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IMPROVING THE QUALITY MANAGEMENT OF A SERVICE COMPANY

– case: Kotimaailma Suomi Oy



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The service industry is currently the biggest employment provider in Finland and economically speaking also contributes the most, when comparing the turnover of the fields of primary production, secondary processing and services. The service sector in Finland is growing, thus all service oriented companies are facing more competitive pressure. Increasing awareness towards service quality as an advantage has emerged.

Manufacturing oriented companies have long over time executed quality control and have a notable amount of tools to utilize in their quality management actions. Service companies have tried to imitate the means, but due to the differences in many levels of business, service oriented companies have to take a different approach to assure quality.

This research concentrates on finding the suitable assets for service companies from theories based on manufacturing oriented companies' quality management and systems. The few theories related to service quality are examined, as well as theories and systems associated with quality management approach. The goal for the research is to inspect the current state of quality management in the case company, and suggest improvements based on the findings from the theories.

The literature data is collected from works of known experts in the field both from Finland and abroad. The case study is based on the information gathered by and in the case company, Kotimaailma Suomi Oy.

The results show the current state of quality management in the quite young case company to be in the bullpen, but the company being aware and interested in developing their quality management system. As a result, a quality manual is written based on the theories and case study findings.

KEYWORDS:

service quality, quality management, quality systems, quality manual

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PALVELUYRITYKSEN LAATUJOHTAMISEN PARANTAMINEN

Palvelutoimiala on tällä hetkellä suurin työllistäjä Suomessa, ja kotimaan taloutta ajatellen myös myötävaikuttaa eniten, kun verrataan kolmea alaa, alkutuotantoa, jalostusta sekä palvelutoimialaa. Suurin osa palvelualasta on kasvavaa, ja palveluyritykset kokevat lisääntyvää kilpailua. Muun muassa tämän vuoksi laadun merkitys kilpailuetuna on saavuttanut lisää tietoisuutta, ja esimerkiksi laatujohtaminen nähdään kiinnostavana teoriana.

Tuotantotoimialan yritykset ovat pitkään harjoittaneet laadunvalvontaa, ja niillä onkin monenlaisia työkaluja laatujohtamisen apuna. Jotkin palvelualojen yritykset ovat suoraan pyrkineet imitoimaan näitä työkaluja, niiden kuitenkin täydellisesti sopimatta tarkoitukseen. Palveluiden erilaisuuden vuoksi yritysten täytyy harkita toisenlaista lähestymistapaa laadun parantamiseen, valvontaa ja laatujohtamiseen.

Tämä tutkimus keskittyy löytämään palveluyrityksille sopivat menetelmät käyden läpi tuotantotoimialoille kehitettyjä teorioita ja työkaluja laadunvalvontaan ja laatujohtamiseen. Harvat palveluyrityksille suunnatut laatuteoriat tutkitaan, sekä tarkastellaan laatujohtamisen näkökulmia. Tutkimuksen tavoite on selvittää palveluyritys Kotimaailma Suomi Oy:n nykyisen laadun ja laatujohtamisen tila, ja pyrkiä löytämään sopivat keinot parantaa sitä tutkimustulosten perusteella.

Kirjallinen tieto on kerätty alan tunnettujen toimijoiden teoksista, käyttäen sekä suomalaisia, että ulkomaisia lähteitä. Tutkimusyrityksen tiedot perustuvat yrityksen ja yrityksestä kerättyihin tietoihin.

Tutkimuksen tulokset osoittavat, että nuoren tarkasteltavan yrityksen, Kotimaailma Oy:n, laatujohtaminen on vielä lähtökuopissaan, mutta yrityksen johdon olevan tietoinen ja kiinnostunut kehittämään järjestelmää. Teorioiden ja tutkimuksen tuloksiin perustuen yritykselle on rakennettu laatukäsikirja avustamaan laatuun liittyvissä toimissa.

ASIASANAT:

palvelun laatu, laatujohtaminen, laatujärjestelmät, laatukäsikirja

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LIST OF ABBREVIATIONS (OR) SYMBOLS

QA	Quality Assurance
QC	Quality Control
SME	Small and Medium Sized Enterprise
TQM	Total Quality Management
WWII	The Second World War

1 INTRODUCTION

1.1 Purpose of the Study

The purpose of the thesis is to conduct research about quality and its management, specifically in the service industry, and with the help of the gained knowledge then prepare a quality or process manual to the case company's office in Helsinki.

The study seeks to provide answers to the research questions;

- 1) How is quality managed in Kotimaailma at the moment, and is it working well?
- 2) What can or should Kotimaailma do to assure quality in their processes of customer service?
- 3) What should a quality/process manual include for the case company?

1.2 Structure and Objectives of the Thesis

The objectives of the thesis are to be useful and to provide knowledge in order to be able to establish a well-working quality manual. The best scenario would be a result in form of a quality manual used in the case company office, leading to improved quality in their processes and more content customers.

After the short introductions of the thesis and the case company in the first chapter, in chapter 2 I will go through the quality definitions in terms of service businesses and investigate more about the quality from a theoretical view. The basic concept of service characters is presented, and the dimensions of service quality are introduced. The importance and relation of the dimensions in the customers' quality evaluation process are discussed, as well as basic quality measurement. Grönroos' Model of Service Quality is held as a basis for other approaches towards service quality.

After introducing the quality concepts I proceed to the management perspective in Chapter 3. I begin with opening up the development of the quality management theories, and explain the fundamental parts of the quality management approach. For the first two of the most advanced theories are examined more deeply, secondly the quality system and its contents are observed and thirdly other related matters are scrutinized.

In Chapter 4 I will discuss the research methods used in the thesis and analyze the sources for the collected information. I will also describe the functional part of the thesis; the writing of the manual.

Chapter 5 will introduce the readers to the case company and their quality management situation. I will analyze the case company's processes with the information and theories obtained in the previous chapters of quality and quality management. The results of the analysis will be the foundation for the quality manual, jointly with information gathered from the employees of the case company.

Chapter 6 will be about analyzing the outcomes from the literature and the case company situation comparison, and the results of the quality manual construction. In the conclusion I will inspect whether the research questions have been answered and the purpose of the thesis filled.

1.3 Case Company Description in Short

The case company is Kotimaailma Suomi Oy, an SME operating in the field of providing accommodation in fully equipped apartments. The headquarters are located in Turku, and other offices operate in Helsinki, Oulu and Tampere. Kotimaailma currently operates with 34 apartments in Helsinki, 18 in Oulu, 29 in Tampere and 21 in Turku. (Kotimaailma, 2013).

Kotimaailma has some form of quality control, but struggles with the phase of improvement. A quality manual or an operation handbook would help solve the problem and assist the training of interns or new workers.

A part of the quality manual can also be made public, and be shown to for example customers or associate partners to let them know about Kotimaailma's quality program. Having written statements that both parties can rely on helps them to work to solve problems and know what to expect from the company, or what the company expects from others. This will help build trust and good relationships, which in turn is an asset in the competition. (Dale, 1999, 11).

1.4 Industry Description in Short

The service industry is the biggest employment provider in Finland, and forms the major part of the different companies in Finland. Economically speaking it also contributes the most, when comparing the turnover of the fields of primary production, secondary processing and services. Based on the figures of 2011, 62 % of all companies in Finland are in the field of services, they employ 61 % of the personnel, and their turnover contributes to 54 % of the total turnover of Finnish companies. The service industry has also faced the most growth; during last 5 years there are 6,5 % more companies in the field, compared to the average of 2 % in the other two fields. (SVT, 2012).

More in detail, the performance of the accommodation field can be measured by overnight stays in hotels and other accommodation providers' premises. During November 2012 the sector faced a growth in the overnight stay –figure by 2,1 % compared to November 2011 (SVT, 2013).

From 2006 to 2009 the number of offices in the field have increased slowly from 1 898 to 1 993 (SVT, 2012), thus the degree of quality of the services will become even a more important competitive advantage, when properly exploited. Therefore Kotimaailma Suomi Oy can benefit from having a Quality System as well as a Quality Manual.

2 QUALITY

2.1 Quality - Nowadays a Norm in Business Operations

In the beginning of the use of word “quality” in business environment it simply meant that a product was conforming and faultless. Nowadays it is much more; the term quality implies notions of management and performing as well as continuous improvement. Quality is seen to arise from the inside of the company and its all operations and processes; it’s a company culture.

