

EMPOWERMENT STRATEGIES FOR THE SERVICE SECTOR

* Dr. KIRTI SHIVAKUMAR

Introduction :

About two years ago, we went to a famous restaurant to have lunch. This restaurant was not new, neither was it unknown to us, but we had never been there fearing it might not be hygienic and there maybe a mixing of the food which would have hurt our religious sentiments. After a little bit of prodding from my husband and a lot of persuasion from my nephew, we landed at the restaurant. I was totally surprised and admired the separate kitchens for vegetarian and non-vegetarian food, the place was clean, bustling with life and more than anything service was with a smile. When we placed our order, and I voiced my apprehension to the steward that I was very particular that my food should not be "adulterated" by beef in any form, he very patiently told me that their kitchens were open always and one could see it anytime. I jumped at the opportunity and I was impressed with several things, the quality standards followed, the clean and hygienic cooking and preparation area, the protective aprons, gloves and caps the cooks and their assistants wore, and above all the pride with which they showed me around the kitchen, What was it that made them smile as they worked? What made the steward keep saying MY restaurant instead of OUR restaurant or their restaurant, even though he did not own it? As I savoured the food I knew I would come back not just for the tasty food, but also because of the great service they had.

This paper attempts to explain the empowering strategies in the service sector, as a tool for gaining competitive advantage.

Importance of People in the Service Sector :

In the post-industrial society, service-based work has become a game played among individuals (Bell, 1999), and being innovative in serving customers is a critical growth factor for organizations (Michel, Brown, and Gallan, 2008). As Drucker says "The single most important thing to remember about any enterprise is that there are no results inside its walls. The result of a business is a satisfied customer." Services play an increasingly important role in the economy and in individual organizations. Services are particularly relevant in industries where competitive pressures are forcing companies to find ways to create competitive differentiation. "Services can be tangible acts directed at people's bodies, for example medical procedures, or beauty salons. Or services can be directed at goods and other physical possessions, for example maintenance services. Services can also be intangible acts, for example education, or consulting services."

Marketing a service differs from marketing physical goods. Goods provide benefits because of their physical characteristics. Services are actions and are:

- Performed, not produced
- Experienced - the result of a deed or action
- Intangible - cannot be seen, felt, tasted or touched
- Perishable - cannot be stocked
- Once performed, the service cannot be returned
- Highly dependent on the human element
- Inseparability - the customer is a participant in the service delivery process
- Variability - service delivery quality is dependent on the individual service provider

* PROFESSOR, INSTITUTE OF MANAGEMENT EDUCATION AND RESEARCH, BELGAUM
E-mail : kirtishiv@gmail.com

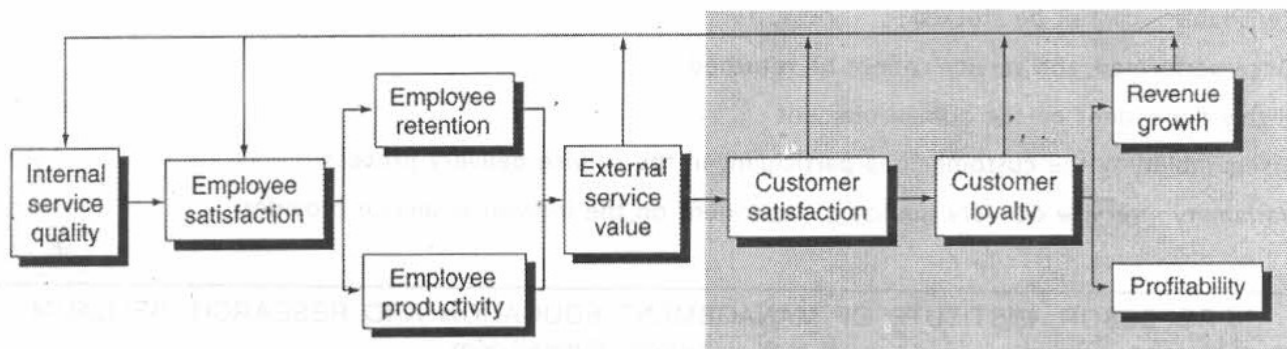
Given the experiential and interactive nature of services and the active role played by service employees, the employees' behaviour strongly influence customers' service experience and organizational success (Walz and Niehoff 2000). Essentially, customer service is what the customer perceives and what is remembered (Beaujean, Davidson, and Madge, 2006; Byrnes, 2005). Furthermore, most negative perceptions of service are primarily formed by customers' worst experiences (Byrnes, 2005). Within that context, it is useful for companies to think of customer service as "the starting point and ending point for any effective account relationship" in which "the key to success is clear thinking about what it feels like to walk in the customer's shoes" (Byrnes, 2005). This demands excellent frontline people who not only give service but who are the service. According to Tony Alessandra "Being on par in terms of price and quality only gets you into the game. Service wins the game." So it follows that the employee is the one who makes the difference. Interactive marketing gains momentum on the strength of the organisation's internal marketing. In many cases, in a service, there is just the employee and nothing else i.e. employee is the service e.g. hair cutting, physical trainers, legal services etc. In cases like restaurants, it is a linkage established between employees that determines the service quality. This means that the service being offered by the business is the employee. Since proportion of tangible and intangible content varies in the service spectrum, investing in the employee is same as investing in the manufacture of a product.

