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Internal Quality Management in Service Organizations: a theoretical approach

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Abstract

Service industry or service economy is now taking a big part of the whole economy. Service sector is still a fast growing market over the world, especially in the developing countries. The adoption of Total Quality Management (TQM), which focuses on customer satisfaction, was widely accepted by most service organization. However, very few organizations and researchers have paid attention to employees’ satisfaction. Especially in some developing countries, like China, government owned companies are the monopolists in the domestic market. Employee’s satisfaction is mostly not an element of business strategy. In recent years, some service organizations found that employees’ satisfaction has significant influences on customers’ satisfaction. Satisfying employees by providing internal quality services is now becoming apart of company’s strategy. Service organizations realized that they should treat their employees as internal customers and delivery quality services to them as to external customers. The purpose of this study is to introduce and illustrate the concept of internal service as well as internal customer, to help service organizations to implement an internal customer-oriented management philosophy and to establish an internal quality management system from a theoretical perspective. As Chinese market is more and more open, the competition in service sector, e.g. bank, insurance and hotel, will be extremely strong without a doubt. So, this study can also used by service organizations to gain competitive advantages by building and redesigning service production processes.

Keywords

Internal marketing, internal service, internal customer, quality management
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Internal Quality Management in Service Organizations:  
a theoretical approach

1. Introduction

Customer-focused strategy has been widely used by service organizations for many years. To understand and meet customs’ needs and expectations the most important approach to satisfy and retain customers. The concept of Total Quality Management (TQM) was first introduced in 1980s, which aimed at customer needs and satisfaction. Meeting customer’s needs has been the primary goal of service organizations. However, employee satisfaction has received very little attention. In recent years, many authors (e.g. George, 1997; Berry 1984) suggested that firms should treat their employees as they treat their customers. This point of view was supported by a large number of authors (e.g. Schneider & Bowen, 1985; Schlesinger & Heskett 1991) who believed that employee’s satisfaction is positively related to customer satisfaction. The concept of internal customer was first introduced by Sasser and Arbe (1976). Internal customer is defined as the department or employee who receives internal services from another support department. Like external customers, internal customer’s satisfaction is influenced by the quality of internal services (Gremler et al. 1994).

Although it is now accepted that service organizations should treat their employees as their external customers, there are still some differences between internal and external customers. First, unlike the external customers, internal customers are usually not able to choose services. For example, marketing department does not like the internal business software developed by IT department, but they have to still use it. Second, internal customers are more professional than external ones. They have the “know-how”, they know exactly what the internal services should be and can be. According to these different characteristics, management has to adopt internal marketing tools to build strong company-employees relationship by managing and monitoring service quality and internal employee satisfaction.

Purpose: the purpose of this study is to introduce the concept of internal service, internal quality management. It suggests that service organization should firstly implement an internal management philosophy that employees should be considered as internal customer; secondly, service organization should create and delivery quality internal services to its internal customers by building an efficient internal quality management system, to increase
employees satisfaction and loyalty; thirdly, it introduces some models and tools which can be used by managers to build internal service relationships, to measure the quality of internal services; this finding can also be used for further research on internal quality management. The selection of quality dimensions and measurement instruments can be further discussed in order to apply to different services and organizations.

**Methodology:** base on practitioner literature to define and classify internal service relationships; some models and instruments are illustrated and redesigned in order to adapt to service organizations; interviews with department managers and employees are used to collect the data. These interviews are also used as the evidence to select quality dimensions which used to measure the internal quality.

This study contains the following 4 main parts: in the first part, this study reviews literature relevant to internal marketing, internal service and internal customer. It begins with the explanation of three types of service marketing and then introduces the concepts of internal service and internal customer; in the second part, it explains the importance of internal customer-oriented management philosophy; and then illustrates a seven-step approach to build an internal service management; in the third part, it shows the stages of building efficient an internal quality management system and some useful instruments which can be used to analyze measure and make decisions; in the last part, it presents the study limitation and suggestions for further research.

**2. Literature Review**

**2.1. Service marketing triangle**

Kotler and Armstrong (1991) described the relationship and interdependency with a triangle which represents the relationships between business firms, employees and customers. (Figure 1) The Triangle contains three kinds of service marketing activities which can be implemented by the business firms to be successful.
2.1.1. External marketing: “setting the promise”

The first type is external marketing which focused on building the relationship between companies and external customers. Several traditional marketing activities, like pricing strategy, promotion activities and all kinds of communication with company’s external customers, are implemented to attract customers and capture the attention of market. At this stage, the company will “set the promise” to its external customers in order to get the possibility to delivery services.

2.1.2. Interactive marketing: “delivery the promise”

The second type of marketing is interactive marketing describes the moment of interactions between the front – line employees and external customers (Grönroos 1985). This kind of interaction was also defined by many authors (Paraskevas 2001; Bitner et al. 1990; Surorenant & Solomon 1987) as service encounters in which employees have the responsibility of delivering the services to meet the requirements of external customers. They argued that the front – line employees who have the direct contacts with external customers are playing a very important role in this service encounter, because any failure from the employees will lead to losses of external customers. Further more, the effects of the other two marketing activities will be significantly damaged.
2.1.3. Internal marketing: “enabling the promise”

The last type in the service marketing triangle is called internal marketing, which is the marketing of building the relationship between company and its employees. It involves trainings, motivating, teamwork building and internal communication. The concept of internal marketing was discussed by many authors in the last thirty years. Among those authors, Berry (1981) is first one of them who introduced the concept of internal marketing in 1980s. He stated that internal marketing can be considered as approach involved traditional marketing philosophy to establish and improve internal marketing relationship. He described the concept of internal marketing as:

(…) viewing employees as internal customers, viewing jobs as internal products, and then endeavouring to offer internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization.

