

CHAPTER 3

SERVICE QUALITY

3.1 INTRODUCTION

The two separate constructs of “services” and “quality” were analysed in Chapter 2 where “services” was defined with regard to the inherent characteristics of the particular service and “quality” was defined by making use of predominantly a user-based approach. It is also evident from the previous chapter that service quality is a complex and ephemeral concept. It is recognised by businesses that improving service quality is an essential strategy for success and survival in today’s competitive economic environment. It is apparent from the literature that the provision of high service quality enables a company to be competitive and, contributes to their productivity and profitability. It increases cash flow and shareholder value, gives businesses a better chance of success, enhances customer satisfaction, increases the willingness of customers to positively talk about the service provider, decreases customer defection and enhances customer loyalty (Bateson & Hoffman, 2011:326; Baumann *et al.*, 2007; Carr, 2007:107; Carrilat *et al.*, 2009:96; Chen *et al.*, 2009:49; Ehigie, 2006; Kassim & Souiden, 2007; Kelkar, 2010:421; Kersten & Koch, 2010:196; Lee *et al.*, 2007:2; Madhavaram & Hunt, 2008:67; Talib & Rahman, 2010:363; Von Freymann & Cuffe, 2010:406; Wiles, 2007:27; Yoo & Park, 2007:920). The benefits of high service quality also go beyond economic indicators and have a positive social outcome as well, in that it improves communities’ quality of life (Dagger & Sweeney, 2006:12; Lee *et al.*, 2007:2; Young, 2008:4).

Like many businesses, landlords are also being subjected to increased competitive pressures of the changing business environment. Landlords increasingly realised that their tenants should be treated as valued customers and that it is very important that they should meet their needs (Pinder *et al.*, 2003:218). In order to achieve the objective of this research, namely to measure service quality by making use of a service quality model that can be used as a framework to establish the perceptions that small business tenants in

shopping centres hold with regard to the services the landlord provides, it is necessary to have a thorough understanding of the construct of service quality. As it has been established beyond doubt that any quality initiative has to begin with a proper definition followed by suitable measurements, this chapter investigates service quality and how to measure service quality by focusing on service quality models.

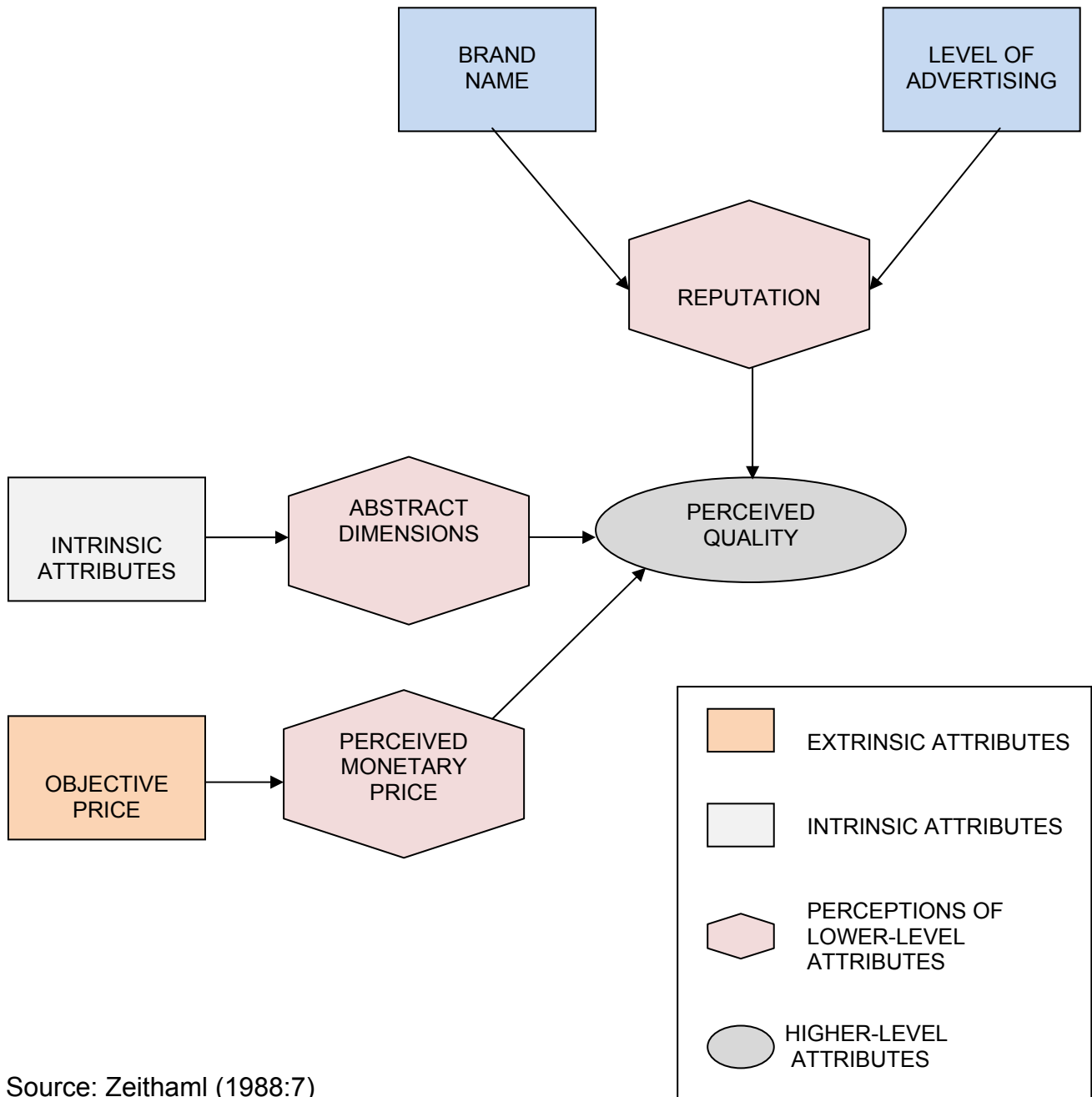
3.2 THE CONCEPT OF PERCEIVED QUALITY

In Chapter 2, reference was made to the difficulty in defining the concept “quality”. The point of view from which many of these definitions were formed is from the so-called “objective quality” perspective. This is a concept used to describe the actual technical superiority or excellence of products and is determined and controlled by the service provider (the product based- and manufacturing based approaches). The judge of quality, however, has always and will always be the customer. The customer judges the quality and his/her perceptions create an image of good or bad quality. This statement is supported by Grönroos (1988), Parasuraman *et al.* (1986), Schneider and White (2004) and Zeithaml (1988) where they express a preference for the concept “perceived quality”. They feel that this will overcome some of the problems and difficulties associated with the “objective quality” approach. The reasoning is that objective quality might possibly not even exist, because those dimensions which are frequently described as objective dimensions of quality are also those elements which are perceived as quality by a person, in other words, a subjective evaluation. What this implies is that, even if quality standards or specifications are set against which the so-called objective quality can be evaluated, these standards are indeed formulated by managers (people) according to their personal perceptions of quality. It can therefore be argued that all quality evaluations in effect are subjective. Parasuraman *et al.* (1986:3) define perceived quality as “the customer’s judgement about a service’s overall excellence or superiority”. Zeithaml (1988:3-4) adds that perceived quality also:

- differs from objective or actual quality;
- has a higher level abstraction rather than a specific attribute of a product;
- is a global assessment that in some cases resembles attitude; and
- is a judgement usually made within a customer’s evoked set.

The factors that influence perceptions of quality are depicted in Figure 3.1.

Figure 3.1: The perceived quality component



Source: Zeithaml (1988:7)

Figure 3.1 above shows that customers' perceptions of quality are influenced by extrinsic attributes (brand name and level of advertising), intrinsic attributes, and perceptions of lower-level attributes (perceived monetary price and reputation).

Services are still regarded by many to be vaguely defined and described, hence it has led many researchers to use perceived quality to describe and define service quality, rather than to attempt to employ objective measures for this purpose.

3.3 SERVICE QUALITY DEFINED

There is general consensus amongst researchers and practitioners that service quality is an elusive and abstract concept that is difficult to define and measure (Bateson & Hoffman, 2011:324; Kasper *et al.*, 2006:175; Kotler & Armstrong, 2010:272; Parasuraman *et al.*, 1985:41; Sower, 2011:8). What is also apparent, is the fact that increases in quality have numerous benefits and can have a dramatic impact on a business's survival (Bateson & Hoffman, 2011:326; Baumann *et al.*, 2007; Ehigie, 2006; Hollensen, 2010:395; Kasper *et al.*, 2006:176; Kassim & Souiden, 2007; Kelkar, 2010:421; Madhavaram & Hunt, 2008:67; Talib & Rahman, 2010:363; Von Freymann & Cuffe, 2010:406, Wiles, 2007:27). It is mainly for this reason that ongoing research and much debate is done in the field of service quality and in service quality measurement. The debate revolves mainly around two competing perspectives, termed the Nordic (Scandinavian or European) and the American schools. The Nordic school defines service quality using overall categorical terms that include the aspects of technical- and functional quality. The American school on the other hand, uses descriptive terms and includes *inter alia* the five dimensions of reliability, responsiveness, assurance, empathy, and tangibles (Brady & Cronin, 2001:44; Pollack, 2009:42). Although both schools of thought highlight important aspects of service quality, it still seems from the literature that there is no consensus that these definitions fully capture the essence of the construct. For this reason, it is important to review several different perspectives, both old and new, and from several different conceptual and empirical approaches.

Definitions of service quality in the literature focus primarily on meeting customers' needs and requirements and how well the delivered service meets customers' expectations (Bateson & Hoffman, 2011:327; Berry *et al.*, 1985:46; Grönroos, 1984:36; Kasper *et al.*, 2006:183; Yoo & Park, 2007:912; Zeithaml, Parasuraman & Berry, 1990:2). These definitions are in line with the user-based approach discussed in section 2.4.1.3. Differences between expected and perceived performances give rise to disconfirmation, which can be either positive or negative. This is often termed the "disconfirmation

paradigm'. Expectations in this context are based on individual norms, values, wishes and needs and are therefore very individualistic (Kasper *et al.*, 2006:184). Customer expectations are beliefs about the service that serve as standards or reference points against which quality is judged (Wilson *et al.*, 2008:155). Whether or not these expectations are met by the service provider will have a crucial bearing on their perceived service quality (Bateson & Hoffman, 2011:327; Kasper *et al.*, 2006:183). It should be noted though, that the expectations between two individuals are not necessarily identical, even if the service delivery is absolutely identical. The perceived service quality of the service is therefore also not necessarily identical (Kasper *et al.*, 2006:184). Changing personal circumstances such as income levels, educational achievement or increasing aspiration levels may also change an individual's expectations over time.

Expectations are also affected by the interaction of a person with for instance, the media, the service provider, other customers, and observation of specific situations (Kasper *et al.*, 2006:184). In relation to the services provided by the landlord to small business tenants in shopping centres, these "personal circumstances" mentioned above, may play a minor role in the perceived service quality the small business tenants receive from their landlords. The small business tenants' circumstances, experiences and needs may be quite similar to one another. They are all leasing from the same landlord and are all "small" businesses with their own unique needs and challenges.

Grönroos (1984:36; 1988:10) was amongst the first researchers that call for conceptual models of service quality in order to understand the concept better. He believes that these models will show how the quality of services is perceived by customers. He argues that it will subsequently be possible for the service provider to manage perceived service quality evaluations by customers if they understand how the services will be evaluated by them. Conceptual service quality models can be very useful as they provide an overview of the factors which have the potential to influence the service quality of a business and to identify quality shortfalls (Ghobadian, Speller & Jones, 1993:56; Philip & Hazlett, 1997:263; Seth, Deshmukh & Vrat, 2005:914). A model will attempt to show the relationship that exists between prominent variables and can be seen as a simplified description of the reality (Ghobadian *et al.*, 1993:56; Seth *et al.*, 2005:914). Over the past approximately 15 years, at least 30 industry-specific scales and models of service quality

have been published in the literature on service quality (Ladhari, 2008:65). These conceptual models and scales were used by several authors in an attempt to define and describe service quality, including, among others, Abdullah, Suhaimi, Saban and Hamali (2011), Boulding *et al.* (1993), Brady and Cronin (2001), Cronin and Taylor (1992), Dabholkar *et al.* (2000), Gaster and Squires (2003), Grönroos (1984, 1988), Haywood-Farmer (1988), Kang and James (2004), Lehtinen and Lethinen (1991), Parasuraman *et al.* (1985, 1986, 1988), Parasuraman, Berry and Zeithaml (1991a), Parasuraman, Zeithaml and Malhotra (2005), Rust and Oliver (1994), Philip and Hazlett (1997), Rust Zahorik and Keiningham (1995), Santos (2003), Senthilkumar and Arulraj (2011), Speller and Ghobadian (1993b), Zeithaml, Parasuraman and Malhotra (2002) and Zhu, Wymer and Chen (2002). A more in-depth analysis of several of these models is necessary and thirteen of these models will be investigated next.

