ABSTRACT

This is a large-scale theory-building study of the impact of national culture on firms’ service quality outcomes. Because of the interactive role employees play in service operations, their behaviors often affect the customer’s experience directly. Employee behaviors, in turn, are often a function of the culture in which they are born and raised. This paper examines the extent to which key elements of a nation’s culture impact service operations through employees’ actions. We also examine the extent to which these relationships change in different segments of the same market.

KEYWORDS: Service quality, national culture, differentiated services, services design and delivery

INTRODUCTION

In almost all the countries, majority of the labor force is born and raised in the same country. Indeed, the foreign labor force is estimated to be less than 9% on the average in OECD countries (Source: OECD website). Even in the United States that is a multicultural country, 84% of the workforce is American born and raised (Source: U.S. Bureau of Labor Statistics, 2014). Hence, the majority of the employees (including managers) are brought up by learning their own culture’s norms, beliefs, and values (even in the most developed parts of the world). These norms identify how they think, decide, and determine their actions during their daily lives which include their work. Since services are designed and delivered primarily by the employees of a firm, in this paper, we are interested in understanding the extent of the impact of national culture on the quality outcomes of service firms.
LITERATURE REVIEW

There is a rich literature discussing the impact of culture on customers’ service quality perceptions in the marketing field. It is widely accepted that customer perceptions vary across cultures. Although this has implications on how work is done, it is a distinct construct from the firms’ (employees’) success in delivering better quality of services. In that regard, we adopt the operations view. We acknowledge that the service quality has multiple dimensions which encompass how well work is done according to certain established service standards as well as the customer experience. Another gap in the literature is the lack of discussion of culture in the context of differentiated services. While some studies identify the market segment they investigate (such as luxury hotels, or fast-food business), none attempts to identify whether cultural implications differ between the high and low ends of the same market.

Operations management literature surveys identify cross-cultural research as an important topic. In their extensive review, Prasad and Babbar (2000) identify cultural influences on services as a specific area that still needs to be examined. Roth and Menor (2003) note that “[t]here is an even greater need for understanding and monitoring the customer encounter experience as services expand regionally and globally”; they specifically list cross-cultural issues as a fruitful research direction (p. 158). “In a survey of Fortune 500 firms… 85% of executives stated that they do not think they have an adequate number of global leaders and more than 65% believe that their existing leaders need additional skills and knowledge before they can meet or exceed the challenge of global leadership.” (House et al., 2004, p. 5) Metters and Marucheck (2007) also observe that “the urgency for rigorous study to guide service managers in improving the design, competitiveness, efficiency, and effectiveness of service delivery, both at the firm and industry levels, has never been greater” (p. 196). Following these directions, we lead the way to develop the theory and study the implications of national culture on how services are designed and delivered in this paper.

BACKGROUND THEORY AND HYPOTHESES

Values and norms differ from one culture to the other. Some cultures consider competition as a motivator for success in life. Some others promote a friendly and harmonious lifestyle. For example, in India, restaurants are decorated with golden-colored fabrics and cushions in order to make the customers feel like they are sitting in a palace, and being served as a king. Similarly, the Thai culture encourages creating a visible level difference to identify the more-respectful-people category in a particular environment. Then, in a service situation, such as a stewardess taking orders from the passengers in an aircraft, a Thai stewardess would not hesitate to sit on the floor. Does that necessarily imply a better service quality? In other parts of the world, such as in Nordic countries, equality among the people of the nation is an important value taught children early on. How would such “equality among people” translate into an employee’s engagement with a customer during the delivery of a service?

Another important research question is whether the extent of the impact of cultural values and norms differs across different customer segments. For example, does the impact of “equality among people” remain the same when employees are serving to the low-end and to the high-end customer segments? Or in a culture where high inequality is part of daily life, are all customers treated as kings or only those at the high-end segment?

We are interested in finding whether successful services provision is related to the level of a specific cultural attribute. We aim to establish such empirical relationships, so that firms could emphasize their national culture’s superior attributes and improve on the damaging ones, and maximize success in their service design and delivery systems.
METHODOLOGY

In his seminal work, Hofstede (1980, 2001, 2014) identifies “culture” as a collective program that distinguishes members of one group from others. These cultural groups are originally identified on four dimensions, namely power distance, individualism, masculinity, and uncertainty avoidance. Following Hofstede's footsteps, House et al. (2004) improve and extend this original list into nine cultural dimensions (power distance, uncertainty avoidance, two types of collectivism (vs. individualism), split the original masculinity into assertiveness and gender egalitarianism, and future, performance, and humane orientations) under a collaborative program named GLOBE (Global Leadership and Organizational Behavior Effectiveness). In our study, we use all these dimensions to develop our theory about whether successful services provision is related to the level of one or more of these cultural dimensions.

We choose the airline industry to test our hypotheses since the service standards are very well established. Widely recognized and globally respected ranking firms assess airlines’ service quality based on their frontline staff behavior, service efficiency, tangibles (such as meals and seat comfort), checkin, transfer, and arrival services, and their lounges. We use the ranking firm’s detailed service quality assessments as our dependent variable.

RESULTS

Our results show that cultures with high uncertainty avoidance are less successful in design and delivery of structural and service supply chain operational elements due to the unknown component that comes with each customer in a service situation. We also find that individualistic cultures struggle to achieve high quality in services. Without intervention, service firms of nations that encourage self-identity are less likely to deliver good quality personalized attention and care, and are less likely to provide successful supply chain quality. Our results also provide evidence that future orientation is a critical component when it comes to good quality services. Employees and managers who learn to make decisions that take the future into account are found to design and deliver better quality services.

Our analysis further indicates that there is a significant difference in effect when service providers design and deliver services to two different customer segments. The cultural impact is more pronounced in all of the effects we observe on the service quality outcomes for the differentiated market segments.

Full details of the background theory, hypotheses, methodology, results, and discussions can be found in the full length paper (Yayla-Kullu et al., 2014).

REFERENCES

References available upon request.