

Organisational climate, service climate and customer satisfaction: An investigation of their relationships in franchised hospitality enterprises

Natasha Johnston*

Faculty of Arts & Business
University of the Sunshine Coast, Australia
Email: njohnst2@usc.edu.au

Bishnu Sharma

Faculty of Arts & Business
University of the Sunshine Coast, Australia

Wendy Spinks

Faculty of Arts & Business
University of the Sunshine Coast, Australia

Abstract

Purpose: This paper offers a comparison of the relative efficacies of a generalised or overall organisational climate measure and a domain specific measure, service climate, as predictors of customer satisfaction, in two international hospitality sector franchise systems.

Design/methodology/approach: A quantitative research method was employed. Data were collected from 122 employees by way of a mail survey and from 220 customers by way of a brief questionnaire, handed to customers during consumption of the service. Data were analysed at the individual employee and franchise (organisational) levels using multiple regression and correlation analyses.

Findings: Generalised climate at both levels of analysis was found to explain more of the variance in customer satisfaction than did service climate suggesting that satisfaction is a product of a wider spectrum of organisational factors than simply service itself. Nevertheless, service climate accounted for a significant proportion of the variance in customer satisfaction.

Implications: The findings suggest that customer satisfaction and hence business viability may well be enhanced by management attention to the broader workplace experience of all employees rather than simply to customer service initiatives alone.

Originality/value: The originality and value of the paper lies in its comparison of organisational climate and service climate as predictors of customer satisfaction.

Keywords: Franchising; organisational climate; service climate; customer satisfaction.

JEL Classification: M30

PsycINFO Classification: 3920

FoR Code: 1505

* Corresponding author

Introduction

The concept of organisational climate arises from the work of Kurt Lewin and his colleagues (Lewin, 1939; Lewin et al., 1939). In response to their investigations of the impact of varying leadership types upon artificially created social groupings, they proposed that the members of any group exist within a 'field' made up of each individual's perceptions of both the other members of the group and all other attributes of the environment within which they operate. The individual's field or 'life space' was referred to by later scholars as that group member's 'psychological climate' (Forehand and von Haller Gilmer, 1964; Insel and Moos, 1974; James et al., 1978; James and Jones, 1974). When aggregated, the psychological climates created by group members yielded a group or 'organisational climate' in which those individuals were, in effect, immersed (Johnston and Spinks, 2013; Manning et al., 2012). Psychological climate is, inevitably, a reflection of individual idiosyncrasies; nevertheless, the characteristics of the field itself, it was proposed, rather than the characteristics of component individuals per se, determined in all circumstances, group-member and overall group behaviour.

Essentially then, organisational climate proposes itself, as its name implies, as a comprehensive profile of the psychological field in which the employees function in any given organisation/workplace. Some scholars however, contest the validity of any such general phenomenon. They maintain that the profusion of incoming information from the organisation is automatically sorted by the human mind into sets of related data and these sets constitute the numerous distinct 'domain specific' climates existing in the organisation (Schneider, 1975; Schneider et al., 1998; Schneider and Reichers, 1983). No evidence for this proposition is offered but it is not without a certain appeal to common sense and rationality. The capacity of the mind to identify patterns in the mass of information presented endlessly to it has obvious intellectual, aesthetic and evolutionary value. Much research has accepted this proposal and developed measures of these domain specific climates, defined and operationalised in terms of a specific subject or focus such as the example of interest to this study, 'climate for service' (Little and Dean, 2006; Lytle et al., 1998; Salanova et al., 2005; Schneider and Bowen, 1985; Schneider et al., 1980, 1998). Others include 'climate for safety' (Colla et al., 2005; Zohar, 1980, 2000), 'climate for creativity and innovation' (Anderson and West, 1998; Ekvall, 1996; Mathisen et al., 2004), 'ethical climate' (Mulki et al., 2006, 2008; Victor and Cullen, 1987, 1988) and so on. These domain specific climates are then typically associated with corresponding employee and/or organisational/sub-unit outcomes. For instance, in research involving service organisations, service climate is routinely studied in relation to customer satisfaction. Notwithstanding this, others have noted that this approach may be 'potentially limiting because it underestimates the importance of investigating the total social-psychological situation as originally conceived by Lewin' (Schulte et al., 2009, p. 618).

