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**THE ROLE OF INTERNAL MARKETING AND NATIONAL CULTURE IN  
PERCEIVED SERVICE QUALITY IN APPAREL RETAIL INDUSTRY**

The comparison between Finnish and Chinese branches of Bestseller A/S

Master's Thesis in Marketing  
International Business

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**ABSTRACT:**

Most scholars agree that internal marketing positively influence the achievement of high perceived service quality. In this study, such influence is further explored in dimensional context in specific apparel retail industry. Meanwhile, due to the rapid growth and internationalization of services, the influence of culture on consumers' general perception of service quality is also explored.

In theoretical part, perceived service quality, internal marketing and national culture are introduced in detail. Especially, based on service marketing literature, five propositions are made concerning the effect of eight internal marketing activities on three human related dimensions of perceived service quality. Meanwhile, one general proposition is made as guidance to further empirical study of cultural influence.

In empirical part, single case study strategy is used and data collected through semi-structured telephone interviews toward both employees and customers on the purpose of acquiring the influence of doing internal marketing on perceived service quality. In the meantime, data also collected through self-administrated questionnaire of survey toward customers in order to search the answer of the cultural impact on perceived service quality. Because the collected data have both quantitative and qualitative characteristics, two types of data analytic methods were used to interpret raw data into meaningful values. The empirical findings reveal that internal marketing and national culture all affect customers' perception of service quality. In detail, empowerment, teamwork, motivation, employees' training and educating, and communication are helpful to the acquirement of high perceived service quality. In addition, power distance and masculinity have high possibility to impact perceived service quality.

**Keywords:** perceived service quality, internal marketing, national culture, apparel retail industry

## 1. INTRODUCTION

### 1.1. Background of the study

In order to deliver the tangible product offering into the possession of the customer, some interaction between the consumer and the firm's representative is required resulting in the potential for a service-oriented interaction (Keillor, Lewison, Hult & Hauser 2007). Especially the complexity and globalization of today's competitive business environments have made high perceived service quality as one of the most important sources of competitive advantage for the business enterprises in all kinds of industry. Any decline in customer satisfaction due to poor service quality would be a matter of concern. (Frost & Kumar 2000: 358). Especially in the retail industry, besides the quality of merchandise, the level of service supplied by front-line employees is relative to the achievement of customer satisfaction and leads to the acquirement of organizational profit. Due to the important role of perceived service quality, researchers have responded by investing considerable resources in efforts to improve perceived service quality. The concept of internal marketing has arisen from these efforts. Even though, confusion over the scope and nature of the subject still exists (Rafiq & Ahmed 1993), most authors agree that doing internal marketing activities should be an efficient way to improve perceived service quality, for instance, Grönroos (1985), Berry and Parasuraman (1992), Piercy (1995). Concerning the specific method, many researchers suggested that perceived service quality can be improved by designing the necessary structures, processes and incentives to operationalize customer-oriented values. However, the existed literature also reports that the number of companies practicing marketing internally is disproportionate small compared to the number of companies trying to adopt the market orientation concept. Moreover, in service marketing academe, there are quite a few empirical researches concerning this issue, especially in apparel retail industry.

Due to more and more frequent business behavior among different countries, global consumer culture as a concept has been approved its applicability (Hannerz 1990:237).

Global consumer culture represents a horizontal segment of consumer groups with similar values, norms, and behaviors across cultures and national boundaries. However, the vast majority of consumers worldwide are not members of that segment (Alden, Steenkamp & Batra 1999). Thus, cultural differences must be taken into account in any successful cross-border marketing effort. Even though, during nearly 20 years, a lot of researchers devoted themselves into the study concerning the effect of national culture on perceived service quality, like Malhotra, Agarwal & Baalbaki (1994) and Winsted (1997). Whereas, different target service sectors, different sample countries and different data collected groups limit the general applicability of the results. Furthermore, quite a few researches have examined the role of national culture on perceived service quality in apparel retail industry.

Hence, focusing on Finnish and Chinese sample groups, this paper empirically examine the influence from both internal marketing and national culture to perceived service quality in specific apparel retail industry.

## 1.2 Objectives and Delimitations of the study

The main research question of the study is

“What is the role of internal marketing and national culture in perceived service quality in apparel retail industry?”

In order to answer this research question, four objectives for this study are given below:

1. To increase the understanding about the definition, process and dimensions of perceived service quality
2. To comprehend the concept of internal marketing, summarize the concrete internal marketing activities, analyze the barriers of implementing internal marketing activities

in apparel retail industry and the effect of internal marketing on perceived service quality intermediated by job performance

3. To introduce cultural definition, identify culture dimensions, understand cultural backgrounds of case countries and analyze the influence of national culture on perceived service quality

4. To empirically study the role of internal marketing and national culture in perceived service quality through case study of Finnish and Chinese customers and employees in Bestseller A/S

As I mentioned before, compared with theoretical contribution, there exists a little empirical researches concerning the impact of internal marketing on perceived service quality, especially in apparel retail industry. That is an important reason for me to start doing this study. Meanwhile, culture is an indispensable element which needs to be considered in any aspect of international business. Through literature review, I found little research has examined the role of national culture in perceived service quality in apparel retail industry. Combing two aspects of concern, I decided to use internal marketing and national culture, these two independent elements to empirically research their roles in dependent variable, perceived service quality. Therefore, generally, this study can be presented as an explanatory study with the aim of empirically explore the correlation between internal marketing and perceived service quality in the international context through the comparison between Finnish and Chinese branches of Bestseller A/S, and thus to contribute to the practical implementation of the correlations and additional academic research in future.

The purpose of first sub-objective is to introduce the concept of perceived service quality and further present the measurable ways of perceived service quality systematically.

The purpose of second sub-objective is to deeply study internal marketing and the relationship between internal marketing and perceived service quality through making

propositions relating to the effect of eight internal marketing activities on three retail service quality dimensions.

The purpose of third sub-objective is to introduce the definition and dimensions of national culture and explore the influence of culture on perceived service quality by analyzing the effect of five cultural dimensions on five retail service quality dimensions.

The purpose of fourth sub-objective is to acquire the research data through questionnaire of survey from random customers in both Finland and China to analyze the cultural influence to customers' perception of service quality and further acquire the primary data through semi-structured telephone interview with open-ended questions from both employees and customers of case company to verify the propositions.

#### Delimitations of the study

This study also has its limitations. Firstly, the scope of this research is limited to apparel retail industry, therefore, whether the empirical results can adapt to other industries still needs to be testified.

Secondly, the current research has been done based on the specific model and theories. In detail, three models of measuring perceived service quality are presented in Chapter 2. Two of them are notable in service quality research domain. The third one, retail service quality model (RSQS) is used in the current study as the theoretical foundation to support questionnaire design. The reason to design questionnaire by following the retail service quality model is because the scope of the current study has been narrowed down to apparel retail industry, and meanwhile the proposed retail service quality model has been proved its validity and reliability in practice. However, on the other hand, using this specific model and theories as guidance to do empirical research also causes an obvious limitation.

Thirdly, the extent of cultural influence to perceived service quality in apparel retail industry should be explored by researches toward other countries and the current result

also cannot prove the same influential power of culture to perceived service quality in other industries.

Lastly, this paper uses single case to do the empirical research. Therefore, this case study is not persuasive to represent all other apparel retail companies. In the future, similar multiple case studies could be conducted in order to examine the generalization of current result. Moreover, future research should look at multiple service sectors and include alternative service quality models to further validate this study.

### 1.3 Previous studies

The main concepts studied in this case study are perceived service quality, internal marketing, national culture and the relationships between internal marketing and perceived service quality; between national culture and perceived service quality. After literature review from Emerald Journals, Finnish journal articles, Business source complete and other more than 20 database online, it has been found that many studies have already focused on one of these concepts and relationships. In the following paragraphs, the most important and relevant previous studies to the current research will be presented.

Previous studies relating to perceived service quality have mainly contributed to the conceptions and measurable ways of perceived service quality. Generally, there are two trends of definition to perceived service quality. One is Nordic trend and the representative is Grönroos (1984), another one is American trend. In this study, the definition from Parasuraman, Zeithaml & Berry (1988), which is the representative of American trend, is cited. After several years of empirical study in different industries, including pure service settings, Parasuraman and his colleagues in 1988 testified the validity of their hypothesis to view perceived service quality as a global judgement or attitude from customer's point of view.

Concerning the measurable ways to perceived service quality, different researchers have different opinions. Among them, Parasuraman et al. (1988)'s gap model after empirical study and Grönroos (1984)' two-factor model after theoretical study are the most well-known ones. Their contributions will be illustrated in detail in the next chapter. Moreover, due to the deficiencies of both gap model and two-factor model, Dabholkar et al (1996) did an empirical research in retail settings to explore the measurable way for retail service quality. The strong predictive validity and reliability for this retail service quality scale at the dimension, sub-dimension and overall level persuaded me to do the research based on Dabholkar, Thorpe & Rentz (1996)'s theory.

Previous studies relating to internal marketing have mainly contributed to the definitions and marketing activities of internal marketing. Internal marketing concept emerged early in the 1970s and it has been viewed from several angles by many researchers. In this study, based on Grönroos (1990)'s theoretical research, internal marketing is viewed as a management process on the purpose of internally manage employees and further achieve external efficiency.

Following the guidance of this concept, plenty of literature review has been made in order to explore the concrete internal marketing activities. In table 3 in Chapter 3, I present the most relevant previous studies. Based on these previous studies, I further summarized eight essential internal marketing activities (see Figure 5) as one of the theoretical framework to do empirical study.

Previous studies relating to national culture have mainly contributed to the definitions and dimensions of national culture. In the present study, the cultural definition from Hofstede is cited to view culture as the collective programming of the mind which distinguishes the members of one human group from another (Hofstede 1991:5).

Meanwhile, in order to understand national culture in dimensional context, I introduced Hofstede's well-known cultural framework into my study. In 1984, Hofstede did an empirical study by using 116,000 questionnaires from over 60,000 respondents in seventy countries to create five cultural dimensions. The contribution of his study is



large, which is the most widely used national cultural framework in psychology, sociology, marketing or management studies (Sondergaard 1994).

Previous studies relating to the relationship between internal marketing and perceived service quality have shed valuable light on the positive influence of implementing internal marketing activities to the achievement of high perceived service quality. In the current study, I analyzed the effect of internal marketing on perceived service quality intermediated by job performance. The relevant previous studies were used in each part of analysis in order to make propositions (see Table 4).

The previous studies concerning the relationship between national culture and perceived service quality have shed light on the importance of cultural influence on consumers' perception of service quality. In this study, Hofstede (1991)'s five cultural dimensions are combined with Dabholkar et al. (1996)'s five retail service quality scales to do the influential analysis. The relevant previous studies were used in each stage of analysis to further make the general proposition (see Table 5). Table 1 presents the specific previous studies that are used centrally in the current study.

**Table 1.** Previous studies

<b>Perceived Service Quality</b>		
Author(s) / Year	Methodology	Research field
Parasuraman et al. (1988)	Questionnaire of survey	Definition of perceived service quality
		Gap model
Grönroos (1982, 1984)	Theoretical	Definition of perceived service quality
		Two-factor model
Dabholkar et al (1996)	Three separate qualitative studies	Retail service quality model
<b>Internal Marketing</b>		
Author(s) / Year	Methodology	Research field
Grönroos (1990)	Theoretical	Understanding to Internal marketing
In Table 3		Internal marketing activities
<b>National Culture</b>		
Author(s) / Year	Methodology	Research field
Hofstede (1991)	Questionnaire of survey	Definition of national culture
		Five cultural dimensions
<b>The relationship between internal marketing and perceived service quality</b>		
Author(s) / Year	Methodology	Research field
In Table 4		The effect of internal marketing on perceived service quality through job performance
<b>The relationship between national culture and perceived service quality</b>		
Author(s) / Year	Methodology	Research field
In Table 5		Cultural influence to perceived service quality

## 1.4 Structure of the thesis

There are total seven chapters in this thesis.

In Chapter 1, the background of current study along with research objectives and limitations are declared. The relevant previous studies are listed and structure of the study is presented.

In chapter 2, the definition and process of measuring perceived service quality are introduced through the analysis of Nordic two-factor model, SERVQUAL gap model and retail service quality (RSQS) model.

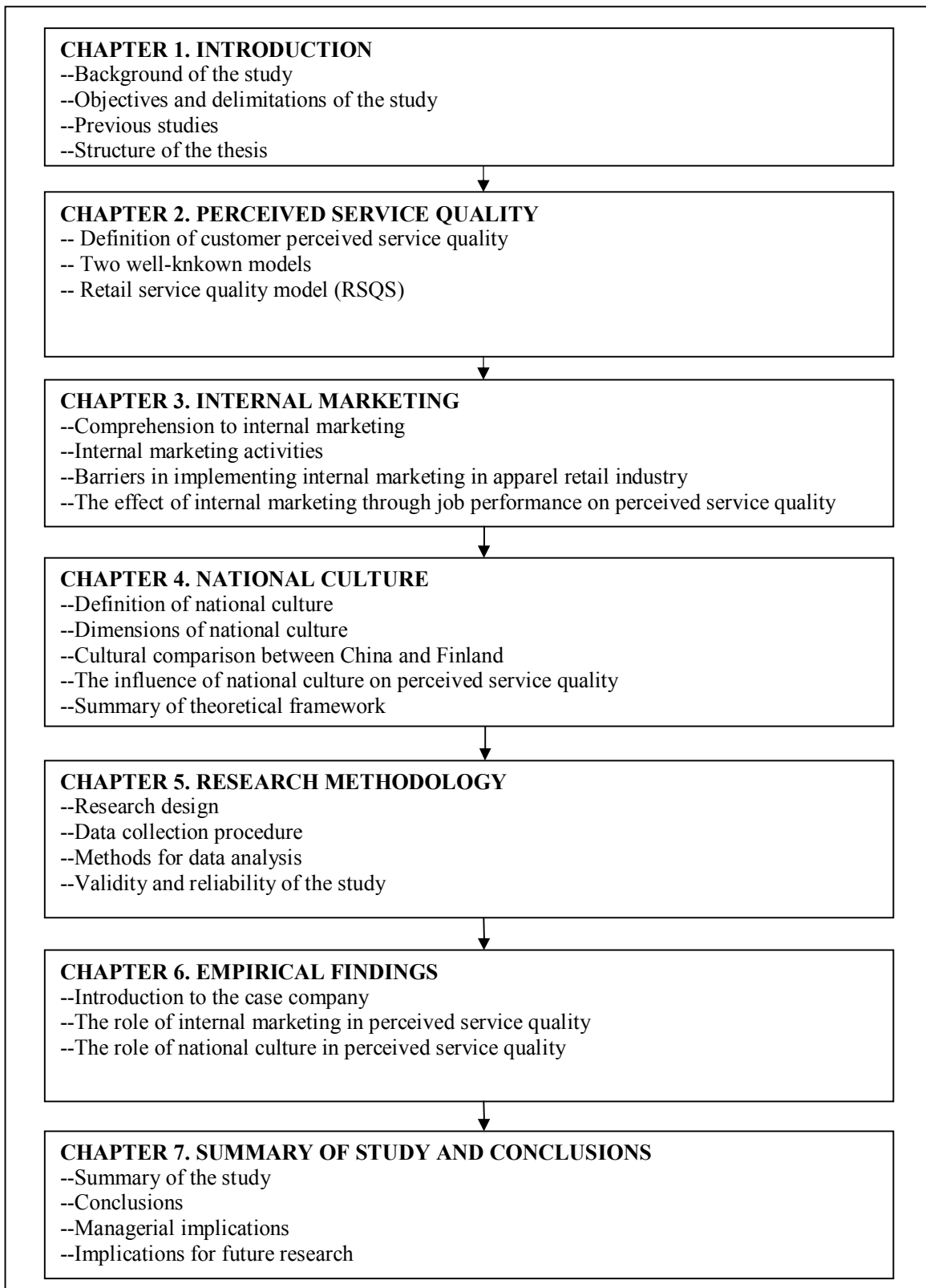
In chapter 3, the definition of internal marketing is introduced and the concrete internal marketing activities are summarized. Furthermore, some barriers in implementing internal marketing in apparel retail industry are analyzed, and the propositions are made relating to the dimensional effect of internal marketing on perceived service quality in order to do the empirical verification.

In chapter 4, the definition of national culture is introduced briefly and cultural dimension as a way to conceptualize and operationalize culture is presented. Further, cultural comparison between case countries is presented. Moreover, one general proposition is made relating to the influence of culture on perceived service quality. At the end of this chapter, summary of the theoretical framework is presented.

In chapter 5, the methodology used in current study is presented. It opens up with the overview of research methodology, followed by the explanation of case study design for the present study. Afterwards, data collection and analysis procedures are discussed and at the end of this chapter, the validity and reliability of the study is discussed.

In chapter 6, the case company is introduced briefly and analyzed results of the current study are presented.

In chapter 7, summary and conclusions are drawn on the basis of theoretical framework and empirical findings. Moreover, the managerial implications are emphasized. At the end of this chapter, implications for future research are presented.



**Figure 1.** Structure of the study

## **2. PERCEIVED SERVICE QUALITY**

The main aim of present chapter is to introduce the definition and the process of measuring service quality from customer's point of view. Through the description of three relevant models, the concept of perceived service quality will be clearer, especially benefit to the understanding of perceived service quality in retail industry.

### 2.1 Definition of perceived service quality

Service quality has been seen as critical for service supplied firms to position themselves strongly in a competitive environment and also as indicators of business performance (Parasuraman, Zeithaml & Berry 1985). For instance, high quality service produces measurable benefits in customer loyalty, profit, cost saving and market share (Parasuraman 1990:2). Along with more and more intense competition in business area, the attention of companies has started also focusing on service quality from "customer led" category as perceived service quality. Only when a service provider has a fairly definite knowledge on how the service would be perceived by the customer, he/ she would be able to direct these assessments in the preferred direction.

Generally, there are two trends concerning the definition of perceived service quality. One is American school and the representative study from Parasuraman et al. (1988) defined perceived service quality as a global judgment or attitude from customer point of view, relating to the superiority of the service. Another one is Nordic school and the representative study from Grönroos (1984) defined perceived service quality as a set of perceived judgements resulting from an evaluation process where customers compare their expectations with the service they perceive to have received. As I mentioned before, in this paper, perceived service quality is viewed as a global judgment or attitude from customer's point of view, relating to the superiority of the service.

## 2.2 Two models of service quality

Judgment or attitude is intangible that is the reason why service quality is harder to measure compared with goods quality. Service firms do not have pre-produced bundles of resources and features, and what is being produced is a set of performances that are typically produced and consumed simultaneously through one or more interactions between the producers and customers (Parasuraman 2002). In order to supply superior service quality to customers, the first step for service firms to do is getting to know how their customers evaluate service quality. In response to this requirement, various researchers have described the construct of service quality in different empirical contexts and have developed different models and identified different dimensions. For instance, by carrying out in-depth interviews with the supplier and buyers, Holmlund and Kock (1995) proposed technical, functional and economic service quality dimensions of buyer perceived service quality in industrial market. Bahia and Nantel (2000) did an empirical study in order to develop a reliable and valid scale for the measurement of the perceived service quality of bank services and then proposed six dimensions as effectiveness and assurance; access; price; tangibles; services portfolio and reliability. Bai, Lai, Chen & Hutchinson (2008) developed a multi-dimensional model to assess the perceived service quality of public utility services. In the model, they summarized three primary dimensions namely outcome, environment and interaction and eight sub-dimensions to measure these three primary dimensions.

Among many researches, the representative ones are the Nordic model presented by Grönroos (1982) and SERVQUAL GAP Analysis model from Parasuraman et al.(1985). As the ancestor to the perceived service quality research, Nordic model is quite famous in academia. SERVQUAL GAP model is not only well-known on theoretical level but also has been widely used in practice as a general instrument to measure perceived service quality. In the next section, these two models will be presented in detail.

### 2.2.1 Nordic two-factor model

Grönroos (1984) defined perceived service quality through a comparison between customers' expectations and their experiences perceptions of the actual service received. In another word, service quality perception is a function of what the customer expects of the service supplied process as well as of what in fact is experienced.

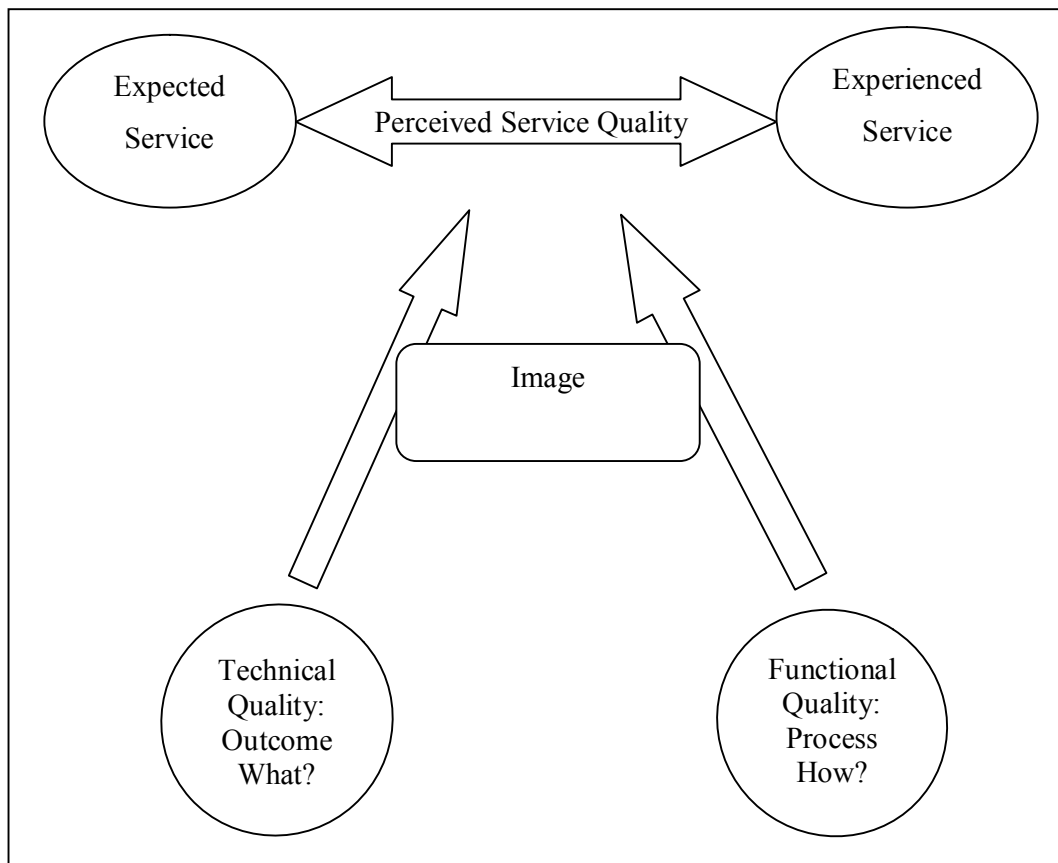
In this model (see Figure 2), customers' perceptions of the process are divided into three dimensions, technical quality, functional quality and image. Grönroos (1998:328) explained technical quality as what kind of service is delivered to the customers and functional quality means how the service is delivered to the customers. Technical quality is the fundamental condition for the positive perception of quality; meanwhile, functional quality increases the attractiveness and competitiveness of the service (Gummesson 1993:215). Briefly, Image functions as a filter in service quality perception. Technical quality, functional quality and image together with the gap between the expected and experience quality (Grönroos 1990:42) determine the level of perceived quality by customers.

