Chapter 11
Managing People for Service Advantage

GENERAL CONTENT

Multiple Choice Questions

1. Organizations that display a commitment to effective human resources management are characterized by ____________.
   a. a lack of verifiable industry distinction and market separation
   b. a distinctive culture of service leadership and role modeling by top management
   c. a system of intensive rules and regulations
   d. an increase in market share and lower acquisition costs
   e. mediocrity and high employee turnover
   (b; Easy; p. 284)

2. From the customer’s perspective which of the following is the most important aspect of service?
   a. Management’s responsiveness to occurrences of failure.
   b. Timely delivery of service.
   c. Efficient handling of special requests.
   d. The encounter with service staff.
   e. A fair price.
   (d; Moderate; p. 284)

3. Service employees are important to customers and competitive positioning, because the front line ____________.
   a. is the most visible part of the firm
   b. contains more employees than management
   c. is often the first to deal with customer complaints
   d. is better trained at dealing with customers than are managers
   e. all of the above
   (a; Easy; p. 285)

4. Outcomes of the “Cycle of Failure” for firms include ____________ and ____________.
   a. low service quality; low employee turnover
   b. low service quality; high employee turnover
   c. high service quality; low employee turnover
   d. high service quality; high employee turnover
   e. mediocre service quality; unpredictable employee turnover
   (b; Easy; p. 290)
5. The “Cycle of Failure” includes all of the following EXCEPT ____________.
   a. emphasis on rules
   b. emphasis on attracting new customers
   c. adequate pay and job security
   d. low skill levels
   e. use of technology to control quality
   (c; Moderate; p. 290)

6. Companies that engage in a “Cycle of Success” are more likely to have which of the following?
   a. Happier employees
   b. More loyal customers
   c. Higher profit margins
   d. Better wages
   e. All of the above
   (e; Easy; p. 294)

7. Training is most effective at reducing ____________.
   a. person/role stress
   b. organization/client conflict
   c. interclient conflict
   d. interorganizational conflict
   e. intraorganizational conflict
   (a; Moderate; p. 300)

8. A strategy of empowerment is most likely to be appropriate when which of the following factors are present within the organization and its environment?
   a. The business strategy is not too customized
   b. The organization uses routine technology.
   c. The business environment is stable.
   d. Customer interactions are relational as opposed to transactional.
   e. All of the above.
   (d; Moderate; p. 301)

9. The four things that must be systematically redistributed throughout an organization to empower employees are ____________, ____________, ____________, and ____________.
   a. rewards; power; experience; knowledge
   b. information; knowledge; experience; rewards
   c. power; information; rewards; knowledge
   d. knowledge; experience; information; power
   e. experience; power; information, technology
   (c; Challenging; p. 302)
10. When firms are organized by functional structures ____________.
   a. employees fall between the cracks
   b. customers fall between the cracks
   c. internal service teams view customers as their own
   d. service is faster
   e. fewer errors occur
   (b; Easy; p. 303)

**True/False**

11. Employee satisfaction typically has little impact on customer satisfaction.
   (False; Easy; p. 285)

12. Part-time customer service representatives are far less likely to be satisfied with their work as full-time staff.
   (False; Moderate; p. 288)

13. Full-time workers perform better than part-time workers, but part-time workers are more satisfied.
   (False; Moderate; p. 288)

14. Service sabotage is classified as either covert (displayed only to co-workers) or overt (displayed only to customers).
   (False; Moderate; p. 292)

15. The “Cycle of Mediocrity” is most often found in large, bureaucratic organizations like regulated oligopolies.
   (True; Moderate; p. 292)

16. Great references from past employers are not a form of behavioral observation.
   (False; Moderate; p. 296)

17. Interpersonal skills include visual communication, attentive listening, and body language and tend to be specific to each service setting.
   (False; Moderate; p. 299)

18. Technical skills encompass all the required knowledge related to processes.
   (True; Easy; p. 299)

19. Empowerment is based on the “control” model that assumes employees are capable of making good decisions.
   (False; Moderate; p. 301)

20. Suggestion involvement empowers employees to make recommendations through formalized channels.
   (True; Moderate; p. 302)
Short Answer

21. What are the three main causes of role stress in frontline positions?

Person/role, organization/client, and inter-client conflicts.
(Moderate; p. 286)

22. What are the three levels of employee involvement?

Suggestion involvement, job involvement, and high involvement.
(Moderate; p. 302)

23. What is job content?

Job content is when employees are satisfied just by knowing that they are doing a good job.
(Moderate; p. 305)

24. What are two of the five key points to note for effective goal setting?

Any of the following five:
1) Achieving goals is a reward when the goals are seen as important.
2) Goal accomplishment can be used as a basis for rewards like increased pay and recognition.
3) Difficult and specific service employee goals must be set publicly.
4) Progress reports should be public events.
5) It is mostly unnecessary to specify the means to achieve goals.
(Challenging; p. 305)

25. Define service culture.

A service culture includes shared perceptions of what is important in an organization and shared values and beliefs of why those things are important.
(Moderate; p. 307)
Essay

26. Discuss why service centers and service hotlines are important or unimportant to customer perceptions of service firms. Give an example to back up your argument.

