

RETHINKING CUSTOMER EXPECTATIONS OF SERVICE QUALITY: ARE CALL CENTRES DIFFERENT?

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Abstract

Reported studies on call centres emphasize efficiency and control, with possible implications for service priorities, customer orientation and service quality. However, there is little empirical research to test assumptions from the customer's perspective. This study aimed to establish whether customers expected (predicted) low levels of service from a call centre, how this level compared to the minimum level they considered adequate, and whether the perceived customer orientation of the call centre was related to service quality expectations. Data were collected from customers (N=289) of a large insurance provider. Key findings were that customers had very high levels of adequate (minimum) expectations and that adequate expectations behaved independently from predicted (forecast) expectations. Secondly, customer orientation was associated with predicted expectations but not adequate expectations. The paper concludes with suggestions for future research and managerial implications.

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INTRODUCTION

Over the past decade, many organisations have developed or extended their service provision by using call centres, resulting in a rapidly expanding industry (Anton, 2000; Feinberg et al., 2000). In providing call centre services, organisations are concerned with customization of their products to suit the increasing expectations of consumers. At the same time, they need to standardize their processes to enable employee training, consistent responses to customer enquiries, and the ability to cater to a mass market (Frenkel et al., 1998). Organisations are therefore attempting to meet both budgetary and service priorities, but it appears that there is an imbalance between these two areas. Taylor and Bain (1999) refer to the 'sweatshop' approach and suggest that call centres are little more than a return to Taylorism and 'an assembly line in the head'. Wallace et al. (2000) report four Australian cases and conclude that a 'sacrificial HR strategy' is evident in these call centres whereby control and efficiency are at the expense of employee stress and turnover. Only one article, by Gilmore (2001), suggests that there may be a trend away from the production-line approach to one with more emphasis on staff empowerment and discretion. Hence, the majority of findings from call centre studies question the prevailing internal service climate and suggest that there is a focus on efficiency, rather than effectiveness. Consequently, questions emerge about the importance of customer orientation, the extent to which employees are able to provide high levels of service quality, and the implications for customer expectations.

Customer expectations have been consistently acknowledged in the literature as the basis on which service quality and customer satisfaction judgements are formed (Oliver, 1993; Parasuraman et al., 1988). But despite the growth in call centres worldwide, there appears to be only one reported study on customer expectations of call centre service in the literature, which focussed on determining customers' expectations of customer service representatives (Burgers et al., 2000). The findings from other call centre studies intuitively suggest that customers will experience low levels of service quality, and subsequently, lowered expectations (Boulding et al., 1993). Theory from services management identifies different types of service expectations and proposes that they are associated (Zeithaml, Berry et al., 1993). Customer service climate studies indicate that customer orientation and service quality are linked conceptually (Schneider, White et al., 1998) but few studies have considered the role of customer orientation in service encounter conceptualisations despite its recognition as a factor critical to the success of a service organisation (Brady and Cronin, 2001). The overall aim of this paper was therefore to explore the absolute and relative levels of customers' expectations of the service quality of a call centre, and assess the relationship between expectations and perceived customer orientation.

Service Quality Expectations

In their definition of service quality as the consumer's judgment about an entity's excellence or superiority, Parasuraman et al. (1988, p. 16) allege that customers evaluate quality by comparing their expectations (or ideals) with their perceptions of the service performance. This view had been emerging for some years (Gronroos, 1984; Haywood-Farmer, 1988; Lewis, 1983; Parasuraman, 1985). The meaning and possible types of expectations, and whether gap scores or direct measures of service quality are more psychometrically sound, have generated controversy and considerable debate (Brown et al., 1993; Peter et al., 1993; Zeithaml et al., 1993; Parasuraman et al., 1994; Teas, 1994). Recently, consensus appears to have been reached that the measurement of service quality should not include expectations and should seek the consumer's direct judgment about an entity's excellence (Cronin et al., 2000; Dabholkar et al., 2000). As a consequence of not being included in measurement, questions arise about the levels and significance of different expectations in operationalising service quality. Zeithaml et al. (1993) noted that consensus exists that expectations serve as standards with which subsequent experiences are compared, resulting in evaluations of quality or satisfaction. Other authors emphasise the importance of understanding and managing expectations to assist in diagnosing problems and to create and sustain long-term relationships (Ojasolo, 2001; Walker & Baker, 2000). The first step in such a process is to understand customer

expectations in the relevant context. In this study, the first research question seeks to explore the absolute and relative values attributed to different types of customers' expectations of service quality in call centres.