3.4 A REVIEW OF SELECTED SERVICE QUALITY MODELS

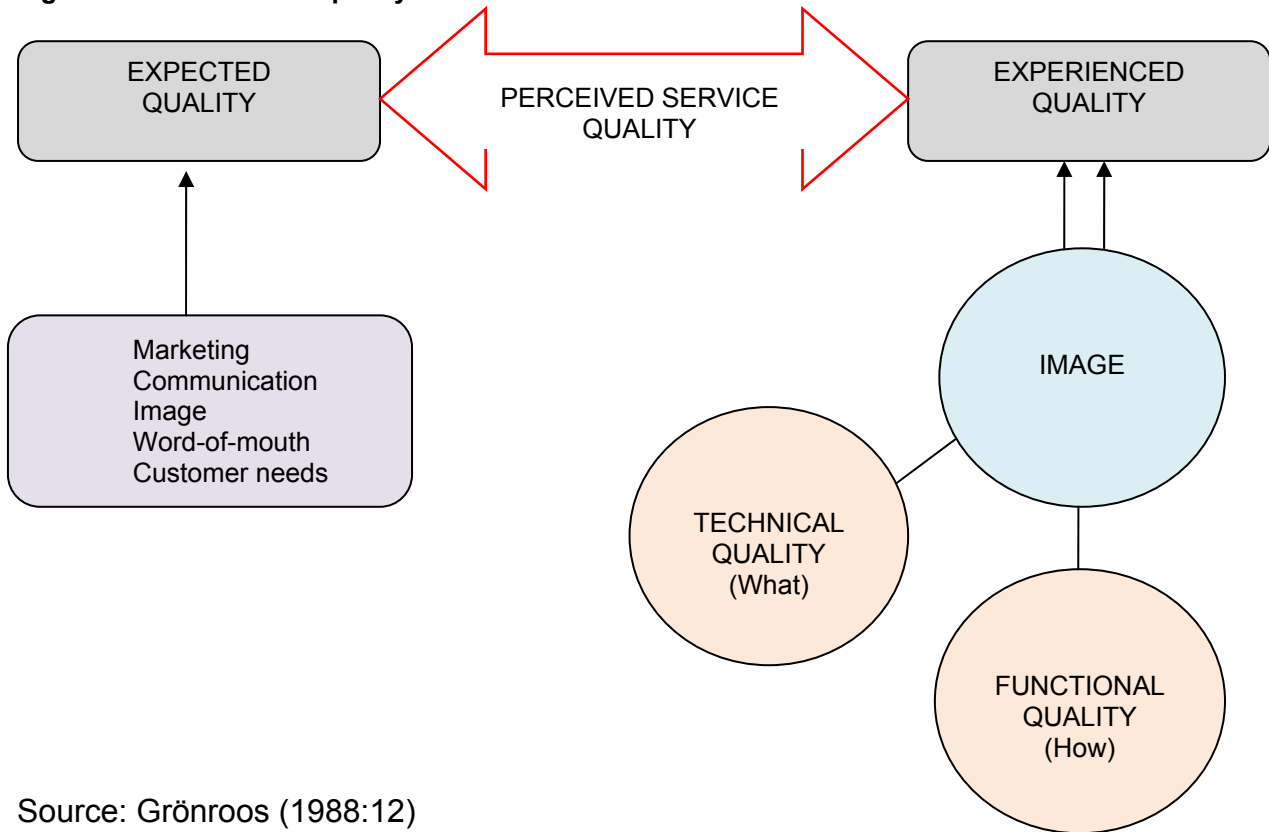
As mentioned, the difficulty of defining and conceptualising the service quality construct has compelled researchers to develop models for better comprehension of this phenomenon. In this section, some of the attempts to propose models of service quality will be reviewed briefly.

3.4.1 The Grönroos service quality model

Grönroos (1984:36), one of the leaders in the Nordic school of thought with regard to the service literature, states that a proper conceptualisation of service quality should be customer-based (Grönroos, 1984:36). The customer's perceptions of service quality are therefore the main feature in his service quality model and secondly, the determinants of what influence service quality are also included. The model emphasises (see Figure 3.2) that the interaction between the buyer and seller in a service setting is as important as the eventual outcome. The basic principle in his model is that service quality is dependent on the comparison of two variables: the expected service from customers and the actual service as perceived by them (Grönroos, 1984:36). The outcome of this comparison process will then be the perceived quality of the service (Figure 3.2 on the next page illustrates this model). It should be noted however, that this model measures service

quality through performance scores only after recognising the difficulties in making independent measurements of customer's expectations.

Figure 3.2: The service quality model of Grönroos



Source: Grönroos (1988:12)

Grönroos (1988:11) suggests that performance evaluations comprise of two dimensions, namely a technical or outcomes dimension and a functional or process-related dimension. It will not only be the outcome of a service (technical dimension), but also the manner in which a service is performed (functional dimension) that exert an influence on the customers' perception of a service, although the latter will be based on a rather subjective evaluation. The outcome (technical dimension) of a service can normally, but by no means always, be measured by the customer in an objective manner. An example of the technical dimension of the service production process relating to landlord-small business tenant relationship in shopping centres might be the issuing of lease statements to tenants. In this context possible measures of service quality include the level of accuracy with which the data is captured and the timely manner of the process.

According to Grönroos' (1988:11) view, the tenants' perception of overall quality in this regard can also be influenced by the way in which the technical quality, the end result of the process, is offered to them. The lease statements that tenants for instance receive can also be judged by the tenants in relation to the format or ease of understanding of it. The way in which the landlord reacts and behaves if tenants have queries about their statements can also be regarded as part of the functional performance of the service. The technical service provided by the landlord can therefore be similar between several shopping centres but the functional quality (the manner in which the service is performed) is what gives the competitive edge.

Figure 3.2 also shows that Grönroos (1984:39) believes that a third dimension, namely a firm's corporate image, exerts an influence on perceived service quality. Several factors can influence this image, like the technical and functional quality, price, external communications, physical location, appearance of the site and the competence and behaviour of service firms' employees (Ghobadian *et al.*, 1993:51). Grönroos (1984:40) also points out that, if a customer has a positive image of a business (because of one or more of the abovementioned reasons for instance) the customer will tend to find excuses for negative technical or functional quality. If the negative experience with quality however, continues, that person's image of the service provider will deteriorate. In the same way, a negative image may easily increase perceived problems with service quality. In the case of service quality perception, the service provider's image can be regarded as a filter (Grönroos, 1984:43; 1988:12).

It is important to note that these various quality dimensions are interrelated (Grönroos, 1984:43). It can be argued that acceptable technical quality can be thought of as a prerequisite for successful functional quality. Grönroos (1984:41) found that, as long as the technical quality dimension is at least satisfactory, functional quality is more important to overall perceived service quality. Where there is no technical quality to talk of however, functional quality alone will not be able to compensate for this (Czepiel, Solomon, Surprenant & Gutman, 1985:13). Functional quality can however not be affected by the satisfaction with the technical service quality (Czepiel *et al.*, 1985:13).

Later, Grönroos (1988:13) adds to the model by including six criteria of good perceived service quality, based on previous empirical and conceptual research and existing knowledge on how service quality is perceived. He classifies each of these six criteria into his three-dimensional service quality model. The first of these criteria, professionalism and skills, is outcomes-related and is therefore a technical quality dimension. The last criterion, reputation and credibility, is image related and will fulfil a filtering function. The other four criteria, namely attitudes and behaviour, accessibility and flexibility, reliability and trustworthiness, and recovery, are all process-related and represent therefore the functional quality dimension (Grönroos, 1988:13).

Many aspects of the model proposed by Grönroos (1984; 1988) have been generally accepted, especially the way in which customers perceive quality. The model has been applied by *inter alia* Kang and James (2004) and Lasser, Manolis and Windsor (2002). There is however, some criticism on the model, especially with regard to three aspects. Bernardt and Shostack (in George & Gibson, 1988:4) argue firstly, that the dimensions of technical and functional quality do not describe all the elements of a service adequately. Secondly, they believe that neither of the two dimensions should enjoy preference over the other. Their third concern is that, because the model is based primarily on services in which human interaction takes place, it will not be able to adequately accommodate services in which physical and technological elements play an important role.

With regard to this research study, it can be concluded that image as proposed by Grönroos (1984; 1988) will not play an important role in the landlord-small business relationship in shopping centres. Small business tenants may initially consider image when they choose a location for their business, but after that, image will not play a significant role in their perceived service quality. If the image of the shopping centre as a whole deteriorates in future and influence their businesses negatively, the tenants may choose to relocate to another shopping centre.

3.4.2 The SERVQUAL model of service quality

It is rare to read through a service quality research article or text book without any mention of the SERVQUAL model of Parasuraman, Zeithaml and Berry (1986). SERVQUAL is

without a doubt the most widely used and tested method to measure customers' perceptions of service quality (Bateson & Hoffman, 2011:334; Carrillat, Jaramillo & Mulki, 2007:473; Chau & Kao, 2009:109; Gilmore & McMullan, 2009:646; Kang *et al.*, 2002:280; Kasper *et al.*, 2006:188; Kueh & Voon, 2007:659; Ladhari, 2008:67). It has been widely cited in the marketing and retailing literature and its use in industry has also been widespread.

The SERVQUAL scale was developed following procedures recommended for developing valid and reliable measures of marketing constructs (Asubonteng, McCleary & Swan, 1996:64; Brown, Churchill & Peter, 1993:129). The article in 1985 that set the scene for SERVQUAL, conceptualised service quality as a gap between customers' expectations and perceptions (Parasuraman *et al.*, 1985). They conducted an exploratory study to investigate the concept of service quality. Interviews with business executives from four different service industries were conducted and these interviews led them to conclude that there are discrepancies (gaps) between what management believes service quality constitutes and what customers believe service quality is. This set of gaps was seen as the major obstacles in attempting to deliver a service which customers perceive as being of high quality (Parasuraman *et al.*, 1985:44). These gaps are illustrated in Figure 3.3 on the next page.

Gap 1: Customer expectation – management perception gap

There are inconsistencies between customer expectations and management perceptions of those expectations. Managers of service organisations may not always understand what features indicate high quality to customers, what features a service must have in order to meet customers' needs, and what the level of performance on those features should be to deliver high quality service. As a result, customers' service quality perceptions may be affected (Parasuraman *et al.*, 1985:44).

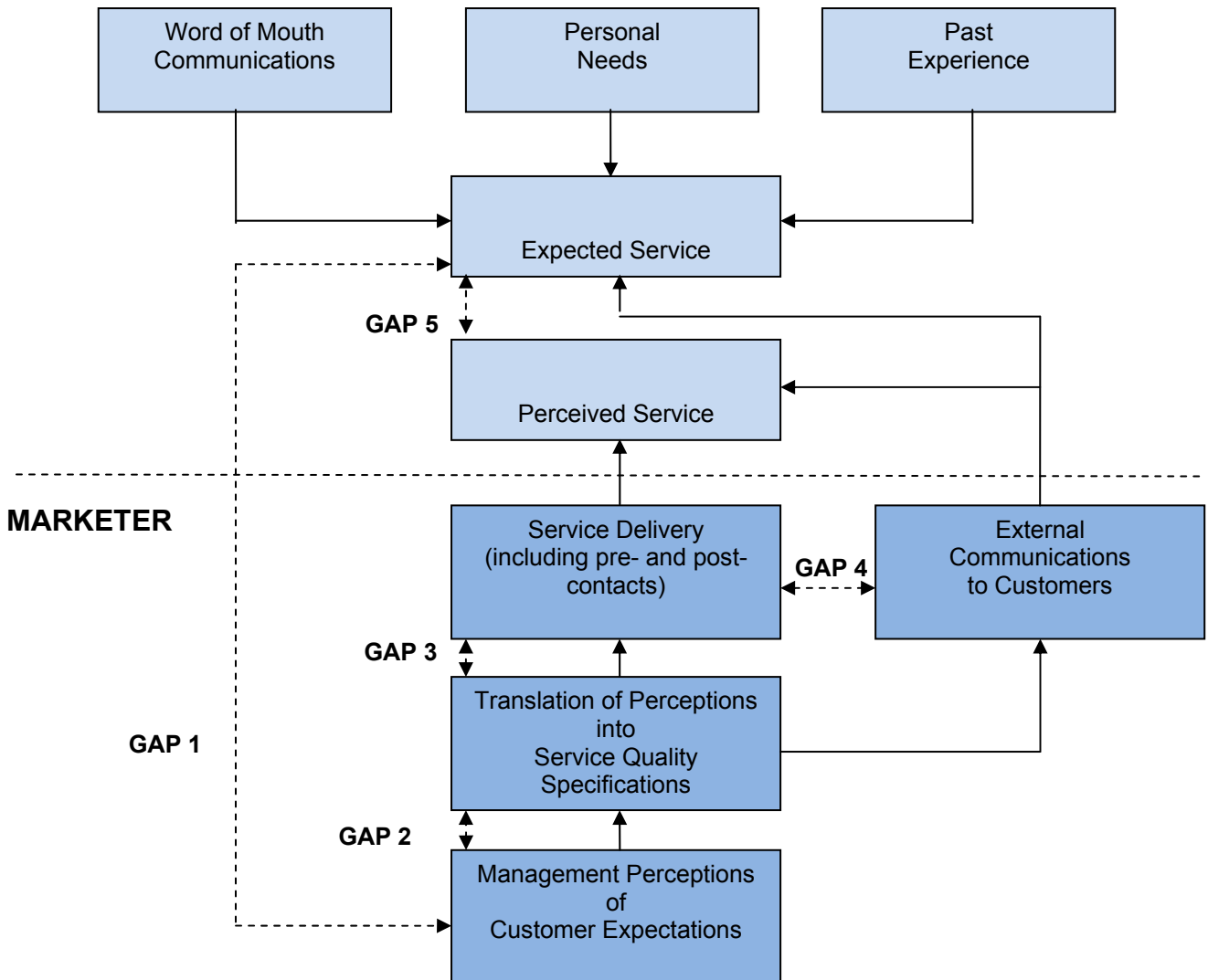
Gap 2: Management perceptions – service quality specification gap

The gap between management perceptions of customer expectations and the actual specifications established for a service may occur as a result of resource constraints,

market conditions and a lack of management commitment to service quality. This discrepancy may affect the service quality perceptions of customers (Parasuraman *et al.*, 1985:44).

Figure 3.3: Service quality – identification of gaps

CUSTOMER



Source: Parasuraman *et al.* (1985:44)

Gap 3: Service quality specifications – service delivery gap

Although firms may have formal standards or specifications for maintaining service quality, it may be difficult to adhere to these standards because of variability in employee

performance (Parasuraman *et al.*, 1985:45). This will affect service quality from the customer's point of view.

Gap 4: Service delivery – external communications gap

This gap in the discrepancies between service delivery and what the organisation promises through external communications and/or the absence of information about service delivery aspects may affect customer perceptions of service quality (Parasuraman *et al.*, 1985:46).

Gap 5: Expected service – perceived service gap

Gap 5, the most important gap, can be regarded as a function of the first four gaps and Parasuraman *et al.* (1985:46) argue that there is indeed a relationship between Gap 5 and the first four gaps. The quality that a customer perceives in a service is a function of the magnitude and direction of the gap between expected service and perceived service (Parasuraman *et al.*, 1985:46).