Service centers can play a critical role in customer perceptions of a service firm. This is particularly important for remote service firms like credit card companies. The call to the service center may be the only time the customer interacts with personnel from the company. That interaction may frame the customer’s entire perception of the firm with one call. It is also likely that the customer is calling because of a problem or special request. Handling that one problem or request well could be the difference between retaining and losing the customer.
(Moderate; p. 285)

27. How are competing for employees and competing for customers similar?

Employees and customers want similar things from service firms. Both want value and satisfaction. Employees want high pay and an enjoyable work experience and customers want fair price and an enjoyable consumption experience. Both are interrelated in that satisfied employees are more likely to produce satisfied customers. Attracting and retaining both employees and customers is based on marketing, promotions, and image. Firms must project a positive image in the community through advertising to be able to attract great employees and great customers. Retaining both requires attention to the needs of each.
(Moderate; pp. 295-296)

APPLICATION CONTENT

Multiple Choice Questions

28. Dial-A-Mattress uses what technique to train and develop staff?
   a. empowerment
   b. coercion
   c. coaching
   d. humor
   e. behavioral modification
   (c; Moderate; p. 299)

29. Excellent service firms use all of the following to identify the best job candidates EXCEPT ____________.
   a. observing behavior
   b. conducting personality tests
   c. interviewing applicants
   d. viewing transcripts
   e. providing applicants with realistic job previews
   (d; Easy; p. 296)
30. Southwest’s fundamental hiring principle is ____________.
   a. maintain a tight knit group
   b. hire people with the right attitude
   c. “training, training, training”
   d. customer service is first
   e. new hires lead the way
   (b; Moderate; p. 298)

31. The Nordstrom sales associate replacing shirts at no cost to the client is an example of ____________.
   a. centralized decision-making
   b. service theft
   c. employee empowerment
   d. service sabotage
   e. rule setting
   (c; Easy; p. 300)

32. Well managed unionized organizations ____________.
   a. may still be quite successful
   b. will be replaced by non-unionized organizations
   c. will still fall short of success goals
   d. use unions as excuses for poor performance
   e. all of the above
   (a; Moderate; p. 307)

**True/False**

33. Employee satisfaction is both necessary and sufficient for having high performing staff.
   (False; Moderate; p. 295)

34. The Ritz-Carlton uses personality profiles to select the best applicants.
   (True; Moderate; p. 297)

35. Hiring at Southwest Airlines is best summarized by the word “humor.”
   (True; Challenging; p. 298)

36. All employees are eager to be empowered.
   (False; Easy; p. 301)

37. Southwest Airlines illustrates a high-involvement company.
   (True; Moderate; p. 302)
Short Answer

38. Give an example of service sabotage.

Having something unhygienic placed in your food by restaurant staff.
(Easy, p. 292)

39. The suggested salary to attract top performers is in the range of what percentile of the market?

The range is from the 60th to 80th percentile.
(Moderate; p. 295)

40. Give two reasons for using multiple interviewers?

Multiple interviewers reduce the risk of “similar-to-me” biases and people are more careful in their evaluations when they know someone else is evaluating the same applicant.
(Challenging; p. 296)

41. What is the key philosophy of Singapore Airlines?

The team concept, or teamwork.
(Easy; p. 304)

42. What are American Express Latin America’s rules for successful teams?

Each team has an owner. Each team has a leader. Each team has a quality facilitator.
(Moderate; p. 304)

Essay

43. How is Cora Griffith’s work strategy indicative of the “Cycle of Success?”

Cora Griffith’s nine rules of success exemplify the “Cycle of Success.” She is enthusiastic about her job and develops outstanding service relationships with both existing and new customers. Her philosophy is marked by listening to customers, anticipating their needs, maintaining efficiency, and continuing to learn. She gives credit to the owners of the café for showing her the value of customer care. This agrees with the “Cycle of Success” tenets of hiring and retaining motivated employees that provide higher quality, customer-pleasing service.
(Challenging; p. 283)
44. Discuss the causes and implications of low-pay/high turnover human resource strategies.

Failure to measure all relevant costs is a key contributor to the cycle of failure. A firm saves money on pay, but loses money through employee and customer channels. Inherent in high turnover situations are the costs of constant recruiting, hiring, and training costs. New employees are also less productive than seasoned employees due to learning curves. Attracting new customers costs much more than retaining current customers because of continued advertising and promotional campaigns.

(Challenging; p. 291)

45. Describe how Disney selects the right people.

Disney is comprised of a multitude of frontline and behind-the-scenes employees. As such, they categorize employees by their potential for on-stage or backstage work. On-stage refers to cast members who are assigned roles that require an appearance, personality, and skill that matches a desired presentation to customers (e.g. playing Snow White at a Disney theme park). Backstage are likewise suited for their positions (e.g. computer operators). Each is selected for their jobs based on intrinsic qualities that cannot be taught.

(Moderate; p. 296)