

B2B SME service quality management and measurement in practice: A Scottish Case Study of Waste Management Service and Training and Vocational Qualifications

Abstract

The aim of the study is to address challenges measuring service quality within a Scottish B2B niche market where the organisation has an array of services that are strategically similar but inherently different.

Design / Methodology / Approach This study is a case study approach that combines both academic theoretical perspective and industry experience, via action research, to develop a theoretical concept relating to a B2B niche market.

Findings The study proposes a theoretical approach to measuring and managing customer service within a Scottish B2B niche market for Waste Management Services (WMS) and Training and Vocational Qualifications (TVQ). The study also addresses challenges measuring service quality for organisations offering services that are strategically similar but inherently different.

Originality The proposed model will add to theoretical literature relating to B2B service quality measurement and management. The approach to research will add to research method literature relating to the challenges of academic perspective and industry perspective approaches to research.

Track Strategy as practice

Word Count (excluding tables and references): 2701

1. Introduction

Through a management Knowledge Transfer Project (mKTP), supported by government funding via Innovate UK, the UWS (University of the West of Scotland) has the opportunity to work with a waste management service (WMS), and training and vocational qualification (TVQ) company that operates in a niche B2B market in Scotland. The company has grown organically over the past 20 years. However, through mKTP the company intends to adapt current business practices, commit to cultural change, and look to develop a more structured approach to marketing activities. The mKTP project allows an academic to work within the company embarking on an action research driven project that gives detailed insights into current practices. However, as Gummesson's (2000) study suggests both academics and consultants have different perspectives in terms of what is important in theory and practice. This project aims to bridge the gap between both an academic theory driven perspective with consultancy experience in practice. However, whilst action research is being applied through research cycles the approach is deductive in nature, starting from a theoretical concept and ending in theory development. The research also addresses the gap in literature related to the

associated B2B niche industry (WMS & TVQ), measuring service quality within one company when offering dual services that are both industry specific and inherently different in nature. As studies by Yang & Fang (2004), Saeedpoor, Vafadarnikjoo, Mobin and Rastergari (2015), and Ali and Raza (2017) found there is also an expectation that the research will develop an adapted model of SERVQUAL bespoke to the B2B niche market. However, it should be noted that the research also addresses a gap relating to the measurement of service quality within a company with dual services acknowledging that both services are distinct in nature. Most published studies provide one holistic model per industry while, this study seeks to demonstrate that there are situations where more than one measurement tool may be needed to assess the organisations services.

In terms of developing business and marketing objectives an assessment of the overall current market situation was undertaken. As part of this assessment a review of the current level of customer satisfaction was needed which, in turn, will aid the development of specific marketing objectives. Whilst there are two main marketing approaches, transactional and relationship marketing (Hollensen, 2020), this project reflects on the concept of relationship marketing in a niche B2B context where service quality is important. The research reflects on the move from mass marketing techniques adopted in the 70s to a drive towards development of B2B relationship marketing in the late 80s and 90s, reviewing the current situation in 2022. The research explores the variety of relationship types and the associated characteristics such as simple, multiple, important, and complex (Ford, Gadde, Hakansson and Ivan, 2011). The research further explores theoretical concepts around service quality including the well-known SERVQUAL model developed in the 80s (Zeithaml, Bitner and Gremler, 2006), and the associated industry specific adaptations such as Cavanna, Corbett & Lo's (2006) inclusion of the dimensions comfort, connection and convenience.

To summarise the overall aim of the project is to:

1. Bridge the gap between theoretical and consultancy driven perspectives (Gummesson, 2000).
2. Contribute to the literature relating to a B2B Niche marketplace SME (WMS and TVQ); &
3. Contribute to literature relating to the measurement of service quality within a niche SME that offers strategically similar but inherently distinct services under 'one umbrella'.

2. Literature Review

B2B Relationship Marketing

Over the years relationship marketing has generated much interest and as such has many definitions, Gordon (1998, p.9) states relationship marketing is, 'An ongoing process of identifying and creating new value with individual customers'. However, Gordon (1998) further expands that the concept also includes both parties gaining, overtime, from the relationship advantages including mutual value creation. B2B relationships must be balanced

with shared benefits and long-term commitment (Sheth and Parvatiyar, 1995; Buttle, 1996). A complex part of relationship marketing is the need to ensure the combination of suppliers and customers lead to customer retention (Hollensen, 2020; Payne, 1995). Payne (1985) further acknowledges that the foundations of relationships are central to marketing strategy development with all business relationships having the ability to influence strategic success. The relationships are complex and require both shared interdependence and mutual cooperation (Sheth and Parvatiyar, 1995). Ford et al, (2011, p.1) state 'Business relationships are quite simply the basis of business and without them no company can operate', thus emphasising the importance of the academic research field. There is a driving need for companies to be customer-centric and consider the business relationship with the customer, therefore understanding the drivers of customer satisfaction becomes essential.