In order to manage service quality, it will therefore be important to manage the gaps that exist between expectations and perceptions on the part of management, employers and customers (Zeithaml & Bitner, 2003:25). By referring to the gap model (see Figure 3.3) the service provider should close Gap 5, but in order to do so, the four other gaps that inhibit delivery of quality service within the organisation should be closed (Bateson & Hoffman, 2011:328; Lau, Akbar & Fie, 2005:48).

Since service quality is considered as a multi-dimensional construct, Parasuraman *et al.* (1985:46-47) also identified ten key service dimensions (see Table 3.1 on the next page). They recognised that regardless of the type of service, customers basically use similar criteria in evaluating service quality.

Table 3.1 is presented on the next page.

Table 3.1: Determinants of service quality

Determinant	Example of evaluative criteria
Tangibility	Appearance of physical facilities and personnel
Reliability	Performing services right the first time
Responsiveness	Willingness and ability to provide prompt service
Communication	Explaining service to customers in a language they can understand
Credibility	Trustworthiness of customer-contact personnel
Security	Confidentiality of transactions
Competence	Knowledge and skill of customer-contact personnel
Courtesy	Friendliness of customer-contact personnel
Understanding/ Knowing customers	Making an effort to ascertain a customer's specific requirements
Access	Ease of contacting service

Source: Parasuraman *et al.* (1986:6-7)

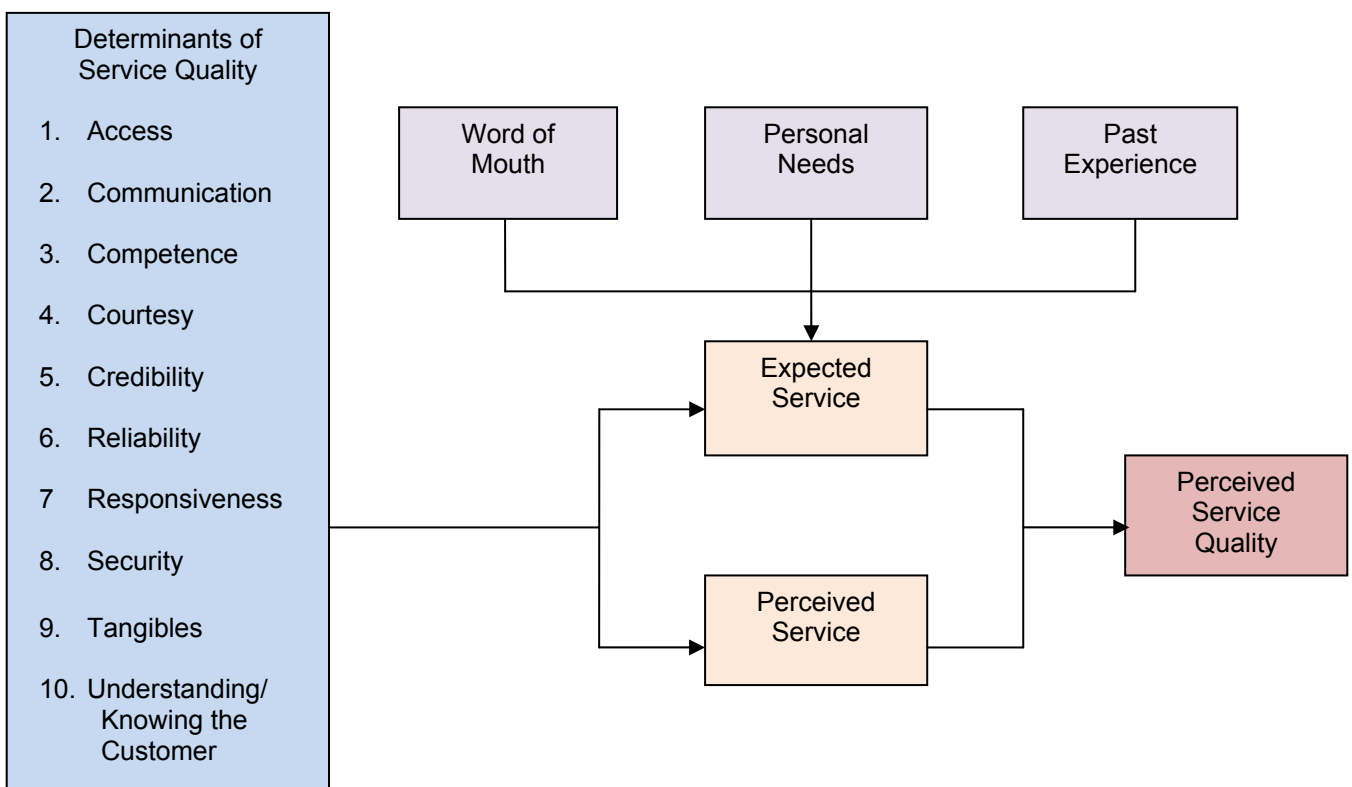
As seen in Table 3.1, only two of the determinants, namely tangibles and credibility, can be known in advance of purchase, thereby indicating that the number of search properties is few. Access, courtesy, reliability, responsiveness, understanding/knowing the customer and communication are seen as experience properties and was mentioned by most of the participants in the study. Only when the customer is purchasing or consuming the service, can each of these properties be known to them. (Parasuraman *et al.*, 1985:48). It was also noted that two of the determinants that surfaced in the focus group interviews will most likely fall into the category of credence properties (properties that customers cannot evaluate even after purchase and consumption). These include competence (the possession of the required skills and knowledge to perform the service) and security (freedom from danger, risk or doubt). Parasuraman *et al.* (1985:48) indicate that customers will typically rely on experience properties when evaluating service quality because credence properties are too difficult to evaluate and only a few search properties exist with services.

With insights from their study, Parasuraman *et al.* (1985:48) state that perceived service quality can be positioned along a continuum ranging from ideal quality to totally unacceptable quality. Satisfactory quality will lie at some point along this continuum. Where a customer's perception of service quality will be positioned on this continuum depends on the nature of the discrepancy between the expected service (ES) and perceived service (PS):

- when $ES > PS$, perceived quality is less than satisfactory and tends toward totally unacceptable quality, with an increased discrepancy between ES and PS;
- when $ES = PS$, perceived quality is satisfactory;
- when $ES < PS$, perceived quality is more than satisfactory and tends toward ideal quality, with an increased discrepancy between ES and PS (Parasuraman *et al.*, 1985:48).

Figure 3.4 below illustrates that perceived service quality is the result of the customer's comparison between the expected service and the perceived service.

Figure 3.4: Determinants of perceived service quality



Source: Parasuraman *et al.* (1985:48)

Parasuraman *et al.* (1988) have refined their exploratory research done in 1985 with the subsequent scale named SERVQUAL for measuring customers' perceptions of service quality. The original ten dimensions as identified by them in 1985 were collapsed into five dimensions, namely **reliability**, **responsiveness**, **assurance**, **tangibles** (tangibles include the original communication, competence, credibility, courtesy and security) and **empathy** (which includes the original access and understanding/knowing the customers).

The refined determinants of service quality are shown in Table 3.2 and will be briefly discussed below the table.

Table 3.2: Refined determinants of service quality

Determinant	Examples of evaluative criteria
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 convey trust and confidence
Tangibility	Appearance of physical facilities, equipment, written materials and personnel
Empathy	Caring, individualised attention the firm provides its customers

Source: Parasuraman *et al.* (1986:14-15)

Reliability: delivering on promises. This dimension is consistently shown to be the most important determinant of perceptions of service quality (Wilson *et al.*, 2008:85). This dimension includes the consistency in which service promises are met which could include keeping schedules or appointment times, completing tasks on time, and ensuring that outcomes are met.

Responsiveness: being willing to help. This dimension emphasises the attentiveness and promptness in dealing with customer requests, questions, complaints and problems. This includes the length of time a customer has to wait for assistance, answers to questions or attention to problems. Notion of flexibility and ability to customise the service to customer needs. Reflect customer's point of view, not companies (Wilson *et al.*, 2008:85).

Assurance: inspiring trust and confidence. This dimension is important when customers perceive services as high risk or feel uncertain about their ability to evaluate outcomes. The company has to seek to build trust and loyalty between key contact people and customers (Wilson *et al.*, 2008:86).

Tangibles: representing the service physically. Companies should provide physical representations or images of their service that customers will use to evaluate quality, to enhance image, provide continuity and signal quality. Most companies would however, combine this dimension with another dimension to create a service quality strategy (Wilson *et al.*, 2008:86).

Empathy: treating customers as individuals. Customers are unique and special and it is important that their needs are understood. Every customer wants to feel important and understood by firms that provide a specific service. It would be a good strategy for businesses to know their customers by name and build relationships that reflect their personal knowledge of their requirements and preferences. In cases where a small firm has to compete with larger firms, the ability to be empathetic to their customers may give the small firm a definite advantage. In business to business firms, customers want firms to understand their industries and issues (Wilson *et al.*, 2008:86). This dimension is especially important for small business tenants in shopping centres. Due to the perception that landlords favour larger well-established anchor tenants, small business tenants may often feel neglected and left-out. It would then mean a lot to the small tenant if landlords would pay attention to this dimension.

Although SERVQUAL has only five distinct dimensions, these dimensions capture facets of all original ten dimensions of the conceptual service quality domain with which the scale development began (Parasuraman *et al.*, 1986:15). The scale was first published in 1988 but has undergone numerous improvements and revisions since then. In 1991 the word “should” was replaced by “would” and in 1994 the total number of items was reduced to 22. They proposed that service expectations exist at two different levels, namely desired service and adequate service that customers use as comparison standards in assessing

service quality. Desired service is the level of service representing a blend of what customers believe “can be” and “should be” provided and, adequate service is the minimum level of service customers are willing to accept. SERVQUAL currently contains 21 perception items and a series of expectation items that reflect the five service quality dimensions described in Table 3.3 on the next page (Wilson *et al.* 2008:132). Referring to Table 3.3, for actual survey respondents, instructions are also included, and within each dimension, each statement is accompanied by a seven-point scale ranging from “strongly agree” (7) to “strongly disagree” (1). Only the end points of the scale are labelled; there are no words above the numbers 2 through 6. For some of the expectation questions, the scale ranges from 1 (lowest) through 9 (highest).

According to Wilson *et al.* (2008:132) the survey data gathered through the SERVQUAL survey can be used for a variety of purposes, namely:

- to determine the average gap score (between customers’ perceptions and expectations) for each service attribute;
- to assess a company’s service quality along each of the five SERVQUAL dimensions;
- to track customers’ expectations and perceptions (on individual service attributes and/or on the SERVQUAL dimensions) over time;
- to compare a company’s SERVQUAL scores against those of competitors;
- to identify and examine customer segments that differ significantly in their assessments of a company’s service performance; and
- to assess internal service quality (that is, the quality of service rendered by one department or division of a company to others within the same company).

Table 3.3 is presented on the next page.

Table 3.3: The SERVQUAL scale



PERCEPTIONS

Reliability

- When XYZ company promises to do something by a certain time, they will do so.
- When you have a problem, XYZ company shows a sincere interest in solving it.
- XYZ company performs the service right the first time.
- XYZ company provides its services at the time it promises to do so.
- XYZ company insists on error-free records.

Responsiveness

- XYZ company keeps customers informed about when services will be performed.
- Employees in XYZ company give you prompt service.
- Employees in XYZ company are always willing to help you.
- Employees in XYZ company are never too busy to respond to your request.

Assurance

- The behaviour of employees in XYZ company instils confidence in you.
- You feel safe in your transactions with XYZ company.
- Employees in XYZ company are consistently courteous with you.
- Employees in XYZ company have the knowledge to answer your questions.

Empathy

- XYZ company gives you individual attention.
- XYZ company has employees who give you personal attention.
- Employees of XYZ company understand your specific needs.
- XYZ company has operating hours that are convenient to all its customers.

Tangibles

- XYZ company has modern-looking equipment.
- XYZ company's physical facilities are visually appealing.
- XYZ company's employees appear neat in appearance.
- Material associated with the service (pamphlets or statements) are visually appealing.

EXPECTATIONS

- When customers have a problem, excellent firms will show a sincere interest in solving it.
- Considering a "world class" company to be a 7, how would you rate XYZ company's performance on the following service features
 - Sincere, interested employees
 - Service delivered right the first time
- Compared with the level of service you expect from an excellent company, how would you rate XYZ company's performance on the following:
 - Sincere, interested employees
 - Service delivered right the first time
- For each of the following statements, circle the number that indicates how XYZ company's service compares with the level you expect:
 - Prompt service
 - Courteous employees
- For each of the following statements, circle the number that indicates how XYZ company's performance compares with your minimum service level and with your desired service level.
 - When it comes to...
 - Prompt service
 - Employees who are consistently courteous

Source: Wilson *et al.* (2008:133-134).

From the literature on SERVQUAL so far, it seems as if it will be possible to use the SERVQUAL instrument to assess the landlord's service quality to small business tenants along each of the five dimensions. SERVQUAL can also be used to compare one landlord's SERVQUAL scores against those of other shopping centres that will be part of this study.