The Dynamic Nature of Adequate Expectations

In the service quality and customer satisfaction literatures, expectations are interpreted differently. In service quality, expectations have a normative role, are based on past experience, and they provide the consumer's view of what *should* happen. In the customer satisfaction literature, expectations are usually linked to what consumers forecast, that is, they have a more predictive role and they relate to what *will* happen (Zeithaml et al., 1993). The role of expectations in service quality is made more complex by theory suggesting that different levels of normative expectations exist (the customer's 'zone of tolerance') and that the expectations associated with service quality and customer satisfaction interact (Oliver, 1993; Zeithaml et al., 1993).

The zone of tolerance (ZOT) is based on the assumption that customers recognise and are willing to accept a degree of heterogeneity in service quality (Johnston, 1995; Strandvik, 1993; Parasuraman et al., 1991; Zeithaml et al., 1993). It is represented by a range between what is 'desired' and what is considered 'adequate' (Zeithaml et al., 1993, p6). Desired service is defined as the blend of what can and should be provided whereas the 'adequate' service quality level is defined as the minimum level of service performance customers consider adequate (Parasuraman et al., 1994, p. 224). The authors of ZOT theory proposed that the desired service level is relatively stable but that the adequate service level moves up and down according to consumer circumstances and needs (Parasuraman et al., 1991; Zeithaml et al., 1993). They subsequently demonstrated that the desired service level tends, consistently, to be highly positively skewed but that the adequate level is more likely to vary and that only a small number of customer responses appear to fall outside the ZOT (Parasuraman et al., 1994). This finding is consistent with studies that employ the SERVQUAL instrument to measure desired or ideal expectations and which also find that the desired level of expectations tends to be skewed highly positively (Peterson & Wilson, 1992; Danaher & Haddrell, 1996; Dean, 1999). In their more recent study in health clubs, Walker & Baker (2000) found support for movement of the adequate level and an association with the importance of the feature. Hence, interest in this study focuses on the level and movement of adequate expectations.

The Interaction of Adequate and Predicted Levels of Service

In customer satisfaction studies, expectations are accepted as a consumer forecast of performance or service outcomes (Parasuraman et al., 1988; Oliver, 1993; Zeithaml et al., 1993). Based on their data from focus groups, Zeithaml et al. (1993) suggested that the consumer forecast, that is, the predicted expectation level, affects the adequate level of expectations. For example, if a customer rings a call centre at a time when service consultants are likely to be very busy, the customer may predict lower levels of service quality in terms of queuing and may be prepared to accept longer waiting times (a lower adequate level of service quality). Similarly, the customer might predict that the consultant will be in a hurry and so the customer lowers their expectations in terms of the adequate or minimum service level on the attribute relating to the consultant taking enough time to provide the required service.

The relationship between predicted and adequate levels of service is of particular interest because movement of the adequate level of expectations affects the width of the zone of tolerance (Zeithaml et al., 1993). A wider ZOT means that customers are more tolerant of variations in service levels and organisations have more scope in managing their service (de Carvalho & Leite, 1999; Johnston, 1995; Parasuraman et al., 1991). In 1994, Parasuraman et al. published a scale for measuring the ZOT with respect to the desired level and the adequate level, but they did not include a measure of predicted level and so their proposition about the interaction between the levels was not tested empirically at that time. Nor does it appear to have been tested since. In summary, based on the conceptual development of the ZOT concept, and the service quality and customer satisfaction literatures on expectations, the second research question in this study therefore asks whether customers' predicted (forecast) expectations affect the minimum level of service that they consider adequate. The hypothesis that guides this first research question is:

H1 Predicted (forecast) expectations will be positively related to adequate (minimum) levels. That is, when customers predict low levels of service quality, their adequate level of expectations for service quality will also be low.

The next section of this review considers whether customers' service quality expectations (predictions and adequate levels) are linked to the construct of customer orientation.

Customer Orientation

Customer orientation is defined as the degree to which an organization emphasizes meeting customer needs and expectations for service quality (Schneider et al., 1998). Customer orientation is a major component of service climate, where service climate is defined as the "employee perceptions of the practices, procedures, and behaviors that get rewarded, supported, and expected with regard to customer service and customer service quality" (Schneider et al., 1998, p. 151). In empirical studies in banks, Schneider and his colleagues have repeatedly linked a global measure of service climate (as perceived by employees) to service quality as perceived by customers (Schneider et al., 1980; 1992; 1997; 1998; Schneider & Bowen, 1985; 1993; 1995; Schneider, 1990; Schneider, 1994). Thus, it seems likely that customer orientation should demonstrate a link to service quality. Further, as service quality evaluations are dynamic and influenced by changing customer expectations (Boulding et al., 1993), it is proposed that customer orientation will be associated with expectations.