During time some experts in the field have described quality as follows:

- Conformance to requirements (Crosby, 1979)
- Sometimes the expectations even have to be exceeded. The customer should be delighted (Kano, 1984)
- Quality in a product or service is not what the supplier puts in. It is what the customer gets out and is willing to pay for (Drucker, 1985)
- Fit for use or purpose (Juran, 1988)
- The quality of a product (article or service) is its ability to satisfy the needs and expectations of the customer (Bergman, 1994)
- The totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs (ISO9000:2000).

The modern theories view quality from four different perspectives; *conformance*, *performance*, *customer quality* and *system quality*. (Tuominen et. Lillrank, 2000, 19). It seems clear that the elements have evolved from the previous descriptions to form concise definitions.

Currently customers assume that the product or service they are buying has quality to some extent - manufacturing companies make promises of quality by giving guarantees of conformance for a decided time, and nonconforming products will be replaced. Services can be rated with for example stars or other scales to show the quality offered to customers.

Formerly the traditional manufacturing quality control models stated that the quality measurements were performed by a separate unit by checking the goods. In modern quality management this view is outdated, and specifically in the service industry the course of thought is now to take proactive means to assure quality, and that everyone is responsible for it. (Grönroos, 2007). The service quality and quality management will therefore be discussed and analyzed more deeply in the following chapters, them being important aspects of the term of quality. The concept of quality in this study refers to the modern thinking of quality.

2.2 Service Quality

2.2.1 Service Characters

To be able to define quality in services, one must first study the characteristics of a service, since service characters differ in many ways from a plain product a customer purchases. A service is a process consisting of an activity or a set of activities (Grönroos, 2007, 52), and most of the main characteristics – intangibility, inseparability, heterogeneity and perishability (Dale, 1999, 181; Bergman and Klefsjö, 1994; Grönroos, 2007, 53) – follow from the process nature (Grönroos, 2007, 54).

For the first, most services are characteristically *intangible*; there is little or no physical evidence on produced services. Therefore it may be difficult to explain and assess all the aspects of the service. (Bergman and Klefsjö, 1994; Dale, 1999, 181)

Secondly, services are *inseparable* from their context; the production and consumption of many services are simultaneous. It might not be possible to separate neither the service provider nor the customer from the actual service procedure, consequently the encounter becomes important to the quality evaluation of the total service process. (Dale, 1999, 181) It is almost impossible to test a service without buying it first (Bergman and Klefsjö, 1994).

Thirdly, service activities may be conducted in a different way by another employee, and the situations and environment of the procedure may vary, so there is a *notion of heterogeneity* in the delivery of the service. Hence use of quality standards in their conventional sense is more difficult. (Dale, 1999, 181)

For the fourth, many services cannot be transported or stored because of the perishability factor. Services are consumed at the same time as they are produced, and it is usually not easy to be prepared in the fluctuation of the market needs in the same way as businesses with storing capacity. (Bergman and Klefsjö, 1994).

2.2.2 Quality Model and Dimensions of Service Quality

A dimension of service quality is an actor that plays an important role when a customer is evaluating a service provider or a process. The dimension is a part of the total service the customer is evaluating. Dividing the complete service process to a few dimensions makes it easier to evaluate the pieces and finding for example the weak spot. There are diverse approaches to the subject, the variations depending on the different authors and inventors of the models.

Understanding how services are evaluated enables organizations to influence these evaluations and push them in the desired direction (Grönroos, 2007, 71).

One of the earliest models for service quality was invented by Grönroos (1983). It concerns the relation of the actual experienced service to the customer's expectations, and the experience is described with two dimensions, the *technical quality* – what – and the *functional quality* – how. (Bergman and Klefsjö, 1994).

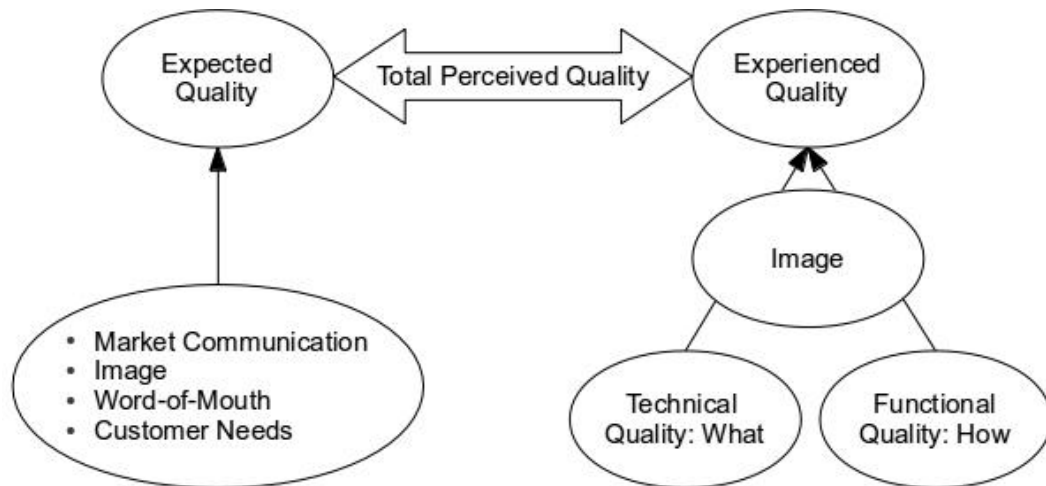


Figure 1. Grönroos' Model of Service Quality (Grönroos, 2007, p.77)

The *technical quality* corresponds the outcome of the provided service, and can include for example the food in a restaurant, a haircut at the hairdressers or the flight from Helsinki to Stockholm. The *functional quality* corresponds the way of the delivery of the outcome, for example how the waitress behaved while serving the food, how the hairdresser communicated with the customer while providing the haircut, or how the booking, check-in and in-flight services were performed. (Bergman and Klefsjö, 1994).

Edvardsson et al. (1989) introduced another modified model of Grönroos' by adding two dimensions, the *integrative quality* and the *outcome quality*. The other two are otherwise the same, but this time technical quality also includes the skills of the service provider and the design of the service system. The new integrative dimension describes the service system as a whole; the way the different parts of the system work together, for example in a hotel the reservation inquiry, the actual reservation, the room delivery and payment process. The outcome quality reports whether the actual service meets the standards, specifications or the needs and expectations of the customer. (Dale, 1999, 186).

Parasuraman et al. (1985) approached the service quality determinant -idea with ten dimensions, most of them related to the *how*-aspect of the process. The ten are tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding and access. After further analy-

sis and testing by Parasuraman et al. (1988), the determinants were reduced to five, and are listed as follows:

- tangibles
- reliability
- responsiveness
- assurance
- empathy

The *tangibles* are the physical parts of the service encounter and the performance environment. These can include for example a hotel room, tools and equipment or the personnel and their clothing. *Reliability* is the consistency of performance and the punctuality and correctness of the service procedure. *Responsiveness* reflects the willingness of the service provider to help the customer. *Assurance* is about the knowledge, skills and behavior of the service provider and their contact person. It also includes credibility and safety, which describe the trustworthiness, believability and honesty of the service provider. *Empathy* portrays the ability to communicate and understand the customer, as well as the access to the services. (Bergman and Klefsjö, 1994; Dale, 1999, 186).

To the five dimensions Grönroos (1988) then added a sixth important dimension, *the recovery*. This new dimension focuses on the actions taken by the service provider after a failure in a service process or a complaint by a customer.

The dimensions are a part of how the customer judges the service received. No matter which dimensions used, as Grönroos (1983) first stated, the customer compares the relation of the actual experienced service to the customer's earlier expectations. The expectations are held and grown from for example previous encounters with the company, encounters with competitors or company's marketing and branding. All these encounters provide a building brick for the image of the company, which again influences the future expectations. (Grönroos, 2007, 73-78).

As can be seen in these different models, the *how*-part of service delivery is highly important; it has many aspects that can be measured. Therefore it can be concluded, that the skills and behavior of the employees, who meet the customers in service encounters is one of the top priorities of companies striving for good service quality. Thus quality management is an important structure, engaging the whole company from top management to interns.

2.2.3 Dimensions' Importance Rate

Performing above or below customers' expectations does not matter equally always. Different dimensions matter less when comparing the overall quality. Johnston et al. (1990) and Silverstro et al. (1990) investigated the service quality in UK, and noticed, that the dimensions can be divided in three categories based on their importance to the quality experience. They named the categories *hygiene factors*, *enhancing factors* and *dual threshold factors*. (Dale, 1999, 186-187).

The hygiene factors are the basic features a customer is expecting. Failing to deliver these causes dissatisfaction, and performing these well is just justified. Examples of this category are for example the cleanliness in a hotel room, returning phone calls and answering e-mails.