As mentioned before, SERVQUAL has been used to measure perceived service quality of customers in a variety of service industries. Although several of these researchers have modified the SERVQUAL dimensions to fit their research purposes and the specific service industry they have conducted the study in, numerous recent empirical studies have applied this instrument/modification of it successfully in a variety of industries. These include studies in healthcare services (Arasli, Ekiz & Katirciogly, 2008; Chaniotakis & Lymperopoulos, 2009; Dagger, Sweeney & Johnson, 2007; Etgar & Fuchs, 2009; Lin, Sheu, Pai, Bair, Hung, Yeh & Chou, 2009; Ramsaran-Fowdar, 2008; Rashid & Jusoff, 2009; Rohini & Mahadevappa, 2006; Vinagre & Neves, 2008; Wicks & Chin, 2008), non profit organisations (Haley & Grant, 2011), mobile communication services (Kung, Yan & Lai, 2009; Lai, Hutchinson, Li & Bai, 2007; Negi, 2009; Rahman, 2006), the fast food industry (Bougoure & Neu, 2010), the public service sector (Agus, Barker & Kandampully, 2007), the banking sector (Kumar, Kee & Charles, 2010; Kumar, Kee & Manshor, 2009; Nadiri, Kandampully & Hussain, 2009; Petridou, Spathis, Glaveli & Liassides, 2007), the restaurant industry (Kueh & Voon, 2007), the hotel industry (Ramsaran-Fodar, 2007), the computer software industry (Dos Santos, De Oliveira & Da Silva, 2009), the information technology industry (Roses, Hoppen & Henrique, 2009), higher education (Chatterjee, Ghosh & Bandyopadhyay, 2009), professional sports (Theodorakis, Alexandris & Ko, 2011), the automobile service sector (Saravanan & Rao, 2007), call centres (Ramseook-Munhurrun, Naidoo & Lukea-Bhiwajee, 2009), the tourism industry (Kvist & Klefsjö, 2006), the insurance industry (Tsoukatos & Rand, 2006) and the airline industry (Chau & Kao, 2009).

Since its inception, SERVQUAL was however, not without its fair share of criticism. A major criticism is the problem of measuring expectations (Carman, 1990; Cronin & Taylor, 1992; Gilmore & McMullan, 2009:645; McDougal & Levesque, 1994). Some researchers (Juga, Juntunen & Grant, 2010; Ladhari, 2009a; McDougal & Levesque, 1994) for

instance, think that measuring expectations is unnecessary and that measuring perceptions of outcomes should be enough. Grönroos (in Wilson *et al.*, 2008:133) suggests three problems when measuring comparisons between expectations and experiences over a number of attributes.

- If expectations are measured after the service experience has taken place, which frequently happens for practical reasons, then what is measured is not really expectation but something which has been influenced by the service experience.
- It may not make sense to measure expectations prior to the service experience either, because the expectations that exist before a service is delivered may not be the same as the factors that a person uses when evaluating their experiences.
- A customer's view of their experience in a service encounter is influenced by their prior expectations. Consequently, if expectations are measured and then experiences are measured, then the measures are not independent of each other and the expectations are actually being measured twice.

The pairs of statements in the SERVQUAL questionnaire, designed to capture responses on both expectations and perceptions, make the questionnaire relatively complicated. Where he uses SERVQUAL to assess customer satisfaction within public sector services, there is subjective evidence in his study that some customers were discouraged from completing the questionnaire because of its apparent length and complexity (Wisniewski, 2001:386).

Ladhari (2009a) found the five dimensions of SERVQUAL to be useful and applicable to the Canadian banking industry, but decided that measuring clients' expectations of service quality is not useful and therefore measures only the perceptions of service quality in his study. Likewise, Theodorakis, Kambitis, Laios and Koustelios (2001) developed the SPORTSERV scale (a modified SERVQUAL scale) to assess only the perceptions of service quality among sport spectators and not their expectations as well. Etgar and Fuchs (2009) also measure service quality perceptions only in their study in healthcare services. Other recent studies where only perceptions of service quality were used are those of

Andaleeb and Conway (2006), Jain and Gupta (2004), Olorunniwo *et al.* (2006) and Qin, Prybutok and Zhao (2010).

With regard to the current study, it will also not be considered to give the small business tenants two questionnaires that will represent expected quality and perceived service quality. Two questionnaires will be time-consuming and clumsy and the feeling is that fewer small business tenants would as a consequence, be prepared to take part in the study.

Another general critique is that the dimensions used in the SERVQUAL instrument are not appropriate for all service offerings and need to be contextualised to reflect different service activities (Babakus & Boller, 1992; Carman, 1990). In recent research studies, Kumar *et al.* (2010) and Lai *et al.* (2007) add one dimension (convenience) to the original five dimensions. Kumar *et al.* (2009) only kept two original dimensions (tangibility and reliability) and added competence and convenience in their study of service quality in banks. Saravanan and Rao (2007) made use of six dimensions of which only one (tangibles) was retained. Ramsaran-Fodar (2007) and Negi (2009) found the five original dimensions useful but added another two to their studies. From SERVQUAL's inception however, Parasuraman *et al.* (1988:31) have indicated that it may be necessary to add or delete dimensions from the SERVQUAL scale to suit particular service industries. The original dimensions however, do provide a valuable starting point for the development of an appropriate tool.

3.4.3 Performance only model of Cronin and Taylor (SERVPERF)

One of the better known alternatives to SERVQUAL is the SERVPERF instrument, (Cronin & Taylor, 1992) which measures experiences only and does not ask respondents about expectations. As a result, SERVPERF uses only the perceptions part of the SERVQUAL scale. They argue that service quality is better predicted by perceptions of actual service received only and not as the difference between perceptions and expectations as suggested by Parasuraman *et al.* (1988). Experiences are measured over a range of attributes that was developed to describe the service as conclusively as possible. Although

Cronin and Taylor (1992) do not disagree with the definitions of service quality that regard it as the difference between expectations and the perceptions of customers, they do differ in the manner in which to measure perceptions of such services. They maintained that performance instead of “performance-expectation” determines service quality and they reason further that customer expectations are built into the performance and is therefore not necessary to measure it separately (Kelkar, 2010:424).

Carrillat *et al.* (2007:473) state that both SERVQUAL and SERVPERF received an equal amount of citations during the last several years. Nevertheless, although SERVPERF gained popularity, it has not reduced SERVQUAL’s usage among researchers. In their study Carrillat *et al.* (2007:485) found that both SERVQUAL and SERVPERF scales are adequate and equally valid predictors of overall service quality although they admit that the SERVQUAL scale would have greater interest for practitioners. Andronikidis and Bellou (2010:579) found that SERVPERF is both theoretically and empirically superior to SERVQUAL. Jain and Gupta (2004) concur with this finding. In their study in the fast food restaurant industry in India, they found that SERVPERF is capable of providing a more convergent and discriminant valid explanation of the service quality construct. They also found that it to be the most economical measure of service quality and is capable of explaining greater proportion of variance present in the overall service quality measured through a single scale (Jain & Gupta, 2004:34). They however, also agree with Carrillat *et al.* (2007:485) that SERVQUAL possesses superior diagnostic power to pinpoint areas for managerial intervention.

Pérez, Abad, Carrillo and Fernández (2007) have adapted the SERVPERF scale to the context of public transport and demonstrated that their dimensions of SERVPERF (four original dimensions and one new one) were suitable for their study. Several other researchers have also preferred the SERVPERF scale in a variety of studies, namely Andaleeb and Conway (2006) in the restaurant industry, Olorunniwo *et al.* (2006) in the service factory and Qin *et al.* (2010) in the fast food restaurant industry. On the other hand, critics of this model state that SERVPERF is much more industry-specific, posing limitations on its application in a wide variety of service industries (Bahnan, Coleman & Kelkar, 2007; Cunningham, Young & Lee, 2004). Although SERVPERF has not reached the same level of popularity that exists for SERVQUAL it has been proven to be a reliable

instrument for the measuring of perceptions of service quality. It is especially appealing for the current research study because it may be easier to administer, easier to analyse the data and be more economical.

3.4.4 Haywood-Farmer's conceptual model of service quality

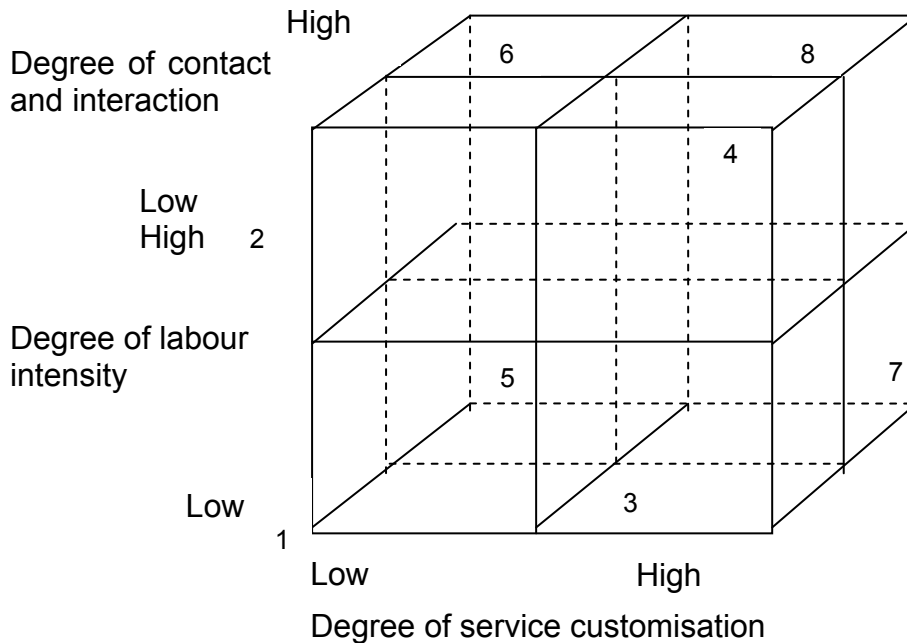
Haywood-Farmer (1988:21) suggests that services have three basic attributes, the so-called three Ps of service quality. These three Ps represent:

- physical facilities, processes and procedures
- people's behaviour elements; and
- professional judgement.

Although Haywood-Farmer (1988:21) did not identify different service dimensions, he believes that the choice of elements from each of these three sets of service quality factors is an important, strategic managerial decision. The combination of these factors should be chosen very carefully by managers in order to ensure an appropriate balance between the three attributes. The relative degrees of labour intensity, service process customisation, and contact and interaction between the customer and the service process, partially determine an appropriate mix (Haywood-Farmer, 1988:28). To assist managers in classifying each service correctly, Haywood-Farmer (1988:25) suggests a three-dimensional classification scheme for services. This will then enable managers to get the correct mix of the three Ps (see Figure 3.5 on the next page).

With services of low labour intensity, the customers' impression of the physical facilities, processes and procedures becomes important (Haywood-Farmer, 1988:26). If service contact increases, the labour intensity of services increases and more attention has to be paid to making sure that staff members behave appropriately. The services that landlords render to small business tenants in shopping centres will typically be an example of low labour intensity services. The emphasis would therefore be on how small business tenants experience the physical facilities (neatness and cleanliness of the centre, aesthetics of and modern looking centre), as well as the process and procedures (process and procedures of dealing with complaints and lease statements).

Figure 3.5: A three-dimensional classification scheme



Some examples of services in each octant:

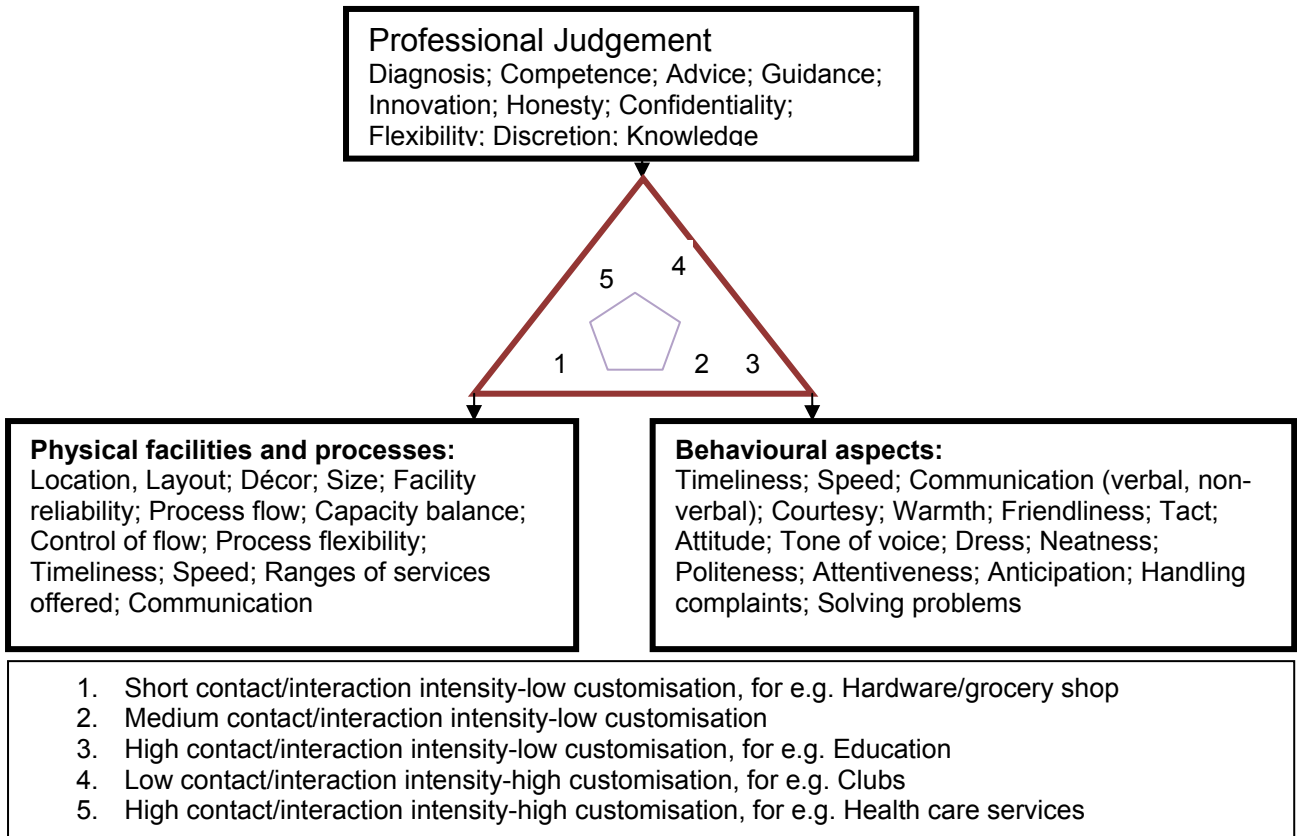
- | | |
|--|--|
| 1. Utilities, transportation of goods | 5. Computerised teaching, public transit goods |
| 2. Lecture teaching, postal services | 6. Fast food, live entertainment |
| 3. Stock broking, courier services | 7. Charter services, hospitals |
| 4. Repair services, wholesaling, and retailing | 8. Design-, advisory- and healing services |

Source: Haywood-Farmer (1988:25)

Due to the fact that the three Ps are not scales ranging from low to high, and because of differences in the concepts, Haywood-Farmer (1988:28) suggests that it is not possible to map the model of service quality directly onto the triangular model of the three Ps. Seth *et al.* (2005:919) however plotted some of the different types of services directly onto the Haywood-Farmer model (see Figure 3.6 on the next page).