Cowell (1984) stated that internal marketing can also be used as a management tool to motivate the employees to adopt an internal customer consciousness and service orientation, so that the company will be able to create competitive advantages by fully meeting the requirements and expectations of the external customers. Based on those findings, Vary (1995) concluded that the implementation of internal marketing is to recognize the internal service supplier and internal customer, and to increase employees’ satisfaction. This idea was supported by Quester and Kelly (1995) who stated employee–customer interaction has strong influence on external customer satisfaction. Hence, the creation of customer consciousness among employees is needed. In the recent research on internal marketing, Ballantyne et al. (1995) described the company as an internal market where management should try to meet employees’ requirements and expectations through internal marketing activities. There are also other concepts of internal marketing defined by different authors. A comparison of some understandings of internal marketing is shown in Table 1 below:
Table 1: Comparison of internal marketing concepts

<table>
<thead>
<tr>
<th>Author/Year</th>
<th>Quote</th>
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<tbody>
<tr>
<td>George (1997)</td>
<td>“By satisfying the needs of the public contact personnel, the firm upgrades its capabilities for satisfying the needs of its customers. Thus to serve the needs of the market, the firm must first serve the needs of its internal market.”</td>
</tr>
<tr>
<td>Berry (1984)</td>
<td>“we can think of internal marketing as viewing employees as internal customers, viewing jobs as internal products, and then endeavoring to offer internal products satisfy the needs and wants of these internal customers while addressing the objectives of the organization.”</td>
</tr>
<tr>
<td>Grönroos (1985)</td>
<td>“The internal marketing concept – as a complement to the traditional marketing concept – holds that an organizations’ internal market of employees can be influenced most effectively and hence motivated to customer – consciousness, market – orientation and sales – mindedness by a marketing – like internal approach and by applying marketing – like activities internally.”</td>
</tr>
<tr>
<td>Johnson <em>et al</em> (1986)</td>
<td>“Service firm’s effort to provide all members of the organization with a clear understanding of the corporate mission and objectives and with the training, motivation, and evaluation to achieve the desired objectives.”</td>
</tr>
<tr>
<td>Bekkers and Van Hasstrecht (1993)</td>
<td>“The building of customer orientation among employees by training and motivation both customer – contact and support staff to work as a team.”</td>
</tr>
</tbody>
</table>

From the different understandings of internal marketing above, three points can be concluded. First of all, internal marketing is a management philosophy that employees should be treated as internal customers. Second, internal marketing is a management approach to create customer consciousness among employees by training and motivation. At last, meeting the requirements or focusing on internal satisfaction is the most important element of internal marketing, because it is the prerequisite of external customer satisfaction.

In addition, Geroge (1990) and Grönroos (1985) suggested that internal marketing should be considered as a long–term philosophy for both motivation and support. Schneider and Bowen (1985) argued that high quality performances of the employees are based on the necessary resources provided by the company. Lack of, for instance, administrative and logistical support from the company will directly damage the performance and satisfaction of
the employees. The company should notice that the employees (especially the front-line employees) will probably treat external customer as the same way. As important as being supported, company should create a service climate by building an efficient communication system and service delivery process. High quality internal services should be rewarded in terms of service excellence.

Bruhn (1999) stated that the best marketers use internal marketing as an approach to attract, develop, motivate and retain qualified employees within the company. A good internal marketing strategy, which brings companies to success, comprises following seven elements. First of all, competing for talented and skilled people and put the right people to the right workplace; second, offer the employees a vision which gives them the meaning and purpose of their job; and then equip them with appropriate skills and abilities through trainings; encourage them to implement teamwork so that they can get the possibility to know each other and to share knowledge with each other; give them freedom and possibility to excel in term of belief in human potential; motivate employees through measurement and rewards; try to hear and learn from employees constantly.

2.2. Internal service

Majority of the firms have focused on building relationship with external customers in terms of identifying and satisfying their needs and requirements. Employees have received very little attention from the firms. The discussion about internal services has been so far mostly shown in literatures rather than in practice (Rynose & Morres 1995). The concept of internal service has been realized by firms in recent years. Especially for service organizations, it has been recognized that the employee satisfaction has strong influence on customer satisfaction. More and more researchers (e.g. Berry 1984) suggest that firms have to treat their employees as external customers by providing excellent internal services like how they satisfy their customers.

Among those authors, Stauss (1995) defined internal services as the services which delivered by one department to another department or employee within the organization. The internal services provided by one organizational unit (internal service provider) will be used by another organizational unit(s) or people (internal customer) to create a deliverable for the final customers. Front-line staffs are mostly expecting to receive high quality internal services from other support departments, so that they will be able to fulfill the needs of company’s external customers.
Service production process has been described by George (1990) as network of systems which combine variety of sub processes. All these sub processes are connected by interrelations and interdependence. Each service operation has the responsibility to support and serve another. Meanwhile, it will be supported and served by others as well. So, if any poor performance on the service production process will damage the service quality for the external customers. For instance, the performance of front line employees is highly depends on the support from other employees of other department of company. George (1990) suggested that marketing – like activities should be implemented so that the supporting department can then fully meet front-line staffs’ needs and requirements which can directly and indirectly contribute to the quality of the services for the company’s external customers. This point of view was also supported by other researchers (Feldman, 1991; Nagel and Cillers 1990) who argued that the quality of internal service should be recognized as one of the component of an overall service quality strategy.

2.3. Internal customer

Sasser and Arbejt (1976) introduced the concept of internal customer originally through the idea of selling making jobs in the service sector with the purpose of making the job more attractive for the employee. Base on this idea, many authors (e.g. Berry 1981; Grönroos 1990; Gummesson 1990) have further developed the concept of internal marketing in the 1980s. Berry believed that treat employees as internal customers on the service chain, treat their works as internal products and then company should try to create and delivery those internal products to the internal customers, with the purpose of meeting the requirements of these internal customers. The conclusion of their belief is that, management of the company should treat their employees as customer. The high loyalty is based on the high satisfaction with the working environment which can also lead to high quality performance. Management should make a great job and build a good relationship with their employees, because only by doing so, the management can then expect for an excellent level of services which will be delivered finally to the external customers.

The idea of the “partial customers” developed by Bowen and Schneider (1985), Mills & Morris (1986), and Johnston (1989) also suggest that management need to treat their internal customers, for instance, call center staffs, as their customers and meanwhile support an internal “service climate”.

9
Stershic (1990) suggests that (...) obtaining and understanding the employee perspective is a critical tool in managing customer satisfaction. It enables managers to exercise “internal marketing”, - meeting the needs of the employees so they can meet the needs of the customers.

Nagel and Cilliers (1990) gave their definition of internal customer as any people or group within the organization receive products and services from other people or groups within the organization. The customer contact staffs are usually the last internal customers which working at the end of the service process. Some very typical internal customer and service supplier relationships can be found in restaurant, i.e. the relationship between cook and waiter. On one hand, waiter as the internal customer receiving internal products, the dishes, from the cook, on the other hand, the cook also need the orders from the waiter. From this example we can see that the role of internal customer and internal service supplier in some situation is changeable. Meanwhile, internal customer and internal service supplier can in some situation be the internal customers of a third party. In this case, waiter and cook are the internal customers of human resource department, since they also quite often receive services from human resource department, like working contracts, training programs and so on. Base on these findings, a number of authors (e.g. Grönroos 1984; Jones 1986; George 1990; Hales & Butcher 1994) have further developed the concept of internal marketing.

