that need to be changed during that stage.

A dot "●" means that the element can have a clear impact on the achievement of the objectives of the stage. The dot may also indicate that the element can be purposefully changed during the corresponding stage. An empty cell means that the impact is comparatively smaller or nil. It may also

[74] See Section 4.3.4. A Synthesis.

indicate that the need or possibility to deliberately change the element is comparatively small or nil.

It must be emphasised that an empty cell does not mean that the element does not have an impact or cannot be changed during the stage. The dot "●" thus identifies the elements that are expected to have a bigger impact/need to change during each stage.

An element of the static model may have an impact (or may be changed) through the interposition of other elements. Such indirect impacts/changes can occur, because the elements of the static model are dependent.[75] For instance, the element "people" has a role in the perception of external trends (first stage). However, other elements of the model affect this perception more directly (*e.g.*, managers' attitudes and skills, people's involvement, paradigm, values and norms). As far as it is possible to discern, only very clear and strong indirect impacts are represented by a dot in the Table.

[75] See Section 4.2.1. General Assumptions of the Models.

Table 4.9. Impact of the Elements on the Adequate Completion of the Stages or Need for Change of the Elements During the Stages

Stages	*Fundamental elements/dimensions of strategy implementation*																		
	Paradigm / model of the world	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Structure*	*Facilities, equipment, their capacity & technology*	*Information & communication systems*	*Decision processes*	*Service analysis, design, external communication & delivery systems*	*Rules, policies & task descriptions*	*Measurement, control & reward systems*	*Organisational competencies*	*People*	*Power structure*	*Involvement*	*Values & norms*	*Stories*	*Symbols*	*Routines, rituals & ceremonies*	*Financial resources*	*Time*
Stimulus – awareness of the issue/need for change	●	●				●			●	●			●	●	●					●
Assessment of the degree of change required/impact of the issue	●	●	●			●				●			●		●	●				
Assessment of the time available, time necessary and urgency	●	●				●				●			●			●				●
Choice of method of strategic change management and management style(s)	●	●		●			●						●	●	●		●			
Definition and clarification of the mission and strategy contents	●	●	●			●	●		●				●	●	●	●	●			
Behavioural diagnosis	●	●				●				●					●	●	●			
Building a supportive climate	●	●	●	●	●	●				●		●	●	●	●	●	●		●	●
Organisational flux	●	●	●	●		●	●	●		●		●	●	●	●	●	●	●		
Information building	●	●		●		●		●		●			●		●	●				
Building implementability into planning		●		●		●	●		●	●			●	●	●					●
Modular planning for change	●	●	●			●	●	●	●	●	●		●	●	●			●		●
Experimentation/pilot project	●		●		●			●		●	●			●		●	●	●		
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		●		●	●	●		●	●	●	●	●		●				●	●	●
Monitoring, controlling and refining			●			●	●	●		●	●	●	●		●			●		●
Rewarding and recognising		●							●	●		●		●	●	●	●	●		●
Refreezing (or institutionalising)	●	●		●		●			●	●	●	●	●		●	●		●	●	

Note: The dot "●" means that the element of the static model has a strong impact on the stage's results and/or that the element should/may be changed during the stage.
Source: developed by C. J. F. Cândido.

Table 4.9 was built with constant reference to the definitions of the elements of the static model and to the stages of the dynamic model. The Table can be adapted to the particular circumstances of any given organisation.

Building a Table like this can be very exciting – but also very tiring and very exacting. It involves the analysis and evaluation of several hundred relationships, between tens of variables. It also involves looking at the same dimension from different perspectives. For instance, a variable can be changed during a stage; can have an impact on the output of the stage; and can have both. Moreover, the particular aspects of a given element that can be deliberately changed must be considered. These aspects and the effectiveness of the changes can vary from stage to stage. The nature of the impact of a given dimension can also differ substantially from stage to stage.

These remarks concerning the development of the Table 4.9 are at the same time relevant conclusions. From the observation of the Table, it is possible to extract some more conclusions:

- There are no rows and no columns completely filled with dots. The number of dots per row varies from 7 to 15, with a rounded average of 11. And the number of dots per column varies from 3 to 14, with a rounded average of 9.
- The pattern of the dots in each row is different from every other row; the same happens for the columns.
- Most important is that there is no observable pattern in the whole table.
- There are 170 dots in total, *i.e.*, slightly more than half (53,125%) of the number of cells in the Table.

These observations and the previous remarks suggest the following:

- None of the stages suffers a strong impact from all dimensions; an average of 11 dimensions, from a total of 20, affects each stage.
- Not all dimensions can be purposefully changed during the same stage (or iteration) and, more precisely, not every organisational aspect under a given element can be changed at the same stage (iteration). A maximum of 11 dimensions, on average, can be changed during each stage.
- The combination of dimensions that strongly affects a stage and/or that can be changed during that stage is different from every other stage. Nevertheless, there is no consistent pattern of the type: "dimensions A and B are related with stage 1, dimensions C and D are related with stage 2, and so on...". Most dimensions affect several distinct stages.
- Managers should preferably institute change on the aspects which are more easily and effectively changed during a stage. In this case, Table 4.9 becomes a useful management instrument and can be adapted to the organisation to indicate the elements that deserve a focus/emphasis during each stage. The Table can be built during the preparation of the

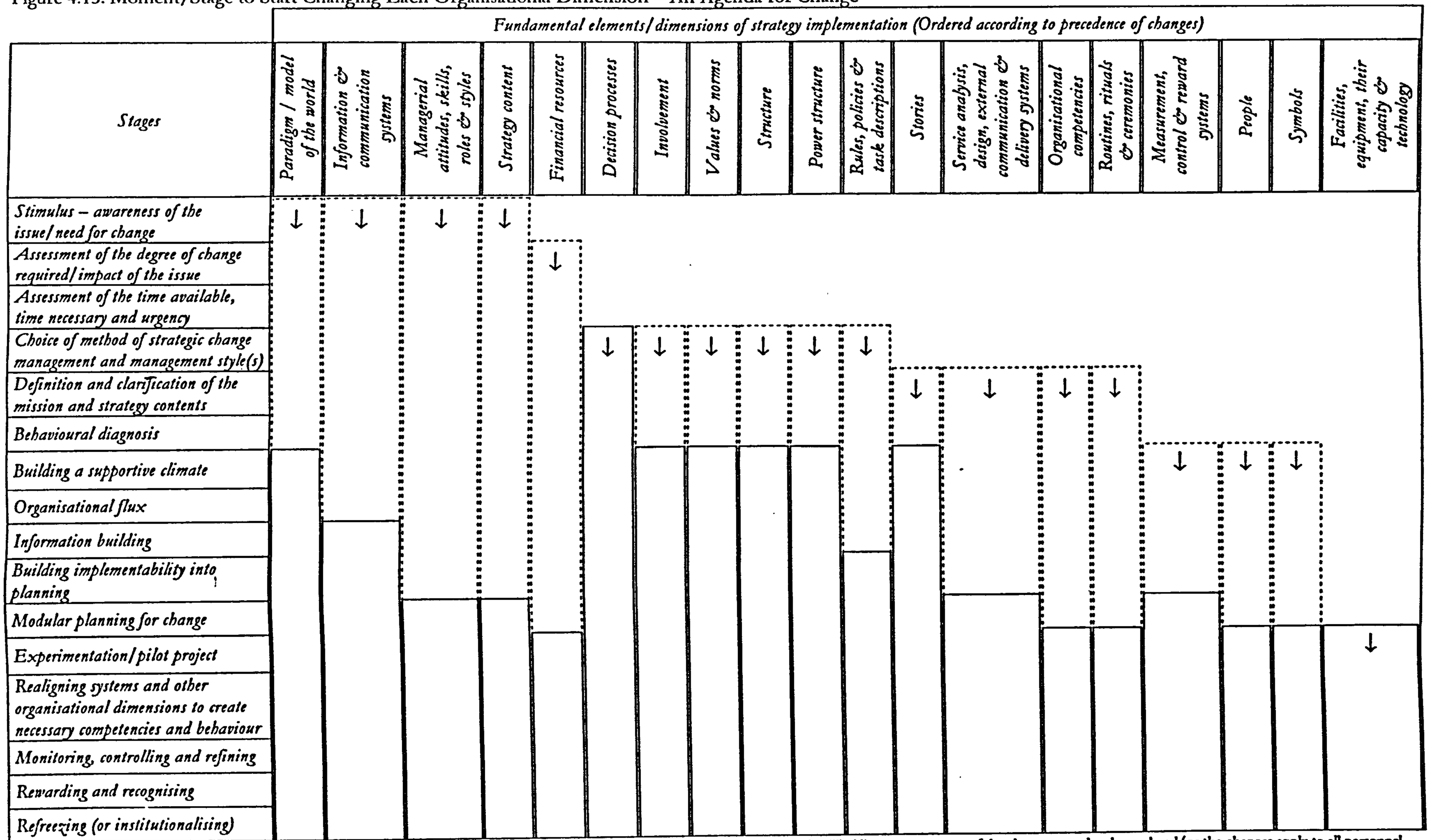
metaplan.

4.4.3.3. AT WHAT STAGE CAN THE CHANGE OF THE ORGANISATIONAL DIMENSIONS START?

Implementation involves the simultaneous monitoring, decision making and manipulation of several organisation dimensions (Cf. Hrebiniak & Joyce, 1984). However, not every change can be made at the same time. Not all changes are made in the "pilot project" and "systems' realignment" stages. Some are made earlier in order to enable other later changes (*e.g.*, in the "definition and clarification of strategy" and "building a supportive climate" stages). «Decisions must be made concerning which of many strategic and organisational variables should be changed, in what order, and within what time frame» (Hrebiniak & Joyce, 1984).

No model provides full guidance concerning these decisions (Cf. Reed & Buckley, 1988). Even if managers know where they want to arrive, it may be difficult to choose where to start. The following figure, Figure 4.15, is only indicative of the stages during which changes on each of the organisational dimensions can start. For each element/dimension, the arrow "↓" marks the first stage for changes. A dotted line means that partial changes are possible, *i.e.*, only some aspects of the elements/dimensions or only part of the personnel can change (*e.g.*, only managers). A filled line means that every aspect of the element/dimension can be changed and that the changes can apply to all personnel.

Figure 4.15. Moment/Stage to Start Changing Each Organisational Dimension – An Agenda for Change



Notes: "↓" – first stage for changes. Dotted line – partial changes (only some aspects of the elements and/or only part of the personnel). Filled line – every aspect of the elements can be changed and/or the changes apply to all personnel.
Source: developed by G. F. F. Gmb.

The elements/dimensions represented in the second line of Figure 4.15 have been ordered. The criterion used is the temporal precedence of change. From left to right, the elements displayed first are the first ones to start changing. This is why the bars in the Figure appear to be descending.

The column corresponding to the organisational dimension "time" has naturally been excluded, as this is the variable exploited in order to build the Figure.

The Figure assumes that one of the elements to start changing first is the paradigm. This change is partial and represented initially by a dotted line, because the CEO's paradigm changes first, then the paradigm of other managers and, finally, the shared paradigm. This is not always true, as the changes might start elsewhere in the organisation, for instance, in the marketing department.

The last element to start changing is expected to be "facilities and equipment". Every part of the facilities or equipment can change from the pilot project onward.

Figure 4.15 can be adapted to suit the particular circumstances of an organisation. It may be used to develop a metaplan and to guide managers in choosing which elements to focus upon at each stage and how.

Figure 4.15 is used as the basis upon which to delineate and consider the linkages between the mixed model and the service quality gaps.

4.4.4. LINKING THE MIXED MODEL TO THE SERVICE QUALITY GAPS

One of the problems managers must confront is that of deciding which elements of the static model to reconfigure at each time – and how – in order to implement strategy. Researchers have tried to provide instruments capable of helping managers to make these decisions.[76]

The combination of static and dynamic models and the resulting mixed model may constitute a comprehensive instrument to facilitate an understanding of implementation.[77] The mixed model emphasises the organisational elements/dimensions with most significative impact on each stage, the elements/dimensions that can be changed,[78] and the stages at which they can start to change.[79]

This section uses the mixed model, depicted in Table 4.9 and Figure 4.15, to analyse the implementation of a service quality strategy. As before, the approach taken is that of the service

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[76] For instance, the static and the dynamic models reviewed in sections 4.2.2 and 4.3.3.

[77] See sections 4.4.1 and 4.4.3.

[78] See Table 4.9.

[79] See Figure 4.15.

quality gaps occurring in a service organisation. More precisely, Table 4.10, below, links the developed mixed model to the 14 service quality gaps earlier identified.[80] It distributes these service quality gaps through the cells of Table 4.9. This distribution constitutes the identification of the service quality gaps that are related to each organisational dimension at each stage of the implementation process. Moreover, by using the previous Figure 4.15, Table 4.10 also constitutes an attempt to identify the elements that can be reconfigured at each stage in order to close the gaps.

The construction of Table 4.10 makes use of three other tables (Tables 4.4, 4.8 and 4.9), as well as of Figure 4.15, according to the following steps:

1. All cells above the top of the bars in Figure 4.15 are excluded. The extension of the bars indicates the stages during which the elements/dimensions can be changed, thus, Table 4.10 considers only the cells where the elements/dimensions can be changed.

2. All cells that do not have a dot "●" in Table 4.9 are also excluded. The dots identify the elements that are expected to have a bigger impact/need to change during each stage. Considering only these cells in Table 4.10 emphasises the elements/dimensions that can have a stronger impact over a stage and that can be changed during the stage.

3. The last column of Table 4.8 [81] is copied to the last column of the new table, Table 4.10. This column represents a summary of all the service quality gaps occurring during each stage and having a negative impact on the desired outputs of this stage.

   Service quality gaps are represented by their numbers.

4. The gaps occurring at each stage are distributed throughout the corresponding line of the new table, according to the relationships established between the gaps and the 20 fundamental organisational dimensions on Table 4.4. Only the main (clear, direct or dominant) relationships of Table 4.4 are considered here.

As a result of these steps, some of the cells in Table 4.10 are empty. Moreover, the gap numbers are located in the cells where they are expected to occur with stronger intensity and where the organisational dimensions can be managed to reduce/close the gaps.

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[80] See Section 3.3.3.3.

[81] See page 231.

Table 4.10. Linking the Service Quality Gaps to the Mixed Model – Distribution of the Service Quality Gaps

Stages	*Fundamental elements/dimensions of strategy implementation*																			*Service quality gaps occurring with negative impact on each stage*
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*	
Stimulus – awareness of the issue/need for change	1	1, 4, 5, 14	1, 4-8																	1, 4-7	1, 4-8, 14
Assessment of the degree of change required/impact of the issue	1	1, 4, 5, 14	1, 2, 4-7	1, 5, 6, 14																	1, 2, 4-7, 14
Assessment of the time available, time necessary and urgency	1	1, 5	1, 5-7																	1, 5-7	1, 5-7
Choice of method of strategic change management and management style(s)	1		1, 5, 8			1	5, 8	1, 8	5	1, 5, 8											1, 5, 8
Definition and clarification of the mission and strategy contents	1	1, 4, 5, 14	1-8	1, 3, 5, 6, 14		1-3	2, 5, 6, 8	1, 4, 6, 8, 14		1, 2, 5, 6, 8	2-6, 8, 14	5									1-8, 14
Behavioural diagnosis		5, 14	2, 5, 8					8, 14				5									2, 5, 8, 14
Building a supportive climate		4, 5	2, 4-8	5, 6	4, 7, 8		2, 5, 6, 8	4, 6, 8	5, 6	2, 5, 6, 8		5				2, 4, 5, 8	4-6, 8			2, 4-7	2, 4-8
Organisational flux	1	1, 5	1-3, 5, 6, 8	1, 3, 5, 6		1-3	2, 5, 6, 8	1, 6, 8	5, 6	1, 2, 5, 6, 8		5	3, 5, 6, 8		5, 6, 8	2, 3, 5, 8	5, 6, 8				1-3, 5, 6, 8
Information building	1	1, 4, 5, 14	1, 2, 4-8					1, 4, 6, 8, 14	5, 6	1, 2, 5, 6, 8		5	4-8, 14			2, 4, 5, 8, 14					1, 2, 4-8, 14
Building implementability into planning		5	5-8				5, 6, 8	6, 8	5, 6	5, 6, 8	5, 6, 8					5, 8				5-7	5-8
Modular planning for change	1	1, 4, 5, 14	1-8	1, 3, 5, 6, 14		1-3	2, 5, 6, 8	1, 4, 6, 8, 14		1, 2, 5, 6, 8	2-6, 8, 14		3-8, 14	2, 3, 6-8	5-8	2-5, 8, 14				1, 2, 4-7	1-8, 14
Experimentation/pilot project	11, 12			5, 6, 14			2, 5, 6, 8-10, 13					5, 9	4-12, 14	2, 6-8	5-9	2, 4, 5, 8, 9, 14		9, 13	13		2, 4-14
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		4, 5, 10, 14	2, 4-8		4, 7, 8		2, 5, 6, 8-10, 13		5, 6		2, 4-6, 8, 9, 14		4-12, 14	2, 6-8	5-9	2, 4, 5, 8, 9, 14	4-6, 8, 9, 13, 14		13	2, 4-7	2, 4-14
Monitoring, controlling and refining		1, 4, 5, 14		1, 3, 5, 6, 14		1-3		1, 4, 6, 8, 14		1, 2, 5, 6, 8			3-8, 14	2, 3, 6-8	5-8	2-5, 8, 14	4-6, 8, 14			1, 2, 4-7	1-8, 14
Rewarding and recognising			2-6, 8				2, 5, 6, 8	4, 6, 8, 14			2-6, 8, 14	5			5, 6, 8	2-5, 8, 14	4-6, 8, 14			2, 4-6	2-6, 8, 14
Refreezing (or institutionalising)	11, 12	4, 5, 10, 14	2-8		4, 7, 8			4, 6, 8, 9, 11, 12, 14	5, 6	2, 5, 6, 8	2-6, 8, 9, 14	5, 9		2, 3, 6-8	5-9	2-5, 8, 9, 14	4-6, 8, 9, 13, 14				2-14

Source: developed by C. J. F. Cândido.

The most important features of Table 4.10 are:

1. Some gaps are very frequent, occurring in many of the cells.[82]
2. The same gap is registered in more than one cell of the same column.
3. The same gap is also registered in more than one cell of the same row.
4. Most of the non-empty cells contain more than one gap; on average, four gaps.
5. Some gaps occur together very frequently. Gaps 5, 6 and 8 occur simultaneously, in the same cell, 51 times. Gaps 2 and 4 occur simultaneously, in the same cell, 25 times.
6. There is no observable pattern for any of the gaps, taken individually.[83]

These features of Table 4.10 suggest the following:

- The observation that several gaps are registered so many times in Table 4.10 (feature 1) indicates that these gaps might start at almost any stage of the implementation process, possibly being originated by different causes.
- Particularly, the fact that the same gap is registered several times in the same column (feature 2) suggests that, during the strategy implementation process, any existing gap may increase in intensity. Causes for gap persistence or intensity increase might be the

[82] Table 4.11 indicates the frequency of each gap. The more frequent gaps are Gap 5 – internal communication, Gap 6 – integration/coordination, and Gap 8 – selection, training, and adequate levels of autonomy, power and rewards. The frequency of each of these gaps exceeds by far the frequencies of the remaining gaps. The less frequent gaps are those numbered from 10 to 13.

Table 4.11. Frequency of the Service Quality Gaps in the Previous Table

	1. Management perceptions	*2. Service quality strategy*	*3. Service design and service quality specifications in terms of customers' expectations*	*4. Quality supportive financial function*	*5. Internal communication*	*6. Integration/coordination*	*7. Coordination of other people and/or organisations in the values system*	*8. Selection, training, and adequate levels of autonomy, power and rewards*	*9. Service delivery*	*10. External communication*	*11. Contact personnel perceptions of customers' expectations*	*12. Contact personnel perceptions of customers' experiences*	*13. Customer perceptions*	*14. Service quality evaluation*	*Total*
Frequency	50	52	28	57	110	88	35	84	18	6	5	5	7	42	587
Relative frequency (%)	8,5	8,9	4,8	9,7	18,7	15,0	6,0	14,3	3,1	1,0	0,8	0,8	1,2	7,2	100,0

Source: developed by C. J. F. Cândido.

[83] See Appendix A.

same as for the past or new ones.

- More importantly, perhaps, feature 2 suggests that even if a gap has been dealt with and closed at one stage, it may recur at another stage. Once more, the reasons for gap recurrence might be the same as in the past or different. The possibility of gap recurrence being true would constitute an important aspect for service management.

- The observation that the same gap is registered several times in the same row (feature 3) might indicate that the gap has several causes, each individual cause being "located" in a different organisational dimension. It also suggests that the manipulation of only one organisational dimension is probably insufficient to close a gap. Manipulation of more than one organisational dimension may be required to close any gap.

- Each non-empty cell of Table 4.10 has frequently more than one gap, four on average. This feature might mean that the dysfunction of one organisational dimension may cause more than one gap. The same feature suggests also that manipulation of that dimension, although insufficient to completely eliminate a gap, can help to simultaneously eliminate more than one gap.

- Some of the gaps seem to occur repeatedly in conjunction with others. That is the case of gaps 5, 6 & 8, and of gaps 2 & 4 (feature 5). Such clusters of gaps provide support for the idea that quality gaps are not independent.[84]

- The complexity of the Table (features 2, 3, 4, 5 and 6) suggests that the structure of causal relationships underlying the occurrence of gaps can be extremely complicated when looked at from the end of the implementation process. It might be difficult to trace the causes for the gaps.

Using the steps outlined above, Table 4.10 can be adapted to serve any organisation. It may help in the development of a metaplan.

4.4.5. SOME GUIDELINES FOR MANAGERS IMPLEMENTING A SERVICE QUALITY STRATEGY

The emphasis of the strategy implementation literature on static and dynamic models suggests that implementation has two basic axes: the "static" and the "dynamic" axes. Managers must be aware of the character and importance of each organisational dimension and of each stage of the dynamic process, including their own role in the process. Winning the challenge of implementation seems to involve both a clear view of the "static model of the organisation" at each moment, and a clear understanding of the best approaches for each stage. Managers should not presume that implementing is a straightforward job. Implementing a service quality strategy is complex, and there are many pitfalls to avoid. To implement successfully, the organisation should adopt a positive approach. However.

[84] See also figures 3.15, 3.16 and 3.19.

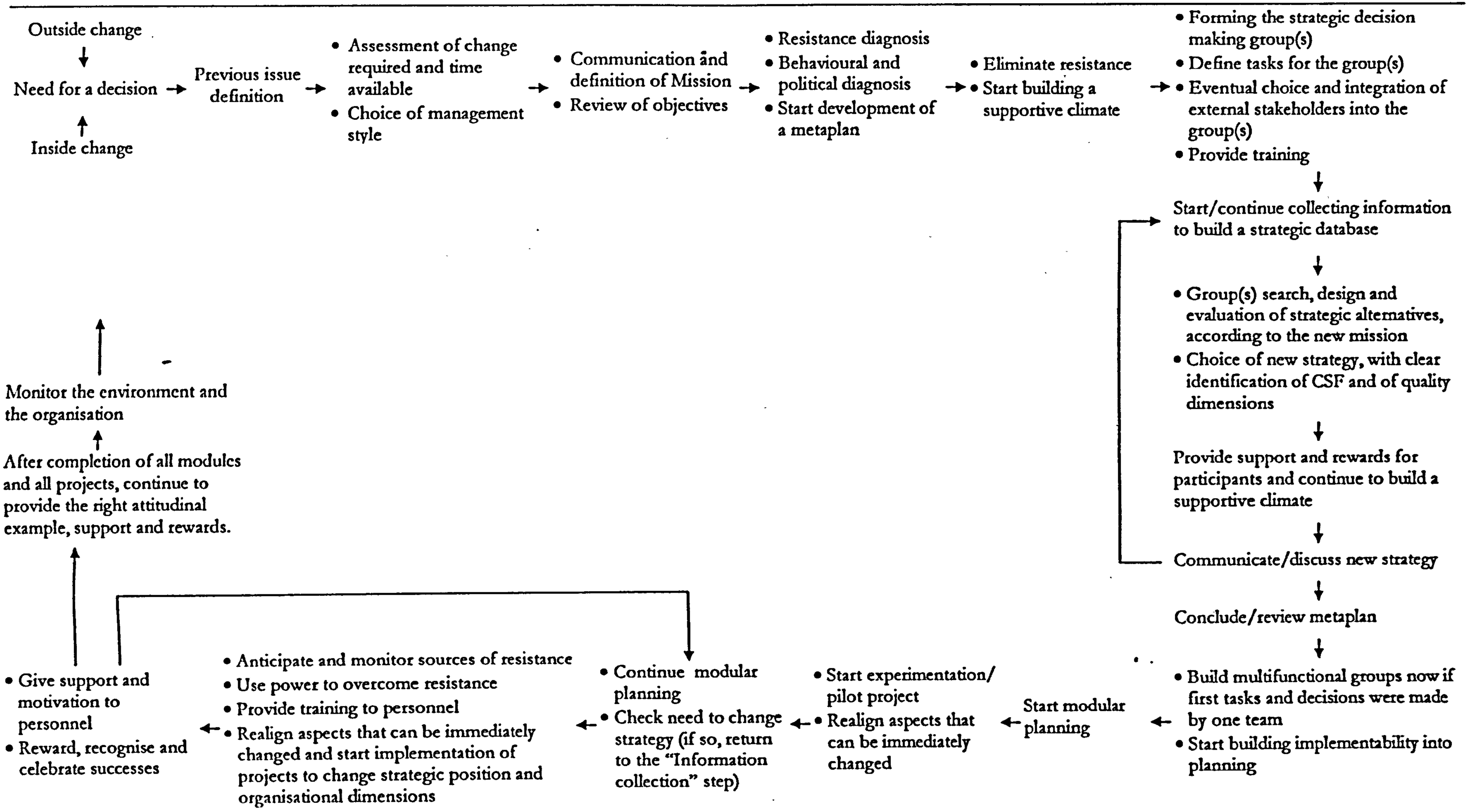
being aware of the service quality gaps that might occur during each stage of the implementation process can help in preventing them from occurring.

When a SQG does occur, and is recognised, it should not be underestimated by the manager for three reasons. First, the gap may not stand in isolation, but might coexist with others, making the problem much more complex than it seems. Second, manipulation of one organisational variable, alone, may be insufficient to eliminate any one gap; the elimination of which may require an integrated and coherent approach. And, third, even if an existing gap has been dealt with and eliminated, it may reappear, at some later stage, for the same or for different reasons, making constant surveillance mandatory.

4.4.6. A SIMPLIFIED MIXED MODEL

This section concludes the chapter. A pictorial representation of a simplified mixed model is suggested. It is a representation of a strategic decision making and implementation process. As was noted before, there is no comprehensive model of the strategy implementation process. This is thus a tentative approach to the development of such a model, which has been based on the work presented in this current chapter.

Figure 4.16. A Strategic Decision Making and Implementation Model



Source: developed by C. J. F. Cândido and based on Lewin (1947), Schein (1961), Ansoff & McDonnell (1990), Gore *et al.* (1992), Hussey (1995), Galpin (1997), and Johnson & Scholes (1999).

Figure 4.16 is essentially based on the dynamic processes suggested by Lewin (1947), Schein (1961), Ansoff & McDonnell (1990), Hussey (1995), Galpin (1997) and Johnson & Scholes (1999). It also integrates aspects of the strategic decision making processes suggested by Gore *et al.* (1992) and Johnson & Scholes (1999).[85] Emphasis is deliberately placed upon some organisational dimensions. Overcoming resistance, communication, personnel training, rewards and involvement, largely debated and defended in the literature, have also been emphasised in this picture.

*

Earlier in this chapter, the criteria that models must respect in order to be useful were considered.[86] It is appropriate to now offer some notes on how the models synthesised in this chapter exhibit the characteristics described by those criteria. The first criterion to consider is model validity or correspondence with the perceived reality. Validity of the models is addressed in the following chapters, where they are confronted with data obtained from the Algarve Hotel Industry.

The second criterion is flexibility or the capacity to admit the confrontation with new data or even new concepts. Confrontation with new data and new concepts implies a continuous work, which naturally goes beyond the scope of this dissertation. However, it was noted previously that the static, dynamic and mixed models suggested might need to be adapted to the specific circumstances of an organisation. The models, thus, presume lack of definitiveness and should welcome new concepts or different relationships among their variables. Perhaps with the exception of the service quality gaps model, they were built around the assumption that concepts and relationships are fluid and lack definitiveness.

The third criterion is generality or the breadth of application and abstraction. The models suggested seek generality. Although the static, dynamic and mixed models are applied to service organisations, they can be applied to other organisations.

The fourth criterion is measurement sophistication. Measurement sophistication is low, a characteristic which might have been impossible to avoid given the nature of the dimensions considered in any of the models.

The fifth criterion is significance or the applicability to sets of important areas of investigation. The applicability to important areas of investigation and to the problems of practising managers is a function of the significance of the models that have formed the basis for the synthesised models suggested. Moreover, the simple fact that the service quality gaps, the static and the dynamic models are a synthesis of distinct complementary perspectives, should make them significative. The

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[85] See Section 2.1.7.2. Strategic Decision Making Processes.

[86] See Section 4.1.8. Two Considerations About Models.

significance of the mixed model is explained when it is introduced.[87] It seems that a mixed model underlies part of the strategy implementation literature, but a general and formal description was lacking.

The sixth and last criterion is the internal logic of the models. Although keeping the coherence of the models has been a major concern, some (apparent) paradoxes/contradictions in the literature (and reality) had to be accounted for. For instance, the final notes to the static model do mention the possibly desirable overlapping of concepts.[88] The final notes to the dynamic model also refer to the difficulty of choosing the sequence of the stages and their partial overlapping.

Overall, the models hold up against the criteria for the building of a model.

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[87] See Section 4.4.1. A General Mixed Model.

[88] See page 195.

5. RESEARCH METHODOLOGY

This chapter is about research design. It defines specific research objectives, briefly describes the basic research alternatives available to researchers in terms of philosophical and methodological approaches, their advantages and disadvantages, and systematically notes the alternatives that have been adopted. It also addresses important aspects of questionnaire design, questionnaire administration, and sources of errors.

5.1. RESEARCH OBJECTIVES

The problem under study is how to implement a quality strategy that focuses on customers' needs. Most simply expressed, the problem becomes how to make people at all organisational levels accept and understand what is a quality strategy and how to implement it. A quality strategy itself being one which seeks continual improvement by satisfying customers needs and exceeding their expectations in the present and on every subsequent occasion.

The research problem having been defined, the scope of the investigation having been discerned (Four and Five Star Hotels of the Algarve – FFSHA), the model that represents the difficulties in quality strategy formulation, implementation and delivery (service quality gap model) having been drawn, and the models defined to prevent and eliminate service quality gaps (static, dynamic and mixed models) having been delineated, explained and their analytical capacity addressed, it is only now possible to meaningfully consider a number of more specific objectives that characterise the research effort:

O1. to assess how important it is to the managers of the FFSHA to eliminate service quality gaps;

O2. to assess how the FFSHA deal with the service quality gaps, namely, what organisational dimensions of the static model are manipulated to prevent/eliminate service quality gaps, what specific processes, methods and instruments are used and how frequently;

O3. to assess if service quality gaps are recurrent in the FFSHA;

O4. to assess if service quality gaps occur in clusters or in isolation in the FFSHA.

O5. to assess how important is each of the stages of the dynamic model to the managers of the FFSHA;

O6. to assess how the FFSHA follow those stages in order of precedence;

O7. to verify what organisational dimensions of the static model do managers of FFSHA start changing at each stage of the dynamic model;

O8. to verify what service quality gaps managers of FFSHA relate to each dimension of the static model; and

O9. to verify what service quality gaps managers of FFSHA report to occur during each stage of the dynamic model.

5.2. RESEARCH PHILOSOPHY

Having stated the specific research objectives, this section and the following focus on research design. A research design is the overall configuration of a piece of research (Easterby-Smith *et al.*, 1991). It is about planning and organising the research activity and involves decisions about the research philosophy to adopt; the kind of data to be obtained; the method or methods by which to do so; the data analysis techniques to utilise; and how the data available should be interpreted in order to provide valid answers to the research questions (Easterby-Smith *et al.*, 1991, Zikmund, 2000).

Focusing first on the decision about a research philosophy, there are two main philosophical approaches to research that can be considered: the positivist and the phenomenological approaches. «The key idea of positivism is that the social world exists externally, and that its properties should be measured through objective methods, rather being inferred subjectively, through sensation, reflection or intuition» (Easterby-Smith *et al.*, 1991). The alternative philosophical approach – phenomenology – takes a complementary view of the world, «the view that the world and 'reality' are not objective or exterior, but ... socially constructed and given meaning by people» (Easterby-Smith *et al.*, 1991). A positivist approach tries to gather facts and measures how often certain patterns occur, a phenomenologist approach appreciates the different, idiosyncratic, constructions and meanings that people place upon their experiences (Easterby-Smith *et al.*, 1991). A phenomenologist approach tries «to understand and explain why people have different experiences» whereas a positivist approach searches «for external causes and fundamental laws to explain their behaviour» (Easterby-Smith *et al.*, 1991).

A researcher usually adopts one of these two approaches, but it is also possible to adopt an intermediate position. It should be emphasised that no one of these approaches is better in any absolute terms (Gill & Johnson, 1997), but that the best for research in general is probably for different researchers to adopt different approaches, in order to provide a better picture of the problem under study.

A positivist approach has basically been taken for this research, because it is congruent with the scope and the research objectives stated above, as is made clear in the following sections. However, it should be acknowledged that other approaches can be adopted in the future in order to provide different perspectives and further knowledge of the same problem area, specifically, to look for inconsistencies in this research or, alternatively, to add proof to the hypotheses tested below.[1]

5.3. RESEARCH METHODOLOGY

5.3.1. CRITERIA FOR CHOICE OF A RESEARCH METHOD

To further elaborate on the research design, a research method must now be chosen and defined. Research methods are step by step procedures that include collection of data, analysis, interpretation and the drawing of conclusions (Gay & Diehl, 1992; McNeill, 1990).

Just as with research philosophies, there is no best research method in any absolute sense, because all have something to offer (Gill & Johnson, 1997). There are however, according to Gill & Johnson (1997), some aspects to consider in choosing a research method for a particular piece of research, namely:

- the nature of the research problem and objectives;
- the resources available;
- the ease of access to data;
- the training and preferences of the researcher in terms of the available research methods; and
- the relative advantages and disadvantages of each method.

To evaluate the relative advantages and disadvantages of each research method, a set of criteria can be used. The criteria are:

- *Internal validity, or "validity"*. This criterion «refers to the problem of whether the data collected is a true picture of what is being studied. Is it really evidence of what it claims to be evidence of?» (McNeill, 1990). Internal validity refers also «to whether or not what is identified as the 'cause(s)' or 'stimuli' actually produce what have been interpreted as the 'effects' or 'responses'» of the research subjects (Gill & Johnson, 1997).
- *External validity, also called representativeness or generalizability*. This criterion can be divided into two specific criteria:

[1] See Chapter 6.

- *Population validity*. Population validity «concerns the extent to which it is possible to generalise from the sample of people involved in the research to a wider population» (Gill & Johnson, 1997).

- *Ecological validity*. Ecological validity concerns «the extent to which it is possible to generalise from the actual social context in which the research has taken place and data thereby gathered to other contexts and settings» (Gill & Johnson, 1997).

- *Reliability*. This criterion refers to the extent to which other researchers undertaking the same research with the same method would come up with the same results. To «satisfy this criterion, it should be possible for another researcher to replicate the original research using the same subjects and the same research design under the same conditions» (Gill & Johnson, 1997).

Now that the relevant aspects and criteria for the choice of a research method have been addressed, a brief explanation of the alternative methods becomes necessary.

5.3.2. NOMOTHETIC AND IDEOGRAPHIC METHODS

Research methods differ «in terms of their relative emphasis upon deduction or induction, their degree of structure, the kinds of data they generate and the forms of explanation they create» (Gill & Johnson, 1997). Nomothetic and ideographic methods are two extreme alternatives that are positioned at opposite ends of a continuum of methods (See Table 5.1). Pure nomothetic methods are deductive, quantitative, structured, controlled, replicable, and aim at establishing general laws or causal relationships between variables to predict human behaviour. A nomothetic method starts with a set of hypotheses or theory, proceeds to collect data in a standardised and replicable way, tests the theory against the data, and concludes with a statement indicating that the theory was disproved or not (Gill & Johnson, 1997).

Nomothetic methods rely strongly on quantitative methods. These have three characteristics: aggregation of units, measurement of variables, and statistical causal analysis (Morrow, 1994). Central to quantitative methods is «its use of aggregate analysis – that is the notion that we do not study individuals [or individual organisations] as such, but rather aggregates of individuals or other social entities» (Morrow, 1994). The researcher strives to use a sample that is representative of the population's characteristics.

Pure ideographic methods are inductive, qualitative, much less structured, and not easily replicable (Gill & Johnson, 1997). Ideographic methods require researchers getting involved in the 'everyday flow of life' of the research's subjects, to understand their idiosyncratic (internal) ways of interpreting external 'stimulus' and of creatively responding to them (Gill & Johnson, 1997).

Ideographic methods rely strongly on qualitative methods. These have three characteristics: case study design, interpretation of action and thick description (Morrow, 1994). Case study means that a single case or a limited number of cases is used for the research. Thick description in natural language is used, instead of formal statistical language, to describe and explain the subjects' interpretations and actions (Morrow, 1994).

Rather «than attempting to make statistical generalisations concerning a limited set of variables, the concern in case study is with comprehending the rich complex of factors that define the case at hand – be it individual, organisational or societal» (Morrow, 1994). This allows the discovery of relevant variables or factors that were ignored at the beginning of the research (Gill & Johnson, 1997) and culminates with the development of new theories. Empirical observations are the inputs and a theory is the output (Gill & Johnson, 1997; Ghauri *et al.*, 1995).

It is possible now to identify some specific research methods and to position them in a continuum that has positivist-nomothetic-quantitative methods at one extreme and phenomenologist-ideographic-qualitative methods at another extreme (Gill & Johnson, 1997). Starting from the most positivist to the most phenomenologist, the specific methods are laboratory experiments, quasi-experiments, surveys, action research and ethnography (Gill & Johnson, 1997).

Laboratory experiments are conducted in laboratories, outside the organisation, in controlled but artificial environments; quasi-experiments and action research are applications of the logic of

laboratory experiments to natural settings, outside the laboratory, but in which variables cannot be so carefully controlled; ethnographic research is inductive and places «an emphasis on the analysis of subjective accounts which are generated by 'getting inside' situations» (Gill & Johnson, 1997). Survey is left to the end because it is the method employed in this research and will be analysed in some more detail.

5.3.3. SURVEYS

According to the classification above, a survey is not a pure positivist-nomothetic method, but has most of its characteristics. A survey is a research method that uses a questionnaire (Zikmund, 2000) for «obtaining large amounts of data, usually in a statistical form, from a large number of people» (McNeill, 1990) which constitutes a representative sample of the population (Zikmund, 2000), «in order to determine the current status of the population with respect to one or more variables» (Gay & Diehl, 1992).

Surveys can be descriptive, deductive or both (Zikmund, 2000; McNeill, 1990). They can be used just to describe the current state of affairs by accessing the attributes of a population at a point in time or they can be used to provide causal explanation (Zikmund, 2000). The latter, deductive survey, takes the logic of experimentation, uses statistical control of variables and attempts to test a theory or relationship between a limited number of variables (Gill & Johnson, 1997). Some emphasis is put on «specifying the independent, dependent and extraneous variables» (Gill & Johnson, 1997)

The present research uses a combination of both descriptive and deductive surveys. It is, in part, a descriptive survey because an attempt is made to describe how service quality strategies are being implemented in the FFSHA. The perspective adopted is that of the service quality gaps defined in a previous chapter. Questions asked include «Are the gaps seen as important?», «How are they dealt with?», and «What gaps occur during each stage of the implementation process?».

The survey can also be classified as a deductive survey because it tests some hypotheses, more specifically, it makes tentative validations of the models suggested in previous chapters. However, since the models tested involve too many variables, which are interrelated in many different ways, the hypotheses are not of the type of establishing causal relationships between variables. The hypotheses refer to the importance of each variable or to the relevance of their relationships in general. For example, one hypothesis is that service quality gap 1 is not very important. This does not establish any explicit causal relationship. Another hypothesis is that managers manipulate "organisational symbols", a specific dimension of the static model, to prevent and eliminate service quality gaps. This establishes a broad relationship between a dimension and all the gaps in general. Moreover, although all variables involved in this research (gaps, organisational dimensions and stages of the implementation process) have been clearly defined, their number and intricate relationships make it impossible to specify

dependent, independent and extraneous variables and to rigorously control them in this research. For these reasons, the survey method employed is not deductive in the pure sense of the word.

Surveys have some advantages and disadvantages. Some of the advantages are:

- large numbers of people, groups or organisations can be studied (McNeill, 1990);
- a survey is relatively quick, relatively inexpensive and an accurate means of accessing information (McNeill, 1990; Zikmund, 2000);
- produces data that is easily expressed in statistical form (McNeill, 1990);
- enables comparison between different populations (McNeill, 1990);
- has population validity – because of a «careful random selection of samples that enable results to be generalised to wider populations with a high degree of confidence» (Gill & Johnson, 1997);
- is reliable – especially if the survey uses a questionnaire with closed questions to gather data that is quantitatively analysable and is thus easily replicable (Gill & Johnson, 1997).

Surveys have some disadvantages, namely:

- respondents to the questionnaire might be influenced by the interviewer or the way the questionnaire is built, thus the personal influence of the researcher must be carefully controlled to avoid bias (Gill & Johnson, 1997);
- data collected is «peoples' answers to questions, which is not necessarily a true picture of their activities» because people «are quite capable of saying one thing and doing another and of being quite unaware of this» (McNeill, 1990);
- it «is unlikely that anyone will give full or truthful answers in an interview to questions that concern sensitive, embarrassing or possibly criminal aspects of their lives» (McNeill, 1990);
- closed questions limit what people can say, because the right answer might not have been included in the questionnaire (McNeill, 1990; Gill & Johnson, 1997);
- internal validity is lower than in laboratory experiments and quasi-experiments because correlations obtained via a survey «do not prove causation; the presence of correlation is a necessary but not a sufficient proof of a causal relationship» (Gill & Johnson, 1997);
- ecological validity is also lower than in other methods, *e.g.* ethnography (Gill & Johnson, 1997).

In the present research, a survey has been chosen because the resources available for the research are limited, because it would be difficult for the researcher to have access to the data necessary for other research methods (*e.g.* case study); because the training of the researcher is mainly in nomothetic methods; because the advantages of surveys are consistent with the scope of the research and with the

specific research objectives[2]; and because an effort can be made to restrict the method's disadvantages to a minimum.[3]

The chosen method of research has population validity, thus the results obtained can be generalised to the whole population, as far as the sample is representative of the population or coincides with that population. Unfortunately, the method is not necessarily ecologically valid, thus the conclusions from the FFSHA might not be valid for other regions of the world nor for other hotel categories. The method is reliable, because it is easily replicable. Regrettably, this reliability is achieved at the expense of a lower internal validity. Low internal validity means that some or all of the data collected might not be a true picture of what is being studied, because, although people believe what they say of their own behaviour, they might not really behave as such. Low internal validity means also that any correlation obtained via a survey is a necessary but not a sufficient proof of causal relationship.

Unfortunately, the choice of any research method implies the acceptance of trade-offs between advantages and disadvantages (Gill & Johnson, 1997). After a choice has been made, there is no way to avoid the disadvantages of a method, be it a survey or not. It is only possible to try to bring them to a minimum impact and avoid common errors. Ways of doing this in the case of a survey are explained below.

As has become clear, a positivist approach has been taken in this research. This does not mean that a positivist approach has been accepted in its entirety. In fact, not all positivists share exactly the same beliefs (Easterby-Smith *et al.*, 1991). For instance, this research looks for quantifiable facts, it is structured and it takes a relatively large sample. However, it is not the belief of the author that an observer-researcher is totally independent of the observed object nor that science is independent of human interests or preferences (See Easterby-Smith *et al.*, 1991 or Gill & Johnson, 1997).

5.3.4. MULTIMETHODS OR TRIANGULATION

As noted previously, all research methods have advantages and disadvantages, and each has something to offer to knowledge. A particular way to combine their advantages and overcoming their disadvantages is to use more than one independent method in the same piece of research. This is called multimethod research or triangulation (Gill & Johnson, 1997).

Multimethod research, nevertheless, has advantages and disadvantages. According to Gill & Johnson (1997), some advantages are:

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[2] The scope of the research and the specific research objectives are listed above in Section 5.1.

[3] How to minimise the disadvantages is explained in another section below.

- using different approaches to study the same problem;
- having more than one source of data;
- cancelling some disadvantages of each method by using more than one;
- having more than one perspective to study the problem.

According to the same authors, some of the disadvantages are:

- different methods might provide conflicting views instead of a converging explanation of the problem;
- there is no way to decide which explanation is better nor even if both can be accepted;
- using multimethod is very expensive and time consuming.

In the present research only one method has been used – a survey. Surveys are used to collect quantitative data but they can also be used to obtain certain qualitative information (Zikmund, 2000). This survey is fundamentally quantitative, although occasionally, subjective opinions expressed by managers will be used to complement the statistical analysis. This is not a multimethod approach as only one method – a survey – is employed, but in a way it might be considered to be multimethod as both quantitative data (most of the data) and qualitative data (very few) are used. Interestingly, and apparently consistent with this, McNeill (1990) noted that nearly «every study uses more than one method, though there is often a strong preference for» one.

5.4. QUESTIONNAIRE DESIGN AND ADMINISTRATION

The number of questions that are necessary to achieve the objectives stated previously can make one questionnaire much too extensive and very unattractive for managers to answer. It is thus preferable to divide the relevant questions into two different questionnaires and to administer them at different periods, separated by a considerable interval of time. Copies of each questionnaire can be found in appendixes B and C. The first questionnaire addresses the first four specific objectives listed in Section 5.1; the second questionnaire, the remaining objectives.

Both questionnaires were initially sent by post, together with accompanying letters of introduction; one letter from the author, one letter from the author's faculty, and another letter from the influential Hotel Association in the Algarve (AHETA). Copies of these letters can be found in the corresponding appendixes.

Both questionnaires were subsequently administered through face-to-face interviews. To secure face-to-face interviews, personal appointments with each manager were made by telephone, just a few

days after posting the questionnaires.[4]

The following sections of this chapter address specific aspects of the survey methodology: questionnaire design, interviewing, survey errors and prevention measures. Unless otherwise stated, all of the remarks made below are valid for both questionnaires.

5.4.1. QUESTIONNAIRE DESIGN

Questionnaire «design is one of the most critical stages in the survey research» (Zikmund, 2000). «A vital skill in undertaking a survey is the ability to structure, focus, phrase and ask sets of questions in a manner that is intelligible to respondents. Such questions also need to minimise bias, and provide data that can be statistically analysed» (Gill & Johnson, 1997). Common sense and good grammar are important in questionnaire design, as is paying some attention to aspects like "are people aware of the topics under research?", "can the topics of research be taken for something else?", "do they mean the same to everyone interviewed?" (Zikmund, 2000). These problems have been considered when writing and reviewing both questionnaires, independently of the fact that during face-to-face interviews any existing doubts can be clarified. In general, all of the important decisions to be made about questionnaire design are concerned with:

1. What should be asked?

2. How should each question be phrased?

3. In what sequence should the questions be arranged?

4. What questionnaire layout will best serve the research objectives?

5. How should the questionnaire be pretested? (Zikmund, 2000).

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[4] Table 5.2 below indicates the dates from which to which questionnaires were despatched, telephone calls were made and face-to-face interviews took place.

Table 5.2. Dates of questionnaire despatch, telephone calls and face-to-face interviews

Dates for	*First questionnaire*		*Second questionnaire*	
	From	*To*	*From*	*To*
Questionnaire despatch	*11/October/1999*	*12/October/1999*	*24/February/2000* [a]	*24/February/2000* [a]
Telephone calls	*14/October/1999*	*20/October/1999*	*9/March/2000*	*27/March/2000*
Interviews	*18/October/1999*	*29/October/1999*	*10/March/2000*	*28/March/2000*

Note: [a] Despatch from England.

Source: developed by C. J. F. Cândido.

The total interval of time used for the first questionnaire was 18 days, and for the second questionnaire was 34 days. This difference resulted from the fact that the second questionnaire was sent from England and required a few more days to arrive at its destination. The period of time between the first telephone call and the completion of the last interview was 15 days for the first questionnaire and 19 for the second. Thus, a very similar pattern is exhibited in this case. The difference in the number of days necessary for making telephone calls, 6 for the first questionnaire and 18 for the second, resulted from the need to change the date for the last interview.

5.4.1.1. WHAT SHOULD BE ASKED?

All relevant decisions that were made concerning what should be asked had the research problem and the specific research objectives in view. While writing and reviewing the questionnaires, the researcher constantly looked for the important aspects that needed asking. Thus, whereas no irrelevant or unnecessary information is sought, most, or all, of the information that is required to achieve the stated research objectives is obtainable through the final versions of the questionnaires.

5.4.1.2. HOW SHOULD EACH QUESTION BE PHRASED?

Decisions were also made concerning the questions' phrasing and format. Fixed-alternative questions, or closed questions, were used instead of open-ended questions. Nevertheless, there was always the possibility for managers to give non-anticipated answers. Fixed-alternative questions «require less interviewer skill, take less time and are easier for the respondent to answer [moreover] standardizing alternative responses to a question provides comparability of answers, which facilitates coding, tabulating, and, ultimately, interpreting the data» (Zikmund, 2000). Several different types of fixed-alternative questions were used:

- simple dichotomy questions, in which the respondent gives one answer from two alternatives (Zikmund, 2000);
- determinant-choice questions, in which the respondent gives one and only one answer from multiple alternatives (Zikmund, 2000);
- frequency-determination questions, that ask how frequently some phenomena occurs (Zikmund, 2000);
- checklist questions, that allow the respondent to provide multiple answers to a single question (Zikmund, 2000);
- verbal rating scales numbered 1 to 5 (Kinnear & Taylor, 1987); and finally,
- a special type of question that relates the concepts of one model, *e.g.* the static model, to the concepts of another model, *e.g.* the dynamic model.[5]

A note should be made here regarding one particular checklist question included in the first questionnaire. This question asked what dimensions of the static model[6] are manipulated to prevent/eliminate the service quality gaps. What should be clarified is that the eighth dimension of the model – service analysis, design, external communication and delivery systems – is a very comprehensive dimension and because of that has been broken down into three dimensions. This procedure allowed the gathering of more detailed information about each of the three subdivided

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[5] See questions 7, 9 and 10 of the second questionnaire.

[6] Described in Chapter 4 and represented in Figure 4.8.

dimensions. It also guarantied the securing of more accurate information, as it facilitated answering the questionnaire. The 20th dimension of the model – time – has not been considered in this questionnaire as it is the fundamental dimension of the dynamic and the mixed models and is considered only when these models are discussed. Thus, the total number of dimensions considered in the first questionnaire is: 20 – 1 + 3 – 1 = 21. The second questionnaire used the dimensions of the static model in their original form, because the relevant questions involved many concepts and had to be kept as simple as possible.

An effort was also made to use «simple, understandable, unambiguous, nonirritating words» as well as to avoid excessive jargon or "buzzwords" in every question (Zikmund, 2000).

5.4.1.3. IN WHAT SEQUENCE SHOULD THE QUESTIONS BE ARRANGED?

Some important decisions were made regarding the sequence of the questions in both questionnaires. The initial questions of each questionnaire were intentionally extremely easy to understand and to answer. This helped to gain the respondents interest and involvement (Zikmund, 2000). Embarrassing questions were avoided both at the beginning and throughout the whole of the questionnaires.

The order of the questions was also designed in such a way as to make the respondents familiar with all of the concepts involved. Each section of the first questionnaire addressed one service quality gap at a time, started with a generic question and then went on to more specific questions. Questions involving most or all of the concepts at a time (*e.g.* the service quality gaps, the organisational dimensions or the stages of the strategy process) were all left to the end of both questionnaires.

The order of the questionnaire's sections and of the questions was kept logical, so that the respondents could understand it at all times. Similarly, the relationship between the sections, and the questions, and the problem under study were kept clear at all times. This helped to maintain the respondents' interest and to avoid any confusion (Zikmund, 2000).

A final note regarding the order of the sections in the first questionnaire must be made here. It must be recalled that each section addressed a service quality gap. What must be clarified is that the order of the sections is not coincident with the order in which the gaps have been introduced and explained earlier.[7] This is because the gaps were ordered initially to keep Parasuraman *et al.*'s (1985) order, but they have been later reordered according to the criteria provided in Table 3.9. The idea of reordering the gaps occurred only after the questionnaire had been administered in the Algarve. It was possible, by then, to change the order of the gaps in the body of this text but not in the questionnaire.

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[7] See Section 3.3.3.3.

It is infeasible to contend that the answers to the questionnaire would have been different, or significantly distinct, from those obtained, merely because of a different order of the gaps.

5.4.1.4. WHAT QUESTIONNAIRE LAYOUT WILL BEST SERVE THE RESEARCH OBJECTIVES?

Following Zikmund (2000), the layout and physical attractiveness of the questionnaire merited some attention to:

- avoid overcrowding the written text;
- allow for decent margins;
- clearly assign a check box to each and every alternative answer;
- permit the use of multiple-grid layout for some questions (*e.g.* question 3 in the second questionnaire);
- facilitate the use of an adequate letter size (font size);
- ensure the use of a very sober and professional layout, given the kind of the targeted respondents;
- avoid biasing questionnaires' and sections' titles.

These aspects would have been much more relevant if the questionnaires were to be self-administered. Since they were administered through face-to-face interviews, they are not so relevant. Nevertheless, they were of some concern because a copy of the questionnaire was sent to the respondents by post, before the interviews were arranged.

5.4.1.5. HOW SHOULD THE QUESTIONNAIRE BE PRETESTED?

The final aspect to be considered regarding questionnaire design was the pretest. «Pretests are trial runs with a group of respondents for the purpose of detecting problems in the questionnaire instructions or design» (Zikmund, 2000). Pretests can also consist of an assessment of the questionnaire by other research professionals to detect problems (Zikmund, 2000). In this research the second kind of pretest has been adopted, because the whole population of FFSHA has been targeted to answer the questionnaires and if the first kind had been adopted, several managers would probably have been burdened with four interviews (two interviews and two pretests).

The pretests resulted in the conviction that both questionnaires were to be administered without alteration or modification.

5.4.2. ADMINISTERING THE QUESTIONNAIRE THROUGH INTERVIEWING

Questionnaires can be administered by face-to-face interview, post, telephone, or by other media, including the Internet (Zikmund, 2000). In this case, both questionnaires were administered through face-to-face interviews. Administering questionnaires through interviewing, in a face-to-face interaction, has advantages and disadvantages. According to Zikmund (2000), some of the advantages are:

- the opportunity to provide feedback to the respondent (*e.g.* confirming confidentiality, clarifying any questions, and giving additional information concerning the study's purposes);
- «the opportunity to follow up, or probe. If a respondent's answer is brief or unclear, the researcher may ask for a clearer or more comprehensive explanation» (Zikmund, 2000);
- the opportunity to use questionnaires that take up from an hour to an hour and a half to answer;
- the opportunity to avoid item non-response, that is, the opportunity to avoid failure to answer specific questions;
- the opportunity to increase the rate of response to the questionnaire, because the presence of the interviewer means that respondents do not have to read or write, just talk to a friendly and sympathetic interviewer.

According to the same author, some of the interviewing disadvantages are:

- costs – costs with interviewers' fees and transportation;
- non-anonymity of respondents – since respondents are not anonymous, there might be some reluctance to provide confidential or sensitive information;
- call backs – call back is «an attempt to recontact an individual selected for the sample» who has not been contacted at the first attempt (Zikmund, 2000). Call backs increase total cost but are very important to ensure sample representativeness;
- interviewer influence – interviewer demographic characteristics and behaviour may influence respondents' answers (*e.g.* rephrasing of a question, tone of voice, interviewer appearance, and interviewer interpretation of the response). Being aware of these influences is fundamental to reduce them to a minimum, although it might be impossible for any interviewer to eliminate them completely.

These general advantages and disadvantages provide the explanation for the choice of an interviewing method for administering both questionnaires. Specifically, the reasons are that:

- interviewing allows for a bigger response rate, especially when questionnaires are long or take a long time to answer, as is the case of both questionnaires;

- interviewing avoids item non-response, which in the case of the second questionnaire would probably have been particularly high, given the inclusion of some complex questions;
- interviewing allows the respondent to ask for additional information or clarification of complex questions;
- costs were anticipated as being acceptable, and were in fact, because the researcher did all the interviews himself in a limited geographical area (coast and near the coast of the Algarve);
- anonymity was not relevant in this case;
- facilitating respondents' ease of response by not having to write answers;
- the risk of interviewer bias was anticipated and an effort was made to avoid it. For, instance, extreme care was employed to avoid suggesting any "correct" answer to respondents and to making sure that the answers given were really managers' opinions based on their own experiences and organisations. A document with conclusions from the first questionnaire was offered to every respondent, but only after completion of the second questionnaire, to avoid influencing any of their answers. [8]

Although face-to-face interviewing was the chosen method and although most of the managers said that they prefered this method, a few managers still preferred other methods (self-administering or telephone interviewing). Table 5.3 shows the methods used for administering the first questionnaire.

Table 5.3. Method by which the First Questionnaire was Administered

Method	*Number of managers*	*Corresponding number of Hotels*	*Percentage of the hotels*
Self-administered, returned by post	*2*	*2*	*7,7*
Self-administered, collected at the hotel reception	*1*	*1*	*3,9*
Face-to-face interviews	*16*	*18*	*69,2*
Telephone interview	*1*	*5*	*19,2*
Total	*20*	*26*	*100,0*

Source: developed by C. J. F. Cândido.

Two managers decided to self-administer the questionnaire and to send it by post. One manager decided to self-administer the questionnaire and leave it for collection at the hotel reception. Another manager was interviewed by telephone and the remaining 16 managers preferred face-to-face interviews. Three of the managers who were interviewed were responsible for more than one hotel. When interviewing these three managers, one questionnaire was filled for each of the hotels. Exceptions were open only when the manager clearly stated that all the answers would be rigorously

[8] A copy of this document has been included in Appendix F.

identical and confirmed that opinion during the interview and at the end.

In order to ensure comparability between samples, only the 20 managers interviewed during the administration of the first questionnaire were chosen for the administration of the second questionnaire. However, only 14 of the 20 managers agreed to be interviewed a second time. The 14 managers represented 18 hotels. In this case, all of the managers were interviewed face-to-face (See Table 5.4).

Table 5.4. Method by which the Second Questionnaire was Administered

Method	*Number of managers*	*Corresponding number of Hotels*	*Percentage of the hotels*
Self-administered, returned by post	*0*	*0*	*0,0*
Self-administered, collected at the hotel reception	*0*	*0*	*0,0*
Face-to-face interviews	*14*	*18*	*100,0*
Telephone interview	*0*	*0*	*0,0*
Total	*14*	*18*	*100,0*

Source: developed by C. J. F. Cândido.

5.4.3. SOURCES OF SURVEY ERRORS AND HOW THEY ARE DEALT WITH

There are two kinds of survey errors: random sampling error and systematic error (Zikmund, 2000). Random sampling error occurs when a sample of the population is used instead of the whole population. The error consists of a

> *difference between the result of a sample and the result of a census conducted using identical procedures. ... Even with technically proper random samples, statistical errors will occur because of chance variation. Unless sample size is increased, these statistical problems are unavoidable (Zikmund, 2000)*

In this research, the whole population was targeted and thus random sampling errors do not affect the results. A problem occurs however because not all of the managers agreed to being interviewed. This is further explained in the next chapter.

The other type of error, systematic error, «results from some imperfect aspect of the research design or from a mistake in the execution of the research» (Zikmund, 2000). In practice, a systematic error occurs when the results of a sample show a persistent tendency to deviate from the true characteristics of the population. According to Zikmund (2000), there are two kinds of systematic errors: respondent error and administrative error (See Figure 5.1).

Respondent error results from lack of cooperation on the part of respondents. There are two types of respondent error: nonresponse error and response bias (Zikmund, 2000). Nonresponse error occurs when some people in the sample are not contacted or refused to answer the questionnaire. To utilise the results of a survey which has many nonrespondents, the researcher must be sure that the group of respondents is still a representative sample of the whole population (Zikmund, 2000).

One way to inspect for possible biases is to compare the characteristics of the sample with those characteristics of the population that are already known to the researcher (Zikmund, 2000). This is done, in the next chapter, to the extent that it is possible with the available data. More importantly, a great effort was previously made to avoid an excessive number of nonrespondents. This effort involved telephone calls to all managers in order to make an appointment at the most convenient time. In some cases, several telephone calls were necessary. Persistence was always balanced with a cordial speech and tone of voice.

Response bias, the other kind of respondent error, results from answers that do not correspond to the truth. Respondents' answers can be deliberately falsified or unconsciously misrepresented (Zikmund, 2000). There are five categories of response bias:

- acquiescence bias – when a respondent is faced with new concepts or ideas he may show a tendency to agree with all or most questions or to disagree with all or most questions (Zikmund, 2000). This could have happened in this particular research, but all managers seemed very much involved with their answers and seemed coherent and truthful.

- extremity bias – some individuals may tend to give extreme answers while others may tend to provide average or neutral answers (Zikmund, 2000). The same comment as above is still valid here.

- interviewer bias – respondents may give the answer they believe is right or expected of them; the answer that they think will please the interviewer; the answer that is socially acceptable; or respondents may be influenced by age, gender, tone of voice, facial expressions, or other characteristics of the interviewer (Zikmund, 2000). The author has always made an effort to behave in a neutral way, but it might be impossible to appear neutral all the time to everyone. Different people might have different interpretations of the same behaviour.

- auspices bias – respondents' answers may be influenced by the knowledge of which organisation is behind the survey and what are its objectives (Zikmund, 2000). This is probably impossible to avoid, since identification of the organisation is at the same time important to ensure managers' interest and involvement.

- social desirability bias – the respondent may wish to create a favourable impression (Zikmund, 2000). This is difficult to control, but probably easy to discover if comparisons between different questions show some incoherence. This kind of comparison is made in the next chapter.

Administrative errors, the second type of systematic errors, result from «improper administration or execution of the research tasks [and are] inadvertentiy (or carelessly) caused by confusion, neglect, omission, or some other blunder» (Zikmund, 2000). Four types of administrative errors can be defined:

- data processing error – results from inadequate data entry to the computer or from data processing in the computer (Zikmund, 2000). To avoid such errors, each step in the data entry and processing has been carefully established, executed and then verified. For some operations, *e.g.* hypotheses testing, results were obtained using more than one computer programme or two different procedures to compare the results.

