Service Quality through the Lens of Chinese Cultural Values: Setting the Agenda for Future Research

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Abstract

Much has been written on the dynamics of cultural values and norms and service quality dimensions as well as the resultant implications for the customer satisfaction within the context of Western societies. Absent in this debate has been any examination of the nature and extent of the interconnection between cultural norms and service quality dimensions in the non-Western context. This paper aims to broaden the debate and examines the dominant Chinese cultural values and their impact on customer’s expectations and perceptions towards service quality in the novel context of Taiwan - with a particular focus on the hospitality (e.g. restaurant, hotels) and insurance industries. The choice of hospitality and insurance industries is in line with the recent Taiwan’s Council for Economic Planning and Development’s (CEPD) call in that both industries were considered as promotional service industries among 12 categories of services. While this study utilises an extensive survey-based quantitative methodology to collect data from the customers of the two industries (in progress), this paper only reflects briefly on the theoretical assumptions and hypotheses drawn from the available literature pertinent to both culture and service quality. Clearly, the research findings have the potential to contribute to both the theory and more importantly to the transformation of Taiwan’s economy from subsidized import-substitution in the 1950s to a more export-led developed economy in the 21st century, not least because Taiwan's future economical, social, and political development cannot take place without an informed reference to the merit of its traditional culture and social norms.
Introduction

A review of current literature pertinent to the impact of culture on service quality and its resultant implications for the customer expectations and perceptions indicate that a majority of them were conducted in the context of developed economies which share the same homogeneous backgrounds. Absent in this debate, though, has been sufficient exploration of the impact of culture on service quality in less developed or developing economies. Clearly, using specific cultural values can reflect the reality of social behaviour of a society (Reisinger and Turner 2002). As Reimann et al (2008) have pointed out, the limited of studies on culture and its implications for service quality dimensions highlights a need on the part of organisational scholars to conduct empirical research on Asian cultures which may provide different views of explaining the relationship between cultural values, service quality, and customer satisfaction.

Such lack of research is clearly evident in the context of Chinese cultural values (Hoare and Butcher 2008; Lockyer and Tsai 2004) and more specifically, as past studies suggested (see Wang et al. 2008), in service-oriented sectors such as hospitality sector and insurance – to name but a few. In doing so, this study attempts to fill this gap and generate insights and develop greater understanding of the impact of Chinese cultural values on service assessment, which is regarded as a major driver of customer satisfaction, value for money, as well as a key determinant of different behavioural outcomes.

Taiwan provides an ideal locus for such research, given that the service sector has the highest share of GDP (71.1%) in 2007 (CIA 2008), with over 50% of its population employed in the sector (CIA 2008). While this highlights the fact that the development of service industries bears
weighty importance of the economy, and frequent call for research on service quality as well as a closer investigation of the cohesion between cultural values and customer satisfaction in the context of Asian cultures, little has so far been done. So, the guiding objective in this study is to provide insights into these issues by investigating the significance of Chinese cultural values for service assessment across service categories from the consumer’s point of view, thereby offering both theoretical and empirical contributions for the research community, practicing managers and policy makers of Taiwan’s government.

This is a two-phase study: whilst the first phase makes an attempt to design the theoretical framework through explicating the implications of Chinese cultural values for service quality from the customer’s point of view, the aim of the second phase (in progress) is to empirically test the proposed framework through adopting an extensive questionnaire-based survey. This paper only reports the results of the first-phase of the study. In this paper, building on existing literature pertinent to Western-dominated cultural values and more specifically Chinese cultural norms, a conceptual framework is proposed, a range of theoretical issues is raised and a number of hypotheses is drawn.

**Research Objectives and Questions**

This overall aim of this research is to explore the relationship between Chinese cultural values and service quality dimensions and the resultant implications for the customer’s expectations and perceptions/performance of service quality. The overall aim can be broken down to encompass the following specific research objectives:

1. To investigate the impact of Chinese cultural values on the assessment of service quality from a customer perspective. In other words, the following questions can be investigated and answered: Do Chinese cultural values affect customer expectations of service quality? Which
Chinese cultural values affect the dimensions of service quality (e.g. empathy, assurance, reliability, responsiveness and tangible)? How strong would the impact of culture be for each of the dimensions?