Making the jobs more attractive for the employees was also supported by Berry & Parasuraman (1992). They suggested that four main tasks of internal marketing should be taken into account. A successful internal marketing strategy contains the four elements: attracting, developing, motivating and keeping qualified employee in the organization. Some further findings suggested that the employees of the organization should be treated as a customer, could also be treated as internal dynamics of the organization. Grönroos (1990) stated that service production process is like a network of system contains interrelations and interdependence among several sub – processes. He believed that each service unit comprises internal service function, which will be benefit by another service unit. He concluded that the quality of those internal services have strong influence on the quality of the final services which delivered to external customers. In other word, an unhealthy internal service chain will damage the satisfaction of the external customers. The consequence is that the company will lose competitive advantages to against its competitors. This view is supported by George (1990) who stated that a large number of backstage employees who do not contact
with external customers as front-line employees influence the services delivered to external customers indirectly. He suggested that those backstage employees, also called support person or unit, should realize their contact employees as their internal customers. And the satisfaction of their internal customers should be taken into account. Base on these propositions, Schneider & Bowen (1993) argued that every employee should learn to understand they do not only delivery services to the final external customers, but also they have to provide services to internal customers in more often situation. These internal services will be later be used by their internal customers to serve external customers directly or indirectly later. In one organization, employees are both internal service suppliers and internal customers. Hence, the quality of delivered service will influence the performance as well as the satisfaction of their internal customers directly and influence the satisfaction of the external customers of the organization. Fisk et al. (1993) pointed out that every member of an organization has an internal customer; before expecting high performance from them, company should let them be happy with their jobs. This idea is widely used by a large number of hoteliers. Many hotels adopt the philosophy “the internal customer comes first”.

A large number of scholars (e.g. Denton 1990; Bhote 1991; Lee & Billington 1992; Barrett 1994; Lukas & Maignan 1996) described that each employee or group of the organization should recognize the recipients of their outputs as their internal customers. In order to create high quality services offering to the external customers, the employee or the group should try to provide high quality service for their internal customers which working in the same service production process. The concept of “Next operation as a customer” which is given by Denton (1990), is based on this idea. “Next operation as a customer” describes a simple way to identify the internal customers within the organization. From the view of internal marketing, any person or department who wants to design an effective service production process to meet the requirements and increase the satisfaction of employees are the internal service supplier and the employees are internal customers.

3. Internal service management

3.1. Why internal service management is important

The concept of employee satisfaction is a relatively young topic. Some authors (Blanchard & Bowles 1993; Freiberg & Freiberg 1998; Rosenbluth and
McFerrin Peters 1998; Harris 1996; Cannie & Caplin 1991; and Fitz-enz 1997) have focused on finding the relationships between customer satisfaction and employee satisfaction in the recent years. They argued that it is important to satisfy employee before satisfying their external customers. Building relationship with employees is the prerequisite to building relationship with customers. Some of their attitudes are listed in the Table 2.

Table 2: Importance of internal service management

<table>
<thead>
<tr>
<th>Author</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blanchard and Bowel (1993)</td>
<td>“If you do not look after your people, they will not look after your customers.”</td>
</tr>
<tr>
<td>Freiberg and Freiberg (1998)</td>
<td>“The way you treat your employees is the way they will treat your customers.”</td>
</tr>
<tr>
<td>Albrecht (1992)</td>
<td>“The way your employees feel is ultimately the way your customers will feel.”</td>
</tr>
<tr>
<td>Cannie and Caplin (1991)</td>
<td>“If you hope to take wonderful care of customers, first you need to take wonderful care of the caretakers.”</td>
</tr>
</tbody>
</table>

Based on those findings, Herington et al. (2006) suggested that Service Company should make customer orientation as the beginning. Second, customer oriented strategy must be implemented by looking after its employees. If the employees are well treated, they will start to look after the external customers. At the end, satisfied employees will result in profitability for the company.

### 3.2. Classification of internal services

Internal services are defined as the services designed, produced and delivered from one unit or employee to other units and employee within the organization. Compare to external services, these services will not be provided directly to external customers, but will support corporate departments or employees to improve their performance and serve their customers which maybe contain both internal and external customers.
Stauss (1995) stated that the range of internal operations includes janitorial services and the rather complex service bundles of human resources management, marketing, or R&D departments.

According to different functions of internal services, it is necessary to identify the differences of internal relationships. One of the earliest researches on defining the concept of internal service was finished by Sayles (1964). In his finding, he classified the internal services by differentiating internal unit relationships. Based on the analysis of his wide research, he distinguished the “internal organizational linkages” into two mainly types: workflow relationships and service relationships. The first type, workflow relationship, is the most basically operating process in the firms. The workflow contains serial different activities that will be processed by different organization units or employees. All the stages on the workflow are fixed and can’t be changed their position. In other words, one stage can only be started, when the previously stage has been done. As a result, the performance and punctuality of one stage will strongly influence the next stage, as well as the whole workflow. One the other hand, a service relationship shows an interaction between one unit and other multiple units of the organization. Hence, it doesn’t have direct influence to other stages of the whole operating process. According to Sayles’ opinion, he identified four types of the relationships which can be found in the internal actions between departments: advisory relationships, auditing relationships, stabilization relationships and innovation relationships.

One of the further findings on the classification on internal services is the work of Davis (1992). He took the findings of Sayles as the basis of the classification. So, the internal service types defined by Davis are very similar to the classification of Sayles. He divided service types into three types:
Table 3: Types of Internal Service

<table>
<thead>
<tr>
<th>Types of Internal Service</th>
<th>Department</th>
<th>Diagram</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workflow;</td>
<td>Sales, warehouse, logistic</td>
<td></td>
</tr>
<tr>
<td>Support and advice services</td>
<td>H.R., IT</td>
<td></td>
</tr>
<tr>
<td>Audit or evaluative services.</td>
<td>Internal Auditing</td>
<td></td>
</tr>
</tbody>
</table>

The types “workflow” and “audit and evaluative service” are as same as the definition of Sayles. The difference to Sayles’ classification is, the second type “Support and advice” of Davis combined service relationship and advisory relationship, which were identified by Sayles. Since the internal service types suggested by Davis are more appropriate for classifying and reflecting most types of internal service in different organizations and industries, his classification will be used as the basis in this paper.

