MANAGING TOURISM AND HOSPITALITY SERVICES

Theory and International Applications

To my wife Lin and children Jillian, Benjamin, Joshua, Krystin and Jeremy for their support and encouragement in this project

Bruce Prideaux

To all the Pearce boys for their ability to amuse and distract

Gianna Moscardo

And, to Barbara

Eric Laws

MANAGING TOURISM AND HOSPITALITY SERVICES

Theory and International Applications

Edited by

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1 Quality and Service Management Perspectives

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Introduction

Managing Tourism and Hospitality Services is the result of extended discussions between the three editors about their own research interests, and between them and colleagues in many countries about activities they have been engaged in. It became apparent that there are some important convergences in tourism and hospitality research, particularly as it relates to the study of service management in these still new and still rapidly developing sectors. In this book, the editors have presented a range of current research which individually records the commitment and application of the contributors, but taken together the collection of work provides a benchmark of current understanding, and examines the range of research methods being applied to further deepen the understanding of tourism and hospitality service management research. It is not our belief that this book is a definitive statement of research into this area, rather we hope that it will inspire present and future researchers to consider how to further advance the frontiers of tourism and hospitality research.

The overall aim of the various research projects which form the collection of work in this book is to enhance understanding of quality management in tourism and hospitality. This introductory chapter now briefly describes the structure of the book, before providing an initial review of the evolution of tourism and hospitality management research.

The Structure of this Book

Managing Tourism and Hospitality Services is organized in six parts. The 28 chapters deal with a wide range of issues, providing analyses of international tourism and hospitality management practices from many sectors of the industry, and utilizing an interesting selection of research methodologies and conceptual approaches. As the editors show in detail in the review and synthesis of the concluding chapter of this book, the work presented here makes a substantial contribution to the better understanding of current tourism and hospitality management and emergent research capabilities, while identifying some gaps and the need for further research in the future.

Part I deals with the core issue for tourism and hospitality managers of customer satisfaction. The five chapters examine some specific examples and draw together a range of theoretical and methodological approaches to customer satisfaction research and management. This theme of customer satisfaction is taken up in many of the subsequent chapters in this book.

Structural issues are the main focus of chapters in Part II. The three chapters dealing with competition and collaboration, both of which are strongly characteristic of the industry. The resultant tensions provide the dynamic context for managerial strategy while managers deal with the realities of designing and operating the complex socio-technical organizations delivering tourism and hospitality services.

The six chapters in Part III build on the understanding of customer satisfaction and the functioning of industry relationships by reporting and critically analysing examples of improvements to specific tourism and hospitality services. Part IV presents six chapters which focus attention on the experiences of those who work in the industry, their interactions with clients, and ways of managing them more effectively. A range of important ethical as well as practical and theoretical topics are raised and examined.

Research methods are the particular focus of Part V. The seven chapters provide examples of current research projects and evaluate a variety of methodologies. It is hoped that readers will feel encouraged to adopt a more varied approach to the design of their own future research as a result of reading some of the innovative thinking incorporated here.

Part VI contains one chapter which concludes *Managing Tourism and Hospitality Services.* In this the editors summarize, map and synthesize the analyses and findings of our 48 contributors, and identify some priorities for future research in this challenging and rapidly evolving industry.

Service Quality in Tourism and Hospitality Management

It has been suggested that service research has moved on its from its original concerns with distinguishing the study of service issues from those confronting manufacturing sectors (Fisk *et al.*, 1993; Laws, 2000). In part, second generation research is concerned with identifying and defining the distinguishing operational characteristics of the various service subsectors, but although researchers have been very active in describing the relevant features of tourism and hospitality, we have not yet reached a consensus.

For tourism, research must encompass the impacts of tourist activities on staff and destinations, and consider how the complex structure of the industry mediates both tourist satisfaction and destination impacts. In relation to hospitality, the scale is smaller and the boundaries of research can usually be confined to the interactions between guests and the staff who serve them in the context of particular models for each hotel or restaurant. This may account for the significantly greater volume of service quality oriented studies of hospitality operations, and there is therefore much for tourism specialists to learn from their hospitality-focused colleagues. In many instances, investigation of a research question, and particularly attempts to develop theory, may require a research design that examines aspects of both tourism and hospitality rather than attempting to make fundamental distinctions between these subsectors.