2. To explore and examine the relationship between Chinese cultural values and (a) satisfaction as well as (b) value for money mediated by service assessment. To put it in another way: Which Chinese cultural values impact on satisfaction and value for money in the service setting via service evaluation? What is the nature of such relationships?

3. To elucidate the major determinants of customer expectations. That is: What are the key determinants of customer expectations? Are they similar for different service settings? In other words, do different service sectors have different determinants for customer expectations?

4. To explore and analyse the relationship between (a) service expectations/perceptions, (b) service quality dimensions, and (c) satisfaction/value for money. In other words: Do expectations and perceptions of a service affect customer satisfaction and value for money? Which of the service quality dimensions impact on (a) customer satisfaction and (b) value for money?

5. To analyse the impact of customer satisfaction and value for money on customers’ behavioural outcomes. That is: What are the implications of customer satisfaction and value for money for customers’ behavioural outcomes?

Theoretical background

It seems hard to deny that the study of interconnection between cultural values at both organisational and national levels and various management practices has been the focus of much research over the past few decades. In this regard, one cannot help but be impressed by the widespread use of Geert Hofstede’s (1980a, 1980b, 1991, 1994a, 1994b, 2001; see also Hofstede and Hofstede2005; Hofstede and Bond, 1988) cultural dimension and Hall’s (1976) Low-High
cultural framework as a means of linking organisations with their external environment in terms of how the dominant cultural values influence over organisations, their people, people’s attitudes towards their work and, more importantly, over the end customer’s expectations and perceptions of organisation’s products and services. In particular, the Hofstede’s cultural framework is a well-known model because this framework is employed for measuring and analysing cultural differences at organizational, individual and national levels (Kirkman et al. 2006). The five dimensions of Hofstede’s cultural values are (Hofstede 1980b:45; 1994b:5; Hofstede 1994a:165): power distance, uncertainty avoidance, individualism/collectivism, masculinity/femininity; long-term orientation.

The key learning points deriving from various studies on Hofstede’s cultural model and Hall’s cultural framework (1976) are that, first, cultural factors are regarded as major elements in shaping customer’s buying behaviour and any resultant outcomes, and as a result and second, familiarity with different cultures could help to reduce the level of concern and frustration on the part of both local and specifically international managers who wish to operate in the global marketplace. Despite popularity of Hofstede’s and Hall’s cultural frameworks, they have been subject to several major limitations in particular with regard to their sample size and the transferability of their findings, thereby their inability or failure to provide a complete view of more specific cultural values and norms of other (mainly non-Western) nations.

In response to such theoretical and empirical shortcomings of earlier (mainly Western-driven) cultural frameworks and in order to understand peculiarities of other rules of social behaviour and reflect the reality of their dynamics and interconnections across other nations (see Reisinger and Turner, 2002), the Chinese cultural values (e.g. guanxi, face, thrift, family, harmony, and conformity) are adopted to study the relationship between cultural values, service quality
dimensions and the resultant implications for the customers in terms of customer satisfaction and subsequent customer’s behaviours. Indeed, a review of the literature on examining the interconnection of cultural values and norms with customer’s service assessments indicated that the impact of Chinese cultural values in this outlet received little attention. Building upon existing literature pertinent to Western-dominated cultural values and more specifically, Chinese cultural norms, a conceptual framework was proposed (see Figure 1), a range of theoretical issues was raised and a number of hypotheses drawn (see Table 1). In order to test these hypotheses and find out any similarity or difference between the results of this study with those of previous ones, a draft questionnaire has now been designed which will be pilot-tested during November-December 2009 (a copy of the questionnaire, further details on the hypotheses development, as well as the initial results of the pilot study are available on request).
**Figure 1.** Proposed Conceptual Framework

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**Sources of expectations**
- Past experience
- Word of Mouth
- Explicit service promises
- Implicit service promises

**Chinese values**
- Family
- Face
- Guanxi
- Thrift
- Harmony
- Conformity

**Service Quality**
- Service Performance
- Service Expectations
  - Reliability
  - Responsiveness
  - Assurance
  - Empathy
  - Tangible

**Behavioural outcomes**
- Loyalty
- Positive W.O.M
- Repurchase intention
- Switching intention
- Pay more
- Complaint

For further details on various elements of this framework, see Bitner and Hubbert (1994); Hoare and Butcher (2008); Parasuraman et al (1985b, 1994); Qian et al. (2007); Robertson (2000); Yau (1995); Zeithaml (1988); Zeithaml et al. (1996, 1993).
Table 1. Theoretical assumptions and hypotheses drawn

RESEARCH HYPOTHESES


   H1: Higher Chinese cultural values of services have a positive influence on service expectations.