Consequently in business research, both organisational and domain specific climates have received considerable attention and particularly in tourism and hospitality research, organisational climate and service climate have been linked with a range of desirable business outcomes. There is in the literature, however, an absence of empirical investigations comparing the relative predictive efficacies of the two (Johnston and Spinks, 2013). This study offers that comparison whilst focusing on business format franchising. Given that this distinctive format is widely employed in many fields, it is unsurprising that it has attracted considerable research attention within the literature (Grace et al., 2009). However, the influence of climate upon key customer outcomes in franchise systems, particularly those operating within the hospitality sector, is an under-researched area. This study will address that shortcoming.

The purposes of the present research then, are to determine the nature of the relationships between organisational and service climate and one key business outcome, customer satisfaction, in franchised establishments operating within the hospitality sector and to ascertain whether the domain specific measure, service climate provides more explanatory value with respect to customer satisfaction than that provided by generalised organisational climate. This paper offers firstly brief reviews of the literature on franchising, organisational and service climate and customer satisfaction in the tourism and hospitality sector. We then present the results of a study conducted upon two international franchise systems operating in Australia and New Zealand. The results of the study are used to offer practical suggestions for franchisors/franchisees and franchise managers and to propose directions for future research.

Franchising and the employee-customer interaction

Business format franchising, where ‘the franchisor markets a service, or a product, under a common name and standardised system, through a network of franchisees’ (Franchise Association of New Zealand, 2013; Franchise Council of Australia, 2013), is a globally employed means of expansion within the services sector (Altinay, 2007; Brookes and Roper, 2011; Combs et al., 2004; Welsh et al., 2006) and particularly in hospitality enterprises in that sector (Lashley and Morrison, 2000). The most common scenario in this regard sees the potential franchisee buying into an established brand by means of an up-front payment and a defined commitment to ongoing royalty payments (Combs et al., 2004). The franchisor reciprocates by the provision of products, training and, crucially, the brand name itself. The brand name’s integrity and public profile is of great significance to both franchisor and franchisee and consequently the cornerstone of franchising of this kind tends to be uniformity and standardisation (Cox and Mason, 2007; Stanworth, 1991). Mutual obligations are formalised contractually (Giddings et al., 2009; Watson and Johnson, 2010).

Franchising is a distinct and unique business format (Grace et al., 2009) in that the brand is shared by all units in the system whilst customers are mobile between those units. Necessarily then customer goodwill and its benefits in response to the perceived quality of the brand imposes interdependence upon all units. A customer will, in all likelihood walk through the door of a given establishment in consequence of expectations generated elsewhere, or not enter at all for the same reason. The proper management of frontline employees is, as a consequence, crucial to most franchise operations; those particular individuals are primarily responsible for the provision of the service experience and the creation or otherwise of customer goodwill and all its desirable and transferable outcomes (Cappelli and Hamori, 2008; Carlzon, 1987; Cooil et al., 2009; Storbacka et al., 1994).

The literature makes clear that especially in contexts where interaction between employee and customer is high, such as in the hospitality industry, customers will equate service quality with the actual person or persons providing the service experience (Kralj and Solnet, 2010; Schneider and Bowen, 1985; Wangenheim et al., 2007). In the customers’ experience, in short, the people - those frontline service providers with whom they interact - are the ‘place’ (Schneider, 1987). In the intensely competitive franchised sector of the hospitality industry core products are similar irrespective of brand. Competitive advantage must be created elsewhere and the most productive place to do so is in the service encounter that brings employee and customer into that most crucial of relationships (Kralj and Solnet, 2010).

Inevitably, what employees bring to that exchange will include their attitudes and understandings of their workplace, their perceived roles in it and their perceptions of the value it places upon them; in short, the psychological climate in which they operate (James et al., 1978; James and Jones, 1974). Put succinctly, the climate within which service employees operate will directly affect the quality of the employee-customer interaction and, in consequence, affect customer-related variables such as satisfaction and, in further consequence, a whole range of outcomes crucial to the viability of the organisation (Johnston et al., 2010; Kralj and Solnet, 2010; Manning et al., 2004, 2005).