3.2.1. Workflow relationship

Fist of all, “Workflow relationship” is suitable to the most types of internal service operations. It represents the interactions between all the units related to the workflow. The transfer of information on the service chain can be found almost in every service chain. For example, in one restraint, waiter, cook, and warehouse keeper build a very typical service chain which can be treated as workflow relationship. Waiter as the front-line employee gets the order from customers and delivery it to cook which will be defined as internal customer of the waiter at this service operation stage. The cook will inform the warehouse keeper to get all the materials he need. At this service operation stage, the cook plays the role as internal service supplier and the warehouse keeper is the internal customer. As it mentioned above, each stage starts, only if the previously stage has been finished. Because of this character of workflow relationship, conflict happens at each stage. Internal customer will become dissatisfied because of low quality of the services which delivered by unit precede him in the process. In the case of restaurant, the wait will have to face dissatisfied external customer, when the dishes were delivered by cook slowly. Also in other very common companies, the poor quality (clearness, timeliness,
correctness…) of the internal service can lead to organizational conflict which is described by Gummesson (1991) as “tribal warfare”.

He stated that of department loyalty, not the loyalty to organization, lead to “tribal warfare” which is able to have impairment to internal service quality. Bloch (1988) suggested that communication plays a very important role in the workflow relationship. An efficiency and reliability communication system will be helpful to reduce misunderstanding and improve internal service quality. The reason for the “tribal warfare” found by Bateson (1989). He stated that each department tries to increase their power on the service chain or even within the whole firm by taking the control in any internal service encounter.

In order to minimize the “tribal warfare”, management should think about making internal customer orientation strategy. If the internal service suppliers treat their next unit or employee, whom they meet at the service encounter, as their customer, then they would be able to understand the expectations of their internal customers, and delivery the right services to fill the requirements. Hence, the quality of end service of the workflow, which will be delivered to external customers, can be continuously improved.

3.2.2. Support and advice service relationship

The type of “Support and advice services” is much more complicated, because it is more often difficult to recognize the internal customers. Paraskevas (2001) found that the internal service supplier of this type of services needs to face different internal customers. More often they have to delivery their services to more than one unit at same time. Here shows the problem for the internal service suppliers, because their internal customer from different departments will be expecting different performance. The most typical example of these services is the training hold by human resource department. For instance, the training department of the company offers a seminar on communication skills. That would be very interesting and useful for the employees who are often on business trips to visit their clients, because they can learn how to communicate with their external customers in order to introduce the products or services of the company and get more information or feedback from the external customers. But, on the other hand, this offer of the training department will be relative boring and useless for the employees from finance department, since they have very little chance to face the external clients of the company directly. Or the manager of IT department will expect high performance computers for
his employees, in order to obtain high efficiency, while the marketing manager may not find them so important for the work of his employees.

In order to minimize the probability of overhead inflation, internal customer orientation should be taken into account. Paraskevas (2001) mentioned, the same as all customers, internal customers have a natural tendency to inflate their requirements. Hence, managers should beware the continuous increases of internal service offers which could, on the other hand, damage efficiencies within the company. As the result, internal service suppliers should be clearly informed what kind of requirements of their internal customers should be fulfilled, to avoid overhead inflation.

3.2.3. Audit or evaluative relationship

The last type of internal service relationships called audit or evaluative relationship which contains audit or evaluative responsibilities the interaction of internal customers and internal service suppliers (Davis 1992). In this relationship, the internal service supplier (e.g. audit department) has the function of evaluating or auditing the performances or the outputs of their internal customer (e.g. audited department). Theoretically, this relationship or interaction is built to help internal customers to improve their performance. Based on the assessment, the internal service supplier will be able to give advices and show the possibilities of improvement to the internal customer. Due to this reason, the internal customer should welcome this kind of internal service offered by the service supplier in order to seek improvement. However, the reality is usually contrary to this, because a co-operation is not easy to set up. From the perspective of internal customer, they are expecting to avoid punishment more than receive advices. The method of auditing or evaluating used by internal service supplier is that they will compare the performances or output to the standards. In the situation of getting a negative assessment report, the internal customer will face stress or even be punished. Stauss (1995) argued that the reason causes this problem is that the relationship between the internal service supplier (audit department) and internal customer (audited department) is no real customer – supplier relationship. To solve the typical problem, he suggested that a audit task will become more meaningful if the audit manager responds to the preferences stated by the audited manager. For example, before the audit task, they can communicate with each other, on which day the audit task will be implemented, which examination criteria will be evaluated, what kind of the audit result looks like, and so on.
Internal customer orientation can not be adapted to this type of internal service. In case of orientating to the requirements of audited department, the audit department is actually playing a role of delivering audit task to the internal customer. This departmental relationship can be considered as the second type of internal service relationship, support and advice service relationship, since the audit department is in fact providing a support service.

3.3. Building an internal customer-oriented service management

Customer-oriented focus strategies have been widely used by a large number of companies to attractive and maintain their customers. As more and more companies realize that they should treat their employees the same as external customers, internal customer oriented approach is now becoming one of the most useful tool for the management to attractive, develop, motive and retain the qualified employees within the organization (Bruhn 1999). Reynoso and Moores (1995) are two of several authors (Davis 1991; Deton 1991; Vandermerwe & Gilbert 1989) who did research on the implementation of internal customer oriented method in their studies. Reynoso and Moores described a six-stage approach to establish an internal customer orientation throughout the service organization:

- **Step 1.** Create internal awareness;
- **Step 2.** Identify internal customers and suppliers;
- **Step 3.** Identify the expectations of internal customers;
- **Step 4.** Communicate these expectations to internal suppliers in order to discuss their own capabilities and/or obstacles to meeting these requirements;
- **Step 5.** Internal supplier should work to make the necessary changes so as to be able to deliver the level of service required;
- **Step 6.** Obtain a measure for internal customer satisfaction. Feedback should be given to internal suppliers if services are to be improved.

However, the 6th step, measurement of internal customer satisfaction can be discussed. It is very often in large service organization, employees usually have the characters of both internal customer and internal service supplier. The service quality should be measured from both perspectives of internal customers and providers.

