

Full Length Research Paper

Impact of super-measure management (SMM) in service industry

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This study investigated the effect of service guarantee, customer relationship, managing customers, strategic alignment and leadership on customer satisfaction and performance of the company. Though sample size was small (N = 128) even so the study found interesting outcomes. The research observed a very strong relationship between company performance and customer satisfaction, managing customers and customer relationship, service guarantee and company performance, strategic alignment with customer relations, and leadership with customer satisfaction.

Key words: Super-measure management, customer satisfaction, company performance, customer relationship and leadership.

INTRODUCTION

A "Super-Measure" (SM) is a single measure that has great relevance up, down, and across the organization and to its customer base. This can be used to align the behaviors and actions of the various parts of a firm with the firm's value proposition or customers' needs. An SM is one on which all eyes within the firm are firmly fixed and which can be used to propel the firm in a unified fashion in its chosen direction (Ivor and Jay, 2002). The problem for managers lies not simply in setting the direction but in getting the firm to follow it. The most pervasive and traditional of these have been developed by financial and management accountant, with specific systems for meeting statutory requirements and others for supporting managerial decision making. Unfortunately many of these accounting systems slowly lost their managerial relevance as the 20th century progressed, in part because their logic was based on labor-intensive processes (Miller and Vollmann, 1985). What sets the SM apart is the reliance on this measure rather than on a basket of measures, and on the way the measure is implemented.

Choosing the strategy and developing the SM and its reward system is the first phase of SM management that falls to a firm's leadership. Implementation requires leaders to follow with careful communication and education to create the commitment necessary to use the SM to align the organization with the chosen strategy. The

onset of the 21st century has not diminished the challenges facing business enterprises. They are like ships navigating in uncharted seas, with major obstacles lurking below tranquil water, and storms sometimes come unexpectedly with great ferocity (Floyd and Wooldridge, 1992). All connected to enterprise—from frontline workers through to presidents, shareholders, customers and suppliers—must align themselves continuously to the firm's strategy and execute it. Floyd and Wooldridge also argued that the successful execution of an intended strategy is the result of middle and operating level managers acting on a common set of strategic priorities achieved through a shared level of understanding and commitment. The challenging process of aligning strategy and its implementation has long been supported by the use of performance measures.

It is surprising that the effect of super measure management has not been examined within the work context in our organizations. In this research, attempts have been made to address the gap in literature review by examining the impact of super measure management on customer satisfaction and performance of the organization. The objective of the research is to identify CBL's (City Bank Limited) Super-Measure Management system. How does Super Measure Management fit into the organizational context of CBL? The effect of the independent variables like service guarantee, customer

relationship, managing customers, strategic alignment and leadership on dependent variables like customer satisfaction and company performance. Super measure management though a new concept in human resource management, it will provide a useful knowledge base for better work-related understanding and potential career success within an organization. Some specific objectives are to know key challenges City Bank currently facing in terms of SMM, to learn level of satisfaction is affected by it, and to know how the performance of given organization is affected by SMM.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Though an SM may be easily understood, its connection to the overall strategy of the firm or the connection of any one person to the SM may be far from simple. It may not be obvious to personnel in airline food preparation or baggage handling how their efforts can affect an airline's on-time performance. And it may not be clear to "backroom" service personnel in a hotel such as cleaners that their performance can significantly affect a guest's satisfaction. The eyes of the firm are on the SM. Though the improvement in the SM may benefit everybody, all employees must understand how they can affect the SM in order to release its full power. And they must understand the connection between the SM and strategy. Creating these connections requires a system for educating company members and communications links between members to identify opportunities from which they can benefit.

For a service guarantee to be effective, it is important that there be a visible cost to the firm to recover from a service failure, the thinking being that these failure costs will encourage alignment of the firm's internal behaviors with its external market demands. In a time of increasing competition and more demanding consumers, superior service quality is becoming a key determinant of a firm's success (Jochen and Prem, 1994). Furthermore, the firm has an opportunity to recover the service and/or pay out the guaranteed compensation when dissatisfied customers complain. Satisfaction and customer retention are further increased when the complaints are resolved through service recovery or guarantee payouts (Hart, 1988).

A dynamic environment requires considerable work to ensure the strategic alignment of any measurement system. The difficulty in constructing effective SMs may make changes difficult, though benefits from the ease of communication, monitoring, and understanding should offset this difficulty considerably. In short, like many other ideas, the SM approach needs to be managed (Ivor and Jay, 2002). Customer relationship enhances the satisfaction of the customers substantially. One of the notable examples is Nordstrom, which is an upscale department

store known for its unparalleled focus on customer service. Nordstrom viewed its floor staff as "individual entrepreneurs" and encouraged them to nurture long-term personal relationships with shoppers (Ivor and Jay, 2002). Based on above discussion following hypothesis can be stated.