Customer Satisfaction and Service Quality measurement

It is important that businesses ensure that the outcome of a B2B customer exchange is favourable as this can create value in the B2B relationship. Kotler (2004, p.40) defines customer satisfaction as, 'the level of a person's felt state resulting from comparing a product's perceived performance (or outcome) in relation to the person's expectations.'

Value creation refers to shared benefits a firm gives customers "in a competitively superior way" (Wood, 2004, p.9), that can lead to satisfaction. Usually, benefits are perceived when the customers' needs and wants have been met. It is expected that when a business can meet a customer needs and wants better than a competitor the relationship may evolve.

An important aspect of Customer Relationship Marketing (CRM) is providing excellent customer service. Zeithaml et al (2006) provide a simple definition of the service quality concept as deeds, processes, and performances that a business performs when engaging with their customers.

Zeithaml et al (2006, p.4) state that services are quite different from actual products in that they cannot be 'touched, seen or felt' and tend to be 'more intangible'. The term 'more intangible' is used because often services can have a tangible aspect to them. G. Lynn Shostack (cited in Zeithaml et al. 2006) developed a Tangibility Spectrum which identifies whether tangibility or intangibility is the dominant factor relating to the product or service. In general, those that are intangible dominant tend to be classed as services. Companies require tools to measure the level of service they provide the most common being SERVQUAL.

'SERVQUAL is described as a method companies can use to better understand the expectations and perceptions of their customers' (Palmer 1998, p. 161). The SERVQUAL technique is used to aid organisations in closing gaps in service.

The SERVQUAL model measures the size of gap between customer expectations and perceptions and where these occur, thus identifying areas where value creation may occur. Over time there have been many reiterations of the SERVQUAL model adapting the model for different industry scenarios such as studies by Yang & Fang (2004), Saeedpoor et al (2015), Cavanna et al (2006), and Ali and Raza (2017), each model identifying different dimensions specific to the industry of study. However, 'Most research studies do not accept the five-factor

structure of the SERVQUAL model posited by Parasurama et al (1995)' (cited in Abdullah 2005, p. 307), as such this study intends to review the current theoretical area in a B2B context whilst acknowledging the niche market offers services that are strategically similar but inherently different.

3. Methods

Research Philosophy is a sign of the researchers' beliefs in the development of knowledge (Saunders, Lewis, and Thornhill, 2007). Though there are three main research philosophies this research draws on epistemology, to aid bridging the gap between academic and industry perspective to identify what can be regarded as acceptable knowledge (Bryman and Bell, 2020). Epistemology recognises that there are four ways of developing knowledge: Intuitive Knowledge, Authoritative Knowledge, Logical Knowledge and Empirical Knowledge. This research project will draw on all four dimensions as described below:

Intuitive Knowledge draws on the beliefs, faith, and feelings rather than fact (Saunders, Lewis & Thornhill, 2015). Therefore, experiences of management staff from industry and the experience of the researchers have provided the basis for the theoretical model development.

Authoritative Knowledge is derived from people, books, and other secondary and tertiary sources. This will be the basis of the literature review in terms of the theoretical concepts being investigated. It is recognised that the robustness of this knowledge will be determined by the strength of the sources.

Logical Knowledge is the process of generally accepted knowledge being the research starting point with new knowledge being the end point (A to B). The starting point of this research is the generally accepted theoretical concepts Relationship Marketing and Service Quality, specifically SERVQUAL. The end point is new knowledge presented by a new SERVQUAL model specific to WMS & TVQ, in other words, the findings and conclusion of the research project.

The research is developed through action research where the company and academics work together to find a solution to a problem, in this case a measurement tool for the purpose of service quality evaluation (Eden and Huxham, 1996). The research is developed through cycles of research the first being the development of the hypothetical measurement tool with the next phase testing the tool; however, the overall research project is deductive in nature as shown in diagram 1. As the research started with theoretical knowledge which developed a hypothetical model and the expected outcome is a new model approach to measuring WMS and TVQ, a deductive approach has been adopted (diagram 1 illustrates the research stages). The latter stages do emphasise the phases of the research following a planning, acting, observing and reflecting approach, where the model is updated based on findings at intervals. The deductive research steps demonstrate the outcome of theory development. Whilst action research is normally an iterative process that can ultimately end with theory development (Argyris, Putnam and Smith, 1985), and is commonly displayed in the format of a cycle, the deductive nature of the project is dominant, hence the structured research steps.

