

**BUREAUCRATIC CULTURE OR CULTURE OF BUREAUCRACY, THE
GOVERNANCE OF CUSTOMER SERVICE EMPLOYEES: A CASE STUDY OF NEW
ZEALAND HOTELS**

Warren Goodsir

E-mail: warren.goodsir@aut.ac.nz

Dr Irene Ryan

E-mail: iryan@aut.ac.nz

Dr Michael Lück

E-mail: mlueck@aut.ac.nz

Dr Elizabeth Roberts

E-mail: eroberts@aut.ac.nz

School of Hospitality and Tourism,
Faculty of Applied Humanities,
AUT University

ABSTRACT

Service industries place high demands on customer service employees. It is often expected that employees have extensive social and interpersonal skills that enable them to meet the needs of customers all day, every day, while also satisfying organisational concerns over costs, sales and profitability.

Hospitality employers are increasingly seeking staff with the attributes and capabilities, to successfully interact in teams and with customers. Empirical research in service satisfaction has confirmed the importance of the quality of employee / customer interactions (Bitner, Booms, & Tetreault, 1990). These attributes and capabilities are often viewed, by employers, as being more important than technical skills (Nickson, Warhurst, & Dutton, 2005). The concept that employees require interpersonal competencies including empathy, authenticity, self control, behavioural control, courtesy, formality and friendliness to provide customer satisfaction has been well established (Coye, 2004; Nickson et al., 2005; Winsted, 2000).

The continued growth of service industries and the development of the experience economy further emphasises the importance of these interpersonal competencies. Baum (2006, p. 125) describes the experience economy as “one where consumers are seeking an integrated bundling of products and services in a way that generates responses across a range of their intellectual, emotional and aesthetic senses”. Moreover, customers often desire to experience memorable moments that may engage them in an emotional and personal way (Pine & Gilmore, 1999).

The aim of this study is to identify how hotel managers govern employee interpersonal interactions with customers. This research seeks to identify the interpersonal and emotional skills employers require from employees to meet the needs of customers and present the desired corporate image. Furthermore, it seeks to identify how employers are communicating

interpersonal interaction requirements and emotional display rules to employees and how these interactions are being supported by the organisation.

The following research questions underpin this study:

1. Do customer service employees possess the interpersonal / emotional attributes that are needed to successfully manage customer interactions?
2. How do managers communicate interpersonal skill / emotional attributes requirements to employees?
3. How are employees' interpersonal interactions and emotional displays being managed?
4. What, if any, training is provided to develop employees' interpersonal effectiveness.

LITERATURE REVIEW

Within the hospitality industry every action the customer service employee takes influences the customer's perception of the organisation. It is therefore, critical to align employee behaviour with the image and personality of the organisation (Harris & Fleming, 2005). These images and symbols portrayed by the product and services, and the meanings that customers attribute to them are considered very important to organisations (Davies, Chun, Vinhas da Silva, & Roper, 2003).

Research on brand personality has suggested that the personality traits of the people associated with the brand are transferred directly to the brand (Aaker, 1997). Furthermore, the behaviours exhibited by employees are seen as equal, if not more important in influencing the customer's perception of the brand than physical design and ambiance (Davies et al., 2003). It is, therefore, critical that the behaviour of employees and their exhibited personality is aligned with the brand personality of the organisation (Harris & Fleming, 2005). To successfully compete in the service economy requires the integration of branding and experiences as much as product. As a result hospitality organisations are seeking employees who are able to personify the image of the company and provide the customer with the desired experience (Westwood, 2004).

As service work has continued to grow the need for control over the exchange between employee and customer has also increased (Sturdy & Fineman, 2001). It is widely understood in business literature that control is a fundamental management activity. The typical assumption of control theory is that an employee would not deliver the expected performance and achieve the desired organisational outcomes unless control was established (Hartline, Maxham III, & McKee, 2000). Organisational control has primarily focused on managing both work activities and the activities of employees. While activity control seeks to ensure that planned activities produce desired results, employee control can be defined as the attempts by management to influence the behaviour and interactions of personnel to achieve organisational goals (Jaworski, 1988).

Jaworski's (1998) theory of marketing control and Ouchi's, (1979) contribution on control mechanisms form the conceptual framework for the research undertaken in this study. Within this framework control is situated in the context of environment, control, and consequences. The environment shapes the control systems that are likely to be implemented within an organisation and influences the resulting consequences. Organisational controls are divided into market, bureaucratic and clan mechanisms (Ouchi, 1979) and are further divided into formal and informal categories (Jaworski, 1988).