Hypothesis

Hypothesis 1: Customer satisfaction is positively related with service guarantee, customer relations, managing customers, strategic alignment, and leadership.

Hypothesis 2: Company performance is positively related with service guarantee, customer relations, managing customers, strategic alignment, and leadership.

Conceptual model

A model (Figure 1) is tested that derived from a review of the literature by integrating theory and research relating to different components of SMM including leadership, service guarantee, customer relationship, managing customer, and strategic alignment, and their relationship to customer satisfaction, performance of company. Reliance on one measure may be very uncomfortable, and that is why many firms have adopted a multi-measure approach. Even reducing the number of key measures down to ten requires considerable discussion and concession among disparate parts of the firm. Reaching the SM state generally results in a measure that may not seem obvious. A single measure to which most can relate has the potential for unleashing a great deal of aligned strategy.

RESEARCH METHODS

City Bank Limited (one of the premier private bank) in Bangladesh was deemed for collecting data and some days were spared randomly to get a whole picture of the organization. The targeted area was Dhaka City. Both managers and executives were approached and sample size was 128. The respondents were selected based on quota sampling technique, which is choosing the respondent according to researcher's choice. Super measure management concept was spelled out before getting started with data collection. Fixed alternative with Likert 5 scale (e.g., 1 = highly disagree, 2 = moderately disagree, 3 = neutral, 4 = moderately agree, and 5 = highly agree) was deployed, which otherwise falls under the itemized rating scale. The questionnaire was administered by a group of three members with physical presence in the organization. The study took number of variables into account like customer satisfaction, service guarantee, customer relations, managing customers, strategic alignment, and leadership, company performance and service guarantee, managing customers, strategic alignment, and leadership

RESULTS AND DISCUSSION

Table 1 below represents reliability coefficient (alpha) that ranges from 0.5 to 0.8. This was essential to know internal consistency of propositions among the variables

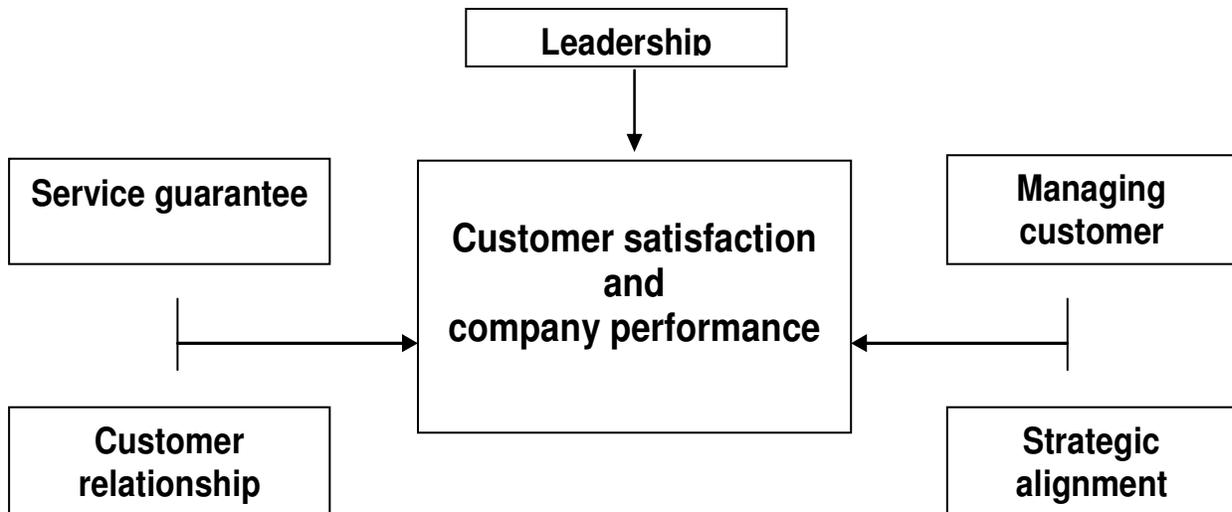


Figure 1. Displays the relationship between dependent (in the middle) and independent variables (both sides).

Table 1. Reliability test.

Variable	Cronbach's alpha
Customer satisfaction	0.8
Company performance	0.7
Service guarantee	0.6
Customer relationship	0.5
Managing customers	0.65
Strategic alignment	0.7
Leadership	0.7

undertaken in the study. Since the sample size is smaller so as the coefficient value. Had it been bigger like triple digit that could be standardized as 0.8?