The rationale for the theme of service quality in this book is that most sectors of the tourism and hospitality industry have regularly experienced a high incidence of complaints (Pearce and Moscardo, 1984), including low standards during the journey between home and destination, poor accommodation, poor resort location and associated difficulties. A Consumers Association report discussed in Laws (1997) surveyed 11,500 British members asking them to rate the tour operators and countries they had patronized in the year to September 1996. The key criterion was ‘whether they would definitely recommend them to a friend who wants to take the same sort of holiday’. Swiss Travel Service was the only operator of the 51 in the survey to gain a ‘definitely’ or ‘probably’ recommendation from all Consumer Association respondents who had used the company. Poor accommodation was the main source of dissatisfaction; other concerns related to representatives, brochure accuracy and changes to the arrangements once booked. Amongst the major tour operators’ clients, the proportion surveyed who would ‘definitely recommend’ a particular tour operator ranged from only 48% for Thomson to a low of 25% for Airtours.

Earlier, the Chief Executive of British Airways had expressed the challenge of managing quality in the service sector in the following terms:

> Why not merely run an airline which is so good that it never has any problems? May I assure you that we are in a service business, and service businesses deal with people. There is never one perfect set of answers for dealing with people problems, otherwise they would not be people. What makes service businesses so interesting and so complex is that their prime stake in trade is people relations, and we are expected to handle those relations in the hurly burly of commerce, not in the quiet professionalism of a therapist's room.
>
> (Marshall, 1986, p. 10)

Much empirical research shows that the tourism industry is complex (Ashworth and Tunbridge, 1990; Leiper, 1990; Brown, 1998). However, it also highlights the relationships between the many organizations contributing to the products tourists purchase from the industry (Morgan, 1994; Buhalis, 2000), and focuses on the dynamics underlying its changing practices (Hall, 1995; Faulkner and Russell, 1997; Lew, 1999; Buhalis and Laws, 2001).

Hudson and Shephard (1998, pp. 61–62), have argued that 'service quality has been increasingly identified as a key factor in differentiating service products and building a competitive advantage in tourism'. They demonstrate how the attributes which consumers and producers consider important may be identified and quantified. In a review of PhD research by mature candidates in Britain, Baum (1998, p. 467) commented that 'there was a noticeable recent focus on research with a focus on service quality'. Nevertheless, tourism service quality remains rather under-researched. For example, Laws *et al*. (1999) identified only eight titles dealing with quality management aspects, out of a total of 380 books on tourism published in the decade since 1989. Furthermore, Harrington and Akehurst (1996, p. 135) commented that much of the research to date has been prescriptive and has lacked a focus on 'the extent to which quality has been effectively incorporated as a strategic concern in service organizations'.

The Quality of Service Experiences

The process by which consumers understand quality is often regarded as a comparison of the service standards expected when purchasing a service, compared to their perceptions of service experiences, although there are some limitations to the applicability of the model (Yusel and Yusel, 2001). Consumer satisfaction is the outcome when expectations are matched by service experience, conversely, dissatisfaction occurs when there is a mismatch, and expectations are not fulfilled by the service delivered (Engel *et al*., 1986). The psychological consequences of this meet the conditions for dissonance described by Festinger (1957) and Brehm and Cohen (1962).

Harrington and Akehurst (1996), in a detailed review of 21 leading articles, identified a wide range of dimensions used in definitions of quality. In his benchmark study of products and services, Garvin (1988) classified quality in five ways. Transcendent quality varies between individuals and over time, and can be understood in the common phrase 'I know it when I see it'. An approach relying on the measurable features of the product, the expert view of quality leads to design specification and technical drawings. User-based quality, while in part based on individual judgement, is also the basis of consumer legislation which introduced the test of merchantability, requiring goods sold commercially to be fit for their purpose: the classic test was that a bucket should not leak. Manufacturing quality is concerned to minimize deviations from the standards set in the producer's technical specifications. Goods meeting internal specifications therefore conform to the manufacturer's requirements, whether or not customers are satisfied. The fifth suggested classification is value-based quality. Commenting on value-based quality, Garvin (1988, p. 44) noted that 'it seems to be difficult to determine a generally valid link between price and quality'. Each component of the definition of value-based quality is relevant. Value is generally regarded as meaning the delivery of more of some desired attributes of the service than the customer expected. In the short term this may occur as the outcome of deliberately under-promising, or it may result from higher than normal performance in the service delivery system.