The enhancing factors are of such kind, that failing does not result in dissatisfaction, because the customer was not expecting any delivery. On the other hand performing this leads to satisfactions, since it surprises the customer with its quality enhancing attributes. For example receiving tea or coffee at the hairdressers or a hotel receptionist remembering the name of the customer are typical enhancing factors.

Dual threshold factors also have two sides; not performing well with these lead to dissatisfaction, and performing above average level will enhance the service quality and lead to customer satisfaction. For example in a delivery business not delivering the items within promised time the customer will be disappointed, but

extra fast and reliable delivery faster than promised with a smile on the face will also delight the customer.

2.2.4 Service Quality Gaps Theory

The Service Quality Gap Theory of Parasuraman et al. (1985) and Zeithaml et al. (1988) explains the Grönroos' Model of experience related to expectations with a gap. They explained that service quality is the measure of the gap between customers' expectations and the experience of the actual delivered service. According to them this gap consists of four other gaps occurred in different parts of the complete service process. The model in figure 2 explains the relations of the gaps and service process.

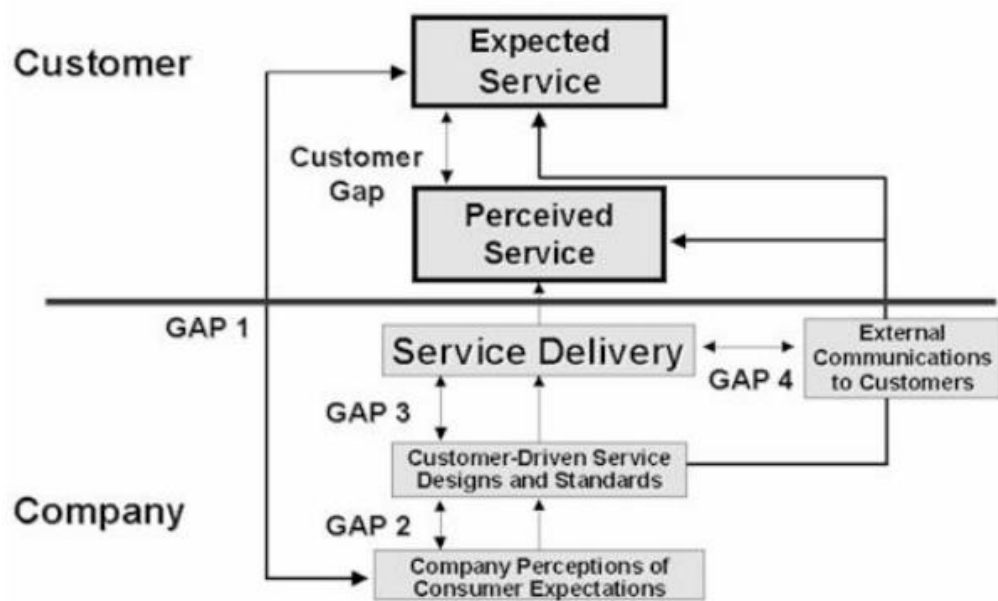


Figure 2. Gap Model of Service Quality (Parasuraman et al.1985)

The first gap happens between consumer expectations and management's perceptions of consumer expectations. If the management does not know what consumers want, the basic product offering can differ a lot from what the actual consumer is seeking. The reason for this unawareness can be for example incorrect or misinterpreted information from a market research. Another problem

can be the communication between the employees actually handling the customer and the management (Grönroos, 2007, 115).

The second gap occurs partly as a result from the first gap; the specifications for the design and standards for quality are not consistent with the manager's perceptions of quality. If the first gap is significant, even if the designs for quality are consistent, the standards set by the manager might be wrong. There may also exist mistakes in planning, a lack of resources, organizational stiffness or absence in the management commitment to service quality culture, which lead to the gap according to Grönroos (2007, 116) explanation.

The third gap takes place in the actual service process, between service quality specifications and actual service delivery. This gap comes about because of variations in the performance of employees, who are either not able or not willing to act upon the desired level. The roots for this problem are many and Grönroos (2007, 116-118) tells that they usually are either management and supervision, employee perceptions of the task specification or lack of technological or operational support.

The fourth and last gap relates also to the actual service process, being compared to the external communications about the service. This is relevant, since it describes how the actual service differs from the marketed process. The advertisements and promotions of the company should not promise more than can be delivered, nor present inadequate information. (Grönroos, 2007, 118)

As can be seen, a huge part of the gaps are resulting from inadequate management performance, and relate to the company's own structure and culture. Therefore a well-functioning Quality Management provides correction methods to these gaps, after they first have been identified.

2.2.5 Service Encounters – the Moments of Truth

Albrecht and Zemke (1985) and Czepiel et al. (1985) introduced the concept of service encounters, which are the critical moments of truth; any direct interac-

tion between a service provider and customers. The encounters may take varying forms, for example via telephone, through electronic or paper mail, or in a face-to-face situation with an employee. (Dale, 1999, 183-184).

Service encounters matter a lot for the customer; the quality of the encounter is an important element when rating the overall impression and quality of the total service and the company providing the service (Dale, 1999, 184). If the service encounters are not taken well care of, the customer perceived service quality will face damage (Grönroos, 2007, 81-82).

All the value the total service brings to the customer is not produced only in the service encounters, but according to Grönroos (2007, 81), from the customer's point of view, whatever happens, the encounters *always* matter. Therefore it is very important for a company to manage the encounters by providing adequate support to the employees interacting with customers. For example managerial support, investments in technology and well working administrative systems help the employee to keep up the level of quality in the encounters. (Grönroos, 2007, 122).

2.3 Measuring Service Quality

As mentioned before, service quality is difficult to assess due to some of the service characters, and the fact, that the perceived quality happens as a rule in the mind of the customer, and different customers have diverse starting points. Nevertheless, there are some tools that can be used when measuring the service quality. Needless to say, all the tools require the cooperation of the customer.

Measurement tools are generally divided into quantitative or qualitative based on the technique used in the research. For example in quantitative research the matter is investigated through mathematical, statistical or computational techniques. In qualitative research the issues are addressed with interviews, discussions or observations. Based on this division, it can be stated that for example customer surveys are of quantitative measurement, since the goal is to collect

plenty of data to be generated to statistical figures. Face-to-face discussions with the customers then give qualitative data to be handled in the company.

Talking and listening to the customer is always the principal method in order to understand their real needs, expectations and experiences, therefore direct contact should be preferred (Dale, 1999, 189). This is even more important if a failure has happened and the customer needs to be compensated and satisfied (Grönroos, 2007, 125).

The employee that is in contact with the customer in the encounter and is part of service performance has to control and manage the quality while the service is performed or delivered. Normally the momentary quality cannot be controlled by anyone else, and a supervisor cannot be present in every encounter. The quality can of course be checked after the service process for example with a survey, but a failure can then already have slipped through with bad results. (Grönroos, 2007, 125-134).

Parasuraman et al. (1988) designed a questionnaire to measure service quality, the *SERVQUAL*, which measures and compares the customers' expectations and perceptions of the delivered service. It is a 22-item scale, where the customer first assesses the level of their expectation regarding some aspect of the service, and later the experience of the delivered service at the same scale, usually being a five-point from strongly agree to strongly disagree or similar. (Dale, 1999, 184-185)

The company can then read and compare the both questionnaires, how they performed in certain areas of service delivery, and recognize the spots that are working well and those that need more attention in order to improve the quality. Preparing for the future mistakes not to happen and improving the quality of service dimensions before the customer is in contact with them is an aspect of quality management.

There are however some problems with this kind of measurement, since measuring expectations after the actual experience, as often is done, the experience will have biased the original expectations. The expectations may alter and

evolve during the actual service process, and therefore it might be useless to measure the expectations in some cases. (Grönroos, 2007, 87-88). Instead there has been created another model, *SERVPERF* (Cronin and Taylor, 1992), which is similar, but uses approach to measure customers experience only. (Grönroos, 2007, 88).

3 QUALITY MANAGEMENT

3.1 The Evolution of Quality Management

Quality management is the aspect of the overall management function that determines and implements the quality policy (Shere, 2009).

Solving quality problems after they have occurred is not usually an effective or economical way of behavior, and will not lead to improvements in the long run, because the origin of the problem might not be found. Therefore the management processes for quality thinking have evolved and developed from the first type of quality management, *Inspection*, to the newest *Total Quality Management*. (Dale, 1999, 3-9).

In the *Inspection*-system one or more characteristics of a product are measured, examined or tested in order to see whether they reach the specific requirements or performance standards. The actions are after-the-event screening process with no prevention methods other than finding the source of non-conformance. The corrective actions taken are to put the products through the line again to be fixed, or thrown away. (Dale, 1999, 4-5).

