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Citation: Khan, Hina and Matlay, Harry (2009) Implementing service excellence in higher education. *Education + Training*, 51 (8/9). pp. 769-780. ISSN 0040-0912

Published by: Emerald

URL: <http://dx.doi.org/10.1108/00400910911005299>  
<<http://dx.doi.org/10.1108/00400910911005299>>

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# Implementing service excellence in higher education

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## Abstract

**Purpose** – The purpose of this paper is to provide a critical analysis of the importance of service excellence in higher education.

**Design/methodology/approach** – The research upon which this paper is based employed a phenomenological approach. This method was selected for its focus on respondent perceptions and experiences. Both structured and semi-structured interviews were conducted to collect relevant data on service excellence. The focus of the research study was on achieving and implementing service excellence in higher education. Findings are analysed and results are grounded in relevant theories and the principle of service excellence.

**Findings** – Preliminary results suggest that implementing service excellence establishes a direct link between a workforce and successful competitive strategies. In order to compete efficiently and effectively in their niche market, higher education institutions need to implement service excellence to ensure both internal and external customer satisfaction. A strong institutional culture that values internal customers can help achieve a motivated workforce, loyalty, high performance, innovation and a distinctive institutional competitive advantage.

**Research limitations/implications** – The qualitative data collected for this study reflect respondent perceptions and opinions. Individuals perceive and experience things differently. Although the service excellence approach is applicable to service organisations, its transferability to other sectors might affect its validity.

**Originality/value** – The paper investigates how service excellence is achieved in industry and how it could be applied to promote competitive advantage in higher education.

**Keywords** Service levels, Higher education, Customer satisfaction, Competitive advantage, Quality concepts

**Paper type** Research paper

## Introduction

The provision of excellent services is central to the competitive strategies of most, if not all, service organisations. Particularly, issues related to service quality in higher education have led to an increased awareness of the significance of internal customer satisfaction. This article evaluates the importance of internal marketing to achieving and implementing service excellence within higher education. The challenges and benefits of service excellence are highlighted as previous research has shown that student' and other stakeholders' expectations are growing and that they increasingly demanding better returns for their investment in higher education. As a result, service

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The authors would like to thank Katie Hedley for her assistance with the data collection.

excellence is becoming a major component of higher education institutes' (HEIs') drive to achieve and maintain sustainable competitive advantage.

As service excellence is an integral part in higher education delivery, various employees come into contact with a range of internal and external stakeholders and are directly responsible for the provision of quality services provided to their students (Matlay, 2009). In order to deliver the best service and to gain competitive advantage, HEIs are striving to recruit, train and develop highly motivated and committed employees. In this paper, we highlight gaps in the specialist literature with regard to the implementation of service excellence in higher education. We investigate how service excellence is achieved in industry and the ways that it could be applied to promote competitive advantage in higher education.

### **Literature review**

In their seminal article, Lovelock and Wirtz (2007, p. 10) define services as "... deed or performance", that are "... ephemeral – transitional and perishable". Early research on this topic can be traced back to the 1970s when Grönroos (1978) suggested a 7Ps approach to service marketing. His research challenges the outdated marketing mix concept and the author claims that it is only partially applicable to service industries. Grönroos (1978, p. 600) argued that "... service is shaped by consumers" and that corporate image is seen as "... important in the eyes of those in service firms". According to Mitchell (2005), having a unique service related point of difference is not enough to gain sustainable competitive advantage. Instead, businesses should endeavour to discover what customers really want and satisfy their needs more effectively than their competitors. Sharma and Patterson (1999, p. 154) posited that service quality comprises of two fundamental components – "technical quality (the core service or 'what' is delivered) and functional quality (or 'how' the service is delivered)". According to Berry (1981, p. 26), service excellence could be improved by "... viewing employees as internal customers and viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organisation".