People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the 'individual needs' of the person consuming it. Most of us can think of a situation where the personal service offered by individuals has made or maimed a tour, vacation or a meal at a restaurant. Organisations must remember how to convert a new comer to a loyal customer because people buy from people that they like, so the attitude, skills and appearance of all staff need to be first class. Here are some ways in which people add value to an experience, as part of the marketing mix - training, personal selling and customer service.

Most service organisations have now realised this and have resorted to various methods to motivate employees to deliver quality service. For any organization, employee behavior as a touch point with customers is exceptionally important and a negative experience will cost an organization more than just the opportunity of doing business with an individual.. In service organizations employees are vital part of the services offered to customers and hence, there is a need to ensure that they can proficiently deliver the promises made to customers in all service delivery encounters. Many authors call the service encounters as "moments of truth". So the employees must be trained, motivated and rewarded for displaying behaviour, which makes them ready to go that extra mile. Such behaviour has been described as "Organisational Citizenship Behaviours." Organisational citizenship behaviours are defined as being the many actions taken by employees that are above and beyond their specific job descriptions.

Most managers and researchers emphasize that an organization's most important tool for gaining a competitive advantage is its people and; in order for the firm to attain success employees must be involved and active.

Therefore if a service-based organisation wants to enhance its profitability, employees must be satisfied and trained, and care should be taken that such employees are retained.



Source : An exhibit from J. L. Heskett, T. O. Jones, W. E. Sasser, Jr., and L. A. Schlesinger, "Putting the Service-Profit Chain to Work," Harvard Business Review, March-April 1994, p. 166.

Zeithaml et al (2006:350), defines the role of employees especially those who come in direct contact with the customer. According to them "satisfied employees make satisfied customers" and vice versa, as the customers of the organization are important to their success so also are the employees. This is because of the specific roles employees play in service organizations, as given below:

- Employees are the service - Considering the nature of services "production-consumption-marketing" becomes a simultaneous activity.
- Employees are the organization in the customer's eyes, we don't see the company, and we interact with the frontline employees.
- They are the brand- they are the visible image of the company.
- They are the marketers.

These customer-contact employees according to Zeithaml et al (2006:358) are referred to as boundary spanners. Grönroos (2001:346) also describes the employees as part time marketers of the organization. According to Looy (2003:179), "the simultaneity of services leads to an inherent link between employee's behavior, their motivation, competencies, satisfaction, and commitment."

What is empowerment?

Empowerment has been described as a venue to enable employees make decisions (Bowen & Lawler, 1992) and as a personal experience where individuals take responsibility for their own actions (Pastor, 1996). In order to truly be responsive to customer needs, front-line employees must be empowered to accommodate customer requests and recover on the spot when problems arise. In this context, Empowerment means giving employees the desire, skills, tools and authority to serve the customer. It is important to remember however, that authority alone is not enough. Employees need the knowledge and tools to be able to make decisions on the customer's behalf, and they need incentives that encourage them to make the right decisions. Empowerment provides the opportunity for management to place many decisions and responsibilities in the hands of the employees. Empowered employees can provide streamlined service and offer solutions to customer problems that may, if not resolved, cost the business a sale and a customer.

Empowerment is a concept that links individual strengths and competencies, natural helping systems and proactive behaviour to social policy and social change. In the other words, empowerment links individual and his or her well being to wider social and political environment in which he or she function. Empowerment means engaging employees in the thinking processes of an organization. Involvement means having input. Empowerment means having input that is heard and seriously considered. Empowerment requires a change in an organization culture, but does not mean that top management abdicate their responsibility or authority. Employee empowerment is necessary for the effective functioning of the skill of employee. At Xerox, "Empowerment is, an organizational state, where people are obliged to direct business and understand their performance boundaries, thus it enables them to take responsibility and ownership while seeking improvements, identifying the best course of action and imitative steps to meet customer requirements "

Zeithaml and Bitner (1996) stipulated that many organizations accept that in order to be responsive to customer needs, front-line staff need to be empowered to accommodate customer requests, and to recover on the spot when things go wrong. As companies empower staff to build stronger customer relationship, internal marketing underpins the drive for greater involvement, commitment, and understanding.

Benefits of Employee Empowerment for service based organizations :

Numerous studies have shown that empowerment increases job satisfaction and reduces role stress (Zeithaml, Berry, & Parasuraman, 1988). Singh (1993) found that customer-contact employees experienced less role ambiguity

when their discretionary powers increased. Empowerment led to quicker resolution of customer problems because employees did not waste time referring customer complaints to managers (Rafiq & Ahmed, 1998). Empowerment is highly crucial in situations where customer needs are highly variable, in order to enable employees to customize service delivery. Empowerment also increases the scope and opportunity for customization of service products in comparison to manufactured products.