Executing the improved system, *Quality Control*, indicate more sophisticated paperwork and detection methods for the company. The defects are still identified quite late in the process, but the system involves a quality manual, recording process data and constructing statistics as well as applying basic quality planning depending on the results. (Dale, 1999, 5-6).

The remarkable change towards the quality management came from shifting from QC to *Quality Assurance*. Companies progressing from the QC stage to QA obtain new methods for quality processes. These include for example different tools for quality control, a comprehensive quality management system and advanced quality planning. The change is not all about the tools and techniques, but the development and deployment of new management styles and way of thinking for the whole organization. (Dale, 1999, 7-9). The final step so

far, *Total Quality Management*, also involves suppliers and customers. The two latter systems will be discussed in deeper analysis during next chapters.

3.2 Quality Assurance

Quality Assurance includes “all those planned and systematic actions necessary to provide adequate confidence that a product or service will satisfy given requirements for quality” (Shere, 2009). In contrast to the two earlier stages of quality management, Quality Assurance involves a planned quality system, which covers the whole organization.

The goal for Quality Assurance is that no mistakes are made, and the product or service meets its norms and standards before the customer is in touch with the service; no low quality service will happen. Therefore Quality Assurance, involving the company on the organizational level, will provide more successful means towards performance development (Dale, 1999, 7).

Quality Assurance signifies improvements already at the product or service design process. It concentrates on the sources of activities, and prevents the non-conforming products from being produced or detects them in an early phase. Quality Assurance is a proactive means to quality issues.

The main objective of Quality Assurance is to build a strong quality enhancing culture in the company throughout the whole life-cycle of the product or service, along the upstream design and planning processes. Quality Assurance should reach every employee in the organization by management initiative. The QA should provide guidance and advice on the assignments of roles and responsibilities each actor plays in the company. The objective is that every person in the organization takes personal responsibility of the quality of his or her process. (Dale, 1999, 9)

Quality Assurance includes for example the following:

- treating following processes as customers
- pursuing to transfer conforming products, services or documents to them

- monitoring quality performance
- analyzing non-conformance data
- taking short- and long term actions to prevent repetition of mistakes
- forwarding and giving feedback on data

The important thing to remember is that the customer should be made satisfied, no matter the customer being internal or external.

3.3 Total Quality Management

The theory of Total Quality Management is said to be one of the most important inventions for organizations during the late 20th century. The TQM has its roots in the American manufacturing industry in the beginning of that century. The early QC practiced in component manufacturing led to several other innovations, for example mass production economy, performance measurement and cost accounting. After WWII the top notch of the development in the industries shifted to Japan, where early QC was developed towards management theories and processes. W Edwards Deming assisted the Japanese and later proceeded back to the United States, where he wrote his book "Out of the crisis" in 1982. Deming is seen as the launcher of the TQM. (Tuominen et. Lillrank, 2000, 9).

The TQM builds on five common principles;

- Quality as a competitive factor
- Customer oriented approach
- Continuous improvement
- Avoiding loss by preventive methods
- Management based on reality and facts. (Tuominen and Lillrank, 2000, 13).

In TQM the manager has a more sophisticated view to applying tools and techniques and the emphasis on people increases. Process management, improved training and personal development assist on the path. Some greater efforts to

limit wastage and non-value adding activities will help to improve the cost-effectiveness. (Dale, 1999, 9).

In view of the fact that TQM is an organization wide process, it needs a manager who is committed to lead the process and act as an example with his/her own behavior and be a role model. The manager should also have a wide understanding of Human Resource Management and Organizational Behavior.

Planning and organizing includes developing a clear long term strategy for the quality policy, which indicates the overall quality intentions and direction of the organization as regards quality (Shere, 2009). The quality system should be developed in a similar structure. The tools and techniques are many for a manufacturing company - a service based firm may use some of them.

Education, training, involvement and teamwork are all symbols for a good spirited working environment. A happy employee is more willing to serve customers and reflect on the company quality values. The employees will feel more confident with better knowledge and skills to serve the customer the right way. The working environment and organization culture should emphasize the continuous improvement, which might mean integrating the QA to all the processes and functions of the organization. Changes also require change in employees' attitudes about taking initiative, when they meet a problem or notice a situation craving improvement. (Dale, 1999, 203-214)

Measurement and feedback needs to be done continuously in order to see the improvement. The indicators measured against can be last terms' figures, market figures or customer responses. The measurement then gives the indicators to new actions plans and goals.

3.4 Quality Systems

3.4.1 Structure

A quality system's purpose is to be the foundation to well-working resources to be consulted when performing service activities, planning or auditing services. The ISO9000:2000 (Shere, 2009) defines a quality system as "the organizational structure, responsibilities, procedures, processes and resources for implementing quality management". A quality system is the database of the quality policy of a firm.

The structure of a Quality system is for example the following:

1. Company quality manual
2. Procedures manual
3. Work instructions, specifications, methods of performance and detailed methods for performing work activities (Dale, 1999, 252).

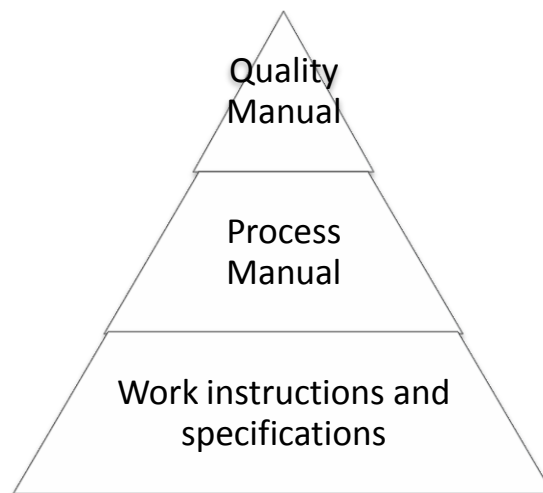


Figure 3. Quality System (reproduced from Dale, 1999, 252)

3.4.2 Quality Manual

Quality Manual is the written handbook of the company that includes a summary of the quality policy and quality systems, as well as company objectives and organization. It is a central source for information of quality control and as-

insurance, as well as roles, relationships, processes and other systems that aim to produce high quality goods or services.

There is no definite standard about how a quality manual should look like or what to contain, each company can build it up to serve their best. A quality manual should be easy to read and provide the answers the employees or customers seek in quality related questions. If applying for ISO standardization a quality manual should contain at least the quality policy, objectives, procedures and records. (Bennet, 2013a).

3.4.3 Processes and Process Manuals

Procedures consist of step-by-step actions, which have definite starting and ending points and are performed in order to perform and complete a task. Interdependent and linked procedures that use up one or more resources of the company to convert input to outputs construct a process. The outputs should carry value to the customer, no matter being internal or external. (Davenport, 1993; Johansson et al, 1993).

A process in a service company is a series of tasks that aim for a specific goal, for example booking a hotel room. The procedures the customer is involved in can be for example searching for hotels online, comparing their info on websites, sending a booking request and confirming an offer. The company provides the data, and an employee his/her time to answer and send the offer, and later accept the booking.

A process manual describes more in detail how the system works; structures for action and responsibilities of each department. It can include a written description of each process and additionally for example charts, diagrams or pictures to better perceive a complex process. It defines how a task is to be completed, in which order, by whom and later determined whether the goals are reached.

A process manual assist the company and employees to be more efficient, and it should show how the different processes are aligned with the company values and mission (Bennet, 2013b).

3.4.4 Standards

The International Organization for Standardization is a network of national standard bodies and is the world's largest developer of international standards (ISO, 2013). The ISO standard system was created to ensure that products, services, materials and processes are fit to their requirements and purpose.

The ISO documents include requirements, specifications, guidelines or characteristics that should be met in most cases in order for the product to be within the common criteria of fit to purpose (ISO, 2013). For example an A4-paper has to be of a precise measure in order to fit in different printers or fax-machines, shipping containers are of standard dimensions in order for shipping companies to be able to ship and handle them with standardized equipment, no matter which company is operating.

In business context the standards guarantee for a customer that products and services are reliable, safe and of good quality. They are strategic tools, that can reduce costs, waste and errors, as well as increase productivity. It is easier to access new international markets, because the company knows that their product is fit to purpose also there. (ISO, 2013).

For quality management there is for example standard ISO 9000, which is for quality management in general. This is one of the standards, that does not have very strict rules to follow, but certain guidance and proposals in the sub-standards for example for the requirements of a quality management system, basic concepts and language, audit execution and advice on how to make a quality management system more efficient and effective. (ISO, 2013).