The concept of "internal marketing" was first proposed as a possible solution to the challenge of delivering consistently high service quality during the 1980s (Ahmed and Rafiq, 2003). Internal marketing is a business philosophy, which insists that management should develop, encourage, understand and value their employees (Berry and Parasuraman, 1999). More recently, Varey and Lewis (2000, p. 176) argued that internal marketing is about "attracting, developing, motivating and retaining qualified employees through jobs that satisfy their needs". Ahmed and Rafiq (2003), however, point out that, despite the increasing popularity of this topic and the rapidly growing literature on internal marketing, only a few organisations actually apply these concepts to their workforce. The authors add that the number and range of available activities and definitions has led to considerable difficulties in the implementation and adoption of relevant theories and concepts. Organisations should recognise that internal customers' needs must be met before a firm can successfully satisfy external stakeholder needs. In the case of HEIs, the needs of internal stakeholders are particularly important as their students are both stakeholders and their main customers (Matlay and Carey, 2007; Matlay, 2008). It is suggested that internally, service excellence can be improved by HEIs adopting a proactive and responsive attitude and by management reviewing and updating job descriptions (Wisner and Stanley, 1999). In addition, HEIs can invest in the



training and development of their employees for better communication and interpersonal skills (Blois and Grönroos, 2000).

Thus, to deliver excellent services to customers requires focussed and effective organisational and institutional processes. Insufficient and unsuitable processes could make it difficult for employees to perform their jobs efficiently as well as contribute to poor labour productivity. This can also bring an increased likelihood of complaints relating to poor quality services being delivered to external customers (Lovell and Wirtz, 2007). Therefore, an institution or organisation needs to get its training and development programme aligned to strategies and goals, so that front-line staff can pass on their enthusiasm to internal as well as external customers. This is also likely to have a positive effect on the performance and image of an organisation or institution. If, however, quality is missing in service provision, there is a higher risk of customer dissatisfaction and alienation in the short term, and/or loss of competitive advantage in the long term (see Reed and Vakola, 2006).

Recent research has highlighted that customer satisfaction is the most efficient and, at the same time, least expensive way of communicating with clients within target markets (Kanji, 2007). Customers can, and often do, provide feedback as an expression of their satisfaction or dissatisfaction with products and services. As a direct result, more individuals become aware of quality services and convert into long term and loyal customers (Turnois, 2004; Dubrovski, 2001). For many service industries, however, the quality of services delivered to new and established customers is closely related to the performance of employees working within them. In order to achieve greater customer satisfaction, HEIs as well as service organisations must manage and develop their employees as their most important resource (Turnois, 2004; Kanji, 2007). This is particularly true in higher education where employees need specialist skills to deliver a wide range of face-to-face services (Matlay, 2005, 2006). Importantly, in HEIs, employees act as both stakeholders and deliverers of services directly to customers who are mostly present on the premises and can provide feedback on a range of interrelated actions (Matlay, 2009). It is of great importance, therefore, that such employees are efficiently managed and that their skills are utilised effectively as they are the key resource in achieving greater customer satisfaction in this type of institution.

In order to operate strategically, institutions and organisation must be committed to provide quality oriented leadership, personnel practices and dedicated resources – all of which are required to address those people related issues that are perceived to drive the process of service quality. Most researchers agree that highly motivated and contented employees take pride in their job and deliver outstanding service (see Kanji, 2007; Longnecker and Scazzero, 2000). Human resource processes represent mechanisms by which employees' talents can be harnessed, optimised and developed in order that they could deliver job specific outcomes to high quality targets. In addition, designated human resource processes can also ensure quality and continuity of service by reducing or minimising employee turnover (see Alexandrov *et al.*, 2007; Dany *et al.*, 2008). Moreover, continuous performance and service improvements can be achieved not only by adopting appropriate human resource processes, but also by involving employees in various self-development strategies and related training programmes (Oakland, 2001; Martone, 2003). In this context, Gilthorpe (2006) suggests nine key areas that are imperative to implementing service excellence programmes: recruitment, induction, training, customer care, support, reward, recognition, customer feedback and regular job description revisions. In his

experience, a holistic approach involving all these steps would deliver enhanced quality for both internal and external stakeholders.

Many organisations prepared to pay enhanced remuneration in order to attract high calibre employees, yet staff turnover can remain high (Reed and Vakola, 2006). While the authors indicate that pay packages can play an important part in providing employee satisfaction, this aspect is not the only factor to influence retention of highly skilled and motivated personnel. Staff can also be motivated by employers and/or managers showing an appreciation for their contribution and making them feel valued in their jobs. Research suggests that positive indicators of a service quality culture include commitment of resources, availability of programmes aimed to improve overall quality, rewards for staff who place service above efficiency, the existence of performance goals and formal systems for setting quality targets (Reed and Vakola, 2006; Ballyantyne, 2000; Chaston, 1994). Interestingly, Evans and Lindsay (2005, p. 100) found that remuneration is not a quality motivator and claim that "... external rewards are a way out for managers who do not understand how to manage intrinsic motivation". Gilbert (2000) posits that providing excellent services to internal customers is a key factor in sustaining external customer satisfaction, loyalty and custom retention as well as long-term financial success.