Hypothesis 1 predicted that customer satisfaction is positively related with service guarantee, customer relations, managing customers, strategic alignment, and leadership. As shown in Table 2 customer satisfaction is associated with service guarantee. Hence, service guarantee enhances the relationship between the company and customer. Ivor and Jay (2002) also reported that customer evaluates the firm's performance against this guarantee. Hence, the proposition in hypothesis 1 is justified.

Hypothesis 2 predicted that company performance is positively related with service guarantee, customer relations, managing customers, strategic alignment, and leadership. As displays in Table 2, company performance is significantly associated with customer relationship. Ivor and Jay (2002) observed that leadership abilities enhance the satisfaction of the customers. Choosing the strategy and developing the SM and its reward system is the first phase of SM management that falls to a firm's leadership.

The research has found a very significant positive relationship between customer satisfaction and managing customer. Hence, management of customers enhances the satisfaction of the customers. Several authors have found a positive correlation between customer satisfaction and managing customers in the past. Numerous studies in the service industry have also empirically validated the link between satisfaction and behavioral intentions such as customer retention and word of mouth (Anderson and Sullivan, 1993; Bolton and Drew, 1991; Fornell, 1992). The research also found a very significant relationship between customer satisfaction and strategic alignment. Thus strategic alignment of business processes enhances the satisfaction of the customers. Global competition has forced firms to rethink their approach to providing products and services to their customer base. Business process reengineering has been adopted by many firms in an effort to improve their competitive position and enhance their ability to provide customer satisfaction and delight (Archie and Wilburn, 1997).

The research found a very significant relationship between company performance and managing customers. Business people intuitively know that managing

Table 2. Mean, standard deviation, and correlation of variables.

Variables	Mean	SD	1	2	3	4	5	6	7
Customer satisfaction	3.54	0.85	—						
Company performance	3.51	0.73	0.89**	—					
Service guarantee	3.40	0.70	0.63**	0.76**	—				
Customer relationship	3.50	0.62	0.7**	0.56**	0.68**	—			
Managing customers	3.56	0.65	0.57**	0.43**	0.63**	0.88**	—		
Strategic alignment	3.61	0.71	0.5**	0.37**	0.6**	0.63**	0.8**	—	
Leadership	3.58	0.77	0.51**	0.37**	0.39**	0.6**	0.6**	0.64**	—

** . Correlation is significant at the 0.01 level (2-tailed).

customers' well lead to improved business performance, Even Analysts, Economists and Stockbrokers are starting to take customer management seriously, believing it to be a very important "intangible that determines sustainable long-term company performance" (Neil et al., 2008). The research has found out that there is a very significant relationship between company performance and leadership. A particular challenge for leadership may be the need for firms to have the flexibility to communicate easily across levels and departments, and take actions accordingly. A rigid organization is unlikely to be able to align the forces necessary for the impact we look for here. We recognize the difficulties associated with changing such an organization and culture. This challenge may deter some leaders from SM use (Ivor and Jay, 2002).

Conclusion

Finally, it may be possible to keep modifying and replacing SMs to create a longer-term management system. A dynamic environment requires considerable work to ensure the strategic alignment of any measurement system. The difficulty in constructing effective SMs may make changes difficult, though benefits from the ease of communication, monitoring, and understanding should offset this difficulty considerably. In short, like many ideas, the SM approach needs to be managed. For the given organization, the study found a very significant relationship in certain areas while others not. In order to sustain customer satisfaction and performance of the employees, the organizations should underscore internal variables like leadership, strategic alignment, service guarantee, customer relationship and management of customers. The SM approach can produce outstanding vertical alignment within the firm, excellent horizontal alignment from the firm's suppliers, across its functional areas to its customer base, and a clear attention to the present and the future. Super measure management should be a very effective tool by linking up all these variables in all directions with a view to sustain increased level of performance while satisfying customer needs and demands.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Sample size was small. There are two concerns with a small sample size. First, small sample sizes generate low statistical power, meaning that one is more likely to conclude (falsely) that no relationship exists when, in fact, one truly does. This issue is of no particular concern here because nearly all of the statistical tests were based on within-individual relationships, where the number of observations (N = 128) was not more than adequate. The other concern with a small sample size is generalizability. Results from small samples are less likely to replicate because of second-order sample error (Hunter and Schmidt, 2004). The study focused on work-related variables associated with super measure management, it is impossible to rule out the possibility that home-related factors influenced our results. The study does not imagine it is feasible to increase the temporal length of the study, particularly in field settings where gaining access to an organization for extended periods of time is difficult. However, if it were feasible, it might be interesting to study the impact of super measure management over a prolonged time in work place.

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