The impact of implicit and explicit communications to frontline staff on service delivery

Ian Lings, Siegfried Gudergan, and Amanda Beatson

School of Marketing, University of Technology, Sydney, Australia

Email: <u>Ian.Lings@uts.edu.au</u>

Explicit communications, in the form of service direction and service training, have a significance impact on service delivery. Implicit communications, in the form of internal market orientation (IMO), also have significant consequences for service delivery. Affective commitment and customer orientation are identified as mediating the relationship between IMO and service delivery. Thus, organisations should pay particular attention to both implicit and explicit communications. Implicit communications foster employee commitment which will help service companies to retain employees and to foster positive attitudes toward service and consequently service delivery behaviours.

Internal Communications, Internal Market Orientation, Customer Orientation, Service Delivery

Category: Paper Presentation

Introduction

The importance of service industries to western economies steadily increased over the last century, and at the turn of the millennium accounted for 80% of all employment in the US (Fitzsimmons and Fitzsimmons, 2003), more than 97% of all new jobs being created (Goodman and Steadman, 2002) and approximately 64% of GDP (Chung and Schneider, 2002). In the UK the contribution was higher still, at about 70% of GDP.¹

With the growth in importance of services, and the increasingly demanding nature of service customers (Zeithaml and Bitner, 2003), delivering service excellence is becoming an important organisational capability (Wolfe Morrison, 1996). To a large extent service excellence is determined

¹ <u>http://www.dti.gov.uk/europe/servicesector.pdf 2001</u>

by customers' perceptions of how services are delivered by frontline service staff (Bitner, Booms and Mohr, 1994), and consequently on organisations' abilities to communicate effectively with employees to motivate them and enable them to interact better with their customers. In recognising the role of employees in creating customer satisfaction, Collins and Porras (1994) and Pfeffer (1994) assert that managing the organisations' human resource is the most important determinant of competitive advantage, and effective management of the human resource of the firm is dependent to a large extent on effective communications (Tzafrir, Harel, Baruch and Dolan, 2004).

Organisations communicate with their employees both explicitly and implicitly, both through actions and words. Whilst training programmes and organisational directives communicate the objectives of the firm explicitly to employees, managerial behaviours represent implicit communications to employees and embody the organisational context in which employees receive and interpret explicit communications (Hoogervorst, Flier and Koopman, 2004). Explicit communications may be used to send messages to employees that emphasise their role in delivering quality services or customer satisfaction and the fact that they are the most important organisational resource available to achieve this. However, often, implicit communications are at odds with these explicitly stated messages. Too often organisations communicate to employees that they are the most valuable resource, whilst treating them as the most expendable (Mumford, 1995; Hoogervorst et al., 2004). In such circumstances, explicit communications are likely to have little positive impact on employees' behaviours, as they are inconsistent with implicit messages communicated via the organisational culture and managerial behaviours that represent the reality of the employees' work experiences. Such inconsistencies may not only reduce the effectiveness of explicit messages, but may result in employee cynicism and other dysfunctional behaviours.

In order to ensure that explicit communications to employees regarding the service objectives of the firm are reinforced by the implicit communications that employees receive, Hoogervorst *et al* (2004) suggest that organisations should adopt a people oriented culture, coherent structures and management practices that direct, guide and enable employees to achieve the organisational goals. Creating such an

organisational context they assert, will positively influence employee behaviours directed at achieving the organisation's mission and purpose. Internal marketing, specifically in the form of internal market orientation (IMO), has been proposed as an employee focussed organisational culture, and is manifest as a set of employee focussed managerial behaviours aimed at satisfying and motivating service employees (Lings and Greenley, 2005). These managerial behaviours constitute implicit communications to employees and, as such impact employee attitudes and behaviours towards the firm and its customers. Previously, IMO has been reported to have positive consequences for employee job satisfaction (Tansuhaj, Randall and McCullogh, 1991; Yoon, Beatty and Suh, 2001), and commitment to the organisation (Eisenberger, Hutchison, Sowa and Huntington, 1986), customer oriented behaviours (Ballantyne, Christopher and Payne, 1995) and service delivery to customers (Bell, Menguc and Stefani, 2004). Despite considerable attention to the areas of IMO and implicit communications, there is little research that quantifies the effects of these concepts on employees.