According to Nixon (1998, p. 4), for organisations to flourish, "... they need to engage the intelligence, creativity and energy of the whole workforce". Similarly, Wheeler (2006) stated that firms with a strong organisational culture experienced increased staff retention and high levels of employee satisfaction and commitment. King and Ehrhard (1997, p. 139) argued that "... employees will pull together and become empowered for the common good and purpose in strong cohesive organisations where the attractiveness of culture bonds members tightly". In this context, Nixon (1998) points out that management needs to recognise and value internal customers at all levels and throughout the organisation in order to inspire and motivate the workforce. Much of this research could also be applicable to HEIs where both internal and external customers come face-to-face and spend time together on the premises.

The importance of teamwork for quality services is discussed by a number of authors. For instance, Pfeffer (1998) suggests that team based organisations are more successful as most employees in the firm feel accountable, responsible and pull together to achieve goals, and not just a few individuals in senior management positions. Additionally, employing the best individuals to perform quality services is essential in service marketing, as recruiting the wrong type of employee often results in poor service delivery, which in turn results in dissatisfied or unhappy external customers (Berry and Parasuraman, 1999; Varey and Lewis, 2000). Similarly, Swart and Duncan (2005) argue that corporate success will not depend exclusively on productivity and growth (both of which are important factors) but also on the careful application of reactive and proactive managerial processes that ensure that employees are well trained and performing to their best abilities. From the perspective of stakeholder involvement in HEIs, Matlay (2009) found that a range of reactive and proactive managerial processes could significantly enhance the quality of services rendered to both internal and external customers.

### **Research methodology**

Although the literature on the management of service quality is vast, empirically rigorous data on service excellence in higher education are limited. Furthermore, there



is a notable gap in the specialist literature on how the creation of value for clients in higher education can facilitate employee commitment, loyalty and retention as well as internal customer satisfaction. The authors investigate how service excellence is achieved in industry and the ways that it could be effectively applied in HEIs. According to Parasuraman *et al.* (1985), intangible aspects of service quality can be best investigated through the use of in-depth qualitative research methods. In view of the elusive nature of service quality, a phenomenological approach was selected in order to evaluate individual perceptions and experiences.

According to Saunders *et al.* (1997), interviews can be conducted in a number of ways and be based on structured, semi-structured and/or unstructured questionnaires. A combination of both structured and semi-structured interviews has been used for the purpose of this research study. In total, 30 internal customers were invited, via e-mail, to participate in the study and were given advance notice of the structured questions to be pursued in interviews. An unstructured approach was used to interview nine members of senior management from three participating organisations. The questionnaires were accompanied by a covering letter detailing the purpose of the study and instructions for their completion.

The sampling technique for this research generated a cross diagonal sample of employees chosen from each organisation. This technique facilitates the selection of respondents in accordance with the positions that they hold in an organisation (see Jankowicz, 2005). This approach was chosen in order to provide a wealth of data on service excellence, collected from management and staff at various levels of the hierarchal structure.

## **Research findings and discussion**

In this section, the results of the research involving senior management and internal customer interviews are discussed. Because of issues of confidentiality, the names of respondents and their organisations were kept anonymous.

### *Employee attitudes*

The respondents who contributed to this study appear to be committed to the principles of service excellence. Overall consensus from both management and other staff indicated a collective team approach to quality service delivery and an understanding of the need to exceed "external customer" expectations. At all times, respondents described themselves as 'internal customers'. Results suggested that management and employee ideas associated with service excellence were interpreted on similar bases. Most of the internal customers admitted, however, that external customers were seen as more important, although management were beginning to understand the importance of service excellence delivered to internal customers. Most respondents believed that, in their organisations, employees genuinely cared for one another and worked together with the same goal in mind. They felt valued and enjoyed their jobs and this had a positive effect on external client service delivery.