Figure 3.6 is presented on the next page.

Figure 3.6: Attribute service quality model



Source: Haywood-Farmer (1988) as adapted by Seth *et al.* (2005:919)

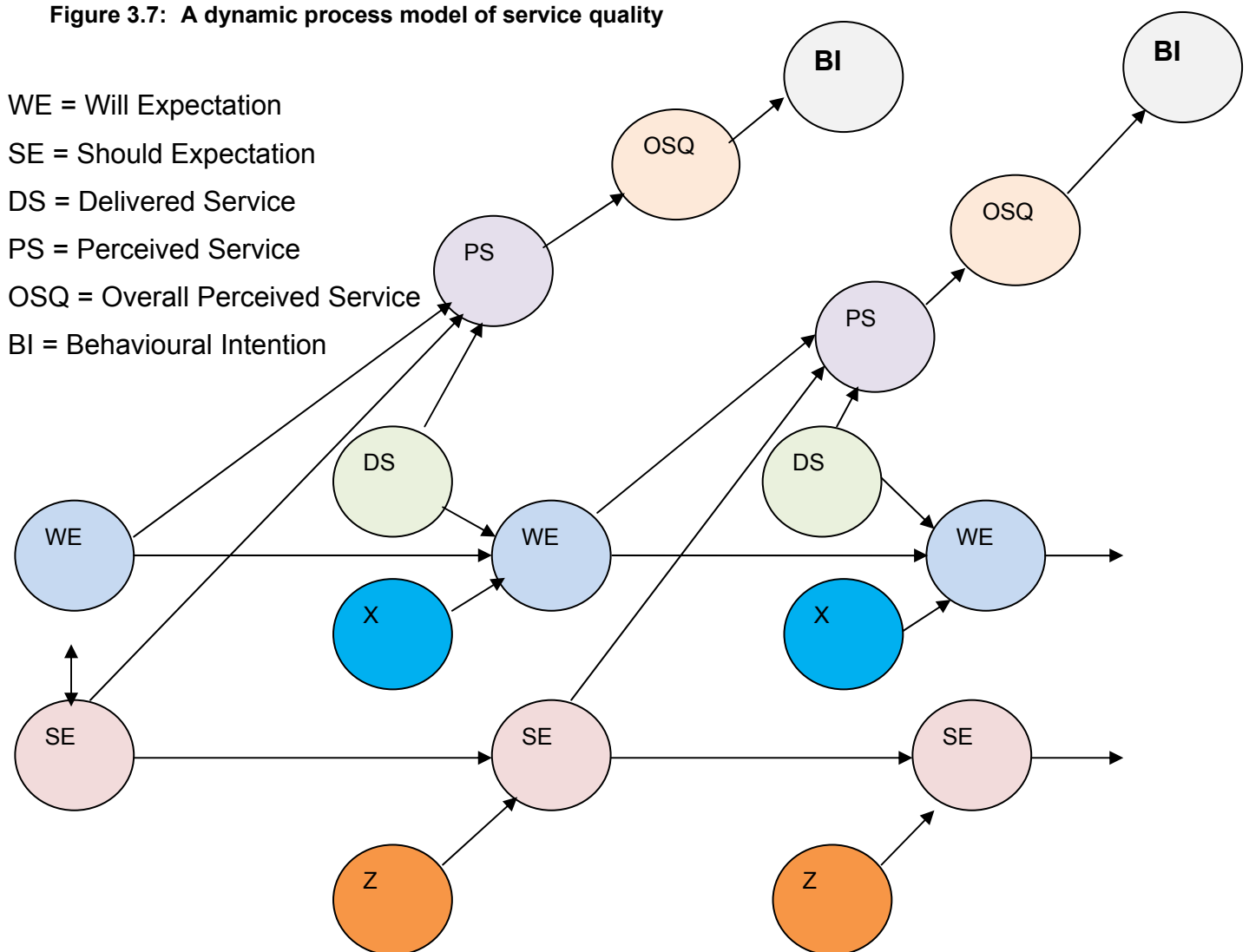
Managers may find this model suitable when designing the processes of the services offered and it may also be relevant in considering the importance of the various determinants to be measured. When the three-dimensional service classification model (see Figure 3.5) is interpreted, it can be concluded that the different landlords cannot be plotted on the model, simply because there is not a big variation in the contact interactions between landlords and small business tenants in shopping centres. The three service attributes identified by Haywood-Farmer (1988) can also not be directly compared with the three service dimensions of Grönroos (1984) or the five dimensions of Parasuraman *et al.* (1985, 1986).

3.4.5 The dynamic process model of Boulding, Kalra, Staelin and Zeithaml

With their model of service quality, Boulding *et al.* (1993:7) attempt to provide insights into both the process by which customers form judgements of service quality and the way

these judgements affect subsequent behaviour. They base the model (see Figure 3.7 below) on the assumption that customers' perceptions of the service quality immediately after a service encounter, are a mix of especially two aspects, namely their prior expectations of what **will** and what **should** happen during the encounter, and the **actual** delivered service during the service encounter. They are acknowledging the fact that customers' perceptions and expectations change over time and therefore they establish that the model will be able to clarify and test the relationships between expectations, perceptions and intended behaviour (Boulding *et al.*, 1993:24).

Figure 3.7: A dynamic process model of service quality



Source: Boulding *et al.* (1993:12)

After empirically testing the model, they found that the greater the customers' perceptions of the overall service quality of a business, the more likely they will be to act in a way that will be to the benefit of the business. This can include positive word of mouth communications or customers recommending the service to somebody else. Theoretically, businesses can therefore increase customers' perceptions of their overall service quality by either increasing perceptions or to lower their expectations. This however, was found not to be the case. It is only customers' perceptions that directly influence service quality. To increase customer expectations of what a firm **will** provide during a service encounter, in reality leads to higher perceptions of quality after a positive service experience. what businesses can do to increase the customers' perceptions of quality, is to manage the customers' expectations of what a firm **should** deliver, downward. The difficulty in this lies however in the fact that, if a customers' "will expectations" increase, the "should expectations" also increase. In other words, if customers believe the business will deliver a service of a certain quality (because of past experience or word of mouth communications) they would also expect that the business should offer that quality service. According to Boulding *et al.* (1993:25) the "will expectations" will however, increase faster than the "should expectations" which will result in an increase in overall service quality.

Boulding *et al.* (1993:25) claim that service providers can make use of their model to get a better understanding of the relative importance of service delivery and customer expectations for their businesses. This insight will make it easier for service providers to assess the relative value of trying to modify perceptions through changes in the service delivery system and the firm's communications. Service providers will also be able to estimate the speed with which they can expect perceptions to change over time. Boulding *et al.* (1993:25) admit that this estimation technique requires that multiple measures of perceptions and expectations need to be made. Care should also be taken that all of the measures within a dimension have identical influence on that dimension, and customers with different levels of prior experience should be segmented accordingly so that the possible differences in the updating parameters can be reflected.

Although the process model suggests that customers update their expectations and perceptions frequently, it does not explore the antecedents of the different expectation variables. This information can be critical for service providers because they need to

manage the “will expectations” up and the “should expectations” down. Another limitation of this model is the fact that the empirical analyses do not provide evidence on the cognitive process by which customers form, store, or retrieve perceptions. The “will expectations” and “should expectations” in their model imply that both service quality and customer satisfaction are addressed. In the service quality literature, expectations are viewed as desires or wants, in other words, the “should expectations” (Lewis, 1993:4). In the satisfaction literature, expectations are seen as predictors or probabilities made by a customer about what will happen during a service encounter (Oliver, 1981). This model therefore contradicts the overall belief that the two constructs, namely satisfaction and service quality cannot be measured simultaneously. The model is rarely cited in the literature and is not considered as a measuring tool to determine the perceived service quality of small business tenants in the current research study as, only perceived service quality is measured and not satisfaction and behavioural intentions as well.

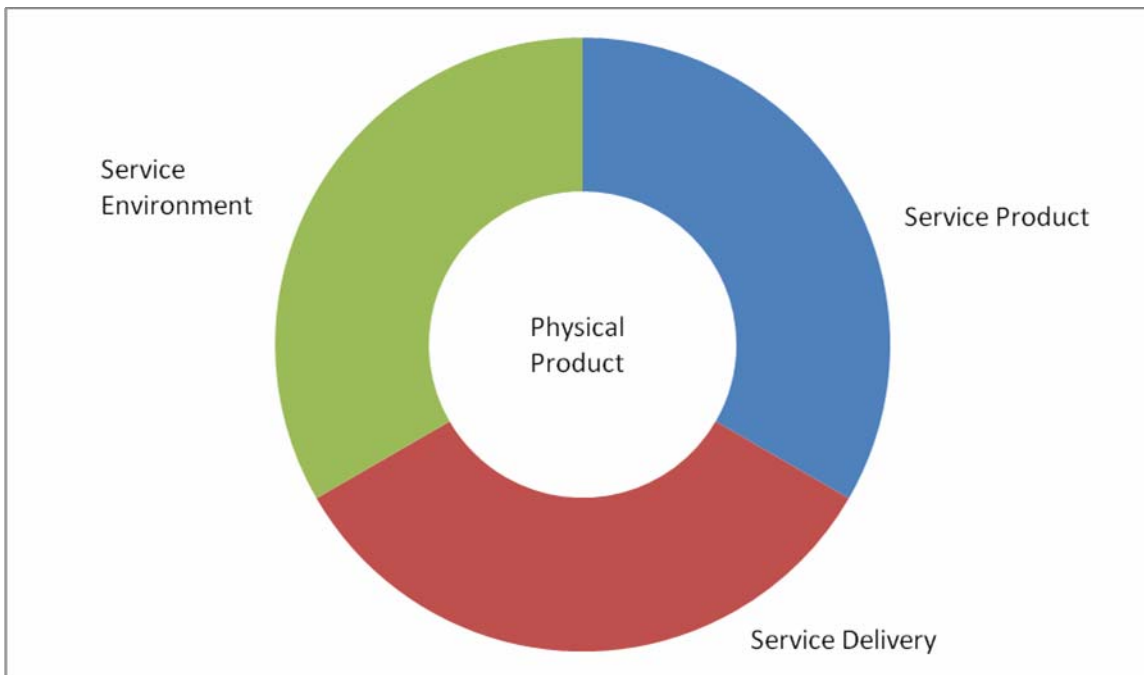
3.4.6 The three-component model of Rust and Oliver

Rust and Oliver (1994) developed the two dimensions, namely functional and technical quality further into a three-component model (see Figure 3.8 on the next page):

- the service product (the service as it is designed to be delivered – similar to technical quality);
- the service delivery (the sequence of events and service provider role expectations – similar to functional quality); and
- the service environment (physical ambience of the service setting).

Grönroos’s (1984, 1988) functional quality incorporates both tangibles (environment) and the service delivery, but tangibles are identified by Rust and Oliver (1994) as a dimension on its own. Although Rust and Oliver (1994) did not test their conceptualisation, support for their model has been found in literature (Brady & Cronin, 2001; Martínez & Martínez, 2010:30; McDougall & Levesque, 1994).

Figure 3.8: The three-component model



Source: Rust and Oliver (1994)

3.4.7 The return-on-quality approach of Rust, Zahorik and Keiningham

All the various quality models presented thus far have been developed from the customers' point of view. Although Rust *et al.* (1995:59) adhere to the notion of defining service quality from the customers' perspective, they argue that the dimensions of service quality to be measured should relate to the organisation's business processes. They would then use the survey data collected from this perspective to enable them to facilitate change and they want the change to be actionable. For this to be realised, quality improvement efforts must be targeted at the process and sub-process level (Rust *et al.*, 1995:59). It is recommended by Rust *et al.* (1995:59) that customer focus groups be used in order to ensure that no major areas of concern are omitted from customer surveys, and to ensure that survey items are worded so that it is easily understood by customers.

Apart from being organised according to business processes, the return-on-quality approach is characterised by four assumptions, namely that

- quality is an investment;
- quality efforts must be financially accountable;

- it is possible to spend too much on quality; and
- not all quality expenditures are equally valid.

Rust *et al.* (1995) provide a framework in this approach, which can be used to evaluate the financial impact of quality improvement efforts. This approach assumes that quality improvement efforts must be made financially accountable and that these efforts be treated as investments (Rust *et al.*, 1995:59). The financial viability of a quality expense is measured by the return-on-quality approach by quantifying the market share implications, net present value of the resulting profit stream, and return-on-quality of a proposed quality expenditure. This approach links on to the value-based approach of viewing quality (discussed in section 2.4.1.5 on page 46). Since one of the main measurement foundations of the return-on-quality model is based on customer retention or repurchase behaviour, the use of this model in its totality is not suitable for the current study as it does not fall within the scope of this study where only perceived service quality is measured.