- sampling selection error – databases used to determine the sample and the individuals to be interviewed may be inaccurate (Zikmund, 2000). An updated database has been obtained, at special request, from the portuguese *Instituto Nacional de Estatística (INE)*. This database includes hotel names, category, address and other relevant information. A few inaccurate managers' names were, however, provided by *Associação dos Hotéis e Empreendimentos Turísticos do Algarve (AHETA)* but these have been corrected during the previously mentioned telephone calls.

- interviewer error – this error may result from interviewer inability to tick the right response, to write fast enough or to perceive correctly the respondents answer because of selective perception (Zikmund, 2000). The researcher was naturally very careful to avoid this error. In some cases, the interviewed manager filled his own copy of the questionnaire, making it possible to check the researcher's copy.

- interviewer cheating – this might occur when there are other interviewers working for the researcher who falsify «entire questionnaires or fill in the answers to certain questions» (Zikmund, 2000). There is no risk of interviewer cheating because all the interviews were conducted by the researcher.

All these errors have been mentioned to show that surveys are not perfect, but also to show that there are ways to minimise the problems; and finally, to show that the researcher has taken every possible precaution to reduce errors, to best to his knowledge and ability.

Sample size, sample characterisation, sample representativeness, data analysis methods, and a description of the hypotheses are all aspects that are considered in more detail in the following chapter, where all the data is also analysed.

6. SERVICE QUALITY GAPS AND THE IMPLEMENTATION OF QUALITY STRATEGIES IN THE FOUR AND FIVE STAR HOTELS OF THE ALGARVE (FFSHA): I

This chapter undertakes the analysis of the data derived from the first of two questionnaires implemented in the population of Four and Five Star Hotels of the Algarve (FFSHA). The chapter confronts the previously synthesised service quality gap model and the static model with reality and analyses how the FFSHA take the service quality gaps into account when implementing a service quality strategy. The reason that two questionnaires have been used is that too much information was requested from the respondents and it seemed to be wiser to do it in two different questionnaires. Details of the methodology followed to obtain the data are explained in Chapter 5. Copies of the questionnaires used and other related relevant documents can be found in Appendixes B and C.

6.1. CHARACTERIZATION OF THE RESPONDENTS TO THE FIRST QUESTIONNAIRE

Table 6.1, below, exhibits the frequencies of four and five star hotels in the population of the Algarve hotel industry. There are 9 five star hotels (24,3%) and 28 four star hotels (75,7%), composing a total of 37 hotels. Other categories of hotels are not considered in this study. Table 6.1 also shows the frequency of four and five star hotels in the sample. The sample has 6 five star hotels (23,1%) and 20 four star hotels (76,9%); a total of 26 hotels (100,0%).

Table 6.1. Category of the Hotel

	Population of 4and 5 star hotels		*Sample of 4 and 5 star hotels*		
Category	*Frequency* [a]	*Percentage*	*Frequency*	*Percentage*	*Percentage of the population*
5 star hotel	*9*	*24,3*	*6*	*23,1*	*66,7*
4 star hotel	*28*	*75,7*	*20*	*76,9*	*71,4*
Total	*37*	*100,0*	*26*	*100,0*	*70,3*

Note: it is accepted practice in Portugal, the author's home country, that a coma "," is used where in Britain a decimal point "." would be used. Hence 2.45 would appear as 2,45 in Portugal. The reader is asked to note that the Portuguese annotation is used throughout this thesis.

Source: [a] Instituto Nacional de Estatística – Portugal (INE), 1999.

The sample represents 70,3% of the population of FFSHA. It includes 66,7% of the five star

hotels and 71,4% of the four star hotels on the Algarve.

These percentages show that the distribution of hotels according to their category, in the sample, is not very different from that in the population. In fact, comparing with the population, the sample presents a mere 1,2% more of four star hotels and 1,2% less of five star hotels.[1]

Another important characteristic dimension of the population is hotel dependence / independence. Some hotels are independent, while others belong to chains. Differences on this dimension can have an important effect on the ways that hotels are managed and on their performances. Table 6.2 characterises the sample on this important dimension.

Table 6.2. Independence / Belonging to a Hotel Chain

	Frequency	*Percent*	*Cumulative percent*
International chain	*5*	*19,2*	*19,2*
Portuguese chain	*11*	*42,3*	*61,5*
Independent hotel	*10*	*38,5*	*100,0*
Total	*26*	*100,0*	

Source: developed by C. J. F. Cândido.

Sixteen hotels of the sample (61,5%) belong to a chain and 10 (38,5%) are independent hotels. Of the sixteen hotels belonging to a chain, five (19,2%) belong to an international chain, while the remaining 11 (42,3%) belong to a portuguese chain.

Table 6.3, below, shows the hotel distribution according to category and independence.

Table 6.3. Independence and Category of the Hotels in the Sample

Independence	*Category of the Hotel*				*Total*	
	5 star hotel		*4 star hotel*			
	Frequency	*Percent*	*Frequency*	*Percent*	*Frequency*	*Percent*
International chain	*3*	*60,0*	*2*	*40,0*	*5*	*100,0*
Portuguese chain	*3*	*27,0*	*8*	*73,0*	*11*	*100,0*
Independent hotel	*0*	*0,0*	*10*	*100,0*	*10*	*100,0*
Total	*6*	*23,1*	*20*	*76,9*	*26*	*100,0*

Source: developed by C. J. F. Cândido.

Reading Table 6.3 according to hotel category, all of the five star hotels in the sample (six hotels) belong to a chain, half of which belong to an international chain. Looking now at the four star hotels, two belong to an international chain; eight to a portuguese chain; and the remaining 10 are independents.

[1] 24,3% – 23,1% = 1,2% = 76,9% – 75,7%.

Reading the table according to hotel independence, 60,0% of the international chain hotels are five star hotels; only 27,0% of the portuguese chain hotels are classified as five star; and all independents are four star hotels. That is, none of the independents is a five star hotel.

The last variable that will be used in this section to characterise the sample is the management position occupied by the manager interviewed. Table 6.4 shows the relevant data.

Table 6.4. Management Position Occupied by the Manager Interviewed

	Frequency	*Percent*	*Cumulative Percent*
Owner and general manager	*3*	*11,5*	*11,5*
Regional manager responsible for two or more hotels in Algarve	*4*	*15,4*	*26,9*
General manager of the hotel	*8*	*30,8*	*57,7*
Department manager	*9*	*34,6*	*92,3*
Total	*24*	*92,3*	*–*
No answer	*2*	*7,7*	*100,0*
Total	*26*	*100,0*	

Source: developed by C. J. F. Cândido.

The first three rows of Table 6.4 correspond to three different types of managers with general responsibilities: owner and general manager, regional manager, and general manager. Fifteen (57,7%) of the questionnaires have been answered by one of these three types of managers. Nine questionnaires (30,8%) have been answered by department or functional managers.[2] Two of the questionnaires (7,7%) do not provide this kind of information.

*

A final note on sample representativeness. The sample encompasses 70,3% of the hotels in the population considered. In this sense it is a "big sample". It also exhibits a distribution of hotels, according to its category, which is very similar to that of the population.

These two remarks strongly suggest that the sample should possess all other characteristics of the population and in the same proportions, thus being a representative sample. When a sample is representative, the conclusions drawn from it can be inferred for the whole population. This will be done with some frequency in the following pages.

In some cases, statistical tests will be performed, in order to provide some more reassurance and to offer an alternative perspective based on probability measures.

[2] One human resources manager, one finance manager and three operations managers. One of these managers works in a chain, which has more than one hotel in this sample.

Statistical tests rest on some assumptions; one being that the sample is random. Randomness is required as a "guarantee" for sample representativeness. Considering randomness, however, leads to an important characteristic of this sample. While the methodology used to implement the questionnaire targeted all of the FFSHA, some of the hotels did not answer the questionnaire. The motives for this partial absence of response can be several and random. However, the possibility cannot be discounted that some factor, unknown to the author, could have been behind this non-response behaviour, and consequently, could have detracted from sample randomness. Although this is just a possibility, the suspicion about the lack of randomness cannot be averted.

Considering the first two remarks above, about the sample size and the hotel category distribution, and the last note on randomness, it is possible that some characteristics of the population or some unknown factor may be concealed in the 29,7% hotels which did not answered the questionnaire. There is no way to placate this doubt and, in a somewhat conservative posture, it will again be mentioned, when the assumptions of the statistical tests are addressed, to remind the reader that the conclusions may lack absolute generality.

Nevertheless, the conclusions are fully applicable to the 70,3% of hotels that answered the questionnaire.

6.2. A TENTATIVE VALIDATION OF THE SERVICE QUALITY GAP MODEL AND OF THE STATIC MODEL

6.2.1. SERVICE QUALITY GAP MODEL

This section presents a tentative validation of the service quality gap model, synthesised in Chapter 3. The methods used for this tentative validation include descriptive statistics and statistical tests. Descriptive statistics are performed and analysed first. Thus, Table 6.5, below, shows 14 variables from the questionnaire, representing the 14 service quality gaps in the model, and shows some relevant descriptive statistics. The 14 variables measure each gap's level of importance, as indicated by managers of the four and five star hotels of the Algarve, on a scale of 1 – totally unimportant to 5 – highly important. For each of the variables, Table 6.5 shows the number of valid observations (N), the minimum and the maximum importance levels observed, the mean importance levels, the standard deviation of the importance levels, their skewness (or asymmetry) and their kurtosis (or flatness).

It can be seen that all of the 14 mean-values represented in Table 6.5 are higher than three, *i.e.*, are higher than "average importance". And 11 of the 14 mean-values are even higher than 4,3, thus close

to "highly important". This means that the managers interviewed considered as "very important" all of the service quality gaps.

Table 6.5. Importance of Each of the Gaps in the Gap Model

	Variables	*N*	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*	*Skewness (asymmetry)*	*Kurtosis (flatness)*
1	*Importance of discovering needs and expectations of clients*	26	4,0	5,0	4,885	0,326	-2,558	4,915
2	*Importance of defining mission, strategy and objectives in terms of service quality*	26	2,0	5,0	4,692	0,679	-2,846	9,467
3	*Importance of translating knowledge of customers' needs and expectations into quality guidelines, specifications or standards*	26	4,0	5,0	4,577	0,504	-0,331	-2,055
4	*Importance of a financial function that supports, collaborates and contributes to service quality*	22	1,0	5,0	3,364	1,733	-0,441	-1,659
5	*Importance of communicating mission and strategy*	26	1,0	5,0	4,462	0,905	-2,510	7,982
6	*Importance of ensuring that every activity, job, department and function are compatible and mutually reinforcing*	26	4,0	5,0	4,692	0,471	-0,885	-1,325
7	*Importance of close contact and coordination of external organisations*	26	2,0	5,0	3,885	0,864	-0,168	-0,806
8	*Importance of selection, training and rewarding personnel to deliver quality*	26	2,0	5,0	4,462	0,811	-1,569	2,177
9	*Importance of adhering to quality specifications*	22	3,0	5,0	4,727	0,631	-2,232	3,898
10	*Importance of communication with customers about the service, procedures and expected outcomes*	26	3,0	5,0	4,692	0,618	-1,919	2,719
11	*Importance of discovering the perceptions that the employees hold about customers' needs and expectations*	26	1,0	5,0	4,327	0,969	-1,967	4,667
12	*Importance of discovering employees' perceptions about customers' experiences*	26	1,0	5,0	3,692	1,619	-0,926	-0,800
13	*Importance of ensuring that customers' expectations are matched by the quality of the service*	26	3,0	5,0	4,846	0,464	-3,217	10,480
14	*Importance of conducting a regular process of quality measurement and assessment*	26	3,0	5,0	4,615	0,571	-1,189	,586

Note: A five point scale was used: 1 – totally unimportant; 3 – average importance; 5 – highly important.

Source: developed by C. J. F. Cândido.

The fact that all skewness (asymmetry) values are negative indicates that the distributions of the observations are clustered on the right side of the scale, *i.e.*, close to five ("highly important"). The clustering around mean values close to five is confirmed by:

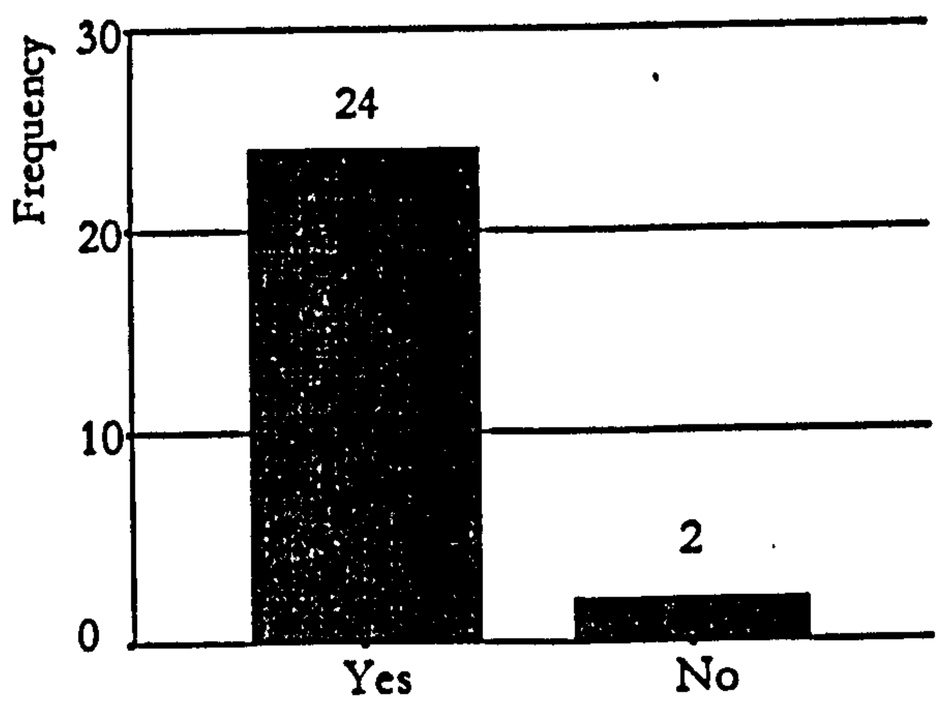
- the fact that only four of the variables have "1" as minimum answer and all variables have "5" as maximum answer;

- the fact that the average of the standard deviations is only 0,798; and
- the fact that there are some very high positive values for the kurtosis statistic.

The importance levels given by the respondents constitute a confirmatory indicator of the validity of the 14 service quality gaps identified and of the gap model.

Another indication of the validity of the gap model is that 92,3% of the hotels reported that they have felt at least one of the gaps (see Figure 6.1). As an addition to their answers, some managers said that they had experienced all of the gaps.

Figure 6.1. Hotels Reporting Occurrence of the Gaps



Source: developed by C. J. F. Cândido.

These conclusions can easily be inferred to the whole population of four and five stars hotels of the Algarve (FFSHA), because a very high proportion of these hotels (70,3%) have answered the questionnaire.

Some statistical tests will now be performed. For this purpose, the underlying hypothesis of the service quality gap model must be remembered. The hypothesis is that all of the 14 gaps of the model constitute significative quality inconsistencies and deserve management attention in order to be prevented or eliminated.[3] [4] This hypothesis can be restated in the sense that all of the gaps should be considered very important problems for service organisations.

This means that, on a scale of 1 (totally unimportant) to 5 (highly important), service organisations must attribute at least an importance level above 3 (above average importance) to each of the gaps. Thus, for the FFSHA, the mean importance level must be larger than 3.

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[3] See Section 3.3.3. A Suggested Synthesised Model for Gap Analysis.

[4] This hypothesis includes a previous hypothesis stated in Section 3.3.2.5 – Gap Analysis Model. It was hypothesised in this Section that gaps 11 and 12, specifically defined by Brown & Swartz (1989) for a context of professional services (*e.g.*, medical care, legal practice, consulting..), would also be relevant in the context of other services.

Using the statistical methodology, a null hypothesis, represented simply by H_0, and an alternative hypothesis, represented by H_A, are now defined for each variable. The general form of the statistical null hypothesis tested for each variable is:

H_0: "The true mean importance (μ) attributed to the gap by the FFSHA is equal to or smaller than three".

And the alternative hypothesis is:

H_A: "The true mean importance (μ) attributed to the gap by the FFSHA is higher than three".

These hypotheses are formally stated as:

- $H_0: \mu_i \leq 3 \quad (i=1,\ldots, 14)$
- $H_A: \mu_i > 3 \quad (i=1,\ldots, 14)$

The test statistic used is Student's *t*, because the population mean and the population variance are unknown, and the sample size, n<30, is considered small (Dowdy & Wearden, 1991).

Table 6.6, below, provides all the data necessary for the statistical tests; one *t* test for each of the 14 variables associated with the gaps of the service quality gap model.

The test consists in rejection of a null hypothesis when the significance level (p-value) is very small.[5] A commonly used limit is 0,05, and it will be adopted here. Thus, a null hypothesis will be rejected if the significance level associate with it is inferior to 0,05. Obviously, the rejection of all of the null hypotheses will confer evidence in favour of the alternative hypotheses, thus substantiating the service quality gap model.

[5] The significance level corresponds to the probability, calculated under the assumption that the null hypothesis (H_0) is true, that the sample mean «takes a value equal to or more extreme than the value actually observed» (Johnson & Bhattacharyya, 1996). Formally: $P\left[\bar{X} \geq \bar{x} \mid H_0\right]$. If the probability is very small (*e.g.*, smaller than 0,05), it does not give support to H_0 and the hypothesis is rejected.

Table 6.6. Data Obtained for the 14 Student *t* Tests

	Variables associated with the service quality gaps model	*t statistic*	*Degrees of freedom*	*Significance level (1-tailed)*
1	*Importance of discovering needs and expectations of clients*	29,495	25	0,000
2	*Importance of defining mission, strategy and objectives in terms of service quality*	12,702	25	0,000
3	*Importance of translating knowledge of customers' needs and expectations into quality guidelines, specifications or standards*	15,959	25	0,000
4	*Importance of a financial function that supports, collaborates and contributes to service quality*	0,984	21	0,168
5	*Importance of communicating mission and strategy*	8,238	25	0,000
6	*Importance of ensuring that every activity, job, department and function are compatible and mutually reinforcing*	18,333	25	0,000
7	*Importance of close contact and coordination of external organisations*	5,222	25	0,000
8	*Importance of selection, training and rewarding personnel to deliver quality*	9,184	25	0,000
9	*Importance of adhering to quality specifications*	12,838	21	0,000
10	*Importance of communication with customers about the service, procedures and expected outcomes*	13,970	25	0,000
11	*Importance of discovering the perceptions that the employees hold about customers' needs and expectations*	6,983	25	0,000
12	*Importance of discovering employees' perceptions about customers' experiences*	2,180	25	0,020
13	*Importance of ensuring that customers' expectations are matched by the quality of the service*	20,284	25	0,000
14	*Importance of conducting a regular process of quality measurement and assessment*	14,423	25	0,000
	Number of null hypotheses rejected			13

Source: developed by C. J. F. Cândido.

All except one of the significance levels are smaller than the established limit of 0,05. Thus, all except one of the null hypotheses are rejected. Hence, providing evidence in favour of the alternative hypotheses that the gaps, all except one, have higher than average importance.

There are, however, two limitations to these conclusions. First, a *t* test assumes that the variable under study has a normal distribution, or, at least that it is symmetrical and unimodal (Dowdy & Wearden, 1991). The variables under study are not normally distributed, because they are discrete variables. Analysis of the skewness of each of the variables also indicates that almost all are probably not symmetrical.

A second assumption states that the sample must be random (Dowdy & Wearden, 1991).

The first limitation can be avoided by performing binomial tests instead of *t* tests. Binomial tests do not assume a normal distribution of the variable under study (Daniel, 1990). The second limitation,

however, persists in the same terms as explained above.[6] [7]

To perform the binomial tests, the hypotheses must first be stated. As noted before, the hypothesis underlying the service quality gap model is that all of the gaps are very important problems for service organisations. Thus, in the population of FFSHA, the number of hotels that consider the gaps to have a high importance should be high. Using the data from the questionnaire, the statistical null hypothesis tested for each variable is that:

H_0: "The true proportion (π) of the FFSHA that consider the gap to have an importance level of 4 or 5 is equal to or smaller than 51%"

And the alternative hypothesis is:

H_A: "The true proportion (π) of the FFSHA that consider the gap to have an importance level of 4 or 5 is higher than 51%"

These hypotheses are formally stated as:

- H_0: $\pi_i \leq 0{,}51 \quad (i=1,\ldots,14)$
- H_A: $\pi_i > 0{,}51 \quad (i=1,\ldots,14)$

The Table below provides all the necessary data. The number of respondents and the number of hotels answering 4 or 5 is counted for each of the variables associated with the gaps of the service quality gap model. One binomial test is then performed for each. A null hypothesis can be rejected if the significance level associated with it is inferior to 0,05.[8] Obviously, the rejection of all of the null hypotheses will confer evidence in favour of the alternative hypotheses, thus strongly substantiating the service quality gap model.

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[6] See page 274.

[7] There is another assumption underlying the binomial test, which is addressed below.

[8] The significance level corresponds to the probability, calculated under the assumption that H_0 is true, that the number of hotels answering 4 or 5 is equal to or even more extreme than the value actually observed (Johnson & Bhattacharyya, 1996). Formally $P[N \geq \text{Observed } N \mid H_0]$. If the probability is very small (*e.g.*, smaller than 0,05), it does not give support to H_0 and the hypothesis is rejected.

Table 6.7. Data Obtained for the 14 Binomial Tests

	Variables associated with the service quality gaps model	*Number of respondents*	*Number of hotels answering 4 or 5*	*Proportion observed*	*Significance level (1 tail)*
1	*Importance of discovering needs and expectations of clients*	26	26	1,000	0,000
2	*Importance of defining mission, strategy and objectives in terms of service quality*	26	25	0,962	0,000
3	*Importance of translating knowledge of customers' needs and expectations into quality guidelines, specifications or standards*	26	26	1,000	0,000
4	*Importance of a financial function that supports, collaborates and contributes to service quality*	22	13	0,591	0,293
5	*Importance of communicating mission and strategy*	26	24	0,923	0,000
6	*Importance of ensuring that every activity, job, department and function are compatible and mutually reinforcing*	26	26	1,000	0,000
7	*Importance of close contact and coordination of external organisations*	26	17	0,654	0,101
8	*Importance of selection, training and rewarding personnel to deliver quality*	26	23	0,885	0,000
9	*Importance of adhering to quality specifications*	22	20	0,909	0,000
10	*Importance of communication with customers about the service, procedures and expected outcomes*	26	24	0,923	0,000
11	*Importance of discovering the perceptions that the employees hold about customers' needs and expectations*	26	23	0,885	0,000
12	*Importance of discovering employees' perceptions about customers' experiences*	26	18	0,692	0,047
13	*Importance of ensuring that customers' expectations are matched by the quality of the service*	26	25	0,962	0,000
14	*Importance of conducting a regular process of quality measurement and assessment*	26	25	0,962	0,000
	Minimum	22	13	0,591	0,000
	Maximum	26	26	1,000	0,293
	Number of null hypothesis rejected				12

Source: developed by C. J. F. Cândido.

There is an assumption of the binomial test that has not been mentioned before. The binomial test assumes that the true proportion π does not change during the period of data collection (Daniel, 1990). There are no reasons to think that this assumption could have been violated. Having this note been made, it is possible to proceed to the analysis of the results.

The sample data permits the rejection of 12 of the 14 null hypothesis. For these 12 gaps, the evidence is in favour of the alternative hypotheses, suggesting that the true proportion of hotels conferring a high importance upon those gaps is bigger than 51%. For the remaining two gaps, two binomial tests are performed in identical circumstances, but with the following modified hypotheses:

H_0: "The true proportion (π) of the FFSHA that consider the gap to have an importance level of 4 or 5 is equal to or smaller than 35%", and

H_A: "The true proportion (π) of the FFSHA that consider the gap to have an importance level of 4 or 5 is higher than 35%"

Formally:

- H_0: $\pi_i \leq 0{,}35$ $(i=4,.7)$
- H_A: $\pi_i > 0{,}35$ $(i=4, 7)$.

In this case, a smaller but still a high percentage is tested. The significance levels obtained for each of the two gaps are 0,018 and 0,002. Both are below the limit of 0,05, thus, the null hypotheses are rejected, providing evidence in favour of the alternative hypotheses that the true proportion of hotels conferring a high importance to those two gaps is higher than 35%, hence, a large proportion of FFSHA (although smaller than 51%).

The descriptive statistics and the statistical tests above provide strong support for the relevance of the 14 gaps that constitute the service quality gap model, particularly in the four and five star hotels of the Algarve.

The relationships established between the elements of the model in Figure 3.19, however, have not been tested. Only the relevance of each of the gaps individually taken has been established.

6.2.2. STATIC MODEL – FUNDAMENTAL DIMENSIONS MANIPULATED TO IMPLEMENT A SERVICE QUALITY STRATEGY THAT PREVENTS/ELIMINATES SERVICE QUALITY GAPS

This section presents a tentative validation of the static model synthesised in Chapter 4. [9] The methods used in this tentative validation are, as before, descriptive statistics and statistical tests. Starting with the descriptive statistics, Table 6.8 shows the number and percentage of hotels that manipulate each dimension of the static model. Note that each manager has indicated all of the dimensions that he manipulates. Thus, the total number of responses shown in the last row is 217; not the number of hotels that have answered this question.

According to the data in Table 6.8, the static model's dimensions are manipulated by a minimum

[9] For reasons explained earlier in Chapter 5, the eighth dimension of the static model – service analysis, design, external communication and delivery systems – has been broken down into three dimensions. Moreover, the 20th dimension of the model, time, has not been considered here, as it is the fundamental dimension of the dynamic and of the mixed models and is exploited in those models. Thus, the number of dimensions considered in this section is 21 (20 – 1 + 3 – 1 = 21).

of four (16,7%) of the hotels in the sample, and by a maximum of twenty hotels (83,3%).[10] On average, each dimension is manipulated by a group of 10 hotels (39,7%).[11] This data makes it plausible to conclude that all of the dimensions of the static model are relevant to hotels implementing a service quality strategy or trying to eliminate service quality gaps. However, only two managers, representing three of the hotels in the sample (11,5%), said that they make use of every dimension. Thus, although all of the dimensions in the model are relevant to the managers taken as a group and to each one of the two managers mentioned above, the remaining managers, taken individually, seem to manipulate only a limited group of variables. In fact, on average, each individual manager manipulates a limited group composed by only 9 (42,9%) of the 21 variables.[12]

Table 6.8. Dimensions of the Static Model Used to Close the Service Quality Gaps

Code	*Static model dimension*	*Frequency*	*Percentage of the hotels*
1	*Manager's perception/model of the world*	6	25,0
2	*Attitudes, skills, roles and style of managers*	7	29,2
3	*Strategy*	10	41,7
4	*Organisational structure*	7	29,2
5	*Facilities and equipment*	11	45,8
6	*Information and communication systems*	19	79,2
7	*Decision processes*	8	33,3
8	*Service analysis and design*	13	54,2
9	*External communication*	8	33,3
10	*Delivery systems*	11	45,8
11	*Rules, policies and tasks descriptions*	14	58,3
12	*Measurement, control and reward systems*	12	50,0
13	*Overall organisational competencies*	4	16,7
14	*People*	15	62,5
15	*Internal power structure*	11	45,8
16	*Degree of personnel involvement*	20	83,3
17	*Values and norms*	8	33,3
18	*Stories*	6	25,0
19	*Symbols*	6	25,0
20	*Rituals, routines and ceremonies*	9	37,5
21	*Financial resources*	12	50,0
	Total responses	217	

Note: 24 hotels answered this question; 2 missing cases.
Source: developed by C. J. F. Cândido.

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[10] See also Figure 6.2, below.

[11] Total responses, in Table 6.8, divided by the number of possible responses: 217/21=10,333.

[12] Total responses divided by the number of hotels which have answered the question: 217/24=9,042.

The less used dimension of the model is overall organisational competencies, perhaps because overall competencies are seen as difficult to change. Other less manipulated variables are:

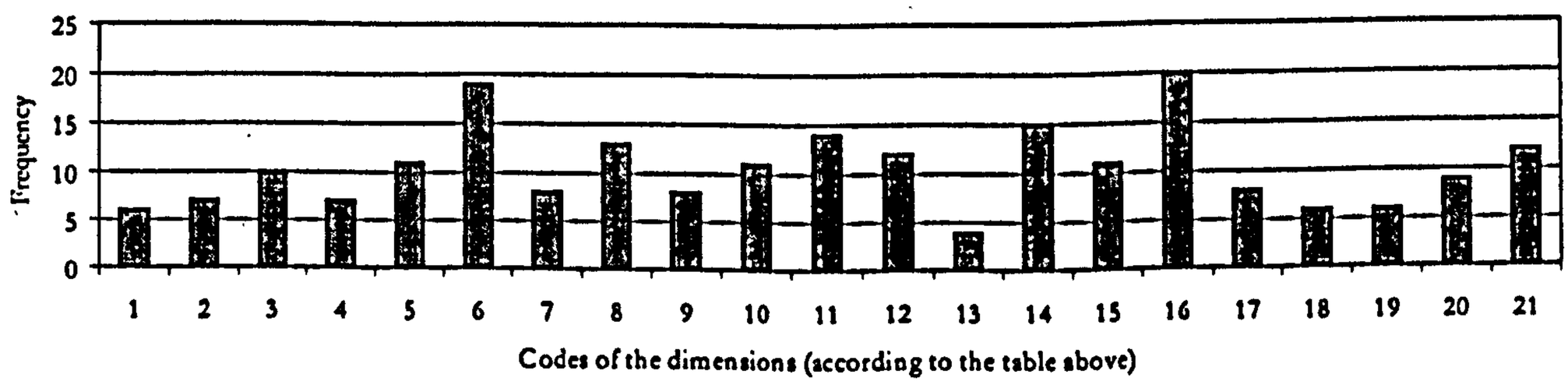
- manager's perception/model of the world;
- attitudes, skills, roles and style of the managers;
- stories; and
- symbols.

It should be noted that the lesser manipulation of these variables does not indicate necessarily that managers believe such variables are less important but, perhaps, more difficult or slow to change.

The most frequently manipulated variables by the four and five star hotels of the Algarve (FFSHA) are:

- degree of personnel involvement;
- people;
- information and communication systems;
- rules, policies and task descriptions; and
- service analysis and design.

Figure 6.2. Dimensions of the Static Model Used to Prevent/Eliminate Service Quality Gaps



Source: developed by C. J. F. Cândido.

Some statistical tests will now be performed. For this purpose, the underlying hypothesis of the static model must be remembered. The hypothesis states that all of the dimensions of the model constitute possible areas for management intervention during strategy implementation. Furthermore, it was hypothesised that these dimensions constitute the fundamental variables which managers should take into consideration when implementing a service quality strategy and when managing to prevent/eliminate service quality gaps.[13] In other words, the number of organisations manipulating

[13] See Section 4.2.3.

these variables in a service industry, where quality strategies are being implemented, must be positive. Thus, in the population of FFSHA, the number of hotels manipulating each of these variables should not be zero, nor too close to zero. Using the data from the questionnaire, the statistical null hypothesis tested for each variable is that:

"The true proportion (π) of the FFSHA manipulating the specific variable to prevent/eliminate service quality gaps is π_0".

Instead of just one, six different values for π_0 are tested. It is not possible to test the hypothesis of π being exactly equal to zero, thus four small values are chosen (0,01, 0,05, 0,10 and 0,15). The remaining two values are intended to test whether or not all hotels use each variable. Once more, because it is not possible to test the hypothesis of π being exactly 100%, the values tested are 0,95 and 0,85. The six null hypothesis (H_0) and the corresponding alternative hypotheses (H_A) are as follows:

- H_0: $\pi_i = 0,01$ against H_A: $\pi_i > 0,01$ (i=1,..., 21);
- H_0: $\pi_i = 0,05$ against H_A: $\pi_i > 0,05$ (i=1,..., 21);
- H_0: $\pi_i = 0,10$ against H_A: $\pi_i > 0,10$ (i=1,..., 21);
- H_0: $\pi_i = 0,15$ against H_A: $\pi_i > 0,15$ (i=1,..., 21);
- H_0: $\pi_i = 0,85$ against H_A: $\pi_i < 0,85$ (i=1,..., 21);
- H_0: $\pi_i = 0,95$ against H_A: $\pi_i < 0,95$ (i=1,..., 21).

Table 6.9, below, provides all the necessary data. The number of hotels manipulating each dimension is counted, as well as the total number of respondents. The corresponding observed proportions are then determined and six binomial tests are performed for each of the dimensions of the static model. Significance levels are represented in the last six columns of the Table. The last row is a summary, showing the number of rejected null hypotheses.

Table 6.9. Data Obtained for the Binomial Tests

Dimensions of the static model	*Hotels using this dimension*	*Proportion observed* [a]	*Significance level (1 tail)*					
			$\pi = 0,01$	$\pi = 0,05$	$\pi = 0,10$	$\pi = 0,15$	$\pi = 0,85$	$\pi = 0,95$
Model/perception of the world	6	0,250	0,000	0,001	0,028	0,139	0,000	0,000
Attitudes, skills, roles & style of managers	7	0,292	0,000	0,000	0,007	0,057	0,000	0,000
Strategy	10	0,417	0,000	0,000	0,000	0,001	0,000	0,000
Organisational structure	7	0,292	0,000	0,000	0,007	0,057	0,000	0,000
Facilities and equipment	11	0,458	0,000	0,000	0,000	0,000	0,000	0,000
Information and communication systems	19	0,792	0,000	0,000	0,000	0,000	0,287	0,006
Decision processes	8	0,333	0,000	0,000	0,002	0,020	0,000	0,000
Service analysis and design	13	0,542	0,000	0,000	0,000	0,000	0,000	0,000
External communication	8	0,333	0,000	0,000	0,002	0,020	0,000	0,000
Delivery systems	11	0,458	0,000	0,000	0,000	0,000	0,000	0,000
Rules, policies and task descriptions	14	0,583	0,000	0,000	0,000	0,000	0,001	0,000
Measurement, control and reward systems	12	0,500	0,000	0,000	0,000	0,000	0,000	0,000
Overall organisational competencies	4	0,167	0,000	0,030	0,214	0,495	0,000	0,000
People	15	0,625	0,000	0,000	0,000	0,000	0,006	0,000
Internal power structure	11	0,458	0,000	0,000	0,000	0,000	0,000	0,000
Degree of personnel involvement in decision making	20	0,833	0,000	0,000	0,000	0,000	0,495	0,030
Values and norms	8	0,333	0,000	0,000	0,002	0,020	0,000	0,000
Stories	6	0,250	0,000	0,001	0,028	0,139	0,000	0,000
Symbols	6	0,250	0,000	0,001	0,028	0,139	0,000	0,000
Rituals, routines and ceremonies	9	0,375	0,000	0,000	0,000	0,006	0,000	0,000
Financial resources	12	0,500	0,000	0,000	0,000	0,000	0,000	0,000
Minimum	4	0,167	0,000	0,000	0,000	0,000	0,000	0,000
Maximum	20	0,833	0,000	0,030	0,214	0,495	0,495	0,030
Number of null hypotheses rejected [b]			21	21	20	15	19	21

Note: [a] There are 24 observations for each of the 21 variables. The proportion is calculated by the ratio between the values in the previous column and the total of 24 observations. [b] If the significance level is inferior to 0,05, the hypothesis is rejected.

Source: developed by C. J. F. Cândido.

The validity of binomial tests rests on respecting some assumptions. As before, the assumptions are:

- the true proportion π does not change during the period of data collection; and
- the sample is random (Daniel, 1990).

There are no reasons to think that the first assumption could have been violated. As to the second assumption, the fact that the whole population has been targeted to answer the questionnaire, but only 70,3% has answered it, may eventually raise suspicions about randomness.

As before, a null hypothesis is rejected if the corresponding significance level, represented in the table, is smaller than 0,05. [14]

For any of the 21 dimensions of the static model, the hypothesis that the true proportion of hotels using the dimension is as small as 0,01 is rejected, the alternative hypothesis being that the true proportion is bigger than 0,01.

For any of the 21 dimensions of the static model, the hypothesis that the true proportion of hotels using the dimension is as small as 0,05 is rejected, the alternative hypothesis being that the true proportion is bigger than 0,05.

For 20 of the 21 dimensions, the hypothesis that the true proportion equals 10% is rejected, the alternative hypothesis being that the true proportion is bigger than 10%.

For 15 of the 21 dimensions, the hypothesis that the true proportion equals 15% is rejected, the alternative hypothesis being that the true proportion is bigger than 15%.

The data of the sample provide strong evidence that the true proportion of hotels using each of the dimensions of the model is not nil, nor too close to zero.

For any of the 21 dimensions, the hypothesis that the true proportion equals 95% is rejected, the alternative hypothesis being that the true proportion is smaller than 95%.

For 19 of the 21 dimensions, the hypothesis that the true proportion equals 85% is rejected, the alternative hypothesis being that the true proportion is smaller than 85%.

The data provides evidence that the proportion of hotels manipulating any of the variables in never as big as 95%.

Most important is that the data provides significative evidence that all dimensions are manipulated by positive proportions of hotels in the population of FFSHA. These proportions may vary from dimension to dimension, but is seems that they are bigger than 10% (or even than 15%) and smaller than 95% (or even than 85%).

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[14] The significance level corresponds to the probability, calculated under the assumption that H_0 is true, that the number of hotels manipulating a specific dimension is equal to or even more extreme than the value actually observed (Johnson & Bhattacharyya, 1996). If the probability is very small (*e.g.*, smaller than 0,05), it does not give support to H_0 and the hypothesis is rejected.

In conclusion, the data does not provide evidence against the static model suggested in Chapter 4, indeed it goes some considerable distance toward substantiating it.

The model is not rejected, but another relevant conclusion seems to be that most individual managers are not exploiting the whole set of dimensions. The average number of dimensions being manipulated by managers in this sample is only nine.

Apparently, managers are not exploiting many of the direct impacts that they can obtain from manipulating all dimensions. They are either ignoring many of the organisational dimensions that can be managed or relying on the indirect effects[15] that can be produced through interactions between dimensions. Such confidence in indirect effects does not seem appropriate since these effects can be either insufficient or opposed to the changes that are intended. Consequently, managers should try to expand the number of dimensions that they manage instead of relying only on their personal management experience with a limited set of variables.

6.3. A QUALITY GAP BASED PERSPECTIVE ON HOW THE FOUR AND FIVE STAR HOTELS OF THE ALGARVE ARE IMPLEMENTING SERVICE QUALITY STRATEGIES

This section analyses how service quality strategies have been and are being implemented in the FFSHA. The approach taken for this analysis considers the importance attributed to each of the service quality gaps and the methods or practices used to deal with them. Each gap is address in one of the following sections, following the order in which they were synthesised in Chapter 3. Differences between international chain hotels, portuguese chain hotels and independent hotels are detailed.

6.3.1. ASSESSMENT OF CUSTOMERS NEEDS AND EXPECTATIONS

The mean importance level attributed by managers to discovering needs and expectations of clients is 4,885, close to the maximum of five (highly important).[16] This high importance level is almost equally shared by managers of independent and chain hotels, with means ranging from 4,700 (independent hotels) to 5,000 (both for international and portuguese chains).

Given that it is so important to discover the customers' needs and expectations, how do the

[15] Indirect effects on those dimensions that are not being managed, but resulting from changes on manipulated dimensions.

[16] See Table 6.5.

managers of the FFSHA actually discover them? Table 6.10 below shows the methods used.

Table 6.10. Discovering Needs and Expectations

Methods used	*Frequency*	*Percentage of responses*	*Percentage of hotels*
Talking to clients	26	26,5	100,0
Manager's experience	20	20,4	76,9
Experience of the employees	15	15,3	57,7
Questionnaire	14	14,3	53,8
Market research	10	10,2	38,5
Experience of other managers in the hotel	5	5,1	19,2
Experience of managers in other hotels	4	4,1	15,4
Publications	2	2,0	7,7
Suggestion letters from clients	2	2,0	7,7
Total responses		100,0	376,9

Source: developed by C. J. F. Cândido.

Table 6.10 lists the methods from the most frequently used to the less frequently used. Some of the most frequently used methods are talking to clients (100,0% of the hotels), managers' own experience (76,9%), experience of the employees (57,7%), and customers' satisfaction questionnaires (53,8%). Less used are market research (38,5%), experience of other managers in the hotel (19,2%), experience of managers in other hotels (15,4%) publications (7,7%) and suggestion letters from clients (7,7%).

It is a positive aspect that all of the managers interviewed try to interact with their clients. Moreover, there seems to be a preoccupation with diversifying the methods used to listen to the clients – each of the hotels uses an average of four (3,769) different methods. However, use of formal market research methods has not been possible for many of the hotels.

Are the methods used by independents, portuguese chain hotels and international chain hotels distributed identically or are there different preferences? Table 6.11 shows the distributions for each of the three groups of hotels.

Table 6.11. Methods Used by Each of the Groups to Listen to Customers

	International chain		*Portuguese chain*		*Independent*	
Methods used	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Talking to clients	5	100	11	100	10	100
Manager's experience	2	40	11	100	7	70
Experience of the employees	4	80	4	36	7	70
Questionnaire	3	60	8	73	3	30
Market research	4	80	4	36	2	20
Experience of other managers in the hotel	1	20	2	18	2	20
Experience of managers in other hotels	2	40	1	9	1	10
Publications	0	0	2	18	0	0
Suggestions letters	0	0	2	18	0	0
Total responses	21	420	45	408	32	320
Average	4,20		4,08		3,20	

Source: developed by C. J. F. Cândido.

Looking at the percentages, international chains rely essentially on talking to clients, employees' experience, market research, and customers' satisfaction questionnaires; whereas portuguese chains seem to rely very much on the manager's own experience and on customers' satisfaction questionnaires. They also use suggestion letters and publications. The independents are less trusting of the manager's experience than the portuguese chains, but more reliant on the employees' experience. Independents make less use of formal market research techniques than any other group. This is probably related to their smaller scale and limited resources.

Looking at the absolute numbers, almost all of the methods in Table 6.11 are used by the three groups of hotels. However, the average number of methods used by each group differs. International chain hotels use 4,2 methods and portuguese chain hotels 4,1, on average. The difference between them is small. However, independent hotels use only 3,2 methods, on average, *i.e.*, one method less than their chain competitors.

How frequently do the managers interviewed try to discover their customers' needs and expectations? Table 6.12 shows the frequencies calculated for the whole sample and for each group.

Table 6.12. How Frequently are the Needs and Expectations of Clients Assessed?

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Frequency	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Constantly/ as possible	1	20,0	0	0,0	2	20,0	3	11,5
Daily	3	60,0	6	54,5	2	20,0	11	42,3
Weekly	1	20,0	5	45,5	3	30,0	9	34,6
Monthly	0	0,0	0	0,0	2	20,0	2	7,7
Every 6 months	0	0,0	0	0,0	1	10,0	1	3,8

Source: developed by C. J. F. Cândido.

For the whole sample and for each of the groups, taken individually, the conclusion is that there is a great preoccupation with constant/daily assessment of customers' needs and expectations. Nevertheless, portuguese chain hotels, and especially the independents, seem to be more inclined to postpone their assessments.[17]

6.3.2. SERVICE QUALITY STRATEGY

Twenty-two (84,6%) of the FFSHA in the sample have defined a strategy or a mission concept. Only four hotels (15,4%) have not done so. One of these hotels belongs to a portuguese chain and the remaining three are independents.

A manager noted that «mission is to serve the client well, so that he may want to return». This comment and the previously mentioned overwhelming percentage is consistent with the mean importance level attributed by managers to the definition of a mission and a strategy concept in terms of service quality. For the whole sample, the mean importance level is 4,692.[18]

The high mean importance level registered is almost equally shared by managers of the three groups of hotels; mean values range from 5,000 (international chain hotels), and 4,636 (portuguese chain hotels) to 4,600 (independents).

This mean value, however, decreased when managers were asked if they had defined mission, strategy and objectives in terms of service quality. On the scale of 1 (quality is not an issue), 3 (quality is balanced with cost considerations), and 5 (strategy is totally defined in terms of service quality), managers responses averaged only 3,773. A slight divergence of opinions was also encountered between the three groups; means range from 4,400 (international chain hotels) to 3,786 (independents), and 3,450 (portuguese chain hotels).

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[17] This data seems to be in conflict with the author's subjective feeling that many independents maintain a closer and more intimate contact with their clients.

[18] See Table 6.5.

Regarding the frequency with which the strategy content is communicated to employees, the results indicate that in 72,7% of the hotels it is "often", "very often" or "always" communicated (see Table 6.13 below).

Table 6.13. Communicating the Aspects of Strategy to Employees

Frequency	*Frequency*	*Percentage*	*Cumulative Percentage*
Always	*7*	*31,8*	*31,8*
Very often	*3*	*13,6*	*45,5*
Often	*6*	*27,3*	*72,7*
Rarely	*5*	*22,7*	*95,5*
Never	*1*	*4,5*	*100,0*
Total	*22*	*100,0*	

Note: four hotels that had not defined a strategy or a mission did not answer this question.

Source: developed by C. J. F. Cândido.

6.3.3. TRANSLATION OF CUSTOMERS' NEEDS AND EXPECTATIONS INTO SERVICE QUALITY GUIDELINES, SPECIFICATIONS OR STANDARDS

The mean importance level attributed by managers to the translation of knowledge about customers' needs and expectations into service quality guidelines, specifications or standards is 4,577.[19] This high level of importance is almost equally shared by managers of the three groups of hotels considered; group means range from 4,400 (independents) and 4,545 (portuguese chain hotels) to 5,000 (international chains).

Given that it is so important to translate this knowledge about customers' needs and expectations into service quality guidelines, specifications or standards, how many of the hotels translate them into formal (written) quality standards? Table 6.14 shows relevant data. [20]

Table 6.14. Hotels with Formal (Written) Quality Standards

	Frequency	*Percentage of hotels*	*Percentage of those answering the question*
Formal quality standards (written)	*11*	*42,3*	*50,0*
Informal quality guidelines (transmitted orally)	*11*	*42,3*	*50,0*
No response	*4*	*15,4*	*–*
Total responses	*26*	*100,0*	*100,0*

Source: developed by C. J. F. Cândido.

[19] See Table 6.5.

[20] This question was not considered in the questionnaire, but the information was provided during the conversation with most of the managers interviewed.

Only 42,3% of the hotels said that they have formal standards of quality, *i.e.*, 50,0% of the hotels that answered the question. The other half has informal quality guidelines, transmitted orally.

An analysis of the differences among international chain, portuguese chain and independent hotels is based on Table 6.15 below.

Table 6.15. Distribution of the Hotels with Formal Quality Standards, according to Independence

	International chain		*Portuguese chain*		*Independent hotel*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Formal quality standards (written)	*4*	*80,0*	*7*	*63,6*	*0*	*0,0*
Informal quality guidelines (transmitted orally)	*0*	*0,0*	*4*	*36,4*	*7*	*70,0*
No response	*1*	*20,0*	*0*	*0,0*	*3*	*30,0*
Total	*5*	*100,0*	*11*	*100,0*	*10*	*100,0*

Source: developed by C. J. F. Cândido.

Eighty percent of the international chain hotels have formal quality standards. The percentage of portuguese chain hotels that have formal standards is inferior but nevertheless high, 63,6%. Apparently, none of the independents possess formal quality standards. Table 6.15 suggests a relationship between formal quality standards and the fact that the hotel belongs to a chain.[21]

How frequently do the managers interviewed try to translate knowledge about customers' needs and expectations into service quality guidelines, specifications or standards, is the next aspect under analysis. Table 6.16 shows the frequencies calculated for the whole sample and for each group.

[21] The chi-square test is not applicable, because several cells of the table have frequencies inferior to five (Murteira, 1990).

Table 6.16. Frequency of the Translation of Customers' Needs and Expectations into Quality Guidelines, Specifications or Standards (Formal or Informal)

Frequency		International chain		Portuguese chain		Independent hotel		Total		
		Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage	
A specific frequency was indicated	Constantly	1	25,0	0	0,0	2	20,0	3	12,0	72,0
	Monthly	1	25,0	2	18,2	2	20,0	5	20,0	
	Every 3 months	0	0,0	0	0,0	2	20,0	2	8,0	
	Every 6 months	0	0,0	0	0,0	1	10,0	1	4,0	
	Yearly	0	0,0	5	45,5	2	20,0	7	28,0	
No specific frequency	When it is needed	2	50,0	0	0,0	1	10,0	3	12,0	32,0
	We are doing it now (1st time)	0	0,0	2	18,2	0	0,0	2	8,0	
	We want to do it in the future	0	0,0	2	18,2	1	10,0	3	12,0	
Total responses		4	100,0	11	100,0	11	110,0	26	104,0	
Number of hotels		4		11		10		25		

Note: One international chain hotel did not provide an answer to this question. A manager at an independent hotel indicated a specific frequency and at the same noted that informal guidelines would be formalised in the near future.

Source: developed by C. J. F. Cândido.

Starting with the column corresponding to the whole sample in Table 6.16, most of the hotels (72,0%) indicated a more or less regular frequency, which can go from constantly to once every year. Of these hotels, 12,0% are constantly seeking to improve their standards, 20,0% try to do it every month and 28,0% once in a year. On the other hand, 32,0% of the hotels were unable to indicate a regular frequency. As one manager said, the frequency of standards' revision is unpredictable and irregular; it depends on changes in customers' preferences. Thus, 12,0% have preferred not to indicate an average frequency and said that they review their standards when needed.[22]

Twenty percent of the hotels were translating their knowledge about customers into quality standards, at the time of the interviews, or intended to do so in the near future. This means that there is a tendency to increase the proportion of FFSHA with formal quality standards.

Looking now at the differences between groups of hotels, but focusing on those that have a more or less regular frequency, all the international chain hotels indicate a high frequency; most of the portuguese chain hotels indicate a low frequency; and, in the case of the independents, there is a wider array of choices. Focusing now on those that did not indicate a frequency, some portuguese chain hotels (36,4%) and one independent (10,0%) mentioned that they are now defining formal standards

[22] Because it is almost impracticable to constantly review and change quality standards without generating immense organisational confusion, which managers naturally avoid, the analysis of Table 6.16 above seems to suggest that some of the respondents interpreted the question as "how frequently do you check if your standards are consistent with customers preferences?", whereas other managers interpreted it as "how frequently do you actually change your standards?". There is also a third situation; some hotels have an informal set of guidelines, which can be quickly changed and orally transmitted to employees, thus somewhat combining both of the previous interpretations. Such different interpretations were not clearly perceived by the interviewer, at the time of the interviews.

or that they want to do it in the future. These differences in hotel behaviour suggest that the portuguese chain hotels and independents are lagging behind international chain hotels in terms of both formality and frequency of standard definition/revision.

The next table, Table 6.17, relates the formality with the frequency of quality specifications' revision.

Table 6.17. Hotels' Distribution According to Formality and Frequency of Specification Revision

		Formal quality standards			*Informal quality guidelines*		
Frequency		*Count*	*Percentage*		*Count*	*Percentage*	
A specific frequency was indicated	*Constantly*	1	10,0	80,0	2	18,2	54,5
	Monthly	2	20,0		1	9,1	
	Every 3 months	0	0,0		2	18,2	
	Every 6 months	0	0,0		1	9,1	
	Yearly	5	50,0		0	0,0	
No specific frequency	*When it is needed*	2	20,0	20,0	1	9,1	54,6
	We are doing it now (1st time)	0	0,0		2	18,2	
	We want to do it in the future	0	0,0		3	27,3	
Total responses		10	100,0		12	109,1	
Number of hotels		10			11		

Note: The Table includes only the 21 hotels that have answered both questions involved. A manager at an independent hotel indicated a specific frequency and at the same time noted that their informal guidelines would be formalised in the near future.

Source: developed by C. J. F. Cândido.

Eighty percent of the hotels that have formal quality standards have indicated a specific and regular frequency; most of them (50,0%) review their standards annually and 30,0% seek constantly or monthly to improve standards. The remaining 20,0% of the hotels with formal standards does not have a regular frequency and revise their specifications when necessary.

Only 54,5% of the hotels that have informal quality guidelines have indicated a specific and regular frequency. However, their frequencies are higher than those indicated by hotels with formal standards, probably because informal guidelines can be changed and transmitted orally to employees very quickly. These frequent and quick changes might be called "fine tuning". Such fine tuning happens especially at independents which, as was seen before, are the majority of hotels with informal guidelines.[23] Not carefully used and in the absence of formal quality standards, however, this fine tuning may in fact lead to confusion among employees instead of leading them in the right direction.

A significative percentage of the hotels that have informal guidelines (45,5%) are now formalising their quality specifications or intend to do so in the near future. Note, however, that 27,3% have

[23] See Table 6.15.

expressed only an intention to do so and that this percentage is calculated on the total of only the 21 hotels that answered both questions involved in the calculations.

Having analysed the formality and the frequency of quality standard definition/revision, the processes used to define quality standards are now considered. Table 6.18 exhibits the number and percentage of hotels that use a systematic and formal process to analyse and define quality specifications.

Table 6.18. Hotels using a Formal and Systematic Process to Define/Revise Quality Standards

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Process	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Formal and systematic process	4	80,0	9	81,8	2	20,0	15	57,7
Trial and error method	0	0,0	2	18,2	7	70,0	9	34,6
Both a formal and a trial and error processes	1	20,0	0	0,0	0	0,0	1	3,8
No method is or has been used (hotel is 1 year old)	0	0,0	0	0,0	1	10,0	1	3,8
Total	5	100,0	11	100,0	10	100,0	26	100,0

Source: developed by C. J. F. Cândido.

Only fifteen (57,7%) of the hotels have a formal and systematic process for analysing and defining service quality standards; nine hotels (34,6%) use a trial and error method, one hotel uses both processes and another hotel has not used any method as yet.

Table 6.18 also shows the distribution of the processes used for analysing and defining quality standards according to hotel independence. All of the international chain hotels make use of a formal and systematic process, although one of them combines the formal process with the trial and error approach. Nine of the portuguese chain hotels have a formal and systematic process (81,8%), but only two of the independents have reported the use of such a process (20,0%).

It is important to analyse how many of the hotels reporting a formal process to define quality standards have actually developed formal quality standards as an outcome of that process.

Table 6.19. Distribution of Hotels according to Formality of Processes for the Analysis and Definition of Service Quality Specifications and to Formality of their Quality Specifications

Process	*Formal quality standards*		*Informal quality guidelines*		*Total*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Formal and systematic process	10	90,9	4	36,4	14	63,6
Trial and error method	0	0,0	6	54,5	6	27,3
Both a formal process and a trial and error method	1	9,1	0	0,0	1	4,5
No method is or has been used	0	0,0	1	9,1	1	4,5
Total	11	100,0	11	100,0	22	100,0

Note: Only 22 hotels answered one of the relevant questions.

Source: developed by C. J. F. Cândido.

Table 6.19 shows that all the hotels that have formal quality standards have defined them through either a formal and systematic process or a formal process combined with trial and error. However, at least four (36,4%) of the hotels that have a formal process possess informal quality guidelines and have yet to define formal standards.[24] None of the hotels that use a trial and error method, or no method at all, reported having formal quality standards.

Because a considerable, although, small number of FFSHA reported the use of a formal and systematic process, it is interesting to study what techniques are being used. Table 6.20 lists the techniques used.

Table 6.20. Techniques used to Analyse and Define/Refine Service Quality Standards

Techniques used	*Count*	*Percentage*
Flowcharting	7	43,8
Value chain analysis	2	12,5
Storyboarding	7	43,8
Brainstorming	8	50,0
Statistical analysis of the customers satisfaction questionnaire/complaints	6	37,5
Internal magazine, aimed at sharing the best practices of hotels in the chain	1	6,3
Total	31	193,8

Note: Only the 16 hotels that have reported the use of a formal and systematic process, or of a partially systematic process, are considered in this table. One of them reported the use of a comprehensive process developed by the organisation, but the specific techniques involved were not mentioned during the interview. Documentation offered by the manager, however, provided information on some of the techniques used.

Source: developed by C. J. F. Cândido.

The most used technique is brainstorming (8 hotels); then comes flowcharting and storyboarding (seven hotels each), followed by statistical analysis of the customers' satisfaction questionnaire or complaints (6), value chain analysis (2), and internal magazine, aimed at sharing the best practices of

[24] Two of these are portuguese chain hotels and the remaining two are independents.

hotels in the chain (1).

The average number of techniques used by the 16 hotels considered is 1,938; meaning that, on average, each of these hotels uses approximately two different techniques. Considering the whole sample, the mean naturally drops to 1,192, *i.e.*, to one technique.[25]

It should be noted here that the statistical analysis of the customers' satisfaction questionnaire or complaints provides very useful information for the measurement of service quality. However, it is not a technique directly aimed at the analysis and design of service quality processes, nor of standards, as are the cases of flowcharting and storyboarding. Hence, the statistical analysis of the customers' satisfaction questionnaire should not be used independently of other techniques. This independent use, however, has been reported by four of the hotels in the sample (15,4%).

The data in Table 6.20 relating to techniques used to analyse and define service quality standards is now crossed with three other dimensions. The first cross analysis considers the techniques used and the independence of the hotel (Table 6.21). The second cross analysis considers the techniques used and the formality of the standards (Table 6.22). The third crossed analysis considers the techniques used and the formality of the process (Table 6.23).

Table 6.21. Distribution of the Hotels according to Techniques Used and Hotel Independence

	International chain		*Portuguese chain* [a]		*Independent hotel* [b]	
Techniques used	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Flowcharting	4	80,0	2	18,2	1	10,0
Value chain analysis	2	40,0	0	0,0	0	0,0
Storyboarding	2	40,0	5	45,5	0	0,0
Brainstorming	2	40,0	5	45,5	1	10,0
Statistical analysis of the questionnaires / complaints	3	60,0	2	18,2	1	10,0
Internal magazine for sharing best practices	1	20,0	0	0,0	0	0,0
Total	14	280,0	14	127,4	3	30,0
Mean	2,800		1,274		0,300	

Note: All hotels included.

[a] Two portuguese chain hotels reported the exclusive use of the trial and error method, hence, of none of these techniques.

[b] Seven independent hotels reported the exclusive use of the trial and error method, and one independent of no method at all.

Source: developed by C. J. F. Cândido.

The first cross analysis provides two types of information: the techniques favoured by each of the three hotel groups and the mean number of techniques used by each group.

The techniques preferred by international chain hotels are flowcharting (80,0% of the hotels),

[25] 31/26=1,192.

statistical analysis of the questionnaires/complaints (60,0%), value chain analysis (40,0%), storyboarding (40,0%), and brainstorming (40,0%). Portuguese chain hotels seem to favour storyboarding (45,5% of the hotels) and brainstorming (45,5%). Finally, two independents reported the use of flowcharting, brainstorming and statistical analysis of questionnaires/complaints.

The mean number of different techniques used by the international chain hotels is 2,800, more than the double of the portuguese chain hotels (1,274), and almost 10 times more than independents (0,300).

The second cross analysis, presented in Table 6.22, provides two types of information: the techniques favoured by hotels with formal quality standards and the techniques preferred by those with informal quality guidelines. It also informs of the mean number of techniques used by each of these two groups.

Table 6.22. Distribution of the Hotels according to the Techniques Used and the Formality of the Quality Standards

Techniques used	*Formal quality standards*		*Informal quality guidelines*		*Total*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Flowcharting	6	54,5	1	9,1	7	31,8
Value chain analysis	2	18,2	0	0,0	2	9,1
Storyboarding	7	63,6	0	0,0	7	31,8
Brainstorming	7	63,6	1	9,1	8	36,4
Statistical analysis of the questionnaires / complaints	2	18,2	3	27,3	5	22,7
Internal magazine - sharing best practices	1	9,1	0	0,0	1	4,5
No special technique (trial & error, or no method at all)	0	0,0	7[a]	63,6[b]	7[a]	31,8[b]
Total of techniques	25	227,3	5	45,5	30	136,4
Number of hotels	11		11		22	
Mean	2,273		0,455		1,364	

Note: This table considers only the 22 hotels that have answered the question about the existence of formal quality standards.
[a] Not considered neither in the computation of the column's total nor in the column's mean, below.
[b] Not considered in the computation of the column's total, below.

Source: developed by C. J. F. Cândido.

The techniques favoured by hotels with formal quality standards are storyboarding (7 hotels), brainstorming (7) and flowcharting (6). The technique preferred by hotels with informal quality guidelines is the statistical analysis of the customers' satisfaction questionnaires or of complaints (3 hotels). The great majority of hotels with informal quality guidelines do not use any special techniques (7 hotels).

For the hotels with formal standards, the mean number of techniques used is 2,273, whereas for the other group of hotels the mean is only 0,455.

The third cross analysis, see Table 6.23 below, considers both the techniques used and the formality of the process for the analysis and design of service quality standards.

Table 6.23. Distribution of the Hotels according to Techniques Used and the Formality of the Process

Techniques used	*Formal and systematic*		*Trial and error*		*Both formal and trial and error*		*None, no process at all*		*Total*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Flowcharting	6	40,0	0	0,0	1	100,0	0	0,0	7	26,9
Value chain analysis	2	13,3	0	0,0	0	0,0	0	0,0	2	7,7
Storyboarding	6	40,0	0	0,0	1	100,0	0	0,0	7	26,9
Brainstorming	7	46,7	0	0,0	1	100,0	0	0,0	8	30,8
Statistical analysis of the questionnaires / complaints	6	40,0	0	0,0	0	0,0	0	0,0	6	23,1
Internal magazine for sharing best practices	1	6,7	0	0,0	0	0,0	0	0,0	1	3,8
Total of responses	28	186,7	0	0	3	300	0	0	31	119,2
Number of hotels	15		9		1		1		26	
Mean	1,867		0		3,000		0		1,192	

Note: All hotels considered.

Source: developed by C. J. F. Cândido.

Table 6.23 disaggregates the data shown in Table 6.20. However, since the question about the types of techniques used was obviously not available, in the questionnaire, to those hotels that have reported a trial and error method, this Table does not add much significant information to that already provided in Table 6.20.

The 15 hotels using a formal and systematic process for analysing and defining service quality standards prefer brainstorming (7 hotels), flowcharting (6), storyboarding (6) and statistical analysis of the questionnaires / complaints (6). Less used techniques are value chain analysis (2 hotels) and internal magazines for communication and sharing of best practices (1). The mean number of techniques used is 1,867.

The hotel that uses a combination of both formal and trial and error processes reports the use of three different techniques: flowcharting, storyboarding and brainstorming...

Having studied the formality of the quality standards, the formality of the processes for analysis and definition of standards and the techniques used, it is interesting to study the kind of quality dimensions that are considered relevant by the FFSHA.