   H2: Higher scores of Face will lead to higher expectations of all service quality dimensions – i.e. empathy, assurance, reliability, responsiveness and tangible of service quality.

   H3: Higher scores of guanxi will lead to higher expectations of all service quality dimensions – i.e. empathy, assurance, reliability, responsiveness and tangible of service quality.

2. Chinese cultural values and customer satisfaction [Framework A-D] and value for money [Framework A-E]

   H4-1: Face has a positive influence on customer satisfaction mediated by service evaluation.

   H4-2: Guanxi has a positive influence on customer satisfaction mediated by service evaluation.

   H4-3: Family orientation has a positive influence on customer satisfaction mediated by service evaluation.

   H4-4: Group conformity has a positive influence on customer satisfaction mediated by service evaluation.

   H4-5: Harmony has a positive influence on customer satisfaction mediated by service evaluation.

   H5: Thrift has a positive influence on perceived value for money mediated by service evaluation.
3. Expectations and the associated determinants [Framework C-B]

H6: There will be significant differences between the effects of the determinants (past experience, word of mouth, explicit promise and implicit promise service) of service expectations.

H6-1: Higher past experience will be closely linked to the higher level of service expectations.

H6-2: Higher word of mouth will be closely linked to the higher level of service expectations.

H6-3: Higher explicit promise service will be closely linked to the higher level of service expectations.

H6-4: Higher implicit promise service will be closely linked to the higher level of service expectations.

4. Service assessment and customer satisfaction [Framework B-D] and value for money
[Framework B-E]

H7-1: Service expectations have a negative influence on customer satisfaction.

H7-2: Service expectations have a negative influence on value for money.

H7-3: Perceived service performance has a positive influence on customer satisfaction.

H7-4: Perceived service performance has a positive influence on value for money.

H8: The higher the level of service quality dimensions, the higher the degree of customer satisfaction.

H9: Service quality has a positive influence on value for money.

5. Value for money and customer satisfaction [Framework E-D]

H10: The higher the degree of value for money, the higher the degree of customer satisfaction.

H11-1: Customer satisfaction has a positive influence on loyalty.

H11-2: Customer satisfaction has a positive influence on positive word of mouth.
H11-3: Customer satisfaction has a positive influence on pay more.
H11-4: Customer satisfaction has a positive influence on re-purchase intention.
H11--5: Customer satisfaction has a negative influence on switching intention
H11-6: Customer satisfaction has a negative influence on complaint.

7. Value for money and behavioural outcomes [Framework E-F]

H12-1: Value for money has a positive influence on customer loyalty.
H12-2: Value for money has a positive influence on word of mouth.
H12-3: Value for money has a positive influence on re-purchase intention.

Methodology

This study adopts a survey-based quantitative methodology in the form questionnaire survey. As such it is one of the very first of its own not least because of combining several research frameworks pertinent to service quality and more importantly the investigation of the research topic within the context of Taiwan (a non-Western context). The use of questionnaire survey is deemed essential for several reasons, *inter alia*, it ensures objectivity, validity and reliability of the data; it ensures a very unbiased manner for randomly selecting the research subjects; it enhances the degree of comparability of the data not least because it uses a very standardised questionnaire with less or even no intervention on the part of the researcher; it facilitates the analysis of the data by using various relevant statistical methods; it provides the opportunity to replicate the research as the researcher has no input in the way the questions are answered by the respondents; and finally, it produces quantifiable and reliable data which are generalisable to wider and larger populations with similar characteristics.
In view of the aim of the research and in order to reflect the widest possible range of research outcomes, two important service sectors will be chosen, namely, (i) insurance industry and (ii) hospitality industry. The two sectors are regarded as leading service providers in the country and contribute significantly to Taiwan’s economy both in terms of market share as well as employment size. According to most research evidence, Taiwan has the most modern and efficient insurance industry in the world. With regard to the hospitality sector, the happy state of affairs for the sector has recently been reinforced by, first, the current government’s determination and push to invest in tourism and more cultural link with other nationals both regionally and internationally, and the government long-lived commitment to develop the necessary infrastructure for the sector.

