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International Service Study

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Chris Voss

is professor of operations management and director of the Centre for Operations Management at London Business School. He received his PhD in management as well as an MSc from London Business School and a BSc

(Eng) from Imperial College, London University. His academic career has included appointments at the University of Warwick, Australian Graduate School of Management, and The University of Western Ontario. He has published in a wide range of journals including Journal of Operations Management, Production and Operations Management, International Journal of Operations Management, and Research Policy. He was co-author of the first U.K. textbook on service management and has authored many other books and reports including Competitiveness of U.K. Service, Achieving World Class Service—An Anglo American Benchmark Comparison of Service Practice and Performance, and Service in the U.S. He is chairman of the European Operations Management Association and is a fellow of the Royal Society of Arts and the British Academy of Management.



Richard B. Chase

is Justin B. Dart Professor of Operations Management at the Marshall School of Business, University of Southern California. He received his BS, MBA, and PhD, all in operations management, from UCLA. His research focuses

on service design and service quality. Professor Chase has published articles in Journal of Service Research, Journal of Operations Management and Production and Operations Management Journal (forthcoming). He is co-author of Operations Management: Manufacturing and Services (8th ed.), and Fundamentals of Operations Management (3rd ed.). He is on the editorial boards of a number of journals including the Journal of Service Research. He was listed as one of the leading contributors to the field of Services Marketing in a Journal of Retailing survey, and one of the major contributors in the history of operations management in an International Journal of Operations Management survey.

Over the past decade there have been a number of large international studies of manufacturing competitiveness that have led greatly to our understanding of manufacturing strategy, international differences, and the influence of national context on the choice and use of tools and strategies (see, for example, Roth, Gray, Singhal, & Singhal, 1997). In addition, studies have sought to develop an understanding of what works and what

doesn't work in manufacturing; what are best practices; and, as the name implies, benchmarking one's own company, industry, and country with that of others as a starting point for improving operational performance. The initial driving forces were often the perceived threat to U.S. manufacturing from countries such as Japan and Germany. The lack of a perceived threat in the service sector may be one of the reasons that these were not matched by parallel service studies. However, this threat was felt overseas, in particular, the U.K., where as any visiting American knows, service is not always up to U.S. standards, and where companies such as McDonalds have made a major impact.



Aleda V. Roth

is professor and area chair of operations at the Kenan-Flagler Business School, where she is one of the founders of the International Service Study (ISS). After a successful business career of over 10 years in top manage-

ment, Aleda returned to school for her PhD in operations management at Ohio State University. She earned a Master's degree in biostatistics from the University of North Carolina. From there she held faculty positions at Boston University, Duke University, and the University of North Carolina at Chapel Hill. Her research interests are in global operations and supply chain strategy and performance span multiple industrial sectors and global regions. Aleda is a senior associate editor of Manufacturing and Service Operations Management, associate editor of Decision Sciences, Production and Operations Management Society Journal, International Journal of Operations and Production Management, and International Journal of Service Industry Management. She is on the editorial boards of Journal of Service Research, Journal of Operations Management, International Journal of Production and Operations Management, and Benchmarking Quality and Technology Management. She has numerous published articles, and has served on the Board of Directors of DSI, OMA, and POMS, and is a member of The Conference Board's Global Center for Performance Excellence and Performance Excellence Council III.

The precursor to the International Service Study (ISS) was a study of service practice and performance in the U.K. conducted by Chris Voss of London Business School and Bob Johnston of the University of Warwick. This study's report—*Service in Britain* (Voss & Johnston, 1995)—was well received. It drew attention to both strengths and weaknesses of U.K. companies, as well as highlighting sectoral differences. However, a widespread comment was that to increase the validity of such a study, international comparisons were essential, in particular, a comparison against the perceived best in the world—the U.S. As a result, sponsorship was sought for an international study.

Phase 1—USIUk

The founding and principal investigators for the ISS are Chris Voss of London Business School; Richard Chase of the Center for Service Excellence, Marshall School of Business, the University of Southern California; and Aleda Roth of The Kenan-Flagler Business School at the University of North Carolina at Chapel Hill. Sponsor-

ship and funding was obtained from two U.K. government agencies, Severn Trent Plc, and from all of the universities involved. The underlying question in the research is what creates global leadership in service? The focus of the ISS is the practices and performance of service organizations in each of the participating countries. We define practices as the established processes an organization has in place to design, deliver, and measure its service. Performance is defined here as the ways an organization's impact and influence is measured, including financial and non-financial outcomes.