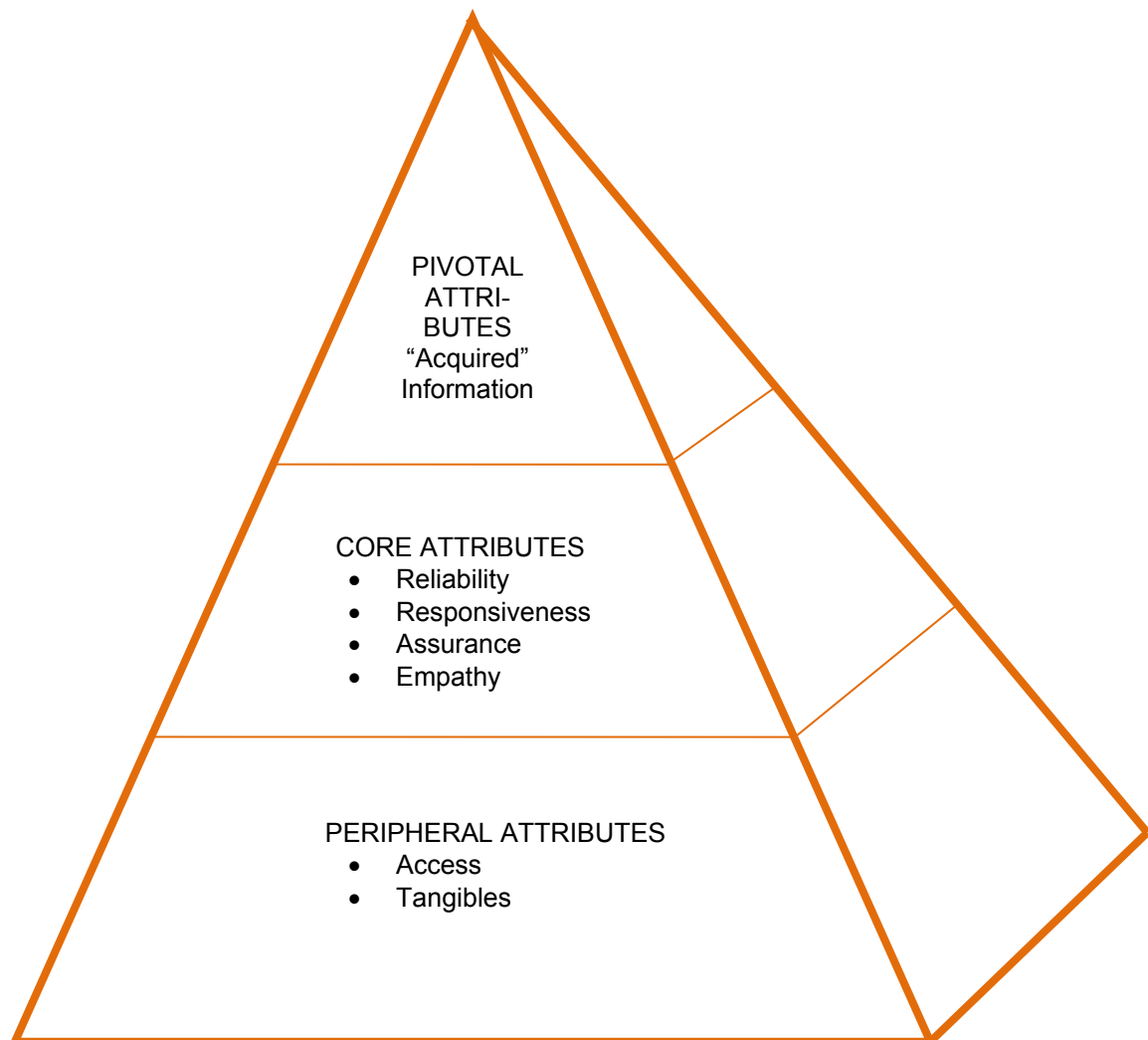
3.4.8 The P-C-P service attribute model of Philip and Hazlett

The basic premise of Philip and Hazlett's (1997:272-273) model is that it became necessary to develop service specific service quality dimensions and that SERVQUAL's dimensions and other models do not adequately address some of the more critical issues associated with the assessment of individual services. They also argue, like Cronin and Taylor (1992) that a combined (single) scale should be used to measure the "gap" between expectations and perceptions, rather than two separate scales. Philip and Hazlett (1997:272) propose a model that takes the form of a hierarchical structure, based on three main classes of attributes, namely pivotal, core and peripheral. The P-C-P model is illustrated in Figure 3.9 on the next page.

Referring to Figure 3.9, every service consists of three, albeit overlapping areas where many of the dimensions and concepts of service quality that have been identified before (SERVQUAL (1985; 1988) and Grönroos (1984; 1988) for instance), are included. These ranked levels can be loosely defined as the inputs, processes and outputs of a service organisation.

The pivotal attribute at the summit of the pyramid, represents collectively the single most determinant why the customer will decide to make use of a particular service provider. This will be what a customer expects to achieve and receive when the service process is duly completed (Philip & Hazlett, 1997:273). Core attributes, centred upon the pivotal attributes, can best be described as the amalgamation of the people, processes and the service organisational structure through which customers must interact and/or negotiate so that they can achieve or receive the pivotal attribute. The bottom part of the pyramid focuses on the peripheral attributes which will be the “incidental extras” designed to make the whole service experience for the customer a complete delight (Philip & Hazlett, 1997:274).

Figure 3.9: P-C-P service attribute model of service quality



Source: Philip and Hazlett (1997:279)

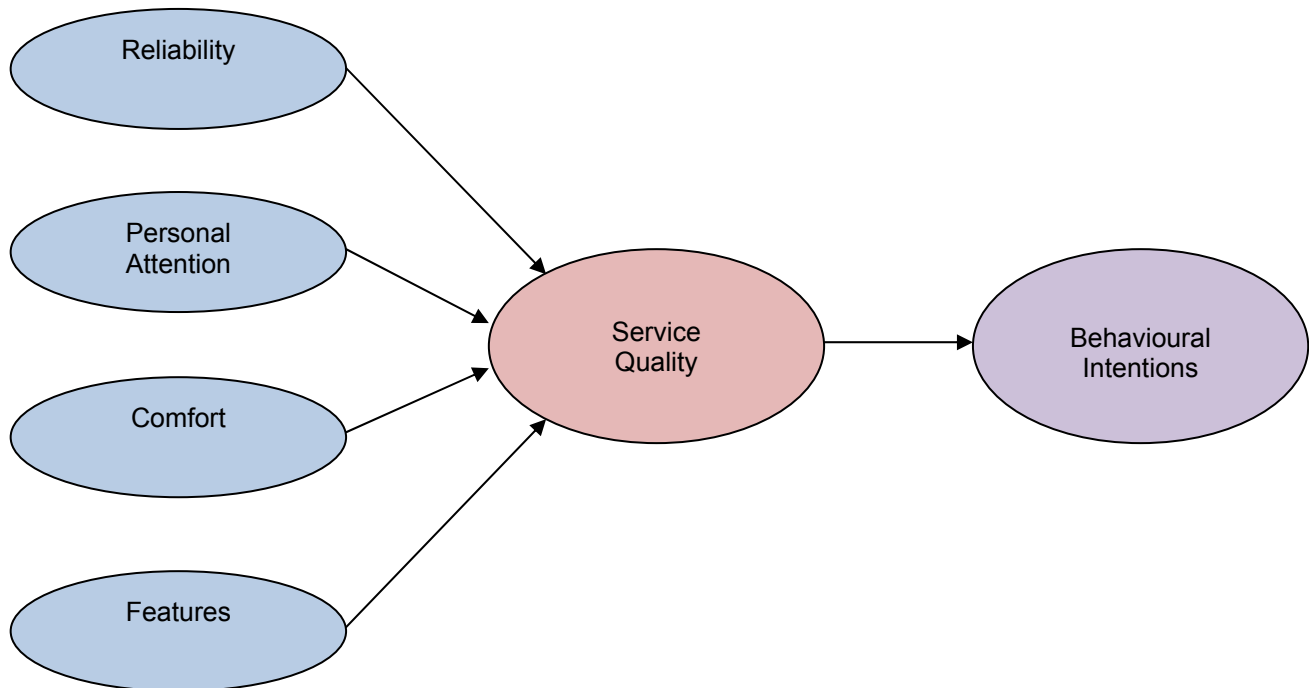
It is quite apparent that the core and the peripheral groupings in the P-C-P model is a combination of the SERVQUAL dimensions and the pivotal grouping is part of the technical quality of services advocated by Grönroos (1984, 1988). Philip and Hazlett (1997:281) believe that the P-C-P attribute model is more appropriate than SERVQUAL for evaluating the quality of a service. This view is confirmed by the results of a study done by Philip and Stewart (1999:4) where they found that the output (pivotal) was as important as (and perhaps more important than) the personal qualities (SERVQUAL dimensions) of the staff involved in the delivery of the service. This model has however, has not found a great number of support in the literature and will also not be considered as the measuring tool for this research study.

3.4.9 Dabholkar, Shepherd and Thorpe's antecedents model

Service quality was not regarded as a separate construct by any of the previous studies, but is regarded as the sum of the components required to obtain an estimate or average of service quality. Dabholkar *et al.* (2000:141) argue that service quality is better visualised by its antecedents rather than its components. As indicated in Figure 3.10 on the next page, this model examines some conceptual issues in service quality as the relevant factors related to service quality. These conceptual issues are better conceived as components or antecedents and the relationship of customer satisfaction with behavioural intentions. Customers evaluate not only different components related to the service, but also form a separate overall evaluation of the service quality (which is not the sum or average of the components) (Dabholkar *et al.*, 2000:166). The components were however, important predictors of total service quality and Dabholkar *et al.* (2000:166) is of the opinion that, for diagnostic purposes, the different components should still be measured and evaluated. It could therefore be concluded from this model that, in addition to measuring the different determinants of service quality, a global measurement is also required and should be added to the measuring instrument.

The antecedents model of service quality is depicted in Figure 3.10 on the next page.

Figure 3.10: Antecedents model of service quality



Source: Dabholkar *et al.* (2000:157)

3.4.10 The hierarchical approach of Brady and Cronin

With this approach, Brady and Cronin (2001) attempt to integrate the Nordic and the American schools of thought in relation to service quality (see section 3.3 for a discussion on the Nordic and American perspectives). Although they maintain that both perspectives highlight the important aspects of service quality, they feel that neither fully captures the construct (Brady & Cronin, 2001:44). With this model they provide qualitative and empirical evidence that service quality is a multidimensional hierarchical construct.

The first important finding of their study is that the service quality perceptions of customers are formed on the basis of their evaluations of three primary dimensions, namely outcome, interaction and environmental quality (Brady & Cronin, 2001:44). The first two dimensions are adapted from Grönroos's (1984; 1988) model (from the Nordic school), particularly his view that service quality is assessed according to customer evaluations of outcomes and interactions with service employees. Although Brady and Cronin (2001) prefer more descriptive terms such as "outcome" and "interaction" for Grönroos's "technical" and

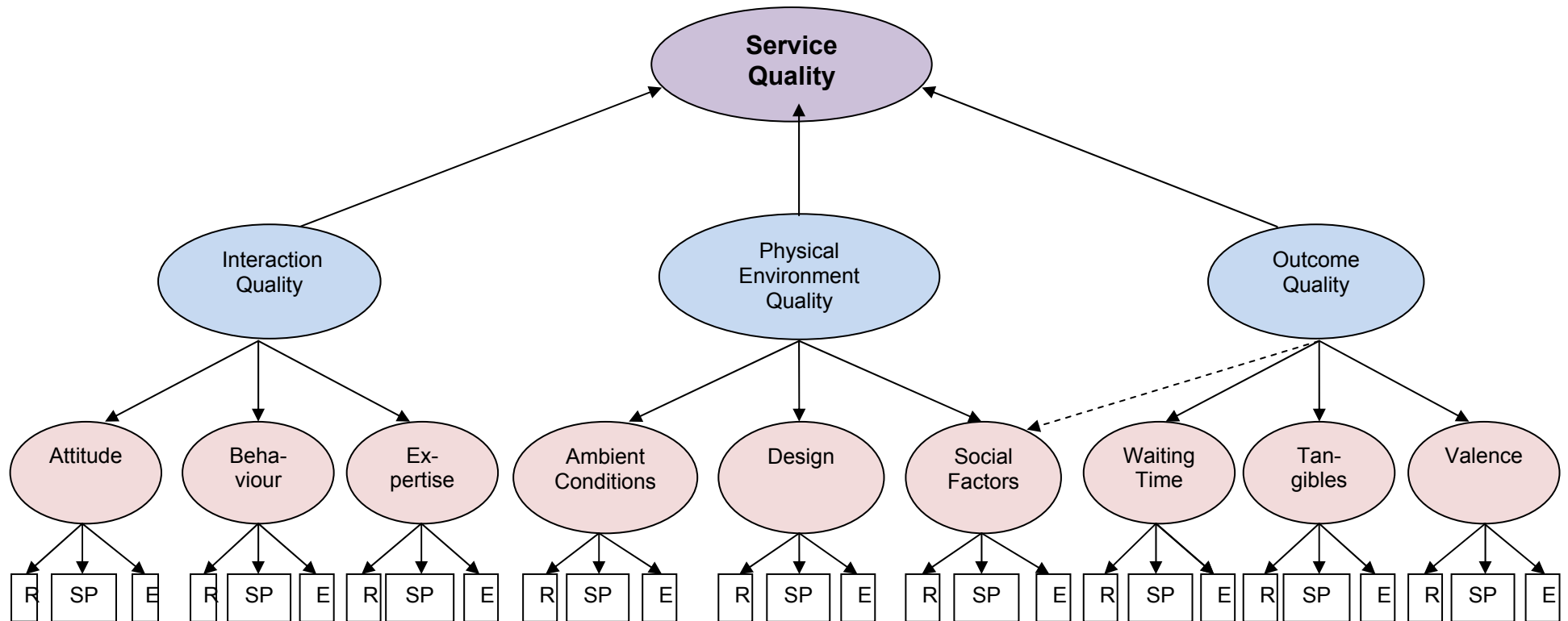
“functional quality” terms, their first two constructs could represent the technical and functional quality dimensions of Grönroos (1984; 1988). The third primary dimension in Brady and Cronin’s (2001) model reflects the influence of the service environment on quality perceptions. As a result, they provide the first empirical evidence of Rust and Oliver’s (1994) three-component conceptualisation of service quality model.

Brady and Cronin (2001:37) further find that the three primary dimensions, namely interaction, environment and outcome have three sub-dimensions. Customers will first make an assessment of the three corresponding sub-dimensions before they evaluate the primary dimensions. The customers’ assessment of the sub-dimensions will therefore influence their evaluation of the primary dimensions and these perceptions will lead to an overall service quality perception (Brady & Cronin, 2001:37). Based on these findings, a hierarchical conceptualisation of service quality seems appropriate (Brady & Cronin, 2001:44).