Table 6.24. Quality Dimensions that are Considered Relevant by the FFSHA

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Quality dimensions	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Service reliability	5	100,0	10	90,9	6	85,7	21	91,3
Service responsiveness	4	80,0	10	90,9	7	100,0	21	91,3
Service empathy	4	80,0	10	90,9	7	100,0	21	91,3
Service tangibles	4	80,0	5	45,5	6	85,7	15	65,2
Service assurance	4	80,0	10	90,9	6	85,7	20	87,0
Appearance of personnel	3	60,0	11	100,0	7	100,0	21	91,3
Personnel's professional judgement, diagnostic ability and autonomy	3	60,0	5	45,5	5	71,4	13	56,5
Service recovery	5	100,0	10	90,9	6	85,7	21	91,3
Total of responses	32	640,0	71	645,5	50	714,3	153	665,2
Number of hotels	5		11		7		23	
Mean	6,400		6,455		7,143		6,652	

Note: The question concerning quality dimensions was not available to hotels without a formal process for analysis and design of service quality specifications. However, it became apparent during the interviews that it made sense for hotels with informal service quality guidelines to answer it. Thus, only three hotels did not provide an answer to the question.

Source: developed by C. J. F. Cândido.

Looking first at the total column, it is clear that some dimensions have been considered to be relevant by a higher number of hotel managers. As many as 91,3% of the 23 hotels that have answered this question considered it relevant to develop standards or guidelines about the quality dimensions of service reliability, service responsiveness, service empathy, appearance of personnel, and service recovery. Eighty seven percent of the hotels developed standards or guidelines about service assurance; 65,2 about service tangibles; and only 56,5% about personnel's professional judgement, diagnostic ability and autonomy.

Focusing now on the three groups of hotels in Table 6.24, the following is noted. All international chain hotels have standards regarding service reliability and service recovery. Eighty percent have standards about service responsiveness, service empathy, service tangibles and service assurance. Only 60,0% have developed standards considering the appearance of personnel and their professional judgement, diagnostic ability and autonomy.

Appearance of personnel, however, is considered in the standards/guidelines of all portuguese chain hotels and of all independents. Approximately 91% of the portuguese chain hotels have developed standards that consider the dimensions of reliability, responsiveness, empathy, assurance and recovery. But standards about service tangibles and personnel judgement, diagnostic ability and autonomy have not been developed by more than half of these hotels.

Among the seven independents, which have answered this question, all have developed quality guidelines that consider the responsiveness, empathy and appearance of personnel. Guidelines about

personnel's professional judgement, diagnostic ability and autonomy are the less frequent.

The mean number of quality dimension considered is 6,4 for the international chain hotels, 6,455 for the portuguese chain hotels, and 7,143 for the independents. Interestingly, the independents' mean is superior to those of the chain hotels.

The last aspect to be analysed here is the kind of service quality dimensions included in the formal standards and in the informal guidelines of the FFSHA. Table 6.25 shows the distribution of the service quality dimensions according to the degree of formality of the service quality standards.

Table 6.25. Distribution of the Service Quality Dimensions according to the Degree of Formality of the Service Quality Standards

	Formal standards		*Informal guidelines*		*Total*	
Quality dimensions	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Service reliability	11	100,0	9	81,8	20	90,9
Service responsiveness	11	100,0	10	90,9	21	95,5
Service empathy	11	100,0	10	90,9	21	95,5
Service tangibles	5	45,5	9	81,8	14	63,6
Service assurance	11	100,0	9	81,8	20	90,9
Appearance of personnel	10	90,9	11	100,0	21	95,5
Personnel's professional judgement, diagnostic ability and autonomy	5	45,5	8	72,7	13	59,1
Service recovery	11	100,0	9	81,8	20	90,9
Total of responses	75	681,8	75	681,8	150	681,8
Number of hotels	11		11		22	
Mean	6,818		6,818		6,818	

Note: Four hotels did not answer one of the questions relevant to the design of this table.

Source: developed by C. J. F. Cândido.

All the organisations with formal standards have included service reliability, responsiveness, empathy, assurance and recovery in their standards. Although these dimensions are also chosen by most of the hotels with informal guidelines, only the appearance of personnel seems to be favoured by all. Personnel's professional judgement, diagnostic ability and autonomy is the least frequently mentioned dimension.

Interestingly, the mean number of dimensions considered by both groups of hotels is rigorously identical.

The fact that all averages in Tables 6.24 and 6.25 are approximately seven and inferior to the total number of dimensions (eight), means that, on average, at least one important quality dimension is not considered relevant by managers of the FFSHA.

6.3.4. QUALITY SUPPORTIVE FINANCIAL FUNCTION

The mean importance level attributed by managers to a financial function that supports and contributes to service quality is 3,364.[26] This average importance level is not equally shared by managers of the three groups of hotels considered; group means range from 5,000 (international chain hotels) and 3,857 (independents) to 2,455 (portuguese chain hotels).

Consistent with this average importance level is the fact that only 10 hotels (43,5%) said that the financial function/department contributes to a positive quality approach, to motivate the personnel and to control quality (see last column of Table 6.26 below).

Table 6.26. Distribution of Opinions about the Financial Function/Department

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Opinion	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Contribute to a positive quality approach, quality control & personnel motivation	2	40,0	4	36,4	4	57,1	10	43,5
Finance control is a necessity to be able to invest in people & technology	0	0,0	0	0,0	1	14,3	1	4,3
Both budgets & quality standards are important	1	20,0	0	0,0	0	0,0	1	4,3
Collaborates in data processing & in business policy	1	20,0	0	0,0	0	0,0	1	4,3
Independent of quality (not related)	0	0,0	5	45,5	0	0,0	5	21,7
Most important source of criteria for decision making	1	20,0	1	9,1	2	28,6	4	17,4
A constraint that limits quality development	1	20,0	1	9,1	1	14,3	3	13,0
Total responses	6	120,0	11	100,0	8	114,3	25	108,7
Number of hotels	5	100,0	11	100,0	7	100,0	23	100,0

Note: Three hotels did not provide an answer to this question. Two hotels gave two different answers simultaneously.

Source: developed by C. J. F. Cândido.

Three other hotels (13,0%) admitted different but positive relationships between the financial function and the service quality strategy. Other opinions are that there is no relationship between the financial function and quality (21,7% of the hotels), that the financial function is the most important source of criteria for decision making in the hotel (17,4%), or that the financial function is simply a constraint which limits quality development (13,0%).[27]

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[26] See Table 6.5.

[27] Two of the managers interviewed stated that the financial function contributes to a positive quality approach and is simultaneously the most important source of criteria for decision making. If the financial function actually contributes to a positive quality approach, this statement does not necessarily results contradictory, but it is probably difficult to clarify and sustain.

Comparing now the answers of the three groups of hotels that have been studied, it is interesting to note that it is among independents that the financial function is more frequently considered to make a positive contribution to service quality development (57,1% of these hotels). For a large proportion of the portuguese chain hotels (45,5%) the financial function and quality are unrelated and independent. Finally, the international chain hotels show a wide dispersion of opinions, without any being hegemonic.

An aspect that is closely related to the role of the financial department is the priority given to quality considerations, when compared with cost efficiency and cost control. Table 6.27 below provides the relevant data.

Table 6.27. Is Priority Given to Service Quality Over Cost Control and Efficiency?

Priority to service quality over cost control and efficiency	*Frequency*	*Percentage*	*Cumulative Percentage*
Never	0	0,0	0,0
Not often	2	7,7	7,7
Half of the times / we have a balanced approach	14	53,8	61,5
Most of the times	3	11,5	73,1
Always	7	26,9	100,0
Total	26	100,0	

Source: developed by C. J. F. Cândido.

Two hotels (7,7%) said that service quality does not often receive priority over cost control and cost efficiency. Approximately 54% of the hotels have a balanced approach, giving priority to service quality in half of the situations/decisions. Three of the hotels (11,5%) give priority to quality most of the times and seven of the hotels (26,9%) give constant priority to service quality. The distribution of priorities according to the three groups of hotels studied is shown in Table 6.28 below.

Table 6.28. Distribution of Priorities according to Hotel Independence

	International chain		*Portuguese chain*		*Independent hotel*	
Priority to service quality over cost control and efficiency	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Never.	0	0,0	0	0,0	0	0,0
Not often	0	0,0	1	9,1	1	10,0
Half of the times / we have a balanced approach	2	40,0	8	72,7	4	40,0
Most of the times	2	40,0	0	0,0	1	10,0
Always	1	20,0	2	18,2	4	40,0
Total	5	100,0	11	100,0	10	100,0

Source: developed by C. J. F. Cândido.

Forty percent of the international chain hotels give priority to service quality half of the times and

other forty percent give this priority more than half of the times. Only one hotel (20,0%) gives quality the priority all the times.

Almost three quarters of the portuguese chain hotels (72,7%) have a balanced approach, giving priority to quality in half of their decisions. Approximately 18% have quality as a constant priority.

Finally, a significative percentage of the independents, 40,0%, give constant priority to quality. An identical percentage of independents reported a balanced perspective.

Some managers noted that they could offer all of the best to customers, provided that customers paid a price in accordance with such a quality standard. One of these managers noted that quality is related to price and that a specific price is equivalent to a certain concept of quality. These managers seemed to know exactly what they meant by quality and to have defined a clear concept of quality for their hotels. It is difficult to say if the same has happened at all the hotels, however.

A clear concept of quality results from a clear choice of quality dimensions upon which to compete, from a specific choice of the hotel's positioning on those dimensions, and from a clear communication of those choices. This naturally involves strategy definition and communication, which is considered above[28] and below.

6.3.5. INTERNAL COMMUNICATION

The mean importance level attributed by managers to communication of mission and strategy to the employees, until everyone shares and daily applies them, is 4,462.[29] This high importance level is almost equally shared by managers of the three groups of hotels considered; group means range from 4,200 (international chain hotels) and 4,364 (portuguese chain hotels), to 4,700 (independents).

One of the managers interviewed said that communication of strategy to the employees, until everyone shares and daily applies them, is not always possible. But it is necessarily done with intermediate managers who, then, in turn should transmit to employees the same orientations. Another manager, much interestingly, noted that employees «would not care and would not understand» strategy. He added that the kind of management philosophy underlying this management practice might work very well in the USA, but not as well in Europe. Nevertheless, this manager noted that mission and strategy are communicated to all employees in his hotel.

Managers consider it also very important to listen to employees' problems at work and to their

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[28] See Section 6.3.2.

[29] See Table 6.5.

opinions about those problems. However, the mean importance level reported (4,385) is lower than that for communicating mission and strategy to employees. It seems to be more important for managers to "speak" than to "listen". Managers of the three hotel groups, however, do not equally share the importance level reported. Listening seems to be more important in international chain hotels (4,800) and in independent hotels (4,600) than in the portuguese chain hotels (4,000). Comparing these three means with those corresponding to strategy communication, clearly, it is more important for managers of international chain hotels to listen than to speak, whereas the opposite happens at other hotel groups.

Being important to communicate mission and strategy and to listen to employees, managers' must do it often. Table 6.29 shows the frequencies with which they do this.

Table 6.29. Frequency of Communication with Shop Floor Employees

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Frequency	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Constantly/ as possible	*1*	*20,0*	*2*	*18,2*	*1*	*10,0*	*4*	*15,4*
Daily	*3*	*60,0*	*3*	*27,3*	*8*	*80,0*	*14*	*53,8*
Weekly	*1*	*20,0*	*6*	*54,5*	*1*	*10,0*	*8*	*30,8*

Source: developed by C. J. F. Cândido.

In more than half of the hotels, managers communicate constantly or daily with at least one shop floor employee. However, a considerable percentage (30,8%) report a weekly frequency. Most of these are portuguese chain hotels. A contact with one employee per week is perhaps lower that these managers would have liked.

6.3.6. INTEGRATION/COORDINATION

The mean importance level attributed by managers to making sure that every activity, job, department and function are compatible and mutually reinforcing is 4,692.[30] This high importance level is almost equally shared by managers of the three groups of hotels considered; group means range from 5,000 (international chain hotels) and 4,800 (independents), to 4,455 (portuguese chain hotels).

The mean importance level of ensuring that customers do not feel as they have been sent from one employee/department to another is 4,577. This high importance level is almost equally shared by managers of the three groups of hotels; group means range from 4,700 (independents) and 4,600 (international chain hotels), to 4,455 (portuguese chain hotels).

[30] See Table 6.5.

All these values should imply a high importance level for ensuring that customers feel as employees are working together for their benefit. The global mean is 4,654. Group means range from 4,800 (international chain hotels and independents) to 4,455 (portuguese chain hotels).

The three global means above (4,692, 4,577 and 4,654) are very similar, which indicates a great consistency of the answers. In all of the three indicators, the portuguese chain hotels appear to register the lowest means, although the differences are not very large.

Being integration and coordination so important, the FFSHA must have established processes to ensure it. Table 6.30 shows the methods for promotion of internal coordination.

Table 6.30. Methods for Promoting Internal Coordination

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Methods	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Internal communication	4	80,0	11	100,0	9	90,0	24	92,3
Coordination meetings between departmental managers	5	100,0	11	100,0	4	40,0	20	76,9
Training and cross training	4	80,0	10	90,9	4	40,0	18	69,2
Supervision	2	40,0	10	90,9	5	50,0	17	65,4
Power and autonomy for employees	2	40,0	8	72,7	7	70,0	17	65,4
Team projects	4	80,0	4	36,4	3	30,0	11	42,3
Employee mobility inside the organisation	2	40,0	3	27,3	4	40,0	9	34,6
Coordination teams	1	20,0	2	18,2	1	10,0	4	15,4
Special coordination management positions	0	0,0	2	18,2	0	0,0	2	7,7
Regular lunches with employees where they share information and experiences	1	20,0	0	0,0	0	0,0	1	3,8
Total responses	25	500,0	61	554,5	37	370,0	123	473,1
Number of hotels	5		11		10		26	
Mean	5,000		5,545		3,700		4,731	

Source: developed by C. J. F. Cândido.

The most frequently used methods for promotion of internal coordination are: internal communication (92,3% of the hotels), coordination meetings between departmental managers (76,9%), training and cross training (69,2%), supervision (65,4%), and power and autonomy for employees (65,4%). Other less frequent methods are team projects (42,3%), employee mobility (34,6%), coordination teams (15,4%), special coordination managers (7,7%) and regular lunches with employees (3,8%). The mean number of methods used by each hotel is 4,731.

International chain hotels prefer coordination meetings between departmental managers (100,0%), internal communication (80,0%), training and cross training (80,0%) and team projects (80,0%). Portuguese chain hotels favour internal communication (100,0%), coordination meetings between departmental managers (100,0%), training and cross training (90,9%), supervision (90,9%), and power and autonomy for employees (72,7%). Finally, independents prefer internal communication (90,0%), power and autonomy for employees (70,0%), and supervision (50,0%).

Some significative differences are that training is much more frequent at international and portuguese chain hotels, supervision is more frequent at portuguese chain hotels, giving power and autonomy to employees is more frequent at portuguese chain hotels and independents, and team projects are much more frequent at international chain hotels.

The mean number or methods used is bigger at portuguese chain hotels (5,545) and international chain hotels (5,000) than at independents (3,700). This is probably related to hotel capacity and organisational structure.

The next table, Table 6.31, provides data for a cross analysis of the coordination methods used and the degree of formality of the process used to analyse and design the service quality standards.

Table 6.31. Distribution of Coordination Methods according to the Degree of Formality of the Service Analysis and Design Process

Methods	*Systematic and formal process*		*Trial and error process*		*Both processes*		*None*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Internal communication	15	100,0	8	88,9	0	0,0	1	100,0
Coordination meetings between departmental managers	15	100,0	3	33,3	1	100,0	1	100,0
Training and cross training	14	93,3	3	33,3	1	100,0	0	0,0
Supervision	12	80,0	4	44,4	0	0,0	1	100,0
Power and autonomy for employees	9	60,0	6	66,7	1	100,0	1	100,0
Team projects	9	60,0	0	0,0	1	100,0	1	100,0
Employee mobility inside the organisation	4	26,7	4	44,4	1	100,0	0	0,0
Coordination teams	4	26,7	0	0,0	0	0,0	0	0,0
Special coordination management positions	2	13,3	0	0,0	0	0,0	0	0,0
Regular lunches with employees where they share information and experiences	0	0,0	0	0,0	1	100,0	0	0,0
Total responses	84	560,0	28	311,1	6	600,0	5	500,0
Number of hotels	15		9		1		1	
Mean	5,600		3,111		6,000		5,000	

Source: developed by C. J. F. Cândido.

With the exception of employee power, autonomy and mobility, all other methods are more frequent at hotels with a formal process for analysis and design of the service. This superiority is also visible in the mean number or methods used by hotels with formal processes: 5,600 (formal) and 3,111 (trial and error). Almost identical conclusions can be drawn if the degree of formality of quality standards is used to build a table similar to the one above.

6.3.7. COORDINATION OF OTHER ORGANISATIONS

The mean importance level attributed by managers to the coordination of external organisations in the value system is 3,885.[31] This not very high importance level is almost equally shared by managers of the three groups of hotels considered; group means range from 3,400 (international chain hotels) to 4,000 (portuguese chain hotels and independents).

This mean value, however, decreased when managers were asked if they have been able to use their contacts to reshape the services provided to their customers by external organisations in a way that improves customers' perceptions of quality. The mean value registered is 3,200. Although this mean value is not equally shared by the three groups of hotels considered in this study, the three mean values are not very high, ranging from 2,600 (international chain hotels), and 2,800 (independents) to 3,900 (portuguese chain hotels).

A certain disappointment was even expressed by some of the managers interviewed regarding their relationships with external organisations in the value chain. One manager said that his hotel has had very bad experiences, because some organisations want to be well paid by customers, but do not offer high quality standards. Another manager complained that his hotel had been obliged to pay for repairs on the public roads leading to the hotel, among other destinations, because the town hall would not do so.

6.3.8. SELECTION OF PERSONNEL, TRAINING, AUTONOMY, POWER AND REWARDS

The mean importance level attributed by managers to selection, training, giving autonomy, power and rewards to personnel is 4,462.[32] This high importance level is almost equally shared by managers of the three groups of hotels considered; group means range from 5,000 (international chain hotels) and 4,400 (independents) to 4,273 (portuguese chain hotels).

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[31] See Table 6.5.

[32] See Table 6.5.

When asked about their level of competence in selection, training, giving autonomy, power and rewards to personnel, the managers reported a level that is lower than that which they personally desired. On the scale of 1 (we need big improvements) to 5 (our competence level is very good), the mean competence level is 3,423, *i.e.*, only average. This level is almost equally shared between the three groups of hotels: 3,800 (international chain hotels), 3,455 (portuguese chain hotels) and 3,200 (independent hotels).

To improve the qualifications of employees, training is one of the most effective methods. The next table shows the frequency with which training opportunities are offered to the employees.

Table 6.32. Frequency of Training Opportunities Offered to Employees

Frequency	*Count*	*Percentage*	*Cumulative percentage*
Continuous	*1*	*4,0*	*4,0*
Every 3 months	*1*	*4,0*	*8,0*
Every 6 months	*5*	*20,0*	*28,0*
Yearly	*11*	*44,0*	*72,0*
Every 2 years	*2*	*8,0*	*80,0*
Occasionally	*3*	*12,0*	*92,0*
When employees want	*1*	*4,0*	*96,0*
Never	*1*	*4,0*	*100,0*
Total	*25*	*100,0*	

Note: One hotel did not provide an answer to this question.

Source: developed by C. J. F. Cândido.

Seventy two percent of the hotels give at least one opportunity to their employees every year. Many of the hotels (44,0%), however, offer only one opportunity each year.

A policy of rewards can also be very important to develop employees' competencies and to foster service quality. Twenty two (84,6%) of the hotels have a rewards policy, but not all of which will, according to the managers interviewed, have a sanctions policy.

When asked about the importance of increasing employees' power and autonomy to make decisions concerning the quality of the service provided to a customer, the mean importance level reported was 4,558. This high importance level is almost equally shared among the three groups of hotels that have been studied; means range from 4,800 (international chain hotels) to 4,500 (portuguese chain hotels and independents).

One of the managers noted that the virtue of service quality lies substantially in the power and autonomy of employees. Another manager noted he had been admitted recently to the organisation and that he wants to increase employees' current power and autonomy.

However, four other managers added that employees' power and autonomy should be given under supervision and always used in accordance with the standards and regulations of the hotel. Finally, one other manager noted that this power and autonomy should only be used to solve problems, not to change established procedures.

If the first cited manager seems to have implemented a strong empowerment policy, other managers seem to share a more cautious approach to this issue.

6.3.9. ADHERENCE TO SERVICE QUALITY SPECIFICATIONS[33]

The mean importance level attributed by managers to adhering to service quality standards or guidelines is 4,727.[34] This high importance level is almost equally shared by managers of the three groups of hotels considered; group means range from 4,571 (independents) and 4,600 (international chain hotels) to 4,900 (portuguese chain hotels).

Given the importance attributed to adherence to service quality standards/guidelines, how do the managers assess if they are actually being used? Table 6.33 shows the methods used to discover if the standards/guidelines are being followed in the day-to-day activities.

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[33] The questionnaire's group of questions that corresponds to this section of the dissertation was not available to hotels without a formal process for the analysis and design of quality specifications (Cf. question 3 of group V). However, it became apparent during the interviews that it would make sense for hotels that have informal quality guidelines to answer it. Only four hotels did not answer those questions.

[34] See Table 6.5.

Table 6.33. Methods Used to Discover if the Standards/Guidelines are being Followed

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Methods used by managers	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Personal direct observation	5	100,0	10	100,0	7	100,0	22	100,0
Individual debriefings	2	40,0	3	30,0	6	85,7	11	50,0
Regular staff meetings	2	40,0	7	70,0	1	14,3	10	45,5
Via supervisors	3	60,0	3	30,0	3	42,9	9	40,9
Via intermediate managers	3	60,0	4	40,0	1	14,3	8	36,4
Employees' performance evaluation	0	0,0	5	50,0	0	0,0	5	22,7
Feedback from clients	1	20,0	3	30,0	1	14,3	5	22,7
Quality examinations and reports by independent companies	2	40,0	0	0,0	0	0,0	2	9,1
Quality examinations and reports by unidentified members of the org.	0	0,0	2	20,0	0	0,0	2	9,1
Personally doing daily some tasks	0	0,0	0	0,0	1	14,3	1	4,5
Internal audits (to documents and processes)	1	20,0	0	0,0	0	0,0	1	4,5
Total of responses	19	380	37	370	20	285,7	76	345,5
Number of hotels	5		10		7		22	
Mean	3,800		3,700		2,857		3,455	

Note: Four hotels have not answered one of the questions relevant to the design of this table.

Source: developed by C. J. F. Cândido.

For the whole group of hotels that have answered this question, the most frequently used methods are personal direct observation by the manager (100,0%), individual debriefings (50,0%), regular staff meetings (45,5%), supervision (40,9%) and communication via intermediate managers (36,4%). Only five hotels (22,7%) used employees' performance evaluation as a means of guaranteeing adherence to quality standards. Moreover, only four hotels (18,2%) use non-scheduled quality examinations and reports by independent companies, or by unidentified members of the organisation, who spend the night and try several hotel services.[35]

International chain hotels prefer individual observation by the manager (100,0% of the hotels), via supervisors (60,0%) or via intermediate managers (60,0%). Portuguese chain hotels prefer individual observation by the manager (100,0%), regular staff meetings (70,0%), and employees' performance evaluation (50,0%). Independents favour individual observation by the manager (100,0%) and individual debriefings (85,7%).

The mean number of methods is higher in the international chain hotels (3,8) and portuguese chain hotels (3,7) than in the independents (2,857).

[35] The number of hotels rises to five (22,7%), if internal audits to documents and processes are considered.

Table 6.34, below, shows the methods used by hotels with formal standards and the methods used by hotels with informal guidelines.

Table 6.34. Distribution of Methods Used to Discover if the Standards/Guidelines are being Followed According to Formality of the Standards

	Formal standards		*Informal guidelines*		*Total*	
Methods used by managers	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Personal direct observation	11	100,0	10	100,0	21	100,0
Individual debriefings	2	18,2	9	90,0	11	52,4
Regular staff meetings	7	63,6	3	30,0	10	47,6
Via intermediate managers	5	45,5	3	30,0	8	38,1
Via supervisors	2	18,2	6	60,0	8	38,1
Employees' performance evaluation	5	45,5	0	0,0	5	23,8
Feedback from clients	3	27,3	2	20,0	5	23,8
Quality examinations and reports by independent companies	2	18,2	0	0,0	2	9,5
Quality examinations and reports by unidentified members of the organisation	2	18,2	0	0,0	2	9,5
Personally doing daily some tasks	0	0,0	1	10,0	1	4,8
Internal audits (to documents and processes)	1	9,1	0	0,0	1	4,8
Total responses	40	363,6	34	340,0	74	352,4
Number of hotels	11		10		21	
Mean	3,636		3,400		3,524	

Note: Data available only for 21 hotels.

Source: developed by C. J. F. Cândido.

For the hotels with formal standards, the most frequently used methods are personal direct observation by the manager (100,0%), regular staff meetings (63,6%), information obtained via intermediate managers (45,5%) and employees' performance evaluation (45,5%). Non-scheduled quality examinations and reports by independent companies or by unidentified organisational members are used by 36,4% of these hotels.

For the hotels with informal guidelines, the primary methods are personal direct observation by the manager (100,0%), individual debriefings (90,0%) and information obtained via supervisors (60,0%). None use quality examinations and reports by independent companies.

The mean number of methods used by hotels with formal standards (3,636) is only slightly superior to the mean of hotels with informal guidelines (3,4).

The last aspect to be studied is the frequency with which the interviewed managers try to verify if specifications are being adhered to. Table 6.35 shows the results obtained.

Table 6.35. Distribution of the Verification Frequency according to Hotel Group

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Frequency	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Constantly/as possible	1	20,0	2	20,0	1	14,3	4	18,2
Daily	4	80,0	2	20,0	6	85,7	12	54,5
Every 3 months	0	,0	6	60,0	0	,0	6	27,3
Total	5	100,0	10	100,0	7	100,0	22	100,0

Note: Data available only for 22 hotels.

Source: developed by C. J. F. Cândido.

At every international chain hotels and every independent, the frequency is daily or constantly. At most of the portuguese chain hotels (60,0%), the frequency reported is quarterly.

The distribution of frequencies according to the formality of standards is shown in the next table.

Table 6.36. Distribution of Frequency According to the Formality of Standards

	Formal standards		*Informal guidelines*		*Total*	
Frequency	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Constantly/as possible	3	27,3	1	10,0	4	19,0
Daily	3	27,3	8	80,0	11	52,4
Every 3 months	5	45,5	1	10,0	6	28,6
Total	11	100,0	10	100,0	21	100,0

Source: developed by C. J. F. Cândido.

The hotels with formal specifications tended to have a smaller frequency than the hotels with informal guidelines. This tendency might indicate management overconfidence in adherence to specifications at some (45,5%) of the hotels that have formal standards. It does not appear to indicate a lack of confidence or even excessive checking at hotels with informal guidelines, because most (54,5%) of the hotels with formal standards have also a constant/daily frequency.

6.3.10. INTERNAL AND EXTERNAL COMMUNICATION WITH CUSTOMERS

The mean importance level attributed by managers to communication with customers about the service, procedures and expected outcomes is 4,692.[36] This high importance level is almost equally shared by managers of the three groups of hotels considered; group means range from 5,000 (international chain hotels), and 4,636 (portuguese chain hotels) to 4,600 (independents).

Given the high importance attached to communicating with customers, how often does the

[36] See Table 6.5.

FFSHA communicate with the exterior advertising services and procedures (see Table 6.37)?

Table 6.37. Frequency of External Communication

Frequency of external communication	*International chain*		*Portuguese chain*		*Independent hotel*		*Total*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Constantly/ as possible or necessary	2	66,7	0	0,0	1	10,0	3	12,5
Daily	1	33,3	5	45,5	0	0,0	6	25,0
Weekly	0	0,0	0	0,0	1	10,0	1	4,2
Monthly	0	0,0	1	9,1	2	20,0	3	12,5
Every 2 months	0	0,0	1	9,1	0	0,0	1	4,2
Every 3 months	0	0,0	0	0,0	1	10,0	1	4,2
Varies with season and events	0	0,0	2	18,2	0	0,0	2	8,3
Every 6 months	0	0,0	2	18,2	2	20,0	4	16,7
Yearly	0	0,0	0	0,0	2	20,0	2	8,3
We do not make publicity	0	0,0	0	0,0	1	10,0	1	4,2
Total	3	100,0	11	100,0	10	100,0	24	100,0

Source: developed by C. J. F. Cândido.

Frequencies of external communication with customers vary from constantly to yearly. International chain hotels (100,0%) favour very high frequencies (constantly/when needed and daily); some portuguese chain hotels (45,5%) have high frequencies but more than half advertises less frequently. Independents' frequencies span from constantly to yearly. One independent hotel, however, reported that it does not engage in any publicity at all, because it has a high rate of repeat guests and has other ways of maintaining contact with these customers.

The frequency of *internal* communication with customers – through personal communication, pamphlets, blackboards or other media – about the services, procedures and outcomes is reported in Table 6.38 below.

Table 6.38. Frequency of Internal Communication with Customers

Frequency of internal communication with customers	*International chain*		*Portuguese chain*		*Independent hotel*		*Total*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Constantly/ as possible or necessary	1	25,0	1	9,1	1	10,0	3	12,0
Daily	3	75,0	10	90,9	8	80,0	21	84,0
Every 6 months	0	0,0	0	0,0	1	10,0	1	4,0
Total	4	100,0	11	100,0	10	100,0	25	100,0

Source: developed by C. J. F. Cândido.

Internal communication with customers varies from constantly to every six months. The majority

of the hotels communicate daily with guests, using any of the media mentioned above.

6.3.11. PERCEPTIONS OF THE EMPLOYEES ABOUT CUSTOMERS' NEEDS AND EXPECTATIONS

The mean importance level attributed by managers to discovering the perceptions of the employees about customers' needs and expectations is 4,327.[37] This high importance level is almost equally shared by managers of the three groups of hotels considered; group means range from 4,091 (portuguese chain hotels), and 4,250 (independents) to 5,0 (international chains).

Again, because such importance is attached to the discovery of the employees' perceptions about customers' needs and expectations, how do the managers of the FFSHA actually discover them? Table 6.39 shows the methods used.

Table 6.39. Discovering Employees' Perceptions of Customers' Needs and Expectations

Methods used	*Count*	*Percentage of responses*	*Percentage of hotels*
Individual debriefings	*17*	*32,7*	*68,0*
Regular staff meetings	*17*	*32,7*	*68,0*
Via intermediate managers	*14*	*26,9*	*56,0*
Personal direct observation by the manager	*1*	*1,9*	*4,0*
Internal questionnaire to employees about quality	*1*	*1,9*	*4,0*
Employees record on a form clients' comments	*1*	*1,9*	*4,0*
Suggestions box	*1*	*1,9*	*4,0*
Total responses	*52*	*100,0*	*208,0*

Note: One portuguese chain hotel did not provide an answer to this question.

Source: developed by C. J. F. Cândido.

Sixty eight percent of the hotels discover their employees' perceptions about customers' needs and expectations via individual debriefings and via regular staff meetings. Fifty six percent do it also via intermediate managers. Only four percent uses each one of the other methods available (personal direct observation by the manager, internal questionnaires directed at employees about quality, records on special forms and suggestions box). On average, each hotel uses two (2,080) different methods.

An analysis of the differences among international chain, portuguese chain and independent hotels is revealed in Table 6.40 below.

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[37] See Table 6.5.

Table 6.40. Discovering Employees' Perceptions of Customers' Needs and Expectations – Differences between Groups

	International chain		*Portuguese chain*		*Independent hotel*	
Methods used	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Individual debriefings	5	100,0	5	50,0	7	70,0
Regular staff meetings	5	100,0	8	80,0	4	40,0
Via intermediate managers	3	60,0	10	100,0	1	10,0
Personal direct observation by the manager	0	0,0	0	0,0	1	10,0
Internal questionnaire to employees about quality	0	0,0	0	0,0	1	10,0
Employees record on a form clients' comments	1	20,0	0	0,0	0	0,0
Suggestions box	1	20,0	0	0,0	0	0,0
Total responses	15	300,0	23	230,0	14	140,0
Average	3,0		2,3		1,4	

Note: One portuguese chain hotel did not provide an answer to this question.

Source: developed by C. J. F. Cândido.

Looking at the percentages, international chain hotels make use essentially of individual debriefings (100,0% of the hotels), regular staff meetings (100,0%) and communication via intermediate managers (60,0%). Portuguese chain hotels use preferably communication via intermediate managers (100,0%), regular staff meetings (80,0%) and individual debriefings (50,0%). Independent hotels prefer individual debriefings (70,0%) and regular staff meetings (40,0%). The small percentage of communication via intermediate managers (10,0%) is probably related to the smaller size of most independents. Portuguese chain hotels, at the other extreme, seem to rely excessively on this method for discovering employees' perceptions. This might be an indication of excessive bureaucracy at these hotels.

Looking now at the absolute frequencies of Table 6.40, international chain hotels use 3 different methods on average, portuguese chain hotels use 2,3 methods, and independents only 1,4. Interestingly, the group of independent hotels makes use of a wider array of methods than their competitors.

How frequently do the interviewed managers try to discover their employees' perceptions about customers' needs and expectations, is the next aspect under analysis. Table 6.41 shows the frequencies calculated for the whole sample and for each group.

Table 6.41. Frequency of the Assessment of Employees' Perceptions about Customers' Needs and Expectations

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Frequency	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Daily	4	80,0	5	50,0	7	70,0	16	64,0
Weekly	0	0,0	5	50,0	2	20,0	7	28,0
Every 10 days	1	20,0	0	0,0	0	0,0	1	4,0
Monthly	0	0,0	0	0,0	1	10,0	1	4,0

Note: One portuguese chain hotel did not provide an answer to this question.

Source: developed by C. J. F. Cândido.

Generally, the majority of the hotels in each group, and in the sample as a whole, assess employees' perceptions daily. However, a large percentage of the portuguese chain hotels (50,0%) have a weekly frequency.

The last aspect to be analysed here is the managers' opinion about the accuracy of employees' perceptions. More precisely, the managers' opinion about the degree of consistency between the employees' perceptions of customers' needs and expectations and the customers' real needs and expectations. Table 6.42 shows the mean values obtained using a five point scale. The scale goes from 1 (employees' perceptions are never consistent with real needs and expectations) to 5 (employees' perceptions are always consistent with real needs and expectations).

Table 6.42. Managers' Opinion about the Accuracy of Employees' Perceptions of Customers' Needs and Expectations

	International chain	*Portuguese chain*	*Independent hotel*	*Total*
Mean	4,000	3,182	3,500	3,440

Note: The scale of the question is: 1 – never; 2 – a few times; 3 – half of the times; 4 – more than half of the times; and 5 – always.
One international chain hotel did not provide an answer to this question.

Source: developed by C. J. F. Cândido.

The mean of the sample is 3,44. Thus, on average, managers believe that their employees' perceptions are correct only slightly more than half of the time. As one manager noted, employees whose monthly salary is almost the same as the price of one night at the hotel are not in the position to accurately predict or clearly understand all the expectations of customers who have a completely different standard of life. Nevertheless, the same manager said it is still highly important to listen to employees' perceptions. As another manager noted, the ability to understand correctly the customers' needs and expectations is dependent on the number of years of experience and training of employees.

The average of managers' opinions about the accuracy of employees' perceptions varies according to the type of hotel. It is 4,000 (clearly more than half of the time) at international chain hotels, but decreases to 3,500 at independent hotels and to an even lower level at portuguese chain hotels (3,182).

6.3.12. PERCEPTIONS OF THE EMPLOYEES ABOUT CUSTOMERS' EXPERIENCES

The mean importance level attributed by managers to discovering the perceptions of the employees about customers' experiences is 3,692. This is one of the three means in Table 6.5 which fell bellow four, in the scale of one (totally unimportant) to five (highly important). Discovering the perceptions of the employees about customers' experiences, thus, has slightly more than average importance. It has less importance than discovering the employees' perceptions about customers' needs and expectations.[38]

Managers of the three hotel groups considered have clearly different opinions. Group means range from 2,545 (portuguese chain hotels), and 4,300 (independents) to 5,000 (international chains). Comparing these group means with the group means of the previous section, it can also be noted that while the mean values of independents and international chain hotels have remained almost unchanged, the portuguese chain hotels' mean has fallen by 37,9%. On average, the managers of portuguese chain hotels do not consider employees' perceptions of customers' experiences to be important.

Table 6.43 below shows the methods used to discover employees' perceptions.

Table 6.43. Discovering Employees' Perceptions of Customers' Experiences

Methods used	*Count*	*Percentage of responses*	*Percentage of hotels*
Individual debriefings	*15*	*42,9*	*75,0*
Regular staff meetings	*9*	*25,7*	*45,0*
Via intermediate managers	*8*	*22,9*	*40,0*
Personal direct observation by the manager	*1*	*2,9*	*5,0*
Internal questionnaire to employees about quality	*1*	*2,9*	*5,0*
Employees record on a form clients' comments	*1*	*2,9*	*5,0*
Total responses	*35*	*100,0*	*175,0*

Note: Six portuguese chain hotels, five of which from the same chain, do not try to discover employees' perceptions at all.

Source: developed by C. J. F. Cândido.

Six portuguese chain hotels, five of which are from the same chain, do not try to discover these employees' perceptions at all. For the remaining 20 hotels, the most used methods are as before, the individual debriefings (75,0% of the hotels), the regular staff meetings (45,0%) and the communication via intermediate managers (40,0%). On average, each of the 20 hotels use 1,75 different methods, slightly less than the mean number of methods used to listen to employees' perceptions about customers' needs and expectations.[39]

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[38] See Section 6.3.11.

[39] See Table 6.39.

An analysis of the differences between international chain, portuguese chain and independent hotels is based on Table 6.44 below.

Table 6.44. Discovering Employees' Perceptions of Customers' Experiences – Differences between Groups

	International chain		*Portuguese chain*		*Independent hotel*	
Methods used	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Individual debriefings	3	60,0	5	100,0	7	70,0
Regular staff meetings	3	60,0	2	40,0	4	40,0
Via intermediate managers	3	60,0	4	80,0	1	10,0
Personal direct observation by the manager	0	0,0	0	0,0	1	10,0
Internal questionnaire to employees about quality	0	0,0	0	0,0	1	10,0
Employees record on a form clients' comments	1	20,0	0	0,0	0	0,0
Total responses	10	200,0	11	220,0	14	140,0
Average	2		2,2		1,4	

Note: Six portuguese chain hotels did not provide an answer to this question.

Source: developed by C. J. F. Cândido.

Looking at the percentages, international chain hotels essentially make use of individual debriefings (60,0% of the hotels), regular staff meetings (60,0%) and communication via intermediate managers (60,0%). The five portuguese chain hotels, which have answered this question, prefer to use individual debriefings (100,0%), communication via intermediate managers (80,0%), and regular staff meetings (40,0%). Independent hotels prefer individual debriefings (70,0%) and regular staff meetings (40,0%) All of the groups give their preference to direct communication between the manager and the employee, however, portuguese chain hotels continue to emphasise communication via intermediate managers.

Looking now at the absolute frequencies in Table 6.44, international chain hotels use 2 different methods on average, portuguese chain hotels use 2,2 methods, and independents only 1,4.

How frequently do the managers interviewed try to discover their employees' perceptions about customers' experiences, is the next aspect under analysis. Table 6.45 shows the frequencies calculated for the whole sample and for each group.

Table 6.45. Frequency of the Assessment of Employees' Perceptions about Customers' Experiences

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Frequency	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Constantly/as possible	0	0,0	0	0,0	1	10,0	1	3,8
Daily	4	80,0	5	45,5	6	60,0	15	57,7
Weekly	0	0,0	0	0,0	2	20,0	2	7,7
Monthly	0	0,0	0	0,0	1	10,0	1	3,8
Occasionally	1	20,0	0	0,0	0	0,0	1	3,8
Never	0	0,0	6	54,5	0	0,0	6	23,1
Total	5	100,0	11	100,0	10	100,0	26	100,0

Note: All hotels answered this question.

Source: developed by C. J. F. Cândido.

As noted before, six portuguese chain hotels (54,5%) never assess employees' perceptions about customers' experiences. One of these six, however, said that its attitude towards this aspect is changing. The remaining five (45,5%), of the 11 portuguese chain hotels, assess employees' perceptions daily. Most of the international chain hotels (80,0%) do this assessment daily, as do 60,0% of the independents. Generally speaking, there is a general tendency (57,7% of the hotels in the sample) to assess employees' perceptions daily.

The last aspect to be analysed here is the managers' opinion about the accuracy of employees' perceptions. More precisely, the managers' opinion about the degree of consistency between the employees' perceptions of customers' experiences and the customers' real experiences. Table 6.46 shows the mean values obtained using a five point scale. The scale goes from 1 (employees' perceptions are never consistent with real experiences) to 5 (employees' perceptions are always consistent with real experiences).

Table 6.46. Managers' Opinion about the Accuracy of Employees' Perceptions of Customers' Experiences

	International chain	*Portuguese chain*	*Independent hotel*	*Total*
Mean	4,250	3,583	3,600	3,725

Note: The scale of the question is: 1 – never; 2 – a few times; 3 – half of the times; 4 – more than half of the times; and 5 – always.
An international chain hotel and five portuguese chain hotels did not provide an answer to this question.

Source: developed by C. J. F. Cândido.

The mean of the sample is 3,725. Thus, on average, managers believe that their employees' perceptions are correct only slightly more than half of the times. The average of managers' opinions about the accuracy of perceptions varies according to the type of hotel. It is 4,25 (clearly more that half of the times) at international chain hotels, but decreases to approximately 3,6 at both portuguese chain and independent hotels.

All these mean values are higher than those of Table 6.42. This is because the respondents were not the same. Five of the six hotels that did not answer this question answered the question of Table 6.42 with average scores.

6.3.13. MATCHING CUSTOMERS' EXPECTATIONS

The mean importance level attributed by managers to making sure that customers' expectations are matched by the quality of the service offered is 4,846.[40] This high importance level is almost equally shared by managers of the three groups of hotels considered; group means range from 5,000 (international chain hotels) and 4,818 (portuguese chain hotels) to 4,800 (independents).

Because it is so important to match customers' expectations, managers' must have established processes to verify if expectations are being met. Table 6.47 shows the methods used to verify the match.

Table 6.47. Methods Used to Verify if Customers' Expectations are Being Met

Methods	*International chain*		*Portuguese chain*		*Independent hotel*		*Total*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Service quality questionnaire	5	100,0	11	100	6	60	22	84,6
Talking to customers during stay	4	80,0	6	54,5	10	100	20	76,9
Tour operators reports	0	0,0	4	36,4	0	0	4	15,4
Book for entering complaints	0	0,0	2	18,2	1	10	3	11,5
Suggestions letters	0	0,0	2	18,2	0	0	2	7,7
Reply from customers to letters sent to their homes	0	0,0	2	18,2	0	0	2	7,7
Telephone call to the room after arrival	1	20,0	0	0	0	0	1	3,8
Book for entering comments	0	0,0	0	0	1	10	1	3,8
Ratio repeat guests/ total guests	1	20,0	0	0	0	0	1	3,8
Market research	1	20,0	0	0	0	0	1	3,8
Contacts with travel reps.	1	20,0	0	0	0	0	1	3,8
Total responses	13	260,0	27	245,5	18	180	58	223,1
Number of hotels	5		11		10		26	
Mean	2,600		2,455		1,800		2,231	

Source: developed by C. J. F. Cândido.

The most frequent methods among the 26 hotels are service quality questionnaire (84,6%) and

[40] See Table 6.5.

talking to guests during their stay (76,9%). A wide array of other methods, listed in the Table, are used, but each by a small percentage of the hotels. The mean number of methods used is 2,231.

Focusing now on the two most frequent methods, an interesting difference occurs between the chain hotels and the independents. All the international and portuguese chain hotels use a service quality questionnaire and, at most of them, managers try to speak to some guests. These two methods are also the two most frequently used among independent hotels. However, at independent hotels, all managers try to speak to customers, whereas the questionnaire is only used by 60,0%.

Other methods listed in Table 6.47 are used mostly by international chain hotels or by portuguese chain hotels. The mean number of methods used simultaneously at international chain hotels is 2,600, at portuguese chain hotels is 2,455, and at independents is 1,800.

The last aspect to be analysed here is the frequency with which hotels try to verify if customers' expectations are being met. Table 6.48 shows the relevant data.

Table 6.48. Frequency of the Verifications of Meeting Customers' Expectations

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Frequency	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Constantly/as possible	1	20,0	0	0,0	1	10,0	2	7,7
Daily	3	60,0	4	36,4	8	80,0	15	57,7
Weekly	0	0,0	6	54,5	0	0,0	6	23,1
Monthly	1	20,0	0	0,0	0	0,0	1	3,8
Every 3 months	0	0,0	1	9,1	1	10,0	2	7,7

Source: developed by C. J. F. Cândido.

Most of the international chain hotels and of the independents have a constant or daily frequency, whereas more than half of the portuguese chain hotels have a weekly frequency. None of the international chain hotels has a quarterly frequency, but one portuguese chain hotel and one independent have reported such a frequency.

These frequencies are comparable with the frequencies with which managers try to assess the adherence of the day-to-day activities to the quality standards/guidelines. Table 6.49, below, permits this cross analysis.

Table 6.49. Joint Distribution of Frequencies for the Verification of Customers' Satisfaction and of Frequencies for the Verification of Adherence to Quality Standards/Guidelines

Frequencies for verification of satisfaction	*Frequencies for verification of adherence to standards/guidelines*							
	Constantly/as possible		*Daily*		*Every 3 months*		*Total*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Constantly/as possible	1	4,5	1	4,5	0	0,0	2	9,1
Daily	3	13,6	10	45,5	0	0,0	13	59,1
Weekly	0	0,0	0	0,0	5	22,7	5	22,7
Monthly	0	0,0	1	4,5	0	0,0	1	4,5
Every 3 months	0	0,0	0	0,0	1	4,5	1	4,5
Total	4	18,2	12	54,5	6	27,3	22	100,0

Note: Only 22 hotels have answered both questions.

Source: developed by C. J. F. Cândido.

An eventual relationship between the two kinds of frequencies is shown in the Table. Every hotel that has indicated a constant or daily frequency for the verification of customer satisfaction, has also indicated this frequency for the verification of adherence to standards/guidelines. Additionally, almost all of the hotels that have indicated a weekly, monthly of quarterly frequency for the verification of customer satisfaction, have indicated a quarterly frequency for the verification of adherence to standards/guidelines.

6.3.14. SERVICE QUALITY EVALUATION

The mean importance level attributed by managers to having a regular process of quality measurement and assessment is 4,615.[41] This high importance level is almost equally shared by managers of the three groups of hotels considered; group means range from 4,800 (international chain hotels) and 4,727 (portuguese chain hotels) to 4,400 (independents).

Consistent with these high importance levels is that 23 hotels (88,5%) claimed to have a regular process of quality measurement and assessment. The remaining three hotels did not have any regular process of quality assessment. The manager of one of these hotels, however, said that he would like to implement such a process in the future. Unfortunately, for some of the hotels, quality measurement and assessment seems to be drawn exclusively from the customers' satisfaction questionnaire. Questionnaires are frequently filled either by extremely satisfied customers or by extremely dissatisfied customers, one manager noted. When this happens, he added, the information generated by the questionnaire is not useful as it does not consider the larger proportion of customers that were slightly

[41] See Table 6.5.

unsatisfied but could have easily been satisfied.

Some of the hotels have created strategies to encourage their customers to complete the questionnaire, and have achieved high rates of response. Still, in the same way that the questionnaire used to support the present analysis cannot capture the whole reality of the FFSHA, its virtues and its problems, it is probably impossible for the customer's satisfaction questionnaire to capture all the information that is needed to evaluate quality effectively. The customer might not want to mention some aspects in the questionnaire, or he might not even remember some of the aspects that he thought, when the service was being provided, could be improved.

One manager mentioned that customers' comments and complaints are registered at any time by any employee in his hotel. The data generated in this way is statistically analysed and is used to help guide future management action. This is done regularly, making it possible to control the frequency and evolution of each type of error. None of the other managers, however, referred to this kind of registry and control of quality gaps.

The last aspect analysed in this section is the distribution of quality dimensions that are considered in quality measurements and assessment. Table 6.50 shows the relevant data.

Table 6.50. Distribution of Quality Dimensions that are Considered in Quality Measurements and Assessment

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
Quality dimensions	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Service reliability	5	100,0	8	88,9	3	42,9	16	76,2
Service responsiveness	4	80,0	8	88,9	6	85,7	18	85,7
Service empathy	4	80,0	9	100,0	6	85,7	19	90,5
Service tangibles	5	100,0	9	100,0	4	57,1	18	85,7
Service assurance	4	80,0	3	33,3	5	71,4	12	57,1
Appearance of personnel	3	60,0	9	100,0	4	57,1	16	76,2
Personnel's professional judgement, diagnostic ability and autonomy	4	80,0	3	33,3	3	42,9	10	47,6
Service recovery	3	60,0	8	88,9	6	85,7	17	81,0
Total responses	32	640,0	57	633,3	37	528,6	126	600,0
Number of hotels	5		9		7		21	
Mean	6,400		6,333		5,286		6,000	

Note: Five hotels did not provide an answer to this question.

Source: developed by C. J. F. Cândido.

The quality dimensions considered in the quality measurement and assessment processes of the FFSHA are in descending order of frequency: service empathy (90,5% of the hotels), service responsiveness (85,7%), service tangibles (85,7%), service recovery (81,0%), service reliability (76,2%),

appearance of personnel (76,2%), service assurance (57,1%), and personnel's professional judgement, diagnostic ability and autonomy (47,6%).

The mean number of quality dimensions considered in quality measurement and assessment processes is 6,000.

There are some differences between the three hotel groups that have been studied. International chain hotels favour, in their assessments, service reliability (100,0%) and tangibles (100,0%). Portuguese chain hotels favour service empathy (100,0%), tangibles (100,0%) and appearance of personnel (100,0%). Independents favour service responsiveness (85,7%), empathy (85,7%) and recovery (85,7%).

The mean numbers of dimensions considered in their measurements are also different, varying from 6,400 (international chain hotels) and 6,333 (portuguese chain hotels) to 5,286 (independents).

It can be interesting to compare the data in Table 6.24 with Table 6.50. The differences between the values in each cell of Table 6.24 and the corresponding cells in Table 6.50 were calculated and registered in Table 6.51, below. Note that the tables were previously adjusted to consider only 19 hotels that answered both of the underlying questions.

Table 6.51. Differences between the Distributions of Quality Dimensions included in Quality Specifications and those included in Quality Measurements and Assessment

Quality dimensions	*International chain*		*Portuguese chain*		*Independent*		*Total of the absolute values*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Service reliability	0	0,0	0	0,0	2	40,0	2	10,5
Service responsiveness	0	0,0	0	0,0	1	20,0	1	5,3
Service empathy	0	0,0	-1	-11,1	1	20,0	2	10,5
Service tangibles	-1	-20,0	-6	-66,7	1	20,0	8	42,1
Service assurance	0	0,0	5	55,6	0	0,0	5	26,3
Appearance of personnel	0	0,0	0	0,0	3	60,0	3	15,8
Personnel's professional judgement, diagnostic ability and autonomy	-1	-20,0	0	0,0	0	0,0	1	5,3
Service recovery	2	40,0	0	0,0	0	0,0	2	10,5
Total of the absolute values of differences	4,0	80,0	12,0	133,3	8,0	160,0	24,0	126,3
Number of hotels	5		9		5		19	
Mean value of absolute differences	0,800		1,333		1,600		1,263	

Note: Only the hotels that have answered both questions involved in the comparison have been considered in the calculations for this table.

Source: developed by C. J. F. Cândido.

On this Table, a zero means that the 19 hotels have considered a specific dimension in both their quality specifications and quality measurements and assessment. Positive numbers mean that some

hotels have considered a specific dimension in their quality specifications but have not included it in their quality measurements and assessments. Finally, negative numbers mean that some hotels have not considered a specific dimension in their quality specifications, but have included it in quality measurements and assessment. The row and column totals are the sums of the absolute values of the differences calculated. The totals in the last column of Table 6.51 represent the number of hotels that have not considered a specific dimension in either their quality specifications or their quality measurements and assessment.

Considering first the totals per each dimension, the highest numbers of inconsistencies have been found on service tangibles (8 hotels), service assurance (5) and appearance of personnel (3). The mean number of dimensions involved in inconsistencies is 1,263 per each hotel. This means that one dimension, on average, has been included in the quality specifications but not in the quality measurements and assessment or, alternatively, that a dimension not included in the quality specifications has been considered in the quality measurements and assessment. This situation constitutes a problem because a standard without a measurement of actual organisational behaviour or a measurement without a standard are not only useless to managers but constitute what was called before, respectively, service quality gaps 14 and 3.

However important this may be, two international chain hotels have considered service recovery in their standards but not in their quality measurements and assessment. Six portuguese chain hotels have considered service tangibles in their quality measurements but have not developed standards about tangibles. Five of the portuguese chain hotels have developed standards considering service assurance, but are not evaluating service assurance. Finally, the independents' inconsistencies span an array of quality dimensions wider than those of the chains: five dimensions against three. Independents' more frequent inconsistencies are in appearance of personnel (3 hotels) and in service reliability (2).

The mean number of inconsistencies varies considerably between the three groups of hotels: 0,800 (international chain hotels), 1,333 (portuguese chain hotels) and 1,600 (independents).

The reported inconsistencies could simply result from managers having difficulty in answering the questionnaire. Managers could have, for instance, forgotten to mention one of the dimensions or lacked the time to clearly understand all of the dimensions during the interview. However, if the inconsistencies reported are in fact the result of inconsistent managerial practices, independents and portuguese chain hotels seem to have more reasons for concern.

The last aspect to be analysed in this section is the distribution of the quality dimensions included in measurements and assessment, according to the degree of formality of the specifications. Table 6.52 shows this distribution.

Table 6.52. Distribution of Quality Dimensions included in Quality Measurements and Assessment according to the Degree of Formality of Quality Specifications

	Formal standards		*Informal guidelines*	
Quality dimensions	*Count*	*Percentage*	*Count*	*Percentage*
Service reliability	11	100,0	3	42,9
Service responsiveness	11	100,0	5	71,4
Service empathy	11	100,0	6	85,7
Service tangibles	11	100,0	5	71,4
Service assurance	6	54,5	5	71,4
Appearance of personnel	10	90,9	4	57,1
Personnel's professional judgement, diagnostic ability and autonomy	6	54,5	4	57,1
Service recovery	10	90,9	5	71,4
Total responses	76	690,9	37	528,6
Number of hotels	11		7	
Mean	6,909		5,286	

Note: Only 15 hotels have answered both questions involved in this table.

Source: developed by C. J. F. Cândido.

All of the hotels with formal quality standards have included service reliability, responsiveness, empathy and tangibles in their measurements. Approximately 91% have included the appearance of personnel and service recovery, and only 54,5% have considered service assurance and personnel's professional judgement, diagnostic ability and autonomy. None of these dimensions are measured by all of the hotels that have informal guidelines. The group of dimensions favoured by these hotels is different from those preferred by hotels with formal standards. The mean number of dimensions included in the quality measurements and assessment of hotels with formal standards is clearly superior.

This Table is now compared with Table 6.25 in the same way that two other tables were compared above. The differences calculated are represented in Table 6.53 below.

Table 6.53. Differences between the Distributions of Quality Dimensions included in the Quality Specifications and those Included in Quality Measurements and Assessment

	Formal standards		*Informal guidelines*		*Total*	
Quality dimensions	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Service reliability	0	0,0	2	28,6	2	11,1
Service responsiveness	0	0,0	1	14,3	1	5,6
Service empathy	0	0,0	0	0,0	0	0,0
Service tangibles	-6	-54,5	0	0,0	6	33,3
Service assurance	5	45,5	0	0,0	5	27,8
Appearance of personnel	0	0,0	3	42,9	3	16,7
Personnel's professional judgement, diagnostic ability and autonomy	-1	-9,1	0	0,0	1	5,6
Service recovery	1	9,1	0	0,0	1	5,6
Total of the absolute values of differences	13,0	118,2	6,0	85,7	19,0	105,6
Number of hotels	11		7		18	
Mean value of absolute differences	1,182		0,857		1,056	

Note: Only 18 hotels have answered the questions involved in this comparison.

Source: developed by C. J. F. Cândido.

The interpretation of this table can be performed exactly as it was done for Table 6.51 above. Considering the totals per each dimension, the highest numbers of inconsistencies have been found exactly in the same dimensions as before: service tangibles (6 hotels), service assurance (5) and appearance of personnel (3). The mean number of dimensions involved in inconsistencies is 1,056 per hotel. As before, this means that one dimension, on average, has been included in the quality specifications but not in the quality measurements and assessment or, alternatively, that a dimension not included in the quality specifications has been considered in the quality measurements and assessment. This situation is in fact a problem of the type of service quality Gap 14 or of service quality Gap 3.

Considering now the differences between the two groups of hotels represented in Table 6.53, six hotels with formal standards have considered service tangibles in their quality measurements but have not developed standards about tangibles. Five of the hotels with formal standards have developed standards considering service assurance, but are not evaluating service assurance. Other dimensions where inconsistencies were found are service recovery and personnel's professional judgement, diagnostic ability and autonomy. Interestingly, the inconsistencies found in hotels with informal guidelines occur in completely different quality dimensions, i.e., service reliability, service responsiveness and appearance of personnel.

The mean number of inconsistencies is higher in hotels with formal standards, which may constitute another reason for managerial deliberation and action.

6.3.15. OCCURRENCE OF SERVICE QUALITY GAPS

It was noted previously that 92,3% of the hotels feel or have felt before at least one of the service quality gaps of the synthesised gap model.[42] Only two hotel managers said that they have not felt any of the gaps before. Both of these were managers in independent hotels.

Most of the hotels have admitted the occurrence of the gaps. But do they occur in isolation (*i.e.*, one at a time) or in conjunction (*i.e.*, more than one at the same time)? Table 6.54 shows the managers' answers.

Table 6.54. Service Quality Gaps Occurring in Isolation/Conjunction

	International chain		*Portuguese chain*		*Independent hotel*		*Total*	
	Count	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Isolation/one at a time	*4*	*80,0*	*1*	*9,1*	*6*	*85,7*	*11*	*47,8*
Conjunction/more than one at a time	*1*	*20,0*	*10*	*90,9*	*1*	*14,3*	*12*	*52,2*
Total	*5*	*100,0*	*11*	*100,0*	*7*	*100,0*	*23*	*100,0*

Source: developed by C. J. F. Cândido.

In general, the opinions are divided, more or less half of the hotels consider that service quality gaps occur in isolation, whereas the other half is of the opinion that gaps occur in conjunction. This suggests that the service quality gaps do not necessarily occur in clusters, although they may do so.

Comparing now the three groups of hotels that have been studied, most international chain hotels (80,0%) and most independent hotels (85,7%) consider that gaps occur in isolation. However, the great majority of portuguese chain hotels (90,9%) is of the opposite opinion, stating that gaps occur more than one at a time, *i.e.*, in conjunction.

6.3.16. MANAGING TO ELIMINATE SERVICE QUALITY GAPS

Occurring in clusters or not, managers have to take appropriate actions to eliminate service quality gaps. After being eliminated, do the service quality gaps recur? Table 6.55 shows managers' answers.

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[42] See Sections 3.3.3.3 and 6.2.1.

Table 6.55. Frequency of Service Quality Recurrence

Frequency of service quality gaps recurrence	International chain		Portuguese chain		Independent hotel		Total	
	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage
Never	0	0,0	0	0,0	0	0,0	0	0,0
Rarely	3	60,0	8	72,7	3	42,9	14	60,9
Occasionally, if new employees are admitted	1	20,0	2	18,2	0	0,0	3	13,0
Often	0	0,0	0	0,0	4	57,1	4	17,4
Very often	0	0,0	1	9,1	0	0,0	1	4,3
It varies with the kind of gap	1	20,0	0	0,0	0	0,0	1	4,3
Number of hotels	5	100,0	11	100,0	7	100,0	23	100,0

Note: three hotels did not provide an answer to this question.

Source: developed by C. J. F. Cândido.

Managers of the 23 hotels included in Table 6.55 said that service quality gaps recur. This suggests that all of the gaps might be recurrent. Most of the managers (60,9%) consider that the frequency with which each gap recurs is rare. However, for 21,7% percent of the managers, service quality gaps can recur "often" or "very often".

At the international chain hotels, service quality gaps recur "rarely" or "occasionally". For one of these hotels, the frequency of the recurrence of quality gaps depends on the nature of the gap.

Approximately 91% of the portuguese chain hotels consider that service quality gaps recur "rarely" or "occasionally". Only one portuguese chain hotel manager considers that gaps recur "very often".

For most of the independents (57,1%), however, service quality gaps recur "often". The remaining 42,9% considers that gaps recur "rarely".

It can be interesting to compare the frequency of gap recurrence at hotels with formal quality standards and at hotels with informal quality guidelines. Table 6.56 shows the relevant data.

Table 6.56. Frequency of Service Quality Recurrence

Frequency	Formal standards		Informal guidelines		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Rarely	7	63,6	6	66,7	13	65,0
Occasionally, if new employees are admitted	3	27,3	0	0,0	3	15,0
Often	0	0,0	2	22,2	2	10,0
Very often	0	0,0	1	11,1	1	5,0
It varies with the kind of gap	1	9,1	0	0,0	1	5,0
Total	11	100,0	9	100,0	20	100,0

Note: Only 20 hotels have answered both questions involved in the design of this table.

Source: developed by C. J. F. Cândido.

Approximately 91% of the hotels that have formal quality standards consider that service quality gaps recur "rarely" or may recur "occasionally".

At hotels that have informal quality guidelines, it is more probable for service quality gaps to recur "often" or "very often".

Table 6.57 compares the frequency of gap recurrence between hotels with and without a formal and systematic process for service analysis and design.

Table 6.57. Frequency of Service Quality Recurrence, according to Formality of the Processes Used to Analyse and Define Service Quality Standards

	Systematic and formal		*Trial and error*		*Both*		*None*		*Total*	
Frequency of recurrence	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Rarely	11	78,6	2	28,6	0	0,0	1	100,0	14	60,9
Occasionally, if new employees are admitted	3	21,4	0	0,0	0	0,0	0	0,0	3	13,0
Often	0	0,0	4	57,1	0	0,0	0	0,0	4	17,4
Very often	0	0,0	1	14,3	0	0,0	0	0,0	1	4,3
It varies with the kind of gap	0	0,0	0	0,0	1	100,0	0	0,0	1	4,3
Total	14	100,0	7	100,0	1	100,0	1	100,0	23	100,0

Source: developed by C. J. F. Cândido.