Image component was introduced in this model to influence the quality perception either favorably, neutrally or unfavorably depending on whether the customer considers the service firm good, neutral or bad (Grönroos 1998: 328). Grönroos (1990: 170) explained that the role of image is at least threefold. Firstly, image communicates customers' expectations to service quality, together with external marketing campaigns such as advertising and personal selling and word-of-mouth communication. Secondly, image is a function of the customers' experiences as well as expectations to service quality. Thirdly, image is a filter which influences the perception of the operations of the firm. Just as the one presented in Figure 1, technical quality and functional quality are seen through this filter. If the image is positive, it can diminish some occasional large troubles influence made by technical or functional quality. Reversely, an unfavorable image makes customers feel more unsatisfied and angry with bad service than they would otherwise be (Grönroos 1990).

Deriving from three dimensions of Grönroos (1982)' perceived service quality framework, six criteria of good perceived service quality has been set up in order to



make the factors of good service quality useful for managerial purposes. They are professionalism and skills; attitudes and behaviour; accessibility and flexibility; reliability and trustworthiness; recovery; reputation and credibility (Grönroos 1990: 47). Firstly, as the outcome related, customers evaluate professional knowledge and skills service providers owned through their problem solving ability and thus this criterion belongs to technical quality dimension. Secondly, the reputation and credibility of a store are directly related to the image made by customers. Thirdly, attitudes and behaviour of service suppliers, the extent of accessibility and flexibility, reliability and trustworthiness of a store and the ability of recovery as other four criteria are reflected from service delivery process, thus represent the functional quality dimension.



**Figure 2.** Perceived Service Quality (Grönroos 1982)

### 2.2.2 SERVQUAL model

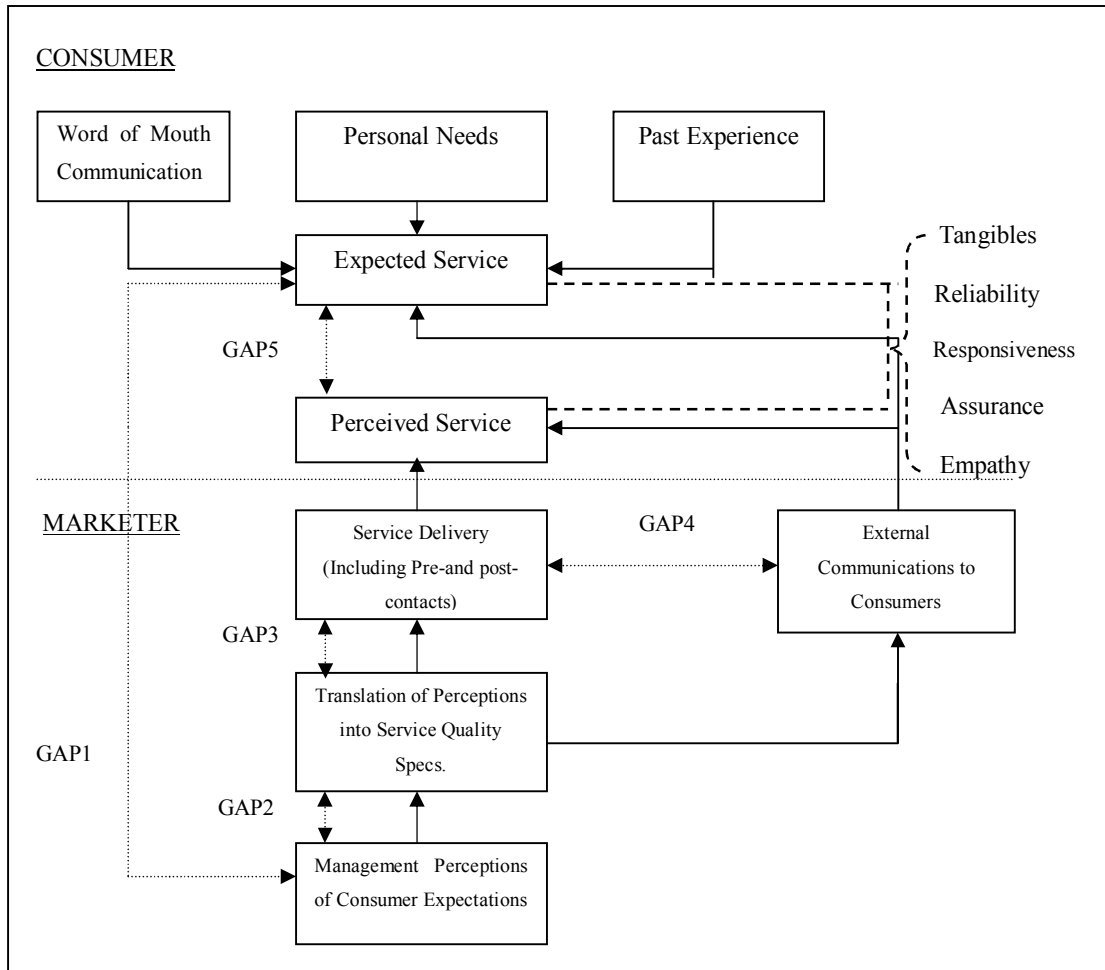
Parasuraman and his colleagues introduced a so called GAP Analysis model in 1985 as shown in Figure 3, which intends to be used for analyzing sources of quality problems and for helping managers understand how service quality can be improved. Later on, in 1988, they developed this model by adding five dimensions into the original one to reflect customers' assessments of service quality.

SERVQUAL model remains the most widely adapted and tested conceptualization of service quality, and it has been widely applied in studies covering a variety of service industries such as healthcare, public services, higher education, telemarketing, and banking (Karen & Voon 2007).

In an overview of Figure 3, the upper part of the model includes phenomena related to customers, and the lower part shows phenomena related to the service providers. Expectations are viewed as consumers' desires or wants, not predictions of what will be provided (Järvinen & Wiik (2006). Thus, the expected service can be seen as a result of the influence from customers' past experience, personal needs and word-of-mouth communication. Meanwhile, the perceived service in this model is the outcome of a series of internal decisions and activities (Grönroos 1990: 58). The organization translates customers' perceptions into service quality specifications as a way to manage perceptions of consumer expectations in order to acquire successful service delivery. Another important step, market communication can be expected to influence the perceived service as well as the expected service (Grönroos 1990: 58).

Moreover, this model focused on five discrepancies (five gaps) in and between the views of consumers and markets, which impede the obtainment of high service quality. These gaps include the gap between: customers' expectations and management's perceptions of customers' expectations; management's perceptions of customers' expectations and service quality specifications; service quality specifications and service delivery; service delivery and external communications to customers; and the ultimate one, customers' expectations and perceived services. Customers' expectations

and perceived services as a function of the other gaps may have occurred in the process (Grönroos 1990: 60).



**Figure 3.** Conceptual model of service quality, (Parasuraman 1990: 4)

Unlike Grönroos (1984) who used global measure of service quality, Parasuraman et al. (1985) identified 97 items or criteria in measuring perceived service quality. They argued that consumers use similar criteria irrespective of the type of service in measuring service quality. They then grouped these criteria into 10 key categories and labeled as service quality determinants. Later on, they categorized these ten elements into five dimensions named as tangibles, reliability, responsiveness, assurance, and

empathy (Parasuraman et al. 1988). The definitions of five dimensions are shown in Table 2.

**Table 2.** SERVQUAL's Five Dimensions (Parasuraman et al.1988: 23)

Dimensions	Definitions
Tangibles	The appearance of physical facilities, equipment, appearance of personnel, and communication materials
Reliability	The ability to perform the promised service dependably and accurately
Responsiveness	The willingness to help customers and provide prompt service
Assurance	The knowledge and courtesy of employees and their ability to inspire trust and confidence
Empathy	The caring, individualized attention the firm provides to its customers

SERVQUAL gap analysis model investigates gaps in the customer-supplier chain to highlight target areas where quality may be improved (Eraqi 2006) and the five dimensions of service quality could be used by managers to measure the level of customers' perceived service quality . Because of these contributions, this American five-factor model is quite famous and influential during almost 20 years. As Sureshchandar, Rajendran & Anantharaman (2002) appraised that SERVQUAL forms the cornerstone on which all other works have been built.

In fact, both Grönroos' two-factor model and Parasuraman's gap model are based on the disconfirmation paradigm employed in the physical goods literature, and it suggests that quality results from a comparison of perceived with expected performance (Brady & Cronin 2001). This viewpoint is revealed clearly from Grönroos' (1982, 1984) seminal conceptualization of service quality that puts the perceived service against the expected service. The disconfirmation paradigm is also the basis for Parasuraman's SERVQUAL

model, which views service quality as the gap between the expected level of service and customer perceptions of the level received.

The differences exist in the number of determinants they suggested to measure perceived service quality. From Nordic perspective (Grönroos 1982, 1984), there are three dimensions, functional quality, technical quality and image. But from American perspective (Parasuraman et al. 1988), there are totally five dimensions (reliability, responsiveness, empathy, assurances and tangibility characteristics of the service experience). However, either of these two theories is not bereft of controversies.

The first among a long list of researchers to question and criticize the validity of SERVQUAL across different industrial settings was Carman (1990). Carman (1990) questioned on the psychometric soundness of the differences between expectations and perceptions (Sureshchandar et al. 2002) and concluded that it is often necessary to incorporate additional items to these five dimensions because they are particularly important for some service categories. In an empirical research, Cronin and Taylor (1992) criticized the conceptualization and measurement of service quality, and they illustrated that SERVQUAL confounds customer satisfaction with service quality. Babakus and Boller (1992) concluded that it is probably unnecessary to administer the expectation items every time SEVQUAL is administered.

Towards Grönroos' Nordic two-factor model, some scholars also expressed their disagreements to the universal applicability of this model through empirical researches. For instance, in the area of architectural design, Baker and Lamb (1993) summarized that for evaluative purposes, customers tend to rely primarily on functional-based dimensions of service quality, as they may not have the knowledge and/ or skill to evaluate more technical-based dimensions. Likewise, Higgins and Ferguson (1991) reported that although clients of an accountancy service evaluated both functional and technical dimensions of service quality, the functional dimensions seemed to carry the most weight.

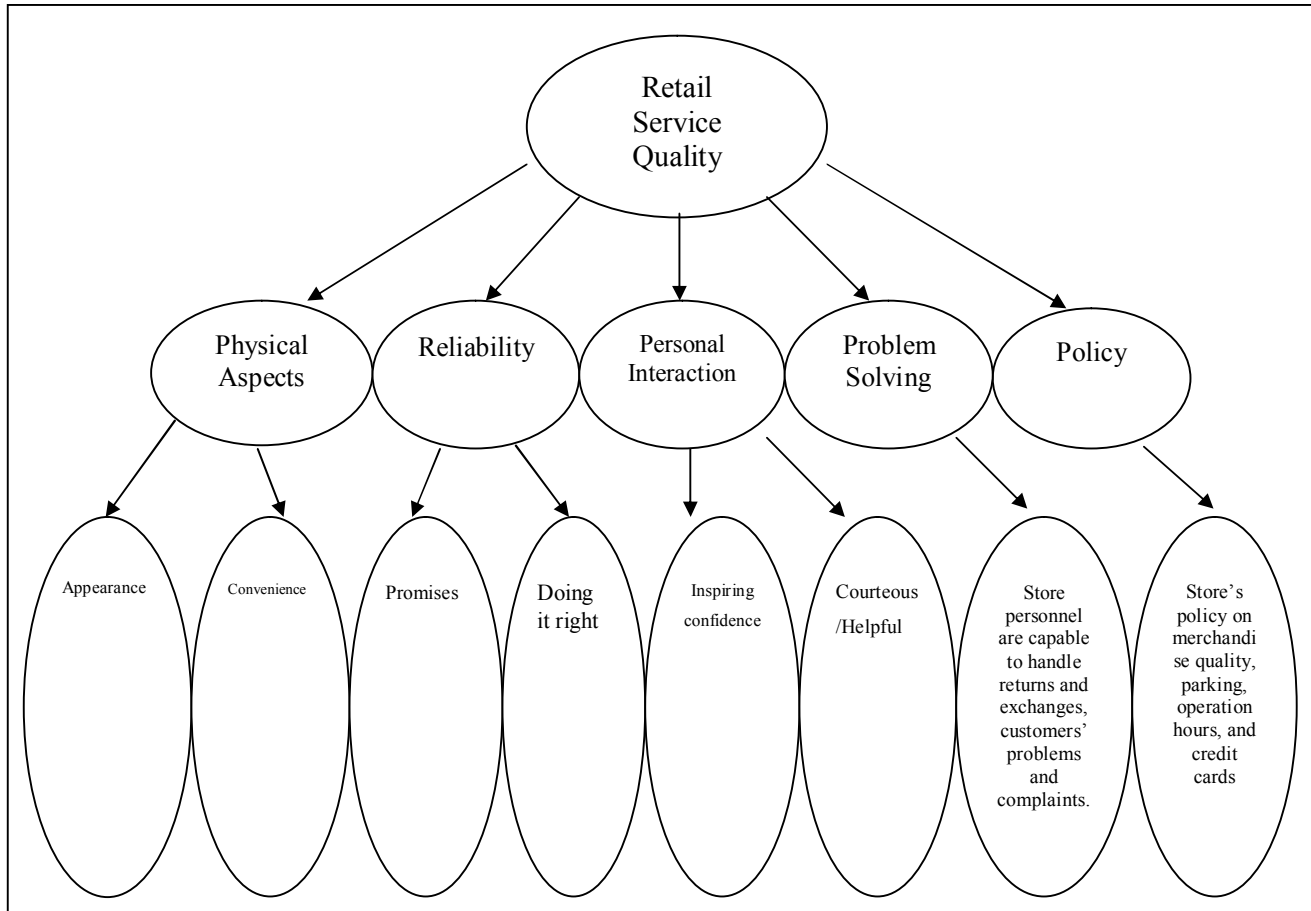
In fact, the multi-dimensioned structure of SERVQUAL gap model have already been approved its inadaptability to measure perceived service quality in retail industry.

Finn and Lamb (1991) did an empirical study to test SERVQUAL in four different types of retail stores. Through confirmatory factor analysis, they concluded that SERVQUAL gap model cannot be used as a valid measure of service quality in a retail setting without any modification. Carman (1990) also did an empirical test in retail settings concerning the general applicability of SERVQUAL and concluded that this gap model is not generic. Even though, there is no previous study concerning the applicability of Grönroos' Nordic two-factor model in retail setting, as we know, retail apparel process includes both tangible products and intangible pure service. In another word, the evaluation of customers to perceived service quality includes the quality of both products and supplied service. However, according to the detailed description before, it is known that Grönroos' Nordic two-factor model is only suitable for pure service setting. Therefore, I speculate this model is also not suitable for measuring perceived service quality in apparel retail industry.

### 2.3 Retail service quality model (RSQS)

Due to the failure of either Nordic two-factor model or SERVQUAL gap model to be fully adapted and validated in a retail store setting, Dabholkar et al. (1996) conducted exploratory depth interviews by using qualitative study techniques for tracking the thought processes of customers during an actual shopping experience at a store. Further, these researchers combined the empirical findings with the existing literature and SERVQUAL GAP model, to propose that retail service quality has a hierarchical factor structure (see Figure 4). According to their theory, there are three different levels concerning perceived service quality: a primary dimension level, an overall level (customers' overall perceptions of service quality) and a sub-dimension level. The basic five dimensions (physical aspects, reliability, personal interaction, problem solving and policy) are distinct but highly correlated with each other and are central to overall retail service quality. Meanwhile, due to the complexity of some dimensions, sub-dimensions

were concluded to combine related attributes into sub-groups. In the following paragraphs, the basic five dimensions together with their sub-dimensions will be discussed in detail.



**Figure 4.** Hierarchical structure for retail service quality (adapted from proposed hierarchical structure for retail service quality, Dabholkar et al. 1996: 6)

#### Physical aspects

According to Santos (2002), both intangibility and tangibility aspects of service have significant effect on perceived service quality. For a retail store, the tangibility aspect is critical as the retailers offer a mix of merchandise and service quality (Dabholkar et al. 1996). Especially the physical environment in a service setting is quite important due to its ability to influence consumers' attitudes (Koernig 2003), behavior intention (Keillor,

Hult & Kandemir 2004) and behavior (Bitner 1992). For example, proper layout in a store can reduce shopper's search time (Sirohi, McLaughlin & Wittink 1998), color combine with lighting are suggested to affect consumers' cognitive representation and affective reaction (Babin, Hardesty & Suter 2003: 549), moreover, a light and pleasing scent affects shoppers' perceptions of a shopping environment in which the latter has a significant effect on shoppers' mood (Chebat & Michon 2003).

### Reliability

The reliability dimension comprise of "promises" and "doing it right" sub-dimensions (Dabholkar et al. 1996). Besides fulfilling promise and performing the right service as part of reliability defined by Parasuraman et al. (1988), the availability of merchandise is categorized into "doing it right" sub-dimension. According to a survey by PricewaterhouseCoopers, consumers in Asia demand superb quality, especially the availability of merchandise in stores, much more than the Western customers (Maisara 2002).

### Personal interaction

The interaction among store personnel and store customers are important as customers are more loyal to a store if the store is seen as warm, friendly, and impulsive (Bellenger, Steinberg & Stanton 1976). Dabholkar et al. (1996) pointed out that personal interaction has two sub-dimensions namely inspiring confidence of customers by store personnel and courteousness/ helpfulness of store personnel.

Inspiring confidence of customers includes error-free sales transactions and record, the ability to answer customers' questions, the behavior of employees in this store instill confidence in customers, and customers feel safe in their transactions with this store.

The standard of courteousness/ helpfulness of store personnel include prompt service to customers, customers are given individual attention, employees tell customers exactly



when services will be performed, employees are consistently courteous with customers and employees treat customers courteously on the telephone.

#### Problem solving

Dabholkar et al. (1996) proposed a new dimension as problem solving which was not addressed in Parasuraman's SERVQUAL. It means store's willingness to handle returns and exchanges. Problem solving shows a sincere interest in solving customers' problems, and also store personnel's ability to handle customer complaints directly and immediately (Nor 2004). Dabholkar et al. (1996) highlighted the necessity to have problem solving dimension because of the importance of service recovery in providing good service.

#### Policy

Dabholkar et al. (1996) introduced a new dimension of policy that represented aspects of service quality that are directly influenced by store policy. According to Dabholkar et al. (1996), store policy mainly includes high quality merchandise, parking facilities, convenient operating hours, acceptance of major credit cards, and store's own credit card.

As I mentioned before, this model was developed based on SERVQUAL GAP model. Generally, the difference between retail service quality scale of Dabholkar et al. (1996: 12) and perceive service quality dimensions of Parasuraman et al. (1988) is that retail service quality scale uses performance-based measures instead of the gap between perceptions and expectations. In detail, physical aspects dimension has a broader meaning than does the tangibles dimension of SERVQUAL. Physical aspects dimension of retail service quality scale includes not only the appearance of the physical facilities but also the convenience of store layout and public areas like fitting rooms. Reliability of retail service quality scale is almost the same meaning with reliability dimension of SERVQUAL. The personal interaction dimension of retail service quality is the combination of responsiveness, assurance and empathy in SERVQUAL scale. However, exchanges, returns of products and complaints related problem dealing issues together

with store policy are the new scopes developed by Dabholkar et al. (1996) especially for measuring perceived service quality in retailing industry.

Dabholkar et al. (1996) were among the first to publish this multilevel instrument for measuring perceived service quality specifically grounded in the retail sector (McKenzie 2004). This retail service quality model recognizes many facets and dimensions of service quality perceptions in retail settings. According to Cronin et al. (1992), perception measures have a stronger predictive power than the gap score. Moreover, based on the empirical researches of both Dabholkar et al. (1996) and Boshoff and Terblanche (1997), this model has been proved high construct reliability and validity in measuring service quality in departmental or specialty stores. They concluded that the scale could also be used for gathering benchmark data regarding current levels of perceived service quality as well as to conduct periodic checks to measure service improvements. Furthermore, this instrument could serve as a diagnostic tool for retailers to determine service areas that are weak and needed attention (Dabholkar et al. 1996). Hence, I decided to do my empirical study by following the dimensions of this retail service quality model.

### 3. INTERNAL MARKETING

The aim of this chapter is to build a holistic cognition towards internal marketing activities and theoretically analyze the influence of doing internal marketing inside organizations to the achievement of perceived high service quality in retailing. Meanwhile, the practical issue concerning the difficulties to implementing internal marketing in apparel retail industry is also discussed.

#### 3.1 Comprehension to internal marketing

As early as 1976, Sasser and Arbeit (1976:61) had pointed out that the service firm must now realize its most critical productive resource is its work force, and the key to success is to regard its jobs as its principal products and its employees as its most important customers.

Until 1981, Berry first devised the term, internal marketing as a philosophy by emphasizing its relevance to service firms in particular and in general, to propose that organizations should view employees as they would customers, in other words, they should become internal customers. Only if the needs of these internal customers met, they can properly serve final customers.

Later on, Grönroos (1987) viewed internal marketing as a management strategy by focusing on how to motivate and satisfy employees to become customer consciousness, market orientation and sales mindedness. The focus lies on the holistic point of view that employees must have in order to see a connection between their own work and the strategic goals that the company has.

Afterwards, Grönroos (1990) extended his description of internal marketing to be a management process by using marketing analysis and techniques aimed at the internal market of a company itself to make the changes necessary for an external strategy to be

effective (Piercy 1992). In another word, goods and services including specific external marketing campaigns should be first marketed to employees before they are marketed externally (Grönroos 1995; Rafiq et al. 1993). Internal market of employees is best motivated for service mindedness and customer-oriented behaviour by an active, marketing like approach, where marketing like activities are used internally (George & Grönroos 1991:85).