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Formal controls include input, process, and output classifications. Input controls are defined as “measurable actions taken by the firm prior to implementation of an activity” (Jaworski, 1988, p. 26). Examples of input controls are recruitment and training activities and formal policies that direct process and behaviour. Process control includes activities such as coaching and mentoring and is undertaken to influence activities and behaviours to achieve desired results. Output control involves the setting of performance strategies, and reward and recognition of performance (Jaworski, Stathakopoulos, & Shanker Krishnan, 1993).

Informal controls refer to unwritten and more subjective processes incorporating self, social, and cultural controls. Self control is defined as the individual’s ability to adjust behaviour to meet personal objectives. Whereas, social control is established by subgroups and departments within the organisation, and cultural control involves the entire organisation’s values, beliefs and operating norms (Jaworski, 1988).

METHODOLOGY

A qualitative research method has been applied as this research seeks to understand the expectations of managers, the issues around governing employee interactions with customers, perceptions of employee capabilities, and beliefs about current management strategies. Within the qualitative framework a case study strategy of inquiry has been employed. Case study methodology provides the opportunity to explore and understand the participants’ beliefs and perceptions in the contemporary customer service context situated in the hospitality hotel environment (Cohen, Manion, & Morrison, 2003).

The sample chosen for this study is representative of those who have had experiences relating to managing customer service employees within four star hotels in the New Zealand hospitality industry. The research was conducted inside one international hotel corporation and included participation of four individual hotel properties. Each selected hotel from within the group constitutes an embedded case study and the individual participant from each embedded case represents a “unit of analysis” (Yin, 2003, p. 22). The data gathering methods used in the study include semi-structured interviews, documentation review and field notes.

PRELIMINARY FINDINGS AND DISCUSSION

Preliminary findings suggest that successful service interactions involve sophisticated interpersonal exchanges with guest and simultaneous efficient completion of technical tasks. To oversee these interactions, managers in the hotels are involved in complex tasks of assessing employee work quality through observation of employee activity and deciphering from their behaviour, whether employees are competent or not. While shaped by professional norms and organisational culture this subjective interpretation of employee competence is peculiar to individual managers. However, these assessments are also moderated and informed by checks of productivity against organisational norms, customer feedback and mystery shopper reports. Management authority to exercise control is gained through the formal limits provided by the hotel organisational structure, brand standards and within the informal (implicit) limits of authority given by employees as a result of trust in and respect for individual managers. This enables managers to provide guidance and advice on how employees may complete interactions more effectively.

Due to the complex and heterogeneous nature of customer service interactions (Kotler, Bowen, & Makens, 2003) bureaucratic mechanisms are exercised in the hotels to direct employee behaviour. Bureaucratic mechanisms include the setting of rules concerning processes to be completed and

standards to be met, while also involving close personal monitoring, and directing of employees by management (Ouchi, 1980). These characteristics are all evident within the studied organisation. Further to bureaucratic mechanisms of control, it is also apparent that organisational culture provides an important mechanism to govern employee behaviour.

Organisational culture provides a consistency for messages and establishes norms which are just as significant as more bureaucratic mechanisms (Ouchi, 1980). The obvious uses of cultural control mechanisms within the hotel group include credos, codes of conduct and values statements. Furthermore, socialisation strategies are used to instil common values and beliefs in employees, and to develop personal goals for employees that are compatible with organisational goals. Socialisation strategies include:

- Serial socialisation that takes place during the course of a normal working routine through the mentoring and role modelling of employees by supervisors and co-workers (Cooper-Thomas & Anderson, 2006; Young, 2003).
- Investiture socialisation involving the provision of positive support by co-workers to employees for their actions and behaviours (Cooper-Thomas & Anderson, 2006; Young, 2003).

Successful bureaucratic control depends on employees regarding the exchange of labour for fair compensation (Ouchi, 1980). However, the findings suggest that this exchange between the hotel group and employee is currently not equitable resulting in high employee turnover. As successful cultural control is reliant on a stable workforce to enable the long term socialisation period necessary for instilling values and beliefs, the high employee turnover may be causing considerable disruption to cultural control mechanisms.

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