All of the hotels that have a systematic and formal process for service analysis and design considered that service quality gaps recur "rarely" or may recur "occasionally".

On the other hand, 71,4% of the hotels that use a trial and error method feel that service quality gaps recur "often" or "very often".

The relationship established between the frequency of gap recurrence and the existence of a formal process for the analysis and design of service quality standards is even clearer than the relationship previously identified between the frequency of gap recurrence and the existence of formal quality standards at the hotel. Both, naturally, provide evidence in favour of formal quality standards and of formal and systematic processes for the analysis and design of the services and of the service quality standards. Such processes and standards seem to be necessary for management to prevent and eliminated service quality gaps more effectively.

Next, the organisational dimensions manipulated by managers to eliminate service quality gaps are analysed (see Table 6.58 below).

Table 6.58. Organisational Dimensions Manipulated to Eliminate Service Quality Gaps

	International chain		*Portuguese chain*		*Independent*		*Total*	
Organisational dimensions	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Manager's perception/ model of the world	0	0,0	4	36,4	2	25,0	6	25,0
Attit., skills, roles and style of managers	0	0,0	4	36,4	3	37,5	7	29,2
Strategy	3	60,0	3	27,3	4	50,0	10	41,7
Organisational structure	2	40,0	3	27,3	2	25,0	7	29,2
Facilities and equipment	5	100,0	4	36,4	2	25,0	11	45,8
Information and communication systems	5	100,0	10	90,9	4	50,0	19	79,2
Decision processes	3	60,0	2	18,2	3	37,5	8	33,3
Service analysis and design	3	60,0	9	81,8	1	12,5	13	54,2
External communication	3	60,0	4	36,4	1	12,5	8	33,3
Delivery systems	4	80,0	4	36,4	3	37,5	11	45,8
Rules, policies and tasks descriptions	3	60,0	6	54,5	5	62,5	14	58,3
Measurement, control and reward systems	0	0,0	9	81,8	3	37,5	12	50,0
Overall organisational competencies	0	0,0	2	18,2	2	25,0	4	16,7
People	5	100,0	4	36,4	6	75,0	15	62,5
Internal power structure	1	20,0	9	81,8	1	12,5	11	45,8
Degree of personnel involvement	3	60,0	10	90,9	7	87,5	20	83,3
Values and norms	1	20,0	4	36,4	3	37,5	8	33,3
Stories	1	20,0	4	36,4	1	12,5	6	25,0
Symbols	1	20,0	4	36,4	1	12,5	6	25,0
Rituals, routines and ceremonies	2	40,0	5	45,5	2	25,0	9	37,5
Financial resources	4	80,0	4	36,4	4	50,0	12	50.0
Total responses	49	980,0	108	981,8	60	750,0	[illegible]	904.2
Number of hotels	5		11		8		24	
Mean	9,800		9,818		7,500		9.042	

Source: developed by C. J. F. Cândido.

The organisational dimensions manipulated by most of the hotels and those dimensions manipulated by only a small percentage of hotels are reported in Section 6.2.2. This section will analyse the differences between hotels groups.

Dimensions manipulated by most of the international chain hotels are facilities and equipment (100,0% of the hotels), information and communication systems (100,0%), people (100,0%), delivery systems (80,0%) and financial resources (80,0%). Dimensions less frequently used are manager's perception/model of the world (0,0%), attitudes, skills, roles and style of managers (0,0%), measurement, control and reward systems (0,0%) and overall organisational competencies 0,0%).

The dimensions used by most of the portuguese chain hotels are information and communication systems (90,9%), degree of personnel involvement (90,9%), service analysis and design (81,8%), measurement, control and reward systems (81,8%), and internal power structure (81,8%). The less manipulated dimensions are decision processes (18,2%) and overall organisational competencies (18,2%).

Interestingly, two of the dimensions manipulated by most portuguese chain hotels (measurement, control and reward systems, and internal power structure) are among the less manipulated by international chain hotels.

The dimensions used by most of the independents are degree of personnel involvement (87,5%), people (75,0%), and rules, policies and tasks descriptions (62,5%). The less favoured organisational dimensions are service analysis and design (12,5%), external communication (12,5%), internal power structure (12,5%), stories (12,5%) and symbols (12,5%).

Service analysis and design is one of the dimensions manipulated by most portuguese chain hotels (81,8%), but one of the dimensions used by fewer independent hotels (12,5%).

The mean number of dimensions manipulated by international chain hotels and portuguese chain hotels is close to ten, 9,800 and 9,818, respectively. The mean number of dimensions manipulated by independent hotels is clearly inferior, only 7,500.

A similar analysis is now made to compare the dimensions manipulated by hotels that have formal quality standards with the dimensions manipulated by hotels that have informal quality guidelines (see Table 6.59 below).

Table 6.59. Organisational Dimensions Manipulated to Eliminate Service Quality Gaps

	Formal standards		*Informal guidelines*		*Total*	
Organisational dimensions	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Manager's perception/ model of the world	2	18,2	4	40,0	6	28,6
Attitudes, skills, roles and style of managers	2	18,2	5	50,0	7	33,3
Strategy	3	27,3	5	50,0	8	38,1
Organisational structure	2	18,2	4	40,0	6	28,6
Facilities and equipment	6	54,5	4	40,0	10	47,6
Information and communication systems	11	100,0	6	60,0	17	81,0
Decision processes	3	27,3	5	50,0	8	38,1
Service analysis and design	10	90,9	3	30,0	13	61,9
External communication	5	45,5	3	30,0	8	38,1
Delivery systems	6	54,5	5	50,0	11	52,4
Rules, policies and tasks descriptions	5	45,5	8	80,0	13	61,9
Measurement, control and reward systems	7	63,6	4	40,0	11	52,4
Overall organisational competencies	0	0,0	4	40,0	4	19,0
People	6	54,5	7	70,0	13	61,9
Internal power structure	6	54,5	5	50,0	11	52,4
Degree of personnel involvement	10	90,9	8	80,0	18	85,7
Values and norms	3	27,3	4	40,0	7	33,3
Stories	3	27,3	3	30,0	6	28,6
Symbols	3	27,3	3	30,0	6	28,6
Rituals, routines and ceremonies	4	36,4	5	50,0	9	42,9
Financial resources	6	54,5	6	60,0	12	57,1
Total responses	103	936,4	101	1010,0	204	971,4
Number of hotels	11		10		21	
Mean	9,364		10,100		9,714	

Source: developed by C. J. F. Cândido.

The dimensions manipulated by most of the hotels that have formal standards are information and communication systems (100,0%), service analysis and design (90,9%), degree of personnel involvement (90,9%), and measurement, control and reward systems (63,6%). Dimensions less frequently manipulated are overall organisational competencies (0,0%), manager's perception/model of the world (18,2%), attitudes, skills, roles and style of managers (18,2%) and organisational structure (18,2%).

The dimensions manipulated by most of the hotels that have informal guidelines are, interestingly, rules, policies and tasks descriptions (80,0%), degree of personnel involvement (80,0%), people (70,0%), information and communication systems (60,0%), and financial resources (60,0%). The less frequently manipulated dimensions are service analysis and design (30,0%), external communication

(30,0%), stories (30,0%), and symbols (30,0%).

Service analysis and design is, naturally, one of the dimensions manipulated by most hotels that have formal standards (90,9%), and one of the dimensions used by fewer hotels that have informal guidelines (30,0%).

The mean number of dimensions manipulated by hotels that have informal guidelines (10,100) is higher that that of the hotels which have formal standards (9,364).

A similar analysis is made below (see Table 6.60). The objective is to compare the dimensions manipulated by hotels that have formal processes of analysis and definition of service quality specifications, with those dimensions manipulated by hotels that use a trial and error method.

Table 6.60. Organisational Dimensions Manipulated to Eliminate Service Quality Gaps

	Formal and systematic		*Trial and error*		*Both*		*None*	
Organisational dimensions	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
Manager's perception/ model of the world	5	33,3	1	14,3	0	0,0	0	0.0
Attit., skills, roles and style of managers	5	33,3	2	28,6	0	0,0	0	0.0
Strategy	7	46,7	3	42,9	0	0,0	0	0.0
Organisational structure	4	26,7	2	28,6	1	100,0	0	0.0
Facilities and equipment	10	66,7	0	0,0	1	100,0	0	0.0
Information and communication systems	15	100,0	3	42,9	1	100,0	0	0.0
Decision processes	6	40,0	0	0,0	1	100,0	1	100.0
Service analysis and design	12	80,0	0	0,0	1	100,0	0	0.0
External communication	7	46,7	0	0,0	1	100,0	0	0.0
Delivery systems	9	60,0	1	14,3	1	100,0	0	0.0
Rules, policies and tasks descriptions	8	53,3	5	71,4	1	100,0	0	0.0
Measurement, control and reward systems	11	73,3	1	14,3	0	0,0	0	0.0
Overall organisational competencies	4	26,7	0	0,0	0	0,0	0	0.0
People	9	60,0	4	57,1	1	100,0	1	100.0
Internal power structure	8	53,3	2	28,6	1	100,0	0	0.0
Degree of personnel involvement	13	86,7	5	71,4	1	100,0	1	100.0
Values and norms	6	40,0	2	28,6	0	0,0	0	0.0
Stories	6	40,0	0	0,0	0	0,0	0	0.0
Symbols	6	40,0	0	0,0	0	0,0	0	0.0
Rituals, routines and ceremonies	6	40,0	2	28,6	1	100,0	0	0.0
Financial resources	9	60,0	2	28,6	1	100,0	0	0.0
Total responses	166	1106,7	35	500,0	13	1300,0	3,0	300.0
Number of hotels	15		7		1		1	
Mean	11,067		5,000		13,000		3,000	

Source: developed by C. J. F. Cândido.

Dimensions manipulated by most of the hotels that have a formal and systematic process are

information and communication systems (100,0%), degree of personnel involvement (86,7%), service analysis and design (80,0%), and measurement, control and reward systems (73,3%). These dimensions are also manipulated by most of the hotels that have formal quality standards.

Dimensions less frequently manipulated are organisational structure (26,7%), overall organisational competencies (26,7%), manager's perception/model of the world (33,3%), and attitudes, skills, roles and style of managers (33,3%). These dimensions are also manipulated by a minority of the hotels that have formal quality standards.

The dimensions manipulated by most of the hotels that use a trial and error method are, interestingly, rules, policies and tasks descriptions (71,4%), degree of personnel involvement (71,4%), and people (57,1%). These dimensions are also manipulated by most of the hotels that have informal quality guidelines.

Dimensions not manipulated at all are facilities and equipment (0,0%), decision processes (0,0%), service analysis and design (0,0%), external communication (0,0%), overall organisation competencies (0,0%), stories (0,0%), and symbols (0,0%). Some of these dimensions are manipulated by only a minority of the hotels which have informal quality guidelines.

In summary, the dimensions that are manipulated by most/less of the hotels with formal standards are also manipulated by most/less of the hotels with a formal process, and the dimensions favoured/ignored by hotels that have informal guidelines are also favoured/ignored by hotels that use a trial and error method. This is apparently an indication of consistency. Another indication of consistency is found in the fact that service analysis and design is a dimension manipulated by most hotels which have a formal and systematic process for analysis and definition of quality specifications (80,0%) whereas it is not manipulated at all by hotels that use a trial and error method 0,0%).

A final and important finding is that the mean number of dimensions manipulated by hotels that have formal and systematic processes is 11,067, which is more than double of the mean number of dimensions manipulated by hotels that use a trial and error method (5,000). The specific number of dimensions used to eliminate a given service quality gap, however, depends on that gap (see Table 6.61 below).

Table 6.61. Number of Dimensions Manipulated Simultaneously to Eliminate a Service Quality Gap

	International chain		*Portuguese chain*		*Independents*		*Total*	
Number of dimensions manipulated simultaneously	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*	*Count*	*Percentage*
One	0	0,0	0	0.0	0	0,0	1	4.2
Two	0	0,0	0	0.0	0	0,0	1	4.2
Three	1	20,0	0	0,0	0	0,0	1	4,2
Four	0	0,0	0	0.0	0	0,0	1	4,2
All, they are interconnected	0	0,0	0	0,0	1	12,5	1	4,2
Depends on the gap	4	80,0	11	100.0	7	87,5	22	91.7
Number of hotels	5	100,0	11	100.0	8	100,0	24	100.0

Source: developed by C. J. F. Cândido.

Table 6.61 shows that the great majority of hotels (91,7%) manipulate a different number of dimensions, depending on the service quality gaps that they have to eliminate.

Moreover, whatever the number of organisational dimensions manipulated, managers do not always manipulate the same variables (see Table 6.62 below).

Table 6.62. The Manipulated Dimensions are always the same?

	Frequency	*Percentage*	*Cumulative percentage*
Yes	2	10,0	10,0
No	18	90,0	100,0
Total	20	100,0	

Source: developed by C. J. F. Cândido.

These conclusions, however, must be compared with a previous one. It was noted before that, on the total of 21 dimensions, managers tend to use only nine on average.

*

The more salient points raised in this chapter are incorporated into the report offered to managers who participated in the first questionnaire after their further responses to the second questionnaire. That report is to be found in Appendix F. In addition, Chapter 8 embodies a more comprehensive assessment of those same salient points which themselves make a contribution to the overall conclusions drawn from the integration of theory and findings that is the essence of this thesis.

7. SERVICE QUALITY GAPS AND THE IMPLEMENTATION OF QUALITY STRATEGIES IN THE FOUR AND FIVE STAR HOTELS OF THE ALGARVE (FFSHA): II

This chapter undertakes the analysis of the data derived from the second of two questionnaires implemented in the population of Four and Five Star Hotels of the Algarve (FFSHA). The chapter confronts the previously synthesised dynamic and mixed models with reality. As already noted before, the reason that two questionnaires have been used is that too much information was requested from the respondents and it seemed to be wiser to do it in two different questionnaires. Details of the methodology followed to obtain the data are explained in Chapter 5. Copies of the questionnaires used and other related relevant documents can be found in Appendixes B and C.

7.1. CHARACTERIZATION OF THE RESPONDENTS TO THE SECOND QUESTIONNAIRE

Table 7.1, below, exhibits the frequencies of four and five star hotels in the population of the Algarve hotel industry. As noted previously, there are 9 five star hotels (24,3%) and 28 four star hotels (75,7%), composing a total of 37 hotels.[1] As before, other categories of hotels are not considered in this study. Table 7.1 also shows the frequency of four and five star hotels in the second sample. The sample has 4 five star hotels (22,2%) and 14 four star hotels (77,8%), composing a total of 18 hotels (100,0%).[2]

Table 7.1. Category of the Hotel

	Population of 4and 5 star hotels		*Sample of 4 and 5 star hotels*		
Category	*Frequency* [a]	*Percentage*	*Frequency*	*Percentage*	*Percentage of the population*
5 star hotel	*9*	*24,3*	*4*	*22,2*	*44.4*
4 star hotel	*28*	*75,7*	*14*	*77,8*	*50.0*
Total	*37*	*100,0*	*18*	*100,0*	*48.6*

Source: [a] Instituto Nacional de Estatistica – Portugal (INE), 1999.

[1] See Section 6.1. Characterisation of the Respondents to the First Questionnaire.

[2] Hereafter, the second sample will be referred to simply as sample.

The sample is smaller than the first sample but, still, it represents 48,6% of the population of FFSHA. It includes 44,4% of the five star hotels and 50,0% of the four star hotels in the Algarve.

These percentages show that the distribution of hotels according to their category, in the sample, is not very different from that in the population. In fact, compared to the total population, the sample presents a mere 2,1% more of four star hotels and 2,1% less of five star hotels.[3]

Another characteristic dimension that has been used in this study is hotel dependence / independence. Table 7.2 characterises the sample on this important dimension.

Table 7.2. Independence / Belonging to a Hotel Chain

	Frequency	*Percent*	*Cumulative percent*
International chain	*3*	*16,7*	*16,7*
Portuguese chain	*9*	*50,0*	*66,7*
Independent hotel	*6*	*33,3*	*100,0*
Total	*18*	*100,0*	

Source: developed by C. J. F. Cândido.

Twelve hotels of the sample (66,7%) belong to a chain and 6 (33,3%) are independent hotels. Of the twelve hotels belonging to a chain, 3 (16,7%) belong to an international chain, while the remaining 9 (50,0%) belong to a portuguese chain. These percentages are not very different from those corresponding to the first sample.[4]

Table 7.3, below, shows the hotel distribution according to category and independence. Reading the table according to hotel independence, 66,7% of the international chain hotels are five star hotels; only 22,2% of the portuguese chain hotels are classified as five stars; and all independents are four star hotels. That is, none of the independents is a five star hotel. These percentages are not far from those constituting the first sample.[5]

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[3] 24,3% – 22,2% = 1,2% = 77,8% – 75,7%.

[4] See Table 6.2.

[5] See Table 6.3.

Table 7.3. Independence and Category of the Hotels in the Sample

Independence	Category of the Hotel				Total	
	5 star hotel		4 star hotel			
	Frequency	Percent	Frequency	Percent	Frequency	Percent
International chain	2	66,7	1	33,3	3	100,0
Portuguese chain	2	22,2	7	77,8	9	100,0
Independent hotel	0	0,0	6	100,0	6	100,0
Total	4	22,2	14	77,8	18	100,0

Source: developed by C. J. F. Cândido.

The last variable that will be used in this section to characterise the sample is the management position occupied by the manager interviewed. Table 7.4 shows the relevant data.

Table 7.4. Management Position Occupied by the Manager Interviewed

	Frequency	Percent	Cumulative Percent
Owner and general manager	2	11,1	11,1
Regional manager responsible for two or more hotels in Algarve	3	16,7	27,8
General manager of the hotel	5	27,8	55,6
Department manager	8	44,4	100,0

Source: developed by C. J. F. Cândido.

The first three rows of the Table correspond to three different types of managers with general responsibilities: owner and general manager, regional manager, and general manager. Ten (55,6%) of the questionnaires have been answered by one of these three types of managers. Eight questionnaires (44,4%) have been answered by department or functional managers.[6] These percentages are similar to those constituting the first questionnaire.

*

A final note on sample representativeness. The sample encompasses 48,6% of the hotels in the population. In this sense it is a "big sample". It also exhibits a distribution of hotels, by category, which is very similar to that of the population. These two remarks strongly suggest that the sample should possess all other characteristics of the population and in the same proportions, thus being a representative sample. [7]

[6] One human resources manager, one finance manager and two operations managers. As before, one of these managers works in a chain, which has more than one hotel in this sample.

[7] Additional remarks, similar to those made at the end of Section 6.1, would also hold true here.

7.2. A TENTATIVE VALIDATION OF THE DYNAMIC AND MIXED MODELS

7.2.1. DYNAMIC MODEL – STAGES OF THE STRATEGY IMPLEMENTATION PROCESS

This section presents a tentative validation of the strategy implementation dynamic model, synthesised in Chapter 4. The methods used for this tentative validation include descriptive statistics and statistical tests. Descriptive statistics are performed and analysed first. Thus, Table 7.5, below, shows 16 variables from the questionnaire, representing the 16 stages of the model, and shows some relevant descriptive statistics. The 16 variables measure each stage's level of importance, as indicated by managers of the four and five star hotels of the Algarve, on a scale of 1 – totally unimportant – to 5 – highly important. For each of the variables, Table 7.5 shows the number of valid observations (N), the minimum and the maximum importance levels observed, the mean importance levels, the standard deviation of the importance levels, their skewness (or asymmetry) and their kurtosis (or flatness).

It can be seen that all of the 16 mean-values represented in Table 7.5 are higher than three, *i.e.*, are higher than "average importance". And 10 of the 16 mean-values are even higher than 4,3, thus close to "highly important". This means that the managers interviewed have considered as "very important" all of the stages in the dynamic model.

Table 7.5. Importance of Each of the Stages in the Strategy Implementation Dynamic Model

	Stages	*N*	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*	*Skewness (asymmetry)*	*Kurtosis (flatness)*
1	*Stimulus – awareness of the issue/ need for change*	18	4,0	5,0	4,389	0,502	0,498	-1.987
2	*Assessment of the degree of change required/ impact of the issue*	18	3,0	5,0	4,333	0,594	-0,210	-0.472
3	*Assessment of the time available, time necessary and urgency*	18	3,0	5,0	4,056	0,639	-0,041	-0.143
4	*Choice of method of strategic change management and management style(s)*	12	2,0	5,0	4,083	1,165	-1,018	-0.324
5	*Definition and clarification of the mission and strategy contents*	13	3,0	5,0	4,462	0,660	-0,863	-0.025
6	*Behavioural diagnosis*	13	2,0	5,0	4,154	0,801	-1,458	3.983
7	*Building a supportive climate*	13	4,0	5,0	4,769	0,439	-1,451	0.095
8	*Organisational flux*	18	2,0	5,0	4,278	0,826	-1,297	2.103
9	*Information building*	18	2,0	5,0	4,611	0,850	-2,331	5.037
10	*Building implementability into planning*	18	3,0	5,0	4,611	0,608	-1,362	1,126
11	*Planning for change*	18	4,0	5,0	4,556	0,511	-0,244	-2,199
12	*Experimentation/ pilot project*	11	2,0	5,0	4,091	1,044	-0,856	-0.260
13	*Realigning systems and other organisational dimensions to create necessary competencies and behaviour*	18	3,0	5,0	4,333	0,594	-0,210	-0.472
14	*Monitoring, controlling and refining*	18	3,0	5,0	4,389	0,608	-0,408	-0.513
15	*Rewarding and recognising*	13	4,0	5,0	4,615	0,506	-0,539	-2.056
16	*Refreezing (or institutionalising)*	12	2,0	5,0	4,167	0,835	-1,479	3.743

Note: A five point scale was used: 1 – totally unimportant; 3 – average importance; 5 – highly important.

Source: developed by C. J. F. Cândido.

The fact that all except one skewness (asymmetry) value are negative indicates that the distributions of the observations are clustered on the right side of the scale, *i.e.*, close to five ("highly important"). The clustering around mean values close to five is confirmed by the fact that:

- none of the variables have "1" as minimum answer, only six variables have "2" as minimum answer, and all variables have "5" as maximum answer; and
- the average of the standard deviations is only 0,699.

The importance levels given by the respondents constitute a confirmatory indicator of the validity of the 16 stages identified and of the strategy implementation dynamic model.

Another indication of the validity of the dynamic model is that the great majority of managers interviewed said that they did not feel the need to add any other stage to the model (See Table 7.6).

Table 7.6. Need to Add Any Stages to the Model

	Frequency	*Percent*
Yes	*2*	*11,1*
No	*12*	*66.7*
Other opinion	*4*	*22.2*
Total	*18*	*100.0*

Source: developed by C. J. F. Cândido.

Only two managers considered it necessary to add a stage to the process. This stage should be called "Continuous Improvement", as one manager suggested, or "Sustaining Change", as the other recommended (See Table 7.7). Three other managers also expressed the opinion that change needs to be sustained. "Sustaining Change" has not been mentioned in some parts of Chapter 4 nor in the questionnaire – for reasons explained previously – but it is one of the stages included in the dynamic model.[8]

Table 7.7. Stages Added and Other Opinions

	Stages added and other opinions					
	Team work during all the process		*Continuous Improvement*		*Sustaining change instead of or after stabilising the organisation*	
Need to add any stages	*Frequency*	*Percentage*	*Frequency*	*Percentage*	*Frequency*	*Percentage*
Yes	*0*	*0,0*	*1*	*100,0*	*1*	*25,0*
Other opinion	*1*	*100,0*	*0*	*0,0*	*3*	*75.0*
Total	*1*	*100,0*	*1*	*100,0*	*4*	*100.0*

Source: developed by C. J. F. Cândido.

Another manager noted that team work should be a characteristic of the whole process. Personnel involvement and team work are clearly an important part of the process explained in Chapter 4, although team work has not been mentioned in the questionnaire.

The questionnaire included a question about the order of the stages. Before answering the question, managers were additionally informed that the stages are iterative. The great majority of them (83,3%) agreed with the order of the stages included in the dynamic model. One manager only (5,6%) was in disagreement with the positioning of one specific stage.[9] This provides more support for the model.

Some statistical tests will now be performed. For this purpose, the underlying hypothesis of the dynamic model must be remembered. The hypothesis was that all of the 16 stages of the model

[8] See Table 4.7 and Figure 4.12 and the penultimate of the notes at the end of Section 4.3.4.

[9] His suggestion was that stage 11 – planning for change, should start earlier in the process, as stage number six, all other stages keeping their relative positions.

constitute fundamental steps for strategy formulation and implementation in a way that minimizes the implementation difficulties.[10] Thus, in the population of FFSHA, the number of hotels that consider the stages to have a "high importance" should itself be high. Using the data from the questionnaire, the statistical null hypothesis tested for each variable is that:

H_0: "The true proportion (π) of the FFSHA that consider the stage to have an importance level of 4 or 5 is equal to or smaller than 51%"

And the alternative hypothesis is:

H_A: "The true proportion (π) of the FFSHA that consider the stage to have an importance level of 4 or 5 is higher than 51%"

These hypotheses are formally stated as:

- H_0: $\pi_i \leq 0{,}51 \quad (i=1,\ldots, 16)$
- H_A: $\pi_i > 0{,}51 \quad (i=1,\ldots, 16)$

As it was done previously in order to proceed with the binomial statistical tests, the number of total respondents and the number of hotels answering 4 or 5 is counted for each variable, associated with the stages of the strategy implementation dynamic model. One binomial test is then performed for each variable. Table 7.8 below provides all the relevant data. A null hypothesis can be rejected if the significance level associated with it is inferior to 0,05. Obviously, the rejection of all of the null hypotheses will confer evidence in favour of the alternative hypotheses, thus strongly substantiating the dynamic model.

[10] See sections 4.3. Dynamic Models, 4.3.1. General Assumptions of the Models and 4.3.4. A Synthesis.

Table 7.8. Data Obtained for the 16 Binomial Tests

	Variables associates with the stages of the dynamic model	*Number of respondents*	*Hotels answering 4 or 5*	*Proportion observed*	*Significance level (1 tail)*
1	*Stimulus*	18	18	1,000	0.000
2	*Assessment of the degree of change required/impact*	18	17	0,944	0.000
3	*Assessment of the time available, time required and urgency*	18	15	0,833	0,005
4	*Choice of management method and style to adopt*	12	9	0,750	0,083
5	*Definition, communication and clarification of mission and strategy*	13	12	0,923	0.002
6	*Behavioural diagnosis*	13	12	0,923	0,002
7	*Building a supportive internal climate*	13	13	1,000	0.000
8	*Organisational flux*	18	16	0,889	0.001
9	*Collecting internal and external data*	18	16	0,889	0.001
10	*Facilitating planning*	18	17	0,944	0.000
11	*Planning for change*	18	18	1,000	0.000
12	*Pilot project/experimentation*	11	8	0,727	0,127
13	*Realigning systems – making the changes*	18	17	0,944	0,000
14	*Monitoring, controlling the process and refining*	18	17	0,944	0.000
15	*Rewarding managers and personnel and giving recognition*	13	13	1,000	0.000
16	*Stabilising the organisation (making changes irreversible)*	12	11	0,917	0,004
	Minimum	11	8	0,727	0,000
	Maximum	18	18	1,000	0,127
	Number of null hypotheses rejected				14

Source: developed by C. J. F. Cândido.

The sample data permits the rejection of 14 of the 16 null hypothesis. [11] For these 14 stages, the evidence is in favour of the alternative hypotheses, suggesting that the true proportion of hotels conferring a high importance to those stages is higher than 51%. For the remaining two stages, two binomial tests were performed in identical circumstances, but with the following modified hypotheses:

H_0: "The true proportion (π) of the FFSHA that consider the stage to have an importance level of 4 or 5 is equal to or smaller than 35%", and

H_A: "The true proportion (π) of the FFSHA that consider the stage to have an importance level of 4 or 5 is higher than 35%"

Formally:

[11] Validity of the binomial tests rests on respecting the assumptions mentioned previously. See Section 6.2.2.

- H_0: $\pi_i \leq 0,35$ (i=4, 12)
- H_A: $\pi_i > 0,35$ (i=4, 12).

In this case, a smaller but still a high percentage is tested. The significance levels obtained for each of the two stages are 0,006 and 0,012. Both are below the limit of 0,05, thus, the null hypotheses are rejected, providing evidence in favour of the alternative hypotheses that the true proportion of hotels conferring a high importance to those two stages is higher than 35%, hence, a large proportion of FFSHA (although smaller than 51%).

The descriptive statistics and the statistical tests above provide strong support for the relevance of the 16 stages that integrate the strategy implementation dynamic model, particularly among the four and five star hotels of the Algarve.

7.2.2. MIXED MODEL – AN AGENDA FOR CHANGE

This section does not attempt to validate all of the facets of the mixed model developed in an earlier chapter, but tests the validity of the Agenda for Change[12] and tests also three building blocks of the mixed model. One of these building blocks is the basic assumption of the mixed model. The second building block is the crossing of the service quality gap model with the static model and the third building block is the crossing of the service quality gap model with the dynamic model.

The method used here is simple and essentially derived from descriptive statistics. It consists of developing the building blocks of the mixed model in accordance with managers' expressed views. Then, comparing these with those suggested by the author in a previous chapter. Such a comparison emphasises the differences and similarities between both.

7.2.2.1. BASIC ASSUMPTION OF THE MIXED MODEL

The basic assumption of the mixed model is that in the process that leads from strategy A to strategy B, the 20 dimensions of the static model of the organisation go through a succession of several distinct states, until the desired final state is achieved. Moreover, during this process, each dimension can be monitored continuously and "manipulated" several times, according to its relevance to the new strategy and to its progress over each stage of the process.[13]

This hypothesis can be confronted with the data in Table 7.9.

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[12] Figure 4.15.

[13] See Section 4.4.1. A General Mixed Model.

Table 7.9. Confronting the Basic Hypothesis of the Mixed Model with Data from the Questionnaire

Managers opinion	*Category of the Hotel*				*Total*	
	5 stars hotel		*4 stars hotel*			
	Frequency	*Percentage*	*Frequency*	*Percentage*	*Frequency*	*Percentage*
Intermediate states deserve attention and deliberation	*1*	*33,3%*	*13*	*92,9%*	*14*	*82.4%*
Intermediate states do not deserve attention or deliberation (i.e., whether there are or not any intermediate states, they are not significative under a management point of view)	*1*	*33,3%*			*1*	*5,9%*
Other opinion	*1*	*33,3%*	*1*	*7,1%*	*2*	*11.8%*
Total	*3*	*100,0%*	*14*	*100,0%*	*17*	*100.0%*

Note: One manager did not answer this question.

Source: developed by C. J. F. Cândido.

Starting with the total column, it can be seen that 14 (82,4%) of the managers have agreed that there is a succession of intermediate states for each of the organisational dimensions and that they deserve management's constant attention and deliberation. This opinion is stronger among the 4 star hotel managers (92,9%) than among the 5 star hotel managers (33,3%).

Only one (5,9%) of the managers – a 5 star hotel manager – said that intermediate states do not deserve any attention or deliberation. This means that once the decision is made and executed, whether the relevant organisational dimensions go through a succession of intermediate states or not, the desired state will be achieved regardless of any addition management intervention. Thus, for this manager, any intermediate states would be meaningless.

Two other managers expressed slightly different opinions. One noted that everything depends on the specific organisational dimension. For some of the organisational aspects, the first standard answer of the questionnaire (intermediate states deserve attention and deliberation) is the correct one, however, as he noted, for some other organisational dimensions, the second answer is the correct one. As for the second manager, his opinion is that «most of the organisational aspects do not go through a succession of intermediate states – though some might – but all of them require attention and deliberation before changing to the desired final state». These two opinions are not in total contradiction with the hypothesis of the mixed model, suggesting only that the basic assumption may not always apply to all of the organisational dimensions.

As an additional comment to his initial answer, one manager also noted that «if a change has to be made quickly, in just a few months, the organisational aspect goes from the initial state to the final desired state without any intermediate states». This applies to a specific organisational aspect and under the condition that it has to be changed very quickly.

In general, thus, it can be concluded that the basic assumption of the mixed model is not rejected by the great majority of the FFSHA, thus providing supporting evidence for it.

7.2.2.2. AGENDA FOR CHANGE

Managers were asked about which of the organisational dimensions would they start changing at each stage of the dynamic model. Their answers are reported in Table 7.10, below. The first column of the Table lists the stages of strategy implementation according to the dynamic model. The second line shows the fundamental elements/dimensions of strategy implementation. The frequencies in the Table indicate how many managers said that they would start changing each dimension at each stage. The data in this Table is subsequently used to draw a comparison with the Agenda for Change in Figure 4.15.

Table 7.10. Frequencies of Managers' Answers – Deriving the Agenda for Change from the Data

Stages	Frequencies of the answers to the question: at what stage would you start changing each of these organisational dimensions?																	
	Paradigm / model of the world	Information & communication systems	Managerial attitudes, skills, roles & styles	Strategy content	Financial resources	Decision processes	Involvement	Values & norms	Structure	Power structure	Rules, policies & task description	Stories	Service analysis, design, external communication & delivery systems	Organisational competencies	Routines, rituals & ceremonies	Measurement, control & reward systems	People	Symbols	Facilities, equipment, their capacity & technology
1. Stimulus – awareness of the issue/need for change	8			2	1		1		1			1				2			
2. Assessment of the degree of change required/impact of the issue	1	1	3					1		2	5	1	2				1		
3. Assessment of the time available, time necessary and urgency		4	1		1	1	1										5		5
4. Choice of method of strategic change management and management style(s)			9	8		9	5	2	7	1									1
5. Definition and clarification of the mission and strategy contents		1		2		1	1		2		3	1	1						
6. Behavioural diagnosis			2				2	5		6		5		1	6				
7. Building a supportive climate			1						1	2	1	2					1		
8. Organisational flux						1					2	1	2					5	
9. Information building		3						1					3			2			
10. Building implementability into planning							4		1	1	1			3			3	2	
11. Modular planning for change *					8				1				5	5		1	1	1	
12. Experimentation/pilot project		1			1						3	1	2		3			1	5
13. Realigning systems and other organisational dimensions to create necessary competencies and behaviour			1	1	2	1	1	3	2	1	1	3	1	4	2	1	4	3	3
14. Monitoring, controlling and refining		5		1												7			
15. Rewarding and recognising										2						2			
16. Refreezing (or institutionalising)	5													1				1	

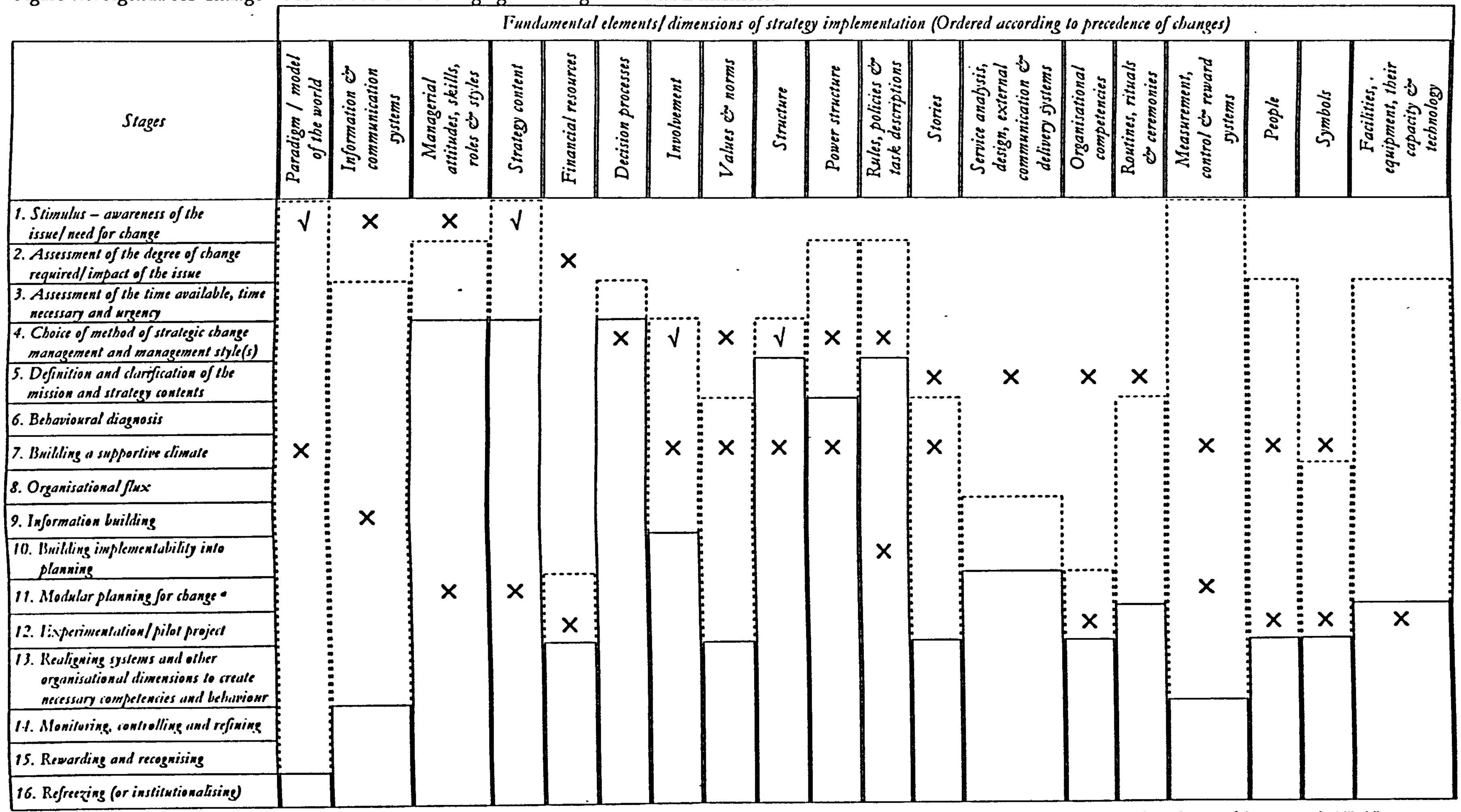
Note: * Modular or common planning.

Source: developed by C. J. F. Cândida.

Table 7.10 shows that there are some differences of opinion as to the best stage to start changing each of the organisational dimensions. For instance, one manager believes that the best time to start changing information & communication systems is at stage 2; four managers at stage 3; one manager at stage 5; three managers at stage 9; one manager at stage 12; and, finally, five managers at stage 14.

In order to facilitate comparison with Figure 4.15, a new figure is now drawn, based on this data. The highest frequencies in Table 7.10 are used to define the point at which each organisational dimension starts to change. For each organisational dimension, the two highest frequencies are selected. The cell of the selected frequency that is near to the first row indicates the stage from which partial changes can be made to that dimension. The cell of the second selected frequency indicates the stage from which every aspect related to that dimension can be changed. Figure 7.1, below, shows the Agenda for Change obtained in this fashion. Whenever this agenda does not coincide with that in Figure 4.15, an "×" is shown at the appropriate cell.

Figure 7.1. Agenda for Change – Moment to Start Changing each Organisational Dimension



Notes: "√" – Changes start when showed by Figure 4.15. "×" – Changes do not start when showed by Figure 4.15. Dotted line – partial changes (only some aspects of the elements and/or only part of the personnel). Filled line – every aspect of the elements can be changed and/or the changes apply to all personnel. * Modular or common planning.

Source: developed by C. J. F. Cândido.

Some conclusions can be extracted from Table 7.10 and Figure 7.1.

- Managers' opinions are not unanimous about when an organisational dimension should start to change.
- The agenda shown in Figure 7.1, built with the highest frequencies from Table 7.10, does not coincide exactly with the agenda suggested in Figure 4.15.
- Many of the differences between Figures 4.15 and 7.1 encompass several stages, many other differences are shorter, and only four of the organisational dimensions start changing exactly at the stage suggested in Figure 4.15.
- The differences in managers' opinions and the differences found between Figures 4.15 and 7.1, however, are consistent with what was noted before: the agenda for change can and should be adapted to the organisation's specific circumstances.
- Organisational circumstances change with time and differ from organisation to organisation. These are probably the major reasons for the differences found. Other possible causes are:
    - management is not following a consistent model for the implementation of a service quality strategy; and a
    - lack of management thinking in terms of the stages and of the fundamental organisational dimensions.
- The basic structure of Figure 4.15 – the shape of descending steps – is kept in Figure 7.1, although the columns must be arranged in a different order. This is, the hotels in the sample do not start changing all of the organisational dimensions at the same time – as predicted in Figure 4.15 – but each one at a specific stage.
- Changes in some of the dimensions start at the initial stages; in some other dimensions, at the middle stages; and in the remaining dimensions, at the last stages. Not all of the changes are left to the middle or to the last stages – as predicted in Figure 4.15.
- Finally, for all of the above, although the specific shape of the agenda built with the available data is different from the specific shape suggested earlier, there is supporting evidence for the basic aspects of the agenda.

7.2.2.3. LINKING THE SERVICE QUALITY GAPS TO THE ELEMENTS OF THE STATIC MODEL

Managers were also asked about what service quality gaps can have a negative impact on each organisational dimension and what service quality gaps can be prevented/eliminated by manipulation of each organisational dimension. Table 7.11, below, shows a summary of their answers. It also shows a comparison between their answers and what was previously hypothesised in Table 4.4.

The first column of Table 7.11 lists all the dimensions of the static model and the first line lists

the 14 service quality gaps previously identified. The numbers in the Table are frequencies and indicate how many managers have suggested a relationship between the organisational dimension and the service quality gap that correspond to each cell. These frequencies can be used as an indicator of the strength of the relationships. To emphasise the clearer and stronger relationships, the average of all frequencies is first determined and rounded to the nearest integer, which is two. All frequencies equal to or higher than the rounded average are then considered to indicate the clear or strong relationships. This procedure has two advantages. It reduces the impact of any possible random answers and emphasises the clear or dominant relationships, which can be compared with the "clear, direct or dominant relationships" of Table 4.4. [14]

A black dot "●" indicates a clear, direct or dominant association earlier predicted in Table 4.4. The number inside the dot indicates how many managers support the association. If the number is zero, the relationship was not supported at all and if the number is one, the relationship is still not considered clear or dominant. Predicted relationships that are strongly supported are represented by symbols "❷" to "⓬". The remaining frequencies in Table 7.11 indicate the number of managers that have suggested an association, which was predicted earlier as being less clear, indirect, very weak or even non-existent. These frequencies are recorded inside a small circle, *e.g.*, "②". Again, only the frequencies equal to or higher than two are considered clear or dominant. An empty cell means that a lack of association earlier predicted in Table 4.4 has been supported, *i.e.*, none of the managers suggested it could exist. A "relation" or "association" means that the gap has an impact over that dimension and/or that the dimension contributes to amplify or reduce the gap.

The last column of Table 7.11 summarises the information in the rest of the Table by providing the numbers of the gaps that are, according to managers, strongly related to each dimension of the static model.

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[14] Note that only the "clear, direct or dominant relationships" in Table 4.4 have been considered relevant for the mixed model, thus, only these will be considered here. See Section 4.4.4. Linking the Mixed Model to the Service Quality Gaps.

Table 7.11. Relationships between the Fundamental Dimensions of Strategy Implementation and the Service Quality Gaps, according to Managers, and Comparison with Table 4.4

Dimensions of the static model[a]	*Service quality gaps*														
	1. Management perceptions	*2. Service quality strategy*	*3. Service design and service quality specifications in terms of customers' expectations*	*4. Quality supportive financial function*	*5. Internal communication*	*6. Integration/coordination*	*7. Coordination of other people and/or organisations in the values system*	*8. Selection, training, and adequate levels of autonomy, power and rewards*	*9. Service delivery*	*10. External communication*	*11. Contact personnel perceptions of customers' expectations*	*12. Contact personnel perceptions of customers' experiences*	*13. Customer perceptions*	*14. Service quality evaluation*	*Summary of gaps strongly related to each dimension, according to the managers interviewed*
Paradigm/model of the world	5	②	②	③	②	①	②	②	①	①	2	2	①	②	*1-5, 7, 8, 11, 12, 14*
Information and communication systems	2	③	②	0	9	③		②	①	0			①	5	*1-3, 5, 6, 8, 14*
Managerial attitudes, skills, roles and styles	3	1	1	0	3	7	1	3	①	②	①	①			*1, 5, 6, 8, 10*
Strategy content	3	⑪	2	②	0	2	①	①			②	②		2	*1-4, 6, 11, 12, 14*
Financial resources	①			8			0	0		①					*4*
Decision processes	7	1	1		⑤	⑥								②	*1, 5, 6, 14*
Involvement	①	1	②		1	5		2	1	0	②	②	0		*3, 6, 8, 11, 12*
Values and norms	1	①	①	0	①	2		2	3	①	2	2	①	0	*6, 8, 9, 11, 12*
Structure	①		①		3	5	①	②		②	①	①			*5, 6, 8, 10*
Power structure	1	1	①		2	4	①	2		①				①	*5, 6, 8*
Rules, policies and task descriptions	①	0	2	5	0	2		3	4	②	①	①		0	*3, 4, 6, 8-10*
Stories			①		2	①		②	0	①	①	①			*5, 8*
Service analysis, design, external communication and delivery systems	①	①	8	0	0	0	3	0	3	2	1	2	⑤	0	*3, 7, 9, 10, 12, 13*
Organisational competencies	①	0	0		①	1	1	1	②	⑥			⑤		*9, 10, 13*
Routines, rituals and ceremonies					0	0	0	0	2		②	③	②	①	*9, 11-13*
Measurement, control and reward systems		0	0	1	0			2	6		②	③		8	*8, 9, 11, 12, 14*
People		①		1	1	0		12	2	②	⑨	⑨	0	0	*8-12*
Symbols			①	①	②	①			0				0		*5*
Facilities, equipment, their capacity and technology			①	⑤					①	①	①		2		*4, 13*
Time (timeliness, time avail., urgency)	1	2		0	0	1	0							①	*2*

Note: [a] The order of the organisational dimensions is that used in the previous table and figure, and not that used in Table 4.4.
Null frequencies and empty cells are not considered to determine the average frequency.

Source: developed by C. J. F. Cândido.

If a large number of unsupported predicted relationships – symbols ⓪ and ❶ – and of strong unpredicted relationships – symbols ② to ⑪ – is found in Table 7.11, it will constitute strong evidence against the pattern of clear, direct or dominant relationships hypothesised in Table 4.4. Since there are 92 of these symbols, represented in 32,9% of the cells of Table 7.11, it can be concluded that there is an excessive number of errors. Hence, the hypothesis in Table 4.4 does not represent an acceptable general pattern of the relationships between the service quality gaps and the fundamental organisational dimensions. Table 7.11, and particularly the strong relationships summarised in its last column, represents a more *accurate* general pattern for the FFSHA.

Two simple conclusions that were drawn from Table 4.4 are, however, not rejected by Table 7.11, receiving instead great support from managers' opinions. First, all of the organisational dimensions can be associated in one way or another with the service quality gaps. Second, the so-called "soft variables" – paradigm, values, norms, stories and symbols – are pervasive, affecting almost every gap. Paradigm, values and norms are strongly related to several gaps but stories and symbols are related to one or two gaps only.

Finally, the scattered large number of incorrectly predicted relationships – symbols ⓪ and ❶ –, of strong unpredicted relationships – symbols ② to ⑪ – and of small frequencies considered to depict irrelevant relationships – symbol ① – suggest also:

- a lack of consistent thinking by management in terms of the relationships between the service quality gaps and the fundamental organisational dimensions;
- a managers' and interviewer's occasional inability to rigorously translate the language used in the questionnaire (second questionnaire only) to the organisation's own language;
- an inconsistency/randomness in the managers' answers;
- a need to adapt Table 4.4 to the specific circumstances of any given organisation.

The first three aspects listed above lead to the question: can Table 7.11, particularly the strong relationships summarised in the last column, represent, not an *accurate*, but and *adequate* pattern for the FFSHA? For now, it will only be noted that since the model developed earlier in Table 4.4 was based on a sound theoretical framework, serious doubts might be raised about the reasoning underlying some managerial beliefs and practices reported in Table 7.11.[15]

[15] A methodological question might be raised here: can the data in table 7.11 be used to validate the conclusions extracted from Table 4.4 if it also raises suspicions about the adequacy of some managers' reasoning and practice towards service quality strategy implementation? Note that the problem is not real, because the conclusions are not presented as "validated". It is only suggested that the data does not reject the conclusions, providing some favourable evidence, although this data might indicate a poor reasoning and practice on the part of some managers.

7.2.2.4. LINKING THE SERVICE QUALITY GAPS TO THE STAGES OF THE DYNAMIC MODEL

Managers were asked about what service quality gaps occur with significative impact during each stage of the strategy implementation process. Table 7.12, below, shows a summary of their answers. It also shows a comparison between their answers and what was previously hypothesised in Table 4.8.

The first column of Table 7.12 lists all the stages of the dynamic model and the first line lists the 14 service quality gaps previously identified. The numbers in the Table are frequencies and indicate how many managers have suggested the occurrence of a gap during a stage. These frequencies can be used as an indicator of strength of the relationships between the gaps and the stages. To emphasise the clearer and stronger relationships, the average of all frequencies is first determined and rounded to the nearest integer, which is three. All frequencies equal to or higher than the rounded average are then considered to indicate the clear or strong relationships. This procedure has the advantage of reducing the impact of any possible random answers.

A black dot "●" indicates the occurrence of a gap during a stage, which was earlier predicted in Table 4.8. The number inside the dot indicates how many managers support the predicted relationship. If the number is zero, the relationship was not supported at all and if the number is one or two, the relationship is still considered not relevant. Predicted and strongly supported relationships are represented by symbols "❸" to "❾". The remaining frequencies in Table 7.12 indicate the number of managers who have suggested relationships which were not earlier predicted. These frequencies are recorded inside a small circle, *e.g.*, "③". Again, only the frequencies equal to or higher than three are considered relevant. Finally, an empty cell means that the gap was not expected to occur during the stage and that this prediction has been supported, *i.e.*, none of the managers suggested that it could occur.

The last column of Table 7.12 summarises managers' opinions by providing the numbers of the gaps that can clearly occur during each stage of the dynamic model.

Table 7.12. Service Quality Gaps That Can Occur With Negative Impact on Each Stage of the Dynamic Model, according to Managers, and Comparison with Table 4.8

Stages of the dynamic model	Service quality gaps														
	1. Management perceptions	2. Service quality strategy	3. Service design and service quality specifications in terms of customers' expectations	4. Quality supportive financial function	5. Internal communication	6. Integration/coordination	7. Coordination of other people and/or organisations in the values system	8. Selection, training, and adequate levels of autonomy, power and rewards	9. Service delivery	10. External communication	11. Contact personnel perceptions of customers' expectations	12. Contact personnel perceptions of customers' experiences	13. Customer perceptions	14. Service quality evaluation	Summary of the gaps occurring with a negative impact on each stage, according to the managers
Stimulus – awareness of the issue/need for change	5		①	0	3	0	0	1	①	⑥	④	③	④	7	1, 5, 10-14
Assessment of the degree of change required/impact of the issue	2	5	⑤	1	0	0	0				③	②	②	8	2, 3, 11, 14
Assessment of the time available, time necessary to complete the changes and urgency	0		④	②	1	0	0	①			②	②	②		3
Choice of the most adequate method of strategic change management and of management style (or styles)	5	⑥			1	①		1	①		②	③	②		1, 2, 12
Definition and clarification of the mission and strategy contents	0	1	0	0	9	6	0	1	①		④	②	②	1	5, 6, 11
Behavioural diagnosis		1		⑤	3	②	①	6			②	④	②	0	4, 5, 8, 12
Building a supportive climate	①	0		1	3	5	0	3	⑤		②	⑧	②		5, 6, 8, 9, 12
Organisational flux	0	0	0		2	0	①	1	②	①			②		-
Information building	0	1		0	1	0	2	0			①		⑧	5	13, 14
Building implementability into planning				①	3	1	0	3					②		5, 8
Modular planning for change	3	0	1	3	1	1	0	0			①		②	2	1, 4
Experimentation/pilot project	①	1	②	3	2	3	4	1	5	3	1	1	4	1	4, 6, 7, 9, 10, 13
Realigning systems and other organisational dimensions to create necessary competencies and behaviour	③	3	③	5	5	5	8	5	6	6	9	4	5	3	1-14
Monitoring, controlling the process and refining	0	0	0	0	0	0	0	1			①	①	①	3	14
Rewarding and recognising		0	1	3	0	0		3						0	4, 8
Refreezing (or institutionalising)		0	1	0	1	2	0	0	0	0	0	0	0	0	-

Note: Null frequencies and empty cells are not considered to determine the average frequency.

Source: developed by C. J. F. Cândido.

If a large number of unsupported predicted relationships – symbols ⓿, ❶ and ❷ – and of strong unpredicted relationships – symbols ③ to ⑧ – is found in Table 7.12, it will constitute strong evidence against the pattern of gap occurrence hypothesised in Table 4.8. Since there are 98 of these symbols, represented in 43,8% of the cells of Table 7.12, it can be concluded that there is an excessive number of errors. Hence, the hypothesis in Table 4.8 does not hold. Table 7.12, and particularly the strong relationships summarised in its last column, represents a more accurate general pattern for the FFSHA.

The general matrix in Table 4.8 has been used to extract some simple conclusions.[16] These conclusions are not rejected by Table 7.12, although some slight modifications can be introduced, as follows:

- almost all of the stages can be negatively affected by one or more gaps. The number of gaps affecting a stage can go from 0 to 14.
- the stage designated "realignment of the systems" seems to be negatively affected by all of the gaps. Being affected by an increased number of gaps and also by resistance to change makes the "changing" stages much more difficult to complete satisfactorily and to manage. This justifies the need for a good preparation for change during the "unfreezing and preparing for change" stages. It was expected that the "pilot project" would be affected by 12 gaps, but managers indicated only 6.
- it was earlier concluded that during "unfreezing and preparing for change" (stages 1 to 10), gaps 9 to 13 would not be dangerous, as they have probably provided the basic justification to starting the change process and are unavoidable at these initial stages. Managers have not fully supported this reasoning. Apparently, the persistence of those gaps during the initial stages of the process can in fact have a dangerous impact on the process. It was also earlier concluded that during the "changing" stages and "refreezing", gaps 9 to 13 could still occur, but this time they should not; refinement of the process should eliminate them. Managers have supported this.
- it was earlier concluded that during refreezing, all but one of the gaps could occur with a negative impact. Apparently managers do not agree and seem to believe that none of the gaps should occur at this stage.
- gaps 5, 6 and 8 were expected to do almost constant damage to the process, whilst gaps 1, 2, 4, 7 and 14 would be almost as pervasive. These gaps do not seem to affect as many stages as expected. Still, the most frequent gaps are gaps 4, 5, 8, 12 and 14.
- the scattered large number of unsupported predicted relationships – symbols ⓿ to ❷ –, of strong unpredicted relationships – symbols ③ to ⑧ – and of scattered small frequencies considered irrelevant – symbols ① and ② – may also suggest:

    1. management is not following any consistent model for the implementation of a

[16] See Section 4.3.5.

service quality strategy that prevents/eliminates service quality gaps;

2. lack of management thinking in terms of the relationships between the service quality gaps and the strategy process stages;

3. managers' and interviewer's occasional inability to rigorously translate the language used in the questionnaire (second questionnaire only) to the organisation's own language;

4. inconsistency/randomness of managers' answers;

5. a need to adapt Table 4.8 to the specific circumstances of any given organisation.

The first, second and fourth aspects above lead once more to the question: can Table 7.12, particularly the strong relationships summarised in the last column, represent, not an *accurate*, but and *adequate* pattern for the FFSHA? Since the model developed earlier in Table 4.8 is based on a sound theoretical framework, serious doubts can be raised about the reasoning underlying managerial practices reported in Table 7.12. Note, for instance, that gap 2 (service quality strategy) seems to occur at stage 2, where strategy is not being formulated, and does not occur at stage 5 (definition and clarification of strategy) and stage 11 (modular planning) when strategy should be considered and should play an important role. And is it possible that during stage 8 (organisational flux) and stage 9 (information building), all communication and coordination gaps are suddenly solved and completely absent? Similar arguments can be raised for other gaps. This leads to a troubling conclusion. Managerial practices in some hotels, but not all, are not following any consistent model for the implementation of a service quality strategy and are not based on managerial thinking that considers the relationships between the fundamental organisational dimensions[17], the stages of the process and the service quality gaps that must be prevented. This holds despite the FFSHA managers who were interviewed being well intentioned and driven by quality considerations.

7.2.2.5. LINKING AGENDA FOR CHANGE, GAP MODEL, STATIC MODEL AND DYNAMIC MODEL

The mixed model has been linked with the gap model in a previous section.[18] This linkage was intended to analyse the implementation of a service quality strategy with regard to the service quality gaps that can occur in a service organisation. More precisely, this linkage was intended to provide an identification of the organisational dimensions that can be manipulated at each stage of the process to prevent/eliminate service quality gaps. Such a linkage is shown in Table 4.10. This section produces a table similar to Table 4.10. The four steps of the procedure used earlier to develop Table 4.10 have now been adapted to produce Table 7.13. The adaptations are very simple and are as follows:

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[17] See Section 7.2.2.3. Linking the Service Quality Gaps to the Elements of the Static Model.

[18] See Section 4.4.4. Linking the Mixed Model to the Service Quality Gaps.

- Table 7.13 is based on a summary of the information provided by managers, specifically, in the last column of each of the Tables 7.11 and 7.12.

- To make possible a comparison, only the cells that were filled in Table 4.10 have been filled in Table 7.13. This means that the modifications introduced to the agenda for change by Figure 7.1 cannot be considered here.

Table 7.13. Linking the Service Quality Gaps to the Mixed Model – Distribution of the Service Quality Gaps according to Managers

	Fundamental elements/ dimensions of strategy implementation																			
Stages	*Paradigm / model of the world*	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*	*Service quality gaps occurring with negative impact on each stage*
Stimulus – awareness of the issue/ need for change	1, 5, 11, 12, 14	1, 5, 14	1, 5, 10																	-	1, 5, 10-14
Assessment of the degree of change required/ impact of the issue	2, 3, 11, 14	2, 3, 14	-	2, 3, 11, 14																	2, 3, 11, 14
Assessment of the time available, time necessary and urgency	3	3	-																	-	3
Choice of method of strategic change management and management style(s)	1, 2, 12		1			1	12	12	-	-											1, 2, 12
Definition and clarification of the mission and strategy contents	5, 11	5, 6	5, 6	6, 11		5, 6	6, 11	6, 11		5, 6	6	5									5, 6, 11
Behavioural diagnosis		5, 8	5, 8					8, 12				5, 8									4, 5, 8, 12
Building a supportive climate		5, 6, 8	5, 6, 8	6, 12	-		6, 8, 12	6, 8, 9, 12	5, 6, 8	5, 6, 8		5, 8				8, 9, 12	8, 9, 12			-	5, 6, 8, 9, 12
Organisational flux	-	-	-	-		-	-	-	-	-		-	-		-	-	-				-
Information building	14	14	-					-	-	-		-	13			14					13, 14
Building implementability into planning		5, 8	5, 8				8	8	5, 8	5, 8	8					8				-	5, 8
Modular planning for change	1, 4	1	1	1, 4		1		-			4										1, 4
Experimentation/ pilot project	4, 7			4, 6			6					-	7, 9, 10, 13	9, 10, 13	9, 13	9		-	4, 13		4, 6, 7, 9, 10, 13
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		1-3, 5, 6, 8, 14	1, 5, 6, 8, 10		4		3, 6, 8, 11, 12		5, 6, 8, 10		3, 4, 6, 8-10		3, 7, 9, 10, 12, 13	9, 10,13	9, 11-13	8, 9, 11, 12, 14	8-12		4, 13	2	1-14
Monitoring, controlling and refining		14		14		14		-		-			-	-	-	14	-			-	14
Rewarding and recognising			8				8	8			4, 8	8			-	8	8			-	4, 8
Refreezing (or institutionalising)	-	-	-		-			-	-	-	-	-		-	-	-	-				-

Source: developed by C. J. F. Cândido.

As before, the stages of the process are shown in the first column of Table 7.13 and the organisational dimensions are listed in the second row. The distribution of the gaps in Table 7.13 is different from that in Table 4.10. The most important features of this new distribution are as follows:

1. Some gaps are very frequent, occurring in many of the cells.[19]

2. The same gap is registered in more than one cell of the same column.

3. The same gap is also registered in more than one cell of the same row.

4. Most of the non-empty cells contain more than one gap; on average 2,2 gaps.[20] This average has dropped from four gaps in Table 4.10 to 2,2 gaps in Table 7.13.

5. Some gaps occur together very frequently. Gaps 5 and 8 occur simultaneously, in the same cell, 15 times. Gaps 5, 6 and 8 occur simultaneously, in the same cell, 7 times (51 times, in Table 4.10). Gaps 2 and 4, which occur simultaneously in 25 cells of Table 4.10, do not occur simultaneously in Table 7.13.

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[19] Table 7.14 indicates the frequency of each gap. The more frequent gaps are Gap 8 – selection, training, and adequate levels of autonomy, power and rewards, Gap 5 – internal communication, and Gap 6 – integration/coordination. These are also the most frequent gaps in Table 4.10. The frequencies of these three gaps exceed by far the frequencies of the remaining gaps. The less frequent gaps are gaps 2, 3, 7, 10 and 13.

Table 7.14. Frequency of the Service Quality Gaps in the Previous Table

	1. Management perceptions	*2. Service quality strategy*	*3. Service design and service quality specifications in terms of customers' expectations*	*4. Quality supportive financial function*	*5. Internal communication*	*6. Integration/coordination*	*7. Coordination of other people and/or organisations in the values system*	*8. Selection, training, and adequate levels of autonomy, power and rewards*	*9. Service delivery*	*10. External communication*	*11. Contact personnel perceptions of customers' expectations*	*12. Contact personnel perceptions of customers' experiences*	*13. Customer perceptions*	*14. Service quality evaluation*	*Total*
Frequency	13	6	9	10	24	22	3	35	13	9	11	15	9	14	193
Relative frequency (%)	6,7	3,1	4,7	5,2	12,4	11,4	1,6	18,1	6,7	4,7	5,7	7,8	4,7	7,3	100.0
Relative frequency in Table 4.10 (%)	8,5	8,9	4,8	9,7	18,7	15,0	6,0	14,3	3,1	1,0	0,8	0,8	1,2	7,2	100.0
Difference between relative frequencies	-1,8	-5,8	-0,1	-4,5	-6,3	-3,6	-4,4	3,8	3,6	3,7	4,9	7,0	3,5	0,1	-

Source: developed by C. J. F. Cândido.

[20] Total in Table 7.14/number of non-empty cells in Table 7.13 = 193/87 = 2,2.