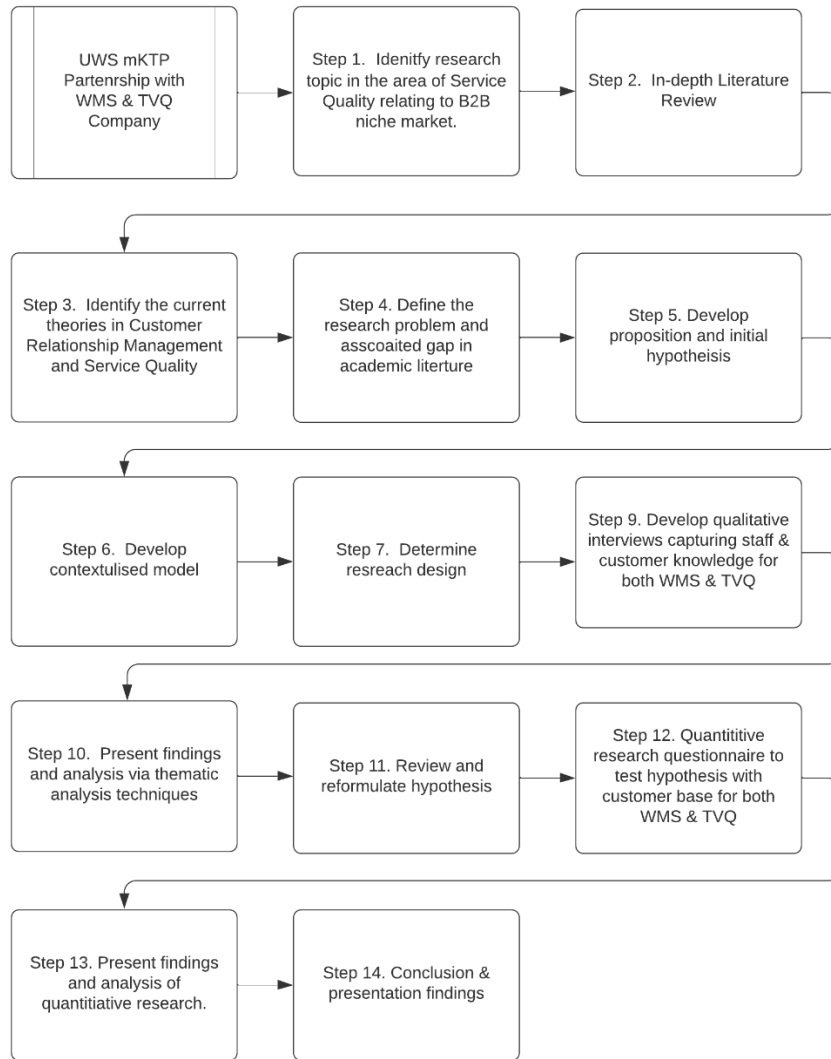


Diagram 1 Mapped Research Progress Stages

4. Theoretical Contribution: Proposed Concept

The research is based on an individual case study and therefore the theoretical development applies to this specific case and cannot necessarily extrapolate to other companies. However, some findings may be of relevance to companies who operate in a similar context e.g., those offering diverse services.

Through a thorough literature review, relating to current SERVQUAL models that were aligned to TVQ and WMS, a list of possible service dimensions was generated. These included work HEdPerf (Abdullah, 2006) and SERVPERF (Cronin and Taylor, 1992), associated dimensions indicated in table 1.

| Context and Research Authors | Dimensions |
|------------------------------|------------|
|------------------------------|------------|

| | |
|---|---|
| HEDPerf (higher education) Abdullah (2006) | Non-academic aspects, academic aspects, reputation, access and programme issues. |
| SERVPERF (service performance / performance only) (Cronin and Taylor, 1992) | Assurance, Reliability Responsiveness, Tangibles and Empathy |

Table 1 Examples of relevant SERVQUAL adaption

Then through gathering intelligence from field workers and other internal staff, a workshop was delivered where senior management, the embedded mKTP associate and academics developed the dimensions further as shown in diagram 2. This phase of the research found two sets of service critical dimensions one set for WMS and another for TVQ.