The longer-term significance is that it embraces the view that customers' expectations of service standards are not static over time.

Gronroos (1990) has made an important distinction between two approaches in analysing the quality of services; technology-driven and fitness for use and customer-driven definitions.

Technical Approaches to Production-oriented Service Quality

The challenge for service managers is to design a service delivery system which combines maximizing customers' judgements that the service experienced is satisfying, with technical efficiency in the use of resources to create it (Ramaswamy, 1996).

One strategy which managers often adopt in their search for consistent service is to eliminate employee discretion and judgement whenever possible (Sasser *et al.*, 1978). It relies on the specification of tasks to a defined standard of performance. Increased standardization implies a reduction in the discretion allowed to individual employees; however, this often contradicts service sector clients' expectations of being treated as individuals, with needs that may vary during the many events of which a service is composed. Efficiency goals may clarify performance targets for staff, but can conflict with the customers' expectation of warm and friendly service. Underlying this approach are the twin assumptions that consumers experience a service as a series of events, while managers see the service as a set of elements which require skilled coordination and resource control, in delivering specified standards to clients. These assumptions are considered more fully in the discussion of blueprinting that follows.

Commenting on technical performance goals, Locke and Scweiger (1979) identified seven important characteristics of effective management programmes. They suggested that the goals set must be specific, accepted, cover important job dimensions, be reviewed, with appropriate feedback, be measurable and challenging, but attainable. Hollins and Hollins (1991) also advocated a process of continuous improvements, relying on a view which underlies service blueprinting that customers experience the service as a chain of events.

Chase (1978) noted that the technical approach works quite well in the manufacturing sector and hypothesized that it should be effective for low contact services. The meaning of low contact services is that interaction between staff and clients is minimized by the design of the service.

Customer-oriented Service Quality

The second quality approach discussed by Gronroos (1990) was fitness for use. This can best be understood in terms of customers' expectations of satisfaction, against which they evaluate their subsequent individual experiences during the service. Marketing theory argues that customers' experiences with any purchase give rise to outcomes for them varying from satisfaction to dissatisfaction. This reflects a divergence from the standards of service which clients had anticipated, as the following abbreviated quotations indicate: 'The seeds of consumer satisfaction are planted during the prepurchase phase of the consumer decision process' (Wilkie, 1986, p. 558). It is against this individual benchmark that tourists measure the quality of their service experiences.

> Satisfaction is defined as a postconsumption evaluation that the chosen alternative is consistent with prior beliefs and expectations (with respect to it). Dissatisfaction, of course, is the outcome when this confirmation does not take place.
>
> (Engel *et al.*, 1986, p. 155)

Gronroos (1990) argued that service quality comprises the two fundamental components discussed above, technical quality ('what' is delivered) and functional quality ('how' the service is delivered), but he also noted an important third component – the organization's image or brand strengths.

Consumer Involvement

Consumers' degrees of interest and 'involvement' in purchasing particular products or services range from low to high. Involvement is likely to be high when the purchase has functional and symbolic significance, and entails some financial risk (Cohen, 1986; Asseal, 1987). Laws (2004) argued that four features of holiday travel suggest that many tourists experience a high degree of involvement in choosing their holiday:

- Holidays are expensive.
- Holidays are complex both to purchase and experience.
- There is a risk that the resort or hotel may not prove satisfying.
- The resort or hotel reflects the holiday maker's personality.

In the case of journeys by air, low involvement passengers may be satisfied when an airline provides an on-time flight with reasonable standards of comfort and catering. Any service enhancements such as a sophisticated entertainment system or fine meals are received with pleasure. In contrast, a high involvement passenger expects enhanced service as a minimum requirement, and looks for additional evidence of superior service such as the latest style of seating or enhanced facilities at the airport.

The Organizational Significance of Service Failure

Dissatisfaction amongst many consumers is a serious matter to the firm providing a service, as the implication is that customers will take their future business elsewhere. They are also likely to discuss their negative experiences with many other people, thereby further undermining the company's credibility in its marketplace (Fornell and Wernerfelt, 1987). However, a converse view of complaints has been suggested by Lyons (1996) who discussed how to analyse the factors leading customers to complain.

