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Determinants of customer satisfaction with consultant services

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Work-in-progress

Introduction and research objective

Although models of service quality and customer satisfaction have been well researched within the consumer goods and services area, much less attention has been paid to high involvement business-to-business service satisfaction (Patterson, et al. 1997). The objective of this study is to contribute to this stream of research through a survey of customers of a research and consultant institute in Norway.

Information on which factors are the determinants of customer satisfaction is important to consultants since customer satisfaction is what the service business depends on for repeat

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business. Our theoretical model is based on service quality being the antecedent or driver of customer satisfaction. Thus, we seek to uncover factors that affect the service quality of consulting services.

We state that the outcome of a project involving a company and a consultant is influenced partly by the consultant, partly by the interface between the consultant and the client, but also by a number of internal factors in the client's company. The consultant influences the project outcome through his or her technical competence and ability to solve the project. Also the staff of the client's organization must possess sufficient competence and enough resources in the form of time and financing. Finally, the co-operation and communication between the client and the consultant is believed to be an important influence on project outcome.

**Theoretical considerations**

Szmigin (1993) operates with three elements of service quality, which she finds particularly well suited for business-to-business services. These are soft, hard, and outcome quality. We use this framework as the basis for our model and label them Perceived Hard Quality, Perceived Soft Quality and Perceived Outcome Quality, to emphasize the subjective nature of the quality concept.

Szmigin distinguishes between the quality associated with the process of service delivery and the quality associated with the outcome of the service. This reflects that customers will base their quality perception on the outcome as well as the process of service production. Soft and hard quality constitute the service production process, and closely resemble what Grönroos (1984) classifies as functional and technical quality. Soft quality refers to the interaction process between the client and the service provider and reflects the way the client is treated by the service provider during the service production process. Hard quality refers to non-interactive elements and covers the professionalism, skills, and physical resources that the service
provider uses when working towards the technical solution. This separation of hard and soft quality is consistent with several authors contesting that interactive and non-interactive functions should be considered separately in professional services (Lapierre & Filiatrault 1996).

Outcome quality is different from hard quality in that it can not always be controlled by the service provider. According to Szmigin “outcome quality is different from hard quality in as much as a company may perform excellently in the hard area and still not achieve the desired goal or outcome... A lawyer may present a superb case but the court can still rule against the client” (1993, p. 9).

We argue that some of these factors that can not be controlled by the service provider, but influence the outcome quality, are found internally in the client’s organization. The nature of consultancy services is mostly characterized by a high degree of complexity both regarding the technical level, and in that many projects have a time span of several years from start-up to finish. Often the consultant's job is not to provide a “turn key solution”, but to work with the client in specifying the problem and solving the project. It is a process where the client participates actively in the service production and thereby also influences the outcome quality.

Finally, we also add Perceived Value to our model, since our qualitative interviews as well as other research (Freeman & Dart 1993) suggest that customers pay attention to the value received relative to money spent when evaluating the service quality of their consulting firm.

The complete model of customer satisfaction is illustrated below.
Research design and methodology

The survey is carried out in co-operation with the Norwegian Institute of Fisheries and Aquaculture Ltd. in Tromsø, Norway. The institute has 118 employees and covers a wide spectrum of research and consulting engagement within the areas of marketing, industrial processing, marine biotechnology, aquaculture and marine resources and serves clients both in the public and the private sectors.

In the first phase of the study a qualitative survey among the institute’s customers in Norway was undertaken. This helped us operationalize the service quality determinants for the consulting service, and clarified which issues were important in this specific context. In the second phase a questionnaire was designed and then pre-tested in Norway. This indicated that only minor adjustments of the survey instrument were necessary. At present the third phase
is executed. The questionnaire is ready to be mailed to customers of the Norwegian Institute of Fisheries and Aquaculture Ltd. It will be addressed to the person in charge of the project that was last completed in co-operation with the Institute. The questionnaire contains questions on the perceived service quality of the Institute as well as the degree of satisfaction. The respondent is also asked to evaluate internal company factors. The scale used is a 7-point Likert scale.

Measures

Service quality determinants
The most advanced scale for measuring service quality is SERVQUAL developed by Parasuraman et al. (1985; 1988; 1991). SERVQUAL originally contained ten dimensions but was later reduced to the five dimensions of Tangibles, Reliability, Responsiveness, Assurance, and Empathy, which Parasuraman et al. claim to be applicable across a broad spectrum of services.

In spite of Parasuraman et al.’s substantial contribution to the theory of service quality, SERVQUAL has also been widely criticized. One of the issues debated is context and the relevance of a universal scale to measure quality (Carman 1990; Paulin & Perrien 1996). Carman performed a study across different services to assess how generic the dimensions of SERVQUAL are. The conclusion was that even in the case of professional services he found most of the dimensions recommended by Parasuraman et al. However, Carman also states.... "these dimensions are not so generic that users of these scales should not add items on new factors they believe are important in the quality equation.” (1990, p. 41).

One of the important lessons from this study is that if a certain factor is very important to clients, it may break into subdimensions, which should be considered separately. In line with this Carman further recommends... "that items on seven or eight of the original ten PZB²

² Parasuraman, Zeithaml & Berry
dimensions (rather than five) be retained until factor analysis shows them not to be unique” (1990, p. 50).