In addition to the service climate perspective, customer orientation is considered to be one of three dimensions of market orientation (Kelley, 1992; Kohli et al., 1993; Lukas & Ferrell, 2000), and a market orientation is said to result in a customer-driven company (Narver & Slater, 1990). Schneider et al. (1998) suggest that much of their construct of service climate maps well onto the construct of market orientation. Both customer orientation and market orientation have been explored from the employee perspective (see Chang & Chen, 1998; Lukas & Ferrell, 2000; Sin & Tse, 2000; Slater & Narver, 1994) but there is little evidence of such exploration from the customer's perspective.

In summary, despite the evidence of the link between global service climate and service quality, studies have not specifically related customer orientation to service quality, nor to customer expectations and customer orientation has not been explored in call centres. Consequently, research questions arise with respect to the relationships between perceived customer orientation and both adequate (minimum) expectations, and predicted (forecast) expectations of service quality.

The literature that led to the research questions above also leads to corresponding hypotheses. In particular if, as a major component of service climate, customer orientation is linked to service quality, then it is also likely to be linked to the expectations on which service quality evaluation is based. In this study, adequate (minimum) expectations are measured and hypothesis 2 proposes a positive association between customer orientation and adequate (minimum) expectations. That is, if customer orientation of the call centre is perceived to be high, adequate expectations will also be high. The literature also suggests that adequate (minimum) expectations will vary according to customers' predictions of service quality (H1). If H1 and H2 are true, then it follows that a third hypothesis should be true, that is, that if customer orientation of the call centre is perceived to be high, predictions of service quality will also be high. That is:

H2 Perceived customer orientation of the call centre will be positively related to customers' adequate (minimum) expectations of service quality.

H3 Perceived customer orientation of the call centre will be positively related to customers' predicted (forecast) expectations of service quality.

The remainder of this paper outlines the research methods used to explore the research aims and test the three hypotheses, reports and discusses key findings, and suggests future research and managerial implications.

METHOD

Overall Research Design

This study used a cross-sectional field study design (Mitchell, 1985). Data were collected by a mail out survey to a random sample of customers of a large insurance organisation in Melbourne, Australia. This design was chosen because it was felt that a telephone survey may lead to biased results because the survey was seeking customers' views on a telephony environment. However, the mail out survey has the disadvantage of low response rates. Therefore steps were taken to increase the response rate by ensuring clarity in the appearance and wording of the survey, avoiding undue length, including a letter to encourage participation by the organisation, and providing a reply paid envelope (Armstrong & Overton, 1977; Dillman, 1991).

The organisation downloaded the names and addresses of a random sample of customers who had used the call centre in the previous week, and provided addressed envelopes, on-site, into which surveys could be placed. Covering letters from both the organisation and the university were attached to the front of the survey, and a reply paid envelope included.

Respondents

In total, 2000 surveys were posted and 312 were returned, providing a response rate of 15.6%. Perusal of the surveys resulted in rejection of 23 surveys as unusable, due to large amounts of missing data, or little or no variation in responses, reducing the sample size from 312 to 289 (14.5%). Follow-up activities were not permitted by the participating organisation so the final sample is based on this group of customers and lack of information on non-response bias is a limitation of this study.

The respondents to the survey were 48.7% males, and 51.3% females, predominantly in the 35 to 54 years age group (average age 44.8 years), and almost entirely made up of long standing members of the organisation. The organisation has 1.3 million members, of whom 54% are male and 46% female. The average age is 46.3 years and the average length of membership is 14.3 years. Hence, the sample in this study had fewer males and was slightly younger than the overall membership of the organisation but represents the population quite closely.

Measures

A structured questionnaire survey was sent to the insurance company's customers. The scales relevant to this paper were: customer orientation, service quality predictions and the adequate level of service expectations. Scales were already available from the literature and so they were customised for the study, and pretested. Demographic data were included. The data from the scales enabled testing of the three hypotheses relevant to the theory underlying the study.