6. There is no observable pattern for any of the gaps, taken individually.[21]

These features of Table 7.13 are identical to those of Table 4.10, with only slight differences in features 4 and 5. The features of table 7.13 suggest the following conclusions, which are identical to those previously extracted from Table 4.10:

- The observation that several gaps are registered so many times in Table 7.13 indicates that these gaps might start at almost any stage of the implementation process, possibly being originated by different causes.

- Particularly, the observation that the same gap is registered several times in the same column suggests that, during the strategy implementation process, any existing gap may increase in intensity. Causes for gap persistence or intensity increase might be the same as in the past or different causes.

- More importantly, perhaps, the previous observations suggest that even if a gap has been dealt with and closed at one stage, it may occur again at another stage. Once more, the reasons for gap recurrence might be the same as in the past or different reasons.[22]

- The observation that the same gap is registered several times in the same row might indicate that this gap could have several causes, each individual cause being "located" in a different organisational dimension. It also suggests that the manipulation of only one organisational dimension is probably insufficient to close a gap. Manipulation of more than one organisational dimension will be required to close any gap.

- Most of the non-empty cells in Table 7.13 contain more than one gap; non-empty cells contain on average 2,2 gaps. This might mean that the dysfunction of one organisational dimension may cause more than one gap. It can also mean that manipulation of that dimension, although insufficient to completely eliminate a gap, can help to simultaneously eliminate more than one gap.

- Some of the gaps seem to occur repeatedly in conjunction with others. This is the case with Gaps 5, 6 and 8. Such clusters provide support for the idea that service quality gaps are not independent. In this case, difficulties in human resources management frequently combine with communication and coordination gaps.

- The complexity of Table 7.13 suggests that the structure of causal relationships underlying the occurrence of gaps can be extremely complicated when looked at from the end of the implementation process. Thus, it might be difficult to trace the causes for the gaps.

Since numerous differences can been found between Table 7.13 and Table 4.10, a specific table can be developed for the organisation, bearing in mind some other possible modifications to the mixed model in Table 4.9 and to the Agenda for Change. The general framework presented by such a

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[21] See Appendix D.

[22] See also Section 5.3.16 where managers confirm the possibility for gap recurrence.

table as Table 4.10 or Table 7.13 is a complex and a comprehensive tool to understand and represent the problems that might occur during each stage of the strategy process. The framework can be used to anticipate and prevent them, and at the same time to suggest the variables to manipulate in doing so.

*

This chapter and the preceding chapter offer an analysis of the data derived from the two questionnaires implemented in the population of the FFSHA. These chapters explain how the FFSHA have been implementing service quality strategies – emphasising some positive aspects and highlighting some serious quality gaps. The four models previously synthesised in earlier chapters are tested against the survey data. Although only modest and tentative validations, which include some statistical tests, are attempted, the first three models, *i.e.*, quality gap, static model, and dynamic model, are supported. The basic assumption of the fourth model, the mixed model, is clearly supported by managers, but the remaining building blocks and tools of the mixed model are modified, thus emphasising the earlier anticipated need to adapt them to each individual organisation, although the general character and structure of the building blocks and tools is validated. Finally, the comparison between those blocks and tools as predicted and as were suggested by managers opinions has raised concerns about the absence of a consistent model for the implementation of service quality strategies in some of the four and five star hotels of the Algarve.

8. CONCLUSION

This chapter is a synthesis of the chapters in this dissertation. It summarises the motives, nature and scope of the research; re-states the research problem, aims and objectives; synthesises the findings that bring originality to the field; interrelates them; links the findings to existing literature; offers some recommendations to managers; provides a brief assessment of the research; and gives some indications as to future research in the area.

8.1. RESEARCH MOTIVES, NATURE, SCOPE, PROBLEM, AIMS AND OBJECTIVES

Some of the factors that motivated this research are: (1) the author is a portuguese born in the Algarve; (2) the tourism industry is the most important one in Algarve (CCRA, 1994); (3) research into the Algarve Hotel Industry is a rarity; (3) service quality is the strategy that portuguese organisations concerned with the Algarve Hotel Industry recommend (DGT, CCRA & RTA, 1994; Carvalho, 1995); (4) managers' beliefs about strategy implementation are puzzling and indicate that strategy implementation must be a priority for research[1]; (5) there is much less research in strategy implementation than in strategy formulation (Roberts & Pitt, 1990; Mockler, 1995; Stanworth & Gray, 1991; Olsen & Roper, 1998); (6) the strategy field is clearly in need of strategy implementation models (Mockler, 1995), including a contingent model for the implementation of service quality strategies.

The above main motives for this research have implicitly stated the nature and scope of the research, which is based in the confluence of the areas of strategy, strategy implementation, service quality, the hotel industry and, specifically, the Algarve Hotel Industry (AHI,.

The specific problem under research has been defined[2] as: **how to implement a strategy of quality, which focuses on customers' needs, in an organisation of the AHI.** The research problem has also been stated as **how to integrate coherently a strategy of quality centred on customers with the operational requirements / idiosyncrasies to make it work? Or more simply as, how to make people, especially at the operational level, accept and understand what and how to implement a quality strategy, which seeks continual improvement by satisfying customers' needs and exceeding their expectations now and on every subsequent occasion.**

The main variables and relationships in this problem definition have been represented in a model

[1] See Section 1.2.3. Why Strategy Implementation?

[2] See Section 1.3.2. Problem Statement and Aims.

in Figure 1.1. This model suggests some more specific research questions, which have been used to develop the aims of the study.[3] These aims include (1) the development and initial assessment of four relevant models for service strategy implementation and (2) a description of current managerial practices, regarding service quality and strategy implementation, at the four and five star hotels of the Algarve (FFSHA). The research aims have been defined earlier as follows:

A1. to develop representative models of service quality insufficiencies, of the relevant organisational dimensions, of strategy formulation and implementation, and of their integrative management;

A2. to make a first assessment of these models' validity;

A3. to determine the importance of service quality insufficiencies and how they are dealt with in the FFSHA; and finally,

A4. to describe current managerial practices regarding service quality and service quality strategy implementation at independent and chain hotels in the AHI. For instance, to describe if and how managers try to perceive customers' needs and expectations.

A few specific objectives have been further defined, regarding the last three of the research aims listed above.[4] These objectives are:

O1. to assess how important it is to the managers of the FFSHA to eliminate service quality gaps;

O2. to assess how the FFSHA deal with the service quality gaps, namely, what organisational dimensions of the static model are manipulated to prevent/eliminate service quality gaps, what specific processes, methods and instruments are used and how frequently;

O3. to assess if service quality gaps are recurrent in the FFSHA;

O4. to assess if service quality gaps occur in clusters or in isolation in the FFSHA.

O5. to assess how important is each of the stages of the dynamic model to the managers of the FFSHA;

O6. to assess how the FFSHA follow those stages in order of precedence;

O7. to verify what organisational dimensions of the static model do managers of FFSHA start changing at each stage of the dynamic model;

O8. to verify what service quality gaps managers of FFSHA relate to each dimension of the static model; and

O9. to verify the service quality gaps that managers of FFSHA report as occurring during each stage of the dynamic model.

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[3] See Section 1.3.2. Problem Statement and Aims.

[4] See Section 5.1. Research Objectives.

8.2. CONCLUSIONS FROM THE LITERATURE REVIEW

8.2.1. CONCLUSIONS FROM THE STRATEGY LITERATURE REVIEW

Strategy formulation and implementation are two parts of the same process; one does not make any sense without the other. Thus, a thesis on strategy implementation cannot ignore the core concepts and instruments of strategy formulation. This dissertation offers a review of the construct, content, process and instruments of strategy; the attitudes of the strategist, his skills, roles and styles; the environment; the customer; and total quality. These are concepts that are clearly related to the research problem and could not have been ignored.

The literature review has shown that the ideas of the "inspirational core" of strategy,[5] the corporate strategy matrixes, developed by consulting companies, and Porter's (1980, 1985, 1990) techniques, which have, together, introduced most of the concepts mentioned above and have become the essence of textbooks, unfortunately, do not make any significative contribution to the strategy implementation problem. Gore *et al.* (1992) emphasise that, although implementation is a vital stage, because it translates strategy into action, strategy implementation is ignored by the majority of writers, who persistently keep on favouring research on strategy formulation.

Similarly, in the sample of strategy instruments that have been considered in this dissertation, and are represented in Figure 2.9, the number of instruments devoted to strategy formulation is far higher than the number of instruments used for strategy implementation.

But, in spite of the emphasis of research on concept, process and formulation instruments, these are still controversial. The characteristics, for instance, of strategy and strategic management, reported in the Table 2.1, are not fixed and may vary from one organisation to another (Martinet, 1992). This changing nature probably feeds the continuous discussion around the concept and characteristics of strategy. It has been proposed earlier in this dissertation, that a more intense and abundant research on strategy implementation might contribute to a more complete, eventually, more consensual concept of strategy and of strategic management.

Unfortunately, many of the research areas contributing to the strategy field, and every alternative perspective of strategic management, are not concerned with the strategy implementation problem.[6] An examination of Table 2.2, for instance, shows that all kinds of potential contributions are directly related to strategy formulation, whereas none is directly related to strategy implementation.

The lack of contributions to research on strategy implementation might result from the emphasis

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[5] See Section 2.1.3.1. Traditional Perspective.

[6] See Section 2.1.3.3. Fields Contributing to the Traditional Perspective and to other Alternative Perspectives

of the strategy field itself on strategy formulation, not from an absolute lack of potential contributions. In fact, some useful offerings to strategy implementation have already been made by organisational and behavioural sciences, communications theory (Mockler, 1995), psychology (Lewin, 1947), politics and two of Whittington's (1993) perspectives.[7] These contributions have not been ignored and are considered in this dissertation where appropriate.

In summary, the strategy literature and strategy research are characterised by:[8]

- a focus of research on strategy concept, formulation processes and formulation instruments;
- a lack of research interest on strategy implementation;
- an overwhelming number of instruments for strategy formulation and a limited number of instruments for strategy implementation;
- an emphasis in many research fields, which are related to strategy, on subjects that are only relevant and contribute to research on strategy formulation, but not to the strategy implementation problem;
- a lack of clear, detailed and general strategy implementation models (Mockler, 1995) and a need for the redefinition and integration of the formulation and implementation process in order to better accommodate the requirements of a successful implementation.

8.2.2. CONCLUSIONS FROM THE STRATEGY IMPLEMENTATION LITERATURE REVIEW

Some authors have defined strategy implementation as a "planning" activity and others as a "deciding" activity. For instance, Hrebiniak & Joyce (1984) have considered «*planning* and *organisational design*» to be the basic activities of implementation; and Stonich (1982) has considered the decision of how to operationalise a strategy to be strategy implementation. These activities are not implementation, but intermediate activities that precede it (Eccles, 1993). Strategy implementation is neither to plan the strategy, nor to decide how to operationalise it (Eccles, 1993). If those concepts were true, no strategy would be translated into reality (Eccles, 1993). The concept of implementation is about action and behaviour in the organisation. **Implementation is the process of translating a new strategy into action (Johnson & Scholes, 1999), which causes the organisation to behave in accordance with its new purposes and guidelines (Ansoff & McDonnell, 1990).** Implementation is thus, in simple terms, the carrying out, or execution, of a new strategy. Execution of a strategy is constituted by a sequence of actions involving (almost) every organisational department and every resource in a coordinated way. Examples of such actions include, for instance, the (1)

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[7] The processual and systemic views. See Section 2.1.7.3.1. Whittington's Classification.

[8] See also end of Section 2.1.7.5. Who can be Involved in the SDMP?

selection and recruiting of personnel; (2) training of employees; (3) introduction of new tasks, procedures and regulations (4) replacement of facilities, equipment and software; and (5) introduction of new services. These and other actions should result in actual changes in the direction and behaviour of the organisation, just as planed. This means giving a different shape to what is already being done or introducing bigger changes at different levels; for instance, competencies, activities, hierarchies, processes, norms, products and services. A strategy content specifies what should be done, how and to whom; implementation introduces the actual changes that make it reality. Unfortunately, these changes can be threatening to middle/lower management and to other personnel, because these people may not feel prepared to perform under the new conditions. This feeling creates uncertainty, anxiety and stress (Carnall, 1986) and will probably lead people to strongly resist the introduction of changes. Resistance to change has been understood to be the most important difficulty with implementation (Cf. Johnson & Scholes, 1999; Ansoff & McDonnell, 1990; Carnall, 1986). Resistance to change can have several sources, such as those listed in Table 4.1, and can manifest itself in different ways, including delays, inefficiencies, costs, instabilities, and efforts to roll back the effects of the change, to sabotage it or «to "absorb" it in the welter of other priorities» (Ansoff & McDonnell, 1990). Besides resistance, other important implementation difficulties have also been recognised in the literature, but some of them can be traced back to resistance to change.[9] Nevertheless, it is important to know all of the implementation problems, so that a model of strategy implementation can help to prevent and eliminate them. One way to prevent and eliminate implementation problems is to consider the available methods for effecting strategic change in organisations. The available methods are: (1) learning organisation; (2) coercive or imposed change; (3) adaptive or unmanaged change; (4) crisis management; and (5) managed resistance strategic change methods (Johnson & Scholes, 1999; Ansoff & McDonnell, 1990).[10] These alternative methods have been studied and compared.[11] From this comparison resulted the conclusion that one is best (Johnson & Scholes, 1999; Ansoff & McDonnell, 1990). That method is "managed resistance strategic change", also designated as the "accordion". This method is so robust that the remaining methods can be made more effective by using its features; to the extent that this is possible (Johnson & Scholes, 1999; Ansoff & McDonnell, 1990). This dissertation has consequently adopted the managed resistance approach as the best one to prevent and eliminate resistance to change. Other features have also been considered in order to avoid the remaining implementation problems. How this was done is further explained below, in the sections dedicated to the findings of the research.

The findings of this research owe much to a characteristic of the implementation literature that has been uncovered. The literature review revealed that existing strategy and strategy implementation

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[9] See Section 4.1.4. Implementation Problems.

[10] The five methods are a combined list of the methods proposed by Johnson & Scholes (1999) and Ansoff & McDonnell (1990).

[11] See Section 4.3.2.1. Strategic Change Methods.

models can be separated into two distinct types: static models and dynamic models. Static models are representations of the organisation at a given instant, whereas dynamic models are processes for implementing strategic changes. This distinction has been of capital importance for the thesis (Cf. aims A1 and A2; and objectives O2 and O5 to O9).

8.2.3. CONCLUSIONS FROM THE SERVICE AND SERVICE QUALITY LITERATURE REVIEW

Services are different from manufactured goods. Services have a tendency towards intangibility, inseparability, heterogeneity and perishability. They are also marked by a blurring of boundaries between organisational functions. This blurring is visible when contact employees perform activities of information, production, marketing, distribution and even of a financial nature with just one customer. Services are produced at the same time that they are distributed to customers, and the customer is present and participates in the production process. Customers interact actively with employees in the service factory. These characteristics of services make service organisations and their management, including strategic management, different.

The service literature considers service strategic options and strategic management in some detail, but the emphasis is on how the characteristics of services influence strategy and strategic management. A major influence is that service strategic management should create an environment where employees have the liberty and power to respond to customers, during the interaction and, eventually, employees contribute to changes in strategy, which are immediately implemented during the interaction (Irons, 1994). Service employees, thus, can have a larger influence on the process of strategy formulation-implementation than in manufacturing, because it occurs primarily while the service is being delivered.

Strategy implementation, although little mentioned or only partially approached by some authors, is not addressed as a subject worthy of individual attention in the service literature. Perhaps only two small notes are worth mentioning here. First is Grönroos' (1990) definition of strategy implementation as «actions of many kinds» coupled with the rejection of old rules at all levels of the organisation. And, second is Kingman-Brundage's (1989) suggestion that a flowchart can be used as an implementation instrument, as it can be used to integrate systems and departments, simplify and objectively communicate details, document processes and help in everyone's jobs.

But if strategy implementation is not a very important subject in service literature, another subject has emerged as one of the most important in this literature; that subject is quality.[12] Some studies have

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[12] Gummesson (1989). Interestingly, however, quality, or total quality, has been seen in the strategy literature, as a management tool, just like brainstorming or benchmarking, not as a generic strategy.

concluded, and it has been assumed in this dissertation, that service quality leads to customer satisfaction and customer satisfaction leads to positive customer behaviour, including customer loyalty. Quality is a broad concept which has to be broken down into a number of specific characteristics, or dimensions, in order to clarify what it really means. Service quality dimensions are different from goods quality dimensions, naturally, because services are different. Several different groups of service quality dimensions have been proposed in the literature. Table 3.7 is a summary, which shows that none of these groups is a complete set of quality dimensions. Their authors have ignored some of the possible dimensions. Table 3.7 shows also that the concepts used to define each dimension can differ from one author to another. A comprehensive set, composed of eight service quality dimensions, has been chosen, using a previously defined group of criteria, to be used in this particular thesis. The chosen service quality dimensions are reliability, responsiveness, assurance, empathy, tangibles, appearance of personnel, personnel professional judgement, and recovery.[13]

Another relevant service quality concept is that of the service quality gap. This is addressed in the following section, which is concerned with the findings of this work.

8.3. FINDINGS: MODELS THAT HAVE BEEN SYNTHESISED, THEIR RELATIONSHIPS, LINKS TO RESEARCH AIMS, LINKS TO EXISTING LITERATURE, AND RECOMMENDATIONS TO MANAGERS

8.3.1. SERVICE QUALITY GAP MODEL

Some of the most influential models in the service management literature (Grönroos, 1990; Parasuraman *et al.*, 1985) focus on the concept of a service quality gap. Parasuraman *et al.* (1985) define a pioneering model, depicted in Figure 3.15, with five service quality gaps, briefly designated as (1) management perceptions gap; (2) service specifications gap; (3) service delivery gap; (4) external communications gap; and (5) perceived service quality gap. The concepts of these five gaps have been amplified by Brogowicz *et al.* (1990), in order to incorporate five kinds of more encompassing service quality gaps: (1) information and feedback-related gaps; (2) design-related gaps; (3) implementation-related gaps; (5) communication-related gaps; and (5) total service quality perceived gaps. The amplified concepts are meant to encompass different kinds of more specific, narrower gaps. Implicit, is the fact that numerous types of quality gaps can occur in a service organisation, which can be classified (or not) into any of the above five kinds. Brogowicz *et al.* (1990), however, do not define any of the possible narrower gaps. They do not fully exploit this path, but proceed to exploit their distinct

[13] See Section 3.3.2.6. Models of Service Quality Dimensions.

concepts of Gap 5A and Gap 5B, two different narrower external gaps of the category of Gap 5.[14] Their ideas are, nevertheless, important, opening a way to the definition of new models. Such models can exploit the potential of relevant aspects of services and service quality that were not explicit or were ignored in previous gap models. For instance, several service quality inconsistencies have been mentioned in the literature (*e.g.*, Lovelock, 1992b; Garvin, 1987; Zemke & Schaaf, 1989; Brown & Swartz, 1989; Normann & Ramirez, 1993)[15] but have not been defined explicitly as service quality gaps and have not been incorporated in any service quality gap model. The model developed in this dissertation considers the gaps in previous models and incorporates other service quality inconsistencies. New incorporated gaps that are worth mentioning are: (1) gaps between members of the contact personnel; (2) gaps between support personnel and contact personnel; (3) gaps between support systems and contact personnel; (4) gaps between an increased number of functions, including design, financial management and human resources management; and (5) gaps of external coordination, between the organisation and external stakeholders.[16] A total of fourteen service quality gaps has been integrated into a coherent system, represented in Figure 3.19, and has been defined accordingly. Each of the definitions synthesises several contributions from previous studies. From those definitions, a fundamental aspect of the model has emerged. It can be seen that quality gaps may occur during day-to-day delivery activities, but it also became clear that service quality gaps may occur during the strategy formulation and implementation process. This characteristic is intimately linked to objectives O2, O8 and O9 of this research, and further links the service quality gap model to other models, synthesised in this dissertation, which represent the organisation and the strategy process. If any group of gaps occurs during strategy formulation or implementation, the strategy process becomes flawed. In that case, it is probable that the gaps will become engraved in the organisational processes, routines and culture. All the subsequent organisational activity will be severely affected; the strategy implementation will be considered unsuccessful; and the organisation's competitiveness will be endangered. This reasoning indicates that some gaps might be conceptualised both as impediments to quality and as impediments to effective strategy implementation. It also suggests that prevention and elimination of gaps should occur before, during, and after the strategy process. Thus, an understanding of quality gaps becomes necessary before starting any quality strategy formulation and implementation process. It was clear, before, that because of the impact of gaps on service delivery, departmental managers must prevent, detect and eliminate them at source. But this reasoning has further suggested that the impact of service quality gaps on strategy formation and implementation makes it increasingly important for the CEO and staff planners to do the same.

To develop a representative model of service quality gaps is one of the aims of the research (aim

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[14] The designations "Gap 5A" and "Gap 5B" are attributed in Section 3.3.2.5.3 to unequivocally distinguish them, not by Brogowicz *et al.* (1990).

[15] See Table 3.8.

[16] See Section 3.3.3.2. Gaps Involving Internal and External Customers.

A1). The service quality gap model synthesised in this dissertation is comprehensive, as it amplifies the areas where to look for gaps and outlines a total of fourteen service quality gaps, some of which can be disaggregated, according to the organisation's strategic quality dimensions.[17] The model explains what are the fundamental service quality gaps, how they can occur, how they can be disaggregated, and emphasises a link with the strategy implementation problem. The model does not explain how to implement a service quality strategy that avoids the gaps. But it can be used to raise some questions related to strategy implementation – What gaps can occur during each stage of the strategy process? What organisational variables can be used to prevent and eliminated the gaps? At what stages of the process? Is the manipulation of organisational variables at one specific stage capable of eliminating any specified gap? Will the gap recur?... These questions have been considered in developing the static, dynamic and mixed models.

8.3.2. STATIC MODEL – FUNDAMENTAL ORGANISATIONAL DIMENSIONS FOR STRATEGY IMPLEMENTATION

To change the behaviour of a group, all the circumstances involving that group have to be analysed (Lewin, 1952). Similarly, to change the behaviour of an organisation, all of its important aspects should be studied. Some models have been proposed to help identify the fundamental aspects of an organisation at a given period. Since they focus on a short period of time, or an instant, they can be called "static models". Static models are, thus, representations of the organisation, at a given moment, which identify, define and interrelate the fundamental organisational dimensions for successful strategy implementation.

There are several static models, each emphasising specific dimensions of an organisation. A famous example is the "7-S framework", introduced by Peters *et al.* (1980). Other relevant examples of static models are the common "systems approach" (*e.g.*, Stoner *et al.*, 1995); Ansoff & McDonnell's (1990) organisational capability model; Johnson & Scholes' (1999) cultural web; Galpin's (1997) influence systems model; as well as Leavitt's (1964); Irons' (1991); and Hussey's (1996) models. These are very different in the number and in the nature of the dimensions that they include.[18] Thus a more comprehensive model has been synthesised, which is reproduced in Figure 8.1.[19] By listing twenty essential dimensions – represented as ellipses – and by overlapping each ellipse with every other, the model emphasises the diversity of dimensions that can be involved in strategy implementation and the intricacy of their relationships. These relationships are evident in the definitions provided for each organisational dimension. Such definitions have been compiled from the references given above and

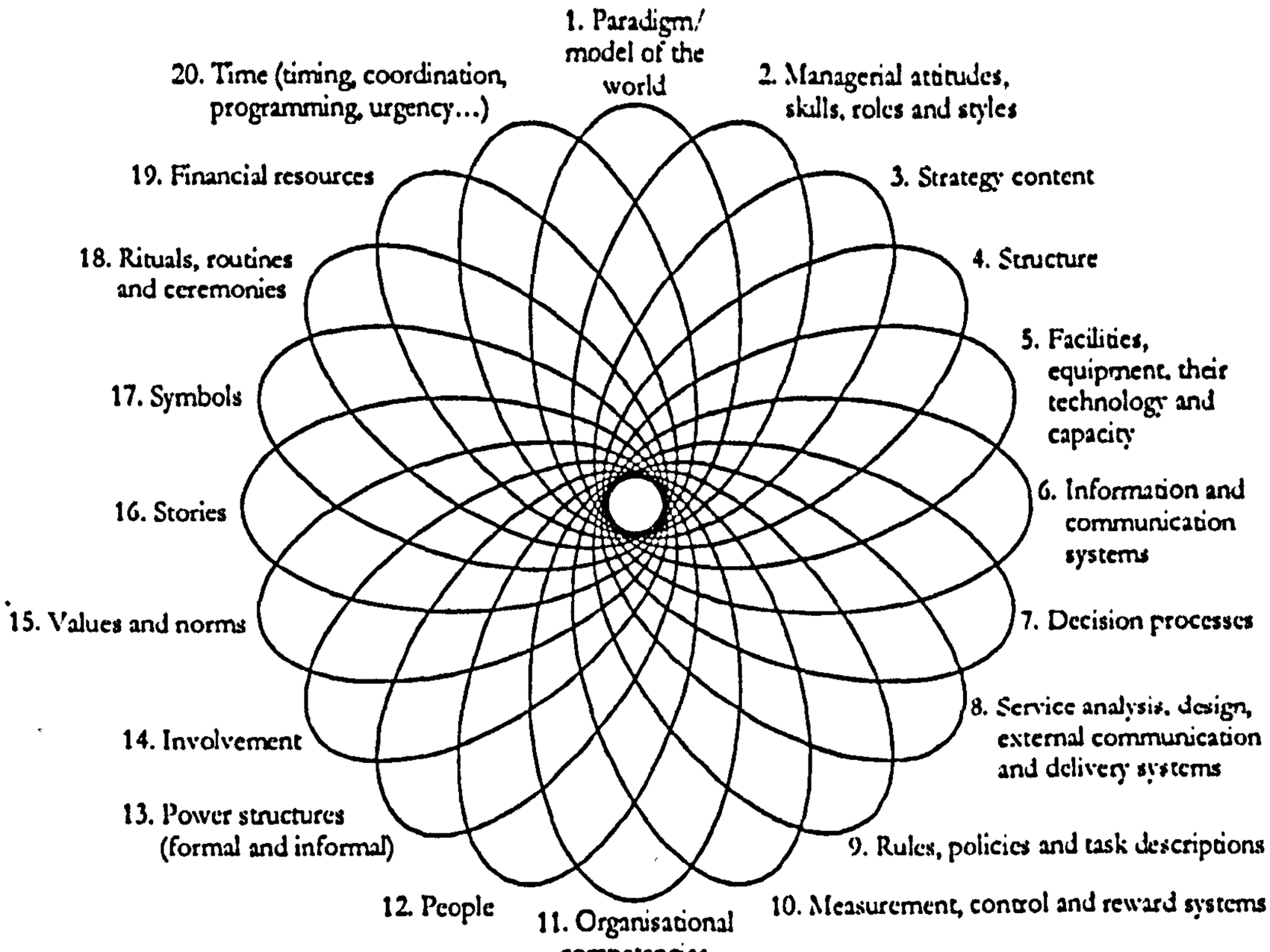
[17] This is the case of, for instances, gaps 9 and 13. See definitions of these gaps in Section 3.3.3.3.

[18] See Table 4.3.

[19] Figure 8.1 is a reproduction of Figure 4.8.

other sources.[20] They are intended to be all-encompassing and, at the same time, mutually exclusive, in order to improve rigour in this dissertation.

Figure 8.1. Synthesised Static Model – Fundamental Dimensions of Strategy Implementation



Source: reproduced from the author's Figure 4.8.

It may be argued that the number of dimensions in the model is excessive and unlikely to be readily retained in the human short-term memory (Mintzberg *et al.*, 1998). However, it seems indisputable that strategists and managers have to be aware of all of these variables and to keep them in mind – not only in their short-term memory. The twenty dimensions included in this model are, simultaneously, elements which:

- can be changed and have to be coordinated and aligned coherently by management (Peters *et al.*, 1980; Hussey, 1996);
- must be monitored and subjected to information collection and distribution;
- may be in a zone of uncomfortable organisational debate, because of vested interests, bases of power, attitudes and beliefs (Johnson & Scholes, 1999); and
- are interdependent and when changed affect all the others. Some of these effects will be helpful or compensatory; others will be harmful or retaliatory (Leavitt, 1964; Leavitt *et al.*, 1973).

These twenty dimensions, and their relationships, can determine the success or failure of any strategic change (Johnson & Scholes, 1999; Hussey, 1996). Thus, they have been grouped in an

[20] See Section 4.2.3. A Synthesis.

instrument that can be used to facilitate a better and richer diagnosis (Peters, 1984); to stimulate thinking; to assess the extent of change necessary in each dimension (Johnson & Scholes, 1999); and to help in planning for change. Essentially, the model aims to provide a list of all basic dimensions that can constitute important areas for management intervention during strategy formulation and implementation. The model, however, does not imply that managers must intervene on all twenty variables. The specific group of dimensions that a manager will choose to manipulate depends on his personal experience and knowledge. But, more importantly, the choice should depend on the current internal and external situation of an organisation, particularly, on the service quality gaps that have been identified before and during implementation. Service quality gaps can be, and have been, related to the organisational dimensions, in Table 4.4. This Table constitutes an integration of the static and of the service quality gap models, which is necessary to accomplish aims A1 and A2 and objectives O2 and O8. Two simple conclusions can be drawn immediately from Table 4.4. First, all of the organisational dimensions can be related in one way or another to the service quality gaps. Related here means that a gap has an impact on an organisational dimension and/or that the dimension can be manipulated to reduce or eliminate the gap. Second, the Table seems to support the idea that the so-called "soft variables" (paradigm, values, norms, symbols, stories...) are pervasive, possibly affecting almost every gap, although they may not be directly related to them.

8.3.3. DYNAMIC MODEL – STAGES OF THE STRATEGY IMPLEMENTATION PROCESS

Dynamic models are generic processes of strategy formulation and implementation. They indicate and define the stages that can be followed to successfully implement a strategy which significantly modifies the current situation of an organisation on most or all of its dimensions.

What distinguishes these dynamic models from traditional strategic decision making processes (SDMPs)[21] is a higher concern for overcoming implementation difficulties. Traditional SDMPs suffer from employees' resistance to change, because they leave to the end the persuasion of those who have to implement the strategy, whereas dynamic models overcome resistance by:

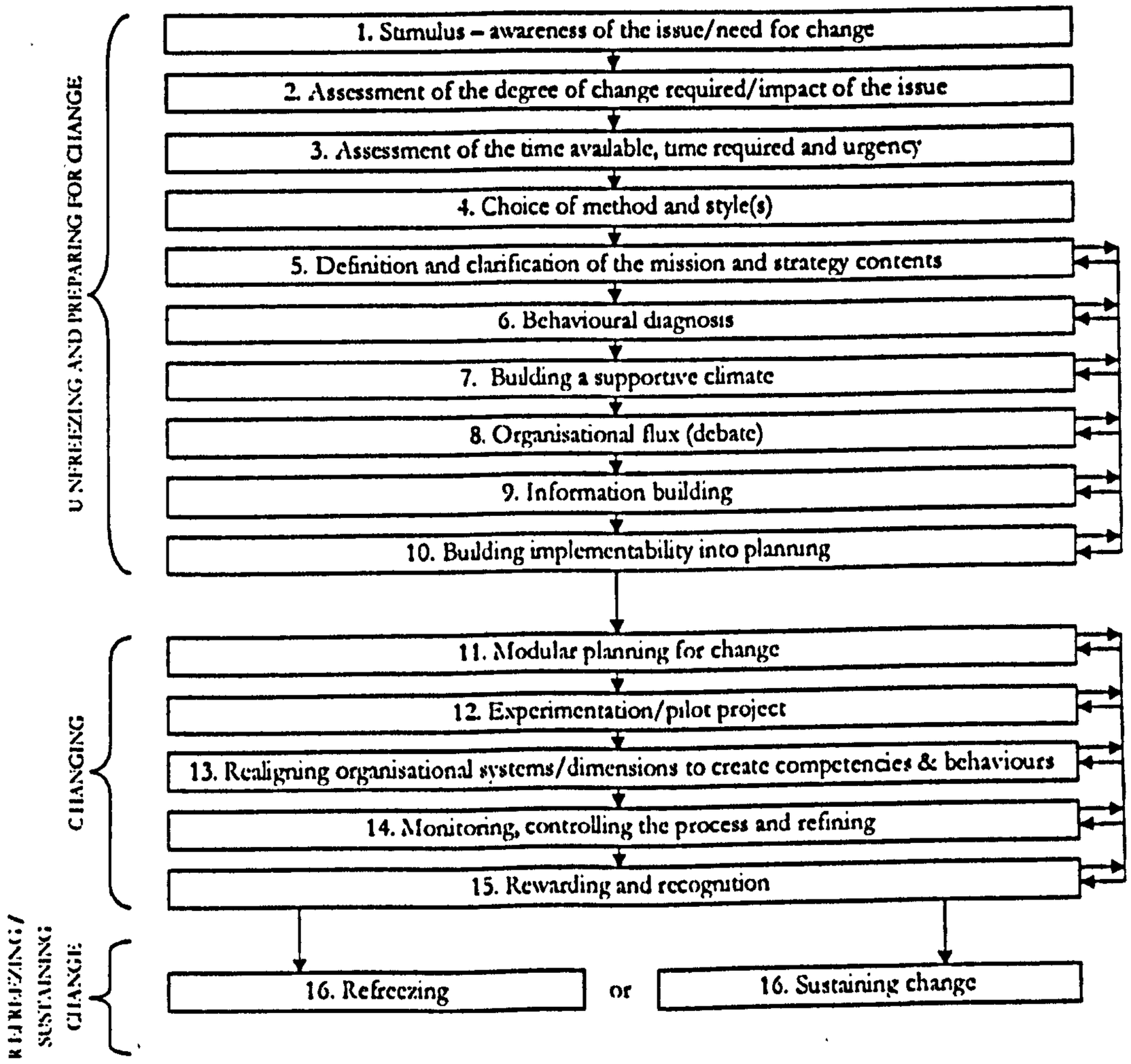
- stressing the «importance of achieving the [previous] commitment of people in the organisation to change» (Johnson & Scholes, 1999); and by
- viewing «the need for behavioural change not only in terms of that which is formally controlled, but also in terms of everyday aspects of organisational life» (Johnson & Scholes, 1999).

Examples of such dynamic models are those formulated by Lewin (1952), Schein (1964), Ansoff & McDonnell (1990), Hussey (1996), Galpin (1997), and Johnson & Scholes (1999). These models are

[21] See Chapter 2.

not based on coercion, slow adaptation, or crisis management; they fall in the category of managed resistance strategic change methods (Ansoff & McDonnell, 1990; Johnson & Scholes, 1999). Such dynamic models are, however, extremely different in the number and in the nature of the stages they include, which suggests the need for an integrative effort. An effort to integrate the models has been made in this dissertation, which resulted in a synthesised dynamic model. Figure 8.2 represents this synthesis, as was previously done in Figure 4.12.

Figure 8.2. Synthesised Dynamic Model of Strategy Implementation



Source: reproduced from the author's Figure 4.12.

Detailed description of each stage is provided elsewhere in this dissertation,[22] thus, only a brief explanation of the three main groups of stages – designated as unfreezing, changing and refreezing – is given here. Unfreezing is the disturbance of the current cognitive and emotional stable equilibrium of individuals in the organisation (Lewin, 1952; Schein, 1964) to make them aware of the need for individual and organisational changes (Johnson & Scholes, 1999). It features removal of support for undesired old attitudes and introduces maximal support for desired new attitudes (Schein, 1964). All sources of resistance to change, listed in Table 4.1, are considered, in order to prevent and eliminate them. Consequently, unfreezing includes three important stages, which are ignored by traditional

[22] See Section 4.3.4. A Synthesis.

strategic decision making processes: (1) behavioural diagnosis of the organisation, particularly of the forces pro and against change; (2) development of a supportive climate for change; and (3) development of implementability features that facilitate planning and implementation. These stages precede the changing stages of the model and create conditions to avoid resistance to change and other related implementation problems.[23]

Changing entails moving to a new standard of group behaviour (Lewin, 1952). It requires a presentation of the direction for change, planning it, and the «actual process of learning new attitudes» (Schein, 1964). Involving people in planning the details of change gives them the opportunity to help forge the new strategy and to learn through problem solving. Changing must also include the actual execution of actions that lead to a new external competitive positioning and to the development of a new organisational capability (Ansoff & McDonnell, 1990), as well as monitoring, measuring, refining and rewarding.

Refreezing is a period of stabilisation of the new standards of behaviour (Lewin, 1952). It validates, confirms and institutionalises the changes already made and the new organisational model that has been brought into being (Johnson & Scholes, 1999). Refreezing may require some additional changes and is completed only when «the new culture and power structure are [fully] supportive of the new strategy» (Ansoff & McDonnell, 1990). Sustaining change is an alternative to refreezing and consists of sustaining the ability to change continually.

The whole process in this dynamic model has been disaggregated into sixteen stages (see Figure 8.2). The particular sequence of these stages may be contestable, but the sequence of steps and the definitions given for each stage, in the six models that have been studied, are not easily reconciled. This suggests that there is no one best method for all organisations, and that the method synthesised here may have to be adjusted according to circumstances. The sequence of stages is difficult to establish also because:

- Some stages may be interrupted and resumed later or may occur more than once, in an iterative cycle. For instance, information building and organisational debate may occur more than once.

- Some stages may overlap with others. For example, modular planning may overlap with experimentation or realignment (Ansoff & McDonnell, 1990). These stages are, however, separated and individualised because they are sufficiently important parts of the process and because of their identifiable, distinct nature.

It might be noted that some stages in Figure 8.2 are closely identified with just one of the

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[23] Other implementation problems, perhaps not directly related to resistance to change, are (1) inadequate information and monitoring systems; and (2) uncontrollable factors in the external environment with adverse impact on implementation. While the first can be prevented, the second is more difficult or impossible to avoid. See whole Section 4.1.4. Implementation Problems.

elements of the static model. This close identification of one stage with one element does not mean that other dimensions are not relevant during the stage, nor that the emphasised element looses importance and should not be monitored nor managed during other stages. Actually, in this dissertation, the opposite idea has been defended, *i.e.*, the idea that (almost) every dimension should be monitored and eventually manipulated at each stage of the process. This idea is further extended to involve the service quality gap model. Service quality gaps have been related to the stages of the dynamic model, in Table 4.8. This table aims to contribute to a model that monitors, anticipates and allows timely prevention of gaps with negative impact on each stage. More specifically, it intends to achieve aims A1 and A2, and objectives O4 and O9. Whilst building Table 4.8, constant reference to the definitions of the stages and of the service quality gaps was ensured, in order to increase rigour and coherence. The resulting Table is useful to clarify and document all the relationships, which could not be explicitly stated in the definitions, and which would take a long space to describe. Five conclusions can be extracted immediately from Table 4.8:

- Almost all of the stages can be negatively affected by three or more of the gaps.[24]
- Some gaps are not considered dangerous during the unfreezing stages. They are unavoidable at these stages and have probably provided the basic justification for starting the whole process, which should intend to eliminate them in the end.
- The stages of "experimentation/pilot project" and "realignment of the systems" seem to be negatively affected by almost all of the gaps. Being affected by an increased number of gaps makes these stages much more difficult to complete satisfactorily and to manage, which justifies the need for a good preparation for change.
- During refreezing, all but one of the gaps can occur, with a negative impact. If any of these does occur, it probably means that the process is not completed.[25]
- Gaps 5, 6 and 8 affect almost every stage of the process and seem to be capable of constant damage to the process, whilst Gaps 1, 2, 4, 7 and 14 are almost as pervasive.

It should be noted that the relationships in Table 4.8 are general and indicative, not definite. A given organisation may adapt the Table according to its specific situation. Such a table can then be used as a helpful instrument to elaborate a metaplan and to manage the whole process of strategy formulation and implementation.

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[24] See Section 4.3.5. Linking the Service Quality Gaps to the Stages of a Model.

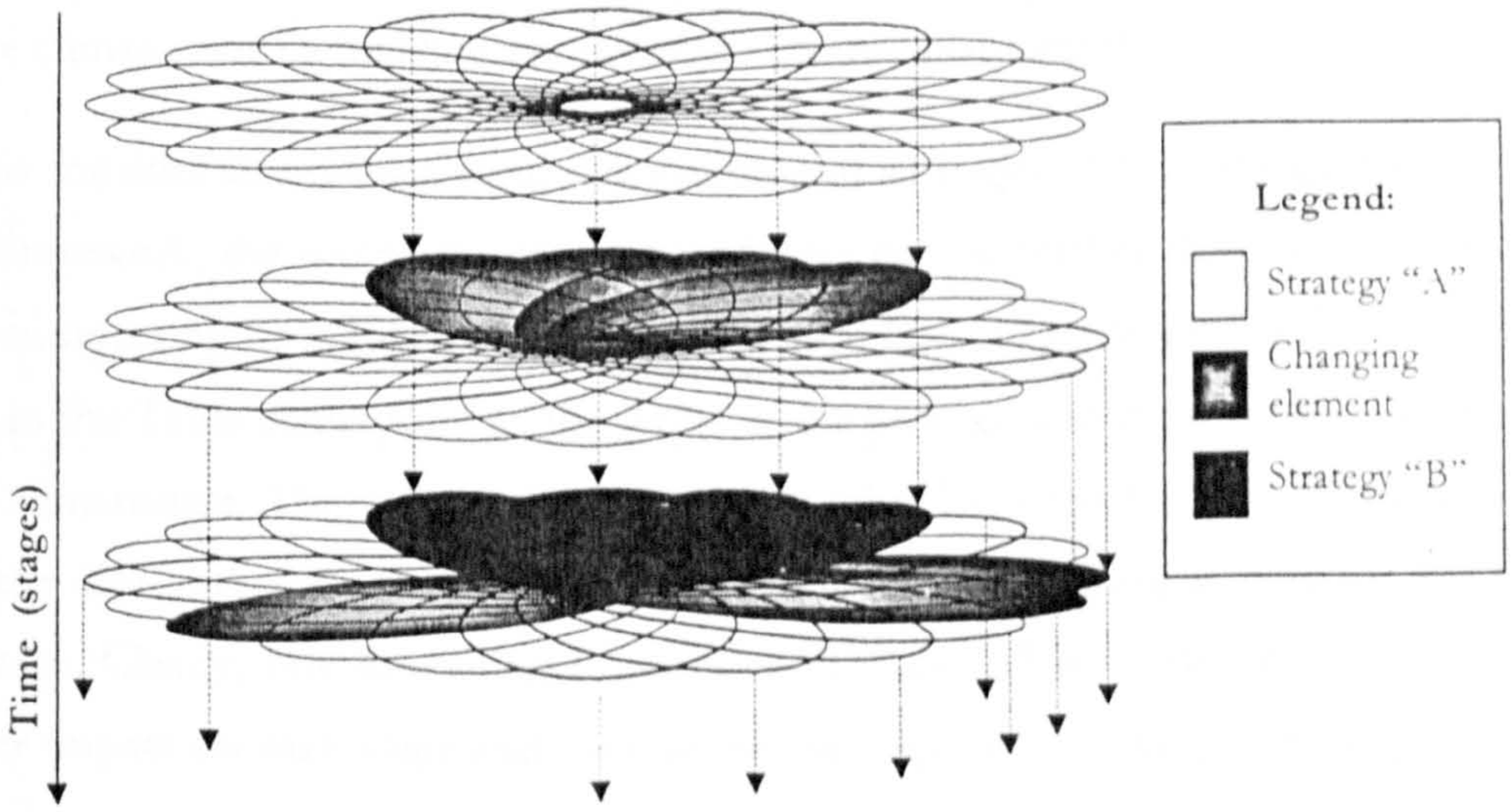
[25] Or, alternatively, that it may be necessary to sustain change. If this is the case, it will imply the use of a method of strategic change management that is different from the one focused in this dissertation (see end of sections 4.3.2.1 and 4.3.4).

8.3.4. MIXED MODEL – LINKS BETWEEN THE STATIC, DYNAMIC AND SERVICE QUALITY GAP MODELS

The implementation of a new strategy creates «a new synthesis of people, resources, ideas, opportunities and demands» (Carnall, 1991), which involve changes on many organisational dimensions. Organisational dimensions are interrelated in highly complex ways and some changes will have "secondary effects" that are not desirable, nor even anticipated by managers (Leavitt, 1964). Thus, some dimensions may change in directions opposite to their final desired states. This implies that they must be examined at each stage of the implementation process (Hussey, 1996) and that timely corrective action must be taken. More generally, strategy implementation must involve the monitoring, decision making and manipulation of organisational dimensions at each and every stage of the process.

Since an organisational dimension can be monitored and manipulated several times, at distinct stages, the logical next step is to combine the organisational dimensions, represented in the static model, with the stages of the dynamic process into one framework. This is undertaken in Figure 4.13, reproduced below as Figure 8.3, and is designated a strategy implementation mixed model, or just mixed model.

Figure 8.3. Mixed Model: Example of Some Stages in Changing from Strategy "A" to "B"



Source: reproduced from the author's Figure 4.13.

The static model previously synthesised (see Figure 8.1) is represented at three different stages of the strategy implementation process (dynamic model). As explained before, each ellipse represents one organisational dimension. In the beginning of the strategy process, top of Figure 8.3, Strategy "A" is deeply rooted in every dimension of the organisation, and all ellipses are represented in white. At a later stage, some changes have been made, and the affected organisational elements are represented in grey. These modifications continue until the desired final condition of those dimensions is achieved.

Other dimensions will eventually start to change and, before the refreezing stage is reached, most or all of the twenty dimensions will have gone through some change. While in the concluding stage of the process – refreezing – the desired states of all dimensions are finally achieved. During this process, each dimension can be monitored and changed several times, in different stages, according to its relevance to the new strategy; to unanticipated changes; to service quality gaps; and to the desired outputs of each stage. Thus, a succession of distinct configurations of the organisational dimensions should occur, as shown in Figure 8.3. This approach is, the author believes, a more comprehensive point of view than that offered by any static or any dynamic model in isolation. There is no mixed model in the literature akin to the one presented here. Some hybrid models that have been found in the literature emphasise multidimensionality and the interactions between organisational dimensions, but:

- consider only three aggregate stages of the strategy process;
- consider only a few dimensions of the static model;
- emphasise these organisational dimensions instead of offering a harmonious, simultaneous, consideration of both static and dynamic models;
- ignore, or do not sufficiently emphasise, that some organisational dimensions have to be changed *before* and *during* strategy formulation, in order to avoid resistance and facilitate the implementation of a strategy. Specifically, in none of the models is strategy formulation preceded nor accompanied by behavioural diagnosis, nor by building a supportive climate, nor by building implementability into planning.[26]

In order to consider all organisational dimensions and all stages of the strategy process in a single harmonious framework, the mixed model proposed here can be further developed in the form of a table. This encompassing new approach has actually been brought to fruition and is shown in Table 4.9. The rows in the Table correspond to the stages of the process, and the columns correspond to the organisational dimensions. The cells in the Table have either been left blank or filled with dots. The dots indicate the dimensions that are expected to have a considerable impact and/or need to change during each stage. Clearly, one fundamental objective of Table 4.9 is to identify the dimensions that have a stronger impact on each stage and/or that can be purposefully changed during the stages. The Table is also instrumental in achieving aims A1, A2, A3 and A4; and several objectives, of which O7 is the more obvious.

Building Table 4.9 was a complex task because it involved the evaluation of the extent of several hundred relationships, between many variables. The complexity of this evaluation is increased because it involves looking at the same dimension from different perspectives. First, a dimension has several specific aspects which must be considered individually. These aspects and the effectiveness of their

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[26] See Section 4.4.2. Some Mixed Models in the Strategy Implementation Literature.

manipulation can vary from stage to stage. Second, a dimension can be changed during a stage; can have an impact on the output of the stage; and can have both.

These remarks concerning the development of Table 4.9 are at the same time relevant conclusions. Other relevant conclusions can be taken from the observation of the Table's contents:

- None of the stages is strongly impacted by all dimensions.
- Similarly, not all dimensions can be purposefully changed during a stage.
- The number of dimensions that can cause an impact and/or be changed during each stage is 11, on average.
- The combination of dimensions that strongly affects a stage and/or that can be changed during that stage is different from every other stage. Nevertheless, there is no consistent pattern of the type: "dimensions A and B are related with stage 1, dimensions C and D are related with stage 2, and so on...". Most dimensions affect several distinct stages.
- The Table is a useful instrument that can be adapted to the organisation in order to indicate the elements which deserve emphasis during each stage. This Table can be built during the preparation of the metaplan.
- Managers should preferably institute change on the aspects which are more easily and effectively changed during a stage.

Clearly, not all desired changes can be made at one time. Notably, not all changes are made during the "pilot project" nor during the "systems' realignment" stages. Some changes are previously made in order to enable other changes (*e.g.*, during the "definition and clarification of strategy" and during the "building a supportive climate" stages). Thus, decisions «must be made concerning which of many ... organisational variables should be changed, in what order, and within what time frame» (Hrebiniak & Joyce, 1984). A figure has been developed, in this dissertation, to help with this. Figure 4.15 indicates the stages during which changes on each of the organisational dimensions can start. For each dimension, an arrow "↓" marks the first stage for changes; a dotted line means that partial changes are possible, *i.e.*, only some aspects of the dimension or only part of the personnel can change; and a filled line means that every aspect of the dimension can be changed and that the changes can apply to all personnel. Figure 4.15 can be adapted to suit the particular circumstances of an organisation. It may be used to develop a metaplan and to help managers choose which elements to focus upon at each stage and how. It is also used, in this dissertation, to further analyse the implementation of a service quality strategy. Since service quality has been defined as a function of a series of quality gaps (Parasuraman *et al.*, 1985), the approach taken for this analysis is that of the service quality gaps. Table 4.10 links the mixed model, expressed in the form of Table 4.9, to the 14 service quality gaps earlier identified. It distributes the gaps through the cells of that Table, indicating the gaps that can occur at each stage of the implementation process. Similarly, by using the information in Figure 4.15, Table

4.10 identifies also the dimensions that can be reconfigured, at each stage, in order to prevent and eliminate the gaps. The important *features* of the new Table, Table 4.10, must be noted:

1. some gaps are very frequent, occurring in many of the cells;
2. a gap can occur in more than one cell of a column;
3. a gap can also occur in more than one cell of a row;
4. non-empty cells contain an average of four different gaps;
5. some gaps occur together very frequently; and
6. there is no observable pattern for any of the gaps.

These features suggest a set of coherent and significative *conclusions*:

- Features 1 and 2 suggest that gaps might start at almost any stage of the implementation process.
- Feature 2 suggests that, during the strategy process, any existing gap may increase in intensity. More importantly, perhaps, feature 2 suggests that even if a gap has been dealt with and eliminated at one stage, it may recur at another stage.
- Feature 3 suggests that a gap can have more than one cause, each individual cause being "located" in a different organisational dimension. Feature 3 suggests also that since one gap may have more than one cause, manipulation of only one organisational dimension might be insufficient to eliminate the gap.
- Features 2 and 3 suggest that causes for gap persistence, intensity increase, or eventual recurrence, after being once eliminated, may be located in the same or in a different group of dimensions.
- Feature 4 indicates that the dysfunction of one organisational dimension might simultaneously cause more than one gap. It also means that manipulation of one dimension, although insufficient to completely eliminate a gap, can help to simultaneously eliminate more than one gap.
- Features 3, 4 and 5 suggest that gaps are not independent and, together with feature 6 suggest that the structure of causal relationships underlying the occurrence of gaps might be extremely complicated, making it difficult to trace the causes of specific gaps.

More relevant than these conclusions are the obvious *implications for managers* who want to implement a service quality strategy. Any gaps occurring during the strategy process can affect implementation and may become embedded in the organisational processes, routines and culture. If this happens, subsequent organisational activity will be severely affected: the implementation process will probably be considered unsuccessful; and the organisation's competitiveness will be diminished. Hence, being aware of the gaps that might occur can help in preventing them and in limiting their

broader consequences. More generally, winning the challenge of implementation requires that managers are aware of the:

- character and importance of each organisational dimension;
- character and importance of each stage of the dynamic process;
- eventual unanticipated behaviour of organisational dimensions; and
- gaps' pervasiveness, character and behaviour of gaps during the process.

The models, proposed earlier, can contribute to raising awareness and understanding of these aspects. They can also be adapted to specific organisations and be used to anticipate:

- what gaps might occur at each stage;
- what organisational dimensions might be impacted; and
- what organisational dimensions might be managed, at each stage, to eliminate the gaps.

When a gap does occur, and is recognised, it should not be underestimated by the manager for three reasons. First, the gap may not stand in isolation, but might coexist with others, making the problem much more complex than it seems. Second, manipulation of one organisational variable, alone, may be insufficient to eliminate any one gap; the elimination of which may require an integrated and coherent approach. And, third, even if an existing gap has been dealt with and eliminated, it may reappear, at some later stage, for the same or for different reasons, making constant surveillance mandatory.

The features, conclusions and implications for managers of Table 4.10 are instrumental in defining and achieving objectives O1 to O5 and O9. Objective O7, in turn, is clearly related to Figure 4.15, which indicates the organisational dimensions that can start to change at each stage.

8.4. FINDINGS: TENTATIVE VALIDATION OF THE MODELS, CURRENT PRACTICE AT THE FFSHA, LINKS TO RESEARCH AIMS, LINKS TO EXISTING LITERATURE, AND ADDITIONAL RECOMMENDATIONS TO MANAGERS

A survey method has been used in this dissertation to achieve research aims A2, A3 and A4, as well as objectives O1 to O9. These aims and objectives include a tentative validation of the models synthesised in this thesis, and a description of how service quality strategies are being implemented in the four and five star hotels of the Algarve (FFSHA). To achieve these aims, this research used two complementary questionnaires, administered through interviewing. Interviews were conducted with

managers of the FFSHA. Some of the managers were interviewed twice, once for each questionnaire. The resulting two samples are very large, respectively 70,3% and 48,6% of the population of FFSHA. The large size of the samples, together with the distributions of hotel category, similar to that of the population, suggest that both samples are representative.[27] Representative samples have the advantage of being able to provide a good representation of reality.

8.4.1. TENTATIVE VALIDATION OF THE MODELS

All models proposed in this dissertation have been confronted with the data collected from the samples. The data does not provide evidence against the models thus supporting their validity. A summary of how the data supports the validity of the models and of the conclusions from the links established between models is now provided.

Service quality gap model. All descriptive statistics computed suggest that managers are unanimous in considering all service quality gaps as very important. Binomial tests were also performed for each gap. These tests suggest that more than half of the hotels (>51%) confer 12 of the 14 gaps with a high importance level. Similar tests suggest that a proportion higher than 35% of the hotels, but smaller than 51%, considers the remaining two gaps very important. In conclusion, the descriptive statistics and the statistical tests provide strong support for the relevance of the 14 service quality gaps that constitute the gap model, particularly in the FFSHA (aims A2, A3 and objective O1).

Static model. The descriptive statistics computed make it plausible to conclude that all dimensions of the static model are relevant to hotels implementing a service quality strategy or trying to eliminate service quality gaps. Statistical tests have also been performed, providing strong evidence that all dimensions in the static model are manipulated by positive proportions of hotels in the population of FFSHA. These proportions may vary from dimension to dimension, but is seems that they are higher than 10% and lower than 85%. This means that all dimensions in the model are relevant to managers taken as a group. But, descriptive statistics have also suggested that, when taken individually, most managers seem to manipulate only a limited group of variables. On average, each manager manipulates a limited set composed of only 9 (42,9%) of the 21 variables.[28] In conclusion, the data does not provide evidence against the static model, substantiating it, and further suggests that most

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[27] The first questionnaire targeted all of the FFSHA, however, some of the hotels did not answer it. The second questionnaire targeted only the managers that answered the first, and again not all managers answered it. Thus, it cannot be completely excluded that some factor, unknown to the author, could have been behind this non-response behaviour and, in that case, limiting sample representativeness. In any case, the conclusions are certainly applicable to the large percentage of hotels that answered both questionnaires.

[28] For reasons explained earlier in Chapter 5, the eighth dimension of the static model – service analysis, design, external communication and delivery systems – has been broken down into three dimensions. Moreover, the 20th dimension of the model, time, has not been considered here, as it is the fundamental dimension of the dynamic and of the mixed models and is exploited in those models. Thus, the number of dimensions considered in this section is 21 (20 – 1 + 3 – 1 = 21).

individual managers manipulate only a limited set of dimensions (aims A2, A4 and objective O2). These managers are not exploiting all kinds of direct impacts that they can obtain from manipulating every dimension. They are either ignoring many of the organisational dimensions that can be managed or relying on the 'indirect effects[29] that can be produced through interactions between dimensions. Such confidence in indirect effects does not seem appropriate since these effects can be either insufficient or opposed to the changes that are intended. Consequently, managers should try to expand the number of dimensions that they manage instead of relying only on their personal management experience with a limited set of variables.

Link between the static and the gap models. Table 7.11, linking the service quality gaps to the organisational dimensions, according to managers' opinions, represents a general pattern of the gaps that can have a negative impact on each dimension and that can be prevented or eliminated by manipulation of each dimension (aims A3, A4 and objective O8). This pattern suggests some relevant conclusions which are identical to those earlier extracted from Table 4.4, thus supporting them. The pattern in Table 7.11 is, however, not totally coincidental with that predicted in Table 4.4. The difference in patterns raises some doubts about the adequacy of management thinking and practice to prevent and eliminate service quality gaps, in the FFSHA. This concern is resumed below.

Dynamic model. All descriptive statistics computed seem to confirm that managers consider every stage in the dynamic model as very important. Managers do not feel the need to add any other stage to those already included in the model and the great majority of the managers has further agreed with the order of those stages. Binomial tests were also performed for each stage. The tests suggest that more than half of the hotels (>51%) confer 14 of the 16 stages with a high importance level. Similar tests suggest that a proportion higher than 35% of the hotels, but smaller than 51%, considers the remaining two stages very important. In conclusion, the descriptive statistics and the statistical tests provide strong support for the relevance and order of the stages that constitute the dynamic model, particularly in the FFSHA (aim A2, objectives O5 and O6).

Link between the dynamic and the gap models. Table 7.12, linking the service quality gaps to the stages of the dynamic model, according to managers' opinions, represents a general pattern of the service quality gaps that can occur during each stage of the strategy process (objective O9). This pattern is not coincident with that predicted in Table 4.8. Nevertheless, the conclusions extracted from Table 4.8 are not rejected. Only slight readjustments to those conclusions are introduced. Adjusted conclusions are as follows:

- Almost all of the stages can be negatively affected by one or more of the gaps. The number of gaps affecting a stage can range from 0 to 14, whereas predictions from Table 4.8 indicated 3 to 13 gaps.

[29] Indirect effects on those dimensions that are not being managed, but resulting from changes on manipulated dimensions.

- The stage designated as "realignment of the systems" seems to be negatively affected by all of the gaps. This stage must be much more difficult to manage and to complete satisfactorily than others. This justifies the need for a good preparation for change during the "unfreezing and preparing change" stages – a conclusion that is in accordance with predictions from Table 4.8. The number of gaps affecting the pilot project, however, seems to be less than expected.

- Persistence of the gaps that have provided the basic justification to start the whole process, *i.e.* gaps 9 to 13, may have a negative impact on the initial stages of the process – an unexpected conclusion drawn from the data and difficult to accept.

- It was predicted that during refreezing all but one of the gaps could occur with a negative impact, but managers believe that none of the gaps should occur at this stage. This is understandable because if any of the gaps occurs at this stage, it means that the process is not completed yet or has not been successful.

- Gaps 5, 6 and 8 do not seem to affect as many stages as expected, though gaps 5 and 8 are among the most frequent gaps. The most frequent gaps are numbers 4, 5, 8, 12 and 14.[30]

The fact, already mentioned, that the patterns in Tables 4.8 and 7.12 are not coincidental might also raise some doubts about the adequacy of management thinking and practice to prevent and eliminate service quality gaps. Suspicions of inadequacy are supported by the observation that managers do not report the occurrence of some gaps, which can obviously occur at specific stages; and by the additional observation that managers report the occurrence of gaps at some stages when there is no logical reason for them to occur there. These observations lead, once more, to the unpleasant conclusion that managerial practices in some hotels, but not all, do not follow any consistent model for the implementation of a service quality strategy and are not based on managerial thinking that considers the relationships between (1) the fundamental organisational dimensions, (2) the stages of the process and (3) the service quality gaps that must be prevented – although the managers in the FFSHA may be well intentioned and quality driven (aim A4).

Mixed model. The basic assumption of the mixed model is that in the process of strategy formulation and implementation, each organisational dimension goes through a succession of several distinct states, until its desired final state is achieved. During this process, a dimension can be monitored continuously and "manipulated" several times, in different stages, according to its relevance to strategy and to progress of the change. The great majority of the managers (82,4%) have agreed with this assumption. The remaining managers' opinions are not in total contradiction with the hypothesis, but complement it. Hence, the basic assumption of the mixed model is not rejected, thus receiving supporting evidence (aim A2).

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[30] Confront with the original theoretical conclusions in page 378.

Agenda for change – suggested in Figure 4.15. Managers' opinions about an Agenda for Change are not unanimous and the agenda built with the most frequent opinions does not coincide exactly with the agenda suggested in Figure 4.15 (aim A2 and objective O7). The differences are probably explained by other differences in the circumstances faced by hotels. This explanation is consistent with the prediction that the agenda for change, in Figure 4.15, should be adapted to each organisation's circumstances. Other explanations for the differences found are possibly:

- a lack of management thinking in terms of the different stages of the process and of the fundamental organisational dimensions; as well as
- management not consistently following a coherent model for the implementation of a service quality strategy.

In spite of the differences identified, the basic structure of the agenda, resembling a stair in appearance, is nevertheless kept. This means that organisational dimensions do not start changing all at the same time. For some dimensions, change starts at the initial stages; for other dimensions, at the middle stages; and for the remaining, at the last stages. This also means that not all of the changes are left to the middle or to the last stages of the process – as predicted.

Link between the mixed and the gap models. Table 7.13, linking the gaps to the mixed model, shows a distribution of the gaps that is different from that predicted in Table 4.10. In spite of the differences, the most important features of the tables are, however, basically coincident. Thus, the theoretical conclusions extracted from Table 4.10, and the corresponding implications for managers, are supported by the data in Table 7.13 (objectives O3 and O4). Conclusions and corresponding implications have been listed above.[31]

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The first three models – quality gap, static and dynamic models – stand the trial of the confrontation with sample data. The basic assumption of the fourth model – the mixed model – is also supported by managers, but the remaining building blocks (agenda for change, tables 4.4 and 4.8) as well as Table 4.10 are modified, thus emphasising the earlier anticipated need to adapt them to each individual organisation. Their general character and structure, however, is retained. Finally, comparisons between the linkages of the models, as predicted, and the linkages, as suggested by managers' opinions, have raised concerns about the absence of a consistent model for the implementation of service quality strategies in the FFSHA. It has been suggested that managers should enlarge the number and diversity of organisational dimensions that they use to eliminate service quality gaps and to implement service quality strategies. More generally, managers should assess the consistency and adequacy of the model used to implement service quality strategies.