From various studies and personal experiences, the benefits of empowering employees in service industry may be stated as follows:

- Quicker responses to customer needs during service delivery.
- Quicker responses to dissatisfied customers during service recovery.
- Employees feel better about their jobs and themselves.
- Employees will interact with customers with more warmth and enthusiasm.
- Empowered employees are a source of service ideas.
- Word-of-mouth advertising from customers.

Empowerment of employees in service organizations is a necessity in view of the nature of service itself. Without empowerment in the delivery of intangible-dominant services like banking, employees would be bounded, lacking confidence, creativity that could lead to under-performance during service encounters.

Yeh-Yun Lin (2002:1) ascribes that a major step in transforming an organization is to empower employees to act on the organizational vision. It however does not guarantee success for organizations practicing it.

Empowerment Strategies in service organisations :

According to Kristi Long, empowered employees can help to “improve product quality, to improve the speed of customer response, and to quickly resolve problems and can positively affect the success of the business.”

Stephen R. Covey said , “Always treat your employees exactly as you want them to treat your best customers.” For employee empowerment to work, managements have to focus on some key areas.

Training : Employee empowerment is possible only when the employee understands his role in the organisation. He must be trained to do his role properly. An empowerment programme without training can be likened to a soldier sent to the war front with no weapons or with those weapons he does not know to use. Employees need to be trained on all aspects of business including ‘processes’.

Motivation: Both extrinsic and intrinsic motivators must back an employee’s good performance, however if an employee is empowered to make his own decisions regarding his tasks/work, freedom to move around the organisation – not physical movement and given adequate authority to make certain decisions, these factors would be able to motivate an employee better than just money. Recognition, appreciation and rewards can make an empowerment programme successful. Since the service quality depends on the sum total of individual employees contribution in each service encounter, team motivation is a critical factor.

Communication: Open communication with all company employees is a key to establishing employee empowerment programme

Effective listening: Most bosses tend to hear but not listen. Effective listening is required if the manager has to understand the pulse of his people.

Responding: Just as employees are expected to react quickly to customers, managers must respond quickly to the employees considering his need for support, training, reasonable requests, etc

Self-analysis: Self-analysis refers to understanding the role to be played, the competency required and the need for development, which can be understood only if each employee from top down analyses himself.

Gaining a competitive advantage through Employee Empowerment.

At the Ritz Carlton, employees are called passionate advocates; they exhibit personality traits that hiring managers specifically seek out when recruiting and interviewing candidates. To ensure that interviewees are sincerely positive people, managers use two-part interview questions that weed out those who are insincere. According to Jeff Hargett, the corporate director of learning, content, and delivery at the Ritz-Carlton Leadership Center, "the Ritz empowers and trains the front-line service to resolve conflicts. Part of this entails allowing employees to spend up to \$2,000 per guest per day to "fix" any problems, as well as giving employees ongoing problem-resolution training. They learn things like how to "personalize the resolution to truly delight the individual," and to "let the individual vent."

The Taj provides its employees space and elbowroom for exploring opportunities to emerge as career leaders in a supportive environment through a high potential program in which every executive has a chance to participate. The well designed have an internal mobility process, which allows employees to move freely between functions, hotels and disciplines, and develop their skills as well rounded professionals in an employee self-discovery environment. Opportunities for career choices are multiple and there are possibilities of moving across to other Tata companies for talented professionals.

In his book, "Wake Up Captain and Crew Restart Your Engines!, which provides a comprehensive blueprint for company recovery and revival, Roy Richards says "An appropriate model for employee empowerment might be the highly efficient beehive. In a hive-like environment, enlightened "worker bee" employees perform complex coordinated tasks while receiving minimal intervention from above." Roy Richards, recognized authority on mid-life renewal for individuals and businesses, argues that stagnant enterprises can indeed be revived through employee empowerment but only if leaders first acknowledge then address the pitfalls of incumbent alienation. Without question, any transition to shared decision-making and authentic employee empowerment must begin at the very top. According to him, the CEO first must be willing to delegate significant authority to next-tier executives, who in turn must agree to assign decision rights to subordinates reporting to them. He describes it as a "fresh spring of water running down hill, empowerment soon spreads throughout the company cultivating a renewed spirit of pride, self-awareness and innovation.

Employee Empowerment is the corner stone of the people philosophy of the Southwest Airlines. They have what is called as the Golden Rule "If you live by the Golden Rule, empowering your people do the right thing, how can you go wrong? Southwest management has created a culture where employees are treated as the company's number one asset. The benefits it gives its employees include: profit sharing and empowering employees to make decisions. Perhaps this people policy of the company sums up its seriousness about employee empowerment. "We at Southwest Airlines foster and embrace fun, creativity, individuality, and empowerment. We love our employees. We trust our employees." (West, 2005)

Conclusion :

By increasing the responsibility levels and skill sets of employees, many companies have been able to reduce accidents, waste, unplanned stoppages, quality defects and consumer complaints, and improve productivity. Innovation can thrive when collaboration takes place and collaboration can occur best when teams are empowered. Empowerment alone is not enough as Grönroos (2001:346), puts it empowering cannot function without simultaneously enabling employees so that they are prepared to take the responsibility that goes with the new authority. Enabling means that employees need support to be able to make the independent decisions effectively in the service process.

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