It is important to note the existence of the standards, but deeper study at the level of the case company needs is not required at the moment. It is a fact to

keep in mind for the future, in case the company some time finds a need to apply for and purchase any ISO standard, therefore to already start constructing for example the documents in the required way.

There is also some critique towards standards in service business, since it is totally different from manufacturing and production. For example John Seddon, the developer of the Vanguard-system, claims that if one tries to put service in a standard it will end up as a debacle. Instead of using standards he suggests that employees should use their energy and creativity to solve problems. (Boxberg, 2013).

3.5 Quality Costs

The thinking of how the costs from quality are formed has changed a lot over years. It was perceived, that the costs were mainly the costs from keeping a department to assure quality or for example warranty costs and executing quality control actions. The new thinking aligns all the operations to be a part of the total quality, thus having a part to contribute to the costs. (Dale, 1999, 138). On the other hand it is argued that quality does not cost – a lack of quality does. Philip Crosby first stated quality to be free in 1979, and based the statement on the impression that 20 % of sales revenue is spent in doing wrong and then correcting mistakes. (Grönroos, 2007, 143)

Of course there are costs incurred in design, implementation, operation and maintenance that add their part to the total cost, also related to quality. For example in the design process the product or service has to be designed in a way that it meets the quality standards or customer expectations, and can so increase the time needed to the process. However doing it right the first time there's no need to redo.

In service companies the unnecessary costs occur from lack of quality when having to repeat tasks, correct errors or compensate the unsatisfied customer. Improving quality with different means is not increasing the quality costs, but actually reducing them. (Grönroos, 2007, 143). Improved quality should lead to

more business and increased revenue, so companies should not be afraid of costs when executing for example quality training to the employees.

3.6 Quality Improvement

One of the important objectives of a quality program is its continuous state for improvement. There is always something that can be done faster, better or less expensive, to improve the turnover or the market share of the company. The same is the condition for the quality – it can always be improved.

Quality management should not solely be considered as a project or programme, since then it might be perceived to have reached its goal at some point and forgot to continue the improvements. Quality should be held as a never ending process, and every individual in an organization should develop an understanding of one's own influence on the quality. (Grönroos, 2007, 112).

The main improvement objects can often for example be the customer orientation approach, organizing and organization culture, process development, quality tools and commitment and communication (Oakland, 1993; Boaden and Dale, 1994; Kanji and Asher; 1996 as written by Tuominen and Lillrank, 2000, 25). All these principles can be used in service businesses, since the main improvement objects are all related to the resources and performance of the company itself.

3.7 Risk Management and Resilience

The Total Quality Management -approach strives for success in the first time; products or services should meet the quality requirements before introduced to the customer so that no failures should occur. Services being of process nature, depending on many varying determinants and participants, sometimes a failure cannot be prevented. Should this happen, a company should react immediately in order to satisfy the customer. Every problematic situation for a customer is an

opportunity for the service provider to demonstrate its commitment to service (Grönroos, 2007, 125-134).

If a service failure happens, the corrective action should be performed carefully and accurately in order to satisfy the customer. Research shows that service providers are offered a second chance to make a positive quality impact on the customers even though the first service process is broken down (Boshoff and Leong, 1998). A well-managed recovery can improve the customer relationship, and it has even been claimed, that the perceived service quality in those cases can even be better than in a normal service situation (Kelley and Davis, 1994). (Grönroos, 2007, 125).

The traditional way of service recovery for example in goods-related failures was to fill a complaint which the company then would handle. The focus was on the administration and correctness of procedure, and the goal was to ensure that the company could avoid costly compensation. In a service organization this style is not a good option, because while filling the complaint and putting it through the system the service situation is already over, and the customer is dissatisfied. (Grönroos, 2007, 126).

A well handled service recovery process identifies the service failure, resolves the customer problems effectively, finds the root causes to the failure and analyses the facts in order to improve the service process as Tax and Brown (2000) defined (Grönroos, 2007, 126). Good management and empowerment applies to service recovery processes as well, since it seems that more committed employees are to the company vision and quality strategies the better they perform in a tricky service recovery situation.

It should be remembered that in many cases the customers do not bother to complain, they just leave dissatisfied and not return. The company should make the customer feel well about making a complaint, because it originally is the company's responsibility to notice a failure in the service (Grönroos, 2007, 127). A complaining customer might do a favor for the company, since after a complaint the cause of the matter can be solved.

Depending on the gravity of the failure, a customer usually expects some action of reparation to the situation. An apology is never wrong, even if the company was not the root for the problem. Sometimes a fair compensation will soothen the irritated mind, and the customer should always be treated with care. The customer should be given information about the service recovery, and it is important to keep promises and give rightful information. In some cases the customer can be given a value adding amends, even on top of the normal compensation. (Zemke, (1992) in Grönroos, 2007, 131).

4 RESEARCH METHODS

4.1 Literature Review

The author exercised qualitative research when searching for information about the quality aspects in service businesses and doing literature research about quality management and the theories included in those two topics. The research was conducted for the author to deepen her knowledge about the matters involved in the case study.

4.2 The Case Company

In the case company study part of the thesis the author has used both quantitative and qualitative techniques to acquire knowledge regarding the case company, in order to gain versatile perspectives to the construction of the functional part.

The author uses Kotimaailma's latest customer survey results and analyzes the answers related to the service encounters and their quality. This part is mostly quantitative, and gives a good overall picture about customers' thoughts about the current service quality. The figures in chapter 5 are made by the author to present the quantitative data in the surveys. The data from the survey constitutes from 47 to 50 customers, depending on the question, because some of the answerers were company representatives, who had reserved the apartment for someone else, thus not having the actual living experience in the apartment.

The qualitative techniques of research are applied for example in the interviews and discussions with the case company employees. The author's service as intern and later employment provides her a good view of the everyday tasks and quality management issues.

4.3 Functional Part

The construction of the manual leans more towards a functional thesis, and therefore all the applied research methods are combined to serve the author. The actual object for the research process was to find the right contents for the manual, and for the author to be able to construct it. The author thinks she found good results to aid her in the manual writing process.

The writing of the manual started only after the research part of the thesis was ready, to avoid unnecessary work or use of pointless data in the manual. This way the usability of the manual in the case company was maximized.

The author constructed a draft for the Helsinki office manager to read and comment on. The draft was edited along the comments. The author searched for models on other quality manuals to compare with.

4.4 Reliability, Validity and Limitations

All the written sources consulted in the research chapters are mainly secondary sources, but the author tried to find primary data as well by keeping her eyes open for scientific reports, theses or articles. The author has tried to find many different sources to support the theories in order for them to be more reliable, and for example used books from different decades to see whether the models have changed over time.

The secondary data provided the starting points for the collection and organizing of the primary data from the company. The research part taught the author the theories to be applied in practice.

The thesis research being mostly meaningful to the case company because of the functional part gives some limitations to the research, since the primary data only applies in the case company. The literature research part however could be used in other similar researches as well.

5 CASE: KOTIMAILMA SUOMI OY

5.1 Kotimailma as a Company

Kotimailma Suomi Oy operates in the accommodation field of service business and offers high quality living in the furnished apartment –section, which is very similar to other hotel-related accommodation.

The company was established in 2007 for investment actions to acquire, renovate and sell high quality apartments. Later the owners shifted the operations towards providing accommodation, because of the economic downturn showing its effects on the real-estate market. The company is a limited company still run by its establishers, a couple, Hans Ekholm and Mirja Haataja. They employ a total of 10 people, 2 of whom work in the Helsinki office.

The turnover of the company currently floats around 2 million euro a year. The headquarters are located in Turku, and other offices operate in Helsinki, Oulu and Tampere. Kotimailma currently operates with 34 apartments in Helsinki, 18 in Oulu, 29 in Tampere and 21 in Turku. (Kotimailma, 2013). The vision for Helsinki is to spread the awareness for the company and acquire more apartments to add up to no less than 50 apartments operated under the Helsinki office (Ekholm, 2013). Kotimailma does not own the apartments, but rents them from other operators on the field, furnishes them and then provides accommodation.

The customers of Kotimailma Oy consist in great part of business consumers; organizations needing accommodation for their consultants or employees from abroad. Currently the amount of private customers is increasing due to the misty times of the economic situation and increasing interest of tourists in the apartment accommodation instead of traditional hotels. Another major group of customers consist of people in need of temporary accommodation for example because of a renovation in their own home.

5.2 Kotimaailma's Service and Product Offering

The basic service Kotimaailma offers is accommodation, but because the furnished apartment –section is relatively new and different from traditional hotel-type accommodation, the author will describe the service offering more deeply.