[31] See original theoretical conclusions in page 382.

8.4.2. CURRENT PRACTICE AT THE FFSHA

With the tentative validation of the models having been successful, it seems appropriate to exploit those models in characterising how the FFSHA implement service quality strategies. The approach taken is that of the importance of each service quality gap and of the managerial practices used to prevent and eliminate them.

Differences between the three hotel groups[32] are emphasised. Many of the differences are small and pose no problem; some are high and inevitable, given the differences in organisational sizes; but some other differences might constitute a matter for future managerial thinking and deliberation.

1. Assessment of customers' needs and expectations. All of the managers interviewed try to interact personally with their clients and an average of approximately three other different methods is used to listen to clients. This behaviour is consistent with a manager's need to understand what customers actually value and to avoid paying «more and more attention to things of less and less importance to the customer» (Zemke & Schaaf, 1989). Unfortunately, however, use of formal market research methods has not been possible for many of the hotels (61,5%).

2. Service quality strategy. Not all, but a large percentage (84,6%) of the FFSHA have defined a strategy or a mission. Unfortunately, for some of these hotels, it is very important to define strategy but no so important to define it totally in terms of service quality. Failure to forge and communicate a service quality strategy is itself a serious service quality gap.

3. Translation of customers' needs and expectations into service quality standards. Only sixteen (61,5%) of the hotels have a formal and systematic process for analysing and defining service quality specifications; four of which, at least, have yet to define formal standards. Only 11 of the 22 hotels that answered the relevant question possess formal standards; the other half has informal quality guidelines, transmitted orally. These are essentially independents and some portuguese chain hotels. Both independents and portuguese chain hotels are lagging behind in terms of the formality of the process for defining specifications, the formality of the specifications and the frequency of revision of specifications. This represents a serious service quality gap as the absence of service specifications can result in aggravated service variability and, thus, lower service quality (Zemke & Schaaf, 1989).

It should also be noted that the statistical analysis of the customers' satisfaction questionnaire and complaints provides very useful information for the measurement of service quality. However, this statistical analysis is not a technique directly aimed at the analysis and design of service quality processes, nor of standards, as are the cases of flowcharting and storyboarding. Hence, it should not be used independently of other techniques, as four hotels in the sample seem to be currently doing.

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[32] International chain hotels, portuguese chain hotels and independent hotels.

4. *Quality supportive financial function.* The financial function has been seen as an obstacle to service quality, whilst it should be seen as a contributor to personnel motivation and quality improvement, among other things (Adams & Colebourne, 1989). Unfortunately, only 10 hotels (38,4%) consider that the financial function contributes to quality improvement and personnel motivation. Similarly, only 10 hotels give priority to quality over cost considerations most or all of the time. These hotels include 60,0% of the international chain hotels, 50,0% of the independents, and only 18,2% of the portuguese chain hotels.

5. *Internal communication.* Prompt horizontal and both ways vertical communication, between managers and between managers and employees, is fundamental (Grönroos, 1990; Irons, 1994) to align everyone with a single strategy (Zemke & Schaaf, 1989). Nevertheless, it seems to be difficult for managers of larger hotels in the Algarve to transmit strategy to every employee. They might transmit it only to intermediate managers, who might then transmit it to employees. Managers consider it also very important to listen to employees' problems and opinions about work. However, some of them believe it is more important to "speak" than to "listen". It is more important for managers of independents and portuguese chain hotels to speak than to listen; the opposite happens at international chain hotels.

6. *Integration/coordination.* The importance of integration and coordination is considered to be very high, but there are some differences in the methods used by each hotel group for coordination. In terms of percentages, it is significative that more chain hotels use training and meetings between departments than other hotels; that more international chain hotels use team projects; that more portuguese chain hotels trust in supervision; that more portuguese chain hotels and independents trust in giving power and autonomy to employees.[33]

7. *Coordination of other organisations.* The not very high importance level of coordinating external organisations existent in the same value system is almost equally shared by managers of the three hotel groups considered. When managers were asked if they had been successful in using their contacts to reshape the services provided to their customers by external organisations in a way that improves customers' perceptions of quality, the global mean value of success was even smaller. A certain disappointment was further expressed by some of the managers interviewed regarding their relationships with external organisations. One manager said that his hotel has had very bad experiences, because some organisations want to be well paid by customers, but do not offer high quality standards. Another manager complained that his hotel had to pay for repairs on public roads that, among other destinations, lead to the hotel. There is thus a quality gap in many hotels regarding the desire and/or ability to coordinate external organisations.

[33] See Table 6.30.

8. Selection of personnel, training, autonomy, power and rewards. Managers reported a level of competence in selection, training, giving autonomy, power and rewards to personnel that is lower than their own desire. For instance, many hotels offer only one training opportunity per year to their employees. This is most probably insufficient to provide employees with adequate training. As another example of the insufficiency of the human resources function, the great majority of the hotels have a rewards policy, but not all of them have a sanctions policy. Assuming that no organisation is ever free from having to apply some sanctions, the existence of a sanctions policy – although unpleasant as it may seem – would be a more effective means of prevention against application of different sanctions to similar inappropriate behaviours, which causes internal disruptions.

9. Adherence to service quality specifications. The mean number of methods used to ensure adherence to service quality specifications is higher at the international chain hotels (3,8) and portuguese chain hotels (3,7) than at the independents (2,9). At all of the hotel groups considered, the favoured method is individual observation by the manager, but the second favoured method varies from group to group, and is respectively, supervision, staff meetings and individual debriefings. Another remarkable difference is that only a very small percentage of hotels (18,2%) use non-scheduled quality examinations and reports by independent companies, or by unidentified members of the organisation, who spend the night and try several hotel services.

10. Internal and external communication with customers. Frequencies of external communication with customers vary from constantly to yearly. International chain hotels favour very high frequencies; some portuguese chain hotels have high frequencies, but more than half advertise less frequently; and independents' frequencies span from constantly to yearly.

Internal communication with customers – through personal communication, pamphlets, blackboards or other media – varies from constantly to every six months, but the majority of the hotels communicate daily with guests. This internal communication can be very important to inform, persuade and educate the customer, in order to let him adequately use and fully appreciate the choices that the organisation offers.[34]

11. Perceptions of the employees about customers' needs and expectations. Hotel managers believe that it is very important to discover employees' perceptions about customers' needs and expectations. Sixty eight percent of the hotels do that via individual debriefings and via regular staff meetings. Fifty six percent do it also via intermediate managers. Interestingly, portuguese chain hotels trust above all in communication via intermediate managers, thus, in hierarchy. This is perhaps an indication of excessive bureaucracy at portuguese chain hotels.

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[34] It was not included in the scope of this research to evaluate the extent to which the promises made to customers are consistent with what the delivery system is actually capable to offer.

Regarding the accuracy of employees' perceptions, on average, managers believe that their employees' perceptions are only correct slightly more than half of the times. As one manager noted, employees whose monthly salary is almost the same as the price of one or two nights at the hotel are not in the position to accurately predict or clearly understand all the expectations of customers who have a completely different standard of life. Nevertheless, the same manager said it is still highly important to listen to employees' perceptions. As another manager noted, the ability to understand correctly the customers' needs and expectations is dependent on the number of years of experience and training that employees have.

12. Perceptions of the employees about customers' experiences. Discovering the perceptions of the employees about customers' experiences is considered by managers to be less important than discovering the employees' perceptions about the customers' needs and expectations. This lower importance level is, however, not equally shared by managers of the three groups of hotels considered.

As was noted earlier, gaps 11 and 12 address the need of contact employees to understand their customers' needs. Only when they are both nil, are customers' needs being correctly assessed by employees.[35] Thus, both gaps should be considered equally important.

13. Matching customers' expectations. The most frequently used methods to verify if expectations are being met are service quality questionnaires and talking to guests during their stay. A wide array of other methods is also used, but each of the latter is used by only a small percentage of the hotels, most of which chain hotels.

14. Service quality evaluation. The great majority of the hotels have a regular process for service quality evaluation. Unfortunately, for some of the hotels, quality measurement and evaluation seems to be based exclusively on the customers' satisfaction questionnaire. Questionnaires frequently have a weakness. They are completed by extremely satisfied customers and by extremely unsatisfied customers, but not by the comparably larger proportion of customers that were slightly unsatisfied and could have easily been satisfied. To avoid this disadvantage, a few hotels have successfully created incentives for all customers to complete their questionnaires. Even so, it is probably impossible for the customer's satisfaction questionnaire to capture all the information that is needed to evaluate quality effectively.

The idea that management in the FFSHA lack adequate processes to measure and assess quality is also suggested by the fact that only one hotel has reported the use of a systematic and exhaustive method for recording errors, statistically analyse their evolution and guide management actions to avoid them. The lack of adequate measures for quality assessment is further suggested by the fact that, on average, each hotel includes one dimension in its quality specifications but not in its quality

[35] See sections 3.3.2.5.3 and 3.3.3.3.

measurements and assessment or, alternatively, does not include a dimension in its quality specifications that is considered in its quality measurements and assessment. This is naturally inconsistent as standards without the correspondent measurements or measurements without standards are useless to managers and constitute what was called before, respectively, service quality gaps 14 and 3. The mean number of inconsistencies varies considerably between the three groups of hotels. Such inconsistencies could result just from managers having difficulty in answering the questionnaire. Managers could have, for instance, forgotten to mention one of the dimensions or lacked the time to clearly understand all of the dimensions during the interview. However, if the inconsistencies reported are in fact the result of inconsistent managerial practices, independents and portuguese chain hotels seem to have more grounds for concern.

The service quality dimensions that are preferred by each of the three hotel groups might reveal some strategic differences. International chain hotels favour, in their assessments, service reliability and tangibles. Portuguese chain hotels favour service empathy, tangibles and appearance of personnel. Independents favour service responsiveness, empathy and recovery. Note that service tangibles are not as important to independents as they are to both groups of chain hotels.

15. Occurrence of service quality gaps. Almost all (92,3%) of the hotels feel, or have felt before, at least one service quality gap. Approximately half of these hotels consider that service quality gaps occur in isolation, whereas the other half is of the opinion that gaps occur in clusters. This suggests that service quality gaps do not necessarily occur in clusters, but supports the prediction that they may in fact occur in clusters (objective O4).

16. Managing to eliminate service quality gaps. In all of the hotels that have felt one or more service quality gaps before, gaps are considered to be recurrent (objective O3). Fortunately, for most international chain hotels and for most portuguese chain hotels, service quality gaps recur "rarely" or "occasionally". However, for most of the independents service quality gaps recur "often".

The great majority of the hotels that have formal quality standards consider that service quality gaps recur "rarely" or "occasionally". None said that gaps could recur "often" or "very often". For one third of the hotels that have informal quality guidelines, however, service quality gaps recur "often" or "very often".

Similarly, all of the hotels that have a systematic and formal process for service analysis and design have considered that service quality gaps recur "rarely" or "occasionally". Whereas, on the other hand, more than two thirds of the hotels that use a trial and error method feel that service quality gaps recur "often" or "very often".

There is apparently a relationship between the frequency of gap recurrence and the formality of

service quality specifications. And, there is a much stronger relationship between the frequency of gap recurrence and the formality of the process for the analysis and design of quality standards. These relationships provide evidence in favour of both formal quality standards and formal processes for the analysis and design of services and their quality standards. Such processes and standards seem to be necessary if management is to effectively prevent service quality gaps. This is a significative conclusion for the FFSHA, especially for the large percentage of hotels (50,0%) that do not have formal standards. It also supports the gap model and enforces the importance of quality measurement and assessment.

The organisational dimensions manipulated by most of the international chain hotels to eliminate gaps do not coincide with those manipulated by most of the portuguese chain hotels. In fact, two of the organisational aspects manipulated by most portuguese chain hotels (measurement, control and reward systems, and internal power structure) are among the least manipulated by international chain hotels. Similarly, the organisational aspects manipulated by most of the independents do not coincide with those manipulated by most chain hotels. For instance, service analysis and design is one of the dimensions manipulated by most portuguese chain hotels, but one of the aspects used by fewer independent hotels. Thus, the kinds of solutions used to prevent and eliminate service quality gaps are clearly not the same for the three hotel groups. Moreover, the mean number of organisational aspects manipulated by chain hotels is 9,8, whereas the mean number of organisational aspects manipulated by independent hotels is clearly inferior, at only 7,5.

A final and important finding is that the mean number of organisational aspects manipulated by hotels that have formal and systematic processes is 11,0, which is more than double of the mean number of organisational aspects manipulated by hotels that use a trial and error method (5.0). The latter, thus, have adopted a very limited and minimalist set of solutions for preventing and eliminating service quality gaps.

8.5. BRIEF ASSESSMENT OF THE RESEARCH AND SUGGESTIONS FOR FUTURE RESEARCH

This dissertation addresses the problem of service quality strategy implementation. Addressing this problem naturally requires a review of the literature on service quality, on strategy and on strategy implementation. The literature review on *service quality* revealed that:

- service quality is a function of service quality gaps;
- there are some models of service quality gaps; and

- there are several gaps in the literature which are not integrated into any model; thus revealing a need for an original, encompassing synthesised model.[36]

This dissertation consequently considers the existing service quality gap models and a list of other gaps to propose such an original, comprehensive model.

Similarly, the literature review on *strategy* and on *strategy implementation* revealed that:

- there is a lack of clear, detailed and general strategy implementation models;
- existing strategy implementation models can be separated into two distinct types, the static and the dynamic models;
- existing *static* models exhibit many relevant aspects but differ strongly on the number and on the nature of the aspects included; thus revealing insufficiencies and the need for an integrative effort. The same happens with the existing *dynamic* models.[37]

This dissertation consequently considers several existing models to propose a synthesised static model and a synthesised dynamic model. The synthesised static model is a representation of the organisation, at a given moment, which identifies, defines and interrelates the fundamental organisational dimensions for strategy implementation. The synthesised dynamic model is a generic process of strategy formulation and implementation. It indicates and defines the stages that can be followed in order to successfully implement a strategy which significantly modifies the current situation of an organisation on most or all of its dimensions. Note that whilst the two kinds of models address the implementation problem from different perspectives they are not in competition. In fact, it is the view of the author that static and dynamic models are complementary and have to be integrated into a "mixed model", in order to provide a better understanding of strategy implementation. Thus, besides the already mentioned three comprehensive models, that have been synthesised, this dissertation goes further to suggest an original mixed model which, simultaneously and harmoniously, considers all relevant organisational dimensions and all relevant stages of the strategy process.[38] The original mixed model is finally combined with the service quality gap model to propose:

- a map of the pattern of the service quality gaps occurring at each implementation stage;
- the organisational variables that can be manipulated, at each stage, to prevent and eliminate quality gaps; and
- several related implications to practising managers. These are unique aspects in the literature and constitute three contributions to the understanding of service quality

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[36] See Table 3.8.

[37] See tables 4.3 and 4.7.

[38] A simplified mixed model is also suggested in Section 4.4.6. A Simplified Mixed Model.

strategy implementation.

The static, dynamic and mixed models suggested, which have never previously been subjected to a comprehensive and analytical delineation are, in themselves, also significant contributions to an understanding of the area of research. These models are evaluated against generic criteria, namely, generality, internal logic, flexibility, significance, measurement sophistication, and validity (Morris & Haigh, 1998).[39]

- Generality: the models proposed seek to be encompassing, comprehensive and general. Although the static, dynamic and mixed models are applied to service organisations, they can be applied to other organisations.

- Internal logic: ensuring internal logic of the models has been a major concern. Some contradictions in the literature (and reality) had to be accounted for. For instance, the final notes to the static model mention the possibly desirable overlapping of concepts. And, the final notes to the dynamic model refer to the iterativeness of stages, eventual overlapping, and the difficulty experienced when trying to establish a sequence for the stages.[40]

- Flexibility: the models presume lack of definitiveness and should welcome new concepts or different relationships among their variables. Perhaps with the exception of the service quality gap model, they were built around the assumption that concepts and relationships are fluid and lack definitiveness.

- Significance and applicability: the significance and applicability to important areas of investigation and to the problems of practising managers is a function of the significance of the models that have formed the basis for the suggested synthesised models. Moreover, the simple fact that the service quality gap, the static and the dynamic models are a synthesis of distinct complementary perspectives, should make them significant. A mixed model has been proposed to emphasise how important it is to see and bring together these models, which individually constitute partial views of reality.

- Measurement sophistication: measurement sophistication is low, a characteristic which might have been impossible to avoid given the nature of the dimensions which comprise each of the models.

- Validity: a survey has been designed and conducted in this thesis so that the validity of the synthesised models and the unique links theoretically established between them could be assessed.[41] The survey does not provide evidence against the models and the essential characteristics of their links, thus supporting their validity.

The survey is further used to describe how the FFSHA are implementing service quality strategies. This description has raised concerns about the absence of a consistent model for the implementation

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[39] See Section 4.1.8. Two Considerations about Models.

[40] See end of sections 4.2.3. A Synthesis and 4.3.4. A Synthesis.

[41] The survey is consequently unique; there is no other study such as this in the literature, as far as the author is aware.

of service quality strategies in some hotels. It has also identified some service quality gaps and named the hotel groups that are most affected by them. The identification of the gaps is the first step to their elimination in the future.

This dissertation has attempted to make some contributions to the understanding of service quality strategy implementation. It has, however, some limitations, of which the following can now be noted. One of the limitations is that a positivist research philosophy and a nomothetic research method have been employed. There is at least an alternative research philosophy – phenomenology – and several alternative research methods which could have been used. Since different research philosophies and research methods can provide different perspectives on the same research problem, it is thus advisable to study the problem, and to test the specific models and hypotheses suggested in this dissertation, with other methods, in order to provide disproving evidence or alternatively to provide additional proof to that already offered here.

Another limitation of this study is that it uses a synthesis method to develop three of the four models proposed. A synthesis method has the advantage of capturing the aspects that are essential, and are present in all models, as well as the aspects which may be absent in some. Unfortunately, a synthesis method can also exclude some aspects which may seem to be less significative but which, nevertheless, might be revealed to be important for some specific organisation or in some uncommon circumstances.

An additional limitation is that the dynamic and mixed models focus on the managed resistance strategic change method.[42] Although this is the most robust method, and its features should be used to improved effectiveness of other methods, such as coercive or crisis management (Ansoff & McDonnell, 1990; Johnson & Scholes, 1999), this dissertation does not study how this can be done.

The last limitation that is noted here is that the dissertation does not exploit the relationships between the organisational structure and those teams that must be formed during service quality strategy implementation. These relationships are, according to existing literature, very delicate. This study has not investigated why they are so delicate nor has it considered other aspects such as when and how to form the teams, with what kind of objectives, who should be included, and how other organisational dimensions affect team composition and team work. This area, together with the limitations delineated above would appear to offer suitable foci for future research, especially that of a comparative nature.

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[42] See Section 4.3.2.1. Strategic Change Methods; and Section 8.2.2. Conclusions from the Strategy Implementation Literature Review.

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APPENDIX A – DISTRIBUTION OF THE SERVICE QUALITY GAPS IN THE MIXED MODEL

This appendix includes 16 tables derived from Table 4.10. The titles of the columns and of the rows are identical to those of Table 4.10.

Each of the first 14 tables in this appendix links the mixed model to one gap. The last two tables link two sets of gaps (gaps 2 & 4 and gaps 5, 6 & 8) to the model. These 16 tables provide a better view of the patterns (absence of patterns) in the behaviour of the gaps during implementation.

Table A.1. Distribution of the Service Quality Gap 1 in the Mixed Model

Stages	*Fundamental elements/dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/need for change	1	1	1																	1
Assessment of the degree of change required/impact of the issue	1	1	1	1																
Assessment of the time available, time necessary and urgency	1	1	1																	1
Choice of method of strategic change management and management style(s)	1		1			1		1		1										
Definition and clarification of the mission and strategy contents	1	1	1	1		1		1		1										
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux	1	1	1	1		1		1		1										
Information building	1	1	1					1		1										
Building implementability into planning																				
Modular planning for change	1	1	1	1		1		1		1										1
Experimentation/pilot project																				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour																				
Monitoring, controlling and refining		1		1		1		1		1										1
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido

Table A.2. Distribution of the Service Quality Gap 2 in the Mixed Model

Stages	*Fundamental elements/ dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change																				
Assessment of the degree of change required/ impact of the issue			2																	
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents			2			2	2			2	2									
Behavioural diagnosis			2																	
Building a supportive climate			2				2			2						2				2
Organisational flux			2			2	2			2						2				
Information building			2							2						2				
Building implementability into planning																				
Modular planning for change			2			2	2			2	2			2		2				2
Experimentation/pilot project							2							2		2				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour			2				2				2			2		2				2
Monitoring, controlling and refining						2				2				2		2				2
Rewarding and recognising			2				2				2					2				2
Refreezing (or institutionalising)			2							2	2			2		2				

Source: developed by C. J. F. Cândido.

Table A.3. Distribution of the Service Quality Gap 3 in the Mixed Model

Stages	*Fundamental elements/dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/need for change																			
Assessment of the degree of change required/impact of the issue																			
Assessment of the time available, time necessary and urgency																			
Choice of method of strategic change management and management style(s)																			
Definition and clarification of the mission and strategy contents			3	3		3					3								
Behavioural diagnosis																			
Building a supportive climate																			
Organisational flux			3	3		3							3			3			
Information building																			
Building implementability into planning																			
Modular planning for change			3	3		3					3		3	3		3			
Experimentation/pilot project																			
Realigning systems and other organisational dimensions to create necessary competencies and behaviour																			
Monitoring, controlling and refining				3		3							3	3		3			
Rewarding and recognising			3								3					3			
Refreezing (or institutionalising)			3								3			3		3			

Source: developed by C. J. F. Cândido

Table A.4. Distribution of the Service Quality Gap 4 in the Mixed Model

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change		↓	↓																↓
Assessment of the degree of change required/ impact of the issue		↓	↓																
Assessment of the time available, time necessary and urgency																			
Choice of method of strategic change management and management style(s)																			
Definition and clarification of the mission and strategy contents		↓	↓					↓			↓								
Behavioural diagnosis																			
Building a supportive climate		↓	↓		↓			↓								↓	↓		↓
Organisational flux																			
Information building		↓	↓					↓					↓			↓			
Building implementability into planning																			
Modular planning for change		↓	↓					↓			↓		↓			↓			↓
Experimentation/ pilot project													↓			↓			
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		↓	↓		↓						↓		↓			↓	↓		↓
Monitoring, controlling and refining		↓						↓					↓			↓	↓		↓
Rewarding and recognising			↓					↓			↓					↓	↓		↓
Refreezing (or institutionalising)		↓	↓		↓			↓			↓					↓	↓		

Source: developed by C. J. F. Cândido.

Table A.5. Distribution of the Service Quality Gap 5 in the Mixed Model

Stages	Fundamental elements/ dimensions of strategy implementation																			
	Paradigm / model of the world	Information & communication systems	Managerial attitudes, skills, roles & styles	Strategy content	Financial resources	Decision processes	Involvement	Values & norms	Structure	Power structure	Rules, policies & task description	Stories	Service analysis, design, external communication & delivery systems	Organisational competencies	Routines, rituals & ceremonies	Measurement, control & reward systems	People	Symbols	Facilities, equipment, their capacity & technology	Time
Stimulus – awareness of the issue/ need for change		5	5																	5
Assessment of the degree of change required/ impact of the issue		5	5	5																
Assessment of the time available, time necessary and urgency		5	5																	5
Choice of method of strategic change management and management style(s)			5				5		5	5										
Definition and clarification of the mission and strategy contents		5	5	5			5			5	5	5								
Behavioural diagnosis		5	5									5								
Building a supportive climate		5	5	5			5		5	5		5				5	5			5
Organisational flux		5	5	5			5		5	5		5	5		5	5	5			
Information building		5	5						5	5		5	5			5				
Building implementability into planning		5	5				5		5	5	5					5				5
Modular planning for change		5	5	5			5			5	5		5		5	5				5
Experimentation/ pilot project				5			5					5	5		5	5				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		5	5				5		5		5		5		5	5	5			5
Monitoring, controlling and refining		5		5						5			5		5	5	5			5
Rewarding and recognising			5				5				5	5			5	5	5			5
Refreezing (or institutionalising)		5	5						5	5	5	5			5	5	5			

Source: developed by C. J. F. Candida

Table A.6. Distribution of the Service Quality Gap 6 in the Mixed Model

Stages	Fundamental elements/dimensions of strategy implementation																		
	Paradigm / model of the world	Information & communication systems	Managerial attitudes, skills, roles & styles	Strategy content	Financial resources	Decision processes	Involvement	Values & norms	Structure	Power structure	Rules, policies & task description	Stories	Service analysis, design, external communication & delivery systems	Organisational competencies	Routines, rituals & ceremonies	Measurement, control & reward systems	People	Symbols	Facilities, equipment, their capacity & technology	Time
Stimulus – awareness of the issue/need for change			6																6
Assessment of the degree of change required/impact of the issue			6	6															
Assessment of the time available, time necessary and urgency			6																6
Choice of method of strategic change management and management style(s)																			
Definition and clarification of the mission and strategy contents			6	6			6	6		6	6								
Behavioural diagnosis																			
Building a supportive climate			6	6			6	6	6	6							6		6
Organisational flux			6	6			6	6	6	6			6		6		6		
Information building			6					6	6	6			6						
Building implementability into planning			6				6	6	6	6	6								6
Modular planning for change			6	6			6	6		6	6		6	6	6				6
Experimentation/pilot project				6			6						6	6	6				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour			6				6		6		6		6	6	6		6		6
Monitoring, controlling and refining				6				6		6			6	6	6		6		6
Rewarding and recognising			6				6	6			6				6		6		6
Refreezing (or institutionalising)			6					6	6	6	6			6	6		6		

Source: developed by C. J. F. Candido.

Table A.7. Distribution of the Service Quality Gap 7 in the Mixed Model

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change			7																	7
Assessment of the degree of change required/ impact of the issue			7	-																
Assessment of the time available, time necessary and urgency			7																	7
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents			7																	
Behavioural diagnosis																				
Building a supportive climate			7		7															7
Organisational flux																				
Information building			7										7							
Building implementability into planning			7																	7
Modular planning for change			7										7	7	7					7
Experimentation/ pilot project													7	7	7					
Realigning systems and other organisational dimensions to create necessary competencies and behaviour			7		7								7	7	7					7
Monitoring, controlling and refining													7	7	7					7
Rewarding and recognising																				
Refreezing (or institutionalising)			7		7									7	7					

Source: developed by C. J. F. Cândido.

Table A.8. Distribution of the Service Quality Gap 8 in the Mixed Model

Stages	Fundamental elements/ dimensions of strategy implementation																		
	Paradigm / model of the world	Information & communication systems	Managerial attitudes, skills, roles & styles	Strategy content	Financial resources	Decision processes	Involvement	Values & norms	Structure	Power structure	Rules, policies & task description	Stories	Service analysis, design, external communication & delivery systems	Organisational competencies	Routines, rituals & ceremonies	Measurement, control & reward systems	People	Symbols	Facilities, equipment, their capacity & technology	Time
Stimulus – awareness of the issue/ need for change			8																	
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)			8				8	8		8										
Definition and clarification of the mission and strategy contents			8				8	8		8	8									
Behavioural diagnosis			8					8												
Building a supportive climate			8		8		8	8		8						8	8			
Organisational flux			8				8	8		8			8		8	8	8			
Information building			8					8		8			8			8				
Building implementability into planning			8				8	8		8	8					8				
Modular planning for change			8				8	8		8	8		8	8	8	8				
Experimentation/ pilot project							8						8	8	8	8				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour			8		8		8				8		8	8	8	8	8			
Monitoring, controlling and refining								8		8			8	8	8	8	8			
Rewarding and recognising			8				8	8			8				8	8	8			
Refreezing (or institutionalising)			8		8			8		8	8			8	8	8	8			

Source: developed by C. J. F. Cândido

Table A.9. Distribution of the Service Quality Gap 9 in the Mixed Model

Stages	Fundamental elements/ dimensions of strategy implementation																			
	Paradigm / model of the world	Information & communication systems	Managerial attitudes, skills, roles & styles	Strategy content	Financial resources	Decision processes	Involvement	Values & norms	Structure	Power structure	Rules, policies & task description	Stories	Service analysis, design, external communication & delivery systems	Organisational competencies	Routines, rituals & ceremonies	Measurement, control & reward systems	People	Symbols	Facilities, equipment, their capacity & technology	Time
Stimulus – awareness of the issue/ need for change																				
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/ pilot project							9					9	9		9	9		9		
Realigning systems and other organisational dimensions to create necessary competencies and behaviour							9				9		9		9	9	9			
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)								9			9	9			9	9	9			

Source: developed by C. J. F. Cândido.

Table A.10. Distribution of the Service Quality Gap 10 in the Mixed Model

Stages	Fundamental elements/ dimensions of strategy implementation																			
	Paradigm / model of the world	Information & communication systems	Managerial attitudes, skills, roles & styles	Strategy content	Financial resources	Decision processes	Involvement	Values & norms	Structure	Power structure	Rules, policies & task description	Stories	Service analysis, design, external communication & delivery systems	Organisational competencies	Routines, rituals & ceremonies	Measurement, control & reward systems	People	Symbols	Facilities, equipment, their capacity & technology	Time
Stimulus – awareness of the issue/ need for change																				
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/ pilot project							10						10							
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		10					10						10							
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)		10																		

Source: developed by C. J. F. Cândido.

Table A.11. Distribution of the Service Quality Gap 11 in the Mixed Model

Stages	*Fundamental elements/ dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change																				
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/ pilot project	*11*												*11*							
Realigning systems and other organisational dimensions to create necessary competencies and behaviour													*11*							
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)	*11*							*11*												

Source: developed by C. J. F. Cândido.

Table A.12. Distribution of the Service Quality Gap 12 in the Mixed Model

Stages	*Fundamental elements/ dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change																				
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/ pilot project	*12*												*12*							
Realigning systems and other organisational dimensions to create necessary competencies and behaviour													*12*							
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)	*12*							*12*												

Source: developed by C. J. F. Cândido.

Table A.13. Distribution of the Service Quality Gap 13 in the Mixed Model

Stages	*Fundamental elements/dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/need for change																				
Assessment of the degree of change required/impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/pilot project							13											13	13	
Realigning systems and other organisational dimensions to create necessary competencies and behaviour							13										13		13	
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)																	13			

Source: developed by C. J. F. Cândido.

Table A.14. Distribution of the Service Quality Gap 14 in the Mixed Model

Stages	Fundamental elements/ dimensions of strategy implementation																			
	Paradigm / model of the world	Information & communication systems	Managerial attitudes, skills, roles & styles	Strategy content	Financial resources	Decision processes	Involvement	Values & norms	Structure	Power structure	Rules, policies & task description	Stories	Service analysis, design, external communication & delivery systems	Organisational competencies	Routines, rituals & ceremonies	Measurement, control & reward systems	People	Symbols	Facilities, equipment, their capacity & technology	Time
Stimulus – awareness of the issue/ need for change		14																		
Assessment of the degree of change required/ impact of the issue		14		14																
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents		14		14				14			14									
Behavioural diagnosis		14						14												
Building a supportive climate																				
Organisational flux																				
Information building :		14						14					14			14				
Building implementability into planning																				
Modular planning for change		11		11				14			14		14			11				
Experimentation/ pilot project				14									14			14				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		14									14		14			11	11			
Monitoring, controlling and refining		14		14				14					14			14	14			
Rewarding and recognising								14			14					14	11			
Refreezing (or institutionalising)		14						14			14					14	14			

Source: developed by C. J. F. Cândido.

Table A.15. Distribution of the Service Quality Gaps 2 and 4 in the Mixed Model

Stages	Fundamental elements/ dimensions of strategy implementation																			
	Paradigm / model of the world	Information & communication systems	Managerial attitudes, skills, roles & styles	Strategy content	Financial resources	Decision processes	Involvement	Values & norms	Structure	Power structure	Rules, policies & task description	Stories	Service analysis, design, external communication & delivery systems	Organisational competencies	Routines, rituals & ceremonies	Measurement, control & reward systems	People	Symbols	Facilities, equipment, their capacity & technology	Time
Stimulus – awareness of the issue/ need for change																				
Assessment of the degree of change required/ impact of the issue			2, 4	-																
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents			2, 4								2, 4									
Behavioural diagnosis																				
Building a supportive climate			2, 4													2, 4				2, 4
Organisational flux																				
Information building			2, 4													2, 4				
Building implementability into planning																				
Modular planning for change			2, 4								2, 4									2, 4
Experimentation/ pilot project																2, 4				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour			2, 4								2, 4					2, 4				2, 4
Monitoring, controlling and refining																2, 4				2, 4
Rewarding and recognising			2, 4								2, 4					2, 4				2, 4
Refreezing (or institutionalising)			2, 4								2, 4					2, 4				

Source: developed by C. J. F. Cândido.

Table A.16. Distribution of the Service Quality Gaps 5, 6 and 8 in the Mixed Model

Stages	*Fundamental elements/ dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change			5, 6, 8																	
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents			5, 6, 8				5, 6, 8			5, 6, 8	5, 6, 8									
Behavioural diagnosis																				
Building a supportive climate			5, 6, 8				5, 6, 8			5, 6, 8							5, 6, 8			
Organisational flux			5, 6, 8				5, 6, 8			5, 6, 8			5, 6, 8		5, 6, 8		5, 6, 8			
Information building			5, 6, 8							5, 6, 8			5, 6, 8							
Building implementability into planning			5, 6, 8				5, 6, 8			5, 6, 8	5, 6, 8									
Modular planning for change			5, 6, 8				5, 6, 8			5, 6, 8	5, 6, 8		5, 6, 8		5, 6, 8					
Experimentation/ pilot project							5, 6, 8						5, 6, 8		5, 6, 8					
Realigning systems and other organisational dimensions to create necessary competencies and behaviour			5, 6, 8				5, 6, 8				5, 6, 8		5, 6, 8		5, 6, 8		5, 6, 8			
Monitoring, controlling and refining										5, 6, 8			5, 6, 8		5, 6, 8		5, 6, 8			
Rewarding and recognising			5, 6, 8				5, 6, 8				5, 6, 8				5, 6, 8		5, 6, 8			
Refreezing (or institutionalising)			5, 6, 8							5, 6, 8	5, 6, 8				5, 6, 8		5, 6, 8			

Source: developed by C. J. F. Candido.

APPENDIX B – FIRST QUESTIONNAIRE AND RELATED DOCUMENTS

B.1. OBJECTIVES OF THE QUESTIONNAIRE

The objectives of this questionnaire are:

O1. to assess how important it is to the managers of four and five star hotels of Algarve (FFSHA) to eliminate service quality gaps;

O2. to assess how the FFSHA deal with the service quality gaps, namely, what organisational dimensions of the static model are manipulated to prevent/eliminate service quality gaps, what specific processes, methods and instruments are used and how frequently;

O3. to assess if service quality gaps are recurrent in the FFSHA; and to

O4. to assess if service quality gaps occur in clusters or in isolation in the FFSHA.

B.2. ENGLISH VERSION OF THE LETTER ACCOMPANYING THE QUESTIONNAIRE

Carlos Joaquim Farias Cândido
Unidade de Ciências Económicas e Empresariais
Universidade do Algarve
Campus de Gambelas
8000 Faro

Dear Sir,
[Name]
[Address]

I am a portuguese born at the Algarve and a member of the staff at the University of the Algarve. I am also a PhD student in England at the Sheffield Hallam University. My PhD is concerned with the implementation of a service quality strategy in hotels. The continuation of this PhD project requires data from 4 and 5 star hotels in the Algarve Hotel Industry. This is why the questionnaire accompanying this letter is now being sent to you and to some other hotels in the Algarve. The objective is to obtain data in order to:

- assess how important is it to managers to eliminate service quality insufficiencies;
- understand how the hotels in the Algarve Hotel Industry deal with service quality insufficiencies;
- assess if these insufficiencies are recurrent in the hotels of the Algarve Hotel Industry;
- assess if the insufficiencies occur in clusters or in isolation in the hotels of the Algarve Hotel Industry.

Achieving these objectives is very important to the completion of the PhD mentioned. I would like it to constitute a modest contribution to further the knowledge in the area of service quality strategy implementation and to its diffusion. This will only be possible with the contribution of your experience in this area.

I hope that you may have the short time necessary to give this questionnaire a first reading. I will take the liberty to contact you by telephone, in a few days, in order to determine the possibility of making an appointment for a short interview, during which I would fill the questionnaire, based on your experience.

I would like to assure you that any data collected will be treated with strict confidentiality.

Looking forward to talking to you soon

Yours sincerely

Carlos Cândido

[Signature]

October 8, 1999

B.3. PORTUGUESE VERSION OF THE LETTER ACCOMPANYING THE QUESTIONNAIRE

Carlos Joaquim Farias Cândido
Unidade de Ciências Económicas e Empresariais
Universidade do Algarve
Campus de Gambelas
8000 Faro

Exmo. Sr.
[Name]
[Address]

Assunto: Inquérito aos dirigentes da Industria Hoteleira Algarvia sobre qualidade dos serviços

Sou algarvio e membro do corpo docente da Universidade do Algarve. Sou também estudante de doutoramento em Inglaterra na Sheffield Hallam University. O meu tema de doutoramento diz respeito à implementação de estratégias de qualidade em empreendimentos hoteleiros. A sua continuação depende da obtenção de dados reais a partir dos hotéis de 5 e de 4 estrelas pertencentes à Indústria Hoteleira do Algarve. Encontro-me neste momento a enviar o questionário que acompanha esta carta, simúltaneamente, a V.ª Ex.ª e a outros responsáveis por empreendimentos do mesmo género na Região. O objectivo é o de obter dados que permitam:

- avaliar quão importante pode ser a redução ou extinção de eventuais insuficiências na qualidade dos serviços oferecidos;
- compreender como é que os hotéis da Industria Hoteleira Algarvia podem lidar com as eventuais insuficiências na qualidade dos serviços oferecidos;
- verificar se estas eventuais insuficiências na qualidade dos serviços são recorrentes nos hotéis da Industria Hoteleira Algarvia;
- verificar se diferentes insuficiências ocorrem em conjunto ou se ocorrem isoladamente.

Atingir estes objectivos é muito importante para a conclusão do meu doutoramento. Com a sua conclusão desejaria modestamente poder contribuir para o aumento dos actuais conhecimentos na área científica da implementação de estratégias de qualidade nos serviços hoteleiros e para a sua divulgação. Isto só será possível com a contribuição da sua experiência nestes domínios.

A minha esperança é que V.ª Ex.ª possa ter o pouco tempo necessário para dar uma primeira leitura ao questionário. Por minha parte, tomarei a liberdade de o contactar via telefone, dentro de alguns dias, por forma a averiguar da possibilidade de se marcar uma curta entrevista durante a qual eu mesmo preencheria o questionário, com base na sua experiência e conhecimentos.

Gostaria de assegurar a V.ª Ex.ª, e à organização que representa, que todos os dados recolhidos serão tratados em estrita confidencialidade.

Antecipadamente grato pela atenção e na expectativa de poder reunir com V.ª Ex.ª em breve, subscrevo-me

Muito atenciosamente

[Signature]

8 de Outubro de 1999

B.4. LETTER SENT BY THE "CONSELHO DIRECTIVO" OF MY FACULTY IN THE ALGARVE TO THE HOTELS IN THE SAMPLE

(Please, see next page.)

UNIVERSIDADE DO ALGARVE
UNIDADE DE CIÊNCIAS ECONÓMICAS E EMPRESARIAIS

Exmo(a) Senhor(a)

Nossa Referência	Data
Of. 299-CD-UCEE	99.09.24

Assunto: Inquérito aos dirigentes da Industria Hoteleira do Algarve sobre qualidade dos serviços.

Carlos Joaquim Farias Cândido é membro do corpo docente da Unidade de Ciências Económicas e Empresarias da Universidade do Algarve. Tendo obtido a sua licenciatura em Gestão de Empresas na Universidade do Algarve e o grau de Mestre em Estratégia e Desenvolvimento Empresarial no ISCTE, encontra-se actualmente a realizar o doutoramento na Sheffield Hallam University subordinado ao tema "Implementação de Estratégias de Qualidade na Área dos Serviços Hoteleiros".
Faz parte integrante dos seus trabalhos de doutoramento uma recolha de dados no âmbito da Indústria Hoteleira do Algarve. Propõe-se, para tal, à marcação de uma entrevista com V.ª Ex.ª para o preenchimento de um questionário sobre qualidade dos serviços. O Conselho Directivo desta Unidade deseja expressar o reconhecimento da importância fulcral que o preenchimento deste questionário terá, em tal circunstância, para a boa prossecução dos trabalhos do nosso docente, solicitando desde já a melhor compreensão de Vossa Excelência para o pedido que este lhe endereçar.

Com os meus melhores cumprimentos.

O Presidente do Conselho Directivo

Professor Doutor Efigénio da Luz Rebelo

ER/cm

CAMPUS DE GAMBELAS · 8000 FARO · TELEFS. (089) 817571/800100/800900 · TELEFAX: 815937

B.5. LETTER SENT BY THE "ASSOCIAÇÃO DOS HOTÉIS E EMPREENDIMENTOS TURÍSTICOS DO ALGARVE" TO THE HOTELS IN THE SAMPLE

(Please, see next page.)

AHETA

Estimado Associado,

Está o Dr. Carlos Joaquim Farias Cândido, docente da Universidade do Algarve, a preparar a sua tese de doutoramento na Universidade de Sheffield, subordinada ao tema "Implementação de Estratégias de Qualidade na Hotelaria do Algarve".

Na habitual política de colaboração que a AHETA mantém com a Universidade do Algarve, vimos solicitar de V. Exa. o favor de apoiar este trabalho, recebendo o Dr. Farias Cândido em curta entrevista para resposta ao inquérito que se anexa, de acordo com os objectivos que são explícitos em carta que também se inclui.

Com os nossos agradecimentos, os nossos melhores cumprimentos.

José Barradas
Secretário-Geral
99.10.11

ASSOCIAÇÃO DOS HOTEIS E EMPREENDIMENTOS TURÍSTICOS DO ALGARVE

Rua Tenente Valadim, n.º 18 8000-437 FARO
TEL: (089) 80 79 97 FAX: (089) 80 79 90 e-mail: aheta@mail.telepac.pt NIPC: 503 439 223

B.6. ALGARVE HOTEL INDUSTRY QUALITY QUESTIONNAIRE

(Please, see next page.)

ALGARVE HOTEL INDUSTRY QUALITY QUESTIONNAIRE

The assumption that there is no "right" answer to each question underlies the design of this questionnaire. Please provide your answers according to your own experience and current circumstances of your organisation. My most sincere thanks for your help.

I. CHARACTERISATION

1. Name of the hotel: _____

2. Category (Mark with a ✓)

a) 5 stars hotel ☐ b) 4 stars hotel ☐

3. This hotel:

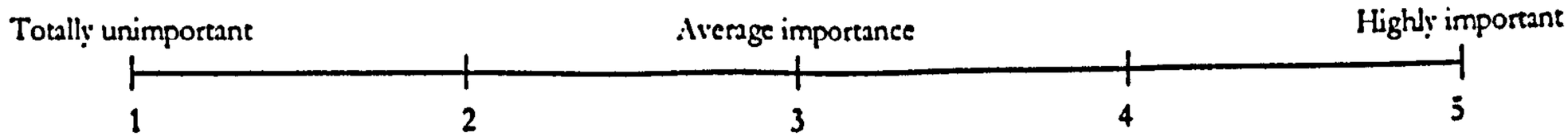
a) Belongs to an international chain of hotels ☐ Which? _____
b) Belongs to a national (Portuguese) chain of hotels ☐ Which? _____
c) Is an independent and does not belong to any chain of hotels ☐

4. The management position occupied by the respondent is

a) General manager of the hotel (or of the firm) ☐
b) Manager of a department of the hotel ☐ What department? _____
c) Other. ☐ Would you please indicate which? _____

II. ASSESSMENT OF CUSTOMERS NEEDS

1. How important is it to discover the needs and expectations of your customers? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. How do you discover the needs and expectations of your customers? (Mark with a ✓)

a) Your own experience ☐
b) Experience of other managers in your hotel ☐
c) Experience of other managers in other hotels ☐
d) Experience of your employees ☐
e) Market research ☐
f) Talking with customers ☐
g) Publications ☐
h) Other sources ☐
Would you please indicate which?
_____

3. How frequently do you access the needs and expectations of your customers? (Mark with a ✓)

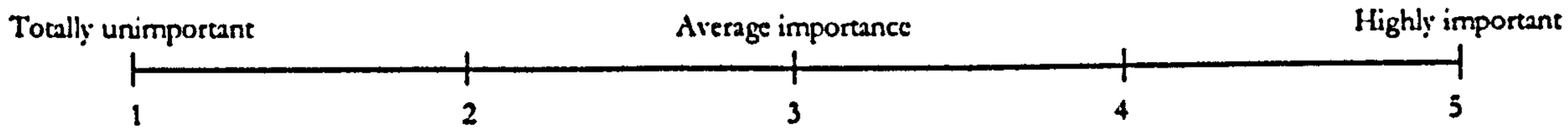
a) Weekly ☐
b) Monthly ☐
c) Every three months ☐
d) Every six months ☐
e) Yearly ☐
f) Every two years ☐
g) Other ☐

Would you please indicate which?

_____

III. PERCEPTIONS OF YOUR STAFF ABOUT CUSTOMERS' EXPECTATIONS AND NEEDS

1. How important is it to discover the perceptions your staff hold of your customers' needs and expectations? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. How do you discover the perceptions your staff hold of your customers' needs and expectations? (Mark with a ✓)

a) Regular staff meetings ☐
b) Individual debriefings ☐
c) Via intermediate managers ☐
d) Other process ☐

Would you please indicate which?

_____

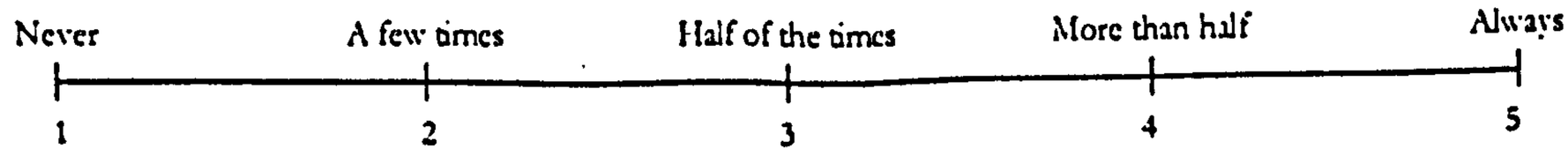
3. How often do you try to discover the perceptions your staff hold of your customers' needs and expectations? (Mark with a ✓)

a) Daily ☐
b) Weekly ☐
c) Monthly ☐
d) Every three months ☐
e) Every six months ☐
f) Yearly ☐
g) Every two years ☐
h) Other ☐

Would you please indicate which?

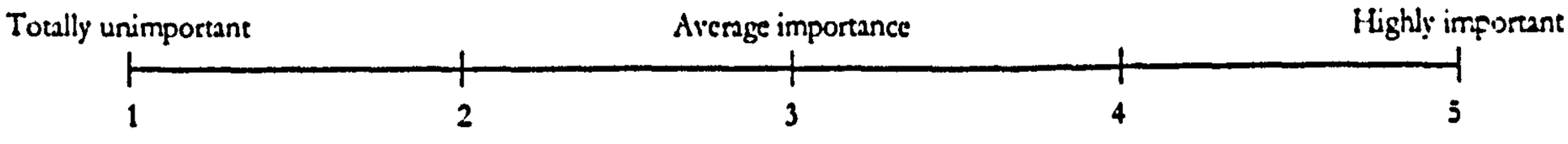
_____

4. Do you believe that the perceptions your staff hold of your customer's needs and expectations are consistent with their real needs and expectations? (Circle your answer on the scale of 1 – never to 5 – always)



IV. YOUR STAFF'S KNOWLEDGE ABOUT CUSTOMERS' PERCEPTIONS OF THE SERVICE QUALITY THEY RECEIVE IN YOUR HOTEL

1. How important is it to discover your staff's knowledge about customers' perceptions of the service quality received? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



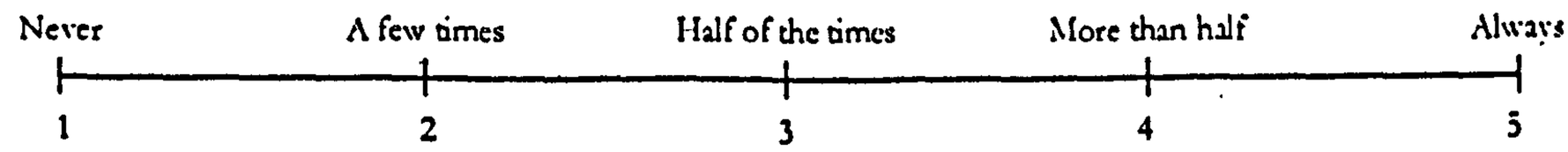
2. How do you discover this knowledge? (Mark with a ✓)

a) Regular staff meetings ☐
b) Individual debriefings ☐
c) Via intermediate managers ☐
d) Other process ☐
Would you please indicate which?
_____

3. How often do you try to discover your staff's knowledge about customers' perceptions of the service quality received? (Mark with a ✓)

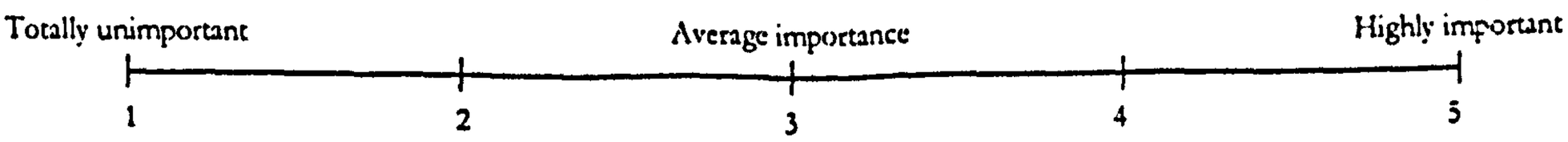
a) Daily ☐
b) Weekly ☐
c) Monthly ☐
d) Every three months ☐
e) Every six months ☐
f) Yearly ☐
g) Every two years ☐
h) Other ☐
Would you please indicate which?
_____

4. Do you believe that your staff's knowledge about customers' perceptions of the service quality received is consistent with the customers' real perceptions? (Circle your answer on the scale of 1 – never to 5 – always)



V. TRANSLATION OF CUSTOMERS' EXPECTATIONS INTO SERVICE QUALITY SPECIFICATIONS, STANDARDS OR GUIDELINES

1. How important is it to translate your knowledge of customers' needs and expectations into quality specifications, standards or guidelines? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. How often do you translate knowledge of customers' needs and expectations into service quality specifications? (Mark with a ✓)

a) We did that once ☐
b) Never ☐
c) Monthly ☐
d) Every three months ☐
e) Seasonally ☐
f) Every six months ☐
g) Yearly ☐
h) Every two years ☐
i) Other ☐
Would you please indicate which?
_____

3. Do you use a systematic and formal process to analyse and define service quality specifications? (Mark with a ✓)

a) Yes, we use a systematic and formal process before offering the service ☐
b) No, we use a trial and error method ☐ (If your answer is "No", please go to question no. 1 of group VII)
c) Other ☐ Would you please indicate which _____

4. If your answer is "Yes", would you be so kind and indicate what special technique(s) do you use? (Mark with a ✓)

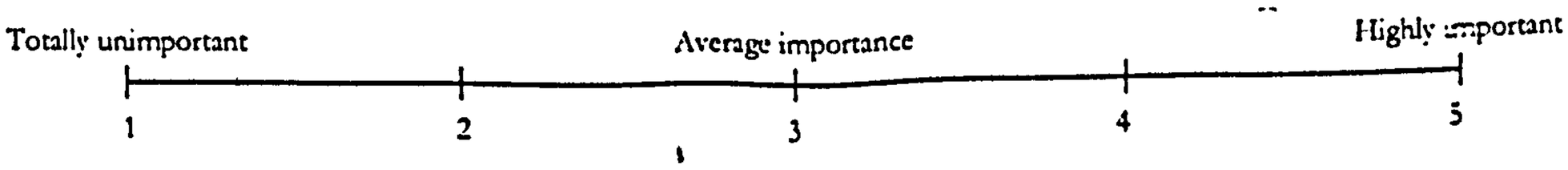
a) Flowcharting ☐
b) Value chain analysis ☐
c) Storyboarding, as used in the film industry ☐
d) Other ☐
Would you please indicate which?
_____

5. Would you please indicate which of the following aspects are included in your formal quality specifications? (Mark with a ✓)

a) Ability to perform the promised service dependably and accurately (service reliability) ☐
b) Willingness to help customers and provide prompt service (service responsiveness) ☐
c) Caring and individualised attention the firm provides its customers (Service empathy) ☐
d) Facilities, equipment and other tangible products ☐
e) Knowledge and courtesy of employees and their ability to inspire trust and confidence (service assurance) ☐
f) Appearance of personnel ☐
g) Personnel professional judgement, diagnostic ability and decision autonomy ☐
h) Personnel ability to immediately find a solution that keeps the customer satisfied whenever something goes wrong or something unpredictable unexpectedly happens (service recovery) ☐

VI. ADHERENCE TO SERVICE QUALITY SPECIFICATIONS

1. How important is it to try to adhere to the existing service quality specifications? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. How do you discover if the specifications are adhered to by your personnel in a day-to-day basis?

(Mark with a ✓)

a) Personal direct observation ☐
b) Regular staff meetings ☐
c) Individual debriefings ☐
d) Via supervisors ☐
e) Via intermediate managers ☐
f) Other process ☐
Would you please indicate which?
_____

3. How often do you try to discover if specifications are adhered to by your personnel? (Mark with a ✓)

a) We don't ☐
b) Daily ☐
c) Weekly ☐
d) Monthly ☐
e) Every three months ☐
f) Every six months ☐
g) Yearly ☐
h) Every two years ☐
i) Other ☐
Would you please indicate which?
_____

VII. EXTERNAL COMMUNICATION (COMMUNICATION WITH CUSTOMERS)

1. How important is it to communicate effectively with customers about the service(s) and to provide information about the hotel's procedures and expected outcomes? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)

Totally unimportant — Average importance — Highly important

1 2 3 4 5

2. How often do your hotel communicates to the exterior (advertises services and procedures)? (Mark with a ✓)

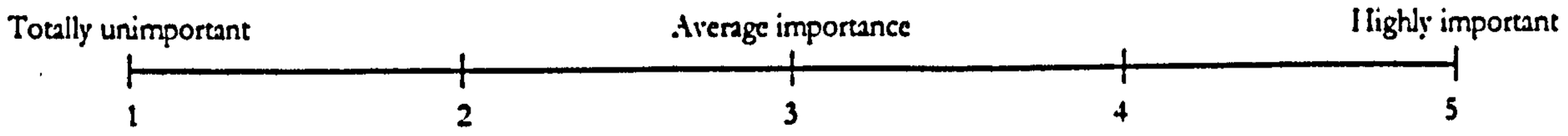
a) Daily ☐
b) Weekly ☐
c) Monthly ☐
d) Every three months ☐
e) Every six months ☐
f) Seasonally ☐
g) Yearly ☐
h) Every two years ☐
i) Other ☐
Would you please indicate which?
_____

3. How often does your organisation communicates internally with your customers (advertise you service(s), procedures and outcomes using pamphlets, black boards or other means)? (Mark with a ✓)

a) Daily ☐
b) Weekly ☐
c) Monthly ☐
d) Every three months ☐
e) Every six months ☐
f) Seasonally ☐
g) Yearly ☐
h) Every two years ☐
i) Other ☐
Would you please indicate which?
_____

VIII. MATCHING CUSTOMERS EXPECTATIONS

1. How important is it to ensure that the customer's expectations are matched by the quality of the service? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. How do you discover if the customer's expectations are matched by the service quality offered? (Mark with a ✓)

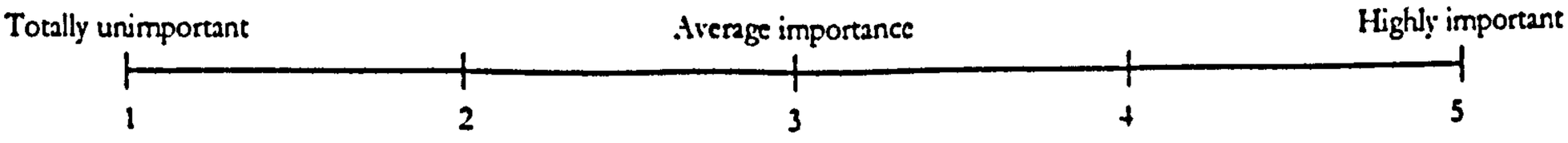
a) Book for entering complaints ☐
b) Talking with customers ☐
c) Asking customers to fill a questionnaire about service quality ☐
d) Market research ☐
e) Other process ☐
Would you please indicate which?
_____

3. How often do you try to discover if the customer's expectations are matched by the service quality offered? (Mark with a ✓)

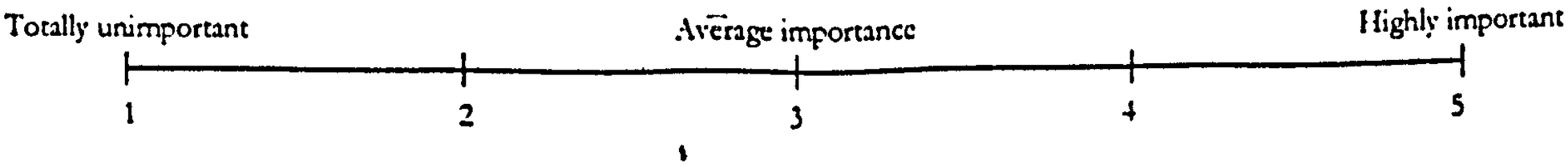
a) Never ☐
b) Daily ☐
c) Weekly ☐
d) Monthly ☐
e) Every three months ☐
f) Every six months ☐
g) Yearly ☐
h) Every two years ☐
i) Other ☐
Would you please indicate which?
_____

IX. INTERNAL COMMUNICATION (BETWEEN ORGANISATIONAL MEMBERS)

1. How important is it to communicate mission and strategy to the employees until everyone shares and daily applies them? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. How important is it to listen to employees' problems and opinions about their work? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



3. How often do you (CEO/General Manager) communicate with your shop floor employees? (Mark with a ✓)

a) Never ☐
b) Daily ☐
c) Weekly ☐
d) Monthly ☐
e) Every three months ☐
f) Every six months ☐
g) Yearly ☐
h) Other ☐

Would you please indicate which?

_____

X. INTEGRATION/COORDINATION

1. How important is it to ensure that every activity, job, department, and function are compatible and mutually reinforcing? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)

Totally unimportant — Average importance — Highly important

1 2 3 4 5

2. How important is it to ensure that customers never feel that they have been sent from one employee or department to another? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)

Totally unimportant — Average importance — Highly important

1 2 3 4 5

3. How important is it to ensure that customers always feel that people in the organisation are working together for their benefit? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)

Totally unimportant — Average importance — Highly important

1 2 3 4 5

4. How do you <u>usually</u> promote internal coordination between activities, jobs, departments and functions? (Mark with a ✓)

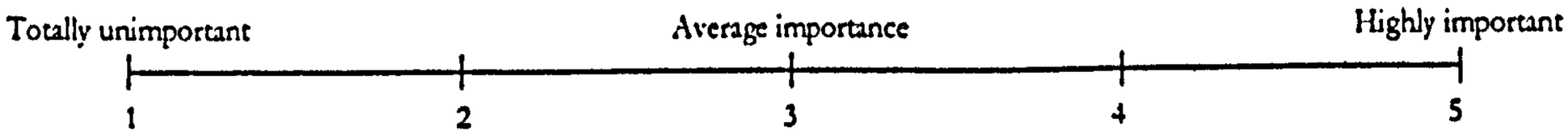
a) Internal communication ☐
b) Supervision ☐
c) Employee mobility inside the organisation (going through several departments) ☐
d) Power and autonomy for employees to make decisions (decentralisation) ☐
e) Training and cross training ☐
f) Team projects ☐
g) Special coordination management positions ☐
h) Coordination teams ☐
i) Coordination meetings between departmental managers ☐
j) Other(s) ☐

Would you please indicate which?

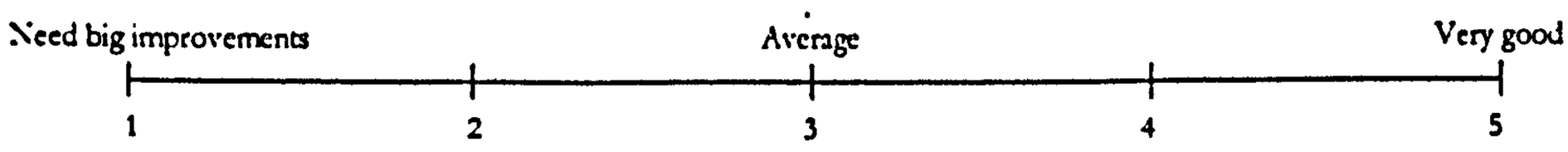
_____

XI. SELECTION OF PERSONNEL, TRAINING, GIVING AUTONOMY, POWER AND REWARDS

1. How important is it to select, train and reward personnel to deliver quality to customers? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. How good is your hotel in selection, training and rewarding personnel to deliver quality to customers? (Circle your answer on the scale of 1 – We need big improvements to 5 – We are very good at this)



3. How often do you provide training to your employees? (Mark with a ✓)

a) Never ☐
b) Every three months ☐
c) Every six months ☐
d) Yearly ☐
e) Every two years ☐
f) Other ☐

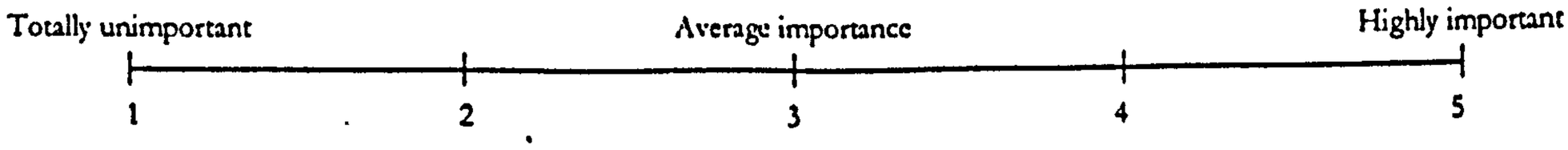
Would you please indicate which?