Organizations incur costs from dealing with the direct consequences of any service failure, but implementing a quality control system to minimize problems also imposes costs (Bitner *et al.*, 1990; Leppard and Molyneux, 1994; Bejou and Palmer, 1998). These costs result from actions taken to get a service right from the start, auditing that it is correctly delivered, and the expenses of responding to any failure. Further costs are incurred in implementing preventative measures to reduce future dissatisfaction, including the redesign of service delivery systems or training and motivational programmes for staff. The two bases for managers of minimizing service failures are found in the technical aspects of service, and in understanding their customers' concerns.

Researching Customer Satisfaction

Chase (1978) posed the focal service marketing question: where does the customer fit in a service? During the mid-1980s a team of three researchers developed a way of researching service quality which became highly influential. SERVQUAL measures perceptions of service quality on five dimensions (reduced from ten original items): tangibles; reliability; responsiveness; assurance and empathy (Parasuraman *et al.*, 1988). The survey instrument seeks to identify positive and negative gaps in the firm's performance on the five service quality dimensions through two sets of 20 statements which compare customers' expectations and their perceptions of the firm's service performance, rated on a 7-point Likert scale (see Table 1.1).

SERVQUAL has been criticized both for its underlying gap approach, including its core constructs of consumer satisfaction, expectations and quality (Chadee and Mattsson, 1996), and its methodology (Brown *et al.*, 1993; Teas, 1994; Johns, 1999). Some researchers even question the continuing use of SERVQUAL:

> At best, it can be argued that SERVQUAL is applicable to contexts close to its original setting, that is, appliance repair, retail banking, long distance telephone . . . it is questionable . . . whether it is measuring service quality at all.
>
> (Robinson, 1999, p. 29)

Nevertheless, it has been applied to tourism in a number of studies, e.g. Mok and Armstrong (1996), Tribe and Snaith (1998) and Saleh and

Table 1.1. General service gaps.

1.	Differences between consumer expectations and management perceptions of consumer expectations
2.	Differences between management perceptions of consumer expectations and service quality specifications
3.	Differences between service quality specifications and the service actually delivered
4.	Differences between service delivery and what is communicated about the service to consumers
5.	Differences between consumer expectations and perceptions of the quality of the service received; depending on the size and direction of the other four gaps

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

Ryan (1992). Many contemporary researchers investigating the related issues of service quality and the ways in which customers experience service episodes continue to refer their work to the SERVQUAL model, either by directly employing some or all of its constructs, or by explicitly attempting to differentiate their analysis from what has become the benchmark of modern service management research. Although it has been subjected to severe criticism, SERVQUAL continues to serve researchers well in two important respects:

- It highlights unequivocally the centrality of quality in service research and management.
- It emphasizes the complexity of managing service experiences.

Investigating Service Design Through Blueprinting

Shostack (1984) introduced service blueprinting as a management tool. Her approach had three elements: (i) a time dimension, enabling the researcher to follow the customer's progress through the service delivery process; (ii) the main functions of the service, clarifying their interconnectedness; and (iii) performance standards for each stage of the process.

Service blueprints can be used to identify failpoints, the parts of a service which are most likely to cause errors (George and Gibson, 1988), providing the diagnostic capability of the service blueprinting method. Berkely (1996, p. 152) recommends blueprinting as

> one of the most sophisticated and promising approaches to service design . . . it provides service designers with a way to visualise service processes and to identify opportunities for improvement.

Blueprinting a service shows that in many instances little of the service is actually visible to the consumer. Shostack called this phenomenon the service iceberg, and stressed that the implication is that all aspects of the service design have to be managed from the perspective of how they impinge on customers' experiences.

As each of the events in a service is actually composed of many steps (Berkely, 1996), the amount of detail in service designs can be overwhelming: Schmenner (1995) identified 19 separate steps involved in the write-up of an auto repair order, itself shown as a single event in a blueprint. The issue for a researcher is to decide on the appropriate level of detail to enhance understanding of the service.

Mapping Tourism Services

Service maps add complexity back into the basic blueprinting concept, with additional information layers (or levels) which record the interactions between customer and contact staff, between contact staff and support staff, and between staff and managers, who may be remote from the service delivery location. Service mapping

> visually defines a service system, displaying each sub-process within the sequence. . . . The map should revolve around the explicit actions the customer takes to receive the service. . . . The specific contacts the customer has with contact personnel are mapped, as are the internal services (invisible to the customer) that support contact services.
>
> (Berry, 1995, p. 86)

Shostack and Kingman-Brundage (1991) have together generalized the management procedures needed for service development, emphasizing the iterative nature of defining services, analysing the data, synthesis and drawing conclusions. Their joint view is that blueprinting and its developments contribute to the master design of the service, and facilitate improvement and redesign as a result of continually increasing knowledge. Commenting on this, Gummesson (1993, p. 191) noted:

> The strengths of the procedural models . . . is . . . that they directly emanate from empirical material on service development where blueprinting was applied. It is in part inductive research and an application of grounded theory.