Finally, the research of internal marketing was concluded into relationship marketing scope. The objective of internal marketing within relationship marketing is to create relationships between management and employees and between functions. The personnel can be viewed as an internal market, and this market must be reached efficiently in order to prepare the personnel for external contacts, and efficient internal marketing becomes an antecedent to efficient external marketing (Gummesson 2002).

In this study, internal marketing is viewed as a management process due to the lack of empirical research to explore the effect from implementing internal marketing activities to the achievement of high perceived service quality.

### 3.2 Internal marketing activities

Service employees are critical because the product being provided is performance (Lovelock 1983) and the interactive process is a crucial aspect as it enables the development of long-term relationships, assuring customer retention and long-term success (Ewing & Caruana 1999). In other words, from customer's perspective, the employee represents the firm. Thereby, employees occupy a central stage in the service-profit chain and managing marketing programs in internal labor markets has become a key factor in creating and sustaining a service organization's competitive advantage (Bansal, Mendelson & Sharma 2001).

Concerning the precise domain of internal marketing program, the variety of interpretations from many scholars as to what internal marketing constitutes has led to a

diverse range of activities being grouped under the umbrella of internal marketing. Some of the main contributions have been concluded into the following Table 3.

From the literature review showed in Table 3, it can be concluded that the general purpose of doing internal marketing is to satisfy employees from which to achieve a company's other functional strategies. Concerning the internal marketing programs, some of the scholars argued that due to the differences among companies, basic facets should be known first in order to design tailored programs.

For instance, Grönroos (1983) indicated that a service supplied company should consider the internal marketing programs from two levels as strategic and tactical ones. Strategic decisions concern program design which includes motivating management methods; motivating personnel policy; motivating policy of internal training and motivating planning, implementation, follow-up procedures. On tactical level, interactive and un-interactive communication, sales supportive methods, accessibility should be emphasized in programs.

Barnes (1989), Ahmed and Rafiq (1995) thought that a strategic internal marketing program should contain four stage schema namely process, price, promotion and place. Process involves designing an appropriate delivery format to requisite duties and goals and take account of items such as organizational structure, group/team structure, reward systems, power, responsibility and leadership. Price means keep a balance between value and cost to both organization and the personnel. Promotion emphasizes internal communications, presentations, training via demonstration in order to raise employees' awareness and skills. Place contains marketing activities which can be thought to affect or be affected by the local environment of the organization.

Ahmed and Rafiq (2002) redefined the internal marketing mix framework as the following elements: strategic rewards; internal communications; training and development; organizational structure; senior leadership; staffing, selection and succession; inter-functional coordination; incentive systems (for cultural values); empowerment and operational/ process changes.

Piercy and Morgan (1990), Piercy (1995) also proposed similar aspects as product, price, communications and distribution. Product means internal marketing strategy. Price indicates what the company is asking people to give up for their strategy to work. Communications represents the channels of information and persuasion the company can use. Distribution means how the company can influence and manage the changes needed.

For some other researchers, through literature review and empirical studies, they even proposed the detailed internal marketing programs, like Tansuhaj, Randall & McCullough (1988), Parasuraman et al. (1992), Joseph (1996), Asif & Sargeant (1998), Bansal et al. (2001) and Tsai and Tang (2008). In the following paragraphs, the precise internal marketing activities will be summarized and then presented in order to make guidance for my empirical data collection.

**Table 3.** Internal marketing research

Researchers	Methodology	Objective of internal marketing	Internal marketing program
Grönroos (1983)	Theoretical	To ensure that the employees are motivated for customer-oriented and service-minded performance and thus successfully fulfill their duties as part-time marketers	Actively selling existing and new services and products, advertising campaigns and other external marketing activities to the employees
Tansuhaj et al. (1988)	Theoretical	Internal marketing programs strongly oriented to employee development	Employee recruitment; Training; Motivation; Communication; Retention
Barnes (1989)	Theoretical	Providing an appropriate mix of benefits to a specific employee segment in order to motivate it to achieve effective implementation of marketing and other functional strategies	Process Price Promotion Place
Ahmed et al. (1995)	Case study		
Parasuraman et al. (1992)	Theoretical	Attracting, developing, motivating, and retaining qualified employees through job products that satisfy their needs to further encourage effective marketing behavior	Compete for talent; Offer a vision; Prepare people to perform; Stress team play; Leverage the freedom factor; Measure and reward; Know the customer
Piercy et al. (1990)	Theoretical	Support the cooperation and involvement of external marketing program effectively	Product Price Communications Distribution
Piercy (1995)	Survey		
Joseph (1996)	Case study	Motivate, mobilize, co-opt and manage employees at all levels of the organization to improve the way they service external customers and each other	Recruit Train Motivate Communicate Co-opt
Asif et al. (1998)	In depth interview	Utilizing internal marketing as a means of reducing the service gaps	Internal research; Establish an ongoing dialogue between front line staff and management; Build a clear vision; Matching the right people to the right service roles; Encourages the development and motivation of staff
Ahmed & Rafiq (2000)	Theoretical	Using a marketing-like approach to change and align, motivate and inter-functionally co-ordinate and integrate employees	Marketing- like activities aiming on employee motivation Empowerment
Bansal et al. (2001)	Theoretical	Internal marketing practices are aimed at attracting and retaining the most qualified and committed employees for the organization	Employment security, Extensive training, Generous rewards, Sharing information, Employee empowerment Reduced status distinctions
Tsai et al. (2008)	Case study	Doing internal marketing in order to improve service quality	Training programs; Performance incentives; clear vision

### Competing for the best people

Not every person is suitable for service related jobs. Therefore, it is crucial to hire the right person to perform the service. As Reichheld (1993:68) indicated that just as it is important to select the right kinds of customers before trying to keep them, a company must find the right kind of employees before enticing them to say. In order to select and screen qualified employees, on the one hand, high recruiting standard and multiple recruiting methods should be used. In detail, ideal candidate profiles for each type of position based on customer service expectations should be drawn first (Parasuraman et al. 1992). Afterwards, multiple candidates should be invited in the interviewing process in order to get the best one. During this process, it is quite necessary to use different kinds of methods as auxiliary tools to identify prospective employees. Specifically, video-assisted testing and quasi-personality scales such as service-orientation index could be used to help internal managers select service supplied employees (Joseph 1996). On the other hand, attractive compensation and flexible work arrangements such kinds of rewarding plan should be introduced to referrals in order to attract people with desirable skills (Davis 1991). Moreover, it is also important for internal marketers to capitalize on the opportunities that demographic diversity brings, as recruiting more women, minorities, seniors, disabled people and immigrants (Parasuraman et al. 1992).

### Training and educating

Every new employee needs to be trained and educated in order to ensure him/ her adapt to the new job and further acquire best working performance. According to Parasuraman et al. (1992), a company that makes a strategic commitment to the career path expanding for its employees develops a reputation for investing in people and benefits accordingly. Meanwhile, training and educating should last continuously and be treated as a long-term investment. Because frequent training and follow-through can acquire more consistent service performances, more successful moments of truth, less role ambiguity and job stress for service providers (Joseph 1996).



There are many different kinds of training and educational methods supplied to employees. For instance, offering classroom instruction, role playing and self-instructional programming. Especially, the company can invite the most credible executives to be instructors in company courses in order to let them share their expertise and model their values and style (Perälä 2006). Moreover, some institutionalized learning methods also can be listed into companies' training and educational program, like distributing selected articles, videos and other educational materials systematically; take employees on field trips to visit other companies and then ask them to share with each other the best and worst of what they saw (Perälä 2006).

#### Build a clear vision

As Parasuraman et al. (1992) presented that a paycheck may keep a person in the job physically, but it alone will not keep a person on the job emotionally. It means that it is not enough to have player who can do the job, they must also want to do it. Therefore, successful internal marketing companies stand for something worthwhile and they communicate this vision to their employees to let them understand and believe in the goal to which they contribute. Since people have a benchmark in their hearts for what they are doing, it will create passion to guaranty the best working performance.

#### Motivation

In order to encourage employees' best working performance and achieve their commitment to work, internal marketers must realize the importance of designing and implementing the relevant programs.

Firstly, measure and reward is an indispensable procedure in the whole program for motivation. Because job-products that offer the opportunity for achievement are most likely to fit the needs of human beings. Achievement remains unidentified and uncelebrated level without measurement and rewards (Parasuraman et al. 1992).

Therefore, establishing an effective performance measurement and reward system is quite important, which is not only the key to identify who deserves rewards from outstanding working performance, but also symbolize a company's culture.

Concerning the rewards, generally, there are two methods for companies to encourage good working performance: financial rewards and non-financial recognition (Parasuraman et al. 1992).

Financial rewards like bonus, premium can let employees feel the value of their hard work, from which to achieve job satisfaction, loyalty to the firm and trust in management. Meanwhile, developing employee stock option plans as extra incentive for employees will let employees be committed and motivated to achieve organizational goals (Pfeffer 1995). Because when employees are owners, they act and think like owners (Pfeffer 1998:109). Moreover, employee discounts on purchase from their own company not only can attract employees' consumption frequently or largely, but also give employees rare chance to afford products that they might not otherwise get to enjoy (Cullen 2005), like luxury products.

The necessity of employees not only limit on financial rewards, personal recognition from working companies is even more efficient to motivate their better working performances. According to a 2005 survey by World at Work and the National Association of Employee Recognition, firms only spend between 1% and 3% of revenue on employee recognition programs, but the returns can be huge (Wyld 2006).

Foster team spirit

Customers' complaints, stern requirements for products and service such invisible elements are enough to tell us that service work is demanding, frequently frustrating, and sometimes demoralizing. Therefore, it is common for service providers to be so stressed by the service role that they become less caring, less sensitive and less eager to please. According to Parasuraman et al. (1992), one important dynamic in sustaining servers' motivation to serve is the presence of service "teammates". An interactive

community of coworkers who help each other and achieve together is a powerful antidote to service burnout. Team involvement can be rejuvenating, inspirational and fun; also it can raise the stakes for individual performance. Just as University of Southern California's Edward Lawler said "You have to ask, 'how complex is the work?' the more complex, the more suited it is for teams" (Parasuraman et al. 1992:12).

Furthermore, according to Joseph (1996), emphasizing team-work spirit inside the whole company could remove the symbols of rank and heighten the sense of alienation between managers and workers and between high and low ranking of occupations.

### Communication

Doing marketing research to know customers is vital for the success of business. The same principle in internal marketing, designing job-products that attract, develop, motivate and retain employee-customers demands sensitivity to their aspirations, attitudes, and concerns (Parasuraman et al. 1992). Therefore, formal and informal conversations such as conferences, employee newsletters and email announcements should be used for reaching internal customers (Joseph 1996). Furthermore, employee surveys as a consultative method also need to be carried out periodically in order to increase employees' involvement during the process of designing internal marketing activities, to acquire employees' generally attitudes toward their work and the organizational operation and further build mutual trust.

Due to the more and more diversified labor pool, supplied job products should be tailored to different market segments in order to accommodate the diversification. Therefore, communication between internal marketers and employees in different segments of work is vital to employees' job satisfaction.

### Leverage the freedom factor

In traditional organizations, command and control ethos suppress the spread of freedom, which lead to low employee job satisfaction and mutual low level of trust and finally

affects the quality of customer service to external customers (Perälä 2006). Possessing thinking service behaviors are quite important especially in modern society due to actual demand for custom-tailored service. Therefore, good internal marketing involves giving servers the opportunity to create for their customers and achieve for themselves (Parasuraman et al. 1992). This is, to some extent, the meaning of encouraging employee empowerment. According to Bansal et al. (2001), empowerment entails that employees have the decision latitude to fix problems without any fear of being blamed if things go wrong. Especially in service market, empowered people at the front lines are more flexible and responsible to the needs of the customers (Asif et al. 1998).

Empowerment does not mean the elimination of policies and procedures to advance internal marketing. Conversely, empowerment needs to carry out through a right way to add richness, dignity and confidence to employees' work. That is the reason why smart internal marketers address the issue of educating and training for their employees in order to let them be qualified to the extra duties on their shoulders.

#### Bridge language/ cultural gaps

Along with globalization, more and more people live in foreign countries due to work, study or other reasons. The population movement has caused diversity both in employee and customer segments. On the one hand, employees from other cultural backgrounds must be socialized into the culture of the host country and also the culture of specified organization. This process is more challenging than people thought. Inadaptability is easy to frustrate employees and lead to bad job performance. On the other hand, due to the cultural influence, some behaviors seem normal in one culture, may seem unfriendly or hostile in another culture (Joseph 1996). Especially for retailing, it is better for front-line employees to understand the willingness of customers from other cultural backgrounds in order to satisfy this customer group. Thereby, In order to overcome cultural barriers, employee training in culture and language should also be included in internal marketing programs.



**Figure 5.** Summarized internal marketing activities

### 3.3 Barriers in implementing internal marketing in apparel retail industry

Apparel retail industry is very competitive, and studies show that 80 percent of retail clothing businesses fail within the first five years (Crewe & Davenport 1991). There are many factors which lead to the failure of the retail clothing business, such as lack of the knowledge of retail operations, wrong evaluation of fashion trends and in large part to the poor service supplied to final customers. From the theoretical point of view, internal marketing keeps a service company internally stable so that excellent service can be provided to customers (Parasuraman et al. 1992:26). However, in practice, barriers still exist to impede carrying out internal marketing activities in apparel retail industry.

Firstly, activities related to internal marketing are usually very time-consuming, and may therefore not always show results immediately (Visapää 2005). For example, employee training, especially supplying training programs for front-line employees is vital for service companies which should be carried out in order to let the front-line employees handle all of the customers' needs. However, some employees cannot always execute the training knowledge into the reality, especially when some bad situations happen, like customer complaint for refund. Sometimes, trained employees still cannot control their temper to listen customers' complaint, no matter the customer is right or wrong. In this situation, quarrel is unavoidable and brings very bad negative influence to the company's reputation.

Secondly, financial rewards and non-financial recognition, to some extent, impede the progress of teamwork. As I mentioned before, in retailing industry, advocating teamwork can reduce the stress on every salesperson's shoulders, improve the efficiency of work and meanwhile, increase the salespeople's interest to work. However, financial rewards and non-financial recognition are possible to cause jealousy and competitiveness among sales personnel, from which to lead to unfriendly working environment. If only unfriendly working environment has formed, it is quite hard to expect front-line employees to help each other for work. Thus, for internal managers, in order to keep the balance between employees' motivation and cooperation, how and to

what extent the rewards and personal recognition should be carried out, which need to consider thoughtfully.

Thirdly, empowerment has both positive and negative consequences for front-line employees and the organization in the area of services marketing (Ahmed et al. 2002). Due to the indispensable role of empowerment in internal marketing, researchers and organizations all put effort into this subject to the high extent. However, according to Hartline and Ferrell (1996), some negative outcomes from empowerment also cannot be ignored. For example, although empowered employees acquire self-confidence in their abilities, they experience increased frustration and role conflict (Ahmed et al. 2002:86). In apparel retail industry, it is normal to encounter customer complaint concerning the quality of clothes and service supplied by front-line employees. If the employee compromises to refund to the customer, on the one hand, she/he can protect her/his company from reputation damage; on the other hand, the employee might be blamed by her/his company due to self-assertion. Because even though, the meaning of empowerment is entailing decision making latitude to employees without any fear of being blamed if things go wrong (Bansal et al. 2001), unfortunately, this concept still cannot be truly put into practice.

### 3.4 The effect of internal marketing through job performance on perceived service quality

More than 30 years ago, internal marketing was first proposed as a way to enhance organizational capability to customer effective consumerism (Berry, Hensel & Burke 1976). By the further development of the internal marketing theory, more and more scholars add service quality matters into the discussion of internal marketing from different perspectives. Some of them, like Berry (1981), Hales (1994) and Lambert (1995), they view internal marketing as one kind of managerial strategy to attract, retain and motivate service-minded and customer-conscious employees to aid the perceived service quality and effective external marketing of an enterprise. From their point of view, internal marketing is a way to positively achieve a company's competitive

advantage, high perceived service quality. Grönroos (1998:13) introduced internal marketing as a mediating factor to actuate service suppliers and their supervisors as well as upper-level managers focusing on the quality perceptions of the customers and especially on the importance of the functional quality perception of the process. Besides these general descriptions of the relationship between internal marketing and perceived service quality, some of other researchers even focused on the detailed influence from internal marketing to perceived service quality. For instance, based on the literature in marketing and human resource management, Bansal et al. (2001) proposed a model that relates key internal marketing practices to external service quality mediated by employee attitudes like loyalty to the firm, job satisfaction and trust in management. Ahmed et al. (2000) also proposed an internal marketing model through literature review specifically emphasizes the effect of employee empowerment to perceived service quality; meanwhile, employee job satisfaction is positively linked to perceived service quality through the mediator customer orientation. Dabholkar and Abston (2008) announced the positive influence from financial and non-financial internal marketing activities to perceived service quality mediated by front-line employees' job satisfaction.

As I presented before, there are mainly five dimensions of retail service quality, which are physical aspects, reliability, personal interaction, problem solving and policy. Among them, reliability, personal interaction and problem solving are all associated with a service firm's personnel. Based on the analysis in Chapter 3, the direct effect of doing internal marketing activities is to improve employee job performance. Therefore, in the following part, the research concerning the effect of internal marketing on perceived service quality can be narrowed down to the study of the influence from eight internal marketing activities to reliability, personal interaction and problem solving, these three dimensions of retail service quality, with the help of intermediate, job performance. The most relevant previous studies are listed in Table 4.

#### (1) The effect of empowerment and teamwork on problem solving

The concept of leverage the freedom factor in internal marketing is the meaning of encouraging employee empowerment. According to Bowen and Lawler (1992),



empowerment very much looks to the performer of the tasks for solutions to service problems and appropriate level of empowerment will increase the creativity and effectiveness of service providers to problem solving. Similarly, Wilkinson (1998) and Carless (2004) pointed out that the greater autonomy and responsibility at the point of service delivery, the more self-confidence and sense of trust the service providers will possess and the better customer-related decisions can make.

Teamwork is a quite familiar concept in almost every aspect of people's working lives. From total quality management perspective, teamwork could reduce errors, learn from errors together, further increase the working confidence for each team member and improve their working performance (Gehani 1993). Especially in retail service, such kind of coordination allows front-line employees solve problems together from which to decrease the stress on each member's shoulders. Therefore, the first proposition is:

*P1: Empowerment and teamwork will positively affect problem solving*

(2) The effect of motivation and clear vision on personal interactive process

Personal interaction of retail service quality is one type of relational dimension, which includes two sub-dimensions namely inspiring confidence to customers and courteousness/ helpfulness of store personnel. According to Dabholkar et al. (2008)' definition of job performance in the context of customer contact employee, good job performance reflects organizational citizenship behaviors, productivity, customer service, and any other facets related to being a service provider. From this point of view, inspiring confidence, courteousness and helpfulness should be the reflection of good job performance. In other words, the effect of motivation and clear vision on personal interactive process is actually the same meaning with the effect of motivation and clear vision on employees' job performance.

Financial rewards and non-financial recognition are two important segments of motivation. According to Dabholkar et al. (2008), bonuses and awards on purchases as part of financial internal marketing activities can make employees happy, especially

employee discounts on purchases can save money for employees, moreover, can let them enjoy high quality products with lower price, from which to positively increase employees' working incentive. Further, high working incentive will encourage employees having good working performance.

It is also generally agreed that non-financial internal marketing activities have the most potential to improve employee self-confidence and lead to long-term behavior change. Personal recognition from working companies is one of the most powerful rewards with "trophy-value" (Heather & LaDonna 2000:16). Acknowledged by companies can build a positive link in employees' minds between their actions and the emotional results, from which to achieve satisfied job performance during personal interaction with customers.

Organizational vision is a generally accepted necessity for organizational success. According to Hays and Hill (2001), in a service supplied organization, vision stands for the degree to which management has communicated priorities clearly and the firm's employees (managers through front-line workers) have an awareness of the key role that service quality plays in the company's strategy. From this theoretical point of view, a strong vision should encourage and motivate employees' better job performance. Hence, the second proposition is:

*P2: motivation and clear vision will positively affect the process of personal interaction*

(3) The effect of competing for the best people and employees' training and educating on reliability, personal interaction and problem solving

As I analyzed before, any service behavior relating to being a qualified customer contact employee is the facet of good job performance. Therefore, keeping promises, doing the things right, treating customers well and solving problems competently, these sub-dimensions of retail service quality are actually all the reflections of good job performance.

It is also known that not everyone is suitable for being a customer-contact employee. In order to be a qualified service provider, interpersonal skills are the necessity. However, according to Brown, Gummesson, Edvardsson & Gustavsson (1991), service firms often select customer-contact personnel on a seemingly random basis or merely on the basis of their perceived ability to perform the technical requirements of the job. In order to evoke practitioners' realization to this importance, Behing (1998) and Barrett (1995) all pointed out the direct influence from employee selection to job performance in service industry.