The core service is the accommodation in a furnished apartment. The accommodation period can vary from a few days up to years, depending on the customer needs. The apartments are different in sizes, from smaller studios to bigger two-bedroom apartments, which are located in the city centres.

The furnishing includes all necessary furniture for normal living, for example beds, tables, chairs, sofas, electronic equipment, storage facilities and kitchenware. Fabrics as bedclothes, towels, curtains and cushions are also included. The furnishing and appearance of the apartment are designed to both please the eye and be comfortable. The service includes contents insurance, water and electricity and the final cleaning after the customer has departed the apartment.

Optional services include a fast internet connection, extra beds, weekly or semi-weekly cleanings and additional international channels for the television. These are not included in the basic accommodation price. If a customer wishes to do a check-in at the apartment in other times than office hours, the keys may be delivered to the airport or railway station for the customer to pick up with instructions.

The employees of Kotimaailma should always introduce the apartment, its equipment and surroundings to the customer so that the customer can use all equipment in the apartment and knows for example the location of the closest convenience store or garbage bins. This is a normal check-in process and key delivery during the opening hours of the offices, if the customer has chosen check in outside of office hours, the introduction process should be carried out the next suitable office hour time.

5.3 Analysis of the Service Encounters and Quality

5.3.1 Introduction to the Analysis

To be able to audit the quality system the author first studies the current processes of Kotimaailma, through the concept presented in chapter 2.2.5 *Service encounters – The moments of truth* of this study. The service and its processes are divided to Functional and Technical Aspects according to Grönroos' Model of Service Quality.

Related to the possible failure in the processes the author also examines the service recovery of the case company, as it was found out in the literature study (3.7 *Risk Management and Resilience*) to be of high importance in customer care and therefore affecting the service quality.

There is no previous written material of the topic, so the author writes about her experience of the company. The processes provided and discussed here are not exclusive, only the most relevant service encounters and processes are studied. The analyzed material from Kotimaailma's customer surveys are found as Appendix 3 of this study.

5.3.2 The Functional Aspects

The reservation process begins with a customer having a need for accommodation in a furnished apartment. The customer can acquire information about Kotimaailma's apartments and leave an offer request from the company's webpage or calling the reservation number. Depending on the type of the apartment needed and time of residence the responsible employee gives an offer to the customer. If the customer accepts the offer, the employee inserts the relevant data to the intranet, and gives out instructions for payment.

The agreement writing process is handled by anyone in the organization. After making a reservation the data is available in Kotimaailma's intranet, and all em-

employees can then fill the model for accommodation agreement with the customer's information. The employee handing over the keys and introducing the apartment is usually the one signing the agreement. The resident's signature is usually collected at the apartment introduction.

The customers seem to consider the reservation process being of good quality, since a notable part of the persons who answered the survey think Kotimaailma's performance was very satisfying or satisfying. In this process most dissatisfaction was caused by not being given enough information, since 8 % were dissatisfied in that.

The payment process is different when comparing organizations as customers or private consumers. If the customer is an organization with billing agreement, the resident does not have to take part in this process. The employee responsible for billing checks the customer's monthly reservations, collects all the payables and sends the invoice to the company. The process does not end before the customer has paid the bill and the employee noticed that in the monthly control.

For a private customer there are three ways to pay for the lodging, and when verifying the reservation the options are given to the customer. The first option is to pay with a credit card, and the customer is given the information on how to perform the payment on Kotimaailma's web-page. The customer may also give the credit card details to the company and they can swipe it with the machine. Then the signature is collected at the time of the introduction process. The customer can also come to the office and use the credit card there. The employees check from Luottokunta, the credit payment service provider, whether the payment is performed or not, before the process ends.

Paying with cash is also accepted, but seldom used. The customer can then come to the office to make the payment, or pay per arrival to the apartment. In this case either credit card number is to be given or a special deposit is to be paid, to ensure compensation upon check-out, if something is broken or the

customer has for example smoked in the apartment. A private customer may also pay per bill, after his credit reference has been controlled.

The check-in process includes connections to other processes, such as signing the contracts or card receipt. Many times the check-in and apartment introduction is the first time the customer is in an encounter face to face to Kotimaailma's employee.

The process begins when the customer arrives to the apartment, and is greeted welcome by the employee. Later it includes a tutorial to necessary equipment and surroundings of the apartment. The employees encourage the tenants to contact the company in any matter.

From the answers in the survey it seems that the introduction process is handled well, there are some answers about no experience, some of it might be because of the answerer is not a tenant himself, but the company contact person. Some dissatisfaction is still to be tackled by more careful introductions.

5.3.3 The Technical Aspect – Living in the Apartment

After the check-in and introduction the customer can start living in the apartment as it was his home. This is the customer's encounter with the tangibles-part of the service, which in this case is a big part to constitute to the total quality experience, since the customer is expecting to purchase high quality living in a furnished apartment.

The tangibles include the apartment itself, the furniture and the equipment there. The condition, comfortability, usability and cleanliness are the main issues related to the tangibles, and the better they are, the better the quality is perceived to be.

Kotimaailma Helsinki operates around 30 apartments, almost all in different locations, apartments being of different sizes and layouts. The age and equipment of the buildings vary as well, and some of the apartments have had for example a bathroom renovation, some still waiting for it. Some of the apart-

ments have been acquired empty, as in contrary to the ones rented with some of the owners' furniture and home ware. This brings some variance to the appearance of the tangibles.

The first thoughts of the apartment seem to be satisfactory, however compared to the other service encounters the tangibles are causing more dissatisfaction, as 12 % are not happy with the cleanliness and 14 % with the equipment. The actual size of the apartment seems to cause some minor harm to the tenants, since 6 % are displeased.

The more and longer the tenants live in the apartment, the more they are able to notice any lacks. For example the amount of cookware and dishes as well as cleaning equipment seems to be a source for disappointment. 24 % of the answerers stating dissatisfaction towards the amount of cookware is alarming, and should lead to actions on behalf of the company.

The other part causing disappointment is the quality of the equipment, and this shows to be quite a problem, since a fifth of all the answerers did not consider almost any of the different furniture or equipment to be of quality.

5.3.4 Risk Management and Resilience at Kotimaailma

Sometimes the resident faces problems with the apartment or the equipment. The employees can then hope, that the resident contacts Kotimaailma and informs about the issues, so that they actually can be fixed. The employees have in some cases noticed, that the customers are not that willing to inform about problems during the stay if not asked directly, therefore leaving the problems unsolved until the end of the accommodation, later reducing the actual quality.

For example a customer once had an employee to re-instruct the use of the television and the digi-receiver, and at the same time the visiting employee asked whether there was anything else and encouraged to contact in any matter. The customer did not contact the company, so it was assumed there were no problems later. After the accommodation the customer sent an e-mail complaining

about issues, for example that the iron was broken, the surroundings were too loud and the kitchen too dark. Had the customer contacted the company during the stay, the problems could have been fixed and the accommodation service finished with satisfied customers.

In the survey one third reported of facing some problems during the accommodation. In the field the customer could describe the problem and whether it was solved to satisfy the customer. Mainly the problems were caused by the tricky internet-connection or any equipment breaking down during the accommodation. The breakages were solved quickly, but for example for a complaint about a poor weekly cleaning the company could only note the outsourced company and ask them to perform better next time.

The case company employees should fix any minor matter reported by the customers as soon as possible, but for example fixing problems caused by bigger house ware, as refrigerators, that are usually owned by the apartment owner, can take time, as the process involves more than just the company and the employees.

5.3.5 Total Quality Perceived by Customers

As introduced in the theoretical framework in chapter 2.2.2 *Quality model and dimensions of service quality*, customers evaluate the experienced quality towards their expectations. Kotimaailma's customer survey did not include straightforward questions about whether the customer experiences matched the expectations, but by screening through the different answers, the overall happiness towards the company and the service can be evaluated, which will give an indication of the results and can be discussed in this study.

The price and quality relation seems to be dividing the customers since 56 % of the answerers consider the price being reasonable and almost a fourth disagree with this. If the customers feel like they are not getting enough quality with the amount of money spent, there is probably discrepancy between the expectations and actual experience of the service.

About four fifths have perceived the company to have fulfilled the promises about the apartments, but there still was a notable amount, 18 %, who were dissatisfied with what they actually got compared to what they were expecting. Luckily for the case company only 4 % said that they did not enjoy their stay. The customer satisfaction seems to be on a high level, as 90 % of the customers would recommend the services of Kotimaailma or return as customers.