Customer Orientation

Customer orientation was defined as the degree to which an organisation emphasizes meeting customer needs and expectations for service quality (Schneider et al., 1998). It was measured by using 9, 7-point items ranging from 1, strongly disagree to 7, strongly agree. The first six items were adopted directly from the customer orientation scale developed by Narver and Slater (1990). A typical item reads: "The call centre at XYZ has the main objective of keeping me satisfied". To explore specific actions taken by the organisation, such as encouraging informal feedback regarding services, three extra items were included (Schneider et al., 1998; Sin & Tse, 2000).

In their original study, Narver and Slater (1990) found that the six items in the customer orientation scale had a coefficient alpha of .86. In subsequent studies, the same authors (1994) and Lukas and Ferrell (2000) found the scale robust, with alpha values of .88 and .83 respectively (Slater & Narver, 1994; Lukas & Ferrell, 2000). In this study, the extended scale of 9 items demonstrated a coefficient alpha of .92. As discussed below, the customer orientation scale produced two factors, CO1 and CO2, with reliabilities of .88 and .92

respectively. These values suggest high internal consistency and are more than adequate for group research (Nunnally & Bernstein, 1994).

The correlation matrix for the 9 items in the customer orientation scale and the KMO measure of sampling adequacy (0.90) suggested suitability for factor analysis (Norusis, 1993). An exploratory factor analysis of the nine items comprising the scale and the 10 items comprising the adequate expectations scale (to assess discriminant validity) was conducted using principal components analysis and oblique rotation. Factor loadings greater than 0.4 were interpreted. Three factors with eigenvalues greater than one arose and explained a total of 69.4% of the variance. The existence of a three factor structure was also supported by the distinct change in gradient at the third factor on the scree plot (Norusis, 1993). Table 1 provides the results of the factor analysis.

Table 1: Factor analysis of items in the customer orientation and adequate expectations scales

Items	Factor 1 Adequate expectations	Factor 2 Customer orientation 1	Factor 3 Customer orientation 2
Customer orientation. The XYZ organisation..			
Maintains a high level of commitment to me, as a customer	.02	.15	-.82
Constantly creates value for me	.05	.12	-.80
Understands my needs	.04	.13	-.84
Has the main objective of keeping me satisfied	.04	.14	-.82
Regularly monitors my satisfaction level	-.06	.72	-.18
Pays close attention to after-sales service	-.01	.73	-.21
Does a good job keeping me informed of changes which affect me	-.00	.57	-.21
Encourages informal feedback regarding its services	-.01	.85	.00
Asks me to evaluate the quality of its work and service	-.07	.91	.05
Service quality. My adequate expectations in relation to..			
Getting my problem solved or request answered in one call	.76	.03	.11
The time spent waiting in a queue for service	.52	.24	.32
The service consultant taking enough time and not rushing me	.85	-.06	.01
The service consultant assisting me to define my problem	.88	-.04	-.08
The service consultant being able to solve different problems	.84	-.01	.07
The service consultant remaining calm and friendly if I am angry	.81	-.01	-.11
The service consultant explaining steps in the process	.86	-.15	-.12
The service consultant assuring me about the confidentiality of my information (or how it would be used) (if applicable)	.77	.05	-.05
The service consultant treating me with empathy	.88	-.05	-.08
The service consultant having the authority to solve my problem	.82	-.07	-.01
Eigenvalues	6.57	5.40	1.21
Variance	34.59	28.40	6.37
Intercorrelations			
Factor 1			
Factor 2	.017		
Factor 3	.075	-.48	

The nine items comprising customer orientation loaded on two factors. The first factor, CO1, consisted of five items, all related to organisational activity to support a customer orientation. This factor included items about attending to after sales-service, monitoring customer satisfaction, and encouraging feedback and evaluation of quality. The second factor, CO2, consisted of four items all related to customer needs. These needs include maintaining commitment to members, creating value for them, understanding their needs and having a customer satisfaction objective.

Service Quality Expectations

Two types of service quality expectations, predicted (forecast) expectations and adequate (minimum) expectations were measured. Both measures used 10, 7-point items ranging from 1, very low quality to 7,

very high quality. The same battery of 10 items was repeated for predictions and adequate levels of quality, with the wording changed slightly. For example,

“In relation to getting a problem solved or a request answered in one call, the level of service I PREDICT I will get is...”

“In relation to getting a problem solved or a request answered in one call, the level of service that I consider to be ADEQUATE is...”