_____

4. Do you have a policy of rewards/sanctions for your employees? (Mark with a ✓)

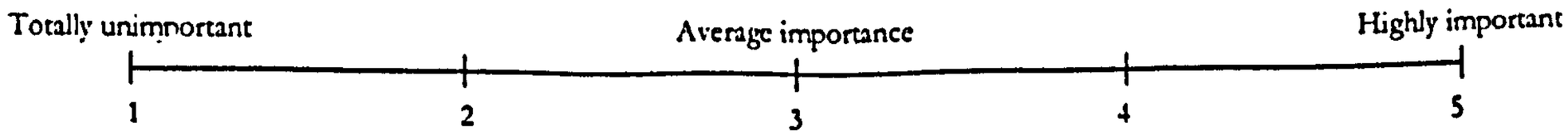
a) Yes ☐ b) No ☐

5. How important is it to increase your personnel's power and autonomy to make decisions concerning the quality of the service provided to a customer? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



XII. SERVICE QUALITY EVALUATION

1. How important is it to have a regular/constant process of quality measurement and assessment? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. Do you have a regular/constant process of quality measurement and assessment? (Mark with a ✓)

a) Yes ☐ Comments_____

b) No ☐ (If your answer is no, go to question XIII-1) _____

3. If your answer is yes, would you indicate which of the following quality aspects do you measure and evaluate? (Mark with a ✓)

a) Ability to perform the promised service dependably and accurately (service reliability) ☐

b) Willingness to help customers and provide prompt service (service responsiveness) ☐

c) Caring and individualised attention the firm provides its customers (Service empathy) ☐

d) Facilities, equipment and other tangible products ☐

e) Knowledge and courtesy of employees and their ability to inspire trust and confidence (service assurance) ☐

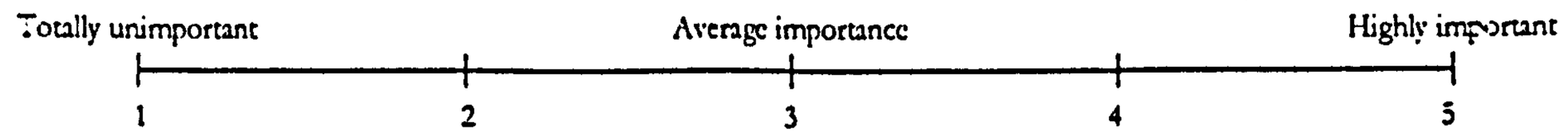
f) Appearance of personnel ☐

g) Personnel professional judgement, diagnostic ability and decision autonomy ☐

h) Personnel ability to immediately find a solution that keeps the customer satisfied whenever something goes wrong or something unpredictable unexpectedly happens (service recovery) ☐

XIII. QUALITY SUPPORTIVE FINANCIAL FUNCTION

1. How important is it to have a financial function/department that supports, collaborates and contributes to service quality? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. How would you characterise your financial function/department? (Mark with a ✓)

a) As the most important source of criteria for decision making ☐

b) As a constraint that limits the development of total quality service ☐

c) As a department/function to abolish ☐

d) As a department/function that contributes to quality control, personnel motivation and, in general, to maintaining a positive approach towards quality ☐

e) Other(s) ☐

Would you please indicate which? _____

3. Do you give priority to service quality over cost control and efficiency? (Mark with a ✓)

a) Never ☐

b) Not often ☐

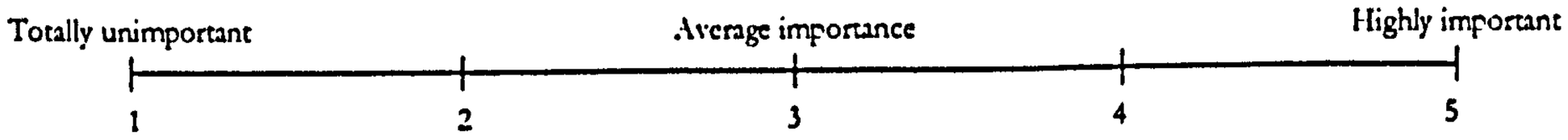
c) Half of the times/we have a balanced approach ☐

d) Most of the times ☐

e) Always ☐

XIV. SERVICE QUALITY STRATEGY

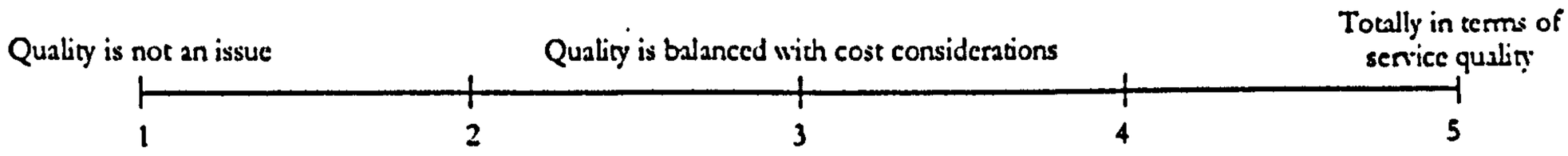
1. How important is it to define your mission, strategy and/or objectives in terms of service quality? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. Has your hotel/firm defined a strategy? (Mark with a ✓)

a) Yes ☐ b) No ☐ (If this is your answer, please go to question XV-1)

3. Have you defined your hotel mission, strategy and/or objectives in terms of service quality? (Circle your answer on the scale of 1 – quality is not an issue to 5 – mission, strategy and/or objectives are totally defined in terms of service quality)

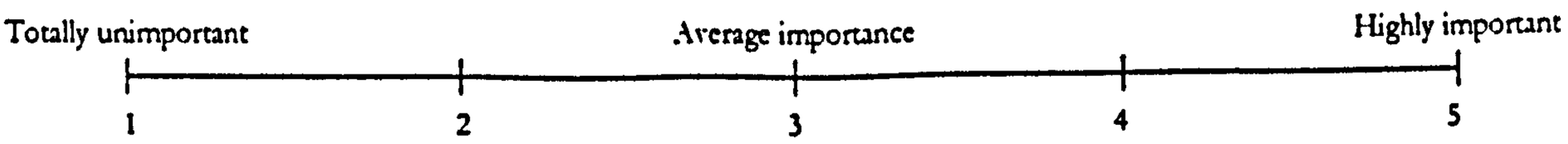


4. How often do you communicate the aspects of your strategy to your employees? (Mark with a ✓)

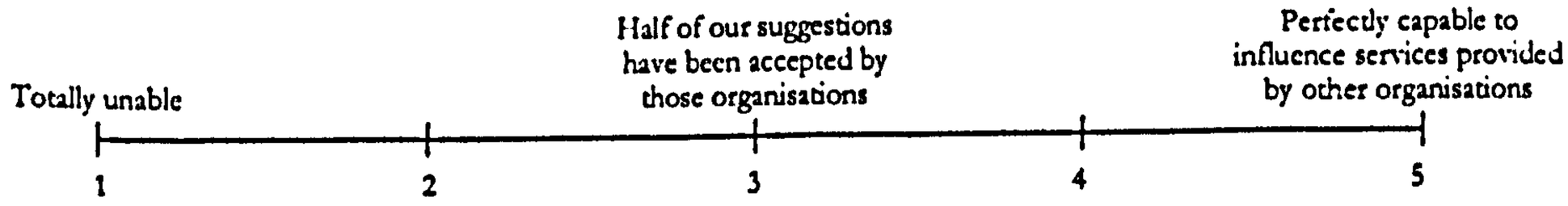
a) Never ☐
b) Rarely ☐
c) Often ☐
d) Very often ☐
e) Always ☐
f) Other ☐
Would you please indicate which?
_____

XV. COORDINATION OF OTHER ORGANISATIONS

1. How important is it to enhance and maintain close contact and coordination between your hotel and other organisations (e.g., theme parks, clubs, bars, restaurants, associations, suppliers...)? (Circle your answer on the scale of 1 – totally unimportant to 5 – highly important)



2. Have you been able to use such contacts in order to reshape the services provided to your customers by those external organisations in a way that improves customers' perceptions of quality? (Circle your answer on the scale of 1 – totally unable to 5 – perfectly capable)



XVI. OCCURRENCE OF SERVICE QUALITY GAPS (DEFICIENCIES)

1. There are probably numerous kinds of service quality gaps. Some general kinds of quality insufficiencies can be described as:

- *management lacks understanding of customers' expectations and perceptions of the service;*
- *personnel has difficulties in understanding clients' expectations and experiences with the service;*
- *lack of analysis, design and definition of service quality specifications, or when specifications exist, lack of consistency of the specifications with the strategy;*
- *inconsistency between service design/service quality specifications and the service actually delivered by the service delivery system;*
- *inconsistency between what is externally communicated (promised) and what the service delivery system is actually able to provide the customers with;*
- *difference between the service quality customers experience and the quality they expect;*
- *lack of or inadequate internal communication;*
- *lack of integration/coordination;*
- *lack of an adequate human resource function;*
- *lack of accurate measurements on the fundamental service quality strategy variables and lack of personal observation of service quality provided;*
- *lack of a supportive financial function;*
- *failure to forge and communicate a coherent service quality strategy;*
- *lack of coordination of other people and/or organisations in the value system.*

Have you felt any of those problems? (Mark with a ✓)

a) Yes ☐ (If this is your answer, please proceed to the next question. The questionnaire is almost completed.)

b) No ☐ (You have completed the questionnaire. Thank you very much for your collaboration!)

2. After dealing with one or more of the problems above and solved it, have any of them recurred? (Mark with a ✓)

a) Never ☐
b) Rarely ☐
c) Often ☐
d) Very often ☐
e) Always ☐
f) Other ☐
Would you please indicate which?
_____

3. Do these problems tend to occur simultaneously at the same time or does one occur only after the other has been dealt with? (Mark with a ✓)

a) Isolated/one at a time ☐
b) More than one at the same time ☐
c) Other ☐
Would you please indicate which?
_____

4. When trying to solve those problems, which of the following aspects do you usually manipulate? (Mark with a ✓)

a) My perception/model of the world ☐
b) Attitudes, skills, roles and style of managers ☐
c) Strategy ☐
d) Organisational structure ☐
e) Facilities and equipment ☐
f) Information and communication systems ☐
g) Decision processes ☐
h) Service analysis and design ☐
i) External communication ☐
j) Delivery systems ☐
k) Rules, policies and task descriptions ☐
l) Measurement, control and reward systems ☐
m) Overall organisational competencies ☐
n) People ☐
o) Internal power structure ☐
p) Degree of personnel involvement and participation in decision making and in other activities ☐
q) Values and norms ☐
r) Stories ☐
s) Symbols ☐
t) Rituals, routines and ceremonies ☐
u) Financial resources ☐

5. On average, how many of the aspects listed in the previous question do you manipulate simultaneously to solve those problems? (Mark with a ✓)

a) 1 ☐
b) 2 ☐
c) 3 ☐
d) 4 ☐
e) Depends on the problem ☐
f) Other ☐
Would you please indicate which?
_____

6. Do you always use the same "instruments"? (Mark with a ✓)

a) Yes ☐
b) No ☐

You have completed the questionnaire. Thank you very much for your time and help!

B.7. ALGARVE HOTEL INDUSTRY QUALITY QUESTIONNAIRE

(PORTUGUESE VERSION)

(Please, see next page.)

INQUÉRITO À INDÚSTRIA HOTELEIRA DO ALGARVE SOBRE QUALIDADE DOS SERVIÇOS

O pressuposto de que não existe uma resposta única para cada pergunta esteve sempre subjacente à concepção deste questionário. Por favor, dê a sua resposta de acordo com a sua própria experiência e com as actuais circunstâncias da sua organização. Pela sua colaboração, desde já, os meus muito sinceros agradecimentos.

I. CARACTERIZAÇÃO DO HOTEL E DO DIRIGENTE INQUIRIDO

1. Nome do Hotel: _____

2. Categoria do Hotel (Marque com ✓)

a) Hotel de 5 estrelas ☐ b) Hotel de 4 estrelas ☐

3. O hotel

a) Pertence a uma cadeia internacional de hotéis ☐ Qual? _____

b) Pertence a uma cadeia nacional (portuguesa) de hotéis ☐ Qual? _____

c) É independente e não pertence a qualquer cadeia de hotéis ☐

4. Cargo ocupado pela pessoa inquirida:

a) Director geral do hotel (ou da empresa proprietária do hotel) ☐

b) Director de departamento do hotel ☐ De que departamento? _____

c) Outro. ☐ Indique qual, por favor. _____

II. DETERMINAÇÃO DAS NECESSIDADES E EXPECTATIVAS DOS CLIENTES

1. Qual a importância que atribui à descoberta das necessidades e expectativas dos seus clientes? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)

Totalmente sem importância		Importância média		Altamente importante
1	2	3	4	5

2. Como descobre as necessidades e expectativas dos seus clientes? (Marque com ✓)

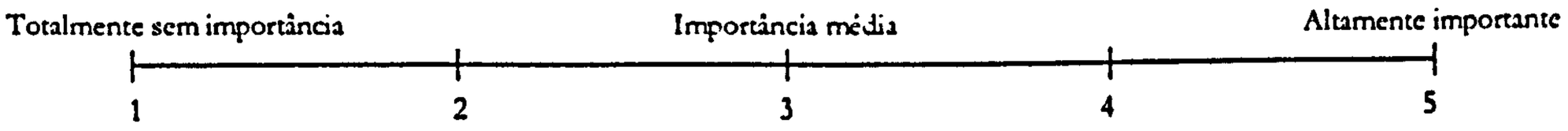
a) Com base na sua experiência própria ☐
b) Experiência de outros gestores do seu hotel ☐
c) Experiência de gestores doutros hotéis ☐,
d) Experiência dos seus empregados ☐
e) Pesquisa de mercado ☐
f) Conversando com clientes ☐
g) Publicações (revistas, livros ...) ☐
h) Outras formas ☐
Indique, por favor.
_____

3. Com que frequência determina as necessidades e as expectativas dos seus clientes? (Marque ✓)

a) Semanalmente ☐
b) Mensalmente ☐
c) Trimestralmente ☐
d) Semestralmente ☐
e) Anualmente ☐
f) De dois em dois anos ☐
g) Outra ☐
Indique, por favor.
_____

III. PERCEPÇÕES DOS SEUS EMPREGADOS ACERCA DAS EXPECTATIVAS E NECESSIDADES DOS SEUS CLIENTES

1. Qual a importância que atribui à descoberta das percepções que os seus empregados têm acerca das necessidades e expectativas dos seus clientes? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



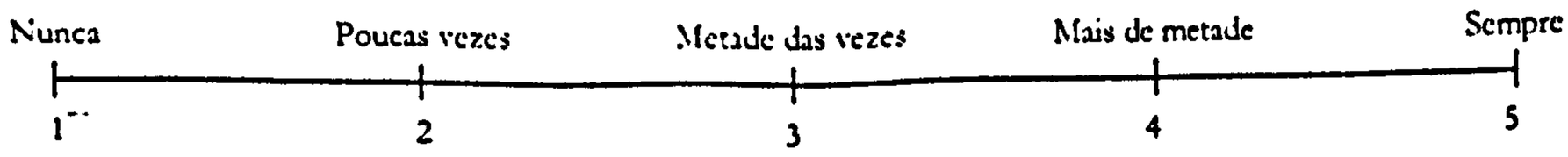
2. Como descobre as percepções que os seus empregados têm acerca das necessidades e expectativas dos seus clientes? (Marque ✓)

a) Reuniões regulares ☐
b) Curtas conversas com cada empregado ☐
c) Através da gestão intermédia ☐
d) Outros processos ☐
Indique, por favor.
_____

3. Com que frequência tenta descobrir essas percepções? (Marque ✓)

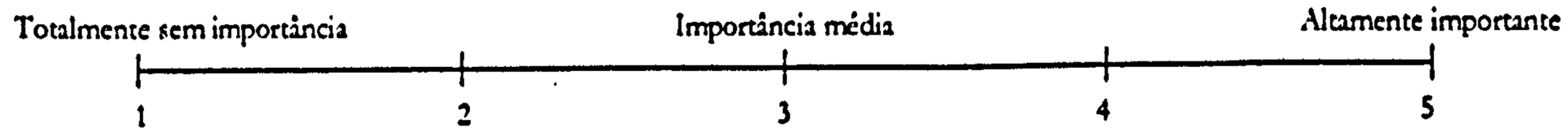
a) Diariamente ☐
b) Semanalmente ☐
c) Mensalmente ☐
d) Trimestralmente ☐
e) Semestralmente ☐
f) Anualmente ☐
g) De dois em dois anos ☐
h) Outra ☐
Indique, por favor.
_____

4. Crê que a percepção que os seus empregados têm acerca das necessidades e expectativas dos seus clientes correspondem rigorosamente às reais necessidades e expectativas destes? (Marque a sua resposta na escala de 1 – nunca a 5 – sempre)



IV. IMPRESSÃO DOS EMPREGADOS SOBRE A QUALIDADE PERCEBIDA PELOS CLIENTES

1. Qual a importância que atribui à descoberta da impressão dos seus empregados sobre a opinião dos clientes da qualidade recebida? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



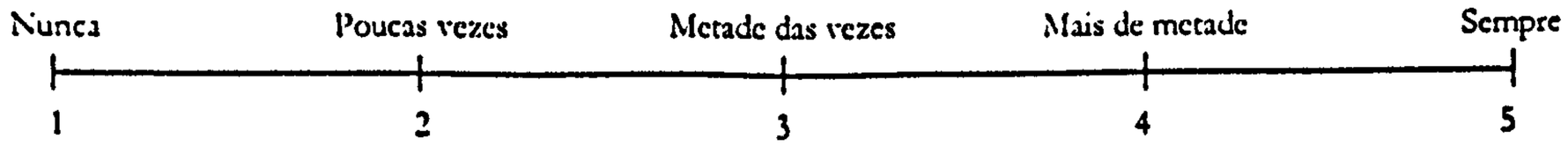
2. Como é que tenta descobrir esta impressão dos seus empregados? (Marque ✓)

a) Reuniões regulares ☐
b) Curtas conversas com cada empregado ☐
c) Através da gestão intermédia ☐
d) Outros processos ☐
Indique, por favor.
_____

3. Com que frequência tenta descobrir a impressão dos seus empregados sobre as opiniões dos clientes da qualidade recebida? (Marque ✓)

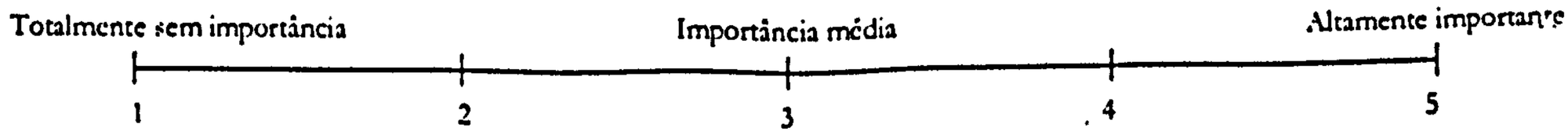
a) Diariamente ☐
b) Semanalmente ☐
c) Mensalmente ☐
d) Trimestralmente ☐
e) Semestralmente ☐
f) Anualmente ☐
g) De dois em dois anos ☐
h) Outra ☐
Indique, por favor.
_____

4. Crê que a impressão que os seus empregados têm correspondem rigorosamente às reais percepções dos clientes sobre a qualidade recebida? (Marque a sua resposta na escala de 1 – nunca a 5 – sempre)



V. TRADUÇÃO DAS EXPECTATIVAS DOS CLIENTES EM LINHAS DE RUMO, ESPECIFICAÇÕES OU "STANDARDS" DE QUALIDADE

1. Qual a importância que atribui à tradução do seu conhecimento sobre as necessidades e as expectativas dos seus clientes em linhas de rumo, especificações ou "standards" de qualidade? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



2. Com que frequência tenta traduzir em linhas de rumo, especificações ou "standards" de qualidade o seu conhecimento sobre as necessidades e expectativas dos seus clientes? (Marque ✓)

a) Fizemos isso uma vez ☐
b) Nunca ☐
c) Mensalmente ☐
d) Trimestralmente ☐
e) Semestralmente ☐
f) Anualmente ☐
g) De dois em dois anos ☐
h) Outra ☐
i) Indique, por favor.

_____

3. Faz-se uso, no seu hotel/grupo de hotéis, de qualquer processo sistemático e formal para a análise e definição de especificações ou "standards" de qualidade? (Marque ✓)

a) Sim, nós usamos um processo sistemático e formal antes de oferecer o serviço ☐
b) Não, nós usamos o método de tentativa/erro ☐ (Se respondeu "Não", passe por favor à questão 1 do grupo VII)
c) Outra situação. ☐ Indique qual, por favor. _____

4. Se a sua resposta à questão anterior é "Sim", pode indicar por favor que técnicas especiais são usadas? (Marque ✓)

a) Diagramas de fluxo ☐
b) Análise da cadeia de valor ☐
c) "Storyboarding", à semelhança do usado na indústria cinematográfica ☐
d) Outra ☐
Indique, por favor.

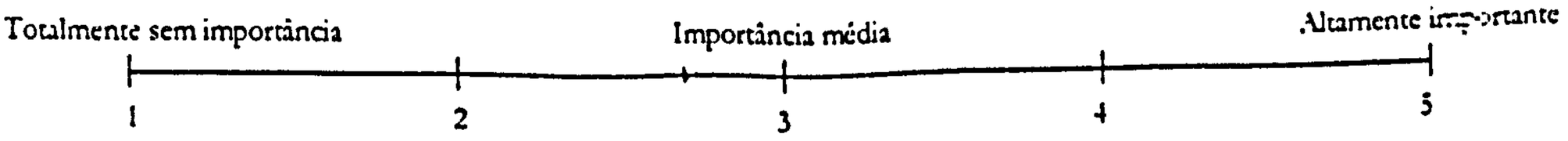
_____

5. Indique, por favor, quais dos seguintes aspectos estão contemplados entre as suas linhas de rumo, especificações ou normas de qualidade? (Marque ✓)

a) Capacidade da organização para oferecer o serviço prometido com rigor e confiança ☐
b) Boa-vontade e prontidão dos empregados para servir e auxiliar os clientes sem demoras ☐
c) Empatia, atenção e cuidado dos empregados, dispensados a cada cliente ☐
d) Instalações, equipamento e outros produtos tangíveis ☐
e) Formação, conhecimentos e cortesia dos empregados e a sua capacidade para inspirar nos clientes os sentimentos de credibilidade, confiança e segurança ☐
f) Aparência do pessoal ☐
g) Capacidade de análise dos empregados, de julgamento e autonomia para tomarem decisões ☐
h) Capacidades para imediatamente encontrarem uma solução que mantenha o cliente satisfeito sempre que algo corre mal na prestação de um serviço (recuperação de serviço) ☐

VI. ADERÊNCIA ÀS ESPECIFICAÇÕES OU "STANDARDS" DE QUALIDADE

1. Qual a importância que atribui a que se tente de facto aderir às linhas de rumo, especificações ou "standards" de qualidade? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



2. Como é que se assegura que as linhas de rumo, especificações ou "standards" de qualidade são

diariamente respeitadas pelo pessoal? (Marque ✓)

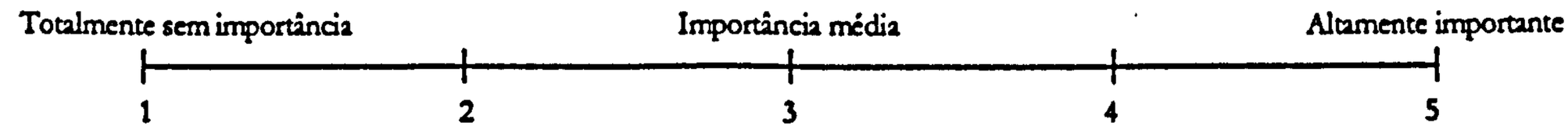
a) Observação directa e pessoal ☐
b) Reuniões regulares com o pessoal ☐
c) Conversas curtas com cada empregado ☐
d) Via supervisores ☐
e) Via gestão intermédia ☐
f) Outros processos ☐
Indique quais, por favor?
_____

3. Com que frequência tenta descobrir se o pessoal adere às linhas de rumo, especificações ou "standards" de qualidade? (Marque ✓)

a) Não verificamos ☐
b) Diariamente ☐
c) Semanalmente ☐
d) Mensalmente ☐
e) Trimestralmente ☐
f) Semestralmente ☐
g) Anualmente ☐
h) De dois em dois anos ☐
i) Outra ☐
Indique, por favor.
_____

VII. COMUNICAÇÃO EXTERNA (COMUNICAÇÃO COM OS CLIENTES)

1. Qual a importância que atribui a uma comunicação eficaz e exacta com os clientes acerca dos serviços, nomeadamente, à disponibilização de informações acerca dos procedimentos do hotel e dos benefícios a esperar? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



2. Com que frequência é que o seu hotel comunica com o exterior (publicita serviços e ou processos)? (Marque ✓)

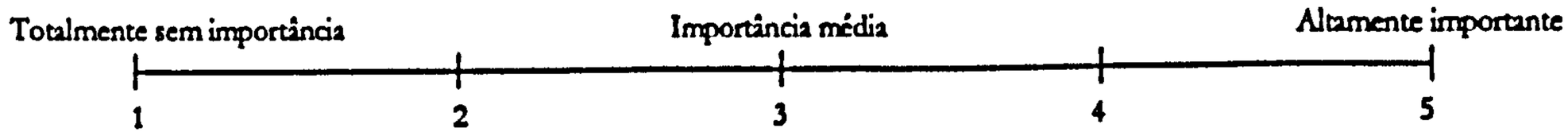
a) Diariamente ☐
b) Semanalmente ☐
c) Mensalmente ☐
d) Trimestralmente ☐
e) Semestralmente ☐
f) Anualmente ☐
g) De dois em dois anos ☐
h) Outra ☐
Indique, por favor.
_____

3. Com que frequência é que a sua organização comunica internamente com os seus clientes (publicita os serviços, processos e benefícios, usando panfletos, mostradores ou outros processos)? (Marque ✓)

a) Diariamente ☐
b) Semanalmente ☐
c) Mensalmente ☐
d) Trimestralmente ☐
e) Semestralmente ☐
f) Anualmente ☐
g) De dois em dois anos ☐
h) Outra ☐
Indique, por favor.
_____

VIII. PREENCHENDO AS EXPECTATIVAS DOS CLIENTES

1. Qual a importância que tem para si assegurar que as expectativas dos clientes são de facto preenchidas pelo nível de qualidade dos serviços oferecidos? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



2. Como é que descobre se as expectativas dos clientes são de facto preenchidas pelo nível de qualidade oferecida? (Marque ✓)

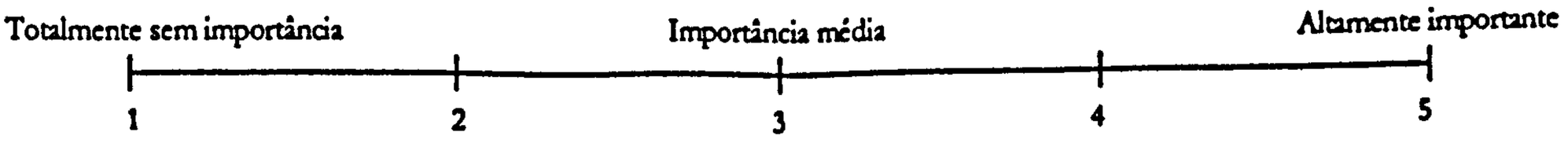
a) Livro de reclamações ☐
b) Conversando com clientes ☐
c) Pedindo aos clientes para preencher um questionário sobre qualidade do serviço ☐
d) Pesquisa de mercado ☐
e) Outros processos ☐
Indique, por favor.
_____

3. Com que frequência tenta verificar se as expectativas dos clientes são preenchidas pelos serviços? (Marque ✓)

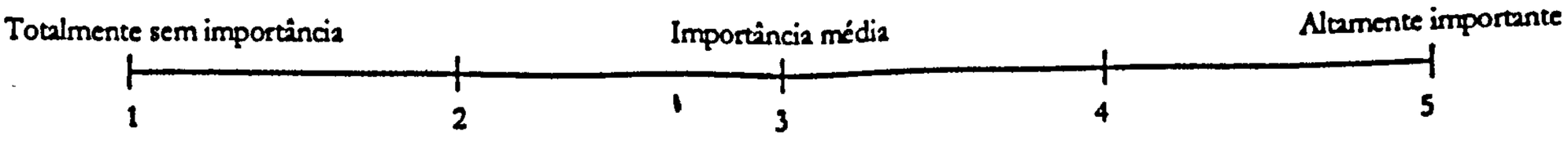
a) Nunca ☐
b) Diariamente ☐
c) Semanalmente ☐
d) Mensalmente ☐
e) Trimestralmente ☐
f) Semestralmente ☐
g) Anualmente ☐
h) De dois em dois anos ☐
i) Outra ☐
Indique, por favor.
_____

IX. COMUNICAÇÃO INTERNA (ENTRE MEMBROS DA ORGANISAÇÃO)

1. Qual a importância que atribui à comunicação interna da missão e da estratégia a todos os empregados até que todos a partilhem e a apliquem diariamente? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



2. Qual a importância que atribui a ouvir pessoalmente os problemas e opiniões dos empregados acerca do seu trabalho? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



3. Com que frequência tenta comunicar com os seus empregados? (Marque ✓)

a) Nunca ☐
b) Diariamente ☐
c) Semanalmente ☐
d) Mensalmente ☐
e) Trimestralmente ☐
f) Semestralmente ☐
g) Anualmente ☐
h) De dois em dois anos ☐
i) Outra ☐
Indique, por favor.
_____

X. INTEGRAÇÃO/COORDENAÇÃO

1. Qual a importância que tem para si assegurar que todas as actividades, tarefas, funções e departamentos são compatíveis entre si e se reforçam mutuamente? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)

Totalmente sem importância — Importância média — Altamente importante
1 2 3 4 5

2. Qual a importância tem para si assegurar que os clientes nunca sentem que foram enviados de um empregado para outro ou de um departamento para outro? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)

Totalmente sem importância — Importância média — Altamente importante
1 2 3 4 5

3. Qual a importância que tem para si assegurar que os clientes sintam sempre que os empregados trabalham em conjunto para o seu benefício? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)

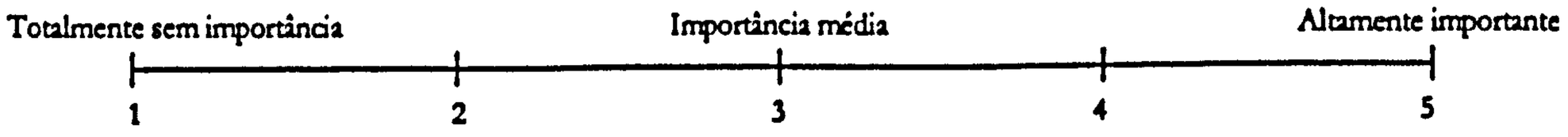
Totalmente sem importância — Importância média — Altamente importante
1 2 3 4 5

4. Como é que <u>usualmente</u> promove a coordenação interna entre actividades, tarefas, funções e departamentos? (Marque ✓)

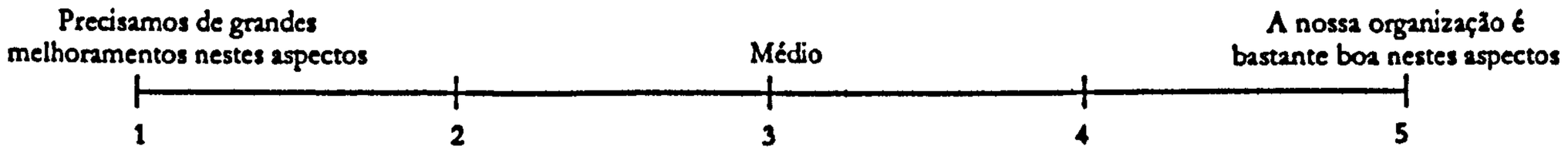
a) Comunicação interna ☐
b) Supervisão ☐
c) Mobilidade interna dos empregados (proporcionando experiências de trabalho em vários departamento diferentes) ☐
d) Poder e autonomia para os empregados tomarem decisões (descentralização) ☐
e) Formação não só na própria área de actividade do empregado, mas também noutras áreas de actividade ☐
f) Projectos em equipa ☐
g) Postos de gestão especiais para coordenação ☐
h) Equipas de coordenação ☐
i) Reuniões de coordenação entre gestores de departamentos e funções diferentes ☐
j) Outras ☐
Indique, por favor.
_____

XI. SELECÇÃO DE PESSOAL, FORMAÇÃO, AUTONOMIA, PODER E RECOMPENSAS/BENEFÍCIOS

1. Qual a importância de seleccionar, formar e recompensar o pessoal para oferecer um serviço de qualidade? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



2. Como classifica o seu hotel/organização em termos de selecção de pessoal, formação e recompensas para entrega de um serviço com qualidade aos clientes? (Marque a sua resposta na escala de 1 – precisamos de grandes melhoramentos a 5 – a nossa organização é bastante boa nestes aspectos)



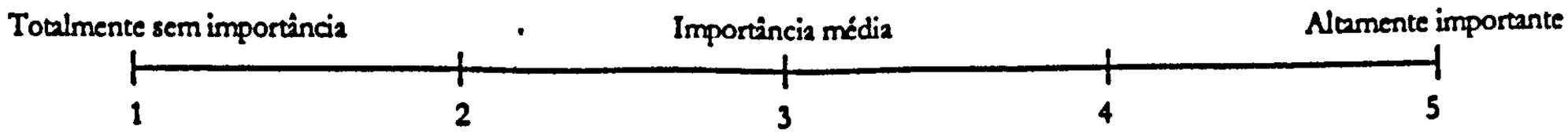
3. Com que frequência oferece oportunidades de formação aos seus empregados? (Marque ✓)

a) Nunca ☐
b) Trimestralmente ☐
c) Semestralmente ☐
d) Anualmente ☐
e) De dois em dois anos ☐
f) Outra ☐
Indique, por favor.
_____

4. O seu hotel possui uma política de recompensas/benefícios e de sanções? (Marque ✓)

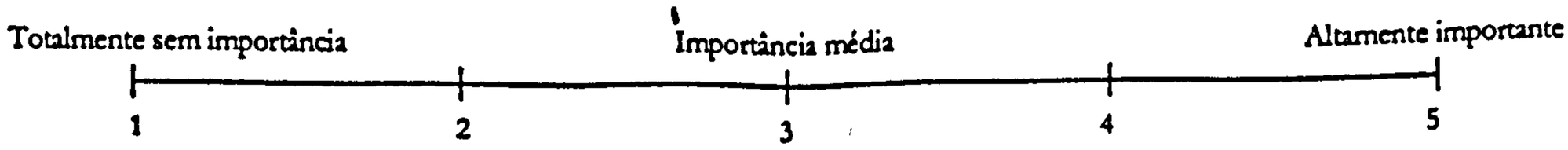
a) Sim ☐
b) Não ☐

5. Qual a importância que atribui ao aumento do poder e autonomia do seu pessoal para a tomada de decisões, em tempo real, acerca da qualidade do serviço oferecido a determinado cliente? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



XII. AVALIAÇÃO DA QUALIDADE DOS SERVIÇOS

1. Qual a importância que atribui à condução regular (ou constante) de um processo de medida e avaliação da qualidade dos serviços? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



2. Conduz regularmente (ou constantemente) qualquer processo de medida e avaliação da qualidade dos serviços? (Marque ✓)

a) Sim ☐

b) Não ☐ (Se respondeu "Não", passe à questão 1 do grupo XIII)

Comentários/Observações

_____

_____

3. Se a sua resposta à questão anterior foi "Sim", indique por favor quais dos seguintes aspectos da qualidade dos serviços mede e avalia? (Marque ✓)

a) Capacidade da organização para oferecer o serviço prometido com rigor e confiança ☐

b) Boa-vontade e prontidão dos empregados para servir e auxiliar os clientes sem demoras ☐

c) Empatia, atenção e cuidado dos empregados, dispensados a cada cliente ☐

d) Instalações, equipamento e outros produtos tangíveis ☐

e) Formação, conhecimentos e cortesia dos empregados e a sua capacidade para inspirar nos clientes os sentimentos de credibilidade, confiança e segurança ☐

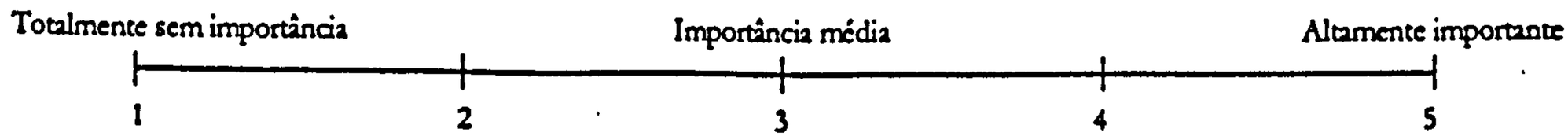
f) Aparência do pessoal ☐

g) Capacidade de análise dos empregados, de julgamento e autonomia para tomarem decisões ☐

h) Capacidades para imediatamente encontrarem uma solução que mantenha o cliente satisfeito sempre que algo corre mal na prestação de um serviço (recuperação de serviço) ☐

XIII. APOIO DA FUNÇÃO FINANCEIRA À QUALIDADE DOS SERVIÇOS

1. Qual a importância de uma função financeira (departamento financeiro) que apoie, colabore e contribua para a qualidade dos serviços? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



2. Como caracteriza a sua função financeira (departamento financeiro)? (Marque ✓)

a) É a mais importante fonte de critérios para a tomada de decisões (ex.: taxa de rentabilidade) ☐

b) Tem sido um constrangimento que limita o desenvolvimento da qualidade nos serviços ☐

c) É uma função/departamento a abolir ☐

d) É uma função departamento que contribui para o controlo da qualidade, para a motivação do pessoal e, em geral, para a manutenção de uma atitude favorável em relação à qualidade ☐

e) Outra(s) ☐

Indique, por favor. _____

3. Atribui a prioridade à qualidade dos serviços sobre a eficiência e o controlo dos custos? (Marque ✓)

a) Nunca ☐

b) Pouco frequentemente ☐

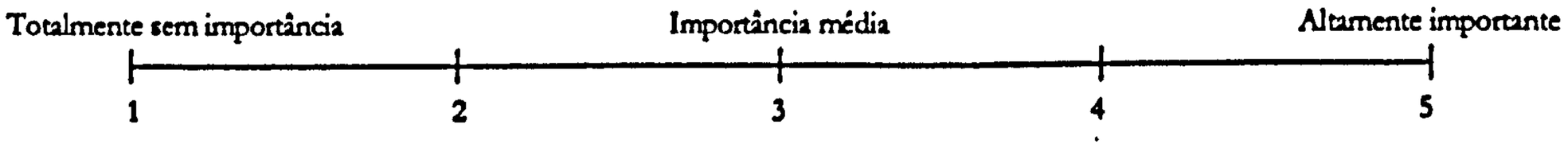
c) Metade das vezes /temos uma perspectiva equilibrada ☐

d) Na maior parte dos casos ☐

e) Sempre ☐

XIV. ESTRATÉGIA DE QUALIDADE NOS SERVIÇOS

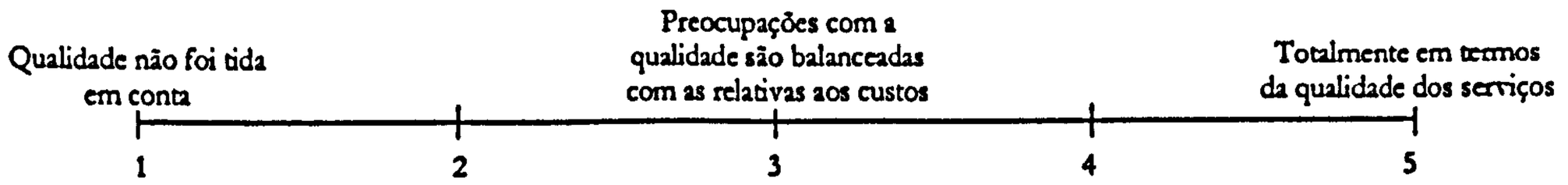
1. Qual a importância que atribui à definição da sua missão, estratégia e/ou objectivos em termos de qualidade dos serviços? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



2. O seu hotel/organização tem alguma estratégia definida? (Marque ✓)

f) Sim ☐ g) Não ☐ (Se a sua resposta é "Não", passe à questão 1 do grupo XV)

3. Definiu a sua missão, estratégia e/ou objectivos em termos de qualidade dos serviços? (Marque a sua resposta na escala de 1 – qualidade não foi tida em conta a 5 – missão, estratégia e/ou objectivos foram totalmente definidos em termos da qualidade dos serviços)

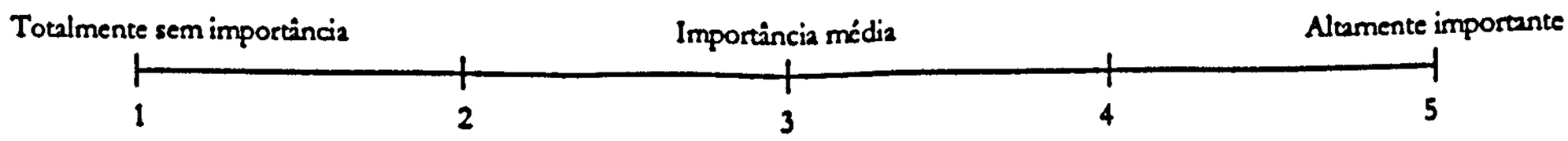


4. Com que frequência tenta divulgar os aspectos relativos à sua estratégia junto dos seus empregados? (Marque ✓)

a) Nunca ☐
b) Raramente ☐
c) Frequentemente ☐
d) Muito frequentemente ☐
e) Sempre ☐
f) Outro ☐
Indique, por favor.
_____

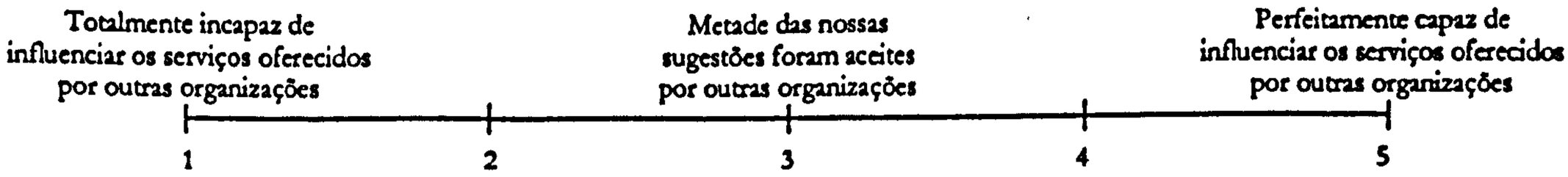
XV. COORDENAÇÃO DE OUTRAS ORGANIZAÇÕES

1. Qual a importância que atribui ao aumento de um contacto estreito e de uma coordenação entre o seu hotel e outras organizações (ex., parques temáticos, clubes, bares, restaurantes, associações, fornecedores...)? (Marque a sua resposta na escala de 1 – totalmente sem importância a 5 – altamente importante)



2. A sua organização tem sido capaz de tirar partido deste tipo de coordenação externa por forma a remodelar os serviços oferecidos aos seus clientes, não só por si como por tais organizações, e a melhorar a percepção de qualidade dos seus clientes? (Marque a sua resposta na escala de 1 – totalmente incapaz a 5 –

perfeitamente capaz)



XVI. OCORRÊNCIA DE INSUFICIÊNCIAS/DEFICIÊNCIAS DE QUALIDADE

1. Existem possivelmente inúmeros tipos de causas para insuficiências ou deficiências de qualidade. Alguns tipos genéricos poderão ser descritas como:

- *alguma incompreensão por parte dos gestores e dirigentes acerca das expectativas e das percepções que os clientes tem dos serviços;*
- *dificuldade do pessoal em compreender as expectativas, as experiências e as percepções dos clientes sobre os serviços;*
- *falta de analise e definição das especificações de qualidade dos serviços, ou quando essas especificações existem, falta de consistência entre as especificações e a estratégia definida;*
- *inconsistência entre as especificações existentes e o serviço de facto oferecido pelo hotel;*
- *inconsistência entre o que é comunicado para o exterior (prometido) e o que o hotel é de facto capaz de oferecer;*
- *diferença entre o nível de qualidade que os clientes percepcionam e a qualidade que eles esperam;*
- *falta de ou inadequada comunicação interna;*
- *falta de integração/coordenação;*
- *falta de uma função/departamento de recursos humanos adequada;*
- *falta de um sistema de medida rigoroso que incida sobre as variáveis estratégicas de qualidade e ausência de observação directa da qualidade dos serviços oferecidos;*
- *ausência de uma função financeira que apoie a oferta de serviços de qualidade;*
- *ausência de uma estratégia de qualidade coerente e de comunicação dessa estratégia a todos os níveis hierárquicos;*
- *ausência de uma preocupação com a coordenação de pessoas e/ou organizações externas no sistema de valor do hotel.*

Sentiu ou sente qualquer destas insuficiências de qualidade no seu hotel? (Marque ✓)

a) Sim ☐ (Se respondeu Sim, siga por favor para a questão seguinte. O questionário está quase completo.)
b) Não ☐ (Completou a resposta ao questionário. Muito obrigado pela sua colaboração!)

2. Depois de lidar com uma ou mais das insuficiências acima indicadas e de tê-las resolvido, por acaso

alguma delas voltou a surgir posteriormente? (Marque ✓)

a) Nunca ☐
b) Raramente ☐
c) Frequentemente ☐
d) Muito frequentemente ☐
e) Sempre ☐
f) Outra situação ☐
Indique, por favor.
_____

3. As insuficiências acima indicadas tendem a ocorrer isoladamente (uma de cada vez) ou tendem a ocorrer em conjuntos de mais de uma em simultâneo? (Marque ✓)

a) Isoladas/uma de cada vez ☐
b) Mais de uma, em simultâneo ☐
c) Outra situação ☐
Indique, por favor
_____

4. Para tentar resolver estas insuficiências, quais dos seguintes aspectos é que geralmente manipula? (Marque ✓)

a) O meu modelo/imagem do mundo ☐
b) Atitudes, capacidades, papeis e estilo dos gestores ☐
c) Estratégia ☐
d) Estrutura organizacional ☐
e) Instalações e equipamentos ☐
f) Sistemas de informação e comunicação ☐
g) Processos de tomada de decisão ☐
h) Análise, desenho e definição das especificações dos serviços ☐
i) Comunicação externa ☐
j) Sistema e processos de produção dos serviços ☐
k) Regras, políticas e descrições de tarefas ☐
l) Sistemas de medidas, de controlo e de recompensa/benefícios ☐.
m) Competências genéricas da organização ☐
n) O pessoal ☐
o) Estrutura interna de poder ☐
p) Grau de envolvimento e de participação do pessoal na tomada de decisões e noutras actividades ☐
q) Valores e normas (cultura) ☐
r) Histórias da organização ☐
s) Símbolos da organização ☐
t) Rituais, rotinas e cerimónias ☐
u) Recursos financeiros ☐

5. Em média, quantos dos aspectos listados na questão anterior é que manipula simultaneamente para resolver as insuficiências de qualidade identificadas? (Marque ✓)

a) 1 ☐
b) 2 ☐
c) 3 ☐
d) 4 ☐
e) Depende do tipo de insuficiência ☐
f) Outra ☐
Indique, por favor.
_____

6. Utiliza sempre os mesmos "instrumentos"? (Marque ✓)

a) Sim ☐
b) Não ☐

Terminou de responder ao questionário. Muito obrigado pelo seu tempo e colaboração!

APPENDIX C – SECOND QUESTIONNAIRE AND RELATED DOCUMENTS

C.1. OBJECTIVES OF THE QUESTIONNAIRE

The objectives of this questionnaire are:

O5. to assess how important is each of the stages of the dynamic model to the managers of Four and Five Star Hotels of Algarve (FFSHA);

O6. to assess how the FFSHA follow those stages in order of precedence;

O7. to verify what organisational dimensions of the static model do managers of FFSHA start changing at each stage of the dynamic model;

O8. to verify what service quality gaps managers of FFSHA relate to each dimension of the static model; and to

O9. to verify the service quality gaps that managers of FFSHA report as occurring during each stage of the dynamic model.

C.2. ENGLISH VERSION OF THE LETTER ACCOMPANYING THE QUESTIONNAIRE

Carlos Joaquim Farias Cândido
Unidade de Ciências Económicas e Empresariais
Universidade do Algarve
Campus de Gambelas
8000 Faro

Dear Sir
[Name]
[Address]

Subject: A Quality Strategy Implementation Interview and Conclusions from the Service Quality interviews conducted in October

I am a portuguese born at the Algarve and a member of the staff at the University of the Algarve. I have been for two years in England doing my PhD at the Sheffield Hallam University. My research theme is related to the implementation of service quality strategies in hotels. This research involved several interviews, carried out in October with Algarve hotel managers, including yourself. The

conclusions from these interviews describe some important aspects of service quality and contribute to a model of the implementation process of quality strategies. In order to conclude my research, I must next confront that model with reality in the Algarve Hotel Industry. For this purpose, I have designed a short questionnaire to:

- determine the importance of each stage of the process and its order of precedence;
- determine at what stage change in each of the most important organisational variables starts; and
- determine what quality problems occur at each stage and what specific organisational aspects are affected.

At this moment, your experience is fundamental to the conclusion of my research. Thus, I would invite you to give the questionnaire only a quick reading. In a few days, I will take the liberty to contact you by telephone in order to make an appointment for a last and short interview, during which the questionnaire will be completed, based on your experience. As before, any data collected will be treated in strict confidence. A copy of the conclusions from the October questionnaire will be available to you after the interview.

Enthusiasm and support for my research project has been expressed by both AHETA and my Faculty in two letters that I sent with my own in October. These two organisations, naturally, maintain their enthusiasm and support.

Looking forward to talking to you soon

Yours sincerely

[Signature]

February, 2000

C.3. PORTUGUESE VERSION OF THE LETTER ACCOMPANYING THE QUESTIONNAIRE

Carlos Joaquim Farias Cândido
Unidade de Ciências Económicas e Empresariais
Universidade do Algarve
Campus de Gambelas
8000 Faro

Exmo. Sr.
[Name]
[Address]

Assunto: Entrevista sobre Implementação de Estratégias de Qualidade e Conclusões das entrevistas conduzidas em Outubro sobre Qualidade dos Serviços

Sou algarvio e membro do corpo docente da Universidade do Algarve. Encontro-me há dois anos a realizar o doutoramento em Inglaterra, na Sheffield Hallam University. O meu tema de investigação diz respeito à implementação de estratégias de qualidade em empreendimentos hoteleiros. Esta investigação envolveu diversas entrevistas, realizadas em Outubro, a gestores de hotéis do Algarve, entre os quais se incluiu V. Ex^{a}. As conclusões destas entrevistas descrevem alguns aspectos importantes da qualidade dos serviços e contribuem para um modelo do processo de implementação de estratégias de qualidade. De modo a concluir a minha investigação, deverei seguidamente confrontar este modelo com a realidade da Industria Hoteleira do Algarve. Neste sentido, elaborei um pequeno questionário para:

- determinar a importância de cada etapa do processo e a sua ordem de precedência;
- determinar em que etapa começa a mudança de cada uma das variáveis mais importantes da organização;
- determinar que problemas de qualidade ocorrem em cada etapa do processo e quais os aspectos organizacionais afectados.

Neste momento, os seus conhecimentos e experiência são fundamentais para a conclusão do meu projecto. Assim, convidá-lo-ia apenas a dar uma rápida leitura ao questionário. Dentro de alguns dias, tomarei a liberdade de o contactar via telefone, por forma a averiguar da possibilidade de se marcar **uma curta e última entrevista, durante a qual se preencheria o questionário com base na sua experiência.** Tal como anteriormente, todos os dados recolhidos serão tratados em estrita confidencialidade. Após a entrevista, **terei muito gosto que aceite uma cópia do documento com as conclusões do primeiro questionário.**

O entusiasmo e apoio da AHETA e da minha Faculdade a este projecto de investigação foram expressos em duas cartas que enviei juntamente com a minha em Outubro. As duas entidades referidas mantém, naturalmente, o seu entusiasmo e apoio.

Antecipadamente grato pela atenção e na expectativa de poder reunir com V.^{a} Ex.^{a} em breve, subscrevo-me

Muito atenciosamente

[Signature]

(Carlos Joaquim Farias Cândido)

Fevereiro de 2000

C.4. STRATEGY IMPLEMENTATION QUESTIONNAIRE

(Please, see next page.)

ALGARVE HOTEL INDUSTRY STRATEGY IMPLEMENTATION QUESTIONNAIRE

The assumption that there is no "right" answer to each question underlies the design of this questionnaire. The questionnaire is short and was designed to permit a quick response. Please provide your answers according to your own experience and the current circumstances of your organisation. My most sincere thanks for your help. Your anonymity is guaranteed.

I. CHARACTERISATION

1. Name of the hotel: _____

2. The management position occupied by the respondent is: (Mark with ✓)

a) Owner and general manager of the hotel ☐
b) Regional manager or person responsible for more than one hotel in the Algarve ☐
c) General manager of the hotel ☐
d) Manager of a department of the hotel ☐ Would you please indicate which? _____
e) Other. ☐ Would you please indicate which? _____

II. STAGES OF THE IMPLEMENTATION PROCESS, ORGANISATIONAL ASPECTS AND PROBLEMS

3. How important is each of the stages indicated below to a process of implementation of great changes in your organisation or to the implementation of a new strategy. (Circle your answers on the scale of 1 – totally unimportant to 5 – highly important)

Stage	Totally unimportant 1	2	Average importance 3	4	Highly important 5
1. Stimulus – awareness of the issue/need for change	1	2	3	4	5
2. Assessment of the degree of change required/impact of the issue	1	2	3	4	5
3. Assessment of the time available, time required and urgency	1	2	3	4	5
4. Choice of management method and style to adopt (e.g., democratic or autocratic)	1	2	3	4	5
5. Definition, communication and clarification of mission and strategy	1	2	3	4	5
6. Behavioural diagnosis of forces pro and against change in the organisation	1	2	3	4	5
7. Building a supportive internal climate to effect change (giving support, eliminating fears, changing the power structure, ...)	1	2	3	4	5
8. Organisational flux – a period of debate and confrontation among internal groups about problems, possible causes and solutions	1	2	3	4	5
9. Collecting internal and external data	1	2	3	4	5
10. Facilitating planning – involve people who will implement, exclude who resists change, provide training on how to plan & information ...	1	2	3	4	5
11. Planning for change	1	2	3	4	5
12. Pilot project/experimentation	1	2	3	4	5
13. Realigning systems – making the changes to create new competencies & behaviours	1	2	3	4	5
14. Monitoring, controlling the process and refining	1	2	3	4	5
15. Rewarding managers and personnel and giving recognition	1	2	3	4	5
16. Stabilising the organisation (making changes irreversible)	1	2	3	4	5

4. Would you like to add one or more stages to the list considered in the previous Table? (Mark with ✓)

a) Yes. ☐ Please state which stage or stages _____

b) No, all the relevant stages have been considered in the table. ☐

c) Other opinion. ☐ Please explain _____

5. Do you agree with the order of the stages presented in the previous table?

a) Yes, I agree with the order suggested. ☐

b) No, I do not agree with the order suggested. ☐

c) Other opinion. ☐ Please explain _____

6. If you do <u>not</u> agree with that order <u>or</u> you would like to <u>add</u> any stages, please indicate by which order would the stages take place in your organisation. (Complete the second column of the table with a number corresponding to the order of each stage. Also, add any stages in the lines provided below.)

Stage	Order of the stages
Stimulus – awareness of the issue/need for change	
Assessment of the degree of change required/impact of the issue	
Assessment of the time available, time required and urgency	
Choice of management method and style to adopt (e.g., democratic or autocratic)	
Definition, communication and clarification of mission and strategy	
Behavioural diagnosis of forces pro and against change in the organisation	
Building a supportive internal climate to effect change (giving support, eliminating fears, changing the power structure, ...)	
Organisational flux – a period of debate and confrontation among internal groups about problems, possible causes and solutions	
Collecting internal and external data	
Facilitating planning – involve people who will implement, exclude who resists change, provide training on how to plan & information ...	
Planning for change	
Pilot project/experimentation	
Realigning systems – making the changes to create new competencies & behaviours	
Monitoring, controlling the process and refining	
Rewarding managers and personnel and giving recognition	
Stabilising the organisation (making changes irreversible)	

7. Each row of the table on the left side of the following page corresponds to an aspect of your organisation that you might wish to manipulate during a process of significative change. Please indicate which of these aspects would you start manipulating at each stage. (Each aspect can only be indicated once. If you have answered question 6, please consider that order of the stages when answering this question.)

Identification number	*Organisational aspects to be manipulated during the implementation process*
1	*Your own perception/ model of the world*
2	*Information & communication systems*
3	*Attitudes, skills, roles & styles of managers*
4	*Strategy*
5	*Financial resources*
6	*Decision processes*
7	*Degree of personnel involvement*
8	*Values & norms*
9	*Organisational structure*
10	*Internal power structure*
11	*Rules, policies & task description*
12	*Stories about your organisation and functioning*
13	*Service analysis, design, external communication & delivery Systems*
14	*Overall organisational competencies*
15	*Routines, rituals & ceremonies*
16	*Measurement, control & reward systems*
17	*People*
18	*Symbols used in your organisation (physical or psychological)*
19	*Facilities & equipment*

Order of the stages (fill only if question 6 has been answered)	*Stages of the process*	*Identification numbers of the organisational aspects to start changing at each stage*
	Stimulus (awareness of the issue)	
	Assessment of the degree of change required	
	Assessment of the time available, time necessary and urgency	
	Choice of management method and style	
	Definition and communication of mission and strategy	
	Behavioural diagnosis of forces pro and against change in the organisation	
	Building a supportive internal climate to effect change	
	Debate about problems, possible causes and solutions	
	Collecting data	
	Facilitating planning (involve people who will implement, exclude who resists change, provide training on how to plan, provide information ...)	
	Planning for change	
	Pilot project	
	Realigning systems/ making the changes	
	Monitoring, controlling the process and refining	
	Rewarding managers and personnel and giving recognition	
	Stabilising the organisation (making changes irreversible)	

8. Please choose one of the following statements according to your experience: (Mark with ✓)

a) during a process of significative change, most organisational aspects go through a succession of intermediate states that deserve attention or deliberation, before they reach the final desired state. ☐

b) during a process of significative change, most organisational aspects go through a succession of intermediate states that <u>do not</u> deserve attention or deliberation, before they reach the final desired state. ☐

c) Other opinion. ☐ Please explain. _____

_____

_____

9. Please indicate what quality problems (see left side table, below) occur with the most significative negative impact during each stage of a process of organisational change. (No more than two problems for each stage.)

Identification number	*Quality problems that might occur during each stage of the process*
1	*Management lacks understanding of customers' expectations and perceptions of the service*
2	*Failure to forge and communicate a coherent service quality strategy*
3	*Lack of analysis and definition of service quality specifications or their inconsistency with strategy*
4	*Lack of a financial function that contributes to quality control, personnel motivation, organisational development and costing*
5	*Inadequate internal vertical and horizontal communication*
6	*Lack of integration/coordination*
7	*Lack of coordination of important external organisations*
8	*Lack of an adequate human resource function (that selects, trains, sets individual objectives, gives autonomy, assesses individual performance and rewards personnel)*
9	*Inconsistency between quality specifications and the service actually delivered*
10	*Inconsistency between what is promised and what the hotel is actually able to provide*
11	*Contact personnel has difficulties in understanding clients' expectations about the service*
12	*Contact personnel has difficulties in understanding clients' experiences with the service*
13	*Difference between the service quality customers experience and the quality they expected*
14	*Lack of accurate measurements on the fundamental service quality strategic variables*

Order of the stages (fill only if question 6 has been answered)	*Stages*	*Identification numbers of the quality problems*
	Stimulus (awareness of the issue)	
	Assessment of the degree of change required	
	Assessment of the time available, time necessary and urgency	
	Choice of management method and style	
	Definition and communication of mission and strategy	
	Behavioural diagnosis of forces pro and against change in the organisation	
	Building a supportive internal climate to effect change	
	Debate about problems, possible causes and solutions	
	Collecting data	
	Facilitating planning (involve people who will implement, exclude who resists change, provide training on how to plan, provide information ...)	
	Planning for change	
	Pilot project	
	Realigning systems/making the changes	
	Monitoring, controlling the process and refining	
	Rewarding managers and personnel and giving recognition	
	Stabilising the organisation (making changes irreversible)	

10. Please indicate what quality problems <u>can have an impact</u> or <u>can be prevented / eliminated</u> by manipulating each organisational aspect. (No more than two problems for each organisational aspect.)

Identification number	*Quality problems*
1	*Management lacks understanding of customers' expectations and perceptions of the service*
2	*Failure to forge and communicate a coherent service quality strategy*
3	*Lack of analysis and definition of service quality specifications or their inconsistency with strategy*
4	*Lack of a financial function that contributes to quality control, personnel motivation, organisational development and costing*
5	*Inadequate internal vertical and horizontal communication*
6	*Lack of integration/coordination*
7	*Lack of coordination of important external organisations*
8	*Lack of an adequate human resource function (that selects, trains, sets individual objectives, gives autonomy, assesses individual performance and rewards personnel)*
9	*Inconsistency between quality specifications and the service actually delivered*
10	*Inconsistency between what is promised and what the hotel is actually able to provide*
11	*Contact personnel has difficulties in understanding clients' expectations about the service*
12	*Contact personnel has difficulties in understanding clients' experiences with the service*
13	*Difference between the service quality customers experience and the quality they expected*
14	*Lack of accurate measurements on the fundamental service quality strategic variables*

Number	*Organisational aspects that can be affected by quality problems or that can be manipulated to prevent/ eliminate them*	*Identification numbers of the quality problems*
1	*Your own perception / model of the world*	
2	*Information & communication systems*	
3	*Attitudes, skills, roles & styles of managers*	
4	*Strategy*	
5	*Financial resources*	
6	*Decision processes*	
7	*Degree of personnel involvement*	
8	*Values & norms*	
9	*Organisational structure*	
10	*Internal power structure*	
11	*Rules, policies & task description*	
12	*Stories about your organisation and functioning*	
13	*Service analysis, design, external communication & delivery Systems*	
14	*Overall organisational competencies*	
15	*Routines, rituals & ceremonies*	
16	*Measurement, control & reward systems*	
17	*People*	
18	*Symbols used in your organisation (physical or psychological)*	
19	*Facilities and equipment*	
20	*Time (timeliness, time available, urgency)*	

Thank you very much for your time and help!

C.5. STRATEGY IMPLEMENTATION QUESTIONNAIRE (PORTUGUESE VERSION)

(Please, see next page.)