The primary objective of this study is to explore the role of explicit service communications, represented by service training and service direction, and implicit service communications represented by internal market orientation, on the attitudes and behaviours of service staff. We examine the impact of implicit and explicit communications on service delivery. We also explore the mechanism by which implicit communications impact service delivery, in particular the mediating role of affective commitment to the firm, and customer oriented behaviours displayed by employees.

Accordingly, our paper is organised as follows. The next section presents a discussion of IMO, its measurement and consequences for staff attitudes and behaviours. This is followed by the development of hypotheses and the construction of a conceptual model. The subsequent section discusses, in detail, the constructs examined in this study and their operationalisation. This is followed by a section detailing the collection and analysis of data and presentation of results. Finally the implications of this study for both managers and academics are explored.

Internal Market Orientation as an Implicit Communication

The organisational context in which employees work represents the reality of the employees' work experiences and as such communicates an implicit message to employees about their role in the organisation and desirable behaviours towards customers. In order to manage such implicit messages, Hoogervorst *et al* (2004) suggest that organisations adopt a people oriented culture, demonstrating management practices that direct, guide and enable employees to achieve the organisational goals. Internal marketing has similar objectives, in that it aims to manage the organisational context in order to satisfy and motivate boundary spanning employees to deliver quality sevices (see for example Berry, 1984; Berry and Parasuraman, 1991; George and Gronroos, 1991; Greene, Walls and Schrest, 1994; Sasser and Arbeit, 1976). Few empirically tested conceptualisations and measures of internal marketing exist. Notable exceptions are those by Foreman and Money (1995) and Lings and Greenley (2005). In their conceptualisation, Foreman and Money (1995) report three components of internal marketing; vision, development and reward. Using this multidimensional conceptualisation, Pitt and Foreman (1999) identify four types of IMO, classified according to who the focus of the internal marketing effort is, and who the internal marketer is. However, a later study employing this scale (Caruana and Calleya, 1998) highlights problems of discriminant validity with the measure.

Lings and Greenley, (2005), operationalised internal marketing as an internal market orientation (IMO), which they define as a set of managerial behaviours associated with implementing internal marketing philosophy. Internal market orientation (IMO) is conceptualised as a multidimensional construct involving formal and informal mechanisms to generate information about the wants and needs of employees, dissemination of this information throughout the firm and modifying work conditions to better satisfy the wants and needs of employees. Other researchers have identified individual elements of internal market orientation such as internal market research (see for example Piercy, 1995; Wasmer and Brunner, 1991), internal communications (see for example Piercy, 1995; Reynoso and Moores, 1996; Tansuhaj, Randall and McCullogh, 1988), and the development of job-products, which will satisfy the wants and needs of employees (see for example Berry and

Parasuraman, 1991; Lukas and Maignan, 1996; Sasser and Arbeit, 1976). The multidimensional construct proposed by Lings and Greenley (2005) represents a synthesis of these views. Empirical investigation indicates that IMO consists of five managerial behaviours; three associated with the generation of information (through formal face to face meetings, informal meetings and formal written mechanisms), one dimension describing the dissemination of information, and one describing responsiveness to the wants and needs of employees (Lings and Greenley, 2005). Such employee focussed managerial behaviours send an implicit message to employees about their value to the firm and the importance of service delivery, which will align with explicit messages communicated to employees in a service driven organisation, and these implicit communications affect service delivery as well as the explicit communications that employees receive.

Impact of Implicit Communications on Employees' Attitudes and Behaviours

The role of implicit communications on employee behaviour is not straightforward. Often the message communicated to employees by their organisational context is not directly related to explicit messages communicated in service directives or training sessions. Implicit communications may influence employees' overall attitudes to the firm and customers rather than convey precise information about the organisation's service policies and objectives. As such implicit communications may have an indirect role in affecting service behaviour rather then the direct role that explicit directives and training is expected to have. The internal communications represented by IMO are reported to enhance the association that employees feel for the firm and its services (Bell et al., 2004). Such positive associations or 'buy in' are thought to be particularly important in influencing employee behaviour such as service orientation (George, 1990) and loyalty to the firm (Ozment and Keller, 1999). Loyalty has both attitudinal and behavioural elements and is manifest in both affective commitment (attitudinal loyalty) and staff retention (behavioural loyalty). Of particular interest here is affective commitment as it is this which will drive changes in employee behaviour towards customers. Employees that like their jobs and feel a sense of affection towards their employers are more likely to display positive behaviours towards customers. Affective commitment is defined as 'liking' for the employer and is

expected to foster employee identification with the organization, reduce dysfunctional behaviours and increase behaviours compliant with organisational strategies (see for example Piercy and Morgan, 1990; Ramaswami, 1996). In contrast, behavioural loyalty may arise from perceived lack of opportunities to leave or simple inertia, and may not be associated with positive service behaviours. Such behavioural loyalty, manifest only as staff retention, may indeed be associated with dysfunctional behaviours as employees may feel trapped in a job that they do not enjoy, working for managers that they do not like. Consequently we hypothesise the following