The service quality gap theory of Parasuraman et al. (introduced in chapter 2.2.4 *Service Quality Gap Theory*) could help to investigate the reason for this dissatisfaction so that it could be tackled. As it seems, there are no notable problems with the service delivery by the employees, nor the employees working along the instructions given by the manager, the gap could then be found between the actual service and the external marketing communication; is the company promising more than it can deliver? The other possible gap in this situation could occur, if the manager has distorted perception of customer expectations.

5.4 The Current Quality Management of Kotimaailma

The company carries out some basic quality control and quality assurance by doing apartment checking while there is no tenant. There is no actual schedule for the inspections; they are carried out when there is time or the apartment happens to be empty. There are no proper records of the inspections, only some notes in case there is something to be fixed in an apartment.

The Helsinki office has just begun the process during the autumn 2012, and continues while some longer lodgings are about to reach their end. The author made new forms for the quality control during her internship to make the process faster and help the controller to remember all important aspects to be checked.

Basically the employee undertaking the quality checks goes to the apartment, and goes through all equipment and furniture in the apartment; the condition

and cleanliness as well as missing items. She then writes notes about objects to be fixed or replaced.

The cleaning of the apartments is outsourced, and the employees of Kotimaailma follow the reservation schedule in order to be able to order final cleanings or weekly cleanings. The cleaners have their schedule to follow, for example two and a half hours per a regular studio apartment, and basic information about what to do. Mainly they change the bed linen and towels, vacuum and wash the floors as well as dust the apartment. The cleaners should also inform Kotimaailma employees, in case there is something special with the apartment.

5.5 Employees View of Quality Management

Interviewing the Helsinki office manager and discussing with other Kotimaailma employees gives a view of the current situation and needs for the Quality Manual contents. The employees agree that the most notable problem with quality assurance is the lack of time – there should be more time to carry out more extensive quality control at the apartments.

“The quality control should be carried out more often, but the lack of time is a problem. Doing some quality control during the check-in and introduction is not as systematic as it should be.” (KM Oulu office manager, e-mail)

Also the lack of commitment of the apartment owners sometimes is causing problems, since sometimes the owner is not willing to replace for example a broken refrigerator or the decision making takes time, and in the meantime the company has customers waiting for support.

The Helsinki office manager reflects that the quality requirements and planning are clear, and the quality of the service encounters is very constant and high level. The only exceptions come from for example the age or condition of the apartments, but additionally notes that the perceived quality sometimes also reflects the customers' own values and customs.

The manager feels that the current quality assurance is a very important part of the service in order to create a satisfactory service. She also adds that quality assurance should be minded more, and the company is going the right way by acknowledging the matter.

She answered that there are no such problems with quality that seem to occur frequently, the problems customers usually face are minor, for example the heating in the apartment or operating the appliances in the apartment. Those problems can be fixed quite easily to satisfy the customer.

“Some of the missing equipment is because of different cultures, we cannot be prepared for all possible cultures, but act after the tenant has asked for something special to be delivered at the apartment.” (KM Oulu office manager, e-mail)

The manager feels that customers do contact the company, mostly via e-mail, but they should be more encouraged to do it and easier ways should be offered to the customers as a way of contact, so that the company would be more aware of the situation at the apartments. For example a feedback form to be left at the apartment when leaving would help.

5.6 Building the Basic Quality System for the Case Company

5.6.1 Structure of the Quality System

Going through the current status of customer satisfaction, quality management processes and employee opinions give the author good indication of what Kotimaailma Helsinki's Quality System and Management should include in order to make the work easier, faster, more relevant and actually improving the quality of the services.

As specified in chapter *3.4.1 Structure*, a Quality System is the database and resources of the quality policy of a company, and includes for example manuals, instructions and specification.

The author identifies the parts of Kotimaailma's Quality System to include

- The Quality Manual
- Apartment-check Forms
- Feedback Forms
- Customer Surveys
- Training Material
- Other Work Instructions

Later when the Quality System is revised, there may be more parts added to the structure.

5.6.2 The Quality Manual for Kotimaailma

One of the goals for this research was to construct a Quality Manual for the case company, and the author analyses both the theoretical material and the case company to decide the contents.

It is evidential, that a manual with written instructions would assist the company in its quality management, since for example as an employee stated, there is too little time for organized quality control. The company however can use interns or other students to check the apartments, and in that case a quality manual would be very important, so that the interns could perform the quality control as good as other employees.

As noted earlier in chapter 3.4.2 *Quality Manual*, the instructions of how a quality manual should be like are not that strict, as long as the goal for the manual is to improve quality, it is easy to read and provides the answers the employees are looking for.

When comparing some of the available quality manuals of Finnish accommodation companies it became clear that the visual appearance should reflect on the company's own colors and used themes for example on their web-page or other marketing material. For example Vuokatin Aateli –cottages in Lapland have their quality manual accessible on their web-page (Vuokatin Aateli, 2013), but it is very heavy on the eyes and difficult to read.

Contents

The author started the manual with company description, including the function of the manual, company values, vision and organization chart to introduce to new workers or interns. The structure of the quality system is also introduced in the beginning.

The survey results suggest strongly, that the employees know how to behave with customers, stay calm and serve with respect. As the most dissatisfaction comes from the actual apartment, the quality management processes regarding the technical service quality are described quite precisely in the manual. The included processes are:

- A light apartment check
- A close-up apartment check
- Going through the feedback
- Going through notices from cleaners
- Going through notifications from residents
- Apartment Introduction
- Check-out process.

As noted earlier, quite a part of the customers are not that happy with the quality of the furniture and the equipment, so the specifications on what kind of products are to be used would help in cases when someone has to replace an item. When furnishing an apartment the headquarters have provided the furniture and equipment, but when replacing or fixing the employees need to shop for the item in the closest store selling similar items. Therefore a chapter of quality specifications is included in the manual.

Although the theoretical study recommends having the manual, process manual and working instructions as separate units, the author estimates the case company's needs to be very basic in the beginning. Therefore the quality manual itself also includes instructions for some of the specific tasks at the company, because there are no other written sources for information that employees could use. The instructions include for example:

- Information on how to give one's working hours
- How to order a cable-tv –card for the customer
- How to order apartment cleaning
- Information of small repairs and equipment manuals
- Internet configuration at the apartments
- Key delivery outside office hours

The last part of the manual refers to updating and storing of the manual and related items. The constructed manual can be found as Appendix 2 in this study.

5.6.3 Apartment-check and Feedback -Forms

During her internship the author also redesigned and designed the apartment-check and feedback forms and improved their usage and preserving. Keeping records of the performed checks, reparations and feedback will help the employees to organize quality control more systematic.

Since customers seem to face quite a lot of problems during their stay, there should be a way of receiving more positive or negative information from the residents in order to gain knowledge about a particular apartment, to be able to prevent any problems during following accommodations. The author designed a feedback form to be given to the customer each accommodation period. The form is hopefully seen as a fast and easy way of giving feedback, and is to be left at the apartment for the employee to pick up.

The apartment checklist is used in the close-up apartment inspections and all non-conformances are marked there and later put in to the intranet, so everyone can see the information of the condition of the apartments. Later the non-conformances are fixed either by changing, fixing or bringing new items to the apartment. Sometimes extra cleaning is needed as well.

5.6.4 Other Suggestion for Quality Management

Giving better information to customers about the apartments and maybe even a hint of the classification of the apartments in relation to the others could assist the customer to have more correct expectations about the accommodation, so that perceived quality after experiencing the service would not be lower than the expectations.

Some additional information base would be of assistance in difficult situations and for example in service recovery. A check-list or similar would aid the employees to remember all important, even small or natural, phases when informing the customer about the apartments or the service process. This way there would be a line for everyone to follow in order for similar treatment for each customer, and the feeling of not being given enough information would diminish.

The approach of the Importance Rate presented in chapter 2.2.3 *Dimension's Importance Rate* can assist in deciding what parts or dimensions of the service matter most to the customer and should therefore be held as primary targets for quality improvement actions. The *hygiene factors* in Kotimaailma's case include the actual apartment, equipment and their cleanliness. In the *dual threshold factors* can be included for example the reservation process, the introduction and other additional services like the internet-connection and weekly cleanings. The *enhancing factors* are something the customer is not expecting, but when performed, cause satisfaction for the customer.

Conducting some tasks, that would count in this category, would make the customer feel cared about. The employees could for example now and then send e-mails to tenants just to ask how the accommodation is going. This would also help the customer to overcome the barrier of contacting the company in case there is some issue to be solved.

6 CONCLUSIONS

6.1 Research Results

The functional aims of this thesis were to first conduct research about quality and its management, specifically in the service industry, and secondly with the help of the gained knowledge then prepare a quality or process manual to the case company's office in Helsinki.