Furthermore, these 6 steps approach is designed by Reynoso and Moores (1995) to create an internal service philosophy and internal service process in terms of preventing service failures. However, it is impossible for human beings to create and deliver defect free services. It is necessary to implement
the procedure for external service recovery to internal service recovery as well. As the result,
Step 7. Internal service recovery

should be added as the last step. At the last stage, internal service failures should be detected and recovered by management or other support departments. The restructured procedure of building an internal customer – oriented service management is shown in the Figure 2.

3.3.1. Step 1: Creation of internal awareness

Auty & Long (1999) found in their studies that it was the first time for the majority of the participants of their research to realize that they were working in an internal customer – supplier relationship. The management should create an internal service philosophy throughout the organization by offering proper training to all their employees participated in the service chains. The participants can use the blueprint as the tool to get the panorama of the service chain and all interactions. So it would be easy for them to get the position of themselves and recognize their internal service suppliers as well as their internal customers. Only if the employees are aware of the corporate internal service policy, then they would be able to understand the expectations
of their internal customers correctly and delivery high quality internal services to their internal customers continuously.

3.3.2. Step 2: Identification of internal customers and suppliers

Ratcliffe-Smith and Brooks (1993) suggest that the concept of next operation as customer (NOAC) can help employees simply to find out their internal customers. In order to describe more complex internal service relationship networks in large companies, internal service blueprint technique is suggested by a large number of authors (Eiglier & Langeard 1987; George & Gibson 1991; Shostack 1984) to analyze the internal service interactions within the organization, in order to identify all the internal customers and internal service suppliers on the service chain. The internal service chains in some large organizations can be very long and combined with several complicated interactions between different suppliers and internal customers. Schneider and Bowen (1985) argued that it is very important to remove complexity from the blueprints of internal service chains. It means that only the main stable internal service chains and frequent interactions should be shown on the internal service blueprints. Those unusual or ad hoc services, for instance one time purchase of office materials, may not be displayed on the internal service blueprints. An analysis of a complete and simplified internal service blueprint will be helpful for management to make internal service strategy and for the employees to identify their internal service suppliers and internal service customers.

3.3.3. Step 3: Identification of the internal customers' expectations

After identifying the internal service chain and internal customer – supplier relationships, the internal service suppliers have now to identify and try to refill the needs of their internal service customers. Though (external) customer focus strategy can be implemented as the basic to build internal service chains, many authors (Gremler et al. 1994; Reynoso & Moores 1995; Piercy 1996; Verdermerwe & Gilbert 1991) stated that there are big differences between the expectations of internal and external customers. As a result, those differences could make the internal service supplier do not fully understand what kind of service they should delivery to their next stage internal service customers. Sometimes, those understanding differences even could lead to misunderstandings. This would damage the effectiveness of a service delivery system, decrease the satisfaction of the internal service customer and finally decrease the satisfaction of the external customers. However, what the internal
service suppliers can learn from the relation of external and internal customers is that the expectations and needs of the external customers are quite often also the expectations and needs of their internal customers, because some of the internal customers, for instance front desk or hotline center, are playing the role of transferring the expectation necessary of organization external customers to the internal service suppliers.

Furthermore, internal service supplier department should notice the change of the expectation and needs of their internal service customers, since the increase expectations and needs of the external customers are changing all the time, these changes will directly influence the requirements of the internal service customers, even influence the whole internal service chain. As the result, monitoring the changes of the requirements of the internal customers is the good way to meet the needs and expectations of the internal customers exactly and keep delivering high quality internal services in order to improve the satisfaction of their internal customers.

3.3.4. Step 4: Communication of expectations to internal suppliers

Internal Communication plays a very important role in the internal service delivery. In order to minimize service failures and remove obstacles, internal customers should be more active in the action of internal communication. It also offers a possibility for improvement.

Since only the internal customers know exactly what they really need, they should communicate their needs and expectation to their internal service suppliers. Listening and communicating are both important for the internal customer and internal service provider to know each other and to understand each other’s capabilities and expectations. One the other hand, a proper and effective internal communication system can avoid the situation that the internal service provider overfills the requirements of their internal customer. As the result, internal service process will be more effective and reduce some of operating costs.

Department manager meetings are the most common method for the departmental communication. However, a large number of internal communications just stay at the manager level. The mangers are engaged in communication of internal service supplier department and internal service receiver department. During the allocation of the work, misunderstanding or obstacle will happen, because the manager sometime does not fully understand
what kind of internal service his or her employees want to receive and what kind of product his or her employees can provide. In a word, the internal communication should be implemented among the right internal customers and the related internal service supplier, all, at least part of the real internal customers and suppliers involved in the internal service chain should participate in the discussion of plans, process, and problem solutions and so on.

Furthermore, internal communication has the function of knowledge and experience exchange, it is a very important part of internal service process. The knowledge, experiences and company philosophy are mainly spread between different departments through personal contact. It makes significant sense for the new employees involved in the internal service chain. The new member will join in the process and understand the philosophy through different types of internal communication, e.g. E-mails, telephone, meetings, or direct personal contact to the employees of the other departments.

3.3.5. Step 5: Process changes to deliver the service level required

According to the characteristics of internal customers, unlike external customer, internal customer does not have the possibility to choose the services received from their internal service supplier. Instead of “capturing” internal customers, internal service suppliers should be more active to think about the improvement of internal services. Internal service provider should be ready to adjust the internal services all the time. Based on the communication with their internal customers, a quick reaction of necessary changes to internal service chain will help their internal customer department to keep satisfying their external customers (as well as their internal customers) continuously. It is very important to notice that both parties of this service encounter should be involved in the decision making process in order to avoid missing the goal of meeting internal customers’ requirements. A wrong change will directly or indirectly lead to inefficiency and damage the satisfaction of external customers.

3.3.6. Step 6: Measurement of internal service quality

Internal service quality dimensions

The measurement of service quality is mainly focusing on meeting and exceeding the expectations of external customer. This method can also be implemented to evaluate the service quality internally. A variety of authors
have done research on identifying service quality dimensions which can be used to measure service quality. Among those researchers, Parasuraman et al., (1985) identified ten original criteria based on the research on different types of services. Though SERVQUAL has been very critical, it has been very widely used as the instrument for the measurement of service quality. There a lot of variant from SERVQUAL have been developed by many researchers and marketers to apply to measure different services.