Lapierre and Filiatrault (1996) relate the five dimensions of SERVQUAL to Grönroos’s concept of functional and technical quality. We build on this work in order to determine which items from SERVQUAL are related to soft and which to hard quality.

While the SERVQUAL items have been used as a starting point for generating items for our survey, also Day and Barksdale (1992) provided input to which criteria clients use in quality evaluation of professional service firms. Another source was a number of qualitative interviews with clients of the Norwegian Institute of Fisheries and Aquaculture. These additional items reflect the specific nature of our context, consulting services. As an example, several authors have argued that competence is the most important factor for evaluating professional services quality (Day & Barksdale, 1992; Lapierre & Filiatrault, 1996). In SERVQUAL, items on competence have been collapsed into the dimension of assurance which does not seem appropriate given the findings on criteria used in evaluation of professional services.

Further, items have also been added to improve the measurement of technical quality and outcome quality, since the SERVQUAL items have been criticised for not measuring these and only measuring functional quality (Buttle 1995; Freemand & Dart 1993, Weekes 1996).

Traditionally, service quality is measured by disconfirmation, as the difference between customer expectations and the perceived performance of the service provider. However, we choose to measure the service quality items by perception scores only for the following reasons. There is little evidence that customers assess service quality as a gap model by subtracting expectations from perceptions (Buttle 1996). According to Buttle...”a team of researchers, including Zeithaml herself\(^3\) (Boulding et al., 1993), has recently rejected the value of an expectations-based, or gap-based model in finding that service quality was only influenced by perceptions” (Buttle 1996, p. 14). Also other empirical studies have shown that

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\(^3\) One of the authors of SERVQUAL
perception scores alone are a better predictor of customers’ quality assessment than difference scores (Cronin & Taylor 1992). Another problem associated with measuring expectation is concerned with the data collection itself. Usually data on expectations are collected at the same point in time as data on perceptions, where ideally expectations should be measured prior to purchase. This ex-post measure of expectations will therefore no longer be “pure measures of expectations” given the influence of experience (Martensen & Grønholdt 1998).

**Client factors**

The conditions in the client company under which the project is implemented also affect the outcome of the project (Guimaraes & Armstrong 1998). On the basis of a review of the organizational development literature, the relevant variables identified were resources, management support, communication, and employee involvement.

One of the most cited barriers in organization development projects is lack of time (Harmsen 1996), but also other resources such as commitment of the required financial resources and the skills of employees participating in the project, influence the outcome. Another widespread assumption is that employee participation reduces resistance to change (Leonard-Barton 1988, Moosbruker & Loftin 1998). Thus, we include items on involvement of employees and departments affected by the project in the planning as well as the implementation process. In the same manner another factor which facilitates the willingness to change in the organization is a two-way communication regarding the purpose and the goal of the project. Finally, management commitment to the project is included as an important determinant of success, not only in the start-up phase, but also throughout the whole process.

**Customer satisfaction and perceived value**

In accordance with American Customer Satisfaction Index (National Quality Research Centre 1995) overall Customer Satisfaction was operationalized through three survey measures: 1) an overall rating of satisfaction 2) the degree to which performance lives up to expectations 3) a
rating of performance relative to an ideal service provider. In the same way Perceived Value was operationalized as evaluation of quality relative to price, and price relative to quality.

The measures are presented in the following table.
<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
<th>Items</th>
<th>Definition of Items</th>
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<tbody>
<tr>
<td></td>
<td>Overall satisfaction</td>
<td></td>
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<td></td>
<td>Performance vs. expectations</td>
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<td></td>
<td>Performance vs. ideal service provider</td>
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<tr>
<td>Value</td>
<td>Quality relative to price</td>
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<tr>
<td></td>
<td>Price relative to quality</td>
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</tbody>
</table>

**Process:**

**Perceived Soft Quality**
- Reliability: Punctuality and ability to keep agreements
- Responsiveness: Speed and timeliness of service delivery
- Access: Ease of contact
- Understanding: Ability to understand client’s needs
- Security: Confidentiality
- Courtesy: Friendliness of personnel
- Relations: Co-operation between client and personnel
- Communication: Listens and keeps client informed

**Perceived Hard Quality**
- Competence: Skills and knowledge of service provider
- Tangibles: Tools and equipment
- Reliability (technical): Doing things right

**Client Factors**
- Resources: Time, finances, skills
- Support from management: Throughout the whole process
- Communication: Two ways-on the purpose and progress of the project
- Involvement of employees: In the planning and implementation phase
- Willingness to change: Perceived advantages in the organization of implementing project

**Outcome:**

**Perceived Outcome Quality**
- Transfer of knowledge
- Fulfilled proposition
- Objectives reached
- Reception within client organization
- Unanticipated positive effects

**Analysis and Results**

Will be presented at the EMAC conference.
References


Guimaraes, Tor & Curtis Armstrong (1998), "Empirically testing the impact of change management effectiveness on company performance", European Journal of Innovation Management, 1(2) 74-84.