H_1 : Employees' perceptions of implicit communications (represented by IMO) have a significant and positive impact on their affective commitment to their employer.

Although creating happy employees is important (Homburg and Stock, 2004), employee satisfaction in and of itself should not be the objective of the firm (Harari, 1991, 1993) Ultimately organisations must aim to engender employee behaviours that represent excellence in service delivery. Such behaviours include providing prompt and reliable service and empathising with customers (Zeithaml, Berry and Parasuraman, 1996). Although arguments exist to suggest that employee satisfaction is a necessary pre-requisite for customer satisfaction, it is not employee satisfaction *per se* that creates customer satisfaction. In fact (Harari, 1993) asserts that employee satisfaction of itself may have undesired consequences for the firm as this internal emphasis may result in some inattention towards the customer. Brady and Cronin (2001) argue that effective service delivery is contingent on service workers developing a strong customer orientation, which is contingent on their attitude towards their employment and the service objectives of the organisation. Following this logic, it can be seen that service organisations must communicate their service objectives to employees, possibly through service directives and training programmes, and simultaneously ensure that implicit communications reinforce these explicit directives and create service employees that are committed to the organisation

Customer Orientation

The importance of developing a customer orientation is well recognised within the services literature (Brady and Cronin, 2001). The majority of work exploring customer orientation conceptualises customer orientation at the organisational level and suggests that organisations should focus on the delivery of services that enhance customer satisfaction as a central goal (see for example Saxe and Weitz, 1982). However, in the context of service delivery, customers often do not distinguish between the person delivering the service and the organisation; consequently in the services context, customer orientation is required at both the individual and organisational levels. At the organisational level it represents an institutional orientation towards delivering services that enhance customer satisfaction as suggested by Saxe and Weitz (1982); at the individual level, customer orientation represents employee attitudes towards service delivery that have customer satisfaction as the central goal. This is consistent with conceptualisations of service orientation suggested by Homburg *et al.* (2002), in which the service orientation concept acts at both the organisational and individual levels. Yet, unlike service orientation at the individual level, customer orientation is not a measure of frontline staff personality; rather, it refers to the attitude of frontline staff towards delivering high quality services to customers.

Although relatively little is known about the factors that affect customer orientation, Hoffman and Ingram (Hoffman and Ingram, 1991) present some support for the hypotheses that employees' attitudes towards the firm impact their customer orientation. This view is widely accepted within the marketing and organisational behaviour literatures (Saura, Contrí, Taulet and Velázquez, 2005) and suggests that in order to have happy customers the firm must first have happy employees (Homburg and Stock, 2004). Unhappy employees are unlikely to dedicate themselves to providing great service. Consequently we hypothesise that employees' affective commitment to the firm will influence their attitude towards customer service. More specifically:

H_2 : The higher the affective commitment of employees towards the firm, the higher the level of customer orientation that they will report.

We also hypothesise that those employees that demonstrate high levels of customer orientation will display behaviours consistent with high quality of service delivery. This makes sense, as it is these

employees who believe in the value of the customer to the firm and therefore believe in trying to satisfy the needs of these customers. This is evidenced through their commitment to high quality service delivery. This gives rise to:

 H_3 : The higher the level of customer orientation displayed by employees, the more consistent their behaviour with high quality service delivery.

The role of explicit service communications

As stated previously, frontline staff are instrumental in delivering quality services. For effective service delivery staff must be aware of the service objectives of the organisation and have the appropriate skills to deliver the service promises made by the firm. This requires that organisations communicate explicitly to employees the service expectations of the firm. In addition to this, and as discussed earlier, implicit communications will also indirectly impact the service behaviour of frontline staff.