Training and educating for customer contact personnel as the following part is as important as employee selection. Besides suitable personality to service job, customer service techniques need to be trained in order to perform production tasks well (Bowen & Greiner 1986). One of the benefits from constant training and educating is to guide and direct service employee attitudes toward service quality. According to Brown et al. (1991), employee attitudes are an important element in the service climate encounter that, in turn, influences customer perceptions of service quality. Moreover, supplying considerate training and educating programs for employees' professional development is beneficial to employees' job satisfaction and indirectly facilitate the employees' job performance (Ackfeldt & Coote 2005). Therefore, the third proposition will be:

*P3: competing for the best people and employees' training and educating will positively affect reliability, personal interaction and problem solving*

(4) The effect of communication on reliability, personal interaction and problem solving

Through an empirical research, Bowen and Schneider (1988) indicated that there exists a positive relationship between front-line employee satisfaction and good job performance. In order to acquire front-line employee satisfaction, their needs must be met by management before they, the employees, can be expected to meet the needs of customers (Berry 1981). Communication between manager and employee as one of the managerial measurements is vital. On the one hand, through communication, the thoughts of employees can be known and further their needs can be satisfied. On the

other hand, for employees, managers' attention to their working engagement is reflected through the process of communication, from which to ensure their enthusiasm to work and further good job performance (Harter, Schmidt & Hayes 2002). According to the previous analysis, job performance is equal with the meaning of reliability, personal interaction and problem solving. Hence, the following proposition is:

*P4: communication will positively affect reliability, personal interaction and problem solving*

(5) The effect of bridge language/ cultural gaps on reliability, personal interaction and problem solving

It is known that customers from different cultural backgrounds might have totally different standards for service quality evaluation. For instance, based on an empirical study, Mattila and Patterson (2008) summarized that individual customer's cultural value orientation has an impact on perception and post-purchase evaluations of both successful and unsuccessful service encounters. Similarly, Ueltschy, Laroche, Eggert & Bindi (2007) also made a conclusion after empirical findings that culture plays a paramount role in consumers' ratings of perceived service quality and customer satisfaction. As I mentioned before, due to the influence of globalization, more and more people choose to live in other countries, correspondingly, this phenomenon accelerate customer diversity in retailing. If service suppliers own some knowledge concerning language/ culture, he/ she could be easier to communicate with foreign customers, meanwhile, customers might be more delightful by his/ her extra job performance. Therefore, the last proposition is:

*P5: bridge language/ cultural gaps will positively affect reliability, personal interaction and problem solving*

**Table 4.** Previous studies of the effect of IM on PSQ through job performance

<b>Research field</b>	<b>Author(s)/ Year</b>	<b>Methodology</b>
The effect of empowerment on problem solving	Bowen et al. (1992)	Theoretical
	Wilkinson (1998)	Theoretical
	Carless (2004)	Theoretical
The effect of teamwork on problem solving	Gehani (1993)	Theoretical
The effect of motivation on personal interactive process	Dabholkar et al. (2008)	Theoretical
	Heather et al. (2000:16)	Theoretical
The effect of clear vision on personal interactive process	Hays et al. (2001)	Survey
The effect of competing for the best people on reliability, personal interaction and problem solving	Behing (1998)	Case study
	Barrett (1995)	Theoretical
The effect of training and educating on reliability, personal interaction and problem solving	Bowen et al. (1986)	Theoretical
	Brown et al. (1991)	Theoretical
	Ackfeldt et al. (2005)	Survey
The effect of communication on reliability, personal interaction and problem solving	Harter et al. (2002)	Survey
The effect of bridge language/ cultural gaps on reliability, personal interaction and problem solving	Mattila et al. (2008)	Survey
	Ueltschy et al (2007)	

## 4. NATIONAL CULTURE

Generally, the last theoretical chapter introduces the non-ignorable element, national culture in international business. At first, cultural definition is introduced. Secondly, cultural dimension as a way to conceptualize and operationalize culture is presented in detail by presenting Hofstede's cultural framework. Thirdly, cultural comparison between Finland and China, these two case countries is carried out in dimensional context. Lastly, the influence of national culture to perceived retail service quality is discussed by linking Hofstede's five cultural dimensions with five dimensions of retail service quality.

### 4.1 Definition of National Culture

As early as in 19<sup>th</sup> century, Tylor E defined culture as a complex whole which includes knowledge, beliefs, art, morals, laws, customs and any other capabilities and habits acquired by man as a member of society (Hoecklin 1994:28). Sociologists and anthropologists such as Kluckhohn defined culture in terms of patterns. Kluckhohn (1951: 86) stated that culture consists in patterned ways of thinking, feeling, and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts. In 1980, an influential scholar Hofstede defined it as the collective programming of the mind which distinguishes the members of one human group from another (Hofstede 1991:5). Following the group concept by Hofstede, Kotter and Heskett (1992) defined culture as the totality of socially transmitted behavior patterns, arts, beliefs, institutions and all other products of human work and thought characteristic of a community or population. In comparison, Schein (1992) defined the culture as a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.

Because of the Hofstede's well-known influence and systematic research to cultural system, the current study understands cultural elements according to Hofstede's cultural definition and his five cultural dimensions: power distance, collectivism/ individualism, femininity/ masculinity, uncertainty avoidance and long-term orientation / short-term orientation.

#### 4.2 Dimensions of National Culture

The usefulness of the concept of culture to explain cultural differences depends on being able to unpack it and identify its components as "culture is too global a concept to be meaningful as an explanatory variable" (Soares, Minoo & Aviv 2007). Actually, the use of a limited number of dimensions to compare cultures has anthropological roots. Early scholars in this field argued that cultural diversity results from different answers in different societies to similar universal questions such as the existence of two sexes (Kluckhohn in Hofstede 1984:36). Parsons and Shills (1951) delineated cultural pattern variables or cultural dilemmas that define and categorize cultures: affectivity versus affective neutrality; self-orientation versus collectivity orientation; universalism versus particularism; ascription versus achievement and specificity versus diffuseness. These contributions further influenced the modal personality studies as to what extent the patterned conditions of life in a particular society give rise to certain distinctive patterns in the personality of its members (Inkeles & Levinson 1969:118). Therefore, the research concerning cultural dimensions have started in order to synthesize major distinguishing aspects of culture and further reliably measure culture as a complex, multidimensional structure rather than as a simple categorical variable (Soares et al. 2007).

Several scholars have explored the choice of dimensions for conceptualizing and operationalizing culture. For instance, Schwartz (1994) developed conservatism, autonomy, hierarchy, mastery, commitment and harmony as a set of cultural dimensions of values. Trompenaars & Charles (1997:8) identified seven fundamental dimensions of culture as relationships with people, universalism versus particularism, individualism

versus communitarianism, neutral versus emotional, specific versus diffuse, achievement versus ascription, attitudes to time and attitudes to the environment. Inglehart, Basanez & Moreno (1998) and his colleagues elaborated two main dimensions of cross-cultural variation namely traditional authority versus secular-rational authority and survival values versus well-being values. Steenkamp (2001) derived four comprehensive national cultural dimensions as autonomy versus collectivism, egalitarianism versus hierarchy, mastery versus nurturance, and uncertainty avoidance from examining other scholars' national cultural frameworks. However, compared with other researches, Hofstede's cultural framework is the most widely used and comprehensive national cultural framework (Steenkamp 2001), especially the popularity and usefulness of his research in international marketing studies is well documented (Kale 1991). From his empirical study on a large scale, he defined five cultural dimensions and assigned dimensional indexes on all nations, followed by linking the dimensions with demographic, geographic, economic, and political aspects of a society. Because of the influential status of Hofstede's research on cultural academia, in this paper, Hofstede's framework will be further presented in detail.

#### Power Distance

Power distance was defined by Hofstede (1991:28) as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. In another word, power distance means the extent for people to handle inequality within the society. It shows the dependent relationships in a country.

Hofstede (1991) claimed that high power distance countries tend to have centralized political power and exhibit tall hierarchies in organizations with large differences in salary and status while in low power distance countries, equality is expected and generally desired, like closer relationship between subordinates and supervisors in organizations and less difference in salaries and status. In summary, the key different sections between small and large power distance societies are general norm, family,



school, workplace, politics and ideas, which provide an overview of the essence of power distance differences across all spheres of life (Hofstede 1991).

Hofstede also notes that such kinds of differences are hundreds or even thousands of years old. He does not believe they will disappear quickly from traditional cultures, even with powerful global telecommunication systems, and recent research also has shown that the dimensions have remained quite stable for the last twenty years (Marcus & Gould 2001).

#### Collectivism/ Individualism

According to Hofstede (1991), the vast majority people in the world live in societies in which the interest of the group prevails over the interest of the individual. Meanwhile, a minority ones' interest is individual not a group. Thus, Hofstede (1991: 51) defined the two poles of this dimension as individualism pertains to societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family but no one else. Collectivism as its opposite pertains to societies in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange from unquestioning loyalty.

Based on Hofstede's theory, it can be summarized that individualistic cultures value personal time, freedom, challenge and such extrinsic motivators as material rewards at work. Meanwhile, collectivist cultures value training, physical conditions, skills and the intrinsic rewards of mastery. In family relations, people in individualistic cultures value honesty, talking things out, using guilt to achieve behavioral goals, and maintain self-respect; in contrary, people influenced by collectivist cultures value harmony more than honesty and silence more than speech, using shame to achieve behavioral goals and strive to maintain face. The societies and governments in individualistic cultures place individual social-economic interests over the group, maintain strong rights to privacy, nurture strong private opinions, restrain the power of the state in the economy, emphasize the political power of voters, maintain strong freedom of the press and

encourage self-realization, self-achievement and freedom. The societies and governments of collectivist cultures express the opposite attitudes such as regulate opinions, favor laws and rights for groups over individuals, dominate the economy, and control the press.

#### Femininity/ masculinity

A common trend among most societies caused by different gender roles between men and women is that men are supposed to be more concerned with achievements outside the home. Meanwhile, women are supposed to be more concerned with taking care of the home, of the children, and of people in general (Hofstede 1991). Such kind of different gender roles cause men own tough social roles and women comparatively have tender roles. However, according to the research, the intense level of gender role is not the same in different countries, and in different cultures different professions are dominated by different genders. For example, women dominate the medical profession in Russia, while men dominate in the USA. Thus, Hofstede defined that masculinity pertains to societies in which social gender roles are clearly distinct (i.e., men are supposed to be assertive, tough, and focused on material success whereas women are supposed to be more modest, tender, and concerned with the quality of life). Femininity pertains to societies in which social gender roles overlap (i.e., both men and women are supposed to be modest, tender, and concerned with the quality of life) (Hofstede 1991: 82-83).

Traditional masculine work goals include earnings, recognition, advancement and challenge. Traditional feminine work goals include good relations with supervisors, peers, and subordinates, good living and working conditions, and employment security (Marcus et al. 2001).

#### Uncertainty avoidance

As human beings, we all have to face the fact that we do not know what is going to happen tomorrow. In order to avoid uncertainties in people's mind, every society

develops technology, laws and religion as tools to help. However, the ability to handle uncertainty or unknown matters varies from one society to another. Thus, Hofstede defined uncertainty avoidance as the extent to which the members of a culture feel threatened by uncertain or unknown situations (Hofstede 1991: 113).

According to Hofstede (1991), cultures with high uncertainty avoidance tend to be expressive; people talk with their hands, raise their voices and show emotions. Also, what is different maybe viewed as a threat and what is unconventional is often equated with what is dangerous. By contrast, low uncertainty avoidance cultures tend to be less expressive and less openly anxious; people behave quietly without showing aggression or strong emotions. Therefore, differences in low uncertainty avoidance cultures maybe just viewed as simply curious or perhaps ridiculous.

Doing business in high uncertainty avoidance society may have more formal rules, require longer career commitments, and focus on tactical operations rather than strategy. In contrary, doing business in low uncertainty avoidance society may be more informal and focus more on long-range strategic matters than day-to-day operations (Marcus et al. 2001).

#### Long-term orientation / short-term orientation

In 1980s, shortly after Hofstede first formulated his cultural dimensions, work by Bond (1987) convinced him that a fifth dimension should be defined according to the research did for Asian countries. Thus, Hofstede defined this last dimension as long-term orientation in life versus a short-term orientation. According to Hofstede (2005:210), long-term orientation stands for the fostering of virtues oriented toward future rewards, in particular, perseverance and thrift. Its opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present, in particular, respect for tradition, preservation of “face”, and fulfilling social obligations.

Long-term orientation seems to play an important role in Asian countries that had been influenced by Confucian philosophy over many thousands of years. Hofstede and Bond

found long-term orientation countries share the beliefs as a stable society requires unequal relations and the family is the prototype of all social organizations; older people have more authority than younger ones; virtuous behaviour to others means not treating them as one would not like to be treated; virtuous behaviour in work means trying to acquire skills and education, working hard, and being frugal, patient and persevering (Marcus et al. 2001). By contrast, short-term orientation countries are more likely to promote equal relationships, emphasize individualism, focus on treating others as you would like to be treated, and find fulfilment through creativity and self-actualization (Marcus et al. 2001).

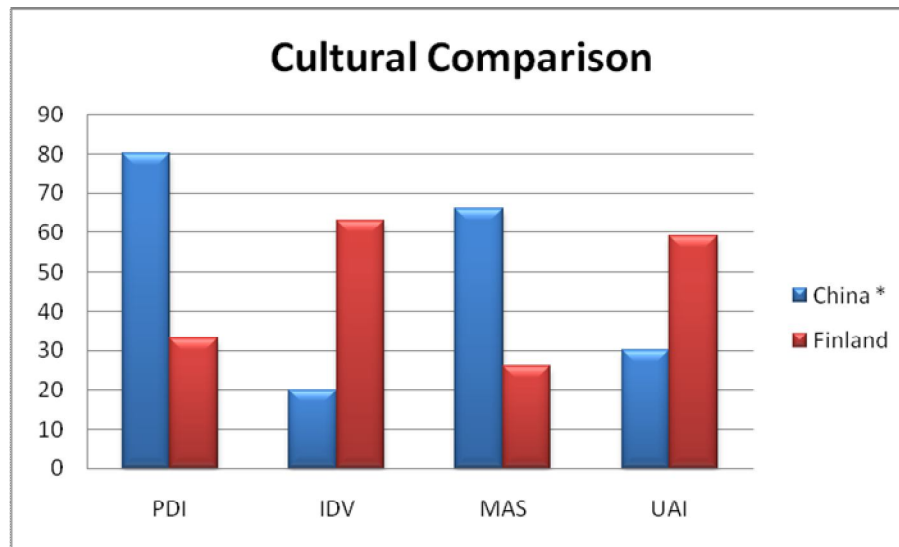
#### 4.3 Cultural comparison between China and Finland

According to Hofstede's cultural ranking (Hofstede 2005), China has a significant high power distance ranking of 80 compared to the world average of 55. This indicates a high level of inequality of power and wealth within the society. Meanwhile, China is viewed as a collectivist society due to its score on individualism is quite low at 20 compared to an Asian average of 24. In China, family concept is highly valued and the society fosters strong relationships where everyone takes responsibility for fellow members of their group (Hofstede 1991). Further, Chinese society is classified into the masculinity at the ranking of 66 higher than the world average ranking of 50. Even though, the gender role in modern China is not as distinct as it used to be, the traditional viewpoints are still rules. Not like other Asian countries, China is a low uncertainty avoidance country at the score of 30 compared with the average Asian score of 60 and world average score of 64. The majority of Chinese are atheists, but other religions are freely acceptable. Especially in modern China, people tend to accept new thoughts, new ideas and new things. China is also classified into the characteristic of long-term orientation at the highest ranking score of 118 compared with overall Asian score of 88 and world average level at 45. Even though, Confucius' values don't dominate the society as it used to be, saving, perseverance and thrift are still virtues to be advocated.

Finland as one of the Scandinavian countries has quite similar cultural characteristics with others. According to Hofstede's ranking (Hofstede 2005), Finland is a low power distance country at the score of 33 compared with the world average level 55. In Finland, no matter in work, school or any other environments, the relationship between people is quite equal, and the Gini coefficient is small. Including Finland (score of 63), all Scandinavian countries have the characteristic of individualism. In Finland, individual ability is highly emphasized and people tend to be independent. Meanwhile, Finland is classified into femininity society at the score of 26 compared with the world average level of masculinity at 50. In Finland, women have the quite equal values with men's. Moreover, both women and men are modest and caring. Concerning the uncertainty avoidance, Finland is listed into low uncertainty avoidance society compared with the world average level 64, even though, its score (59) is higher than the average Scandinavian level (38). Finnish people are creative. Especially for young Fins, they are open and would like to accept new things.

In Figure 6, Chinese culture is compared with Finnish culture based on four dimensions of Hofstede's research. Because there is no related research to long/ short term orientation of Finland, this item is excluded in two countries' comparison.

Through Figure 6, it is obviously aware of the big differences existed in two countries' cultures. China is a high power distance country. Reversely, the power distance in Finland is quite low, which is even less half of high of that in China. Individualism in China is very low, which is almost one third of the level in Finland. Therefore, two countries stand at the two poles of this dimension: China is collectivism, Finland is individualism. Similarly, the difference of gender role in two countries is also big. The level of masculinity in China is more than two times high of that in Finland. Hence, China is categorized into masculinity; meanwhile, Finland is categorized into Femininity. Concerning the uncertainty avoidance, both countries belong to low uncertainty avoidance. However, compared with China, the level of uncertainty avoidance in Finland is almost twice high. Thereby, it can be deduced that compared with Finnish, Chinese are easier to tolerate uncertainty and ambiguity in the society.



**Figure 6.** Cultural comparison between China and Finland (Scores of value from Hofstede 2005)

\*Estimated value

\*PDI: power distance index IDV: individualism

MAS: masculinity UAI: uncertainty avoidance index

#### 4.4 The influence of national culture on perceived service quality

Globalization of markets is a prevailing trend which cannot be ignored and has resulted in increased competition among domestic and multinational companies. Especially for an international enterprise in service market, maintaining consistently high quality of service is a powerful means of increasing the overall efficiency and effectiveness (Espinoza 1999). However, since more and more service companies enter the international arena, standardized service may not be able to satisfy customers from different cultural background. One vital reason is that culture provides the framework for social interactions in a society, customers with different cultural backgrounds may have different expectations toward service encounters and that they may perceive these situations differently.

Along with the increasing cross-cultural studies to service quality, many researchers have emphasized the important role of culture to service quality. For instance, Witkowski and Wolfinbarger (2000) investigated the dimensions of desired service quality for banks and restaurants in Thailand and Japan and further suggested the importance of considering the specific Asian cultural elements, such as formality when expanding into Asian markets. In the research of Herbig and Genestre (1996), Mexican consumers were found to have more favorable perceptions of various service quality attributes than US consumers. In Mattila (1999)'s study of hotel customers, western customers were found to tend to reply more on the tangible cues from the physical environment than their Asian counterparts.

Moreover, with the clear recognition of cultural influence on service industry, many scholars have started the research concerning the measurable way of perceived service quality on the international context. According to Winsted (1997), the empirical study between US and Japan identified dimensions of perceived service quality are not universally suitable to every country, thus, proposed to develop culture-specific measures of perceived service quality. Similarly, Imrie, Cadogan & McNaughton (2002) stated that managers should avoid employing the SERVQUAL scale globally and instead they should develop a new, culturally bounded measure of perceived service quality. Also, Kettinger, Lee & Lee (1995) investigated the cross-national psychometric properties of a behavioral measure of perceived service quality in the information services context and suggested the feasibility of a standardized global measurement of information system service quality depends heavily on the relative magnitude of cultural effects.

In order to understand the effect of culture on perceived service quality in apparel retail industry, in this paper, the influential Hofstede's cultural dimensional framework will be used together with the model of retail service quality (RSQS) to analyze the correlation between five cultural dimensions and five perceived retail service quality dimensions.

Through the literature review, I found that almost all researches concerning the influence from national culture to perceived service quality are focused on the effect of Hofstede dimensions of culture on the dimensions of service quality from SERVQUAL scale. As I summarized in Chapter two, retail service quality model is developed based on SERVQUAL GAP model. Hence, the dimensions described in these two models are similar except the new scopes in RSQS namely problem solving and store policy.

In the following part, at first, the previous researches concerning the Hofstede's cultural dimensional influence to physical aspects, reliability and personal interaction, these service quality expectations are going to be presented. Secondly, the influence from cultural dimensions to problem solving and store policy these two specified retail service quality dimensions will be analyzed. The most relevant previous studies are presented in Table 5.

(1) The influence of power distance on physical aspects, reliability and personal interaction

Through empirical studies, scholars like Furrer, Liu & Sudharshan (2000) and Tsoukatos & Rand (2007) agree that the exercise of power in service encounters depend on whether customers are (or consider themselves) powerful or weak in relation to service suppliers. Powerful customers with a high score in power distance believe that they deserve extremely good treatment from weak service employees. Therefore, they focus on tangibles, reliability, responsiveness and empathy of service. However, due to their high confidence, such customers do not put emphasis on Assurance. Matilla (1999) hold the similar opinion as power distance is positively related to overall service quality expectations. Meanwhile, Weak customers with a high score in power distance view themselves as being unimportant to service providers and do not expect an empathetic and responsive service. Such customers feel dependent on more powerful service providers and consider service providers' work as beyond their grasp. Hence, these customers do not expect to be assured and are prepared to accept a relatively less reliable service from powerful service providers.



Reversely, Donthu and Yoo (1998) argued that due to the influence by power distance, consumers low on power have high overall service quality expectations to high power service providers and especially emphasize the responsive and reliable elements. Similarly, empirical finding from Karen and Boo (2007) indicates that power distance is negatively related to all dimensions of service quality.

(2) The influence of collectivism/ individualism on physical aspects, reliability and personal interaction

Through developing and testing hypotheses, Donthu et al. (1998) concluded that individualistic consumers have high overall service quality expectations and expect empathy and assurance from the service provider. Meanwhile, Furrer et al (2000) presented that individualistic customers pursue self-interest; thereby, they are less tolerant of poor service than collectivists as behaviors of emphasizing reliability, responsiveness and tangibles. Correspondingly, Customers from collectivist culture desire harmony and interdependence in social relationships; therefore they are more tolerant of mistakes and especially have lower expectations of reliability, responsiveness, assurance and empathy (Tsoukatos & Rand 2007).

(3) The influence of femininity/ masculinity on physical aspects, reliability and personal interaction

Furrer et al. (2000) link the service quality expectations with gender role as customers with a high score in masculinity expect male service employees to be more professional, and hence more reliable, responsive and assuring; on the other hand, they expect females to be more empathetic, moreover, they has high requirement to the tangible elements during the whole service process.

However, Karen and Voon (2007) held the different opinion as that the gender of the service provider is less important than the type of values required by the job itself. Supported by Hofstede (2005), jobs in which human contact is at the core require feminine values regardless of whether the employee is a man or woman. Karen et al.

(2007) also listed a practical example to prove their viewpoint as in the case of restaurants, feminine values such as friendliness, caring and helpfulness are required from both male and female service providers, and customers would not expect poorer service just because the employee is a male.

(4) The influence of uncertainty avoidance on physical aspects, reliability and personal interaction

Because high uncertainty avoidance is associated with intolerance for uncertainty and risk-taking, customers with a high score in uncertainty avoidance would like to put emphasis on more reliable, responsible and assuring service behaviors (Furrer et al. 2000). Reversely, Tsoukatos et al. (2007) drew the conclusion from their empirical finding as uncertainty avoidance inversely relate to reliability, responsiveness and assurance.

Concerning physical aspects, from empirical studies, Donthu et al. (1998) and Karen et al. (2007) all agree that tangibles play a role in assuring customers that the service quality is being maintained. If the appearance of facilities and staff has deteriorated, this might cause customers to begin doubting the quality of the service itself. From this point of view, it is expected that high uncertainty avoidance customers pay attention to tangibles as a meaning of reducing uncertainty. However, according to Furrer et al (2000), for customers of high uncertainty avoidance in frequent service situations, all dimensions of service quality except tangibles are important to reduce uncertainties of service failure.