The underlying logic of the research is that the adoption of best practice has a direct link to the attainment of high service performance which, in turn, leads to superior business performance and competitiveness (Voss et al., 1997). The study's research model draws on established models of practice and performance in service organizations. These include: (1) the Service Profit Chain (Heskett et al., 1994), which posits that there are strong links between customer satisfaction and loyalty and business performance to employee satisfaction and loyalty, productivity, and service value; (2) the SERVQUAL instrument for measuring service quality (Parasuraman et al., 1988); (3) Roth's Service Capabilities Indexes, which link service capabilities, strategy, and performance (C-S-P) (Roth, 1993, and Roth & Jackson, 1995); (4) Chase and Hayes' (1991) four-stage model of service firm competition, and (5) several national quality awards, such as the U.S. Department of Commerce's Malcolm Baldrige National Quality Award and the European/British Quality Award frameworks.

The ISS survey instrument consists of a set of 80 questions that examines each of 12 drivers and six performance outcome areas of the model (see Figure 1). Each of the questions is scored on a five-point interval scale, with 1 representing the poorest level and 5 the outstanding practice or performance. Each question is anchored by descriptors denoting what the values 1, 3, and 5 were, and thus, enabled interviewees and interviewers to consistently rate responses on the scale on a psychometric continuum.

Unlike most international studies, ISS data is collected by interview. The data collection was conducted by research teams from the cooperating universities, who con-

Practice Areas	Performance Areas
Leadership	
Service Culture	Internal
Employee Management	Employee Loyalty & Morale
Understanding Customers	
Service Design	External
Service Processes	Business performance
Quality Management	Service Effectiveness
Service Recovery	Service Quality
Empowerment	Customer Satisfaction
Managing Costs and Value	Customer Loyalty & Retention
Service Standards	
Performance Measurement	

Figure 1: The data collection structure of the ISS.

ducted personal interviews with senior executive teams from a broad sample of service firms. Each of the research teams applies the ISS questionnaire using identical data collection methods to ensure the comparability of the results. Cross training among the researchers is performed in each country to ensure interviewer reliability. The interviews, which ranged between two and four hours, are typically conducted in a one-on-one situation. In many cases, however, the trained interviewers discuss the instrument contents with executive teams, resulting in productive, informative discussions and substantiated answers. Each interviewer is instructed to obtain the organization's actual practices and performance at the time of the interview. Interviewees are instructed to state the current situation at their firm, not what was planned or anticipated. To ensure comparability between organizations, the final scores are assigned by interviewers, who would challenge each manager to substantiate their responses where appropriate. For example, secondary documents that helped to confirm the results were frequently collected. Previous studies indicate that executives sometimes tend to promote themselves and their company's image rather than basing their answers on fact (Roth, 1993). The interviewers tried to mitigate this effect by challenging the managers to substantiate their responses where appropriate, and subsequently by assigning the final scores. Frequently, secondary

data were collected to collaborate the executives' responses. To lessen any internal pressure to provide inflated responses, each interviewee was assured that all data—including identities—would be kept strictly confidential.

A distinctive aspect of the ISS is that it goes beyond traditional views of service to include both the public sector and service delivered by manufacturing companies. In the initial U.K. study, the main sectors studied were retail, financial services, utilities, professional services, industrial service, transportation, and government. The ISS added hotels and healthcare to this list. The initial stage of the ISS involved interviews with 181 U.S. and 145 U.K. organizations.