Eight of the 10 items in the two expectations scales were drawn from the instrument developed and tested by Burgers et al. (2000) in relation to consumers' general expectations of call centre representatives, and building on previous work by Bearden et al. (1998), Boshoff (1999) and Parasuraman et al. (1985). Burgers et al. (2000) found that their scale comprised 16 items representing four factors, adaptiveness, assurance, empathy and authority. However, the 16 items were reduced to eight because the scale had to be repeated for the two types of expectations and pre-testing with 31 graduate students indicated that the instrument was too long. Consequently, each of the four factors of Burgers et al. were represented by two summary items (adaptiveness and assurance), or one summary item (empathy and authority). The other two items that were included in the 10-item expectations scales were core service outcome and queuing, areas shown to be important in other studies (Powpaka, 1996; Davis & Heineke, 1998; Durrande-Moreau, 1999).

Adequate (minimum) expectations scale

The 10 items on the adequate expectations scale demonstrate a Cronbach's alpha value of 0.93, more than adequate for applied research (Nunnally & Bernstein, 1994). When these 10 items were included in the factor analysis with the items comprising the customer orientation scale (Table 1), the results indicated that the scale consisted of one factor with all items, except queuing, loading exclusively on that factor. Queuing also loaded, to a smaller extent, on each customer orientation factor. Given the likely importance of queuing to the customer and the possible different interpretations of it, in relation to service quality and customer orientation, this result is not unexpected.

Predicted (forecast) expectations

The 10 items of the predictions scale demonstrated an alpha coefficient of 0.86, which would be considered adequate for basic research but somewhat low for applied research (Nunnally & Bernstein, 1994). The alpha values of 'if the item deleted' and the 'item-total correlation' indicate that the item, feeling that the consultant will take enough time, demonstrates least consistency with the overall scale and that the overall alpha would increase to 0.94 if it was deleted. However, the scale was retained intact, as the same battery of items was used for adequate expectations of quality as shown above.

To establish the factor structure of the predicted (forecast) expectations scale, the 10 items comprising the scale were factor analysed with the nine items comprising the customer orientation scale, as for adequate (minimum) expectations. The results of the factor analysis were similar to those in Table 1, with three factors demonstrating eigenvalues greater than one, and the predicted expectations scale clearly separating from the two customer orientation factors, indicating discriminant validity.

RESULTS

Preliminary Analyses

Kurtosis and skewness of the main variables (service quality expectations and customer orientation factors) indicated that the distributions were sufficiently normal to be used in statistical analysis (Hair et al., 1998).

Table 2 presents a correlation matrix showing the Pearson correlation coefficients between the major variables used for hypothesis testing. The matrix shows that the customer orientation variables (CO1 and CO2) are highly associated with one another and both are associated with predictions of quality. These high levels of association are of concern because they suggest multicollinearity, a problem because the unique contribution of the independent variables may not be clear and the estimates of population parameters are likely to be unstable (Wampold & Freund, 1987). However, the precise value at which correlation

coefficients suggest that multicollinearity is likely to be a problem is unclear with some authors suggesting an intercorrelation of 0.50 and others as high as 0.70 (Tabachnick & Fidell, 1996).

Table 2: Intercorrelations of major variables used in Study 1

Variables	1	2	3
1. Predicted (forecast) expectations			
2. Adequate (minimum) expectations	.075		
3.			
4. Customer orientation 1	.623**	-.061	
5.			
6. Customer orientation 2	.552**	-.026	.661**
7.			

*p<.05. **p<.01. ***p<.001.

An interesting feature of intercorrelations shown in Table 2 is the higher correlations between the predicted expectations and the customer orientation factors than between adequate expectations and the customer orientation factors. This result indicates that Hypothesis 2, the proposed relationship between adequate expectations and customer orientation is unlikely to be supported. In contrast, it appears that Hypothesis 3, the proposed relationship between predicted expectations and customer orientation, may be supported.

Values for Customer Expectations

Because of the perceptions of poor service climate in call centres (Taylor & Bain, 1999; Wallace et al., 2000), it was envisaged that customers may have low expectations of quality. This was not found to be the case. Table 3 provides values for each item comprising the variables and *t*-tests to demonstrate the differences between means for the absolute and relative values that customers' assign to adequate (minimum) expectations and predicted (forecast) expectations. In Table 3, *t*-tests for the difference between means showed that seven of the 10 pairs of corresponding items for predicted and adequate expectations demonstrated a significant difference. Items 1 (getting problem solved in one call), 3 (the service consultant taking enough time) and 6 (the service consultant remaining calm if the customer is angry) were not significantly different. The result may be due to the higher predictions of quality on those items than on other items.