Overall respondent consensus implied that service excellence was associated with motivation and the value of teamwork, as well as an ability to differentiate between high levels of external and internal services. Research results indicate that service excellence meant that, being part of an environment where individuals are motivated, developed, valued and contented, ensured delivery of a better service to all clients, both internal and external. This supports Swart and Duncan's (2005, p. 487) research which

found that to consistently deliver “high quality services in a profitable manner requires an organisation to attain, sustain, and enhance the overall level of service excellence”. This suggests that service quality is achieved by continually providing satisfaction of customer requirements through utilising the efforts of everybody in an organisation. These findings also support Swart and Duncan’s (2005, p. 497) claim that the efforts of employees within an organisation need to be better understood and valued. Respondents stated that service excellence involved a motivated and valued team and being able to provide an excellent service to all clients. Thus, from management’ and employees’ perspectives, service quality involved a positive attitude towards work and in return clients perceived this as an “excellent quality service”.

#### *Service excellence and internal marketing*

Emergent results portray a favourable respondent perception towards the concept of treating employees as internal customers. This supports Kanji’s (2007, p. 5) claim that:

[...] for most companies today, the people are the company, it is therefore obvious that an organisation must use and manage the most important resource in order to achieve customer satisfaction.

This is particularly important for HEIs, where members of staff possess specialist skills and are responsible for managing and marketing the “institutional brand”. Respondents stated that organisations need to train and develop their front-line staff so that they impress their customers with enthusiasm and commitment and achieve a positive outcome in relation to the quality of services rendered. These findings are in line with Reed and Vakola’s (2006) views that service excellence is about looking after the well being of staff members, training them and ensuring that they are contented and committed to look after clients to the best of their abilities.

Although respondents established the link to internal customers playing a key role as part of service excellence, it appears that external customers remained more important in terms of quality provision. In this context, most respondents’ agreed that all employees in an organisation need to deliver quality services, in particular to their external clients. Respondents claimed that service excellence is about going beyond customers’ expectations and leaving them with the feeling that they are valued as clients. Their views appear to contradict Swart and Duncan’s (2005) claims that the concept of internal customer satisfaction detracts an organisation from catering to the needs of “real customers”.

The general feeling amongst respondents was that service excellence starts with caring for the employees of an organisation. In their opinion, contented employees made satisfied customers and in this aspect, internal customers were at least as important as external clients. This suggests that in order to satisfy customers, organisations need to appreciate and value their employees and ensure that their needs are also satisfied. This has important implication for HEIs who are competing to achieve higher rankings and greater student satisfaction. It is therefore increasingly important for management to carry out staff satisfaction surveys and enhance their internal customers’ satisfaction levels.

The findings also emphasise that service excellence should not be referred to as “an approach” or “programme”, but as a “continuous journey” to deliver high quality services. In all cases, respondents confirmed that most staff members have been made aware that service excellence is an ongoing or continuous journey and that they should not call it a “programme” as this would infer that it could eventually come to an end or



be completed. They suggest that service excellence should be perceived as a “way of life” and that this aspect would evolve and continue to improve.

#### *Measuring service excellence*

How to measure service excellence was a difficult question for most respondents to answer. A number of respondents mentioned that service excellence measurement was included in the appraisal system of employees at all levels of organisational structure. It was reviewed in their appraisal system, where objectives were set, based around service excellence, and performance was rewarded. Interestingly, some respondents provided detailed responses that showed a keen interest in this aspect of organisational and employee development. This may be due to such organisations having implemented service excellence for a longer period of time. It should be noted that the organisations surveyed were at different implementation stages of their service excellence plans and respondents felt that, in order to accurately measure service excellence, they would need to refer to internal records and employee opinion surveys as well as surveys of external clients. The respondents also mentioned their personal values as a means of sustaining and improving service excellence at their workplace.