Senior and Akehurst (1990) further developed blueprinting in trying to understand customers' perceptions of a service system, or their experiences of using it. They emphasize service events from the customers' perspectives, understood through interviews, focus groups and participant observation techniques. Perceptual blueprinting can be used to analyse

> unstructured problem situations in which unpredictable human behaviour is a determining influence on the success or failure of a system. . . . Systems are coexisting technical and social systems which cannot be treated in isolation, yet design efforts often concentrate so much on the hard technical aspects that they neglect the soft social and less mechanical aspects.
>
> Senior and Akehurst (1990, p. 8)

This is particularly helpful, because it is widely accepted that customers' perceptions of service events differ, and that individual quality judgements are based on the divergence of the service experiences from service anticipated. Perceptual blueprinting has some of the characteristics of iterative or action research, in which managers are interrogated about the operational meaning (and validity) of their clients' commentary on the existing service delivery system. Subsequent phases explore the specification of managerial priorities, and the remedial actions to be taken in redressing the failpoints identified earlier.

Overall, blueprints and service maps 'present marketers with a new tool for strategic management of service details' (Kingman-Brundage, 1989, p. 30), enabling management to make decisions on service system design, marketing, quality control, human resource and technological management. Complexities are simplified, clarifying service functions and their interrelationships in a useful way to management (Mattsson, 1985), and helping employees to understand their impact on the customer's experience.

The significance of this was shown in Laws (2004, p. 21).

> The distinguishing features of its service styles are the power base on which an organization's image and its brands are built: these are the equity it has acquired with its customers, and they are the foundation for continuing client relationships. Therefore, the particular way in which the organization presents its service must be consistent, but that style must also evolve over time to remain appealing to consumers in the face of its competitors.

Researching Tourism and Hospitality Service Management

To the extent that an objective of this book is to contribute to theory building in hospitality and tourism, a discussion of research assumptions, principles and methods is now required. The process of deduction develops conclusions from what is already (assumed to be) known and accepted as existing principles. According to Ryan (1995) deduction is an inferential process based on reasoning from initial sources. In certain ways the existing theories applied to hospitality, and particularly to tourism are inadequate, particularly in explaining its complexity and the dynamics of the industry, suggesting the need for inductive theory building. Induction develops new propositions to explain a particular set of facts or observations.

One of the researcher's challenges is to distinguish pre-understanding from understanding. Pre-understanding refers to insights into a specific problem or social environment that the researcher carries before starting a research programme; this paradigm base is the conceptual input. Understanding refers to the insights gained by the researcher during a study; and is therefore theory output (Gummesson, 1991, p. 12), potentially this has the ability to modify or refute the original paradigm. In more general terms, May (1993, pp. 20–21) has noted the iterative nature of theory:

> Theory informs our thinking which, in turn, assists us in making research decisions and sense of the world around us. Our experience of doing research and its findings, in turn, influences our theorising . . . the issue . . . is not simply what we produce but how we produce it. An understanding of the relationship between theory and research is part of this reflexive process which focuses not just upon our abilities to apply techniques of data collection but to consider the nature and presuppositions of the research process in order that we can sharpen our insights into the practice and place of social research in contemporary society.

Kuhn (1970) has explained the importance of the paradigm on which any research is based. A research paradigm is the framework of concepts and assumptions that underpin the researcher's thinking and, importantly, these are normally shared by most, if not all, people in a research community (those undertaking research into particular problems at one time). In other words, the prevailing paradigm may inhibit the further development of theory.

A paradigm is 'a set of assumptions about the world which is shared by a community of scientists investigating the world' (Deshpande, 1983, p. 101). Bogdan and Biklen (1982, p. 30) defined a research paradigm as 'a loose collection of logically held together assumptions, concepts and propositions that orientate thinking and research'.

