

Risk Cluster Framework - How to analyse Companies by Operating Leverage

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Introduction

In the severe competitive markets such as those which prevail in the service sector, competition takes a nick-to-nick pattern of confrontation among different rivals. In such this situation a big legitimate question can logically be raised: How each competitor can compete the other and get the largest market share? In this short essay we will introduce the concept of quality of service as a competitive advantage which may provide the service organization with the distinctive power which can help it to differentiate itself from others and enables it to have the edge over them in the marketplace. Also, this essay will shed the light on the major approaches to measure the quality of service.

What is Quality of Service?

From our point of view and experience acquired from being a consultant for some service organizations in the Jordanian and some Arab markets, quality of service is defined as a set of behavioral, procedural and environmental features which associated with the service offer. However, the concept of quality of service was and still a debatable issue among scholars. Some of them try to look at the concept from a technical perspective and accordingly, it should be defined through some technical standards and performance specifications which should be attached with the service offer.

On the other side quality of service is looked at from the customer point of view. Some scholars [1-3] and I am one of them consider the issue of quality as a concept that is implanted in the customers' perceptions and expectations. Some researchers (Payne and Ballantyne 2003) distinguish between three dimensions of the quality: 1) The physical, 2) The premises and, 3) people (employees).

Payne(2000) distinguishes between five levels of quality: 1) The expected quality (customers perspective), 2) The quality as is designed by the, management, 3) The technical quality (the compliance with the specifications), 4) The actual quality (the service performance) and finally, 5) The communicated quality [4].

Considering the above discussion, quality is constructed in the customers' minds based on their choice criteria and expectation. In fact, this conclusion should be highly considered by service marketers who are struggling for strong powerful position in the marketplace.

Assessing quality of service

The review of relevant literature revealed two major approaches regarding the assessment of the quality of service: 1) The attitudinal approach and, 2) The gap approach. For more exploration about the quality measurement a brief discussion about each approach is presented in the following paragraphs.

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The attitudinal approach

This approach is based on the notion that quality is an attitudinal concept and it is related to the customer's satisfaction which is the outcome of his perceptions. However [5], argued that both the customer's perceived quality and his attitude are not the same.

It should be noted that attitude is a cumulative concept and it is built through a series of experiential processes while satisfaction refers to an imminent state of mind and it expresses the individual's feeling toward a certain object [6]. Based on this level of logic the individual's satisfaction becomes an acceptable measure of quality and it would be a sufficient logical judgment to consider the individual's satisfaction as an indicator of his evaluation of quality.

Thus, if customers are asked about their satisfaction from using the service, this would be a sufficient justification to generalize this affective state of mind as an indicator of the perceived quality. According to this logic the quality of service can be measured through asking customers about their evaluation of the quality of service and attaching this question with a 5-points liker scale where score (5) refers to highest level of quality and (1) the lowest level. The measurement of quality will be reached by averaging the subjects' responses (scores) on the attached scale. And this average is then considered as an indicator of the level of quality. From our perspective, the above methodology in measuring quality does not provide us what can be considered as an accurate measure of quality because it refers to a general indicator and may mislead the management's evaluation of quality. Because quality of service is a composite concept its measurement must consider the multidimensionality of this concept in the measurement. This criticism in fact the triggered further research and led to a more comprehensive and valid measurement of quality of service (i.e. the Gap approach).

The Gap Model Approach

This approach is based on the notion that quality is inherited and implanted in the customers' perceptions and expectations, and in turn it is the outcome of the comparison between their perceptions of the quality of the service they have been provided (the actual performance) and their expectations about that quality [7]. In their integrated research project [5], introduced their theoretical model to assess service quality. They indicated that quality is a multidimensional construct (SERVQUAL) and distinguished between five different dimensions: tangibility, reliability, responsiveness, assurance and empathy. According to this model, the difference between what is expected by the user and the service offered, gaps or shortcomings are derived that may be the main obstacle for users to perceive the provision of such services with quality [8].

The subjects of their research were given a list of (23) statements reflecting the d operational definitions implied in the five dimensions. The mean score of subjects' responses on the statements which were attached with a 5- points likert scale was used as measure of quality. Within the context of this model the quality was measured at two levels: the expected and perceived (actual performance) and the difference (gap) between the two measurement levels was used as a measure of

quality. The major advantage of this model is that it provides service marketers with a more valid and integrated measure of quality with the consideration of its five dimensions.

Finally, I hope I could present the concept of quality in consolidated and integrated way which express my perspective about it.

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