Concerning the relationship between uncertainty avoidance and empathy, Donthu et al. (1998) explained that empathy doesn't contribute towards decreasing or increasing uncertainty. Therefore, the relationship between uncertainty avoidance and empathy is expected to have no specific direction.

(5) The influence of long-term orientation/ short-term orientation on physical aspects, reliability and personal interaction

Furrer et al (2000) testified that for long-term oriented customers, reliability and responsiveness were found to be important whereas assurance and tangibles are of less importance due to the expectations of close and enduring relationships with service providers. However, Tsoukatos et al. (2007) argued that long term orientation was only significantly related to reliability. Donthu et al. (1998) only testified the positive relationship between long-term orientation and responsiveness through their research. For Tsoukatos et al. (2007), they made the conclusion as long-term oriented customers are concerned with preserving relationships with their service providers and find excuses when accepting relatively poor service. As long as the service is reliable such customers are indifferent towards responsiveness and empathy.

#### (6) The influence of cultural dimensions on problem solving and store policy

Even though, retail service quality scale was proposed early in 1996 by Dabholkar et al, scholars have paid a few attentions on the influence from culture to retail service quality. According to my literature review, I noticed that Furrer et al (2000), Kim and Jin (2002) and McKenzie (2004) did the researches which are more or less related to cross-cultural retail service quality. Furrer et al (2000) summarized from their empirical study that customers from high uncertainty avoidance cultures are more likely to expect service providers' ability to problem solving in order to reduce their uncertainty. Kim et al. (2002) in the context of discount stores for US and Korean customers found that the policy dimension is unreliable in both countries. Therefore, they concluded that the policy dimension is simply not present in customers' perception of service quality for discount stores (Kim et al. 2002). Combing the study of McKenzie (2004) and Estonia's cultural scale made by Hofstede, it can be deduced that due to low power distance and femininity, Estonian consumers do not have very high requirement concerning store personnel's problem solving ability.

In conclusion, from the whole literature review, it is not difficult to find out that there are many empirical researches relating to the influence of individual cultural element on physical aspect, reliability and personal interaction, these service quality expectations. Furthermore, due to different target countries and industries, different samples and

different research methods or some other reasons, the empirical results from these studies are sometimes inconsistent and conflicting. Moreover, because of a few researches concerning the influence from culture to problem solving and store policy, these two specific retail service quality dimensions, it will be arbitrary to make any conclusion from existed literature. However, previous studies, to some extent, have proved the cultural influence to service quality. Therefore, one general proposition is going to be made in order to be the guidance for further empirical research:

*P: Finnish perceived service quality is different from Chinese perceived service quality*

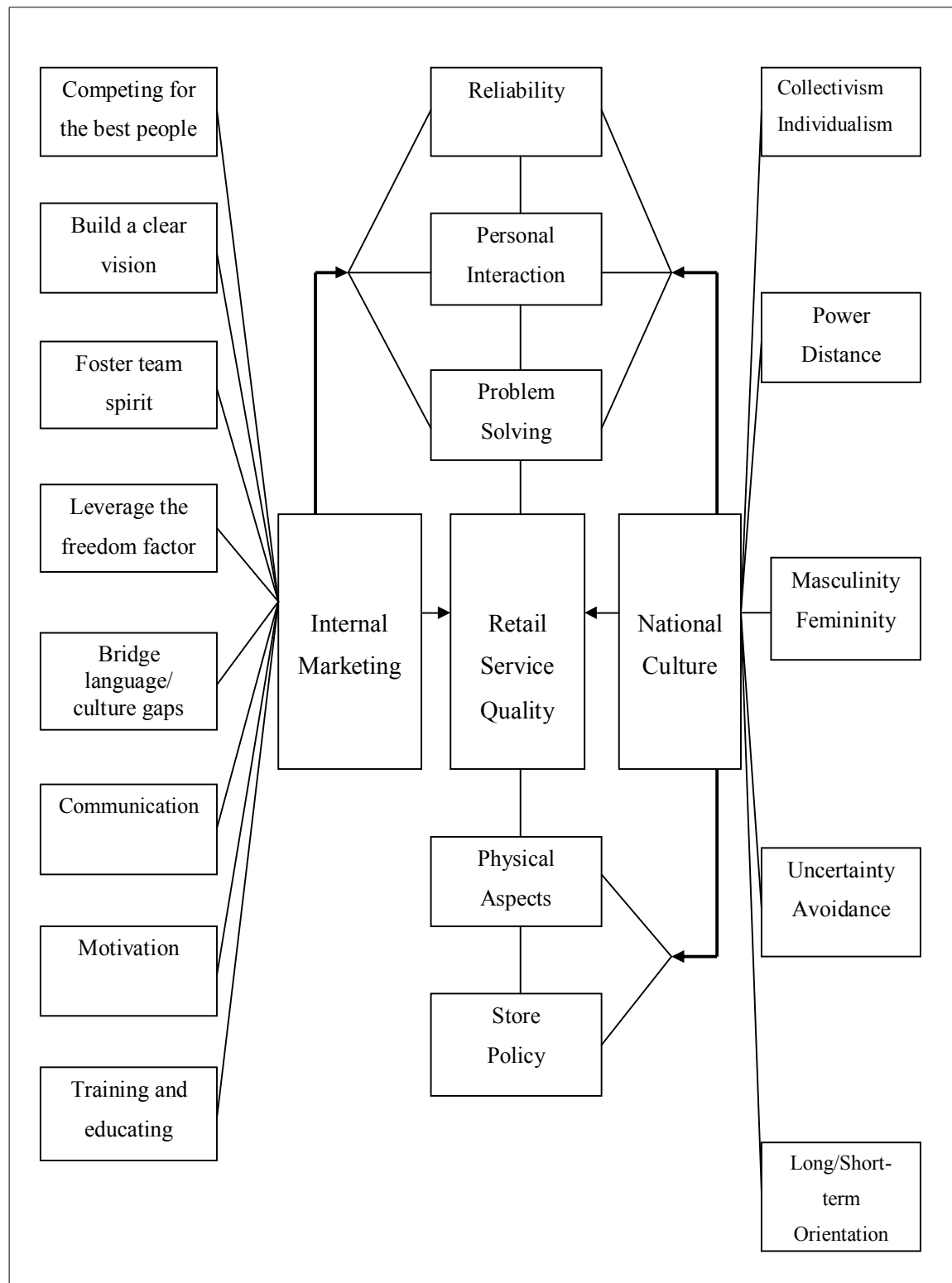
**Table 5.** Previous studies of cultural influence to perceived service quality

<b>Author (s)/ Year</b>	<b>Methodology</b>	<b>Research Field</b>
Donthu et al. (1998)	Survey	The relationship between power distance, individualism, uncertainty avoidance and long-term orientation with service quality expectations
Matilla (1999)	Survey	Relationship between power distance with overall service quality expectations
Furrer et al. (2000)	Survey	1. The influence of power distance, individualism, uncertainty avoidance, long-term orientation to dimensions of perceived service quality 2. Gender role is linked with service quality expectations
Kim et al. (2002)	Survey	Policy dimension is unreliable in customers' perception of service quality for discount stores
McKenzie (2004)	Two-step qualitative research	Power distance and masculinity are inversely related to problem solving
Karen et al. (2007)	Survey	The relationship between power distance, masculinity, uncertainty avoidance and long-term orientation with dimensions of service quality
Tsoukatos et al. (2007)	Survey	The relationship between power distance, individualism, uncertainty avoidance, long-term orientation with dimensions of perceived service quality

#### 4.5 Summary of theoretical framework

Figure 7 summarizes the main concepts of the current study. As presented in this figure, internal marketing is consisted by eight independent marketing activities, namely competing for the best people; build a clear vision; foster team spirit; leverage the freedom factor; bridge language/ culture gaps; communication; motivation; training and educating. Ideally, doing each of these marketing activities will positively affect reliability, personal interaction and problem solving, these human factor related dimensions of retail service quality. Because, the direct objective of doing internal marketing is to positively influence service providers' job performance, meanwhile, through detailed analysis in Chapter 3, it is known that the description of reliability, personal interaction and problem solving in retail service quality model is actually the standards of good job performance for service providers. Therefore, according to this logic, five propositions are made for further empirical study.

Moreover, present research also focuses on the cultural influence to perceived service quality. As seen in Figure 7, cultural element is formed by five dimensions, namely collectivism/ individualism; power distance; masculinity/ femininity; uncertainty avoidance; long/ short-term orientation. The literature review concerning this research aspect confirms that culture influence customer perceive service quality. In order to explore such influence in apparel retail industry, firstly, the effect of each cultural dimension on each of five retail service quality dimensions (reliability, personal interaction, problem solving; physical aspects and store policy) are analyzed. Due to the controversial characteristic of this topic, no hypothesis can be made. However, after literature review, one general proposition can be made to guide the following empirical research.



**Figure 7.** Summary of theoretical framework

## 5. RESEARCH METHODOLOGY

The purpose of this chapter is to describe the procedures used to answer the research question proposed in Chapter 1. The sections presented in this chapter include: research design; data collection procedure; methods for data analysis; validity and reliability of present study.

### 5.1 Research design

The research design relates to the overall strategic choice that needs to be made by the researcher in order to develop an approach which is most suitable and allows in the best way the research question to be answered regarding the giving limits (Ghauri, Gronhaug and Khristianslund 1995:26).

Generally, there are two approaches concerning the design of the research project either deductive or inductive. With deduction a theory and hypothesis/ proposition are developed and a research strategy designed to test the hypothesis/proposition, reversely, with induction, data are collected and a theory developed as a result of the data analysis. In other words, doing deductive research is helpful to test already existing theories, whereas, doing inductive research is more like to explore the phenomenon from which to induce new theory. Through the extensive literature review, it is known that there already exist relevant theories concerning the current research topic. Moreover, According to Saunders, Lewis & Thornhill (2007), one of the important characteristic features of the deductive approach is the striving in search of casual relationship between variables. In this study, the focus is on the influence of two independent variables, internal marketing and national culture to one dependent variable, perceived service quality. Therefore, I define the current study has a deductive approach.

After determining the research approach, the following step is to decide which research strategy is suitable to use. There are several choices of research strategies can be



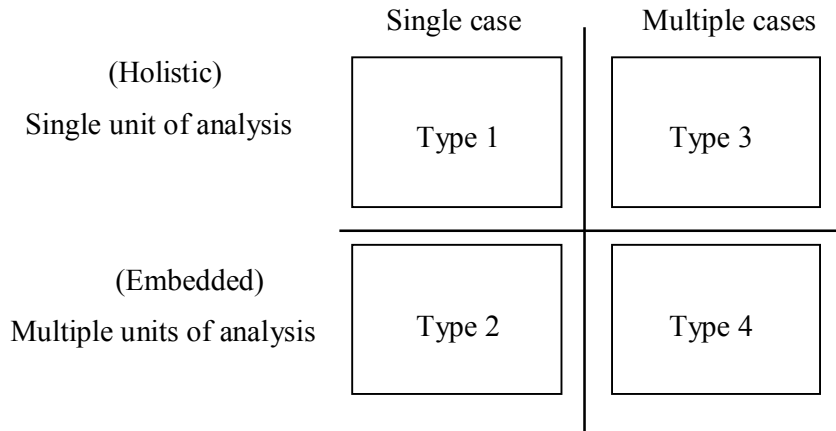
implemented as experiment, survey, case study, grounded theory, ethnography and action research (Saunders, Lewis & Thornhill 2000). Experiment strategy requires control of behavioral events; grounded theory and ethnography are both rooted in the inductive approach; action research is particular promote change within an organization. Therefore, the alternative strategies for the current study are survey and case study.

Both survey and case study focus on contemporary events and no control of behavioral events is required. Moreover, these two strategies all can be used for deductive research. According to Yin (2003), survey is usually used to answer “who”, “what”, “where”, “how many” and “how much” questions; case study is often used to answer “how” and “why” questions. The main purpose of the current study is to empirically explore the role of internal marketing and national culture in perceived service quality. From this aspect, survey sounds to be more suitable for this research. However, case study has a distinctive place in evaluation research, which can be used to explain the presumed causal links in real-life interventions that are too complex for the survey strategy (Yin 2003). In order to attain the research goal of this study, the link between internal management and employees, the link between employees and customers, need to be explored. It should be more persuasive to fulfill these tasks in a selected company. In other words, if the data resources are from the employees of one company and from the customers of the same company, the further empirical findings concerning the interrelation should be more reliable. Therefore, I chose case study as the research strategy for my study.

According to Yin (2003), there are four case study strategies namely single case versus multiple cases, holistic case versus embedded case (see Figure 7).

Case study design can be either single or multiple. Even though, the findings are more convincing by using multiple case study, but single case is usually used when the specified case is representative and typical, which can test a well-formulated theory (Yin 2003). There already have mature theories concerning the current research domain, meanwhile, five hypotheses have been specified. Therefore, I prefer to use a single case study method to empirically confirm the previous theories.

Based on another standard, case study can be either holistic or embedded, the latter one occurring when the same case study involves more than one unit of analysis. The current study is based on the research toward both employees and customers, two units of one case company. Therefore, the current research belongs to type 2 in the matrix developed by Yin (2003).



**Figure 8.** Basic models of designs for case-studies (Yin 2003:40)

## 5.2 Data collection

Data collection and data analysis as techniques procedures is the core step of the whole research process. Especially data collection is viewed as a crucial link for any type of research due to inaccurate data collection can impact the results of a study and ultimately lead to invalid results. According to Yin (2003:85), the most commonly used sources for case study to collect data are documentation, archival records, interviews, direct observation, participant-observation, and physical artifacts. Each source has both strengths and weaknesses, and most of the better case studies rely on a variety of sources. In the following part, firstly, the data collection methods for current study are going to be introduced. Secondly, the data collection process will be presented.

### 5.2.1 Data collection methods

As I mentioned before, this study is an embedded single case study, therefore, the techniques for data collection can be different at each level of analysis.

Firstly, on the macro-level, self-administered questionnaire of survey was used on the purpose of investigating the potential differences in the degree of importance concerning the different perceived service quality dimensions between Chinese and Finnish customers. Further, the data acquired from questionnaire of survey can be used together with cultural dimensions to analyze the role of culture in perceived service quality.

In order to guarantee the validity and reliability of collected data on this level, a certain amount of respondents need to be reached, and this is quite hard to fulfill by using other methods. Meanwhile, questionnaires work best with standardized questions which are interpreted the same way by all respondents (Robson 1993). Therefore, questionnaire of survey was chosen to fulfill the task on this level. In detail, the main content of questionnaire includes twenty closed simple questions together with one open question at the end of the research in order to acquire the general service evaluation from customers to case company.

Furthermore, Due to the focused customer group of Bestseller is young people and as I know, the several brands of Bestseller are especially quite popular for university students. Therefore, the main type of the questionnaires is online questionnaires, which were delivered and returned electronically by using email on the scope of researcher's friends. According to my requirement, my friends forwarded the questionnaires to his/her friends, and based on this form, the expected amount of respondents had been reached. Besides online questionnaires, a small amount of the questionnaires were delivered and collected by the researcher with the help from front-line employees in case company in order to reach the minority group of customers.

Secondly, on the micro-level, based on the results acquired from open question in questionnaire of survey, I realized that human factor related dimensions are more important for customers than impersonal ones without country difference. This empirical finding inspired me to further design and conduct semi-structured telephone interview with open-ended questions toward six customers, who were also the respondents of questionnaires. The purpose of doing interviews toward customers is to acquire the detailed information of perceived service quality, specifically in reliability, personal interaction and problem solving, these three human-factor related dimensions.

On the other hand, semi-structured telephone interview with open-ended questions was also used to understand the front-line employees' attitudes toward internal marketing activities to their job performances and their perceived service quality. Finally, the empirical finding from customer perspective was combined with the empirical finding from employee perspective to further analyze the role of internal marketing in perceived service quality.

According to Westat (2002), interview as one of popular methods for data collection is selected when interpersonal contact is important and the opportunities for follow-up of interesting comments are desired. In order to deeply understand both employees' and customers' attitudes, it is quite necessary to listen and collect their viewpoints. Choosing semi-structured interview is because it can avoid the disadvantages caused either by structured interview or unstructured interview. Structured interview is highly formalized with the lack of collected data richness; reversely, unstructured interview is unstructured with the loss of dominant position for interviewers. The reason to use telephone interview is because the places of residence for target interviewees are not the same with the one of interviewer's.

Thirdly, documentation is also used in current study to collect company related data. Announcements and administrative document I acquired from case company website are the stable and unobtrusive sources to support this research.

### 5.2.2 Data collection process

The detailed data collection process toward both customers and front-line employees will be presented and explained in the following paragraphs.

Because the current research is limited on apparel retail industry, thereby, the dimensions deriving from retail service quality model presented in Chapter 2 were used as basis to design questionnaires. With the help of intuitive survey editor, types of questions were chosen as matrix of choices (only one answer per row), rating scale and comment/ essay box. The first two are matrix choices on the purpose of knowing the age and gender of respondents. From question 1 to 20, respondents were asked to rate the level of importance of each sub-dimensions of service quality. Each Question (1 to 20) represents one sub-dimension of retail service quality. Five scales were formulated for answering each question from level one, not available to level 5, very important. Question 21 was designed to acquire customers' general evaluation to service quality of case company.

Self-selection sampling was chosen as sample technique because the questionnaires would like to be both distributed and collected from researcher' friend network and from some chain stores of the case company in Finland and China.

According to Saunders et al. (2000), for survey associated probability sampling, the larger the sample's size the lower the likely error is. In order to obtain acceptable level of confidence and accuracy, 30 pilot samples was collected, from which the required minimum sample size was calculated to 217. Based on 87% estimating responding rate, 270 questionnaires were distributed among Finnish customers and another 270 questionnaires were distributed among Chinese customers. The questionnaires are originally written in English, and they were translated into Chinese and translated back into English after data collection by researcher herself in order to present and analyze the results conveniently.

After calculation, there are total 264 Chinese respondents and 234 Finnish respondents to questionnaires. Response rate is 97% for Chinese sample and 86.7% for Finnish one. Among Chinese respondents, 97.7% are young people from age 21 to 30, and the rest 2.3% are the people from age 31 to 40. Meanwhile, 41.9% of the Chinese respondents are male, 58.1% are female. In Finnish respondents, 61.1% are young adults from age 21 to 30. 27.8% are youths aging from 11 to 20, and 11.1% are the people from age 31 to 40. 77.8% Finnish respondents are female, and 22.2% are male.

For employee interview, the design of top eight questions was based on the main internal marketing activities summarized in Chapter 3. Each question represents one internal marketing activity. In this process, every interviewed employee was expected to express his/ her own opinion concerning the effect of internal marketing activities to his/ her job performance. Three fourth following questions were designed according to three human aspect dimensions (reliability, personal interaction, problem solving) in perceived retail service quality. In detail, Question 9 is for acquiring the general evaluation of employees to their own service quality. Each question (10 to 12) represents one human aspect dimension of retail service quality. In this process, every interviewed employee was expected to evaluate his/ her service quality in specific field to customers. The whole process was guided by interviewer.

For customer interview, three open questions were designed based on the reliability, personal interaction and problem solving, these three perceived service quality dimensions. Each question represents one dimension. This process was guided by interviewer.

Snowball sampling was selected as the common sample technique for both employee and customer interviews. The reason is not only because the difficulties to identify the exact numbers of desired interviewees beforehand, but also due to the availability of initial contacts. The original questions in interview process are English. They were translated into Chinese language by researcher herself in order to do the interviews toward Chinese employees and Chinese customers smoothly. After data collection

process, results from Chinese interviews were translated back into English also by researcher herself in order to analyze data conveniently.

There are total 12 interviewees, half of them employees, the rest customers. For employees, 3 interviewees are Chinese and the rest are Finnish. The same to customers, 3 interviewees are Chinese and the other Finnish.

### 5.3 Methods for data analysis

After data has been collected, researchers need to manipulate analytic strategies and techniques to organize, synthesize and interpret these data from which to discover or prove something important. In other words, data analysis means that the research is deciding what and which meaning can be attributed to the collected data, and what are the implications to that effect, and how does it relate to the topic being investigated (Denscombe 2000).

The data collected for current study contain both quantitative data and qualitative data. Therefore, methods for different data analysis are going to present separately.

#### 5.3.1 Method for quantitative data analysis

According to Saunders et al. (2000), quantitative data refers to some numerical data or the data which could usefully be quantified to help the researcher answer his/ her research question(s) and to meet the objectives. In this paper, the majority data collected from questionnaires are degree data which can be reflected by the distribution of amount of respondents (see Appendix 5). These data possess the characteristic of quantity. Therefore, quantitative analysis technique needs to be used during this analytic process.

In detail, in order to acquire and further compare the degree of importance from five dimensions in retail service quality to Finnish and Chinese customers, statistical analysis was conducted by using SPSS 16.0. Pearson product-moment correlation coefficient, Cronbach's alpha and independent samples t-test were used to examine the relationships between variables.

The Pearson product-moment correlation coefficient is used to explore the direction (positive or negative) and the strength of the relationship between two variables (Pallant 2004: 95). Pearson product-moment correlation coefficient ( $r$ ) ranges from -1 to +1. A value of +1 represents that a linear equation describes the relationship perfectly and positively with variables increase at the same time; reversely, a score of -1 represents that all data points negatively with one variable increases and another one decreases; a value of 0 explains that there is no linear relationship between the variables (Pallant 2004). The size of the absolute value (ignoring the sign) provides an indication of the strength of the relationship (Pallant 2004: 121).

The Cronbach's alpha is used to assess the internal consistency or average correlation of items in a survey instrument to gauge its reliability (Reynaldo 1999). Internal consistency ranges between 0 and 1. A commonly-accepted rule of thumb is that an  $\alpha$  of 0.6-0.7 indicates acceptable reliability, and 0.8 or higher indicates good reliability; higher reliabilities (0.95 or higher) are not necessarily desirable, as this indicates that the items may be entirely redundant (Gliem & Gliem 2003).

The independent-samples t-test is used to compare the mean score, on some continuous variable, for two different groups of people or conditions (Pallant 2004: 205). In other words, after this test, whether there is a statistically significant difference in the mean scores for the two groups will be known. On this level of my research, one categorical, independent variable is nationality, which is Finnish/ Chinese. The only one dependent variable is the scores of perceived retail service quality in five dimensions. The main purpose to use this test in current study is to statistically test whether Finnish and Chinese customers differ significantly in terms of their perception of retail service quality.