From the foregoing it can be argued that both the theoretical orientation of a researcher and the methodologies he adopts are derived from the paradigm held. However, much of the research in this book includes exploration of new situations such as evidence of consumer dissatisfaction, disrupted service delivery systems, negative destination impacts of tourism and the complex nature of hospitality and tourism industry relationships, leading to revision of the pre-understanding on which the initial enquiry was based through the development of new understanding (Gummesson, 1991). Thus, the paradigms underlying much contemporary research are called into question, notably in the deterministic approaches often taken towards service management, and in terms of the inability of existing theory to deal with the conditions of complexity and change which characterize much of tourism.

Another problem is that academic researchers give too little consideration to the significance of pre-understanding in choosing their research methods (Gummesson, 1991). He describes the hermeneutic spiral, recommending an iterative process where the researcher develops a different level of pre-understanding with each stage of the research. An iterative research design can assist to explore the perspectives of various sectors of the tourism industry.

Despite the impressive growth of the industry (and the study of it) noted above, research tends to be ad hoc and to deal with a limited set of issues, utilizing tools which are themselves questionable if understanding of the key issues facing the industry is to be advanced.

Qualitative Research

Research methods have often been polarized, with individual projects and researchers espousing either qualitative or quantitative approaches (Neuman, 1994). Although quantitative methods dominate (Walle, 1997), both are widely used in social science research. Increasingly, researchers employ a combination of the two methods to maximize benefits from a particular research project (Yin, 1994). Weissinger *et al*. (1997) and Riley and Love (2000) are amongst many who have argued the benefits of qualitative research, the latter noting Cohen's assessment (1988) that much of the seminal work in tourism was initiated through qualitative research.

The field of inquiries for which case studies are well suited is broad, and it encompasses most aspects of concern to contemporary tourism researchers. The employment of case studies as a research method has been championed by a number of researchers including Yin (1994), Gummesson (1991) and Perry and Coote (1994). Case studies have the advantage that they can embody several methodologies to investigate contemporary phenomenon in their real-life context, often in situations where the boundaries between the phenomenon and the context are not clear (Yin, 1994). Prideaux (2000) noted that many investigations into tourism development adopt this approach to research. Yin (1994, p. 13) identified the four core components of case study-based research as:

- investigation of a contemporary phenomenon within its real-life context;
- when boundaries between phenomenon and context are not clearly evident;
- multiple sources of evidence are used;
- they are part of a comprehensive research strategy, not just a data collection tactic or a design feature.

Similarly Jorgensen (1989, p. 19) has noted that

> the case studied may be a culture, society, community, subculture, organization, group, or phenomenon such as beliefs, practices, interactions. . . . Case studies stress the holistic examination of a phenomenon, and they seek to avoid the separation of components from the larger context to which these matters may be related.

However, the ability to form general conclusions from a range of observations is often regarded as the basis of scientific methodology (Kuhn, 1970) as scientific understanding advances on the interrogation, refinement and possible refutation of existing theory. Thus, knowledge is usually considered to be built on testable hypotheses. This is the basis of a major stream of criticism directed at case study-based research, arguing that its findings are limited by being specific to that case.

Case studies are recommended to investigate research questions characterized as 'how' or 'why' (Yin, 1994, p. 6). As a range of evidence and also different research methods often occur in one case study, the research strategy should include means to verify and validate the qualitative analysis, so that the findings of a case study will be more convincing and accurate (Jick, 1979). Denzin (1978, p. 291) defined triangulation as 'the combination of methodologies in the study of the same phenomenon'. The metaphor is based on navigational practice, multiple view points result in greater accuracy in locating an object. Both across method and within method triangulation can improve researchers confidence in their results. Glaser and Strauss (1967, p. 7) suggest that multiple scales or multiple comparison groups can be used to develop more confidence in emergent theory.

New Generations of Service Research

The originator of the 'moments of truth' concept, Normann (1991) drew attention to what he regarded as an important new generation in service research in his thorough survey of the service management literature. While the first generation had distinguished service activities from other sectors, Normann argued that this is giving way to a second generation of research focused particularly on service relationships, behaviour during service transactions and the design of services to optimize the moments of truth. The argument is that each of the moments of truth when the customer interacts with the service organization is an event which customers use to judge the overall quality of the service. It is therefore also a proper focus of management (and research) attention.

The foundations for an understanding of service quality are based on the 'emerging service paradigm'. In this way of thinking, service managers seek 'a balance between human input and technology, between costs and income, and finally between quality and productivity' (Gummesson, 1993, p. 40).