#### *Implementing service excellence and incorporating internal customer services*

The specialist literature suggests that organisations that really care about their service quality tend to benefit from positive internal cultures that naturally lead to service excellence. Each respondent in this research study mentioned communication at one level or another. It was found that clear and direct communication between and amongst various groups of employees was key to reinforce the quality service message, to share best practice and to disseminate success stories. Respondents suggested that good and clear communication was important and stated that they provided regular updates about their firms’ performance and objectives. They suggested that organisational intranets were useful and promoted good communication within the firm. Some organisations promoted regular feature such as “Values in Action” and “Job Done” in internal newsletters which kept employees informed on a variety of work and people related issues. The formation of “service excellence manager” or similar roles was considered helpful and committee members relaying and implementing innovative ideas on a regular basis tended to keep quality of service fresh in the mind of employees. Even though these practices are present in HEIs, emphases on internal customers’ achievement appear to be both limited and limiting. The concept of “high levels of communication” within organisations is emphasised by Wisner and Stanley (1999) who identified this as an important quality issue. They argued that those organisations that provided higher levels of internal customer service tended to communicate more effectively with their employees.

When questioned, respondents stated that there was a great deal of communication between various teams across the organisation. They interacted with service excellence teams to share ideas, suggestions and experiences. Team members felt that their contributions were valued, and this aspect was considered both important and encouraging. It emerges that employees were interested in what was going on and keen to contribute innovative ideas and suggestions. They saw their ideas and suggestions turned into actions and business related improvements, all of which contributed to the moral and motivation of the workforce. This concept of sharing success and empowering employees concurs with Nixon’s (1998) findings. He argued that internal customers at all levels of an organisation needed to see for themselves that what they say or do is



recognised by management and that their ideas and suggestions contributed to a culture of service excellence. These results also supports Chaston's (1994) claim that a positive service culture can only be achieved by providing programmes to improve quality through rewarding staff who performed well and sharing cases of best practice across an organisation. These represent major challenges for those HEIs which lack institution wide internal communication and reward systems.

#### *Recruitment*

Issues relating to recruitment were mentioned by most respondents at management level. Recruitment of quality staff was an important aspect of implementing service excellence in all the organisations that participated in the research study. Respondents stated that, as managers, they ensured that future employees understood from the outset that they were joining a "great organisation" which aimed to recruit individuals with a "can-do attitude". The findings also suggested that as the organisation was growing and developing, it became even more important to recruit the "right people" for the "right jobs". This enforced the fact that service excellence can enhance job satisfaction and reduce the labour turnover in organisations that practiced workforce training and development. These findings support Pfeffer's (1998) and Gilthorpe's (2006) models of "people performance" whereby recruitment leads, amongst other things, to improved overall performance.

Respondents suggested that they had seen a reduction in labour turnover, absence levels had declined and new client introductions increased. Results also indicated that employees were loyal and committed to organisational goals which, in turn, reflected a motivated workforce that was dedicated to continuous quality improvement and service excellence. Respondents also agreed that on the recruitment side, service excellence plays an important part. They were able to recruit higher calibre of staff and as a result become well respected and known service providers. Thus, service excellence was perceived as means to attract and retain quality employees. Evidence provided by the results of this research suggests that the service excellence approach concurs with the idea that labour turnover and related recruitment and training costs can be reduced considerably in the medium- and long-term (see Martone, 2003).

#### *Service excellence as facilitator of sustainable competitive advantage*

The majority of respondents agreed that service excellence can contribute to attracting new business and retaining valued customers and therefore, to the development of a successful organisation. Respondents stated that attracting business through service excellence also contributed to the long-term viability and profitability of their organisations. Furthermore, feedback from staff, clients and customers was positive and this suggested that the service excellence approach was "a winning factor" which contributed considerably to their organisations' competitive advantage. Respondents also asserted that their organisations' service excellence approach was noticed in the marketplace and afforded them an edge over their competitors. As a result they had a lot of repeat business based on their excellent service and clients recommend them to others. This supports Gilthorpe (2006, p. 32) claim that "service excellence can provide the link between a motivated workforce and a successful organisation".

Respondents agreed that customers, who spoke highly of the quality of service they received from their organisations, not only ensured repeat business, but also recommended them to new customers. Therefore, in terms of new clients and prospects, service excellence is a key differentiator that ensures sustainable

competitive advantage in a highly competitive and increasingly internationalised marketplace. The respondents' views supports the literature which suggested that people-based strategies can lead to increased organisational performance (Gilthorpe, 2006; Martone, 2003; Oakland, 2001). This could also apply to HEIs where ranking and "word-of-mouth" can play an important role in ensuring a continuous flow of well-educated and motivated students.