Zeithaml et al. (1990) argued that with appropriate adaptation of SERVQUAL, company is able to clarify the quality of the internal services delivered between departments and divisions.

Based on the finding of Zeithaml et al. (1990) and Reynoso & Moores (1995) stated that it is possible to use the transferability of SERVQUAL as the approach of measuring internal service quality. In a study of the internal service in a four star hotel, Reynoso & Moores (1995) identified nine internal service quality dimensions which are different from the ten in SEVRQUAL. According to the specific services in hotels, new internal services dimensions have been identified to measure the internal services received by the departments, for instance, waiter, kitchen, reception and room cleaners.

The use of SERVQUAL has been also proposed by Lings & Brooks (1998) who argued that the service transferred from internal service providers to internal customers can be measured by the appropriate adoption of SERVQUAL. They also suggested using SERVQUAL to test the effectiveness of internal marketing. Compare to the original ten dimensions of SERVQUAL, they replaced “tangible” and “Security” with “proactive decision making”, and “attention to detail” which were considered as more meaningful to internal customer than the original two. In the later work, Brooks et al. proposed “leadership” as one internal service quality dimension.
The comparison of those service quality dimensions is shown in Table 3. The nine service dimensions identified by Reynoso & Moores (1995) provided a more suitable scope of the internal activities between internal customers and internal service providers within service organizations. These dimension describe the service quality that internal customer expect to receive from their internal service providers.

- Helpfulness: willing to help and play teamwork;
- Timeliness: fast and immediate response, the ability to delivery requested services in time;
- Communication: hearing carefully and delivery necessary information. The platform for information exchange. The ability to understand internal customers’ requests and keep them informed;
- Tangibles: appearance of physical facilities, equipment, document, and communication materials and personnel;
- Reliability: ability to provide the promised internal services;
- Professionalism: technical skills, knowledge and experiences required to provide internal services;
- Confidentiality: ability to handle confidential information.
- Preparedness: be ready to provide information, knowledge and materials.
- Consideration: can be trusted. To be honesty to internal customer.

**Combination of internal service quality dimensions**

Quality of a product comprises a number of dimensions which represent different functions and characters of the product. Different people, regarding different expectations, will choose different combinations with priorities of quality dimensions to give an overall assessment about the products. For example, to judge the quality of a pair of shoe, tangible and intangible dimensions (functions, price, brand, material, design and use life and so on) will be chosen by different customers. From the perspective of basketball player, the quality dimensions will probably contain: (1) function (to play basketball); (2) material (reduce body damage); (3) use life (use very often) as the most important elements, he maybe pay less attentions to other dimensions like brand and design. The same shoes may have different meaning for a student. He will probably more care about design and brand in term of fashion. Price is also an important element, since student is normally not rich. As the result, if a pair of shoes which is well – designed, has a famous logo, and is sold at lower price, will be considered as a high quality product and then satisfied that student.

This method applies to building the combination of internal service quality dimensions which internal customers care about. These nine dimensions can be divided into three groups: (1) most important; (2) more important; (3) important.

![Figure 3: Grouping of internal service quality dimensions](image-url)
After prioritizing the internal quality dimensions, management can then measure the internal service by comparing to standardized services or through employee questionnaire. In order to get an overview of the internal service, management can put the graded quality dimensions into the figure 4. The quality dimensions with high relevance are on the right side. The internal quality dimensions with low relevance are on the left side.

![Diagram of internal service quality](image)

**Figure 4: Overview of internal service quality from IT department**

### 3.3.7. Step 7: Internal service recovery

Service recovery is defined as the action what organizations need to do to satisfy dissatisfied customers, when service failure happens. As human beings, it is impossible to deliver failure free services. Reichheld & Sasser (1990) stated that service firms have to make service recovery plans to correct service failure and strive for “zero defections” of customers. Some authors (e.g. Hart et al. 1990) stated that a successful service recovery can even let the customer, who complained about a service failure, more satisfied than if they had received right services. This view was also supported by Reichheld (1996) who argued that customer retention through effective service recovery can lead to significant profit.

Bowen and Johnston (1999) argued that management has the responsibility to internal service recovery, because management has designed the production process of service (for both employees and customers), the system of service delivery, and put the employee into the workplace. Employees, for example front-line, are quite often in charge of recovering the service failures made
by other departmental units or inefficient service production process. All these internal service failures can let employees dissatisfied, feel helpless and frustrated. It will then damage the performance of those employees and finally create dissatisfied external customers. In order to let employees to feel that they are well supported and trusted, internal service recovery must be implemented by management. So that employees will come out of the service failure more quickly and concentrate on their future work. In addition, the employees will become more loyal to the company. Internal service also provides a possibility to redesign and improve service production system in terms of, for instance, increasing the efficiency and decreasing operating costs.

According to 700 critical incidents analysis, Bitner et al. (1990) suggested that four key elements should be taken into account for a successful external service recovery: acknowledgement, explanation, apology and compensation. Kelley et al. (1993) and Jonston (1995) and Bosshoff (1997) stated that to offset the negative reaction of customers, provision of discounts, replacement and refund, management intervention and response are also necessary activities of a service recovery.

Concerning the differences between internal and external customers, four reactions should be taken into account for an effective internal service recovery:

1. **Response**: recognition of service failures; fast response of management and related employees
2. **Communication**: analyze the reason of service failure; hearing from the internal customer’s advice on solution; finding a solution by management and all employees involved.
3. **Restructure**: remove the defects; redesign the process; pay attention to the possible negative effect of the failure.
4. **Motivation**: reward the employee who makes contribution to the improvement.

## 4. Internal quality management system

### 4.1. Definitions of quality

The concept of quality was first introduced and developed by Japanese companies in 1970s. The concept of quality contains two aspects: on one hand, the quality should be created to meet the needs and expectations of the customers. One the other hand, the companies can benefit from the quality of products as well. The managers also believed that the costs of quality defects, related to changes, scrapings, revisions and delays were significant, as was the cost of keeping large safety stocks (Bergman & Klefsjö 2003). So, quality
control played a very important role in making successful strategies to reduce these costs.

The concept of quality changed over time. There are variety of definitions come from the understanding of its use and meaning. The international definition given by ISO 9000:2000 defines quality as “the degree to which a set of inherent characteristics fulfils the requirements, i.e. needs or expectations that are stated, generally implied or obligatory”.