Specifically relating to explicit communications, effective communication of the firm's service philosophy will direct all frontline staff to act in a manner that is consistent with the service aspirations of the firm. This will ensure that customers receive reliable service irrespective of the individual that serves them. Consequently, strong service direction will positively impact the service behaviour of frontline staff. We offer the following hypotheses:

H_4 : The higher the level of service direction provided to employees, the better their service delivery behaviour.

Related to service direction is the issue of service skills. Employees may display poor service behaviour if they do not have the skills to deliver high quality services. Amongst other things, service employees require training to understand the service delivery systems of the organisation, to manage the many and numerous interactions that customers experience during the service encounter (such as those with the firm and its servicescape, the individual and other customers). Consequently, service

training constitutes a form of explicit communications with service employees and will have a direct impact on the service behaviours of these employees. We hypothesise the following:

 H_5 : The higher the level of service training provided to employees, the better their service delivery behaviour.

Method

The context chosen for this study was frontline staff working on a cross sea ferry. The survey was administered to frontline staff serving business and leisure travellers on a cross channel ferry. These staff have a high degree of contact with customers and the company literature specifically states that it competes on the quality of service that it provides. Questionnaires were administered and responses posted anonymously to the researchers. In total 60 questionnaires were administered and 53 usable responses were received. This corresponded to an effective response rate of 88%. Responses were captured using a seven point scale anchored at strongly agree and strongly disagree. Service employees were chosen as respondents because of their unique influence on the service quality perceptions of customers (Bell et al., 2004). Also, although the sample represents a single organisation, the unit of analysis is the individual member of staff and differences in these individual's behaviour are expected to derive from differences in their perceptions of the explicit and implicit communications that they experience and interpret. Thus, it is expected that there will be sufficient variability across the constructs of interest to adequately test the hypotheses developed above.

Measures

IMO is indicative of implicit communications and consequently employees' perceptions of implicit communications were measured using the 16 item IMO scale reported by Lings and Greenley (2005). Scores for each of the five dimensions of IMO (Face to face information generation; Formal written information generation; Responsiveness; Informal information generation; and Dissemination of information) were calculated by averaging the scores for the items associated with each dimension and implicit communications was modelled as a higher order construct. Items included in the scale are

reported in appendix 1.

Affective commitment was measured using an adaptation of the scales reported by Garbarino and Johnson (1999) and Allen and Meyer (1990). Three example items from the five items used are: 'They feel a sense of belonging to this company', They are committed to their relationship with the company', and 'They are loyal to this company'. The scale was modified to tap into the feelings of employees towards the firm. As suggested by Podskoff, MacKenzie, Lee and Podskoff (2003), employees were asked to report the feelings of their co-workers to minimise social desirability bias.

Customer orientation was measured using seven items, either adapted from the items reported by Lytle, Hom and Mokwa (1998) and Saura *et al.* (2005) or designed specifically for this study. These designed items tapped into the employees' attitudes towards delivering quality services as identified by Parasuraman, Berry and Zeithaml (1988). Example items of the seven used in the survey include: 'I provide prompt service', 'I am committed to service' and 'I view customer interactions as opportunities to please'.

Service direction and service training are indicative of explicit communications and consequently employees' perceptions of both the service directions communicated by the firm and the level of service training provided by the firm were measured. Service direction was measured using five items based on a subset of the items previously reported by Lytle, Hom and Mokwa (1998) and Saura *et al.* (2005). These items were chosen to identify the explicit communications about service orientation that employees receive. Example items include: 'We are told to make a real effort to satisfy customers' needs' and 'This Company has a true commitment to customer service'.

Service training was measured using three items adapted from Lytle *et al.* (1998) tapping into employees' perceptions of the amount and applicability of service training that they receive. Two example items are: 'I am provided with personal skills training that enhances my ability to deliver high quality services' and 'This Company spends a great deal of time and effort in training activities to help me provide high levels of service'.

Finally service delivery was measured using an adaptation of the items reported by Bell and Mengue (2002). Example items include; 'We give customers individual attention', 'We have the best interests of customers at heart', and 'We give prompt service to customers'.

Confirmatory factor analysis was performed on all scales using principal axis factoring and varimax rotation. Items with low loadings, significant loadings onto two or more factors or communalities less than 0.5 were considered for deletion. The psychometric properties of the new scales were tested and found to be acceptable i.e. coefficient α for each scale ≥ 0.75 (Churchill, 1999) see Table 1.