### **Implications and challenges to higher education**

The results emerging from this research study suggest that implementing service excellence is becoming increasingly important in the drive to compete effectively and to achieve sustainable competitive advantage. In this context, service excellence processes are the way by which the skills and capacity of employees can be fully utilised to achieve higher quality standards in organisational as well as institutional environments. In order to achieve service excellence in higher education, the key intervention areas suggested by Gilthorpe (2006) should be addressed, including recruitment, induction, training, caring, support, reward, recognition, listening to customers and management spending time making processes more interesting. Research suggests that these processes could be adopted in HEIs by involving most, if not all, employees within an institution (Oakland, 2001). Furthermore, the findings suggest that service excellence empowers individuals to take initiative, values their contribution and encourages teamwork. As a direct result, employees become more motivated and committed to the provision of quality services. The results of this research also support Kanji's (2007) suggestion that service excellence should be embedded in the specific organisational or institutional culture. Service excellence processes should be seen as an ongoing journey and not as a programme, as this would imply that it could finish or come to an end.

HEIs are promoting the benefits of leadership to both their students and to members of their staff. The focus in higher education is shifting continuously and universities are increasingly seeking good leaders who can guide and/or implement change, encourage collaboration and teamwork and act as coaches when the need arises. It is increasingly perceived that service excellence can enhance staff performance and motivation as well as encourage innovative approaches. Service excellence in HEIs could represent a winning formula but there are barriers and bureaucratic system to overcome. Such barriers make it difficult to achieve organisational objectives and implement change quickly and effectively. The results highlight that the recruitment and retention of skilled personnel represents a vital component of institutional success. The lack of qualified/specialised staff and insufficient resources are great concerns in HEIs, as these often result in heavy workloads and staff being forced to deliver services for which they are not skilled or experienced. Moreover, universities are struggling to recruit trained and appropriately qualified or experienced staff. For instance, there is a shortage of experienced and qualified accountants and economists to teach these important disciplines in higher education.

The main reason for such shortages appears to be the persistence of low wages and poor reward system in academia. As a result, universities are now resorting to train existing employees in these areas in order to meet the growing demand. The lack of adequate financial rewards in higher education is one of the major issues that affect the recruitment and retention of suitably qualified and experienced staff. The skill gap is widening and this is becoming a real challenge in this important sector of the UK



economy. Nevertheless, given the right circumstances and proactive leadership, employees in HEIs are likely to work towards, and become empowered by, the common goals of institutions, but only when the work culture bonds them together (King and Ehrhard, 1997; Ahmed and Rafiq, 2003).

This research shows that employees in organisations felt valued when working as members of a team and were motivated by sharing best practices, success stories and their contribution was not only recognised but also suitably rewarded. In HEIs, however, academics tend to work mostly on their own and when they encounter difficulties or barriers, they tend to cope the best they can. While there is a focus on achieving higher student satisfaction, little attention appears to be paid to staff satisfaction and related motivational issues. For instance, annual surveys are carried out in HEIs to measure student/customer satisfaction and how services could be improved or tailored to their needs. In contrast, however, surveys to measure staff/academic satisfaction are relatively rare. Furthermore, motivation plays a key role in encouraging and facilitating creativity and innovation. Arguably, if members of staff feel valued and recognised, through participation in service excellence, they would strive to achieve better standards and deliver higher quality services – leading to increased performance and productivity. The authors suggest that service excellence could become part of the HEI environment, where employees are motivated, developed and valued. This approach would encourage innovation, commitment and motivation and result in superior internal and external customer satisfaction as well as lead to sustainable competitive advantage in participating HEIs.

### **Conclusion**

Implementing service excellence is becoming increasingly important in a variety of competitive environments. The dynamics of improving both internal and external customers' satisfaction are becoming progressively more complex. Even though there are considerable challenges involved in delivering high quality services, there has been a gradual shift towards achieving internal customer satisfaction in HEIs. Universities in the UK are promoting service excellence and encouraging collaboration but the relative lack of a performance-related reward system remains a major barrier to attracting and retaining highly skilled and experienced employees. It is suggested that the involvement of management and staff in implementing service excellence in HEIs could increase staff motivation and retention. Having a strong organisational culture can encourage workplace solidarity. Better communication, increased levels of sharing, rewarding and valuing internal customers could facilitate high performance, innovation and greater customer satisfaction, all of which would help HEIs gain and maintain a distinctive and sustainable competitive advantage.

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