However, in nowadays business world, there is no single accepted concept of quality, because it highly depends on the different understandings of different corporations and organizations. Principally, quality of products and services can be measured and defined by five approaches: transcendent, product based, user based, manufacturing based and value based (Garvin 1988). The modern definition of quality of products and services are mostly based on the expectation and experience of both internal and external customers. It is the same as the basic idea of the customer-oriented strategy which focuses on building and maintaining good relationship with external customers and providing comfortable working environment to internal customers. As a result, the products and services with the highest quality will fully and best satisfy the users which consist of both internal and external customers.

Bergman & Klefsjö (2003), in their book Quality from Customer Needs to Customer Satisfaction, define the concept of quality as follow:

\[(...) \text{Quality means to satisfy, and preferably exceed, the needs and expectations of customers.}\]

This concept contains two separate elements. The first one element shows that the most important and also the basic factor of the products and service should be defect-free. The other one mentioned that customers’ needs and expectations should be fulfilled. Their idea shows specially that the quality should be enhanced by adding values to the products and services in order to satisfy the customers so that the companies would be able to create competitive advantages. If the company can manage the increasing bargaining power of customers, the company would be more competitive than its competitors. That means more satisfied and loyal customers lead to more profits for the company.
4.2. Service Quality vs. Product Quality

In general, service quality and product quality, on one hand, help companies lowering costs through decreasing scraps and deficiencies in services and products. On the other hand, high quality of products and services can also help the companies to gain competitiveness through the excellent reputation, attraction and loyalty of customers.

Compare to product quality, it is usually very difficult to define, measure, and control service quality. Traditionally, service quality has been defined as the difference between customer expectations of services to be received and perceptions of the service actually received (Grönroos 1984). Hence, the service quality is the most part related to the process of delivering services and products. The quality of delivering a service or a product is becoming more and more necessary to the survival and growth of a company. However, concerning the increasing strong bargain power of customers, especially the external customers, providing a continuous high service quality is becoming more and more difficult. In the service sector, the consumers expect and demand more, because they know they can get more (Michael Hammer). As a result, the controlling system of a service quality is often time less predictable and less manageable for the management. But, the importance of the service quality is as important as product quality, sometimes even more.

However, the service quality or the quality of services can only be measured by customers and spread through word of mouth. It is very dangerous and it will immediately damage the profits of the company if something is going wrong. Hence, constant improvements and controls are strongly needed in order to produce a high quality service without any defects. The best way to clarify and recognize the attractive factors of services and products to the customers is to listen to the customer and learn from customers. After totally understanding the needs and expectations of the customers, the management would be able to design appropriate strategies and processes in order to make the right improvement and efficient changes.

4.3. Relevance of Internal Service Quality for TQM

The concept of total quality management has been introduced for decades and has helped many companies to be succeeded by gaining competitive advantages through customer satisfaction. The focus of TQM is customer satisfaction which reached by the adoption of customer orientation. Nowadays,
more and more service organizations have realized that employees’ satisfaction is closely linked to customers’ satisfaction. So it is necessary to treat employees (internal service receiver) as internal customers. In this way, TQM can be applied to human resources management as well. Internal customer oriented quality management is an instrument which aims at internal customer satisfaction through design, develop and delivery quality internal services to internal customers.

4.4. Phases of internal quality management system

According to DIN ISO 8402, the internal service quality management system can be built up by four phases (Bruhn 1999): internal quality planning; internal quality control; internal quality measurement; and internal quality statement. (Figure 3)

![Diagram of four phases of internal quality management system](image)

**Figure 5: Four phases of internal quality management system. Bruhn (1999), p. 568**

4.4.1. **Internal quality planning:**

Employee – focused strategy should be adopted as the basic management philosophy. Employees’ needs and expectations should be considered as the starting – point. The internal service quality plan should comprise a series of performance standards through benchmarking. In order to support right and standardized services, employees should be involved in the service plan...
making phase through external customers’ and employee’s questionnaires. Hilb (1992) suggested that internal quality planning should be integrated into the overall company operating plan.

Simulation of internal quality planning

Place: Check-in process at airport

Involved departments: Internal customer (IC) – checking service counter (front-line staff);

Internal service provider (IP) – Information desk; Central database; Facility maintenance; Security; Baggage handler.

Goal: Make service quality management plan of providing quality internal services to check-in service counters.

Data collection: Employee questionnaire of check-in service counters satisfaction and personal interview, manager-employee talk.

Methodology: To find internal service problems by using Satisfaction-Relevance analysis.

Quality dimensions: the nine internal service quality dimensions defined by Reysono (1995).

Step 1. Grouping internal service dimensions

In order to identify the expectations of internal customer more clearly, the check-in service counter can be grouped into internal service quality dimensions by each internal service provider. (Table 5.)
Step 2. Grading and prioritizing internal services

The measurement of each group can be used by organizational management to evaluate the internal service quality and internal customer satisfaction in order to improve the working environment for all employees as well as the services quality for external customers. Internal employee questionnaire is the most used approach to how internal customers are satisfied. The table 6 shows the priorities of check-in counters’ expectations and the measurement of internal services received by check-in counters:
### Table 6: Quality dimension Prioritizing and grading

<table>
<thead>
<tr>
<th>IP ser. Dimensions</th>
<th>Information desk</th>
<th>Central database</th>
<th>Facility maintenance</th>
<th>Security</th>
<th>Baggage handler</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helpfulness</td>
<td>A4*</td>
<td>B4</td>
<td>B3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeliness</td>
<td></td>
<td>B3</td>
<td>A5</td>
<td>A2</td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>A4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangibles</td>
<td></td>
<td>C4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability</td>
<td>C4</td>
<td></td>
<td></td>
<td>B4</td>
<td></td>
</tr>
<tr>
<td>Professionalism</td>
<td>C5</td>
<td>A4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confidentiality</td>
<td></td>
<td>D4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preparedness</td>
<td>B5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consideration</td>
<td>C5</td>
<td>4.24</td>
<td>D3</td>
<td>C4</td>
<td></td>
</tr>
<tr>
<td>Average Score**</td>
<td>4.67</td>
<td>4.24</td>
<td>3.50</td>
<td>4.00</td>
<td>3.33</td>
</tr>
</tbody>
</table>

** Average scores are simply calculated, ignore the average weighted index.

Step 3. Allocating service dimensions into satisfaction/importance – matrix

The table above shows that the internal services can be measured from two aspects, on the one hand, the level of internal customer satisfaction; on the other hand, the priorities of dimensions that internal customers concern. In this step, the internal service dimensions with grades and priorities can be allocated into satisfaction/importance – matrix. (Figure 5). Since Baggage handlers got the lowest score, it will be taken as an example.
Step 4. Analyzing and making decisions

From the result of the simulation, baggage handlers need an urgent improvement on timeliness, because it got a score A2 which means the most important for check-in counter, but check-in counter is dissatisfied with this internal services. Therefore, management should make appropriate plans to improve “timeliness” of baggage handlers in terms of meeting the needs and expectations of its internal customers, check-in counter.