Contributions of the study

The key theoretical and practical contributions of this study are five-fold: First, in contrast to previous studies on the research phenomenon which utilised the widely used Hofstede’s (see also Ailon 2008; Hofstede and Bond 1988; Hofstede and Hofstede 2005) and Hall’s (1976; Hall and Hall 1990) cultural frameworks as their primary theoretical foundations for their studies, this research project adopts and utilises Chinese cultural values as its major point of departure to study the relationship between cultural values, service quality dimensions and the resultant implications for the customers in terms of customer satisfaction and subsequent behaviours (see also Fan 2000; Fang 2003; Gilbert and Tsao 2000; Hoare and Butcher 2008; Hofstede and Bond 1988; Johns et al. 2003; Qian et al. 2007; The Chinese Culture Connection 1987). It should be noted that while some fragmental attentions to investigate values in service assessments were made in previous studies (Parasuraman et al. 1985a, 1985b, 1988; Zeithaml et al. 1993), the impact of Chinese values in this outlet received little attention. Consistent with
previous research, this research employs similar metrics for measuring service quality dimensions offered by Parasurman’s (1988) SERVQUAL framework. The applicability of SERVQUAL framework as a means of customer’s assessment of service quality across different service-oriented organisational contexts and countries has been supported by a plethora of research in service operations management.

Second, the research adopts a research context which can represent the overall Chinese cultural values in many aspects. Thus it provides opportunities for generalisability and transferability of the findings to wider similar research populations and communities in Southeast Asia. Here the focus will be on Taiwan as the primary research site for data collection on Chinese cultural values. The research makes both meaningful theoretical and practical contributions not least because of, first, adopting and utilising Chinese cultural values as its major point of departure and theoretical foundation – as opposed to frequently used Hofstede’s (see also Ailon 2008; Hofstede and Bond 1988; Hofstede and Hofstede 2005) and Hall’s (1976; Hall and Hall 1990) cultural frameworks – and second, its focus on Taiwan as an emerging economy and developing nation with its own unique cultural values for the purpose of data collection – as opposed to most of previous studies which investigated the relationship between Western cultural values, service quality dimensions and customer satisfaction.

Third, the country in this research (Taiwan as a symbol for Chinese cultural values) is chosen from a context which has been ignored in previous business and management studies with regard to the impact of culture on service quality from the customer’s point of view. It represents an opposite point of spectrum on many cultural dimensions from those found in the context of Western nations. Most previous researches represented a prototypical modern Western society where the most past and recent managerial theories and techniques have been developed and
practiced, and that the findings can be generalised to similar organisational settings in other Western countries. Taiwan as an Asian country follows its own (Chinese) cultural values and norms.

Fourth, the study’s major contribution is that instead of replicating the widely used Hofstede’s cultural dimensions, it views service quality dimensions as something that is filtered through the (Chinese) cultural values which Taiwan follows. The proposed research will also help ‘fine tune’ existing national/organisational culture theories by introducing a broader range of cultural values that are dependent on the Chinese cultural context. Thus, it identifies those cultural values that are unique to the context of Taiwan.

Finally and fifth, the aforementioned theoretical insights in turn offer a range of practical implications for customers, service providers, policy makers, international businesses and other beneficiaries. For example, understanding domestic customers’ needs and preferences is a fundamental issue for both local and international businesses operating in Taiwan. Without familiarity with the dominant culture of Taiwan, it is not uncommon to experience service failure on the part of service providers. It is also expected that the results would offer invaluable insights to the potential international service organisations that wish to expand their operations in Taiwan, Hong Kong and the mainland China. The results also help policy makers to plan for world-class service delivery on the part of Taiwanese service providers not least because of the current government’s call to support service sector and to improve business and cultural partnerships with other nations in particular neighbouring Chinese-speaking countries such as China, Hong Kong, Singapore, and Malaysia.