The data in Table 3 showed that members' views on adequate levels of quality were equal to, or higher than their predicted levels for all items. This suggests that members have very high minimum expectations of the call centre at the organisation, service levels that they felt would not be met.

The results for adequate (minimum) expectations were also unexpected. Adequate expectations are assumed to be dynamic and quite variable depending on the needs and circumstances of the customer (Zeithaml, Berry et al., 1993; Johnston, 1995). In this study, adequate expectations were consistently high. These findings challenge 'conventional wisdom' with respect to the ZOT.

Table 3: Service quality expectations based on scale data

	Service quality in relation to...	Predicted level	SD	Adequate level	SD	t-test	r
1	Getting my problem solved or request answered in one call	5.04	1.39	5.19	1.12	-1.71	.07
2	The time spent waiting in a queue for service	3.99	1.66	4.87	1.47	6.44***	-.09
3	The service consultant taking enough time and not rushing me	5.17	1.29	5.28	1.11	-1.18	.16**
4	The service consultant assisting me to define my problem or question more specifically	4.95	1.36	5.16	1.16	2.41*	.20**
5	The service consultant being able to solve different questions or problems	4.94	1.43	5.25	1.15	-2.97**	.038
6	The service consultant remaining calm and friendly if (when) I was angry (if applicable)	5.28	1.23	5.32	1.21	-0.34	.18**
7	The service consultant providing explanations about steps in the service process or reasons for problems	5.05	1.40	5.26	1.16	-2.18*	.082
8	The service consultant assuring me about the confidentiality of my information (or how it would be used) (if applicable)	4.87	1.51	5.19	1.37	-3.02**	.20**
9	The service consultant treating me with empathy (treating my problem as important)	5.03	1.47	5.40	1.18	-3.59***	.09
10	The service consultant having the authority to solve my problem	4.64	1.69	5.36	1.20	-6.04***	.09
	Mean	4.89	1.25	5.24	0.96	-3.46**	.075

Note. All values based on responses to a scale from 1 (very low quality) to 7 (very high quality)

*p<.05. **p<.01. ***p<.001.

The Relationship between Predicted and Adequate Expectations (Hypothesis 1)

The three hypotheses in the study were tested using hierarchical regression. Step 1 entered the controls of demographic variables, items relating to the time elapsed since the customer's last use of the call centre, and the customer's period of membership of the organisation. The rationale for entering the controls first was to partial out their effects so that the true effects due to the predictor variables could then be established.

To test Hypothesis 1, a hierarchical regression analysis was performed as indicated above. The data showed that adequate (minimum) expectations were not related to predicted (forecast) expectations in this study, that is, Hypothesis 1 was not supported.

The Relationship between Customer Orientation and Adequate Expectations (Hypothesis 2)

The theory on service climate suggests that it will be closely related to service quality. It follows that perceived customer orientation of the organisation will influence on-going expectations of quality. The second hypothesis in Study 1 tested this relationship. In particular, it was assumed that adequate (minimum) expectations of quality would be a function of the perceived customer orientation factors. A regression analysis, with controls as above, was performed. As expected from the correlation coefficients in the preliminary analysis, no significant effects were demonstrated in the regression, and Hypothesis 2 was not supported.

The Relationship between Customer Orientation and Adequate Expectations (Hypothesis 2)

Hypothesis 3 was proposed in light of the theory that led to the two previous hypotheses. That is, if adequate (minimum) expectations was related to both customer orientation and predicted (forecast) expectations, then the latter two constructs may also be associated. Additionally, the definitions of both customer orientation and predicted (forecast) expectations suggest that they will be linked, even though there is not empirical

evidence to support this proposition. As for the previous hypotheses, the relationship was explored by regression analysis. Table 4 provides the results.

The data in Table 4 show that Hypothesis 3 is supported. That is, both customer orientation factors are related to predicted (forecast) expectations of service quality. The standardized beta for customer orientation factor 2, which includes items about the customers' needs, is higher than for factor 1, which includes items about organisational activity to support those needs. However, as suggested above, the high intercorrelations between the two independent variables and the dependent variable have resulted in some multicollinearity, indicated by the moderate tolerance (Tol) and relatively high variance inflation factor scores (VIF). Hence, the unique contribution of each factor to predictions must be questioned as one independent variable does not remain constant when the other is adjusted (Wampold & Freund, 1987). What is clear from the results is that there is a strong relationship between the overall customer orientation construct and predicted expectations of service quality for this sample.