Brady and Cronin’s (2001:44) results further show that the three dimensions of reliability, responsiveness and empathy, as suggested by the American school (Parasuraman *et al.*, 1985; 1988) are important for the provision of superior service quality. Brady and Cronin (2001:44) however, argue that these three dimensions are only modifiers of the sub-dimensions and not direct determinants of service quality. The implication of this is that these “modifiers” represent how each sub-dimension is evaluated (reliable or not, responsive or not, and so on), whereas the sub-dimensions would answer the actual question as to what about the service should be reliable, responsive and empathetic.

The hierarchical approach of Brady and Cronin (2001) is depicted in Figure 3.11 on the next page.

Figure 3.11: The hierarchical approach



R = a reliable item

SP = a responsiveness item

E= an empathy item

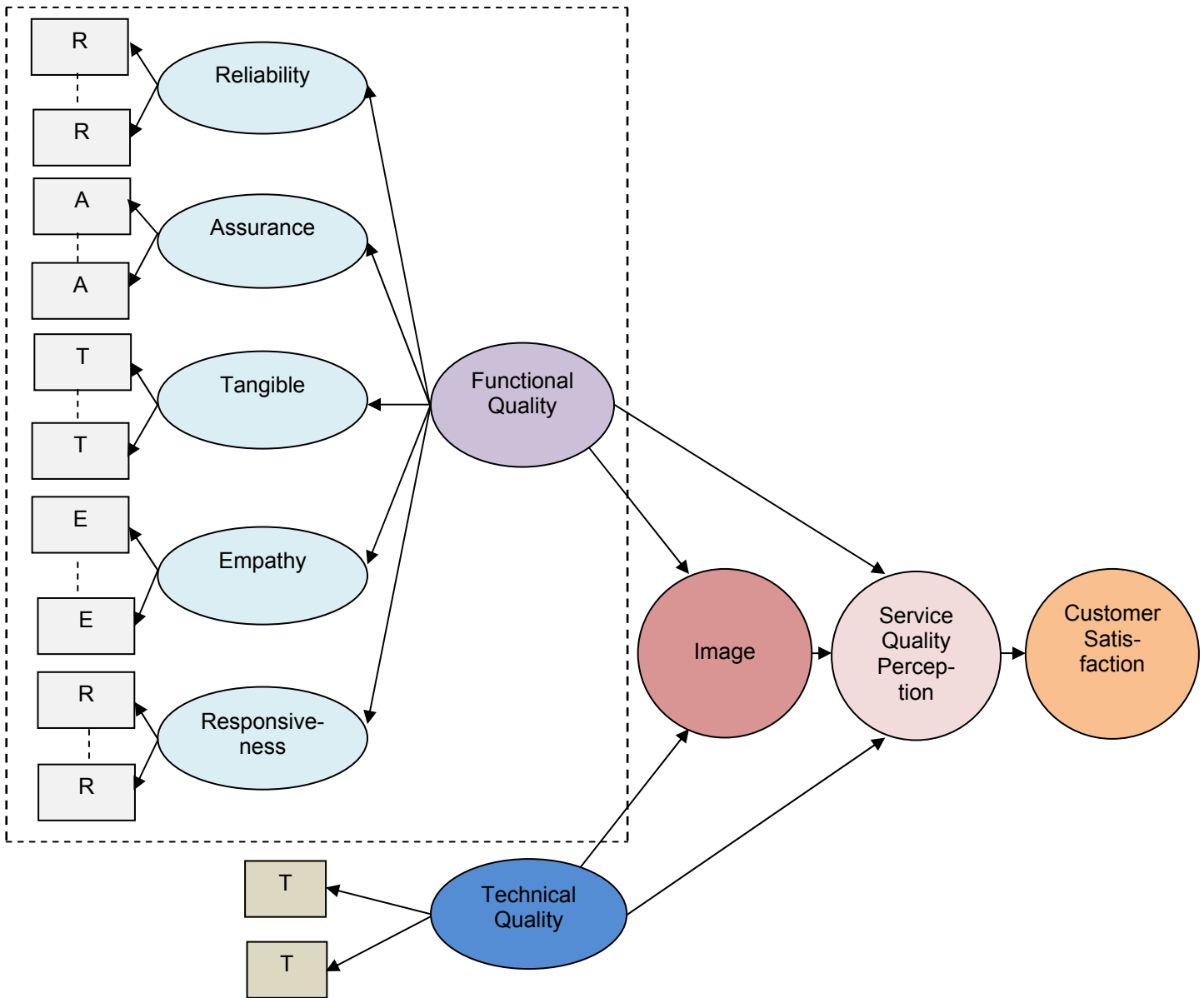
The broken line indicates that the path was added as part of model re-specification

Source: Brady and Cronin (2001:37)

3.4.11 Grönroos's model as adapted by Kang and James

Kang and James (2004) attempt to capture in their model of service quality, the perspective that conceptualises service quality in relation to functional quality, technical quality and image (see Figure 3.12).

Figure 3.12: Adaptation of Grönroos's model by Kang and James



Source: Kang and James (2004:269)

The majority of research pertaining to service quality has focused on the measurement of service quality based on the functional dimension only. Kang and James (2004) empirically tested Grönroos's (1984; 1988) conceptual model and they confirmed the five-factor structure of the SERVQUAL instrument (Kang & James, 2004:274). They found that the high correlations between the five SERVQUAL factors are an indication that the constructs are represented by a second-order latent variable, namely functional quality. It is, however, sensible to consider that there are other sub-dimensions of service delivery that should be assessed as part of a firm's functional quality (Kang & James, 2004:274).

Their study also confirmed the multidimensional nature of service quality which supports the Nordic (European) perspective (Kang & James, 2004:274). The results of the study indicated that the perceptions of overall service quality is influenced by both functional and technical quality. A third finding is the mediating role that a business's image plays in a customer's perception of overall service quality. They also found that functional quality has an influence on an individual's mental image of a business, which suggests that the interaction between a customer and a business's representatives has an important effect on a customer's mental image of the business, and the customer's subsequent evaluation of service quality (Kang & James, 2004:275). Their last finding was that, although the direct effects of functional and technical quality on overall service quality were equal, the effect of functional quality on image was larger than the effect of technical quality.

From their findings, it was clear that technical quality, functional quality and a business's public image should be measured to fully capture an individual's overall perception of service quality (Kang & James, 2004:275). Technical quality has traditionally been disregarded, since it was believed that customers would not be able to detect the technical quality of services, and therefore would rely on other attributes associated with the process of service delivery and functional quality to rate service quality. Although functional quality may have a larger influence on perceptions of service quality for certain services, it is important to recognise the differential influence of functional and technical quality, on other service organisations (Kang & James, 2004:275).

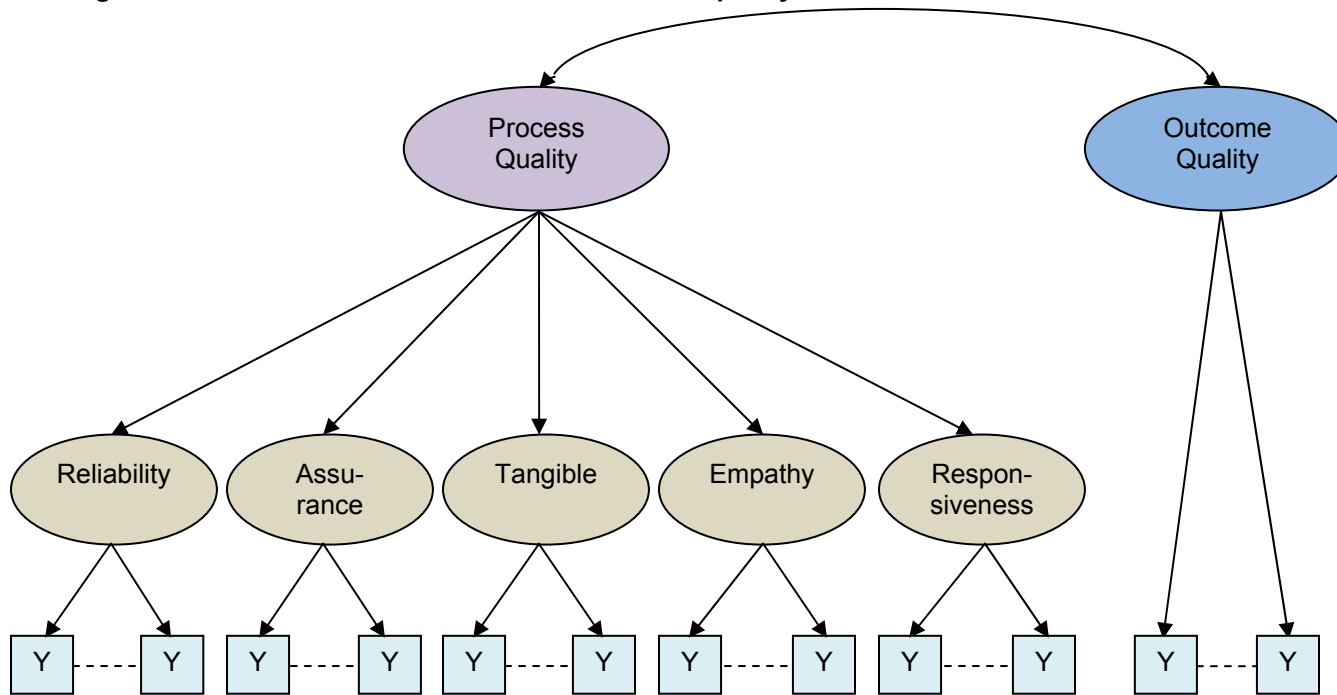
Kang and James (2004) confirmed the fact that the service quality construct is multidimensional with sub-dimensions or determinants for each dimension (the hierarchical approach to service quality). They adapted Grönroos's (1984; 1988) model (see Figure 3.12).

3.4.12 Kang's hierarchical structure of service quality

In a later study by Kang (2006), the hierarchical structure of service quality was proposed (see Figure 3.13 on the next page).

Figure 3.13 is presented on the next page.

Figure 3.13: The hierarchical structure of service quality



Source: Kang (2006:41).

While his model only depicts the second-order factor structure, Kang (2006:41) indicates that the full structure of a higher-order factor model for service quality should be the three-order factor structure. There has to be a latent variable (service quality perception) that has a direct effect on both technical and functional quality dimensions in the full structure. Due to a lack of guidance for simultaneously analysing a third-order factor model and the technical difficulties accompanied by the analysis, Kang's (2006) study does not attempt to fully analyse the third-order factor model. An alternative method to estimate the relationship between service quality perception and technical/functional quality dimensions was employed (Kang, 2006:41).

His model is from the perspective of the Nordic (European) researchers that define service quality in categorical terms (technical quality and functional quality). The model also adopted the view of several researchers who have suggested that SERVQUAL represents only the process dimension (functional quality) of the service quality perception (Kang, 2006:47). It was shown in his study that SERVQUAL has a distinctive five-factor structure and that these five latent variables are correlated, suggesting the unidimensionality of SERVQUAL. As an alternative, a second-order factor model was implemented (see Figure 3.13), and these results supported the model well. His study confirmed that, although the five-factor structure as proposed by SERVQUAL was confirmed, this represented the functional quality dimension in the perception of service quality. The study provides thus evidence that customers form perceptions of service quality on the basis of their evaluations of two primary dimensions (technical quality and functional quality). Kang (2006) claims that his study consisting primarily of the technical quality and functional quality components, offers the first empirical evidence for the Nordic (European) perspective of service quality.

3.4.13 Carr's FAIRSERV model

Carr (2007:108) is of the opinion that an important deficiency of SERVQUAL is that it does not include equity theory as the basis for any of its scales, even if it is clear from

previous experiences that equity (fairness) is often evaluated in service encounters. According to Carr (2007:108), service customers are concerned with getting what they deserve in relation to other customers of the same service. Customers will therefore not only evaluate the quality of the service encounter, but also the equity thereof. FAIRSERV posits that an important set of service evaluations results from a comparison of services against norms of fairness and the treatment of similar customers (Carr, 2007:108). Service customers also want the procedures used and the distribution of service resources to be unbiased and consistently applied, not unduly favouring any one person or group.

FAIRSERV is proposed by Carr (2007) as an addition to the SERVQUAL conceptualisation of customer reactions to services. Carr's (2007) model posits that one essential perspective governing customer reactions to services is an evaluation of the fairness of the service outcomes, procedures and interactions (see Figure 3.14). According to Carr (2007:110), customers therefore do not only evaluate services against the five SERVQUAL dimensions (tangibles, reliability, responsiveness, assurance and empathy), but also through comparisons with multidimensional norms of fairness (distributive, procedural, interpersonal, informational and systemic fairness). Customers will base their comparisons in context and will depend on their knowledge of how similar others were actually treated by the service providers and/or through counterfactual reasoning based upon a mental simulation of how similarly others probably would, could and should be treated by the service providers. Although a customer may feel that the service was of high quality, he/she may feel cheated if the service is compared with what another customer may have received. This will affect satisfaction with the service (Carr, 2007:110).