Furthermore, there are one more issue which is deemed essential and noteworthy to mention. While there exists several service quality models which can be equally used to explore
research phenomenon, this study adopts Parasuraman et al.’s (1988) service quality dimensions (i.e. empathy, assurance, responsiveness, reliability, tangible) for several reasons, *inter alia*, it has been the most frequent cited and used service quality framework by both service operations and marketing scholars; the use of Parasuraman’s framework therefore provides the opportunity to the researcher to compare their findings to find out the similarities or differences with previous similar studies; Parasuraman’s framework has been validated and confirmed by most, if not all, of previous studies, thereby providing the opportunity for transferability of the findings to similar research contexts and population; the research sample chosen for this study has close affinity with those of sectors adopted by Parasuraman et al.’s study, an indication of high reliability of the research findings.

**Limitations of the Study**

While this study will bring about new insights into the dynamics of cultural values and service quality dimensions and open up new debate on the research phenomenon through the lens of non-Western cultural values, it is limited in a number of ways. For example, the data will be collected through a survey-based quantitative methodology using questionnaire as its main data collection method. Although survey-based method has its own advantages and is widely used in management research, it only answers ‘what’ questions, thereby failing to answer ‘why’ and ‘how’ questions in a way that why a respondent decided to answer a question in a different way from others. This implies that there is a need on the part of future researchers to enrich their data through complementary research methods such as qualitative methodology (e.g. case study). In recent texts on research methodology, this is referred to as ‘mixed methodology’ (Creswell 2009). Moreover, this study is limited to the customers of two service industries: insurance and hospitality. Although the two industries are among the most effective and popular ones in the
country both in terms of quality and contribution to the overall economy, there is a need on the part of the organizational scholars to follow up this research to encompass a wider group of industries to advance our understanding of the interconnection between cultural values and service quality dimensions as well as the resultant outcomes for businesses (both domestic and international) and individual customers in terms of their expectation and perception towards any service provider.

Conclusions

This paper began by explicating the implications of cultural values for service quality from the customer’s point of view. While the focus of this paper was on Chinese cultural values in terms of its implications for customer satisfaction, value for money and subsequent customer’s behavioural outcomes, a summary of previous research on the dynamics of cultural values and service quality dimensions based on Hofstede’s cultural dimensions was presented not least because Hofstede’s cultural model was the most widely cited study of national culture for the examination of the cultural impact on service assessment. The key learning point deriving from various studies on Hofstede’s cultural model was that, first, cultural factors were regarded as major elements in shaping customer’s buying behaviour and any resultant outcomes, and as a result and second, familiarity with different cultures could help to reduce the level of concern and frustration on the part of both local and specifically international managers who wish to operate in the global marketplace. Despite popularity of Hofstede’s cultural model, it has been subject to several major limitations (see Section 3 for further details; see also McSweeney 2002; Sivakumar and Nakata 2001), thereby its inability or failure to provide a complete view of more specific cultural values and norms of other (mainly non-Western) nations. In response to such theoretical and empirical shortcomings of earlier (mainly Western-driven) cultural frameworks
and in order to understand peculiarities of other rules of social behaviour and reflect the reality of their dynamics and interconnections across other nations (see Reisinger and Turner, 2002), the Chinese cultural values (e.g. Guanxi and face) were discussed and therefore adopted to study the dynamics of cultural values, service quality dimensions and the resultant implications for the customers in terms of customer satisfaction and subsequent customer’s behaviours. As discussed earlier, a review of the literature on examining values in service assessments indicated that the impact of Chinese cultural values in this outlet received little attention. Building on existing literature pertinent to Western-dominated cultural values and more specifically, Chinese cultural values, a conceptual framework was proposed, a range of theoretical issues was raised and a number of hypotheses drawn. In order to test these hypotheses and find out any similarity or difference between the results of this study with those of previous ones, a large-scale survey has been conducted (in progress) and the results will be disseminated in the upcoming conferences of Asia Pacific Marketing or other related international conferences.
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