### Summated variables

It is worth to mention that in the current study, the collected raw data from questionnaires are the ones to represent the sub-dimensions of retail service quality. In order to compare the degree of importance from five dimensions of retail service quality to Finnish and Chinese customers, the items need to be aggregated. In detail, according to the retail service quality model presented in Figure 4, question 1 to 5, question 6 to 7, question 8 to 14, question 15-16, question 17 to 20 in questionnaires need to be combined as the physical aspect, reliability, personal interaction, problem solving and store policy dimensions respectively.

### 5.3.2 Method for qualitative data analysis

Generally, there are three analytic strategies for case study, namely relying on theoretical propositions, thinking about rival explanations and developing a case description. According to Yin (2003), theoretical propositions mean that case study is designed and developed based on theoretical propositions. For the current study, five propositions were devised as basis to carry out the following deductive analytical procedure; therefore, the proper analytic strategy is theoretical propositions.

After deciding the suitable analytic strategy, proper analytic technique should be chosen for detailed analysis. According to Yin (2003), there are five specific techniques for analyzing case study data. Among them, explanation building was chosen as analytic technique for present research. One reason is because the current study is an explanatory one, and the explanation building is mainly relevant to explanatory case studies. Another reason is because the ultimate goal of this research is to compare the findings from the case study with the theoretical propositions in order to examine and revise the propositions and further develop new knowledge. Meanwhile, the logic of explanation building is to stipulate a presumed set of causal links among variables in order to explain a phenomenon (Yin 2003).

In detail, based on three distinct differences developed by Saunders et al. (2000), the data collected from interviews and partial data collected from questionnaires belong to qualitative data. Due to the complex of qualitative data, they cannot be collected in a standardized way, like that of quantitative data. Reversely, these data need to be disaggregated through a three-step process as data reduction, data display and conclusion drawing and verification (Miles, Huberman & Huberman 1994).

Data reduction as the first step to categorize, sharpen, sort, discard and focus the data on the purpose of reducing and rearranging these collected data into a more manageable and comprehensible form. Data display as the following stage includes taking the reduced data and presenting them in an organized and compressed way so that conclusion can be drawn easily and fluently. The final stage of data analysis, conclusion drawing and verification refers to that the researcher starts to decide what the different findings mean and noting irregularities, patterns, explanation, possible configurations, causal flows and propositions.

For the current study, data collected from employee interviews were categorized, organized and analyzed in order to find the link between internal marketing and employee job performance. Meanwhile, categorized, organized and analyzed data from customer interviews together with partial qualitative data collected from questionnaires were used to analyze perceived service quality. Finally, on the basis of analyzed data from two aspects, the link between internal marketing and perceived service quality were found, and further five propositions were proved their accuracy.

#### 5.4 Validity and reliability of the study

Validity and reliability are quite important as they concern the objectivity of a research. In the following paragraphs the validity and reliability concerning the current study will be analyzed.

#### 5.4.1 Validity of the study

According to Saunders et al. (2000), validity is concerned with whether the findings from a study are really about what they appear to be about. In detail, three types of validity to all social science methods are defined by Yin (2003) as construct validity, internal validity and external validity.

Construct validity test is one of the most widely used methods of analyzing the quality of the case studies. It concerns the establishment of correct operational measures for the concepts being studied (Yin 2003:34). In another word, construct validity is related to the sufficiency of the operational measures a researcher used and further the subjective judgments a researcher developed in the process of data collection.

For a case study, there are three tactics an investigator can follow to increase the construct validity. Both the first and second tactics occurred during data collection process to encourage an investigator using multiple sources of evidence and establishing chain of evidence to ensure construct validity. In the data collection process of this study, self-administered questionnaires of survey were used together with semi-structured telephone interviews in order to make the empirical findings more persuasive.

In detail, in the questionnaire, validity has been assured by following the sub-dimensions of retail service quality model as a template to develop an individual questionnaire for the current study. However, validity in this study might be reduced because of the language difficulties. Only questionnaire toward Chinese respondents was translated into Chinese language, for Finnish respondents, the language guidance was still English. Even though, the average English level for Finnish people is high, it still can't exclude the possibility of misunderstandings. Furthermore, the possibility that respondents deliberately or indeliberately answered questions incorrectly exists. This problem might also happen in data collection process of interviews due to the biased opinions.

The third tactic occurred during composition process to remind an investigator having the draft case study report reviewed by key informants. In order to ensure the overall quality of the whole study, one employee and one customer from Finland and one employee and one customer from China were invited to do the review for my study draft.

Because the current study is an explanatory case study, thereby, the internal validity should also be considered. Yin (1994:35) explained internal validity test as establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships. Internal validity tactic occurred during the process of data analysis. As I discussed before, the analytic technique adopted by this study is explanation building. In order to better explain the relationships among the variables, theoretically propositions were made to do the comparison with findings from case study.

External validity test is about dealing with the problem of knowing whether the findings from one study also could adapt to other similar studies. According to Yin (2003), because case studies rely on analytical generalization, external validity is not high compared with other strategies like survey. Especially for single case studies, external validity is even poor. An explanatory type of single case company is used in this study for data collection and analysis. To some extent, this single case company can be viewed as a representative in international apparel retail industry. Thereby, from this aspect, the analytical generalization still can be made on some level.

#### 5.4.2 Reliability of the study

Saunders et al. (2000) explained the meaning of reliability from both deductive approach and inductive approach. From a deductive approach, reliability is related to the issue that the measure yield the results should be the same on different occasions. From inductive approach, it is about the concept that the similar studies from other researchers should arrive at the same findings and conclusions made by an earlier researcher.

In present study, the reliability of empirical results from questionnaire was measured by using Pearson's coefficient of correlation and Cronbach's alpha. After Pearson's coefficient of correlation test, all the summated items have the same positive direction and correlate with each other. The summation among variables based on this measure increase the reliability of the empirical finding. Moreover, as a benchmark, Cronbach's alpha was used to make sure the feasibility of the combination among the items. However, even though the same direction of the items have been assured, some of the alphas are still not good enough to be acceptable. The low Cronbach's alpha might result from the small number of the valid items for combination. Briggs and Cheek (1986) therefore recommend an inter-item correlation of 0.2 to 0.4. After examining the inter-item correlation, it can be known that the results are, to some extent, acceptable.

The reliability of the empirical results from interviews might be assured by more than one respondent in each level of research. However, due to the subjective evaluation of situations by respondents and the bias caused by researcher herself, the findings and conclusions might vary on different occasions.

## 6. EMPIRICAL FINDINGS

The chapter presents empirical findings of the current study. In the first sub-chapter, Bestseller as case company is introduced briefly. In the second sub-chapter, after qualitative data analysis, the role of internal marketing in perceived service quality is revealed. In the third sub-chapter, the role of national culture in perceived service quality is discussed through the analysis of quantitative data.

### 6.1 Introduction to the case company

Bestseller A/S was a Danish family-owned clothing company founded in 1975. After more than 30 years development, nowadays, Bestseller has become one of the leading fashion clothes retailing companies in the world, which employs more than 39,000 people worldwide to design, develop, sell and market clothes under the brand names: EXIT, Vero Moda, Jack & Jones, VILA, Name It, ONLY, Selected, TDK, PH Industries, phink industries, Pieces accessories, Object Collectors Item, Gosha by Vero Moda and mama-licious.

The first independent Bestseller shop opened in 1988, until now Bestseller has more than 2,400 chain stores in over 30 countries and almost 12,000 independent retailers (Bestseller website). In order to better manage its local business, Bestseller has built many subsidiaries in target countries to take responsibility of foreign operations (showed in Figure 9). From the map in Figure 9, it can be known that the business areas have been spread mainly in Europe, the Middle East and Asia. Meanwhile, its subsidiaries are located all over these areas. Besides production and sale, another important mission for its subsidiaries is attracting skilled and talented local employees, from which to strengthen the power of the whole team.

Concerning the products of Bestseller, initially, Bestseller's focus was on women's fashion and even though, over the years, women's fashionable elements are still highly

emphasized, but other trends have also found their ways into Bestseller's heart. In 1986, Bestseller introduced a line for children and two years later, the menswear line began to show its face. Nowadays, Bestseller's clothes and accessories target young women and men, teenagers and children.



**Figure 9.** The distribution of Bestseller's subsidiaries (in Bestseller's Annual Report 2004/2005)

Besides the fashion design, competitive price and good quality for products, Bestseller always concentrate on developing people. As the initiator of Bestseller Holch Poylsen said "Building people is more important than building business" (Bestseller website), Bestseller highly values human elements. For instance, they build clear vision "one world, one philosophy, one family" to emphasize the benefits from cultural diversity, cooperation and communication. Especially, Bestseller pays attention to training and educating employees on the purpose of passing on Bestseller's values as clearly and precisely. Bestseller academy is the one to take responsibility for several kinds of training and educating programs, such as retail education for managers and shop

personnel, international trainee education as well as Bestseller's own apprentice education for sales, buying and retailing apprentices.

In summary, because of the high degree of internationalization and the focus they emphasized on human elements, I decided to choose Bestseller as a representative for apparel retail industry to conduct my empirical study.

## 6.2 The role of internal marketing in perceived service quality

On the one hand, the data collected from employee interviews are going to be analyzed in order to find the link between internal marketing and employee perceived job performance. On the other hand, the data collected from customer interview concerning customer perceived service quality are going to be analyzed together with employee perceived service quality in order to final prove the link between internal marketing and perceived service quality.

### 6.2.1 Link between internal marketing and employee perceived job performance

#### (1) Empowerment

As I mentioned in Chapter 3, empowerment means that employees have the decision latitude to fix problems without any fear of being blamed if things go wrong. Through the empirical findings, it can be known that Bestseller put empowerment in practice to encourage their sales employees' problem solving ability:

*“For new employees, we suggest them to discuss with other experienced colleagues or store manager before making a decision. For old employees, we hope they can solve problems by themselves” (Chinese store manager)*

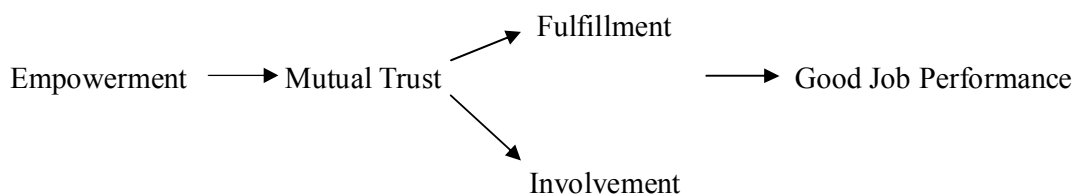


*“We believe a certain degree of freedom can motivate people. We foster our sales people’s problem solving ability every day” (Finnish store manager)*

A series of action initiated from empowerment expect the confidence or trust of supervisors in the subordinates’ competence and integrity (Laschinger, Purdy, Cho & Almost 2006). Correspondently, such perceptions motivate the employees through the satisfaction of their self-efficacy needs, thus obligating the employees to reciprocate in kind. In a social exchange relationship, parties chose to reciprocate in kind and trust in usually reciprocated with trust (Sherony & Green 2002).

*“My manger always encourages me to solve customers’ complaints independently. Of course, she gives me suggestions when I need. From this seemingly ordinary job, I have improved my working ability. Meanwhile, the trust from my manager let me feel that I am not only work for the company, but also manage the company” (front-line employee)*

Further, if an employee feels appreciated and trusted, then he/ she will probably feel fulfilled and involved (Hyken 2009). It is not difficult to understand that if an employee finds fulfillment in work, he/ she must work hard for his/ her job. Meanwhile, if an employee feels to be involved in the process of management, he/ she must perform well (Gill 2008). In other words, good job performance of sales people should be promoted by their sense of fulfillment and involvement. Therefore, the conclusion can be drawn as that empowerment will positively affect service providers’ job performance. The process of influence is presented in Figure 10.



**Figure 10.** The effect of empowerment on employee job performance

(2) Foster team spirit

Teamwork concept is emphasized in Bestseller's vision: we treat all people as individuals but we think and act as a team, therefore we succeed (Bestseller website). In practice, through training and management, this concept is further to be stamped on employees' minds.

*"In periodic training sessions, top managers and trainers instill teamwork concept to our employees. In every day, our store manager does the same job" (Chinese front-line employee)*

*"One store is a team. In order to acquire the best performance, we highly emphasize teamwork among our sales people. Usually, this job is done by every store manger" (Finnish area manager)*

Concerning the influence of teamwork to sales people's job performance, all interviewees admitted the positive link between these two variables. For instance:

*"Team selling is quite common to be used in our daily work. It not only can enhance the turnover, but also can create a harmonious environment, like a family. In this family, we help each other and share working experience with each other. During my two-year working life here, I learnt a lot of useful skills from my colleagues" (front-line employee)*

Along with the development of chain stores and boutiques in apparel retailing, each store is viewed as a sales team, and team selling has become the main activity to cooperate sales people.

In fact, team selling approach is followed by many multinational companies for various products and services on the purpose of supporting negotiations with customers (Rajagopal 2008). Especially in today's highly developed apparel retailing, customers are more demanding to both products and services. With the help of team selling, comprehensive information can be supplied to help customers in the process of buying decision and solve the corresponding problems.

Due to different personality and more or less sales techniques individual grasped, job performance of each sales people is different. Introvert and non-proficient sales skills must be a big disadvantage for sales person. But to some extent, this disadvantage can be diminished by knowledge flow in team cooperation. As Rajagopal (2008) indicated that during the communication period on the given tasks, the team members develop confidence, trust and capability to their works.

Therefore, the positive effect of teamwork on employee job performance has been confirmed its accuracy. The process of influence is presented in Figure 11 below.

Teamwork → Team Selling → Communication → Good Job Performance

**Figure 11.** The effect of teamwork on employee job performance

### (3) Build a clear vision

The interesting finding from six interviews is that the majority of front-line employees in both countries deny the practical influence from a clear vision to good job performance. For instance:

*“During our first systematic employee training process, the top manager introduced company’s vision and ten principles in detail. At that time, I was so inspired and realized how worthwhile my work is going to be. However, as time goes on and on, to be honest, I cannot remember all of them, and don’t even mention to inspire my job performance” (front-line employee)*

Therefore, the positive influence from clear vision to good job performance can’t be proved its accuracy (see Figure 12).

Clear Vision → Good Job Performance

**Figure 12.** The effect of clear vision on employee job performance

#### (4) Motivation

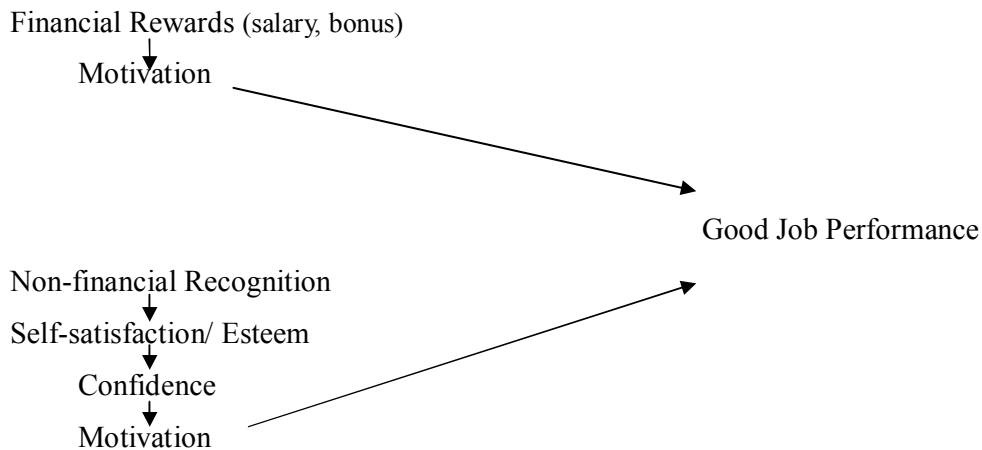
In both countries, concrete measures concerning job evaluation are carried out. Through the empirical finding, it can be known that the common way to reward employees is financial bonus. The better job performance, the more money they can get. For example,

*“We ask our customers to evaluate our overall job performance. Based on the results of evaluation, the salary and bonus will be different. It encourages me to keep good service attitude and try to meet customers’ requirements” (Chinese front-line employee)*

Non-financial recognition, to some extent, is also vital to keep employees’ job performance. Except two interviewees who only emphasized the financial rewards, others all pointed out the positive impact of non-financial recognition to their working confidences, indirectly, to their job performance.

*“I still remember at the beginning of my work here, I was nervous to solve customers’ problems. My store manager always encouraged me and guided me the right way to do. Especially she praised me in front of other colleagues when I solved the problem successfully. After a half year, I almost could solve any customer related problem by myself. Now, I use the same way to motivate my employees, and the result is noticeable” (store manager)*

According to Cox, Issa & Frey (2006), recognition and praise from others, including supervisors, fellow workers and subordinates, create self-satisfaction and esteem, from which to increase confidence to their jobs. Furthermore, confidence in doing the right things and doing them right increase the motivation to contribute efficiently and effectively to one’s work (Verena 2006). The process of influence from motivation to job performance is presented in figure 13 below.



**Figure 13.** The effect of motivation on employee job performance

#### (5) Competing for best employees

*“For front-line employees, my company focus on this aspect by means of strict personnel selection (face to face interview), three days probation and new employees training on the purpose of further evaluate their potentialities” (Chinese store manager)*

*“Basically, we interview the candidates first. Then, we have specific probation for new employees and corresponding training programs are supplied to these new people in order to help them be familiar with job content” (Finnish area manager)*

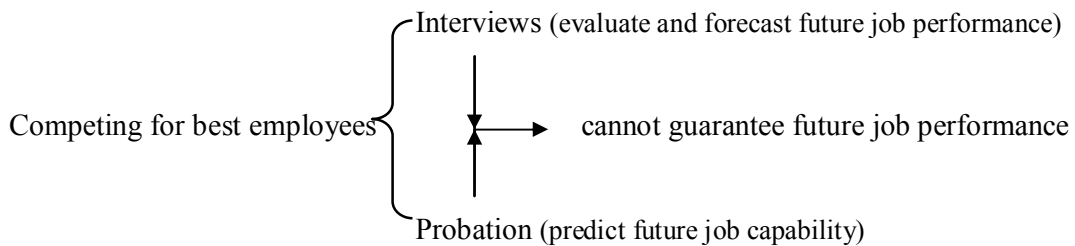
Based on the answers made by both Chinese store manager and Finnish area manager, it can be known that at least on management level, employees in case company understand the importance of competing for best employees. Meanwhile, in both countries, job interview, probation and auxiliary training programs are mainly carried out as the process to achieve the goal of this aspect.

According to Miller and Rosenbaum (1996:15), interview provides employers with a chance to gather first-hand knowledge of the applicant and instinctively interpret, for example, eye contact and conversational style which they believe are powerful clues of

future job performance. Further, Cohen and Pfeffer (1986) concluded that during the probation, this monitoring period, the contingent works' performance may be interpreted as predictions of post-hiring training, monitoring costs and future job capability. Empirically, Wacker (2000) indicated the agreement from most interviewed managers that the contingent works whom they hired for regular jobs are the best candidates. However, from the result of another interview, it can be known that opposite possibility also exists:

*“Some of my colleagues, they performed very well during selection and probation periods, but after they become formal employees, they are no longer afraid to easily get fired. Because of this reason, sometime, they have less passion to serve our customers” (one front-line employee)*

Actually, it is not difficult to understand these employees' thoughts. Workers whose experience creates a desire to remain permanently in the firm must indicate their interest by working hard, getting along, and sending signals of their desire to remain (Wacker 2000). However, along with the decrease of the sense of crisis, side effect might happen. Consequently, the measure of competing for the best people cannot guaranty employees' future job performance in apparel retail industry (see Figure 14).



**Figure 14.** The effect of competing for best employees on employee job performance

(6) Employees' training and educating

*“Periodically, our headquarter dispatches trainers to supply different training programs for all employees. Sometimes, managers from HR supply educating programs*

*to store managers in order to increase our theoretical knowledge. The knowledge can help us to manage and train our employees every day” (Chinese manager)*

*“Different kinds of training programs are carried out a couple of times in every year concerning the coming trend, sales skill and so on. Meanwhile, we also supply corresponding training programs to both new and old employees” (Finnish store manager)*

Training and educating are highlighted on Bestseller’s website. From the speaking of both Chinese and Finnish store managers, it can be known that Bestseller truly put these efforts into practice. Of course, due to cultural difference and some other reasons, the content of training and educating programs in two countries has some differences.

Concerning the answer to second question, almost every interviewee mentioned the role of professionalism to their overall working capability. For example:

*“Thanks to the knowledge I acquired from constant training programs, I introduce our clothes to customers in a professional way. Therefore, they trust me and feel more confidence to their appearance” (front-line employee)*

According to Etor (1980), in modern business world, continuing education is an effective way to develop employees’ creativity, professionalism and the whole qualities of an enterprise. Moreover, continuing training improves the organization’s ability to compete in its market and it’s the most effective means of leveraging the organization’s overall professionalism (Palazzolo 2009). Therefore, the conclusion can be drawn that training and educating positively influence job performance with the help of intermediate, professionalism. The way of influence from training and educating to job performance is presented in Figure 15.

Training & Educating —————> Professionalism —————> Good Job Performance

**Figure 15.** The effect of training and educating on employee job performance

### (7) Communication

Mechanical systems are generally activated and coordinated through electrical impulses. Differently, organizations as social systems are activated and coordinated through communication (Goris 2007). In fact, interviewees from both countries all admitted the usefulness of formal and informal communication to their daily job performance.

*“We have an interactive meeting at the beginning of every month as a way to increase the understanding and trust between sales personnel and managers. Irregularly, my company holds party and dinner for all employees. No matter in which way, we are encouraged to express our opinions freely. I work hard here because it is worth to do so” (Chinese front-line employee)*

*“We have meeting once a month as a way to communicate with each other. Through this regular meeting, I know what my company has been doing recently and also they know me. Such transparency build mutual trust and increase my motivation to work” (Finnish front-line employee)*

Employee communication is usually seen as one of the key elements of an organizational strategy of employee involvement (Thornhill, Lewis & Saunders 1996). Only if an employee has a sense of belonging to the company, he/ she will trust the company, and meanwhile, would like to contribute voluntarily to the development of the company. In other words, because of the trust, individuals develop loyalty and the notion of attachment to the organization, as commitment (Morris, Lydka & Creevy 1993). Undoubtedly, high level of organizational commitment can strongly motivate personal job performance (see Figure 16).