Scale	No Items	Alpha
IMO	5	0.916
Affective Commitment	4	0.937
Service Direction	5	0.858
Customer Orientation	7	0.916
Service Delivery	9	0.943
Service Training	3	0.900

Table 1: Items and coefficient alphas

As all of the measures were collected using a single instrument, a Harman single factor test, was conducted to identify common method bias (Podsakoff et al., 2003). Principal component extraction was conducted using varimax rotation, and the resultant component structure examined. Six components with Eigenvalues over 1 were extracted and the maximum variance extracted for any single component was 25%. Although this test does not eliminate the possibility of common method bias it does provide post hoc support for its absence.

Results

The conceptual model presented in Figure 1. was tested using the partial least squares (PLS) structural equations modelling technique (Wold, 1985). PLS was adopted because of its suitability to analyse data from small samples (Sambamurthy and Chin, 1994; Sosik, Avolio and Kahai, 1997). PLS does not make assumptions about data distributions to estimate model parameters, observation independence or variable metrics, making a more suitable technique for analysing these data than

other techniques (e.g. multiple regression), which requires multivariate normality, interval scaled data and large sample size (Jung and Sosik, 2002). In Figure 2 we report the beta coefficients for the conceptual model and the R² for each exogenous variable as indicated by the PLS analysis. As PLS makes no distributional assumptions, traditional parametric methods of significance testing (such as confidence intervals and χ^2) are not appropriate (White, Varadarajan and Dacin, 2003). To test the effects of the parameters in the structural model we used a bootstrapping procedure (Chin, 1998, 2001). The results indicate that our hypotheses are confirmed (see Figure 2 below). Employing a significance level of 0.05, our results reveal a positive and significant effect of implicit communications (operationalised as IMO) on affective commitment ($\beta = 0.76$) and a resultant positive and significant effect of affective commitment on customer orientation ($\beta = 0.44$). Customer orientation is also confirmed to have a positive impact on service delivery although this is less substantive ($\beta = 0.29$). Explicit communications were also confirmed as having a significant and positive impact on service delivery. Specifically, service training ($\beta = 0.33$) and service direction ($\beta =$ 0.36) are confirmed as antecedents to effective service delivery. The results indicate that 66% of service delivery is explained by the constructs captured in this model.

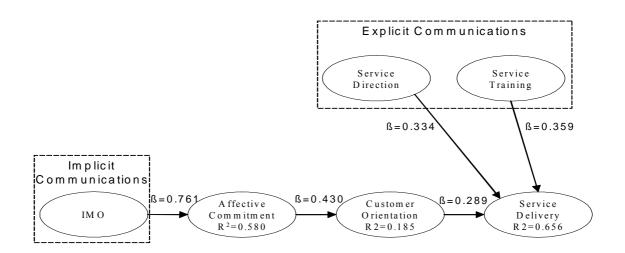


Figure 1: Estimate of Structural Model

In order to more fully explore the mechanism by which implicit communications impact service delivery several competing models were also tested. The aim was to explore and confirm the mediating roles of affective commitment and customer orientation. In model 2 (Figure 3) the direct impact of implicit communications on customer orientation was examined concurrently with the relationship mediated by affective commitment. The results of the analysis suggest that there is no significant direct impact of implicit communications on customer orientation of staff.

In model 3 (Figure 4) the direct impact of affective commitment on service delivery was examined concurrently with the relationship mediated by customer orientation. This reflects arguments in the literature suggesting that committed employees will deliver quality services (e.g. Gronroos, 1992). The results of the analysis suggest that there is no significant direct impact of affective commitment on service delivery and that this relationship is mediated by the impact of employee commitment to the firm on their attitudes towards customers.