WMS dimensions included assurance, reliability, tangibility, responsiveness, empathy, brand, customer defection, accessibility, and bespoke packages. Whilst the TVQ dimensions identified were assurance, reliability, tangibility, responsiveness, empathy, Brand / Academic Reputation, Medium of Instruction, Retention and Progression, Accessibility, Curriculum, Career Opportunities and Cost / Time. Generating an overall measurement of company performance for this niche B2B area in terms of service requires an assessment of all service streams, resulting in the proposed model (diagram 2). This suggests that when offering diverse services more than one measurement tool may be needed.

The WMS offered include waste composition analysis, WM licence and permit applications, and soil waste management and classifications which are varied in scale and complexity and differ between each client. With this considered, the dimensions deemed applicable for this research included assurance, reliability, tangibility, responsiveness, empathy, brand, customer defection, accessibility and bespoke packages.

The TVQ services also cover a range of specialties including Environmental, Health & Safety and Waste Management training, where clients and candidates will have varied expectations. Therefore, the dimensions identified to suit this were assurance, reliability, tangibility, responsiveness, empathy, brand / academic reputation, medium of instruction, retention and progression, accessibility, curriculum, career opportunities and time / cost.

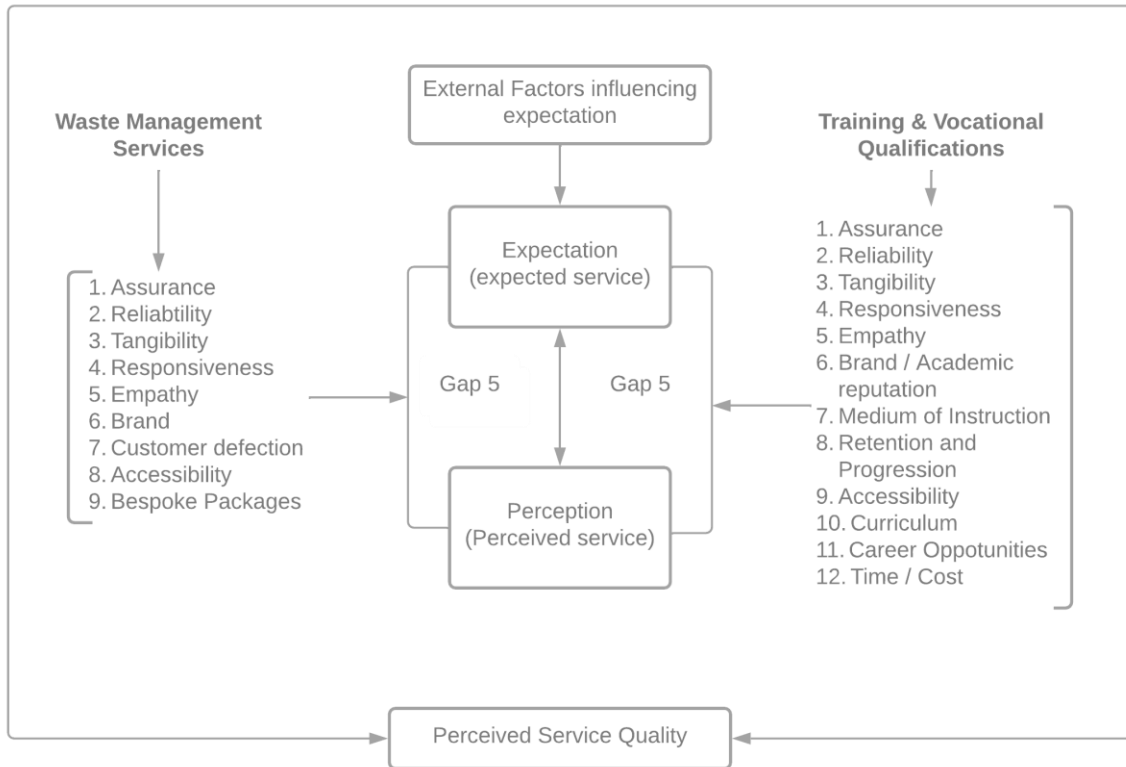


Diagram 2 Conceptualised service quality in practice: B2B Niche, Waste Management and TVQ model

The model presented (diagram 2) is indicative of stage five in the research process (diagram 1). This is completion of the first cycle of research. The next cycle will analyse the measurement tool via quantitative methods, the findings of this cycle will review and reformulate the proposed model. To reiterate this is a development paper, however, to date the contribution to knowledge is the development of academic theory via a CS measurement tool. The contribution to industry via the measurement tool enables the company to use quantitative methods to measure CS, findings will be reviewed in terms of effectiveness in gathering high quality information for the organisation, considering both theoretical and consultancy desires from customer research. As stated the proposed model will be reformulated through cycles of research to develop a truly customer centric approach to CS measurement.

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