Table 4: Results of hierarchical regression to test Hypothesis 3

Predictor variables	Criterion variable		
	<u>Predicted expectations</u>		
	Beta value	Tol	VIF
Step 1: Controls			
Age	.11	.87	1.15
Sex	-.02	.88	1.13
Time elapsed since last call	.13*	.96	1.03
<i>R</i>	.18		
<i>R</i> ² change	.03		
<i>F</i> change	3.17		
Step 2: Customer orientation			
Customer orientation factor 1	.25***	.54	1.84
Customer orientation factor 2	.45***	.56	1.80
<i>R</i>	.65		
<i>R</i> ² change	.39		
<i>F</i> change	90.73		
<i>R</i> ²	.42		
Degrees of freedom	5, 273		

p*<.05. *p*<.01. ****p*<.001.

DISCUSSION

Expectations of Quality

Initially, customers were asked to indicate their expectations of service quality with respect to both their adequate (minimum) levels and predicted (forecast) levels. Adequate expectations constitute the base level of the customers' zone of tolerance (ZOT) and were proposed to be dynamic. The customers' desired level of expectations (the top of the ZOT), was not pursued in this study because desired expectations have been shown to be consistently positively skewed and their inclusion would have made the survey too long. Predicted (forecast) expectations are the basis of customer satisfaction evaluation and are believed to be a major influence on the movement of the adequate level (Zeithaml et al., 1993).

The findings for this sample of customers from a large Australian insurance firm do not support the assumptions based on previous call centre studies and ZOT theory. Firstly, both adequate (minimum)

expectations and predicted (forecast) expectations have been attributed fairly high scores. That is, customers do not expect low levels of service quality. Secondly, customers' adequate (minimum) expectations are not related to their predicted (forecast) expectations. This finding challenges the theory about the proposed interaction of service quality and customer satisfaction, via customer expectations (Zeithaml et al., 1993). For example, if customers predict that the service consultant is on a time limit and will not want to take much time to assist them, they do not reduce their expectations about the adequate (minimum) level of service that should be delivered. Thirdly, adequate expectations were higher than predictions for all items and significantly higher, at the 95% confidence level, for the majority of items (70%).

Issues that emerge from these findings question whether customers have higher adequate (minimum) expectations of service quality in call centres for the insurance industry, when compared to other industries, or whether customers' adequate expectations are rising generally. It seems possible that both explanations may be true. Increasingly sophisticated technology has contributed to customers' expectations of service (Batt, 2000) and call centre operations are expected to reflect leading technologies (Anton, 2000). Additionally, the services literature demonstrates that, in general, customers' expectations of service quality continually rise over time. However, these trends do not explain the relative position of adequate expectations at a high level, and higher than predicted expectations. This result suggests that the ZOT is very narrow for call centre services and that customers may be unwilling to accept heterogeneity in service delivery. Does a narrow ZOT and consistently high minimum expectations place customers below the 'satisfactory' line and what are the likely consequences of this placement?

Customer Orientation

The second area of theory explored in this study concerns the construct of customer orientation, as perceived by customers. Customer orientation, defined as the emphasis that an organisation places on meeting customer needs and expectations for service quality (Schneider et al., 1998), is a major component of customer service climate and it was expected that it would be related to customer expectations. This assumption arose because customer service climate has been empirically linked to service quality perceptions (Schneider & Bowen, 1995; Schneider et al., 1998).

Customer orientation loaded onto two factors. One factor represented items relating to organisational activity to support a customer focus, while the other represented items relating to commitment to customers, understanding their needs and creating value for them. Neither factor demonstrated a relationship to the adequate (minimum) expectations of service quality. This result does not support theory which suggests a relationship between expectations and service quality (Parasuraman et al., 1988), and customer orientation to customers' attitudes (Chang & Chen, 1998; Kohli et al., 1993; Narver & Slater, 1990). If adequate expectations move in accordance with customer needs and contextual circumstances, high levels of perceived customer orientation will result in high levels of expectations, and the reverse should also apply. However, it appears that, for this sample, customers don't change their adequate (minimum) expectations of service, regardless of the perceived level of customer orientation of the call centre.