Communication → Trust → Commitment → Good Job Performance

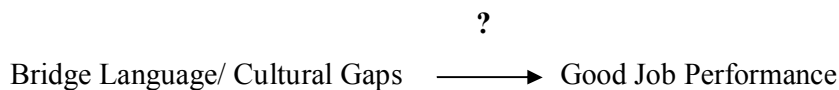
**Figure 16.** The effect of communication on employee job performance

### (8) Bridge language/ cultural gaps



Through empirical findings, it is known that there is no training program on the purpose of improving front-line employees' cultural awareness in both countries. But working in Finnish branch of Bestseller, grasping English language is a mandatory requirement to sales personnel. Because of this, it is generally accepted by Finnish interviewees that they don't have big problems to serve foreign customers. Reversely, such problems are more and more common for Chinese front-line employees, due to the increasing number of foreigners in China.

To sum up, because no language/ culture training program is carried out in two countries, the positive influence from bridge language/ cultural gaps to employee job performance can't be testified (see Figure 17).



**Figure 17.** The effect of bridge language/ cultural gaps on employee job performance

In conclusion, through data analysis, it can be known that empowerment, foster team spirit, motivation, employees' training and educating, communication are the effective internal marketing activities from employees' perspective.

Specifically, through categorizing and reorganizing collected data from question 1 to 8 in employee interviews, I summarized the concrete impact from doing each internal marketing activity to employee perceived job performance (in Table 6). In fact, except "build a clear vision", "competing for best employees" and "bridge language/ cultural gaps", almost all of these positive effects are emphasized in three dimensions (reliability, personal interaction, problem solving) of customer perceived service quality. Therefore, I assume that doing internal marketing can positively influence customer perceived service quality.

**Table 6.** Concrete effect of internal marketing on employee job performance

Internal Marketing	Employee Perceived Job Performance
Empowerment	Enhance problem solving ability
Foster team spirit	Learn useful skills Enhance decision making and problem solving ability
Build a clear vision	No concrete effect
Motivation	Doing things right Good service attitude Enhance problem solving ability
Competing for best employees	No long-term effect
Employees' training and educating	Trust from customers Inspiring confidence Enhance problem solving ability
Communication	Increase motivation to overall performance
Bridge language/ cultural gaps	No concrete effect

### 6.2.2 Comparison between employee and customer perceived service quality

In table 7, I summarized the main opinions from employees and customers concerning their perceived service quality related to three human-factor dimensions.

After analyzing the collected answers from question 9 in employee interviews, it can be known that 5 out of 6 employees feel confidence to their service quality. For instance:

*“I do what I can do to service my customers, from their smiles, I know I performed well” (front-line employee)*

Meanwhile, from the last open question in questionnaires, I acquired the customers' opinions concerning the actual service quality in the case company. After filtering and

summarizing the data, it is known that basically customers are satisfied with the service quality supplied by sales persons. The dissatisfaction usually happens on lighting, background music, temperature and scent of a store, such impersonal factors.

Further in detailed evaluation of service quality in dimensional context, interviewed employees and customers all felt free to express their opinions:

In reliability dimension, from employee perspective, they expressed the viewpoint as that if they make a promise to customer, they will make sure to achieve it. From customer perspective, they feel safe and happy to shop in chain stores of Bestseller because the store personnel are credible. Hence, combing employees and customers' viewpoints, the conclusion can be drawn as that the current level of reliability of Bestseller store personnel is high.

In problem solving dimension, four out of six employees counted their problem solving abilities into the level of satisfaction. In the meantime, all of them emphasized the importance of training and familiarity to jobs. For instance:

*“After half year continuous training, I have been familiar with the main types of customer problem and I know the best way to solve each one. Therefore, I can say now my customer problem solving ability is good” (one front-line employee)*

From customer point of view, they praised store personnel's satisfied and prompt problem solving capability. For instance:

*“I think they are quite good. They know the sound ways to solve problems promptly” (one customer)*

Therefore, in this sub-dimension of perceived service quality, it can be seen that both sides hold positive evaluation to the current level of problem solving.

In personal interaction dimension, five out of six employees announced their endeavors on service attitudes, error-free sales and professionalism. For example:

*“Good attitude is the element that I can control, so I keep kindly and warmly to customers. I think I know well of our clothes, but we always have new products, therefore, I need to learn new things constantly” (one front-line employee)*

Correspondently, customers also expressed their satisfaction to these two items. “Helpful, nice, warm” are the common words that customers mentioned. Meanwhile, they acknowledged store personnel’s professionalism to products. Interesting finding from last sub-dimension, error free sales, is that both sides admit that mistakes are unavoidable. Employees also expressed their endeavors in this aspect, and customers expressed the acceptability of mistakes employees made. For instance:

*“No one can avoid mistake, but because their store personnel can correct mistake sincerely and promptly, so, it is still acceptable for me” (one customer)*

**Table 7.** Comparison between employee and customer perceived service quality

Human-factor dimensions of Perceived Service Quality	Employee Perceived Service Quality	Customer Perceived Service Quality
		Feel confidence to the quality of service they supplied
Reliability	Keep promise	They do what they promised
Problem Solving	Acceptable, but still need to improve	Good, they know the sound ways to solve problems promptly
Personal Interaction	Keep kindly and warmly to customers	They are always nice and warm
	Knowledgeable to products, but need to learn new things constantly	they are familiar with their merchandise
	Try to reduce the errors, generally feel good	Good attitude and prompt speed to correct mistake

To sum up, through two sides investigation to human factors of perceived service quality in Bestseller, it can be known that store personnel of Bestseller have average high job performance, meanwhile, customer perceived service quality relating to employee job performance is high. Moreover, in previous sub-chapter 6.2.1, through data analysis, the acquired conclusion is that doing the majority of internal marketing activities can positively influences employee job performance. Therefore, combining the conclusion drawn in sub-chapter 6.2.1 and the empirical findings in this sub-chapter, the positive and the important role of internal marketing in perceived service quality has been proved. Furthermore, after three-level detailed analysis, the propositions made in theoretical parts can be announced their accurate extent:

P1: Empowerment and teamwork will positively affect problem solving (fully accepted)

P2: motivation and clear vision will positively affect the process of personal interaction (half accepted)

P3: competing for the best people and employees' training and educating will positively affect reliability, personal interaction and problem solving (half accepted)

P4: communication will positively affect reliability, personal interaction and problem solving (fully accepted)

P5: bridge language/ cultural gaps will positively affect reliability, personal interaction and problem solving (need to be tested in future)

### 6.3 The role of national culture in perceived service quality

20 questions in questionnaires were designed according to the sub-dimensions of retail service quality. Statistic methods were used to analyze collected data. In the following parts, firstly, the process of quantitative data analysis is going to be presented. Secondly, the results from analysis will be used to further explore the link between national culture and perceived service quality.

#### 6.3.1 The process of quantitative data interpretation

Before doing the comparison for two groups, it is quite necessary to do the reliability tests to evaluate how well the summated variables are.

##### (1) Reliability test for variables in physical aspect dimension

During this stage of test, there are totally five variables which are the question 1 to 5 in questionnaires. Table 8 presents the case processing summary (the same processing for the other four dimensions). It shows that there are total 498 valid cases (the number of Finnish respondents plus the number of Chinese respondents). In table 9, the coefficient of correlation between five variables is presented. As we can see in table 9, except

question 1 and 3, all other variables have positive relationship with each other. In order to keep the same direction for variables, it is quite necessary to exclude variables which have negative relationship. Following the test of correlation, Cronbach's alpha was calculated excluding variables with negative correlations (see Table 10). In table 10, it shows that due to the different variables included in to the calculation, the alphas are different. In detail, excluding question 1, the calculated alpha is 0.714, meanwhile, without question 3, the calculated alpha is 0.626. Based on the principle that if the data between 0.6 and 0.9, the higher  $\alpha$  means the better reliability, question 2 to 5 were chosen as summing variables.

**Table 8.** Case processing summary

		N	%
Cases	Valid	498	100.0
	Excluded*	0	.0
	Total	498	100.0

\* Listwise deletion based on all variables in the procedure

**Table 9.** Coefficient of correlation matrix 1

	Q1	Q2	Q3	Q4	Q5
Q1	1.000	.352	-.089	.172	.057
Q2	.352	1.000	0.463	.336	.388
Q3	-.089	.463	1.000	.296	.467
Q4	.172	.336	.296	1.000	.433
Q5	.057	.388	.467	.433	1.000

**Table 10.** Dimension 1's alphas

Cronbach's Alpha	Items	Cronbach's Alpha	Items
.714	2,3,4,5	.626	1,2,4,5

## (2) Reliability test for variables in reliability dimension

In table 11, the coefficient of correlation between two variables is presented. It can be seen in this table that the positive relationship exists between question 6 and question 7. Further, Cronbach's alpha was calculated and the score is 0.550 (see table 12), which is lower than 0.6. One reason that can explain the low value is that the summated variables were constructed with less than ten single variables. Briggs and Cheek (1986) therefore recommend checking the inter-item correlation between variables of 0.2 to 0.4. As presented in Table 11, the inter-item correlation between question 6 and 7 is 0.404, which is almost 0.4. Therefore, I assume that the score of alpha 0.550 is acceptable and the summing variables for this dimension are question 6 and 7.

**Table 11.** Coefficient of correlation matrix 2

	Q6	Q7
Q6	1.000	.404
Q7	.404	1.000



**Table 12.** Dimension 2's alpha

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.550	.576	2

## (3) Reliability test for variables in personal interaction dimension

Table 13 below shows the coefficient of correlation among these 7 variables. In this table, there exist negative relationships between question 8 and 14, and between question 9 and 12. Therefore, according to different ways of item combination, alphas were calculated (see table 14). In table 14, the number of items in each situation is the same. Therefore, highest alpha was chosen as 0.674, and the summing variables are question 8, 10, 11, 12 and 13.

**Table 13.** Coefficient of correlation matrix 3

	Q8	Q9	Q10	Q11	Q12	Q13	Q14
Q8	1.000	.291	.190	.405	.234	.310	-.006
Q9	.291	1.000	.059	.183	-.115	.141	.139
Q10	.190	.059	1.000	.282	.548	.149	.017
Q11	.405	.183	.282	1.000	.249	.398	.102
Q12	.234	-.115	.548	.249	1.000	.228	.085
Q13	.310	.141	.149	.398	.228	1.000	.321
Q14	-.006	.139	.017	.102	.085	.321	1.000

**Table 14.** Dimension 3's alphas

Cronbach's Alpha	Items	Cronbach's Alpha	Items	Cronbach's Alpha	Items	Cronbach's Alpha	Items
.608	10,11, 12,13, 14	.519	9,10, 11,13, 14	.674	8,10, 11,12, ,13	.604	8,9,10, 11,13

## (4) Reliability test for variables in problem solving dimension

Table 15 below shows the positive inter-item correlation between variables in this dimension. Later, alpha was calculated as 0.664 (see in table 16), which is higher than the acceptable limitation 0.6. Therefore, the summing variables for this dimension are question 15 and question 16.

**Table 15.** Coefficient of correlation matrix 4

	Q15	Q16
Q15	1.000	.509
Q16	.509	1.000

**Table 16.** Dimension 4's alpha

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.664	.675	2

## (5) Reliability test for variables in store policy dimension

Table 17 presents the correlation between variables in dimension 5. It can be seen that question 17 has negative relationship with all other variables (question 18, 19 and 20). Therefore, after excluding question 17, the alpha was calculated as 0.578 (see table 18). According to the explanation for low Alpha of dimension 2, one possible reason to cause low alpha is the small number of single variables. According to Briggs and Cheek (1986), alpha is still acceptable if the inter-item correlation between 0.2 and 0.4. In table 17, except negative relations, all other score are among 0.2 and 0.4. Therefore, I assume that alpha 0.578 is still acceptable and the summing variables for this dimension are question 18 to 20.

**Table 17.** Coefficient of correlation matrix 5

	Q17	Q18	Q19	Q20
Q17	1.000	-.225	-.040	-.064
Q18	-.225	1.000	.283	.362
Q19	-.040	.283	1.000	.332
Q20	-.064	.362	.332	1.000

**Table 18.** Dimension 5's alpha

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.578	.592	3

Based on the correlation results and the Cronbach's alpha, the summated variables have been chosen for each dimension (see table 19):

**Table 19.** Questions included in the summated variables

	Variables included	Alpha
Dimension 1	2,3,4,5	0.714
Dimension 2	6,7	0.550
Dimension 3	8,10,11,12,13	0.674
Dimension 4	15,16	0.664
Dimension 5	18,19,20	0.578

Before analyzing the summated variables, it is necessary to standardize them by dividing the variables with the number of items included in the summated variables, in that sense, I coded the values of each summated variables in Appendix 7 and 8 as a minimum of 1 (not important at all) to a maximum of 4 (very important), and nationalities as 0 for Chinese and 1 for Finnish. In the following Table 20, the descriptive statistics for the standardized variables are presented. As we can see the means for all variables are close to 3. Therefore, in the next part of T-test, the hypothesis of equal means to 3 can be tested.

**Table 20.** Descriptive statistics for the standardized variables

	N	Mean	Std. Deviation	Std. Error Mean
Dim1 (standardized)	498	2.8840	0.58869	0.02638
Dim2 (standardized)	498	3.1165	0.75692	0.03392
Dim3 (standardized)	498	3.1659	0.61139	0.02740
Dim4 (standardized)	498	3.1245	0.85319	0.03823
Dim5 (standardized)	498	2.9665	0.59639	0.02673

In following table 21, it shows that the hypothesis of equal means to 3 is rejected for all the five dimensions except dimension 5.

**Table 21.** Independent-sample t-test

	Test Value = 3					
	t	df	Sig. (2- tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Dim1 (standardized)	-4.396	497	0.000	-0.11596	-0.1678	-0.0641
Dim2 (standardized)	3.434	497	0.001	0.11647	0.0498	0.1831
Dim3 (standardized)	6.054	497	0.000	0.16586	0.1120	0.2197
Dim4 (standardized)	3.256	497	0.001	0.12450	0.0494	0.1996
Dim5 (standardized)	-1.252	497	0.211	-0.03347	-0.0860	0.0190

In the last step, the means for each dimension of different nationalities were calculated (see table 22). The result shows that even though the score of mean in each dimension of Chinese and Finnish group are close, the overall means of Chinese in five dimensions are higher than that of Finnish. In other words, Chinese customers pay higher attention to overall retail service quality than Finnish customers, and Finnish customers are more tolerant to service quality of retail stores than Chinese customers. Based on this conclusion, the noticeable role of culture in perceived service quality has been proved. Furthermore, the general proposition “*Finnish perceived service quality is different from Chinese perceived service quality*” has also been proved its accuracy.

**Table 22.** Group statistics

Nationality		Dim1	Dim2	Dim3	Dim4	Dim5
Chinese	Mean	3.1013	3.4659	3.3621	3.3087	3.0682
	N	264	264	264	264	264
	Std. Deviation	0.52991	0.49788	0.52994	0.72853	0.53400
Finnish	Mean	2.6389	2.7222	2.9444	2.9167	2.8519
	N	234	234	234	234	234
	Std. Deviation	0.55535	0.80488	0.62246	0.93369	0.64180
Total	Mean	2.8840	3.1165	3.1659	3.1245	2.9665
	N	498	498	498	498	498
	Std. Deviation	0.58869	0.75692	0.61139	0.85319	0.59639

### 6.3.2 Cultural effect in dimensional context

In this paper, because the objective of doing research between national culture and perceived service quality is to empirically study the role of national culture in perceived service quality through case study, and the general proposition has been proved its accuracy, as we can say that the task for this part of study has been fulfilled. In the following part, the cultural influence to retail service quality in dimensional context is going to be discussed based on both relevant previous theories and my empirical finding, but any result from this part of discussion is only an assumption, which needs to be testified in future studies.

#### (1) Power distance

From Figure 6 in sub-chapter 4.3, it is evident that consumers in the Chinese society operate within a high power distance cultural context, whereas Finnish consumers' consumption context takes place in a quite low power distance environment. According to Frazier, Gill & Kale (1989), marketing practices in eastern societies, where sellers are more powerful than buyers, reflect greater channel power asymmetry in comparison to marketing practices in western societies. In current study, it means that Chinese customers have lower power than sellers. Moreover, as I presented in theoretical part, one school of scholars supports the viewpoint that consumers who low on power distance have high overall service quality expectations and perceptions. In current study, it means that because the low power distance Chinese customers have, their perception to service quality is more sensitive and critical. From the two aspects of analysis, the assumption can be drawn as that due to high power distance, Chinese customers pay higher attention to overall retail service quality than Finnish customers.

#### (2) Individualism/ collectivism

In Figure 6 in sub-chapter 4.3, obvious difference on level of individualism between two countries indicates that Finnish customers are self-focused; reversely, Chinese customers are group-focused. As I presented in sub-chapter 4.4, some of the scholars

supported the opinion that individuals who embrace individualism might be less willing to accept poor service than the one who embrace collectivism. However, after analysis of empirical result, contrary conclusion has come out. Hence, this cultural dimension, individualism/ collectivism might not be able to explain the current empirical finding. Furthermore, the assumption can be drawn as that individualism/ collectivism does not have obvious influence to perceived retail service quality.

### (3) Masculinity/ femininity

According to the level of masculinity presented in Figure 6, obvious distinction between two countries interprets the masculine feature of Chinese society and feminine feature of Finnish society. Without the consideration of gender role, Hofstede (1991) indicated that individuals from societies where masculine values prevail more frequently evoke behaviors that are assertive, judgmental and have less concern for the feelings of others, which in turn should be reflected their consumer satisfaction scores. In other words, customers high in masculinity might be expected to more assertively point out service quality and service encounter conditions. Reversely, customers low in masculinity might be expected to more tenderness and sympathy for service providers and to be more tolerant to service quality. Therefore, from this point of view, the assumption can be drawn as that due to masculinity, Chinese customers pay higher attention to overall retail service quality than their counterpart, Finnish customer.

### (4) Uncertainty avoidance

Both China and Finland are listed into low uncertainty avoidance dimension, and the level of uncertainty avoidance in Finland is higher than that of China (see Figure 6). As I presented in sub-chapter 4.4, many scholars have pointed out the positive relationship between uncertainty avoidance and a narrower range of acceptance to poor service quality. However, the current empirical result doesn't match with the previous theory. Therefore, the last assumption can be drawn as that uncertainty avoidance does not have obvious influence to perceived retail service quality.

## 7. SUMMARY OF STUDY AND CONCLUSIONS

This chapter summarizes the theoretical part of the study and then concludes the findings from empirical aspect. Furthermore, conclusions concerning the influence of independent variables, internal marketing and national culture to dependent variable, perceived service quality are drawn. Finally, some suggestions related to the managerial implications and some implications for future research are presented.

### 7.1 Summary of the study

The research question of the current study is “what is the role of internal marketing and national culture in perceived service quality in apparel retail industry”. Meanwhile, the research scope is limited in apparel retail industry in Finland and China. In order to answer the research question, four objectives are given as 1) to increase the understanding about the definition, process and dimensions of perceived service quality. 2) to comprehend the concept of internal marketing, summarize the concrete internal marketing activities, analyze the barriers of implementing internal marketing activities in apparel retail industry and the effect of internal marketing on perceived service quality intermediated by job performance. 3) to introduce cultural definition, identify culture dimensions, understand cultural backgrounds of case countries and analyze the influence of national culture on perceived service quality. 4) to empirically study the role of internal marketing and national culture in perceived service quality through case study of Finnish and Chinese customers and employees in Bestseller A/S. In the following part, the content of chapters that give answers of the objectives is going to be reviewed briefly.

**Chapter 2** concentrates on the first objective of the study. In order to achieve this objective, the definition and the measurable ways of perceived service quality were introduced in detail.



Through literature review, two trends of definition to perceived service quality were found. The American representative, Parasuraman et al. (1988) defined perceived service quality as a global judgment or attitude from customer point of view, relating to the superiority of the service. The Nordic representative, Grönroos (1984) defined perceived service quality as a set of perceived judgements resulting from an evaluation process where customers compare their expectations with the service they perceive to have received. Due to the high validity of the research by Parasuraman et al. (1988), perceived service quality is viewed as a global judgment or attitude from customer perspective in this study.

After specifying the definition of perceived service quality, the measurable ways of perceived service quality were discussed by the way of presenting and comparing two models, gap model and two-factor model. Due to neither of these models is fully adapted and validated in a retail store setting, retail service quality model was further introduced. In detail, the process of customer perception of service quality and the dimensions of service quality were presented in each model.

**Chapter 3** concentrates on the second objective of the study. To achieve the objective of this part of study, the understanding to internal marketing is presented. Furthermore, some barriers of implementing internal marketing in retail industry and the effect of internal marketing on perceived service quality were discussed in detail.

Internal marketing has been viewed differently by many researchers. Some of them considered it as a philosophy viewed employees as internal customers. Some of them treated it as a management strategy by focusing on how to motivate and satisfy employees to become customer consciousness. Some of them believed it as a management process by the way of marketing goods and services to employees before they are marketed externally. The rest of them categorized it into relationship marketing on the purpose of creating relationships between management and employees and between functions. In this study, internal marketing is viewed as a management process due to the lack of empirical research to explore the effect from implementing internal marketing activities to the achievement of high perceived service quality.

After specifying the scope of internal marketing, the literature review was done concerning the concrete internal marketing activities, and further, eight internal marketing activities were summarized. Moreover, based on these summarized marketing activities, three barriers of doing internal marketing activities in apparel retail industry were analyzed.

Following this part of discussion, the effect of internal marketing on perceived service quality was analyzed with the help of intermediate, job performance. In detail, the effect of each summarized internal marketing activity on each human related dimension of retail service quality was analyzed and five relevant propositions were made as guidance to empirical study.

**Chapter 4** concentrates on the third objective of the study. To fulfill the task of this part of study, the definition, dimensions of culture and cultural backgrounds of case countries were introduced in detail. Furthermore, the influence of national culture on perceived service quality was analyzed in dimensional context.

There are various definitions to culture. Sociologist and anthropologists defined it in terms of patterns. Some researchers defined it as the totality of the socially transmitted human work and thought. Some other researchers defined it as guidance to problem solving. Among them, Hofstede (1991:5) defined it as the collective programming of the mind which distinguishes the members of one human group from another. Because of the well-know influence and systematic research to culture, the current study understand cultural elements according to Hofstede's cultural definition. Following Hofstede's cultural definition, his cultural framework was introduced. In detail, five cultural dimensions were presented.

In order to assist the cultural research in empirical part, cultural backgrounds of Finland and China, these two case countries were introduced and compared according to Hofstede's cultural framework. Moreover, the influence of each cultural dimension on each dimension of retail service quality was analyzed and further one general proposition was made as guidance to empirical study.