A wide range of analysis has been performed using the initial data from the study. The first major report (Voss et al., 1997), benchmarked U.K. and U.S. service practice and performance, with a particular focus on the hotel industry. Also in 1997, a benchmarking study of the U.S.—*Service in the U.S.*—was published (Roth, Chase, & Voss, 1997). This was the first major benchmarking study covering a wide range of U.S. services. It highlighted many areas including the practices emphasized, differences between sectors, the organizations perceived as service leaders both in the U.S. and internationally (service icons), and the proportion of U.S. companies who have achieved world-class levels of both practice and performance. These two reports were just the start, and continuing analysis is focusing

on a number of areas. The most significant of these is the development of the Roth, Chase, and Voss Model of Service Management. Twelve constellations of practices were empirically identified, which in turn are related to performance in six areas. Work in progress includes analysis of the causes of international differences in both practice and performance, the process of new service development, and benchmarking individual service sectors such as financial services.

Phase 2—Expanding the Scope

After the initial model and its applicability in an international context had been tested, further internationalization was started. Two further research partners were added: the University of Munich—Professor Anton Mayer, and the University of Cyprus—Professor Andreas Soteriou. In both of these locales, data has been collected using the same methodology, including international cross training of researchers. So far, about 300 further companies have been interviewed. Both of these countries have

brought something distinctive to the study. The Munich team has a massive German data base of customer response to service provision (the Deutsches Kundenbarometer, Mayer & Dornach, 1998) and Cyprus has exploited its position as a major tourist nation by building up a large sample of hotels.

Further international expansion is planned, with discussion taking place among universities in a number of continents.

Phase 3—From Research to Benchmarking

One by-product of international interview-based best practice research is that it develops both a process and a database that is suitable for benchmarking. All companies participating in the study receive individual benchmark reports comparing their practices and performance with others in their country and sector. These have proved valuable to the organizations as it has enabled them to identify their strengths and weaknesses and to develop

improvement plans. The ISS team is in the final stages of building on this experience and developing a full benchmarking process for organizations. An example of the feedback given to companies is given in Figure 2. This process, entitled “Service PROBE,” is initially being developed in the U.K., where it will be distributed and delivered by the Confederation of British Industry. Two versions are being offered, one for the large organization and one for the multi-site organization. Once tested in the U.K., the process and software will be available for license in other countries, except in the U.S.

Future Directions

Research does not stand still, and as well as expanding the number of countries involved, the team is looking at the areas studied. For example, when the study was designed, electronic commerce was a term yet to be coined, though today it is playing an increasing role in all businesses. This and other new developments in service management will be incorporated into the ongoing International Service Study.