In contrast to adequate (minimum) expectations, both customer orientation factors were found to be significantly related to service quality predictions. In this study predictions and customer orientation were assumed to be related to one another because of their proposed association with adequate expectations. An intriguing finding was that neither construct was related to adequate expectations but they were strongly associated with one another. The customer orientation construct has arisen predominantly from the customer service climate (see Schneider et al., 1998) and market orientation (see Narver & Slater, 1990) literatures. Consequently, it has previously been pursued from the employee perspective and has not been considered in association with customers' views of service quality, service quality expectations and customer satisfaction. Conceptualizing and developing a customer-perceived customer orientation construct and exploring its possible relationship with predicted expectations, service quality perceptions and customer satisfaction would contribute to theory development.

Limitations of the Study

This study was an initial exploration of two types of customer expectations of service in call centres and their relationship with customer orientation. Whereas there is a great deal of literature on service quality, the literature on service quality in call centres and, in particular, the role and implications of customer expectations, is very limited. Hence, the theoretical basis of the study had to be predominantly derived from evidence gathered in different contexts, possibly contributing to the unexpected findings on adequate (minimum) levels of expectations. Additionally, the relevant literature is not positioned within one discipline but arises from services management (for example, Zeithaml et al., 1993), marketing (for example, Narver & Slater, 1990) and personnel psychology/HRM (for example, Schneider et al., 1998). While some empirical work spans the disciplines, other perspectives have not been explored, for example, the customer view of customer orientation, and so the instrument to measure customer orientation was based on previous studies with employees.

Other limitations relate to the methodology and sample. In particular, data were collected by a mail out survey in a cross-sectional field study. This design has limitations of a low response rate and common method variance (Armstrong & Overton, 1977; Mitchell, 1985). Further, non-response error was not estimated and only one industry (insurance) was represented. Hence, the generalizability of the findings is questionable.

Future Research

This study suggests that customer expectations warrant further investigation in call centre and other environments. In particular, the position of customers' adequate (minimum) expectations in relation to both predicted (forecast) and desired expectations needs to be established. This is important for two reasons. Firstly, if adequate expectations are skewed highly positively and not affected by circumstances, elements of ZOT theory and the associated assumptions are not supported. Secondly, the narrowing of the ZOT means that customers may be harder to please and consequently, there may be implications for their satisfaction levels and continuing relationships with the organisation.

Future researchers may wish to investigate links between customer expectations of call centre quality, the perceived customer orientation of the providing organisation, and perceptions of quality and the behavioural sequence that leads to customer commitment and loyalty. Extensive evidence exists in a variety of industries to show that service quality perceptions are related to customer commitment and loyalty (Shemwell et al., 1998; Bloemer et al., 1999; Cronin et al., 2000; Zeithaml, 2000). However, such relationships have not been tested in call centres. An important question that emerges for future research is therefore the extent to which the service quality of the call centre really matters for the organisation. That is, is the service quality of the call centre related to customer commitment and loyalty to the providing organization?

The literature suggests that customer orientation is a likely antecedent of service quality perceptions because of the demonstrated links between customer service climate, organisational practices and either service quality or customer satisfaction (Wiley, 1991; Schmit & Allscheid, 1995; Hartline & Ferrell, 1996; Schneider et al., 1998). In the current study, customer orientation demonstrated significant association with predicted (forecast) expectations. Previously, expectations and customer orientation have not been empirically linked. Future research could test possible relationships between customer orientation, predictions and perceptions of service quality. Finally, the broad conceptual area relating to the customers' perceptions of the service attitude of providers is relatively unexplored and there is scope for research that investigates the dimensions and effects due to the organisation's perceived 'service loyalty' to customers (Kandampully, 1998).

Managerial Implications

The adequate (minimum) expectations that customers have for service quality in call centres have been found, in this study, to be consistently high. This means that customer satisfaction with call centre service may be harder to achieve than expected. The issue is how managers might address such high levels of expectations. One approach to expectations in marketing theory is to educate customers about peak periods

of demand and thereby change their predictions of service and encourage them to adjust their behaviour accordingly. The findings from this study question the long-term efficacy of such a strategy because no association between predictions and adequate (minimum) expectations has been demonstrated. Customers may adjust their immediate actions but the effects on their relationship and long-term loyalty to the organization are unexplored. Hence managers may need to consider alternative means by which they address high customer expectations.

Another finding is that customer orientation is associated with customer predictions of service. The literature indicates that customer predictions are the basis on which customer satisfaction judgements are made (Oliver, 1993). Hence, organisations have the opportunity to influence predictions and customer satisfaction by paying attention to the features that comprise customer orientation. That is, their commitment to customers, their objective of ensuring customer satisfaction, and their interest in gathering and using customer feedback.

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