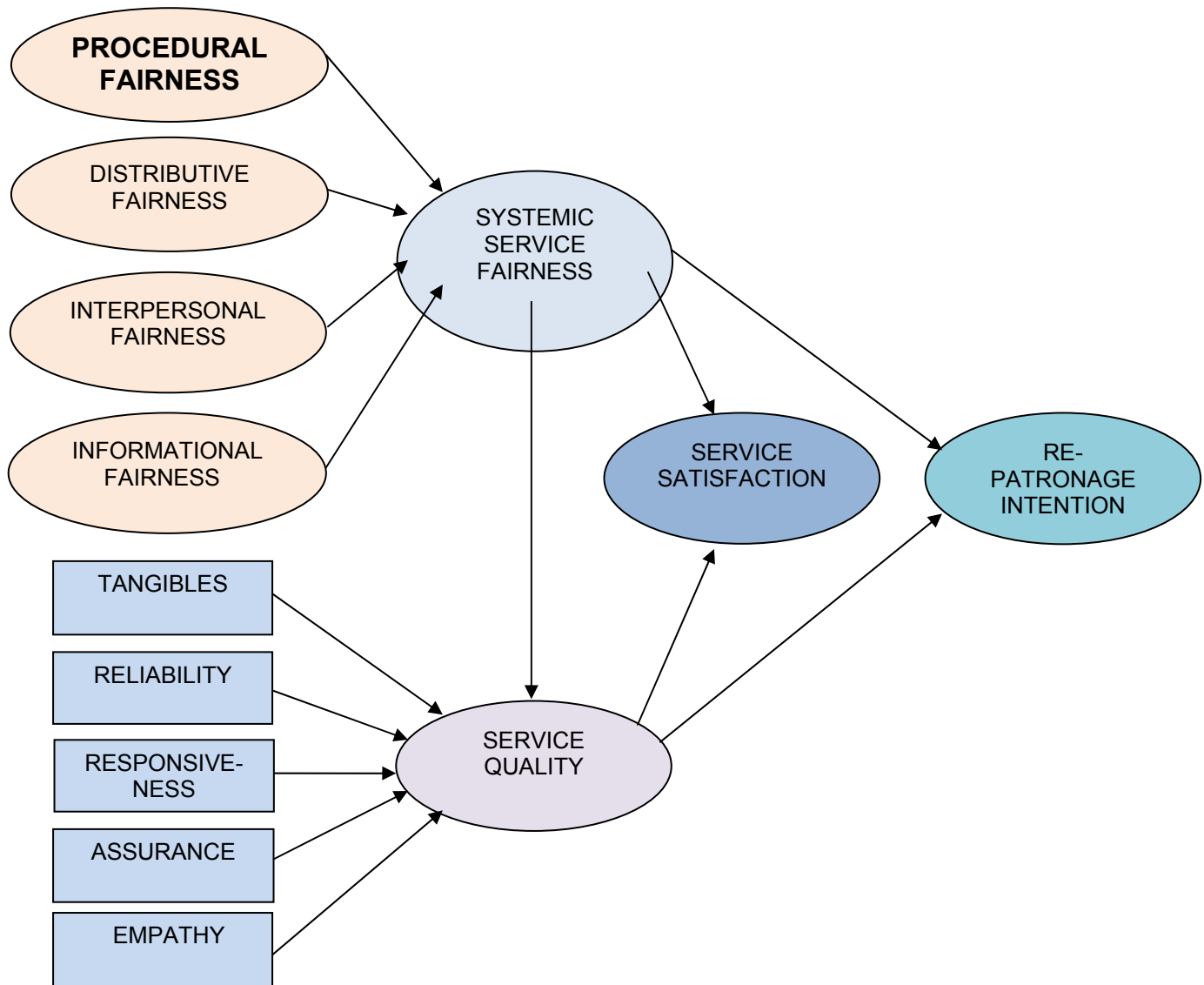
Before Carr's (2007) model is discussed further, it is necessary to give a brief explanation of distributive-, procedural-, interpersonal-, informational-, and systemic fairness.

- **Distributive fairness** deals with the perceived fairness of outcomes. It is defined by Cohen-Charash & Spector (in Carr, 2007:111) as the cognitive, affective and

behavioural reaction to outcome distributions from a source. Thus, when a particular outcome or set of outcomes is perceived to be unfair, it may affect the person's emotions, cognitions and ultimately their behaviour (Carr, 2007:111).

- Procedural fairness** is the fairness of the policies and processes contributing to outcomes embodying certain types of normatively acceptable principles (Carr, 2007:111). All customers should receive the same service procedures and there should be no bias in the application of these procedures. If this is not the case, the customer may perceive the situation as unfair.

Figure 3.14: The FAIRSERV model



Source: Carr (2007:121).

- **Interpersonal fairness** is showing concern for individuals regarding the manner in which outcomes are distributed, for example, with politeness and civility (Carr, 2007:112).
- **Informational fairness** is providing information or knowledge about procedures that demonstrate regard for people's concerns (Carr, 2007:112). Interpersonal- and informational fairness focus on the human side of distributional practices. When a customer perceives interpersonal- and informational unfairness, he/she would negatively react toward the responsible service employee.
- **Systemic fairness** is the overall fairness/unfairness judgement that emerges from perceptions of distributive, procedural, interpersonal and informational fairness/unfairness.

Figure 3.14 illustrates that distributive fairness, procedural fairness, informational fairness and interpersonal fairness do have an influence on how customers judge overall fairness (systemic fairness). The systemic fairness construct is a distinct construct from its antecedents (distributive, procedural, informational and interpersonal fairness) and act in its turn, as a mediator between each of the four dimensions of fairness and the satisfaction and repatronage outcomes (Carr, 2007:122). These results show that the more generally fair the service provider is perceived to be in its interactions with customers, the more customers will feel satisfied and, the more likely they are to feel loyalty towards the service provider. The perception of fairness/unfairness will then also influence their perception of overall service quality.

Although FAIRSERV as a whole will not be suitable for the present study because of its focus on satisfaction and repatronage intentions, it would probably be important to pay attention to the fairness dimensions because small business tenants in shopping centres often experience perceived unfairness when it comes to the treatment and services provided by the landlords to them, in comparison with the bigger anchor tenants.

3.4.14 Other service quality models

A number of other industry-specific models were developed during the last few years that are worth mentioning. A new model, consisting of a 29-item questionnaire, was developed by Abdullah *et al.* (2011) specifically for the unique nature of the banking sector. Senthilkumar and Arulraj (2011) developed the SQM-HI model (service quality measurement in higher education in India) which is a 30-item scale that has been empirically tested for unidimensionality, reliability and validity. Kersten and Koch (2010) developed a new approach to measuring logistics service quality, which they called the structural equation model. A hierarchical model of health service quality was developed by Dagger, Sweeney and Johnson (2007), consisting of three levels. The model is developed so that service quality can be measured at any one, or all of these levels depending on the information requirements (Dagger *et al.*, 2007:135).

Because of rapid technological advances, it is not surprising that a number of electronic service models were developed. Cristobal *et al.* (2007) developed and empirically tested a multiple-item scale for measuring e-service quality. Bauer, Falk and Hammerschmidt (2006) developed eTransQual, a transaction process-based scale for measuring service quality in online shopping. This model integrates both utilitarian and hedonic e-service quality elements. Collier and Bienstock (2006) developed and empirically tested a conceptual framework for how customers judge e-service quality in online shopping. A broadly applicable, hierarchical quality model for electronic services that includes three dimensions and nine sub-dimensions was developed by Fassnacht and Koese (2006). Ibrahim, Joseph and Ibeh (2006) developed a 26-item, 5 point scale for e-banking customers. A multiple-item scale (E-S-QUAL) for measuring the service quality delivered by Web sites was developed by Parasuraman *et al.* (2005).

A summary of all the important service quality models will be given next.

Table 3.4: Summary of service quality models

Model	Key findings	Limitations/suitability for this study
1. Technical and functional quality model of Grönroos.	Service quality depends on technical quality, functional quality and corporate image of the organisation in consideration. Functional quality is regarded as more important than technical quality.	The model will not be considered for this study because it does not offer an explanation on how to measure functional and technical quality.
2. SERVQUAL model of Parasuraman <i>et al.</i>	The model is an analytical tool. It enables management to systematically identify service quality gaps between a number of variables affecting the quality of the offering. The model is externally focused. It can assist management in identifying the relevant service quality factors from the viewpoint of the consumer.	The model will not be considered for this study because to measure expectations as well as perceptions, will make the questionnaire relatively complicated and time-consuming.
3. SERVPERF model of Cronin and Taylor.	Uses only the perceptions part of the SERVQUAL scale. Measures service quality experiences only and not customer expectations as well. It directly reduces the number of items by 50 %.	The model will be considered for this study because the five dimensions suits the landlord-small business tenant relationship in shopping centres. By measuring only the perceptions, will make the questionnaire less complicated and more economical to administer.
4. Attribute service quality model of Haywood-Farmer.	This model provides a base of segregating service organisations on three dimensions for better management of quality. These dimensions are physical facilities, people's behaviour elements and professional judgement. The model enhances understanding of the concept of service quality.	The model will not be considered for this study because it does not offer an instrument for measuring service quality. It does not offer a practical procedure capable of helping management to identify service quality problems or practical means of improving service quality.
5. The dynamic process model of Boulding <i>et al.</i>	This model attempt to provide insights into the process by which customers form judgements of service quality and the way these judgements affect subsequent behaviour. Customers' perceptions and expectations change over time, and the model claim to test the relationships between expectations, perceptions and intended behaviour.	The model will not be considered for this study because it does not offer an instrument for measuring service quality. The model merely enhances understanding of service quality and behavioural intentions of customers.

Table 3.4 continues on the next page.

Table 3.4: Continued

Model	Key findings	Limitations/suitability for this study
6. The three-component model of Rust and Oliver.	The three components of this model are the service product, the service delivery and the service environment.	The model will not be considered for this study because it does not offer an instrument for measuring service quality.
7. The return-on-quality approach of Rust <i>et al.</i>	The model advocates that the dimensions of measuring service quality should be related to the organisation's business processes. The model concentrates on making the quality improvement efforts financially viable.	The model is based on customer retention or repurchases behaviour and does not offer a practical procedure to identify service quality problems and will therefore not be considered for this study.
8. The P-C-P attribute model of Philip and Hazlett.	Provides a simple, effective and general framework of assessing service quality for any service sector. The model highlights the area of improvements for service quality depending on the frequency of the encounter. The dimensions to these three levels of attributes are individual sector-dependent and with reference to the consumer.	The model does not provide general dimensions to the three levels of attributes. It also lacks empirical validation and will therefore not be considered for this study.
9. The antecedents model of Dabholkar <i>et al.</i>	Service quality is better visualised by its antecedents rather than its components. This model can provide a complete understanding of service quality and how these evaluations are formed. Customer satisfaction should be evaluated separately from service quality when trying to determine customer evaluations of service.	The model measures behavioural intentions rather than actual behaviour and will not be considered for this study.
10. The hierarchical approach of Brady and Cronin.	Service quality is a multidimensional, hierarchical construct. Perceptions are based on evaluations of three primary dimension, outcome, interaction and environmental quality, which have each three sub-dimensions. The three sub-dimensions will first be evaluated and will influence evaluation of the primary dimensions that will lead to an overall service quality perception.	The model will not be considered for this study because it does not offer an instrument for measuring service quality and few efforts have been made to provide empirical evidence for this hierarchical structure.

Table 3.4 continues on the next page.

Table 3.4: Continued

Model	Key findings	Limitations/suitability for this study
11. Grönroos's model as adapted by Kang and James.	Technical, functional and image should be measured to fully capture overall perceptions of service quality. Grönroos's model is empirically tested and the five-factor structure of SERVQUAL is confirmed. Other than most other models, it is believed that technical quality can be assessed by customers.	The model will not be considered for this study because the technical quality- and image dimensions do not play such a big role in the landlord-small business tenant relationship.
12. Kang's hierarchical structure of service quality.	The five-factor structure as proposed by SERVQUAL is confirmed and represents the functional quality dimension of perceived service quality. This model provides empirical evidence for the claim that perceived service quality is based on technical quality and functional quality components.	Few efforts have been made to provide empirical evidence for this hierarchical structure. It also does not offer an instrument for measuring service quality.
13. Carr's FAIRSERV model.	The five SERVQUAL dimensions are accepted for measuring service quality, but equity (fairness) is added as an important dimension. It is felt that customers are concerned with getting what they deserve in relation to other customers of the same service. Their evaluation of the fairness of the service encounter will have an influence on their overall perception of service quality.	Since small business tenants in shopping centres often feel that they are treated unfairly in comparison with the bigger anchor tenants, especially in relation to leasing fees and location, it will be considered to add a "fairness" dimension to SERVQUAL's five dimensions.

3.5 CONCLUSION

Although there is not yet a meaningful agreement on the basic fundamentals of the service quality construct, further insight was obtained by the analyses of the various service quality models. For the purpose of this research study, it is however, not sufficient to only have a thorough understanding of what is meant by service quality as it does not completely solve the problem. It is important to use an appropriate tool to measure the perceived service quality that small business tenants in shopping centres experience from their landlords.

The various models were carefully analysed and it became clear that several of the models are using all, or some of the SERVQUAL dimensions to measure service quality. In a study of 30 industry specific scales of service quality, Ladhari (2008:76) also found that SERVQUAL was utilised as a starting point for the development of the item pool for several of their service quality instruments. The SERVPERF instrument is one of the models that uses all five of SERVQUAL's dimensions, namely reliability, responsiveness, assurance, empathy and tangibles but measures only the perception of service quality and not the expectations of customers as well. Several researchers have used the SERVPERF model (or a modified version thereof) with success and consider it a valid instrument. The position of this research study is that it agrees with Cronin and Taylor's (1992) argument that it is perceptions of actual service delivered and not a comparison between perceptions and expectations that determines service quality. Customer expectations are built into the perceptions that customers have of a service and it is therefore not necessary to measure it separately.

It is therefore decided that the SERVPERF instrument will be used to measure the perceived service quality that small business tenants receive from their landlords. From the extensive literature review, the five dimensions of service quality proposed by this instrument (reliability, responsiveness, assurance, empathy and tangibles) seem to fit in with the relationship between the landlord and small business tenants in shopping centres. The fact that small business tenants in shopping centres often feel that they are unfairly treated in

comparison with the bigger anchor tenants makes the FAIRSERV model also relevant to this research study. In addition to the five dimensions of SERVPERF, the “systemic fairness” dimension of the FAIRSERV model will be included in this research study’s model.

The model will make it possible to achieve the two main research objectives of this study, namely to measure the perceived service quality that landlords render to small business tenants in shopping centres, to investigate whether this model with its dimensions of SERVPERF and one dimension of FAIRSERV are pertinent to the landlord-small business tenant relationship in shopping centres, and the other secondary research objectives.

In the next chapter the small business tenant in shopping centres will be discussed.