At the end of Chapter 4, theoretical model of the influence of internal marketing and national culture on perceived service quality was presented. In this model, on the one hand, it proposed the effect of eight summarized internal marketing activities to three human related dimensions of retail service quality. On the other hand, it assumed the influence of Hofstede's five cultural dimensions on five dimensions of retail service quality.

**Chapter 5** describes the procedures used to answer the research question proposed in Chapter 1. The focus of this study is on the influence of two independent variables on one dependent variable, and propositions are developed in each part of theoretical study. Therefore, the research approach is consistent with the characteristic of deductive approach. Meanwhile, because the distinctive place case study has in evaluation research, it was chosen as research strategy in current study. Following by data collection, self-administered questionnaire of survey and semi-structured telephone interview were chosen as data collection methods. The detailed data collection process for both survey and interview were presented in detail in sub-chapter 5.2.2. After data collection, according to different characteristics of collected data, statistical analysis was conducted by using SPSS 16.0 for quantitative data; three-step process proposed by Miles, Huberman & Huberman (1994) was followed for qualitative data analysis. Lastly, the issue about validity and reliability of this study were discussed.

**Chapter 6** concentrated on the fourth objective of this study. At first, Bestseller as case company was introduced briefly. Afterwards, with the help empirical data, the role of internal marketing in perceived service quality and the role of national culture in perceived service quality were revealed.

Concerning the role of internal marketing in perceived service quality, three-level analyses were conducted. Firstly, the link between each of internal marketing activity and employee perceived job performance was explored. Secondly, comparison was carried out between employee perceived service quality and customer perceived service quality. Thirdly, after combining the previous two-step empirical findings, the accurate

extent of five propositions had been announced, and the positive role of internal marketing in perceived service quality had been proved.

Concerning the role of national culture in perceived service quality, firstly, the process of quantitative data analysis was presented, followed by empirical finding that Chinese customers pay higher attention to overall retail service quality than Finnish customers. Based on this empirical finding, the general proposition had been proved its accuracy and the noticeable role of culture in perceived service quality had also been revealed. Moreover, in sub-chapter 6.3.2, the cultural influence in dimensional context was discussed and further assumed based on relevant previous theories and empirical finding from this study.

## 7.2 Conclusions

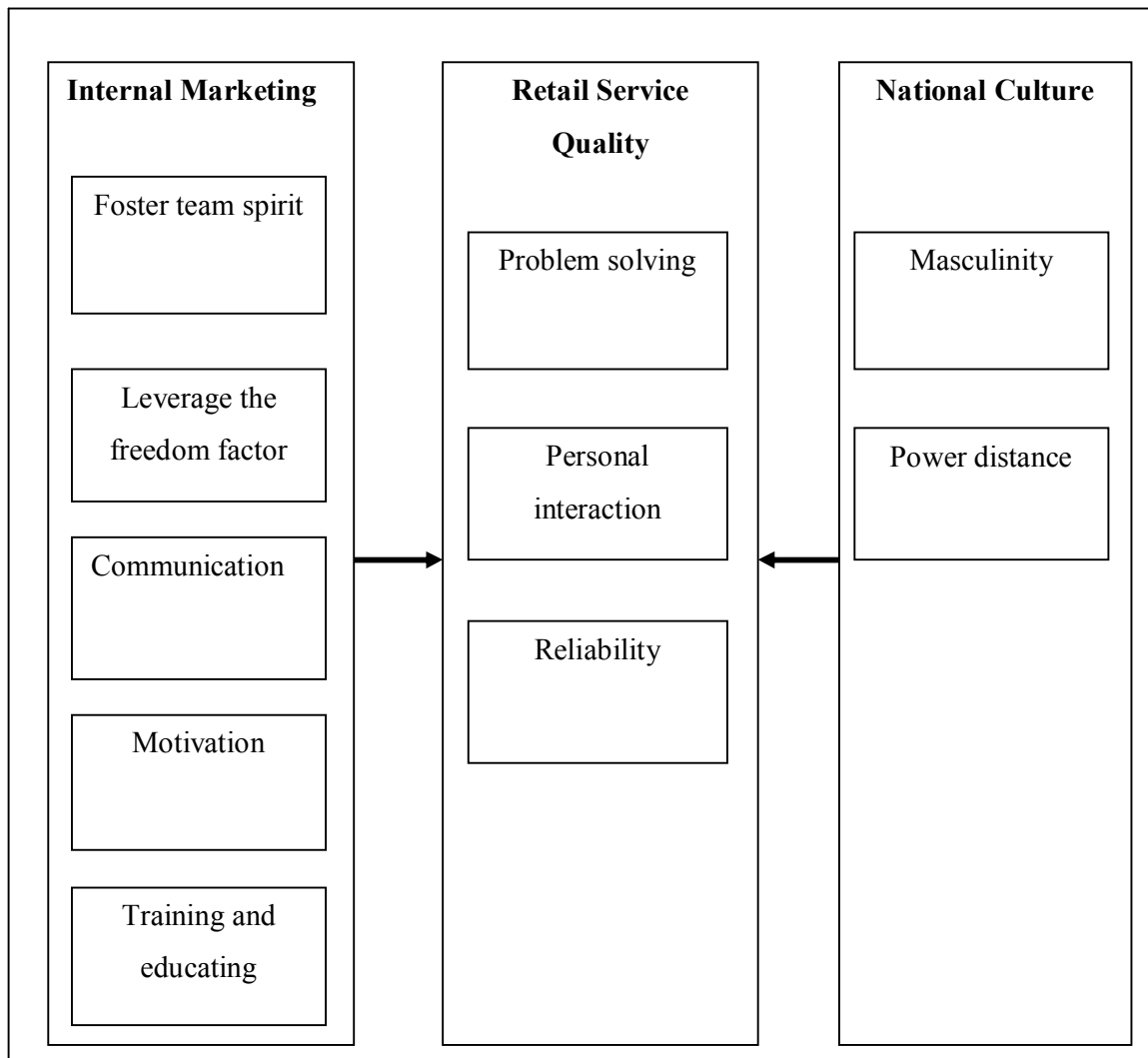
As I analyzed in Chapter 5, this thesis has a deductive approach. It means that a theory and hypothesis/ proposition are developed and a research strategy designed to test the hypothesis/proposition (Saunders et al 2000: 87). Following this process, five propositions were made related to the effect of internal marketing on perceived service quality. Moreover, one general proposition was made related to the influence of culture to perceived service quality.

After empirical part of study to the relationship between internal marketing and perceived service quality, two propositions were proved their accuracy (proposition 1 and 4). Halves of propositions 2 and 3 have been testified their accuracy. But proposition 5 is still in question due to no enough evidence can prove its validity. In other words, empowerment, teamwork, motivation, employees' training and educating, communication, these internal marketing activities positively affect customers' perception of service quality. However, competing for the best people, build a clear vision, these two activities can't fully motivate service providers, thus these activities can't enhance perceived service quality. Moreover, bridge language/ cultural gap as an

important measure in international business still hasn't been emphasized in case company's internal management.

After empirical part of study to the relationship between national culture and perceived service quality, one general proposition has been proved its accuracy. It means that Finnish perceived service quality is truly different from Chinese perceived service quality. Moreover, assumptions about the influence of high power distance and masculinity to Chinese overall high perceived service quality were made.

According to Saunders et al. (2000: 87), after testing the hypothesis (s)/ proposition (s), the specific outcome will either tend to confirm the theory or indicate the need for its modification. Therefore, figure 18 will show the adopted relation between internal marketing and perceived service quality; between national culture and perceived service quality.



**Figure 18.** Adopted relationship between variables

### 7.3 Managerial implications

On the one hand, this study demonstrates the importance of doing internal marketing activities to the achievement of high perceived service quality. This finding suggests that managers not only need to emphasize marketing activities toward outside customers, but also should pay attention to internal marketing activities toward their employees. Meanwhile, the current research also proves that the role of culture in international business can't be ignored. The implication for managers from this finding is that before

starting business in a foreign country, the first step should be getting to know the culture of this country, and the related customers' behaviors.

On the other hand, from the empirical findings of this study, the specific implications for managers in apparel retail industry are: firstly, empowerment, teamwork, motivation, communication and employees' training & educating activities should be focused in a company's daily management. Secondly, managers should be aware of the fact that the level of one country's power distance and the extent of masculinity might influence the evaluative standard of this country's customers to service quality.

#### 7.4 Implications for future research

This study explored the impact of specific internal marketing activities to the dimensions of customers' perceived service quality. Therefore, a major contribution of this study is that it gives deep insight to practitioners to understand the effective measures on the purpose of improving customers' satisfaction. In future research, either the study activities can be expanded to larger scope or narrowed down to do detailed research.

Meanwhile, the current study use retail service quality model to guide empirical research. As I mentioned in Chapter one, using specific theories and models will cause some limitations. Hence, in order to avoid such kind of adverse factors, future research may be able to summarize more proper theories and models as guidance to do further research.

Moreover, the cultural research in the present study is followed by Hofstede's cultural framework. Relevant future study might be able to acquire support from other theories. In the meantime, because of no relevant score of value Hofstede specified on long/ short term orientation for Finland, this dimension was excluded from the two countries' culture comparison. Further research can conduct cultural comparison between other

countries, and explore the influence from long/ short term orientation to perceived service quality in particular.



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**APPENDIX 1.**

Interview guide for front-line employees of the case company (English version)

1. Does your company strive on “competing for best employees”? Does this measure ensure your job performance?
2. How would you evaluate the vision offered by your company? Can it inspire your job performance?
3. To what extent does your company supply training and educational programs to its front-line employees? Do you think training and educational programs are important to the achievement of your good job performance?
4. Does your company encourage and facilitate teamwork among employees? Do you think teamwork is helpful to improve your job performance?
5. Does your company appreciate and encourage employees’ problem solving ability? Does trust from your company positively link with your job performance?
6. How does your company evaluate and reward good job performance? To what extent do you think financial rewards and non-financial recognition are important to your job performance?
7. Does your company communicate with its employees? If it does, in which way and how frequently? To what extent do you think the communicative measures are positively influence your job performance?
8. Does your company apply training programs on the purpose of improving employees’ cultural awareness? If it does, do you think these measures can help your better job performance?

9. Generally, what do you think the quality of your service to customers?
  
10. Do you think you are reliable to customers? (E.g. keep promise)
  
11. How do you think your customer problem solving ability? (E.g. return, change and complaints handling ability)
  
12. How do you evaluate your service performance during personal interaction process with customers (E.g. error-free sales, good attitude, knowledgeable to products, proper behavior)?

## APPENDIX 2.

### Interview guide for front-line employees of the case company (Chinese version)

1. 您公司是否重视实施竞争雇用最佳员工的策略？您认为此项策略能够确保您良好的工作表现吗？
2. 如何评价您公司所制定的行为宗旨？您认为这些宗旨能够激励您的工作表现吗？
3. 在什么程度上您公司有向一线工作人员提供相关工作培训？您认为工作培训以及相关的再教育项目对您好的工作表现重要吗？
4. 您公司是否鼓励和促进员工团队合作理念？团队合作是否能提高您的工作表现？
5. 您公司是否鼓励和赏识员工自主解决问题的能力？您认为来自公司的信任对您工作表现有积极影响吗？
6. 您公司如何对员工的工作表现进行审核以及奖励？在重要性程度上，您如何看待物质奖励以及非物质认可对您工作的影响？
7. 您公司有与其员工进行各种形式的沟通吗？如果有，是什么形式，有多频繁？在什么程度上您认为这些沟通措施对您的工作表现起到了积极的影响？
8. 您公司有为员工提供旨在提高员工文化意识的相关培训吗？如果有，您认为这些相关培训能够帮助您在工作中更好的表现吗？

9. 综合而言，您如何评价您的服务质量？
  
10. 您认为对于顾客而言，您是可信赖的吗？（例如：遵守诺言）
  
11. 如何评价您个人对于顾客相关的问题的解决能力？（例如：退换货以及顾客投诉的相关处理能力）
  
12. 您如何评价自己在与顾客接触过程中的服务表现？（例如：无差错服务，良好的服务态度，对产品的了解度，恰当的行为举止）

### APPENDIX 3.

Questionnaire of survey for customers of the case company (English version)

Please answer the following questions:

What is your gender?

Male  Female

What is your age range?

11-20  21-30  31-40  Over 40

Please rate the degree of importance of the following lines:

1. N/A 2. Not important at all 3. Less important 4. Important 5. Very important

	1	2	3	4	5
1. Physical facilities and fixtures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Materials associated with a store's service (such as shopping bag, brochure, wrapping paper)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Clean, convenient and comfortable public areas (such as fitting room, restroom)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Layout of a store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Lighting, background music, temperature and scent of a store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Promises made by a store (such as a store promises you to transfer your sized clothes from another chain store during three days, and you will get it after this promised period)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Merchandise available when you want to purchase	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Error-free service supplied by store personnel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Service suppliers' knowledge concerning the products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Trust and safety you feel during transaction in a store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Prompt service supplied by store personnel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Store personnel have friendly, polite and patient	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

attitudes to customers					
13. Store personnel's individual attention to customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Store personnel's willingness to help customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Satisfied exchange and return policies of a store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Speed and ability of store personnel's to handle customer complaints	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Quality of products offered by a store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Convenient operating hours of a store	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. A store can accept most major credit cards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Special offer to loyal customers such as gift card, discount card and gift voucher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

21. Generally, what do you think the level of service quality in the chain stores of Bestseller?



## APPENDIX 4.

Questionnaire of survey for customers of the case company (Chinese version)

请选择回答如下问题

性别

男[ ] 女[ ]

年龄范围

11-20 [ ] 21-30 [ ] 31-40 [ ] Over 40 [ ]

请选择下列服务质量评价因素的相关重要性

	1	2	3	4	5
1. 店内设施	[ ]	[ ]	[ ]	[ ]	[ ]
2. 与店内服务相应的物资（如购物袋， 广告宣传册， 包装纸）	[ ]	[ ]	[ ]	[ ]	[ ]
3. 干净， 便利， 舒适的公共区域（如试衣间， 洗手间）	[ ]	[ ]	[ ]	[ ]	[ ]
4. 店内的布局	[ ]	[ ]	[ ]	[ ]	[ ]
5. 店内灯光， 背景音乐， 温度， 气味	[ ]	[ ]	[ ]	[ ]	[ ]
6. 商店给予顾客的承诺（例如店家承诺在三天之内将合适你尺码的衣服从其他连锁店调运到本店， 三天之后你将如期购买到此件商品）	[ ]	[ ]	[ ]	[ ]	[ ]
7. 当你想购买时现货产品齐全	[ ]	[ ]	[ ]	[ ]	[ ]
8. 店员提供无差错服务	[ ]	[ ]	[ ]	[ ]	[ ]
9. 店员了解其出售产品的相关知识	[ ]	[ ]	[ ]	[ ]	[ ]
10. 在消费过程中对店家的信任感以及安全感	[ ]	[ ]	[ ]	[ ]	[ ]
11. 店员对顾客所提供的及时迅速的服务	[ ]	[ ]	[ ]	[ ]	[ ]
12. 店员对顾客的礼貌， 友好以及耐心	[ ]	[ ]	[ ]	[ ]	[ ]
13. 店员能够根据顾客个体差异提供相应服务	[ ]	[ ]	[ ]	[ ]	[ ]
14. 店员帮助顾客的主动性	[ ]	[ ]	[ ]	[ ]	[ ]

15. 商店实施令顾客满意的商品退换货政策	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. 店员处理顾客对产品或服务不满的速度以及能力	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. 店内所销售产品的质量	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. 对顾客而言，店家便利的营业时间	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. 店家可接受绝大多数常用信用卡以及借记卡	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. 店家为忠实消费者所提供的特别优惠（例如礼金卡，折扣卡，礼品券）	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

21. 综合而言，您如何评价 Bestseller 旗下公司的服务质量

**APPENDIX 5.**

Interview guide for customers of the case company (English version)

1. What do you think the reliable level of store personnel of Bestseller? (E.g. keep promise)
  
2. What do you think the problem solving ability of store personnel of Bestseller? (E.g. return, change and complaints handling ability)
  
3. What do you think the service performance of Bestseller store personnel during personal interaction process with customers (E.g. error-free sales, good attitude, knowledgeable to products, proper behavior)?

## **APPENDIX 6.**

Interview guide for customers of the case company (Chinese version)

1. 如何评价 Bestseller 公司员工的可信度？（例如：遵守诺言）
2. 如何评价 Bestseller 公司员工解决顾客问题的能力？（例如：退换货以及顾客投诉的相关处理能力）
3. 如何评价 Bestseller 公司员工在于顾客接触过程中的服务表现（例如：无差错服务，良好的服务态度，对产品的了解度，恰当的行为举止）

## APPENDIX 7.

	N/A		Not important at all		Less important		Important		Very important		Rating Average	Response count
1. Physical facilities and fixtures	0.00%	0	5.60%	13	33.30%	78	38.90%	91	22.20%	52	1	234
2. Materials associated with a store's service (such as shopping bag, brochure, wrapping paper)	0.00%	0	33.30%	78	38.90%	91	27.80%	65	0.00%	0	1	234
3. Clean, convenient and comfortable public areas (such as fitting room, restroom)	0.00%	0	0.00%	0	16.70%	39	44.40%	104	38.90%	91	1	234
4. Layout of a store	0.00%	0	0.00%	0	38.90%	91	44.40%	104	16.70%	39	1	234
5. Lighting, background music, temperature and scent of a store	0.00%	0	5.60%	13	44.40%	104	33.30%	78	16.70%	39	1	234
6. Promises made by a store (such as a store promises you to transfer your sized clothes from another chain store during three days, and you will get it after this promised period)	11.10%	26	5.60%	13	22.20%	52	38.90%	91	22.20%	52	1	234
7. Merchandise available when you want to purchase	0.00%	0	0.00%	0	33.30%	78	44.40%	104	22.20%	52	1	234
8. Error-free service supplied by store personnel	0.00%	0	5.60%	13	33.30%	78	44.40%	104	16.70%	39	1	234
9. Service suppliers' knowledge concerning the products	0.00%	0	0.00%	0	22.20%	52	33.30%	78	44.40%	104	1	234
10. Trust and safety you feel during transaction in a store	0.00%	0	5.90%	13	11.80%	26	17.60%	39	64.70%	143	1	221
11. Prompt service supplied by store personnel	11.10%	26	11.10%	26	27.80%	65	27.80%	65	22.20%	52	1	234
12. Store personnel have friendly, polite and patient attitudes to customers	0.00%	0	0.00%	0	11.10%	26	11.10%	26	77.80%	182	1	234
13. Store personnel's individual attention to customers	0.00%	0	5.60%	13	33.30%	78	44.40%	104	16.70%	39	1	234
14. Store personnel's willingness to help customers	0.00%	0	0.00%	0	11.10%	26	55.60%	130	33.30%	78	1	234
15. Satisfied exchange and return policies of a store	0.00%	0	0.00%	0	33.30%	78	22.20%	52	44.40%	104	1	234
16. Speed and ability of store personnel's to handle customer complaints	11.10%	26	5.60%	13	16.70%	39	33.30%	78	33.30%	78	1	234
17. Quality of products offered by a store	0.00%	0	0.00%	0	5.60%	13	22.20%	52	72.20%	169	1	234
18. Convenient operating hours of a store	0.00%	0	0.00%	0	22.20%	52	55.60%	130	22.20%	52	1	234
19. A store can accept most major credit cards	0.00%	0	0.00%	0	38.90%	91	27.80%	65	33.30%	78	1	234
20. Special offer to loyal customers such as gift card, discount card and gift voucher	0.00%	0	16.70%	39	33.30%	78	22.20%	52	27.80%	65	1	234

**APPENDIX 8.**

	N/A		Not important at all		Less important		Important		Very important		Rating Average	Response count
1. Physical facilities and fixtures	0.00%	0	0.00%	0	22.73%	60	59.09%	156	18.18%	48	1	264
2. Materials associated with a store's service (such as shopping bag, brochure, wrapping paper)	0.00%	0	0.00%	0	27.91%	72	53.49%	138	18.60%	48	1	258
3. Clean, convenient and comfortable public areas (such as fitting room, restroom)	0.00%	0	0.00%	0	2.27%	6	47.73%	126	50.00%	132	1	264
4. Layout of a store	0.00%	0	0.00%	0	4.76%	12	71.43%	180	23.81%	60	1	252
5. Lighting, background music, temperature and scent of a store	0.00%	0	0.00%	0	9.09%	24	61.36%	162	29.55%	78	1	264
6. Promises made by a store (such as a store promises you to transfer your sized clothes from another chain store during three days, and you will get it after this promised period)	0.00%	0	0.00%	0	4.55%	12	34.09%	90	61.36%	162	1	264
7. Merchandise available when you want to purchase	0.00%	0	2.27%	6	4.55%	12	47.73%	126	45.45%	120	1	264
8. Error-free service supplied by store personnel	0.00%	0	0.00%	0	2.27%	6	52.27%	138	45.45%	120	1	264
9. Service suppliers' knowledge concerning the products	0.00%	0	0.00%	0	11.36%	30	50.00%	132	38.64%	102	1	264
10. Trust and safety you feel during transaction in a store	2.33%	6	0.00%	0	4.65%	12	34.88%	90	58.14%	150	1	258
11. Prompt service supplied by store personnel	0.00%	0	0.00%	0	6.82%	18	54.55%	144	38.64%	102	1	264
12. Store personnel have friendly, polite and patient attitudes to customers	0.00%	0	0.00%	0	0.00%	0	34.88%	90	65.12%	168	1	258
13. Store personnel's individual attention to customers	0.00%	0	0.00%	0	11.63%	30	46.51%	120	41.86%	108	1	258
14. Store personnel's willingness to help customers	0.00%	0	4.55%	12	36.36%	96	40.91%	108	18.18%	48	1	264
15. Satisfied exchange and return policies of a store	2.33%	6	0.00%	0	4.65%	12	51.16%	132	41.86%	108	1	258
16. Speed and ability of store personnel's to handle customer complaints	0.00%	0	0.00%	0	2.33%	6	46.51%	120	51.16%	132	1	258
17. Quality of products offered by a store	0.00%	0	0.00%	0	0.00%	0	37.21%	96	62.79%	162	1	258
18. Convenient operating hours of a store	0.00%	0	0.00%	0	9.09%	24	65.91%	174	25.00%	66	1	264
19. A store can accept most major credit cards	0.00%	0	2.27%	6	11.36%	30	52.27%	138	34.09%	90	1	264
20. Special offer to loyal customers such as gift card, discount card and gift voucher	0.00%	0	2.33%	6	23.26%	60	48.84%	126	25.58%	66	1	258