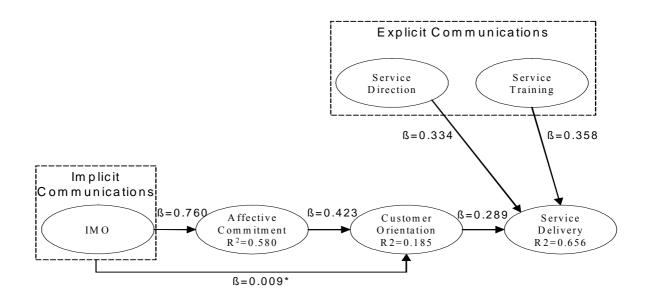


Figure 3: Competing model: examining the mediating role of affective commitment

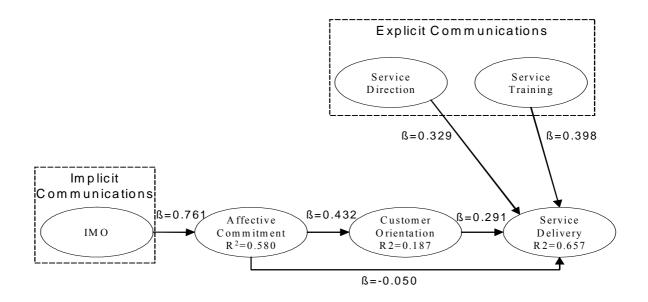


Figure 4: Competing model: examining the mediating role of customer orientation

Discussion

The results of our model estimation illustrate the role of implicit communications (operationalised as internal market orientation) and explicit communications (operationalised as service direction and service training) in creating service delivery in organisations. Specifically, our results suggest that implicit communications influence feelings towards the firm and these in turn lead employees to adopt a customer oriented service philosophy, and engage in quality service delivery.

These findings suggest that organisations should pay particular attention to both implicit and explicit communications that employees receive. Specifically implicit communications, manifest by IMO, need particular attention as the message that employees interpret by observing the behaviour of their managers, may not be that which the organisation intends to communicate to them and may be inconsistent with messages that the organisation communicates explicitly via service directives and training programmes. Such inconsistencies may result in employee cynicism and/or dysfunctional behaviours (Hoogervorst et al., 2004).

Also highlighted in this research is the mechanism by which implicit communications influence

service delivery. We find that implicit communications in the form of internal market orientation has an impact on creating committed employees. In fact, internal market orientation explains nearly 60% of affective commitment. Some service sectors find it particularly hard to keep employees and have a high turnover rate, such as call centres and hospitality (Carbery, Garavan, O'Brien and Joe, 2003; Gilmore and Moreland, 2000) By managing implicit communications through the adoption of an IMO such organisations may be viewed more positively by employees and their commitment to the organisation may increase. The flow on effect of this to customers is evidenced through the employee's attitude toward service and manifest service delivery behaviours. Our results confirm the intuitive logic that when an employee likes their organisation and feel committed to that organisation, they are more likely to develop positive feelings toward them and want to deliver good service to the customer as a result.

Although not specifically tested for our result also provide support for assertions that implicit communications have a role to play in creating an external market orientation for the firm. Customer orientation is one of the dimensions of MO (Narver and Slater, 1990) and the impact of implicit communications in the form of IMO on customer orientation is indicative of the relationship between internal and external market orientations in the services context. This suggests that managers should ensure that they are aware of both the explicitly stated and implicitly understood communications that staff receive.

A limitation of the present study in form of data from a single organization provides, in turn, an opportunity for additional research. Future research can examine data collected from employees belonging to a range of organization to investigate whether the effects found in the present study are conditional on organizational characteristics.

Appendix 1 Items measuring IMO (Lings and Greenley, 2005)

1. In this store management meet with our employees at least once a year to find out what expectations they have of their jobs for the future.

- 2. In this store we have regular staff appraisals in which we discuss what employees want
- 3. In this store management interact directly with our employees to find out how to make them more satisfied.
- 4. In this store we survey our employees at least once a year to assess the quality of employment.
- 5. We often talk with or survey people to identify influences on our employees' behaviour (e.g. Unions, sales representatives, customers).
- 6. In this store we do a lot of internal market research.
- 7. In this store we make changes to what we do when employee feedback indicates that they are dissatisfied with the status quo.
- 8. In this store when we find that employees would like us to modify their conditions of employment, the departments make concerted efforts to do so.
- 9. In this store when we find out that employees are unhappy with our supervision or management, we take corrective action.
- 10. When at work I try to find out my employees' real feelings about their jobs.
- 11. When at work I regularly talk to my staff to find out about their work.
- 12. When at work if I notice one of my employees is acting differently to normal I will try to find out if there is a problem which is causing a change in behaviour.
- 13. When at work I try to find out what employees want from the company.
- 14. In this store I regularly report back to my staff about issues that affect their working environment.
- 15. In this store I regularly meet with all my staff to report about issues relating to the whole organization.
- 16. In this store we have regular staff meetings with employees at all levels attending.

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