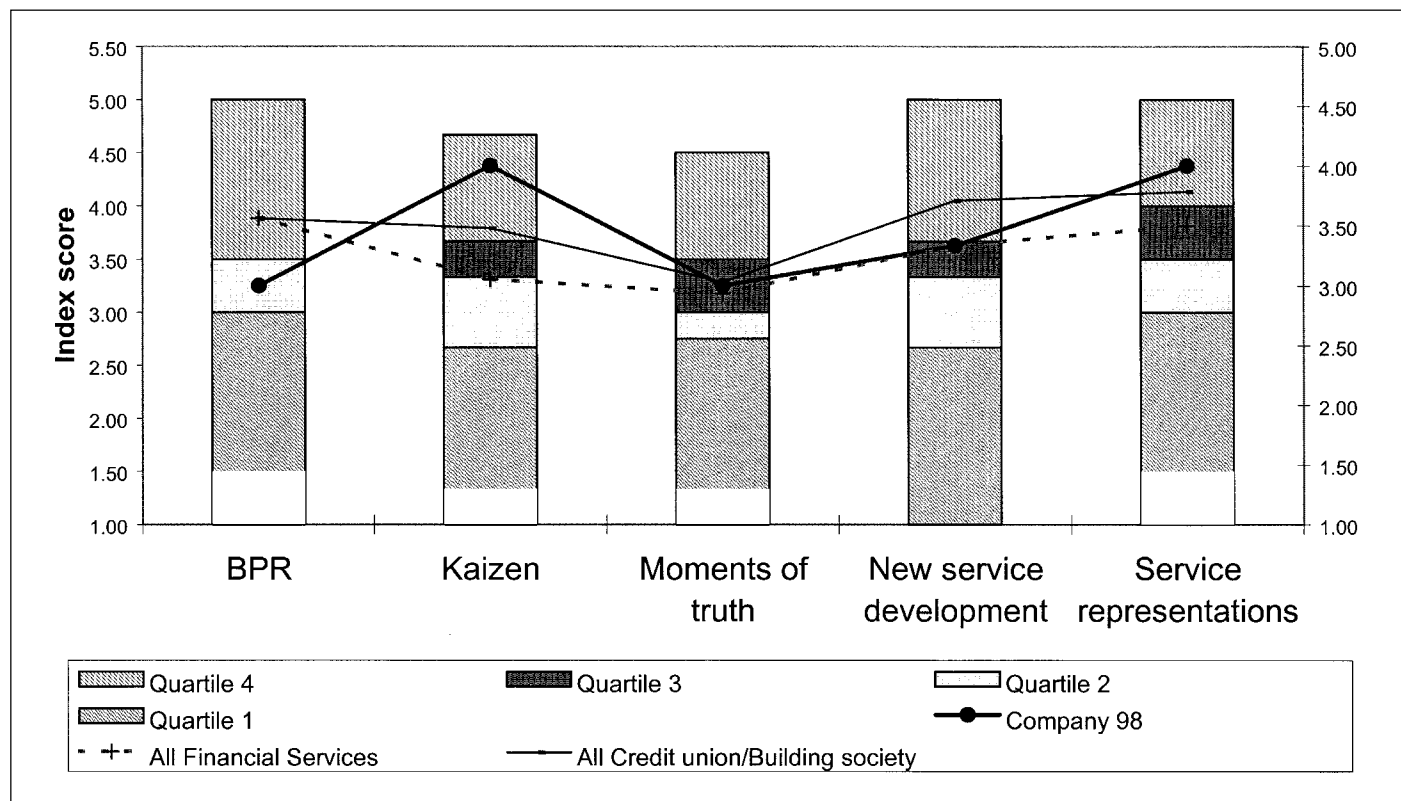


Figure 2: Example of benchmarking feedback: Quartile chart of service processes.

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A Friend and Colleague Needs Our Help

by Barry Render, Harwood Professor of Operations Management, Graduate School of Business, Rollins College

I am embarrassed that I have waited so long to write this request to help our friend, **Professor Mark Berenson** at Bernard Baruch College. Mark, a long time member of DSI, respected scholar, and author of numerous business statistics books, desperately needs our assistance.



His daughter, **Lori Berenson**, a young reporter in her 20's, was arrested almost 3 1/2 years ago by the Peruvian government. Charged with "treason against the fatherland," she was sentenced by a hooded military judge to life in prison, without parole. Lori was not allowed to present evidence in her own defense. The former MIT student was jailed in such extreme conditions—

a cell high in the Andes with no heat or windows and hundreds of days in solitary confinement—that her hands have turned purple and she is losing sight in one eye.

In condemning Lori Berenson for political reasons (she had written a column critical of the human rights in Peru), Peru broke four binding international treaties on legal rights, and even its own constitution. With a history of harassing reporters and rights activists, Peru's President Fujimori is using Lori to tout how he can't be pushed around by the U.S.

All Mark and his family are asking for Lori is a public trial, with civilian judges, witnesses, and the right to present a defense. Here is how we can all help.

Even though the Peruvian government is very independent, it is still concerned about public opinion, especially that of academics. If you would write, fax or call Peru's ambassador, this would be a first step. He is:

Ambassador Ricardo Luna
Embassy of Peru
Washington D.C. 20036
Phone 202-833-9860
Fax 202-659-8124

The next thing that would help is to write your own congressman and senators. With congressional pressure, the State Department may take a more aggressive stand.

Third, Mark and his wife have suffered not only emotionally and physically—they travel to Peru every few weeks and to D.C. frequently to lobby—but financially as well. Their legal bills are enormous. A tax-deductible contribution to the PROTEUS FUND will go to supporting educational benefits on Lori's behalf. The check should note "Inter-American Human Rights Project" and be mailed to:

Committee to Free Lori Berenson
320 E. 25th St., #2AA
New York, NY 10010

And, finally, please email Mark with your words of support. After three and one half years of watching his daughter suffer, your words of encouragement will be precious to him and to his wife Rhoda. His email is:

marbb@cunyvm.cuny.edu.

He has also established a home page that you may wish to visit at:

www.freelori.org

Many thanks in advance for your time and efforts.