Antecedents of Service Climate: Local vs. Foreign

Service Firms in an Emerging Market Context

A thesis submitted in fulfilment of the requirements

for the degree of

Doctor of Philosophy in Business

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Adelaide, Australia
2014
Abstract

Service climate has attracted attention from both academics and practitioners in recent years. However, there exist two major research gaps in this literature domain. First, service climate research to date has predominantly focused on its outcomes, with few studies investigating its antecedents. These few studies have primarily relied on a resource-based approach and have focused on certain organisational resources and practices that can enhance service climate. Second, there is limited knowledge of how service firms foster a service climate in emerging markets where much of the economic growth is currently occurring. Therefore, this study seeks to gain a more comprehensive understanding of (1) the antecedents of service climate and (2) the extent to which service firms, both local and foreign-owned, create a favourable service climate in an emerging market. The broad research problem investigated in this study is: How do service firms, local and foreign-owned, create a favourable service climate in an emerging market context? To examine the broad research problem, this study draws upon the resource-based view, social exchange theory and the eclectic paradigm to address the following two research questions:

Research question 1: What are the antecedents of service climate in an emerging market context? How do the antecedents interact and influence service climate?

Research question 2: How do service climate and its antecedents differ between local and foreign service firms in an emerging market context? How do the antecedents influence service climate differently across the ownership types?
To address these research questions, this study was conducted in two phases: exploratory and explanatory. The exploratory phase yielded new insights into the antecedents of service climate of local and foreign service firms in an emerging market context. It also helped clarify the antecedents of service climate and the potential relationships among them. Based on the findings of this exploratory phase, a conceptual framework was developed and hypotheses were derived. The conceptual framework and hypotheses were then tested in the second phase of the study using Structural Equation Modelling (SEM). Survey data from a total of 549 usable responses from service employees in both local and foreign service firms in Vietnam allowed the researcher to test the proposed hypotheses.

Findings for the first research question suggested that three groups of antecedents contribute to creating a favourable service climate in an emerging market context: firm-based, market-based and culture-based. In terms of firm-based antecedents, the study identified five antecedents positively related to service climate: (1) leadership commitment to service quality, (2) internal customer service, (3) internal processes and service standards, (4) service-oriented human resource management (HRM) and (5) work facilitation resources. In addition, there are significant inter-relationships among these firm-based antecedents in fostering a service climate. The data analysis also demonstrated that competitive intensity in emerging markets and employees’ cultural orientation moderate the impacts of the firm-based antecedents on service climate.

Findings for the second research question showed that there are significant differences in the antecedents and service climate between local and foreign firms. Foreign-owned service firms outperformed local firms on all firm-based antecedents and in service
climate. In addition, the influence of leadership commitment to service quality and service-oriented HRM on service climate was found to be greater in foreign firms than that in local firms. In contrast, the influence of internal customer service on service climate in local firms was greater than that in foreign firms.

This study contributes in several ways to our knowledge concerning service climate. First, it proposes and tests an integrated model of the antecedents of service climate in an emerging market context, which have not been fully examined in prior literature. Second, the study contributes to knowledge about the antecedents of service climate from a market perspective by suggesting the impact of competitive intensity in emerging markets. Third, it extends the literature on the antecedents of service climate from a cultural perspective by investigating the impact of employees’ cultural orientation on their perception of service climate. Fourth, this study enriches international services research by investigating the factors associated with service climate in internationalised service firms (versus those of domestic ones) from an Asian emerging market perspective. Finally, this study has practical implications because it provides a framework that enables managers of service firms to take action and invest resources to improve their service climate and enhance their competitive advantage in the global marketplace.
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Statement of declaration

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution to Hung Trong Hoang. To the best of my knowledge and belief, the thesis contains no material previously published or written by other person, except where due reference has been made in the text.

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Hung Trong Hoang
Publications

The following publications are based upon the research presented in this thesis, and may contain results and material presented herein.


- Freeman, S. & Hoang, H.T. (forthcoming), The nature of relationships within supply networks and their role in the delivery of services in East Asian emerging markets, in Findlay, C. (Eds), Asean and regional free trade agreements: Consolidation or creation?, to be published by Routledge

- Hoang, H.T., Rao Hill, S., Freeman, S., Lu, V.N. (2014), Drivers of service climate in an emerging market: Local vs. foreign firms perspective, accepted for presentation at Australian and New Zealand International Business Academy (ANZIBA) conference, Auckland, New Zealand


- Hoang, H.T., Rao Hill, S., Lu, V.N. (2010), The influence of service culture on customer service quality: Local vs. foreign service firms in emerging markets, Proceedings of the Australian and New Zealand Marketing Academy Conference (ANZMAC), Christchurch, New Zealand
Acknowledgements

It would not have been possible to complete this thesis without the support of many people.

My deepest thanks go to my wonderful supervisors – Dr Sally Rao Hill, Associate Professor Susan Freeman, and Dr Vinh Nhat Lu for providing constructive, insightful comments and feedback, for your assistance, support, and encouragement during my PhD progress. Your expertise, dedication, enthusiasm, and energy have been a constant source of strength for me. I am so fortunate to have you as my supervisors.

I would like to thank Dr Jodie Conduit, Dr Dirk Boehe, Dr Carolin Plewa, and Professor John Fahy for providing me with your invaluable insights and comments on this project. Your critical feedback was of value in enhancing the quality of my thesis. Thanks also go to other academic and professional staff at Adelaide Business School who helped me overcome a lot of hurdles in the PhD process.

This thesis could not have been completed without the assistance of the interview and survey participants. Thank you for spending your time and sharing valuable experiences and knowledge with me. My special thanks go to my dear friends and colleagues in Vietnam who helped me with the data collection.

I would also like to express my gratitude to Associate Professor Richard Kernochan and Ms Barbara Kernochan for your assistance in proofreading some chapters of my thesis, and for your ongoing support. Special thanks go to friends and colleagues at IBRG (International Business Research Group), and my fellow PhD candidates for your hard-
working attitude, your knowledge sharing, and your companionship during my PhD candidature.

My heartfelt gratitude goes to my family. I owe a great debt of gratitude to my parents and my sisters for your immense love and sacrifices during the time I am away from home. Over the past four years, my beloved sweetheart and our lovely daughter have been the major forces that kept me focused and striving on. Thank you so much for your love, understanding, support, encouragement, and the tasty meals. You make me believe that I am the luckiest person in the world.

Last but certainly not least, I wish to acknowledge the financial support from the Australian Government through the Endeavour scholarships, which enabled me to undertake my PhD study in Australia. Thanks also go to my case managers and staff at Austraining International for your post-selection support service.