The goals have been reached; the theoretical study in chapters 2 *Quality* and 3 *Quality Management* has supported the analysis of the case company in chapter 5 *Case: Kotimaailma Suomi Oy* and given new perspectives or points of view for the researcher when conducting the case study and preparing the final Quality Manual for the case company.

The Quality Manual and the forms should be tested in practice before their real value for the quality management of the case company can be judged, although the office manager of Kotimaailma Helsinki was very pleased with the outcome.

The three main research questions provided in the beginning of this study have also been answered in the case study part of the research.

The first question was about the current situation of quality management in Kotimaailma. During the analysis in chapters 5.3 *Analysis of the Service Encounters and Quality*, 5.4 *The Current quality Management of Kotimaailma* and 5.5 *Employee's View of Quality Management* it could be concluded, that the phase of Kotimaailma's quality management still is in an early phase, but the company is more than willing to adopt and develop new forms in order to perform better at providing high quality services constantly.

The author bases the analysis result on the theoretical information about the Evolution of Quality Management and the different types of quality management introduced in chapter 3.1 of this study. The explanations supporting the answer are the following; there are yet no written instructions, and the related tasks are

executed differently depending on the employees' time and ability. The documentation was close to non-existent, but anyway some form of quality control was performed, for example from time to time the apartments were to be checked, and Kotimaailma is issuing a customer survey semi-yearly.

On the other hand the lack of precise documentation and a consistent quality policy is not surprising, since the company is relatively new and does not yet employ more than a handful of people; some of whom having been working almost since the beginning of the company. The employees have then formed their own style and an internal knowledge and memory of the apartments and their issues. The author should mainly keep the focus on the Helsinki office, and since the vision for Helsinki is to expand and employ additional workforce, the current situation might not be enough. However the owners have showed interest in developing a quality system, so they are concerned with the topic.

The second question was about finding the best possible means of assuring quality in the service processes. As can be stated that Kotimaailma is in the early development process in the quality management stages, trying to evolve from the Inspection-stage towards the Quality Assurance phase, the quality management theories examined in chapters 3.2 *Quality Assurance* and 3.3 *Total Quality Management* provide suitable ways to address the subject.

The company wishes obviously to guarantee a level of quality in the service before the customer enters the process and is in contact with the tangibles, so precautionary means are to be used as much as possible, and in this case it means field work at the apartments to make the tangibles as good as possible.

After analyzing the case study -part the author can also suggest for example a more consistent way of monitoring the apartment conditions, using constructed forms and a manual for everyone to access. Means of having good contacts with the tenants to gain important information about the service quality should be improved. Making sure the data is available to the persons needing it is vital.

The managers should not forget the importance of their behavior as setting an example. As revealed in chapter 3.2 and 3.3, the company culture should em-

phasis the level of service quality towards the internal customers as well. The monitoring of the performance should be continued, but in some cases qualitative information is as important for the employees to be able to analyze and tackle the possible sources of nonconformance. The data forwarding and feedback also assist everyone in learning from the past and the present, in order to perform better in the future.

The third question was about the contents of the possible quality or process manual. During the case analysis it became clear that some form of manual would assist the company and Helsinki office in many ways. As the manual should reflect the needs of the company and there are no strict rules of building one, the author reasoned the most notable lacks to be interfered with. In chapter 5.6.2 *The Quality Manual for Kotimaailma* the author states the matters to be acknowledged in the manual. The result of the functional study, *Quality Manual for Kotimaailma* can be found as the second appendix in this study.

Not forgetting the special characters of a service, the employees should be encouraged to first address the manual, but not just strictly follow it in case they are facing a special case with the customers or the apartments, creativity should be encouraged in the limits of service quality.

6.2 Implications for Future Research

Manufacturing has a long history of quality control research and a whole collection of quality monitoring and management techniques at its service (Grönroos, 2007), but the service quality management has not actually faced that much interest nor any new models recently. Too many times a service company has just adopted a model used by manufacturing companies, which may result to strict and stiff policies not allowing the important creativity of employees.

There is a wide variety of different kind of service businesses, and no doubt some of them would benefit of finding suitable quality management models or other similar advices.

In the case company future research could be highly plausible; one could for example assess the customer feedback before the quality system to feedback collected after adopting a quality system. After executing the basic quality control, the company could advance into QA or TQM, with help of research to find the best means.

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Interview questions to Helsinki Office Manager

1. Ovatko Kotimaailman laatuvaatimukset selkeät?
2. Onko laatuun kiinnitetty tarpeeksi huomiota palvelua tarjotessa?
3. Onko asuntojen ja palvelun laatu mielestäsi tasaista?
4. Mitä mieltä olet nykyisestä laadunhallinnasta?
5. Onko laadunhallinnassa joitakin erityisen vaikeita tehtäviä? Mitä?
6. Toistuuko jokin laadullinen ongelma useasti? Mikä?
7. Huomauttavatko asiakkaat laatuongelmista? Miten?
8. Mitkä ovat ongelmat, joista asiakas useimmiten ilmoittaa?
9. Voisiko laatua parantaa jollakin tavalla?

1. Do you find the quality requirements clear?
2. Has the quality been thought of when offering the service?
3. Is the quality of the service and apartments constant?
4. What do you think of the current quality control?
5. Are there any notable difficult tasks in the quality control? What?
6. Does some quality problem appear repeatedly? What?
7. Do customers tell about quality problems? How?
8. What are the problems a customer usually reports?
9. Could the quality be improved somehow?

Quality Manual for Kotimaailma Suomi Oy

The complete Quality Manual for the case company is not available for public due to confidentiality agreement with the case company.

kotimaailma
kalustettuja asuntoja

LAATUKÄSIKIRJA 1.0

SISÄLTÖ

1 LAATUKÄSIKIRJAN TARKOITUS

2 KOTIMAAILMA SUOMI OY YRITYKSENÄ

 2.2 TOIMINTA

 2.3 ARVOT

 2.4 VISIO

 2.5 ORGANISAATORAKENNE

3 LAATUJÄRJESTELMÄ

 3.1 ASIAKASTYYTYVÄISYYS – PRIORITEETTINA

 3.2 LAATUJÄRJESTELMÄN OSAT

4 PROSESSIT

 4.1 LAADUNVARMISTUS ASUNNOLLA

 4.1.1 Kevyt asuntotarkastus

 4.1.2 Tarkempi asuntotarkastus

 4.2 LÄHTÖPALAUTEIDEN KÄSITTELY

 4.3 SIISTIJÖIDEN ILMOITUKSET PUUTTEISTA

 4.4 ASIAKKAAN ILMOITTAMAT VIAT ASUMISEN AIKANA

 4.5 KOTIMAAILMAN ASUNNON LUOVUTUS

 4.6 KUN CHECK-OUT LÄHESTYY

5 LAATUVAATIMUKSET

 5.1 SIISTEYS

 5.2 KALUSTEIDEN JA TEKSTILIIEN KUNTO

 5.3 ASUNNON KUNTO JA VARUSTEET

 5.4 ERITYISTAPAUKSET JA MUUTA

6 TYÖOHJEITA

 6.1 TYÖTUNNIT JA KUITIT

 6.2 ASIAKKAALLE TILATTAVA TV-KORTTI

 6.3 SIIVOUKSEN TILAAMINEN

 6.4 KÄYTTÖOHJEET LAITTEISIIN

 6.5 PIENET KORJAUKSET

 6.6 INTERNETIN KONFFAUS

 6.7 AUTON KÄYTTÖ

 6.8 AIRPRO JA RAUTATIEASEMAN MATKAILUPALVELU

7 LAATUKÄSIKIRJAN PÄIVITYS JA SÄILYTYS

1 LAATUKÄSIKIRJAN TARKOITUS

Kotimaailma Suomi Oy Helsingin toimipisteen laatukäsikirjan tehtävä on toimia työntekijöiden apuvälineenä palvelun ja tuotteen laadun takaamisessa.

Käsikirja sisältää myös ohjeita ja opastusta jokapäiväisiin työtehtäviin, joiden avulla työntekijöitä voidaan perehdyttää tehtäviin ja tutustuttaa yrityksen toimintaperiaatteisiin.

Käsikirja selkeyttää toimintatapoja eri tilanteissa sisältäen kuvaukset eri prosesseista ja helpottaen esimerkiksi uusien työntekijöiden kouluttamista ja perehdyttämistä. Kerätyn asiakaspalautteen ja laadunseurannan perusteella voidaan toimintaa kehittää ja asiakkaiden tarpeisiin vastata entistä paremmin.



Analysis of Kotimaailma Customer Survey Fall 2012

The analysis results of the survey are not available for public due to confidentiality agreement with the case company.