QUESTIONÁRIO SOBRE A IMPLEMENTAÇÃO DE ESTRATÉGIAS DE QUALIDADE NA INDÚSTRIA HOTELEIRA DO ALGARVE

O pressuposto de que não existe uma resposta única para cada pergunta esteve sempre subjacente à concepção deste questionário. O questionário é curto e foi elaborado para facilitar a resposta. Por favor, dê as suas respostas de acordo com a sua experiência e com as actuais circunstâncias da sua organização. Pela sua colaboração, desde já, o meu sincero agradecimento. A confidencialidade é garantida.

I. CARACTERIZAÇÃO DO HOTEL E DO DIRIGENTE ENTREVISTADO

1. Nome do hotel: _____

2. Cargo ocupado pela pessoa entrevistada: (Marque com ✓)

a) Proprietário e director geral do hotel ☐
b) Director regional ou pessoa responsável por mais de um hotel no Algarve ☐
c) Director geral do hotel ☐
d) Director de departamento do hotel ☐ Indique qual, por favor_____
e) Outro. ☐ Indique qual, por favor_____

II. ETAPAS DO PROCESSO DE IMPLEMENTAÇÃO, ASPECTOS ORGANISACIONAIS E PROBLEMAS

3. Quão importante é cada uma das etapas abaixo indicadas para um processo de implementação de grandes mudanças na sua organização ou para a implementação de uma nova estratégia. (Marque as suas respostas na escala de 1 – totalmente sem importância a 5 – altamente importante)

Etapas	Totalmente sem importância 1	2	Importância média 3	4	Altamente importante 5
1. Estímulo – percepção do problema/necessidade de mudança	1	2	3	4	5
2. Avaliação do grau de mudança necessário/impacto dos problemas	1	2	3	4	5
3. Avaliação do tempo disponível, tempo necessário e urgência	1	2	3	4	5
4. Escolha do método de gestão da mudança e estilo de gestão a adoptar (e.g., democrático ou autocrático)	1	2	3	4	5
5. Definição, comunicação e clarificação da missão e da estratégia	1	2	3	4	5
6. Diagnóstico comportamental das forças pró e contra a mudança existentes na organização	1	2	3	4	5
7. Construção de um clima interno de apoio à mudança (dar apoio às pessoas, eliminar receios, mudar a estrutura do poder, ...)	1	2	3	4	5
8. Fluxo organizacional – período de debate e confrontação entre pessoas e grupos internos sobre os problemas, as causas e possíveis soluções	1	2	3	4	5
9. Recolha de informação interna e externa	1	2	3	4	5
10. Facilitar o planeamento – envolver as pessoas que vão implementar, excluir quem resiste à mudança, dar formação sobre o método de planeamento, dar informação ...	1	2	3	4	5
11. Planear a mudança	1	2	3	4	5
12. Projecto piloto/experimentação	1	2	3	4	5
13. Alinhar os sistemas – fazer as mudanças para criar as competências e os comportamentos desejados	1	2	3	4	5
14. Vigilância, controlo e refinação do processo	1	2	3	4	5
15. Recompensar gestores e pessoal, mostrar reconhecimento	1	2	3	4	5
16. Estabilizar a organização (tornar as mudanças irreversíveis)	1	2	3	4	5

4. Gostaria de adicionar alguma etapa importante às da tabela anterior? (Marque com ✓)

a) Sim. ☐ Por favor, indique qual ou quais_____

b) Não, todas as etapas relevantes foram incluídas na tabela anterior. ☐

c) Outra opinião. ☐ Por favor explique_____

5. Concorda com a ordem das etapas apresentada na tabela anterior?

a) Sim, concordo com a ordem sugerida na tabela. ☐

b) Não concordo com a ordem sugerida na tabela. ☐

c) Outra opinião. ☐ Por favor explique_____

6. Se <u>não</u> concorda com aquela ordem das etapas <u>ou</u> se indicou mais alguma(s) etapa(s), indique por favor a ordem pela qual teria lugar cada uma das etapas na sua organização. (Complete a segunda coluna da tabela abaixo com um número correspondente à ordem de cada etapa. Use as linhas em branco para as etapas que tenha eventualmente indicado.)

Etapa	Ordem das etapas
Estímulo – percepção do problema/necessidade de mudança	
Avaliação do grau de mudança necessário/impacto dos problemas	
Avaliação do tempo disponível, tempo necessário e urgência	
Escolha do método de gestão da mudança e estilo de gestão a adoptar (e.g., democrático ou autocrático)	
Definição, comunicação e clarificação da missão e da estratégia	
Diagnóstico comportamental das forças pró e contra a mudança existentes na organização	
Construção de um clima interno de apoio à mudança (dar apoio às pessoas, eliminar receios, mudar a estrutura do poder, ...)	
Fluxo organizacional – período de debate e confrontação entre pessoas e grupos internos sobre os problemas, as causas e possíveis soluções	
Recolha de informação interna e externa	
Facilitar o planeamento – envolver as pessoas que vão implementar, excluir quem resiste à mudança, dar formação sobre o método de planeamento, dar informação ...	
Planear a mudança	
Projecto piloto/experimentação	
Alinhar os sistemas – fazer as mudanças para criar as competências e os comportamentos desejados	
Vigilância, controlo e refinação do processo	
Recompensar gestores e pessoal, mostrar reconhecimento	
Estabilizar a organização (tornar as mudanças irreversíveis)	

7. Cada linha da tabela no lado esquerdo da página seguinte corresponde a um aspecto da sua organização que poderá querer manipular durante um processo de grande mudança. Por favor, indique quais destes aspectos começaria a manipular em cada uma das etapas. (Cada aspecto organizacional só poderá ser indicado uma vez. Se respondeu à questão 6, por favor considere essa ordem das etapas.)

Número de identificação	*Aspectos organizacionais a manipular durante o processo de implementação*
1	*O seu modelo/imagem do mundo*
2	*Sistemas de informação e comunicação*
3	*Atitudes, capacidades, papeis e estilo dos gestores*
4	*Estratégia*
5	*Recursos financeiros*
6	*Processos de tomada de decisão*
7	*Grau de participação do pessoal na tomada de decisões e noutras actividades*
8	*Valores e normas (cultura)*
9	*Estrutura organizacional*
10	*Estrutura interna de poder*
11	*Regras, políticas e descrições de tarefas*
12	*Histórias da organização e do seu funcionamento*
13	*Sistemas de análise, de definição de especificações, de comunicação externa, e de produção dos serviços*
14	*Competências genéricas da organização*
15	*Rituais, rotinas e cerimónias*
16	*Sistemas de medidas, de controlo e de recompensa*
17	*O pessoal*
18	*Símbolos da organização (materiais e psicológicos)*
19	*Instalações e equipamentos*

Ordem das etapas (preencher apenas se respondeu à questão 6)	*Etapas do processo*	*Número de identificação dos aspectos org. cuja mudança começa em cada etapa*
	Estímulo (percepção do problema / necessidade de mudança)	
	Avaliação do grau de mudança necessário	
	Avaliação do tempo disponível, tempo necessário e urgência	
	Escolha do método de gestão da mudança e estilo de gestão	
	Definição e comunicação da missão e da estratégia	
	Diagnóstico comportamental das forças pró e contra a mudança na organização	
	Construção de um clima interno de apoio à mudança	
	Debate interno sobre os problemas, as causas e possíveis soluções	
	Recolha de informação	
	Facilitar o planeamento (envolver as pessoas que vão implementar, excluir quem resiste à mudança, dar formação sobre planeamento, dar informação ...)	
	Planear a mudança	
	Projecto piloto	
	Fazer as mudanças planeadas	
	Vigilância, controlo e refinação do processo	
	Recompensar gestores e pessoal, mostrar reconhecimento	
	Estabilizar a organização (tornar as mudanças irreversíveis)	

8. Por favor marque com ✓ uma das afirmações seguintes, de acordo com a sua experiência:

a) durante um processo de grande mudança, a maior parte dos aspectos organizacionais passam por uma sucessão de estados intermédios que requerem atenção e deliberação, antes de atingirem o estado desejado. ☐

b) durante um processo de grande mudança, a maior parte dos aspectos organizacionais passam por uma sucessão de estados intermédios que não requerem atenção nem deliberação, antes de atingirem o estado desejado. ☐

c) Outra opinião. ☐ Por favor explique_____

_____

_____

9. Indique por favor quais dos problemas de qualidade (veja a tabela do lado esquerdo, abaixo) ocorrem com significativo impacto negativo durante cada etapa de um processo de mudança organizacional. (Não mais de dois problemas por cada etapa.)

Número de identificação	*Problemas de qualidade que podem ocorrer durante cada etapa do processo*
1	*Dirigentes não compreendem bem as expectativas e as percepções que os clientes têm dos serviços*
2	*Ausência de uma estratégia coerente e de comunicação da estratégia*
3	*Falta de análise e definição das especificações de qualidade, ou inconsistência destas com a estratégia*
4	*Ausência de uma função financeira que contribua para o controlo da qualidade, motivação do pessoal, desenvolvimento organizacional e custeio*
5	*Inadequada comunicação interna horizontal ou vertical*
6	*Falta de integração/coordenação*
7	*Descoordenação de organizações externas importantes*
8	*Falta de uma função de recursos humanos adequada (que seleccione, dê formação, estabeleça objectivos individuais, dê autonomia, avalie o desempenho e recompense o pessoal)*
9	*Inconsistência entre as especificações de qualidade existentes e o serviço de facto oferecido*
10	*Inconsistência entre o que é prometido e o que o hotel é de facto capaz de oferecer*
11	*Dificuldade do pessoal em compreender as expectativas dos clientes sobre os serviços*
12	*Dificuldade do pessoal em compreender as experiências dos clientes com os serviços*
13	*Diferença entre o nível de qualidade que os clientes percepcionam e a qualidade que eles esperavam*
14	*Falta de um sistema de observação e medida rigoroso incidindo sobre as variáveis estratégicas de qualidade*

Ordem das etapas (preencher apenas se respondeu à questão 6)	*Etapas*	*Número de identificação dos problemas de qualidade*
	Estímulo (percepção do problema / necessidade de mudança)	
	Avaliação do grau de mudança necessário	
	Avaliação do tempo disponível, tempo necessário e urgência	
	Escolha do método de gestão da mudança e estilo de gestão	
	Definição e comunicação da missão e da estratégia	
	Diagnóstico comportamental das forças pró e contra a mudança na organização	
	Construção de um clima interno de apoio à mudança	
	Debate interno sobre os problemas, as causas e possíveis soluções	
	Recolha de informação	
	Facilitar o planeamento (envolver as pessoas que vão implementar, excluir quem resiste à mudança, dar formação sobre planeamento, dar informação ...)	
	Planear a mudança	
	Projecto piloto	
	Fazer as mudanças planeadas	
	Vigilância, controlo e refinação do processo	
	Recompensar gestores e pessoal, mostrar reconhecimento	
	Estabilizar a organização (tornar as mudanças irreversíveis)	

10. Indique por favor quais os problemas que <u>podem ter impacto</u> ou <u>podem ser prevenidos/eliminados</u> através da manipulação dos aspectos organizacionais enumerados. (Não mais do que dois problemas por cada aspecto organizacional.)

Número de identificação	*Problemas de qualidade*
1	*Dirigentes não compreendem bem as expectativas e as percepções que os clientes têm dos serviços*
2	*Ausência de uma estratégia coerente e de comunicação da estratégia*
3	*Falta de análise e definição das especificações de qualidade, ou inconsistência destas com a estratégia*
4	*Ausência de uma função financeira que contribua para o controlo da qualidade, motivação do pessoal, desenvolvimento organizacional e custeio*
5	*Inadequada comunicação interna horizontal ou vertical*
6	*Falta de integração/coordenação*
7	*Descoordenação de organizações externas importantes*
8	*Falta de uma função de recursos humanos adequada (que seleccione, dê formação, estabeleça objectivos individuais, dê autonomia, avalie o desempenho e recompense o pessoal)*
9	*Inconsistência entre as especificações de qualidade existentes e o serviço de facto oferecido*
10	*Inconsistência entre o que é prometido e o que o hotel é de facto capaz de oferecer*
11	*Dificuldade do pessoal em compreender as expectativas dos clientes sobre os serviços*
12	*Dificuldade do pessoal em compreender as experiências dos clientes com os serviços*
13	*Diferença entre o nível de qualidade que os clientes percepcionam e a qualidade que eles esperavam*
14	*Falta de um sistema de observação e medida rigoroso incidindo sobre as variáveis estratégicas de qualidade*

Número	*Aspectos organizacionais que podem ser afectados pelos problemas de qualidade ou que podem ser manipulados para os eliminar*	*Número de identificação dos problemas de qualidade*
1	*O seu modelo/imagem do mundo*	
2	*Sistemas de informação e comunicação*	
3	*Atitudes, capacidades, papeis e estilo dos gestores*	
4	*Estratégia*	
5	*Recursos financeiros*	
6	*Processos de tomada de decisão*	
7	*Grau de participação do pessoal na tomada de decisões e noutras actividades*	
8	*Valores e normas (cultura)*	
9	*Estrutura organizacional*	
10	*Estrutura interna de poder*	
11	*Regras, políticas e descrições de tarefas*	
12	*Histórias da organização e do seu funcionamento*	
13	*Sistemas de análise, de definição de especificações, de comunicação externa, e de produção dos serviços*	
14	*Competências genéricas da organização*	
15	*Rituais, rotinas e cerimónias*	
16	*Sistemas de medidas, de controlo e de recompensa*	
17	*O pessoal*	
18	*Símbolos da organização (materiais e psicológicos)*	
19	*Instalações e equipamentos*	
20	*Tempo (momento oportuno, tempo necessário, urgência)*	

Muito obrigado pelo seu tempo e colaboração!

APPENDIX D – DISTRIBUTION OF THE SERVICE QUALITY GAPS ACCORDING TO MANAGERS

This appendix includes 17 tables derived from Table 7.13. The titles of the columns and of the rows are identical to those of Table 7.13.

Each of the first 14 tables in this appendix links the mixed model to one gap, according to managers opinion. The last three tables link three sets of gaps (gaps 2 & 4, gaps 5 & 8, and gaps 5, 6 & 8) to the model. These 17 tables provide a better view of pattern absence in the distribution of gaps, during implementation.[1]

[1] See Section 7.2.2.5 for an explanation on how these tables were obtained.

Table D.1. Distribution of the Service Quality Gap 1 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change	1	1	1																	
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)	1		1			1														
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change	1	1	1	1		1														
Experimentation/ pilot project																				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		1	1																	
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.2. Distribution of the Service Quality Gap 2 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change																			
Assessment of the degree of change required/ impact of the issue	2	2		2															
Assessment of the time available, time necessary and urgency																			
Choice of method of strategic change management and management style(s)	2																		
Definition and clarification of the mission and strategy contents																			
Behavioural diagnosis																			
Building a supportive climate																			
Organisational flux																			
Information building																			
Building implementability into planning																			
Modular planning for change																			
Experimentation/ pilot project																			
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		2																	2
Monitoring, controlling and refining																			
Rewarding and recognising																			
Refreezing (or institutionalising)																			

Source: developed by C. J. P. Cândido.

Table D.3. Distribution of the Service Quality Gap 3 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change																			
Assessment of the degree of change required/ impact of the issue	3	3		3															
Assessment of the time available, time necessary and urgency	3	3																	
Choice of method of strategic change management and management style(s)																			
Definition and clarification of the mission and strategy contents																			
Behavioural diagnosis																			
Building a supportive climate																			
Organisational flux																			
Information building																			
Building implementability into planning																			
Modular planning for change																			
Experimentation/ pilot project																			
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		3					3				3		3						
Monitoring, controlling and refining																			
Rewarding and recognising																			
Refreezing (or institutionalising)																			

Source: developed by C. J. F. Cândido.

Table D.4. Distribution of the Service Quality Gap 4 in the Mixed Model, according to Managers

Stages	*Fundamental elements / dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/need for change																				
Assessment of the degree of change required/impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change	4			4							4									
Experimentation/pilot project	4			4															4	
Realigning systems and other organisational dimensions to create necessary competencies and behaviour					4						4								4	
Monitoring, controlling and refining																				
Rewarding and recognising											4									
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.5. Distribution of the Service Quality Gap 5 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change	5	5	5																
Assessment of the degree of change required/ impact of the issue																			
Assessment of the time available, time necessary and urgency																			
Choice of method of strategic change management and management style(s)																			
Definition and clarification of the mission and strategy contents	5	5	5			5				5		5							
Behavioural diagnosis		5	5									5							
Building a supportive climate		5	5						5	5		5							
Organisational flux																			
Information building																			
Building implementability into planning		5	5						5	5									
Modular planning for change																			
Experimentation/ pilot project																			
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		5	5						5										
Monitoring, controlling and refining																			
Rewarding and recognising																			
Refreezing (or institutionalising)																			

Source: developed by C. J. F. Cândido.

Table D.6. Distribution of the Service Quality Gap 6 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change																				
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents		6	6	6		6	6	6		6	6									
Behavioural diagnosis																				
Building a supportive climate		6	6	6			6	6	6	6										
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/ pilot project				6			6													
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		6	6				6		6		6									
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.7. Distribution of the Service Quality Gap 7 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change																			
Assessment of the degree of change required/ impact of the issue																			
Assessment of the time available, time necessary and urgency																			
Choice of method of strategic change management and management style(s)																			
Definition and clarification of the mission and strategy contents																			
Behavioural diagnosis																			
Building a supportive climate																			
Organisational flux																			
Information building																			
Building implementability into planning																			
Modular planning for change																			
Experimentation/pilot project	7												7						
Realigning systems and other organisational dimensions to create necessary competencies and behaviour													7						
Monitoring, controlling and refining																			
Rewarding and recognising																			
Refreezing (or institutionalising)																			

Source: developed by C. J. F. Cândido.

Table D.8. Distribution of the Service Quality Gap 8 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change																				
Assessment of the degree of change required/impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis		8	8					8				8								
Building a supportive climate		8	8				8	8	8	8		8				8	8			
Organisational flux																				
Information building																				
Building implementability into planning		8	8				8	8	8	8	8					8				
Modular planning for change																				
Experimentation/pilot project																				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		8	8				8		8		8					8	8			
Monitoring, controlling and refining																				
Rewarding and recognising			8				8	8			8	8				8	8			
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.9. Distribution of the Service Quality Gap 9 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/need for change																				
Assessment of the degree of change required/impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate								9								9	9			
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/pilot project													9	9	9	9				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour											9		9	9	9	9	9			
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.10. Distribution of the Service Quality Gap 10 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change			10																	
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/ pilot project													10	10						
Realigning systems and other organisational dimensions to create necessary competencies and behaviour			10						10		10		10	10			10			
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.11. Distribution of the Service Quality Gap 11 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change	11																		
Assessment of the degree of change required/ impact of the issue	11			11															
Assessment of the time available, time necessary and urgency																			
Choice of method of strategic change management and management style(s)																			
Definition and clarification of the mission and strategy contents	11			11			11	11											
Behavioural diagnosis																			
Building a supportive climate																			
Organisational flux																			
Information building																			
Building implementability into planning																			
Modular planning for change																			
Experimentation/pilot project																			
Realigning systems and other organisational dimensions to create necessary competencies and behaviour							11								11	11	11		
Monitoring, controlling and refining																			
Rewarding and recognising																			
Refreezing (or institutionalising)																			

Source: developed by C. J. F. Cândido.

Table D.12. Distribution of the Service Quality Gap 12 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																		
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/need for change	12																			
Assessment of the degree of change required/impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)	12						12	12												
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis								12												
Building a supportive climate				12			12	12								12	12			
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/pilot project																				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour							12						12		12	12	12			
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.13. Distribution of the Service Quality Gap 13 in the Mixed Model, according to Managers

Stages	*Fundamental elements/dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/need for change																				
Assessment of the degree of change required/impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building													13							
Building implementability into planning																				
Modular planning for change																				
Experimentation/pilot project													13	13	13				13	
Realigning systems and other organisational dimensions to create necessary competencies and behaviour													13	13	13				13	
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.14. Distribution of the Service Quality Gap 14 in the Mixed Model, according to Managers

Stages	Fundamental elements/ dimensions of strategy implementation																		
	Paradigm / model of the world	Information & communication systems	Managerial attitudes, skills, roles & styles	Strategy content	Financial resources	Decision processes	Involvement	Values & norms	Structure	Power structure	Rules, policies & task description	Stories	Service analysis, design, external communication & delivery systems	Organisational competencies	Routines, rituals & ceremonies	Measurement, control & reward systems	People	Symbols	Facilities, equipment, their capacity & technology	Time
Stimulus – awareness of the issue/need for change	14	14																		
Assessment of the degree of change required/impact of the issue	14	14		14																
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building	14	14														14				
Building implementability into planning																				
Modular planning for change																				
Experimentation/pilot project																				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		14														14				
Monitoring, controlling and refining		14		14		14										14				
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.15. Distribution of the Service Quality Gaps 2 and 4 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/need for change																				
Assessment of the degree of change required/impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate																				
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/pilot project																				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour																				
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.16. Distribution of the Service Quality Gaps 5 and 8 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change																				
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis		*5, 8*	*5, 8*									*5, 8*								
Building a supportive climate		*5, 8*	*5, 8*						*5, 8*	*5, 8*		*5, 8*								
Organisational flux																				
Information building																				
Building implementability into planning		*5, 8*	*5, 8*						*5, 8*	*5, 8*										
Modular planning for change																				
Experimentation/ pilot project																				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		*5, 8*	*5, 8*						*5, 8*											
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

Table D.17. Distribution of the Service Quality Gaps 5, 6 and 8 in the Mixed Model, according to Managers

Stages	*Fundamental elements/ dimensions of strategy implementation*																			
	Paradigm / model of the world	*Information & communication systems*	*Managerial attitudes, skills, roles & styles*	*Strategy content*	*Financial resources*	*Decision processes*	*Involvement*	*Values & norms*	*Structure*	*Power structure*	*Rules, policies & task description*	*Stories*	*Service analysis, design, external communication & delivery systems*	*Organisational competencies*	*Routines, rituals & ceremonies*	*Measurement, control & reward systems*	*People*	*Symbols*	*Facilities, equipment, their capacity & technology*	*Time*
Stimulus – awareness of the issue/ need for change																				
Assessment of the degree of change required/ impact of the issue																				
Assessment of the time available, time necessary and urgency																				
Choice of method of strategic change management and management style(s)																				
Definition and clarification of the mission and strategy contents																				
Behavioural diagnosis																				
Building a supportive climate		*5, 6, 8*	*5, 6, 8*						*5, 6, 8*	*5, 6, 8*										
Organisational flux																				
Information building																				
Building implementability into planning																				
Modular planning for change																				
Experimentation/ pilot project																				
Realigning systems and other organisational dimensions to create necessary competencies and behaviour		*5, 6, 8*	*5, 6, 8*						*5, 6, 8*											
Monitoring, controlling and refining																				
Rewarding and recognising																				
Refreezing (or institutionalising)																				

Source: developed by C. J. F. Cândido.

APPENDIX E - PUBLICATIONS

This appendix includes the articles published and accepted for publication previously to the submission of the dissertation (please, see next page).

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APPENDIX F – DOCUMENT WITH CONCLUSIONS FROM THE FIRST QUESTIONNAIRE

This appendix includes the document with conclusions from the first questionnaire that was offered to every respondent. The document was offered only after completion of the second questionnaire, to avoid influencing any answer. (Please see next page.)

CONCLUSIONS FROM THE ALGARVE HOTEL INDUSTRY QUALITY QUESTIONNAIRE

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THIS DOCUMENT IS AN EXTRACT FROM THE AUTHOR'S PHD DISSERTATION, CURRENTLY BEING UNDERTAKEN AT THE SHEFFIELD HALLAM UNIVERSITY IN SHEFFIELD, ENGLAND, UNDER THE SUPERVISION OF PROFESSOR D. S. MORRIS.

BEFORE ANY REFERENCES CAN BE MADE TO THE FINDINGS IN THIS DOCUMENT, THE AUTHOR'S PERMISION MUST BE SOUGHT AND GRANTED.

SHEFFIELD, MARCH 2000

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This paper makes the analysis of the data provided by the questionnaire implemented on the population of Four and Five Star Hotels of Algarve (FFSHA) during October 1999. It describes how the FFSHA take service quality inconsistencies (called here service quality gaps) into account during implementation of a service quality strategy and during day-to-day activities. The objective of the document is to share the information made available by the questionnaire. It also expresses some authors' opinions. These should not be taken as criticism, but as a vehicle that aims at helping to improve quality in the Algarve Hotel Industry. Other conclusions and suggestions may eventually be added to the final version of the author's dissertation. Meanwhile, your comments and opinion about this document will be most welcome.

1. CHARACTERIZATION OF THE RESPONDENTS TO THE QUESTIONNAIRE

According to data from INE[1], there are 9 five star hotels (24,3%) and 28 four star hotels (75,7%), in the Algarve Hotel Industry, composing a population of 37 hotels (100,0%). Other categories of hotels are not considered in this study. The sample considered here has 6 five star hotels (23,1%) and 20 four star hotels (76,9%), composing a total of 26 hotels (100,0%). This sample represents 70,3% of the population of FFSHA. It includes 66,7% of the five star hotels and 71,4% of the four star hotels in the Algarve. These characteristics strongly suggest that the sample possess all other characteristics of the population and in the same proportions, thus being a representative sample. When a sample is representative, the conclusions drawn from it can be inferred for the whole population.[2]

An important characteristic of the population is hotel dependence / independence. Some hotels are independent, while others belong to chains. Differences on this dimension can have an important effect on the ways that hotels are managed. Sixteen hotels of the sample (61,5%) belong to a chain and 10 (38,5%) are independent hotels. Of the sixteen hotels belonging to a chain, five (19,2%) belong to international chains, whereas the remaining 11 (42,3%) belong to portuguese chains. According to hotel category, all of the five star hotels in the sample (six hotels) belong to a chain, half of which to an international chain. Looking now at the four star hotels, two belong to an international chain; eight to a portuguese chain; and the remaining 10 are independents. None of the independents is a five star hotel.

Fifteen (57,7%) of the questionnaires have been answered by a hotel owner, a regional manager or a general manager. Nine questionnaires (30,8%) have been answered by department managers.

[1] Instituto Nacional de Estatística – Portugal.

[2] The questionnaire targeted all of the FFSHA, however, some of the hotels did not answer it. Thus, it cannot be excluded that some factor, unknown to the author, could have been behind this non-response behaviour and, in that case, averting sample representativeness. In any case, the conclusions are surely applicable to the large percentage of hotels that answered the questionnaire.

2. A QUALITY GAP BASED PERSPECTIVE ON HOW THE FOUR AND FIVE STAR HOTELS OF THE ALGARVE ARE IMPLEMENTING SERVICE QUALITY STRATEGIES

This section analyses how service quality strategies have been and are being implemented in the FFSHA. The approach taken considers the importance attributed to each of the service quality gaps and the methods or practices used to prevent and eliminate them. A five point scale of the level of importance was used: 1 – totally unimportant; 3 – average importance; 5 – highly important.

Each gap is address in one of the following sections. Differences between international chain hotels, portuguese chain hotels and independent hotels are detailed. Many of the differences are small and pose no problem; some are high and inevitable, given the differences in organisational dimension; but some other differences might eventually constitute a matter for future managerial thinking and deliberation.

2.1. ASSESSMENT OF CUSTOMERS NEEDS AND EXPECTATIONS

A high mean importance level attributed by managers to discovering needs and expectations of clients, 4,885, close to the maximum of five (highly important) is almost equally shared by managers of independent and chain hotels, with means ranging from 5 (international chain and portuguese chain hotels) to 4,7 (independent hotels). In the following pages, the means corresponding to each of the three hotel groups are given inside brackets and in the same order as above, but without any further reference to the names of the groups.

Some of the most frequently used methods to assess customers needs and expectations are talking to clients (100,0% of the hotels), managers' own experience (76,9%), experience of the employees (57,7%), and customers satisfaction questionnaires (53,8%). Less used are market research (38,5%), experience of other managers (19,2%), experience of managers in other hotels (15,4%) publications (7,7%) and suggestions letters from clients (7,7%). It is a positive aspect that all of the managers interviewed try to interact with their clients. Moreover, there seems to be a preoccupation with diversifying the methods used to listen to the clients – each of the hotels uses an average of four (3,769) different methods. However, use of formal market research methods has not been possible for many of the hotels.

International chains rely essentially on talking to clients, experience of the employees, market research, and the questionnaire; whereas portuguese chains seem to rely very much on the manager's own experience and on the customer satisfaction questionnaire. They also use suggestion letters and publications. The independents trust less on the manager's experience than the portuguese chains, but more on the employees' experience. Independents make less use of formal market research techniques than any other group. This is probably related to their smaller dimension and resources availability. On average, international chain hotels use 4,2 methods, portuguese chain hotels 4,1 and independents only 3,2.

There is a preoccupation to constantly/daily reassess customers needs and expectations. However, portuguese chain hotels and, especially the independents, seem to be more inclined to postpone their reassessments.

2.2. SERVICE QUALITY STRATEGY

Not all, but a large percentage (84,6%) of the FFSHA have defined a strategy or a mission. One of the managers stated his mission very simply: «mission is to serve the client well, so that he may want to return». Of the four hotels that have not defined a strategy, one belongs to a portuguese chain and three are independents. The high mean importance level attributed to mission and strategy (4,692) is almost equally shared by managers of the three groups of hotels (5,000; 4,636; 4,600). These mean values, however, decreased when managers were asked if they had defined mission, strategy and objectives in terms of service quality. On the scale of 1 (quality is not an issue), 3 (quality is balanced with cost considerations), and 5 (strategy is totally defined in terms of service quality), managers responses averaged only 3,773. A slight divergence of opinions might also be encountered between the three groups (4,400; 3,450; 3,786). Regarding the frequency with which the strategy content is communicated to employees, the results indicate that in 72,7% of the hotels it is often, very often or always communicated to employees.

2.3. TRANSLATION OF CUSTOMERS' NEEDS AND EXPECTATIONS INTO SERVICE QUALITY STANDARDS OR SERVICE QUALITY INFORMAL GUIDELINES

The high importance level given to translation of knowledge about customers' needs and expectations into service quality guidelines, specifications or standards (4,577) is almost equally shared by managers of the three groups of hotels considered (5,000; 4,545; 4,400). However, only half of 22 hotels that have answered the question posses formal standards; the other half has informal quality guidelines, transmitted orally.[3] [4] The latter proportion will tend to decline as five (19,2%) of the sample hotels – four portuguese chain hotels and one independent – are defining formal standards or intend to do it in the near future. Currently, 80% of the international chain hotels and 63,6% of the portuguese chain hotels have formal standards. None of the independents possess formal standards.

Most of the hotels (72%) indicate a more or less regular frequency of quality specifications' revision, which can go from constantly to once every year. The remaining hotels were unable to or preferred not to indicate a regular frequency. As one manager said, the frequency of standards' revision is unpredictable and irregular, it depends on the changes of customers' preferences.

Focusing on those that have a more or less regular frequency, all the international chain hotels indicate a high frequency, most of the portuguese chain hotels indicate a low frequency, and, in the case of the independents, there is a wider array of frequencies. These differences in hotel behaviour suggest that both independents and portuguese chain hotels are lagging behind in terms of formality and speed of specifications' revision.

Eighty percent of the hotels that have formal quality standards have indicated a specific and regular frequency. Only 54,5% of the hotels that have informal quality guidelines have indicated a specific and regular frequency. However, their frequencies are higher than those indicated by hotels with formal standards,

[3] "Formal standards" means here "written standards".

[4] This question was not considered in the questionnaire, but the information was provided during the interviews.

probably because informal guidelines can be changed and transmitted orally to employees very quickly. These frequent and quick changes might be called "fine tuning". Such fine tuning happens especially at independents which, as was seen before, are the majority of hotels with informal guidelines. Not carefully used and in the absence of formal quality standards, however, this fine tuning may eventually lead employees to confusion instead of the right direction.

Only 15 hotels have a formal and systematic process for analysing and defining service quality standards; nine hotels use a trial and error method, one uses both and another has not used any method yet. All of the international chain hotels make use of a formal and systematic process, although one of them combines the formal process with the trial and error approach. Nine (81,8%) of the portuguese chain hotels have a formal and systematic process, but two of these have yet to formalise their standards. Only two (20%) of the independents have reported the use of a formal process, but none have formal standards.

Techniques used by the 16 hotels[5] with a formal process are brainstorming (8 hotels), flowcharting (7), storyboarding (7), statistical analysis of the customer's satisfaction questionnaire and complaints (6), value chain analysis (2), and internal magazines, aimed at sharing the best practices of hotels in the chain (1). Each of these hotels uses approximately two different techniques, on average.

It should be noted here that one of the most useful techniques for service analysis and design, flowcharting, is used by 80,0% of the international chain hotels, but only by 18,2% of the portuguese chain hotels and by 10,0% of the independents. It should also be noted that the statistical analysis of the customers' satisfaction questionnaire and complaints provides very useful information for the measurement of service quality. However, this statistical analysis is not a technique directly aimed at the analysis and design of service quality processes, nor of standards, as are the cases of flowcharting and storyboarding. Hence, it should not be used independently of other techniques. However, four of the hotels in the sample seem to be doing it currently.

The techniques preferred by international chain hotels are flowcharting (80% of the hotels), statistical analysis of the questionnaires/complaints (60%), value chain analysis (40%), storyboarding (40%), and brainstorming (40%). Portuguese chain hotels seem to favour storyboarding (45,5% of the hotels) and brainstorming (45,5%). Finally, two independents reported the use of flowcharting, brainstorming and statistical analysis of questionnaires/complaints. The mean number of techniques used by international chain hotels is 2,800, more than the double of the portuguese chain hotels (1,274), and almost 10 times more than independents (0,300). The number and the kinds of techniques used by portuguese chain hotels and independents might constitute a subject for managerial ponderation in the future.

The techniques favoured by hotels with formal quality standards are storyboarding (63,6%), brainstorming (63,6%) and flowcharting (54,5%). The great majority of hotels with informal quality guidelines do not use any special technique (63,6%) and 3 hotels (27,3%) prefer the statistical analysis of customers' satisfaction questionnaires or complaints. Thus, the mean number of techniques used by hotels with formal standards is

[5] 15 hotels with a formal process + 1 hotel with both process.

2,273, whereas hotels with informal guidelines use only 0,455 techniques.

As much as 91,3% of 23 hotels that have answered the relevant question considered it important to develop standards or guidelines about service reliability, responsiveness, empathy, appearance of personnel, and recovery; 87% about assurance; 65,2% about tangibles; and only 56,5% about personnel's professional judgement, diagnosis ability and autonomy.[6] Although there are some differences in the particular service quality dimensions that international chain hotels, portuguese chain hotels and independents have strategically chosen, and between those chosen by hotels with formal standards and those with informal guidelines, the mean numbers of dimensions considered by these groups are similar. With, perhaps, the exception of the independents, which mean is slightly higher than those of the chain hotels. A higher mean might indicate either a more comprehensive care for quality and/or a lack of strategic choice at independents.

2.4. QUALITY SUPPORTIVE FINANCIAL FUNCTION

The "average" importance given to a financial function that contributes to service quality (3,364) is not equally shared by managers of the three groups of hotels considered (5,000; 2,455; 3,857). Moreover, if the international chain hotels exhibit the maximum mean value, only 40,0% of them consider the financial function as a contribute to a positive quality approach, quality control and personnel motivation. The corresponding percentages are low also for the portuguese chain hotels and for independents. In total, only 10 hotels (38,4%) consider that the financial function contributes to quality improvement and personnel motivation. Similarly, only 10 hotels give priority to quality over cost considerations most or all of the times. These hotels include 60,0% of the international chain hotels, 50,0% of the independents, and only 18,2% of the portuguese chain hotels. The majority of hotels (53,8%) give quality the priority in half of the times.

Some managers noted that they could offer all of the best to customers, provided that customers paid a price in accordance with such quality standard. This statement might reflect most Algarve hotels' dependence on Tour Operators and the insufficient "strength" of any individual hotel to change their customers' preferences; but it might also reflect, in a few cases, a lack of strategic will to change the way they do business.

One of the managers noted that quality is related to price and that a specific price is equivalent to a certain concept of quality. Some managers seemed to know exactly what they meant by quality and to have defined a clear concept of quality for their hotel. It is difficult to say if the same has happened at all of the hotels. A clear concept of quality results from a clear choice of the quality dimensions to compete with and from a specific choice of the hotel's positioning on those dimensions.

2.5. INTERNAL COMMUNICATION

The high importance level given to communication of mission and strategy to employees, until everyone shares and daily applies them (4,462), is almost equally shared by managers of the three groups of hotels

[6] Tangibles – physical facilities and equipment. Reliability – ability to perform the promised service dependably and accurately. Responsiveness – willingness to help customers and provide prompt service. Assurance – knowledge and courtesy of employees and their ability to inspire trust and confidence. Empathy – caring, individualised attention the firm provides its customers. Recovery – if something goes wrong, corrective actions are taken immediately.

considered (4,200; 4,364; 4,700). One of the managers interviewed said that it is impossible for him to transmit strategy to every employee. But he necessarily does it to intermediate managers, who should then transmit it to employees. Another manager noted that employees «would not care and would not understand» strategy. He added that communicating strategy to employees might work well in the USA, but not as well in Europe. Nevertheless, he noted that mission and strategy is communicated to every one of his employees.

Managers consider it also very important to listen to employees' problems and opinions about work. However, the mean importance level reported (4,385) is lower than that of mission and strategy communication. It seems to be more important for managers to "speak" than to "listen". This importance level, however, is not equally shared by managers of the three hotel groups (4,800; 4,000; 4,600). Comparing the means with those above, clearly, it is more important for managers of international chain hotels to listen than to speak, whereas the opposite happens at other hotel groups.

In more than half of the hotels, managers communicate constantly or daily with at least one shop floor employee. However, a considerable percentage (30,8%) reports a weekly frequency. Most of these are portuguese chain hotels. Some of the managers would like to be able to communicate more often.

2.6. INTEGRATION/COORDINATION

The high importance level of making sure that every activity, job, department and function are compatible and mutually reinforcing (4,692) is almost equally shared by managers of the three groups of hotels considered (5,000; 4,455; 4,800). The also high importance level of ensuring that customers do not feel as they have been sent from one employee/department to another (4,577) is almost equally shared (4,600; 4,455; 4,700). All these values should imply a high importance level for ensuring that customers feel as employees are working together for their benefit. The global mean is 4,654 and group means are 4,800; 4,455; 4,800. In all of the three indicators, the portuguese chain hotels appear to register the lowest means, although the differences are not very large.

The most frequently used methods for promotion of internal coordination are internal communication (92,% of the hotels), coordination meetings between departmental managers (76,9%), training and cross training (69,2%), supervision (65,4%), and power and autonomy for employees (65,4%). Less frequent methods are team projects (42,3%), employee mobility (34,6%), coordination teams (15,4%), special coordination managers (7,7%) and regular lunches with employees (3,8%). The mean number of method used to promote internal coordination is high, approximately five per hotel, however the mean is higher at portuguese chain hotels (5,545) and international chain hotels (5,000) than at independents (3,700). This is probably related to hotel size and organisational structure.

The types of methods preferred by each of the groups are similar, but some differences can be noted. Specifically, larger percentages of chain hotels use training, a larger percentage of portuguese chain hotels use supervision, a much larger percentage of international chain hotels use team projects, and larger percentages of portuguese chain hotels and independents give power and autonomy to employees as a means of integration.

With the exception of employee power, autonomy and mobility, all other methods are more frequent at hotels with a formal process for analysis and design of the service. This superiority is also visible in the mean number or methods used by hotels with formal processes: 5,600 (formal) and 3,111 (trial and error).

2.7. COORDINATION OF OTHER ORGANIZATIONS

The not very high importance level of coordinating external organizations existent in the same value system (3,885) is almost equally shared by managers of the three groups of hotels considered (3,400; 4,000; 4,000). When managers were asked if they had been able to use their contacts to reshape the services provided to their customers by external organizations in a way that improves customers' perceptions of quality, the global mean value decreased to 3,200 and the group values to 2,600; 3,900 and 2,800. A certain disappointment was even expressed by some of the managers interviewed regarding their relationships with external organizations. One manager said that his hotel has had very bad experiences, because some organizations want to be well paid by customers, but do not offer high quality standards. Another manager complained that his hotel had to pay for repairs on public roads that, among other destinations, lead to the hotel.

2.8. SELECTION OF PERSONNEL, TRAINING, AUTONOMY, POWER AND REWARDS

The high importance level of selection, training, giving autonomy, power and rewards to personnel (4,462) is almost equally shared by managers of the three groups of hotels considered (5,000; 4,273; 4,400). These managers reported a level of competence in selection, training, giving autonomy, power and rewards to personnel that is lower than their own desire. On the scale of 1 (we need big improvements) to 5 (our competence level is very good), the mean competence level is only "average" (3,423). This level is almost equally shared (3,800; 3,455; 3,200).

Seventy two percent of the hotels give at least one training opportunity to their employees every year. Many of the hotels (44,0%), however, offer only one opportunity each year.

Twenty two (84,6%) of the hotels have a rewards policy, but not all of these have a sanctions policy. Assuming that no organisation is ever free from having to apply some sanctions, the existence of a sanctions policy – although unpleasant it may seem – would be a more effective means of prevention against application of different sanctions to similar inappropriate behaviours, which causes internal disruptions.

The high importance level of increasing employees power and autonomy to make decisions concerning the quality of the service provided to a customer (4,558) is almost equally shared among the three groups of hotels studied (4,800; 4,500; 4,500). One of the managers noted that the virtue of service quality lies substantially in the power and autonomy of employees. And another manager, who had been admitted only recently to the organisation, noted that he wants to increase employees' current power and autonomy. However, four other managers made clear that employee power and autonomy should be given under supervision and should always be used under the standards and regulations of the hotel. Finally, one other manager noted that employee power and autonomy should only be used to solve problems, not to change

established procedures. If the first cited manager seems to have implemented a strong empowerment policy, other managers still seem to share a very cautious approach. This is apparently confirmed by the fact that only 56,5% of the hotels have developed specifications about personnel's professional diagnosis, judgement and autonomy.

2.9. ADHERENCE TO SERVICE QUALITY SPECIFICATIONS

The high importance level of adhering to service quality standards/guidelines (4,727) is almost equally shared by managers of the three groups of hotels considered (4,600; 4,900; 4,571).

The methods most frequently used to adhere to quality standards/guidelines are personal direct observation by the manager (100%), individual debriefings (50%), regular staff meetings (45,5%), supervision (40,9%) and communication via intermediate managers (36,4%). Only five hotels (22,7%) use employees' performance evaluation as a means of guaranteeing standards adherence. Moreover, only four hotels (18,2%) use non-scheduled quality examinations and reports by independent companies, or by unidentified members of the organisation, who spend the night and try several hotel services.

The mean number of methods used to ensure adherence to quality standards is higher at the international chain hotels (3,8) and portuguese chain hotels (3,7) than at the independents (2,857). At all of the hotel groups considered, the favoured method is individual observation by the manager, but the second favoured method varies from group to group, and is respectively, supervision, staff meetings and individual debriefings.

The mean number of methods used by hotels with formal standards (3,636) is only slightly higher than the mean of hotels with informal guidelines (3,400), which is a good indication for the latter. However, none of the latter use employees' performance evaluation nor quality examinations performed by independent companies or non-identified personnel. They prefer managers direct observation and individual debriefings.

Managers observation is also effected at all hotels with formal standards, but individual debriefings are replaced by regular staff meetings, as the second most common method.

The frequency of quality checks is daily or constant at the international chain hotels and independents. At most portuguese chain hotels (60,0%), the frequency is quarterly. The hotels with formal specifications tend to have a smaller frequency than the hotels with informal guidelines. This tendency might indicate management overconfidence on adherence to specifications at some (45,5%) of the hotels that have formal standards. It does not appear to indicate a lack of confidence or excessive checking at hotels with informal guidelines, because most (54,5%) of the hotels with formal standards have also a constant/daily frequency.

2.10. INTERNAL AND EXTERNAL COMMUNICATION WITH CUSTOMERS

The high importance level given to communication with customers about the service, procedures and expected outcomes (4,692) is almost equally shared by managers of the three groups of hotels considered (5,000; 4,636; 4,600).

Frequencies of external communication with customers vary from constantly to yearly. International chain hotels favour very high frequencies (constantly/when needed and daily); some portuguese chain hotels have high frequencies but more than half advertises less frequently. Independents' frequencies span from constantly to yearly. One independent hotel, however, reported that it does not make any publicity at all, because it has a high rate of repeat guests and has other ways of maintaining contact with these customers.

Internal communication with customers – through personal communication, pamphlets, blackboards or other media – varies from constantly to every six months, but the majority of the hotels communicates daily with guests.

2.11. PERCEPTIONS OF THE EMPLOYEES ABOUT CUSTOMERS' NEEDS AND EXPECTATIONS

The high importance level given to discovering the perceptions of the employees about customers' needs and expectations (4,327) is almost equally shared by managers of the three groups of hotels considered (5,000; 4,091; 4,250).

Sixty eight percent of the hotels discover their employees' perceptions about customers' needs and expectations via individual debriefings and via regular staff meetings. Fifty six percent do it also via intermediate managers. Only 4% use other available methods, namely, personal direct observation by the manager, internal questionnaires directed at employees about quality, records on special forms and suggestions box. On average, each hotel uses two (2,080) different methods.

International chain hotels make use essentially of individual debriefings (100,0% of the hotels), regular staff meetings (100,0%) and communication via intermediate managers (60,0%). Portuguese chain hotels use preferably communication via intermediate managers (100,0%), regular staff meetings (80,0%) and individual debriefings (50,0%). Independent hotels prefer individual debriefings (70,0%) and regular staff meetings (40,0%). The small percentage of communication via intermediate managers (10%) is probably related to the smaller size of most independents. Portuguese chain hotels, on the other extreme, seem to trust excessively on this method for discovering employees' perceptions. This might be an indication of excessive bureaucracy.

International chain hotels use 3,0 different methods on average, portuguese chain hotels use 2,3 methods, and independents only 1,4.

There is a general tendency (64,0% of the hotels in the sample) to assess employees' perceptions daily, however, 50,0% of the portuguese chain hotels have a weekly frequency.

Regarding the accuracy of employees' perceptions, measured on the scale of 1 (employees' perceptions are never consistent with real needs and expectations) to 5 (employees' perceptions are always consistent with real needs and expectations), the sample mean is 3,44. Thus, on average, managers believe that their employees' perceptions are only correct slightly more than half of the times. As one manager noted, employees whose monthly salary is almost the same as the price of one or two nights at the hotel are not in the position to accurately predict or clearly understand all the expectations of customers who have a completely different

standard of life. Nevertheless, the same manager said it is still highly important to listen to employees' perceptions. As another manager noted, the ability to understand correctly the customers' needs and expectations is dependent on the number of years of experience and training that employees have.

The mean accuracy of perceptions varies according to hotel groups. It is 4,000 (clearly more than half of the times) at international chain hotels, decreasing to 3,500 at independent hotels and to even lower at portuguese chain hotels (3,182).

2.12. PERCEPTIONS OF THE EMPLOYEES ABOUT CUSTOMERS' EXPERIENCES

Discovering the perceptions of the employees about customers' experiences is less important than discovering the employees' perceptions about the customers' needs and expectations (3,692<4,327). This lower importance level is, however, not equally shared by managers of the three groups of hotels considered (5,000; 2,545; 4,300). Comparing these group means with the group means of the previous section, it can be noted that while the mean values of independents and international chain hotels have remained almost without change, the portuguese chain hotels' mean has fallen by 37,9%. On average, the managers of portuguese chain hotels do not seem to consider employees' perceptions of customers' experiences to be important. Six portuguese chain hotels do not try to discover these employees' perceptions at all. For the remaining 20 hotels in the sample, the most used methods are as before, the individual debriefings (75% of the hotels), the regular staff meetings (45%) and the communication via intermediate managers (40%). On average, each of the 20 hotels uses 1,75 different methods, slightly less than the mean number of methods used to listen to employees' perceptions about customers' needs and expectations.

The three hotel groups give their preference to direct communication between manager and employees, however, portuguese chain hotels continue to emphasise the communication via intermediate managers. International chain hotels use 2,0 different methods on average, portuguese chain hotels 2,2 methods, and independents only 1,4.

Most of the international chain hotels (80%) do this assessment daily, as do 45,4% of the portuguese chain hotels and 60% of the independents. Grossly speaking, there is a general tendency (57,7% of the hotels in the sample) to assess employees' perceptions daily. But, as before, portuguese chain hotels tend to have a lower frequency.

On average, managers believe that their employees' perceptions are only correct more than half of the times (3,725). The mean accuracy of perceptions varies according to the type of hotel. It is 4,25 (clearly more that half of the times) at international chain hotels, decreasing to approximately 3,6 at both portuguese chain and independent hotels. All these mean values are higher than those of Section 2.11.

2.13. MATCHING CUSTOMERS' EXPECTATIONS

The high importance level of making sure that customers' expectations are matched by the quality of the service (4,846) is almost equally shared by managers of the three groups of hotels considered (5,000; 4,818;

4,800).

The most frequently used methods to verify if expectations are being met are service quality questionnaires (84,6%) and talking to guests during their stay (76,9%). A wide array of other methods (tour operator reports, book for entering complaints, suggestions letters and other letters from customers, telephone call to the guest's room after arrival, book for entering comments, ratio repeat guests/total guests, market research and contacts with travel reps.) is also used, but each of these is used by only a small percentage of the hotels. The mean number of methods used is 2,231.

All the chain hotels use a service quality questionnaire and, at most of them, managers try to speak to guests. These two methods are also the two most frequently used among independent hotels. However, at the independents, all managers try to speak to customers, whereas the questionnaire is only used by 60%. This personal approach may or may not be compensated at chain hotels by the use of other methods. The remaining methods, mentioned above, are mostly used by international chain hotels or by portuguese chain hotels. The mean number of methods used simultaneously at international chain hotels is 2,600, at portuguese chain hotels is 2,455, and at independents is 1,800.

Most of the international chain hotels and of the independents try to constantly or daily verify if expectations are being met, whereas more than half of the portuguese chain hotels do it weekly. These frequencies are comparable with the frequencies with which managers try to assess the adherence of the day-to-day activities to the quality standards/guidelines. A relationship between the two kinds of frequencies can be established. Every hotel that has indicated a constant or daily frequency for the verification of customer satisfaction, has also indicated this frequency for the verification of adherence to standards/guidelines. Additionally, almost all of the hotels that have indicated a weekly, monthly of quarterly frequency for the verification of customer satisfaction, have indicated a quarterly frequency for the verification of adherence to standards/guidelines.

2.14. SERVICE QUALITY EVALUATION

The high importance level of a regular process of quality measurement and assessment (4,615) is almost equally shared by managers of the three groups of hotels considered (4,800; 4,727; 4,400).

Consistent with these high importance levels is that 23 hotels (88,5%) declared to have a regular process of quality measurement and assessment. The remaining three hotels do not have any regular process of quality assessment. The manager of one of those hotels, however, said that he would like to implement such a process in the future. Unfortunately, for some of the hotels, quality measurement and assessment seems to be based exclusively on the customers' satisfaction questionnaire. Questionnaires are frequently filled either by extremely satisfied customers or by extremely unsatisfied customers, one manager noted. When this happens, he added, the information generated by the questionnaire is not useful. It does not consider the larger proportion of customers that were slightly unsatisfied but could have easily been satisfied.

Some hotels have created strategies to give incentives to customers to fill the questionnaire, and have

achieved high rates of response. Still, it is probably impossible for the customer's satisfaction questionnaire to capture all the information that is needed to evaluate quality effectively.

One manager mentioned that any employee in his hotel registers customers' comments and complaints at any time. The data generated in this way is statistically analysed and used to help guiding management action. This is done regularly, making it possible to control the frequency of each type of error. None of the other managers, however, referred to this kind of registry and control of quality gaps.

The quality dimensions considered in the quality measurement and assessment processes of the FFSHA are in descending order of frequency: service empathy (90,5% of the hotels), service responsiveness (85,7%), service tangibles (85,7%), service recovery (81,0%), service reliability (76,2%), appearance of personnel (76,2%), service assurance (57,1%), and personnel's professional judgement, diagnosis ability and autonomy (47,6%). The mean number of quality dimensions considered by each hotel is 6,000.

There are some differences among the three groups of hotel that have been studied. International chain hotels favour, in their assessments, service reliability (100,0%) and tangibles (100,0%). Portuguese chain hotels favour service empathy (100,0%), tangibles (100,0%) and appearance of personnel (100,0%). Independents favour service responsiveness (85,7%), empathy (85,7%) and recovery (85,7%). Note that service tangibles are not so important to independents as are to all chain hotels. The mean numbers of dimensions considered are also different (6,400; 6,333 5,286).

Comparing the distributions of quality dimensions included in the quality specifications[7] and those included in quality measurements and assessment it becomes possible to verify if hotels have considered each specific quality dimension in both their quality specifications and quality measurements.

Some inconsistencies have in fact been found, the more frequent ones involve service tangibles (8 hotels), service assurance (5) and appearance of personnel (3). The mean number of dimensions involved in inconsistencies is 1,263 per each hotel. This means that one dimension, on average, has been included in the quality specifications but not in the quality measurements and assessment or, alternatively, that a dimension not included in the quality specifications has been considered in the quality measurements and assessment. This situation constitutes a problem because a standard without a measurement of actual organisational behaviour or a measurement without a standard to be compared with is useless to managers.

However important this may be, two international chain hotels have considered service recovery in their standards but not in their quality measurements and assessment. Six portuguese chain hotels have considered service tangibles in their quality measurements but have not developed standards about tangibles. Five of the portuguese chain hotels have developed standards considering service assurance, but are not evaluating service assurance. Finally, the independents' inconsistency span a wider array of quality dimensions than any of the chain hotels; five dimensions against three. Their inconsistencies are more frequent in appearance of personnel (3 hotels) and service reliability (2). The mean number of inconsistencies varies considerably

[7] See Section 2.3.

between the three groups of hotels (0,800; 1,333; 1,600). Such inconsistencies could result just from managers having difficulty in answering the questionnaire. Managers could have, for instance, forgotten to mention one of the dimensions or lacked the time to clearly understand all of the dimensions during the interview. However, if the inconsistencies reported are in fact the result of inconsistent managerial practices, independents and portuguese chain hotels seem to have more motives for concern.

All of the hotels that have formal quality standards (100,0%) have included service reliability, responsiveness, empathy and tangibles in their measurements. Approximately 91% have included appearance of personnel and service recovery, and only 54,5% have considered service assurance and personnel's professional judgement, diagnosis ability and autonomy. The group of dimensions favoured by hotels with informal guidelines is slightly different. The mean number of dimensions included in their quality measurements and assessment is also clearly inferior (5,286<6,909).

Comparing the distributions of quality dimensions included in the quality specifications and those included in quality measurements and assessment, as in page 545, but now according to formality of the quality specifications, six hotels with formal standards have considered service tangibles in their quality measurements but have not developed standards about tangibles. Five of the hotels with formal standards have developed standards considering service assurance, but are not evaluating service assurance. Other dimensions where inconsistencies were found are service recovery and personnel's professional judgement, diagnosis ability and autonomy. Interestingly, the inconsistencies found in hotels with informal guidelines occur in completely different quality dimensions, *i.e.*, service reliability, service responsiveness and appearance of personnel. Surprisingly, the mean number of inconsistencies is higher in hotels with formal standards (1,182>0,857), which may constitute a motive for managerial care.

2.15. OCCURRENCE OF SERVICE QUALITY GAPS

Almost all (92,3%) of the hotels feel or have felt before at least one of the service quality gaps addressed in each of the previous 14 sections of this document. Only two hotel managers said that they had not felt any of the gaps before. Both of these are independent hotel managers.

Approximately half of the hotels consider that service quality gaps occur in isolation, whereas the other half is of the opinion that gaps occur in clusters. Most international chain hotels (80,0%) and most independent hotels (85,7%) consider that gaps occur isolated. However, the great majority of portuguese chain hotels (90,9%) is of the opposite opinion, stating that gaps occur more than one at a time.

2.16. MANAGING TO ELIMINATE SERVICE QUALITY GAPS

In all of the hotels that have felt one or more gaps before, service quality gaps are considered to be recurrent. Most of the managers (60,9%) consider that the frequency with which each gap recurs is rare. However, for 21,7% percent of the managers, service quality gaps can recur often or very often. At most (80,0%) of the international chain hotels and most (90,9%) of the portuguese chain hotels, service quality gaps recur rarely or occasionally. Only one portuguese chain hotel manager considers that gaps recur very often.

For most of the independents (57,1%), however, service quality gaps recur often. The remaining 42,9% considers that gaps recur rarely.

Approximately 91% of the hotels that have formal quality standards consider that service quality gaps recur rarely or occasionally. None said that gaps could recur often or very often. For 33,3% of the hotels that have informal quality guidelines, however, service quality gaps recur often or very often.

Similarly, all of the hotels that have a systematic and formal process for service analysis and design have considered that service quality gaps recur rarely or occasionally. Whereas, on the other hand, most (71,4%) of the hotels that use a trial and error method feel that service quality gaps recur often or very often.

There is apparently a relationship between the frequency of gap recurrence and the formality of service quality specifications. And, there is a much stronger relationship between the frequency of gap recurrence and the formality of the process for the analysis and design of quality standards. These relationships provide evidence in favour of both formal quality standards and formal processes for the analysis and design of services and their quality standards. Such processes and standards seem to be necessary for management to prevent service quality gaps more effectively. This is a significative conclusion for the FFSHA.

The organisational aspects manipulated by most of the international chain hotels are not coincident with those manipulated by most of the portuguese chain hotels.[8] In fact, two of the aspects manipulated by most portuguese chain hotels (measurement, control and reward systems, and internal power structure) are among the less manipulated by international chain hotels.

Similarly, the organisational aspects manipulated by most independents[9] are not coincident with those manipulated by most chain hotels. For instance, service analysis and design is one of the dimensions manipulated by most portuguese chain hotels (81,8%), but one of the aspects used by less independent hotels (12,5%). Thus, the kinds of solutions used to prevent and eliminate service quality gaps are clearly not the same for the three hotel groups. Moreover, the mean number of organisational aspects manipulated by international chain hotels and portuguese chain hotels is close to ten, 9,800 and 9,818, respectively, whereas the mean number of organisational aspects manipulated by independent hotels is clearly inferior, only 7,500.

There are differences in the organisational dimensions manipulated by most hotels with formal quality standards and those manipulated by most hotels with informal guidelines. Service analysis and design is, naturally, one of the organisational aspects manipulated by most hotels that have formal standards (90,9%),

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[8] The organisational aspects manipulated by most of the international chain hotels are facilities and equipment (100,0% of the hotels), information and communication systems (100,0%), people (100,0%), delivery systems (80,0%) and financial resources (80,0%). The less frequently manipulated aspects are manager's perception/model of the world (0,0%), attitudes, skills, roles and style of managers (0,0%), measurement, control and reward systems (0,0%) and overall organizational competencies (0,0%).

The organisational aspects used by most of the portuguese chain hotels are information and communication systems (90,9%), degree of personnel involvement (90,9%), service analysis and design (81,8%), measurement, control and reward systems (81,8%), and internal power structure (81,8%). The less manipulated organisational aspects are decision processes (18,2%) and overall organizational competencies (18,2%).

[9] The organisational aspects manipulated by most of the independents are degree of personnel involvement (87,5%), people (75,0%), and rules, policies and tasks descriptions (62,5%). The less favoured aspects are service analysis and design (12,5%), external communication (12,5%), internal power structure (12,5%), stories (12,5%) and symbols (12,5%).

and one of the dimensions used by less hotels that have informal guidelines (30,0%). It would have been expected, though, this latter percentage to be nil. It is not because some hotels were defining formal standards for the first time when the interview took place or intended to do so in the near future.[10]

The mean number of organisational aspects manipulated by hotels that have informal guidelines (10,100) is higher that that of the hotels which have formal standards (9,364).

The organisational aspects that are manipulated by most of the hotels with formal standards are also manipulated by most of the hotels with a formal process, and the dimensions favoured by hotels that have informal guidelines are also favoured by hotels that use a trial and error method. This gives and indication of consistency of the answers, which is also given by the fact that service analysis and design is a dimension manipulated by most hotels which have a formal and systematic process for analysis and definition of quality specifications (80,0%) whereas it is not manipulated by hotels that use a trial and error method (0,0%).

A final and important finding is that the mean number of organisational aspects manipulated by hotels that have formal and systematic processes is 11,067, which is more than double of the mean number of organisational aspects manipulated by hotels that use a trial and error method (5,000). The specific number of dimensions used to eliminate a given service quality gap, however, depends on that gap.

The great majority of hotels (91,7%) manipulate a different number of organisational aspects, depending on the service quality gaps that they have to eliminate. Moreover, whatever the number of organisational dimensions manipulated, managers do not use always the same, choosing the most appropriate according to the gap. These conclusions, however, must be compared with the fact that, in a total of 21 organisational aspects, managers tent to use only nine on average, which might be indicative of limited approaches that have room for great enlargement.

3. ACKNOWLEDGEMENTS

The author would like to thank you for your help in answering both questionnaires. Should you feel in need of additional information that you believe I am in a position to provide or should you like to make any comments to the above conclusions, please do not hesitate to contact me and I will respond at the first opportunity.

The author is supported by the Portuguese/EU Programme "Sub-Programa Ciência e Tecnologia do 2º Quadro Comunitário de Apoio".

[10] The dimensions manipulated by most of the hotels that have formal quality standards are information and communication systems (100,0%), service analysis and design (90,9%), degree of personnel involvement (90,9%), and measurement, control and reward systems (63,6%). Organisational aspects less frequently manipulated are overall organizational competencies (0,0%), manager's perception/model of the world (18,2%), attitudes, skills, roles and style of managers (18,2%) and organisational structure (18,2%). The organisational aspects manipulated by most of the hotels that have informal guidelines are, interestingly, rules, policies and tasks descriptions (80,0%), degree of personnel involvement (80,0%), people (70,0%), information and communication systems (60,0%), and financial resources (60,0%). The less manipulated dimensions are service analysis and design (30,0%), external communication (30,0%), stories (30,0%), and symbols (30,0%).

This page is the replacement for the page VI in the thesis.

PUBLICATIONS AND ACKNOWLEDGMENTS TO THE PUBLISHE

This must be included in the scanned version of the thesis. I am sending an electronic version by email. Thank you Carla

Publications related with the submission of this dissertation are:

Cândido, Carlos J. F. (2005) «Service Quality Strategy Implementation – A Model and the Case of the Algarve Hotel Industry», *Total Quality Management & Business Excellence*, Vol. 16, No. 1, with material reprinted by permission of the publisher (Taylor & Francis Ltd, http://www.informaworld.com).

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Cândido, Carlos J. F. & D. S. Morris (2001) «The Implications of Service Quality Gaps for Strategy Implementation», *Total Quality Management*, Vol. 12, Nos. 7&8, with material reprinted by permission of the publisher (Taylor & Francis Ltd, http://www.informaworld.com).

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