4.4.2. Internal quality control:

Stauss (1995) stated that the goal of internal quality control is a personnel direction which helps service organizations to obtain, develop and retain high motivated customer – conscious employees within the organizations. Management plays a very important role in controlling of service quality. Krüger (1994) argued that management should have the function which embodies a standard of perfection. Manager – employees supports the possibility for the management to delivery the concept of standardized services, and to know about the needs and requirements of his employees. And then necessary training program should be supported to equip employees with knowledge and abilities to performance high quality. A successful control system should be supported by effective information exchange and internal communication system. Bruhn (1999) also suggested that internal quality competition between departments will be helpful to the reach standardized
service quality and improve service quality levels. It makes sense especially for large multinational companies.

4.4.3. Internal quality measurement:

The measurement and examination of internal service quality is one component of the whole personal controlling (Wunderer, 1993). The measurement should contain two elements. On one hand, management has to measure the outcome from the recent applied operation process, and analyze the quality and compare it to standards; on the other hand, management should seek service quality improvement possibilities (Momberger, 1995).

It makes sense, to measure the internal service quality from both perspectives of internal customer and provider. Bruhn (1999) suggested the following instruments to measure the internal service quality from perspectives of internal customers and providers separately (Figure 6).

![Diagram of Instrument for measurement of internal service quality](image)

**Figure 7: Overview of instruments for measurement of internal service quality.**

Bruhn (1999), p. 555
Tools of internal service quality measurement from the perspective of internal service providers

Overall self-assessment is overall estimation about the internal service quality based on the own experiences and opinions. This approach can be used to describe an image of delivered service quality quickly. Benchmarking, expert analysis, quality statistics and cost analysis are based on objective evidences and standards. These approaches support the internal service providers the opportunities to be able to evaluate internal quality based on the professional suggestions from unrelated third parties. Fishbone analysis, failure mode and effects analysis (FMEA) and SWOT methods are used to analysis the weakness and strength from the subjective point of view. Fishbone diagram can be used to analyze the reasons of the service defectss. FMEA will help to predict the occurrence possibility of internal service failure and its effect on the service quality.

Tools of internal service quality measurement from the perspective of internal customers

Like internal service supplier, internal customer can make a quick subjective judgment about the service quality in terms of their own feelings. The feedback of internal satisfaction is usually collected through internal customer questionnaire which shows whether internal customers are satisfied or not. Benchmarking states the standardized services which should receive from internal service suppliers. So internal customer can use this “objective” evidence to evaluate the internal services they have received. Internal customer can use problem detecting method to list internal service failures with priority, so that urgent service defect can be removed at first. Critical incidents technical helps to understand internal service encounters and to recognize internal satisfaction and dissatisfaction. Frequency and relevance analysis for problem (FRAP) is a necessary tool to analyze effects of problems. The problem with high frequency and relevance must be solved immediately. The feedback (internal and external questionnaires) from employee and customers shows if needs and expectations are met. Bruhn (2003) introduced the concept of internal service barometers as tool to measure the internal service quality. He argued that high quality services are prerequisite of internal customer satisfaction and internal customer retention.

The selection of the instruments mentioned above should be based on following characteristics: quality relevance, completeness, actuality, clearness, replaceable, validness, and cost (Bruhn 1999)
4.4.4. Internal quality statement

The statements about the accomplished internal services can be represented to all employees through quality statistic, certifications and so on (Bruhn 1999). It is necessary to show the internal customers and internal service providers that the expected internal services have been reached. The quality of internal services is better than the internal customers thought. Moreover, quality management handbook with very detail explanations can be used to describe, design and monitor the service production process. Some certification organizations, for example, ISO and TÜV, help organization to create high quality services by supporting solutions and monitoring service production process. At last, they will give the organizations which reached the international standards, such as ISO9001:2008 (Quality Management System), a certification which can help organizations to add value to their products delivered to both external and internal customers.

5. Study limitation and suggestions for further research

Firstly, the findings of this study are mainly based on the previously literatures. The lack of practical data (e.g. questionnaire or personal interviews) limits the accuracy of the selection of quality dimensions. It is kind of “subjective”. So, it is meaningful to explore and exam different internal quality dimensions based on “objective” data in practice. Regarding different employees, departments and organizations, it makes sense to involve intercultural elements. If take the backgrounds of country culture, corporate culture and personalities into account, internal quality dimensions may probably be defined in different ways.

Secondly, this study focuses on exploring the internal quality management in service organization. If to examine the models and measurement tools introduced in this study in manufacture organizations, it would be possible to find shortages and improvement possibility of the instrument of internal quality management system.

At last, since the external customer satisfaction has been researched and investigated for many years, the statistic database is relative large and complete. As more and more attentions have been paid to internal service quality, more and more researches have been done, so there would be possible to find the

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1 TÜV (Technischer Überwachungs – Verein) is a German technical inspection association works on validate the safety of all kind of products. It provides organizations with international standardized processes and solutions to problems.
interrelationship of external and internal customer satisfaction through mathematic and statistical methods.

6. Conclusion

The main purpose of this study is to help service organizations to establish an internal service management philosophy that employee should be treated as internal customer within the organization. Internal customer satisfaction should be the central goal of the internal service management. On the other hand, this study illustrates how to establish internal service quality management system which enables service organizations to manage internal service encounters.

This finding also helps management and employees to understand each other’s needs and expectations. Based on better understanding of internal service relationship, it would be possible to improve internal satisfaction within service production process. It suggests that management should constantly work on exploring appropriate service quality dimension combinations which can influence the satisfaction of different employees, in order to delivery quality internal services in all service production process.

To sum up, customer-focused service organizations should beginning with satisfying its employees with quality internal services. Then employees will pay back by doing the same thing to external customers. Satisfied customers mean success and profitability to the service organization. At last, service organizations will be able to gain competitive advantages for long-term survival and growth.
References


Review, 11 (4).