This approach is paradigmatic as it is dependent on a new style of management and an organizational climate which actively supports the philosophy of service quality as a major company objective. In particular, it suggests the need to empower customer contact staff, and to do so by focusing the organization's resources and its managers' skills on satisfying (legitimate) customer expectations, and fostering a culture of continuing quality improvements.

Tourism Service Systems

There is a general consensus in the research community that tourism services are complex, and that any element can contribute to the success or failure of a service. The complexity of tourism services can be appreciated using perspectives from systems theory. This concept argues that selected inputs are combined in a series of processes with the intention of producing calculable outputs (Lorenz, 1993), each process stage adding accumulating value to the service. Efficiency in the system's operation can therefore be evaluated by measuring outputs against the inputs required to produce them, by examining the quality of those outputs, and by considering the way each process contributes to the overall service. Checkland and Scholes (1990) and Kirk (1995) have noted that although systems thinking has mainly been applied to 'hard' engineering situations, where outcomes are unambiguous and highly predictable, the concept can be applied in situations where human behaviour is a significant factor in business activities which combine social and technical processes. This confronted the difficulty that in ill-defined problem situations it was not possible to answer the questions, 'what is the system, and, what are its objectives?' Explaining the way in which progress was made, Checkland and Scholes (1990) identified one feature which all had in common, 'They all featured human beings in social roles, trying to take purposeful action'.

A critical factor in many services is that the variety of tasks involved calls for a team-based approach. Consequently, it has been pointed out that 'teamwork is the focus of service quality programmes in several firms known for their outstanding customer service' (Garvin, 1988). Wisner (1999) studied transportation quality improvement programmes, and placed importance on finding the root causes of quality problems, employee empowerment, and setting quality goals and standards. He showed that it is effective for managers to involve and support employees in a continuous improvement process and to stress the importance of role behaviours that allow the programmes to succeed. Wisner also noted a strong correlation between quality programmes and performance elements such as customer service, on-time deliveries, competitiveness, customer complaints, future growth expectations, employee productivity and sales.

Mattsson (1985) distinguished two types of relationships essential to a firm's success. Vertical relationships describe the relation between a firm and its customers. Horizontal relationships exist between a firm and others supplying it. Porter (1985) stressed the importance of sound industry relationships, Buhalis and Laws (2001) have edited a collection of studies examining key aspects of channel management in the tourism and hospitality industry. More recently, research has focused on the special management characteristics of service organizations (see Laws, 2004, for further discussion), particularly service encounters, service design, service quality and customer satisfaction, internal marketing and relationship marketing. Together, they represent a new approach to management which Gummesson (1991) argued is sufficiently different from earlier approaches to merit recognition as a paradigm shift.

Much current thinking about tourism is hindered by a mechanical and linear approach which probably stems from two root causes:

1. The 'first generation' approach to services noted by Normann (1991) persists, its attraction to many managers and researchers lies in its reference to experience transferred from the manufacturing sector where management decisions about design and manufacturing control result in logically predictable outcomes. Much of the current thinking about tourism service quality reflects themes in economic theory which exhibit a preference for mathematical analysis of a set of forces tending to stability and equilibrium, in contrast to the heterogeneous, dynamic forces tending to greater diversity and increasing complexity in tourism which can probably be more realistically modelled through chaos theory (Faulkner and Russell, 1997; Gleick, 1987; Waldrop, 1992).
2. Modern mass produced goods and the processes of their production do not have the equifinality which characterizes transactions in tourism service systems. Equifinality is a key concept in systems theory, which recognizes

that given inputs into complex biological or social transactional processes may result in differing outcomes (Bertalanffy, 1968). The lack of relative certainty for tourism quality arises from human involvement in the service delivery processes, both as consumers and as producers, further compounded by the roles of individual expectations and perceptions in service judgements making consensual evaluation of service quality problematic.

Summary

Two primary functions can be identified for service sector managers. One is fundamentally concerned with designing and resourcing an appropriate delivery system that also defines the parameters for service encounters between staff and customers. The second function is concerned with staff selection and training, and beyond that, the development of an organizational culture which empowers staff to solve problems on behalf of customers, within the company's cost or profit policies, and rewards them for contributing to customer satisfaction. The first management function, service design, underpins successful service delivery. Successful design minimizes dysfunction, and optimizes the second managerial objective, effective service transactions, thus maximizing the likelihood of providing satisfying experiences for customers (see Laws, 2004, for a fuller discussion).

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