Organisational and service climate and customer satisfaction

Aggregated to provide a profile of the psychological environment in which all employees in an organisation, service focused or otherwise, are operating, the psychological climates of individual employees produce organisational climate. Organisational climate has received very considerable attention in the literature for the simple reason that linkages have been uncovered between it and a range of desirable business outcomes including customer satisfaction. For example, Johnston et al. (2010) reported on a study of the 19 outlets operated at the time by an international hospitality sector franchise system across the North and South Islands of New Zealand. Organisational climate was measured using a modified version of the Tourism and Hospitality Organizational Climate Scale (THOCS - Davidson et al., 2001) and customer satisfaction was measured by the use of both direct (customer ratings) and indirect (employee perception of customer satisfaction) methods. At both the individual employee and franchise (organisational) levels, the authors found significant links between organisational climate and both employee perception of customer satisfaction and direct reports thereof.

The legitimacy of using employee perceptions as a measure of customer satisfaction is established in the literature on the basis that there is evidence of a strong relationship in service sector enterprises between employee and customer perceptions of quality of service (Schneider and Bowen, 1985; Schneider et al., 1980). This is because of the very close interaction of employee and customer at the service boundary. The literature in fact proposes that the service experience is a co-creation of employee and customer (Ordanini and Pasini, 2008; Schneider and Bowen, 1985; Spohrer and Maglio, 2008; Vargo et al., 2008). Accordingly, employee and customer perceptions of quality of service will be in accord with one another; blurred roles create shared perceptions. Some prior research has assumed a similar relationship between indirect and directly sourced measures of customer satisfaction (e.g. Davidson et al., 2002; Davidson and Manning, 2003; He et al., 2011; Kralj and Solnet, 2010; Manning et al., 2004, 2005; Solnet, 2006; Solnet and Paulsen, 2005) and have used employee perceptions since they can 'serve as a time-effective and cost-efficient proxy' measure of customer satisfaction (Johnson, 1996, cited in Kralj and Solnet, 2010, p. 714). The use of employee perception of customer satisfaction is common in climate research in the tourism and hospitality field.

As did Johnston et al. (2010), others (Davidson et al., 2002, Davidson and Manning, 2003 and Manning et al., 2004, 2005), using either the THOCS or a shortened version thereof (THOCS-Revised, Manning et al., 2004, 2005), found that climate and customer satisfaction were significantly related. An overall or *global* organisational climate measure comprising all items of the instruments used, accounted for a significant proportion of the variation in employee perception of customer satisfaction and, by way of multiple regression analyses, statistically significant results were obtained between climate and satisfaction variables in large non-franchised organisations (hotels and theme parks) operating in Australia.

Service climate is the product of all those organisational initiatives directed towards the creation of service excellence (Lytle et al., 1998). It has been comprehensively defined as 'employee perceptions of the practices, procedures, and behaviors that get rewarded, supported, and expected with regard to customer service and customer service quality' (Schneider et al., 1998, p. 151) and has, like organisational climate, received considerable attention in the literature, at least in part because a link has been found between it and customer satisfaction. For instance, Solnet and Paulsen (2005) and Solnet (2006), whose studies were conducted in the Australian hotel industry, found service climate, measured by way of the SERV*OR instrument (Lytle et al., 1998), to be significantly related to employee perception of customer satisfaction. Similarly, Kralj and Solnet (2010), who also used the SERV*OR instrument, found overall service climate to be significantly related to employee perception of customer satisfaction for both casino employees and non-casino employees in their study of a large Australian casino hotel. The set of ten service climate dimensions significantly predicted employee perception of customer satisfaction for both casino and non-casino employees, whilst He et al. (2011) who used different scales from different measures, found aspects of service climate to be both indirectly and directly related to employee perception of customer satisfaction in their study involving 30 hotels across mainland China.

Given the importance of service excellence to franchises operating in the highly competitive hospitality sector it would be expected that service climate will be linked to customer satisfaction. In light of the literature reviewed above, it would be expected that organisational climate would also be predictive of customer satisfaction. There is in the literature, however, an absence of empirical investigations comparing the relative predictive efficacies of the two (Johnston and Spinks, 2013). In view of this and in order to fulfil the first objective of this research, which is to determine the nature of the relationships between organisational and service climate and customer satisfaction, the following questions were developed:

RQ1 What is the nature of the relationship between organisational climate and customer satisfaction in franchised small business establishments? and

RQ2 What is the nature of the relationship between service climate and customer satisfaction in franchised small business establishments?

In addressing these research questions, we were able also to address the final objective of this research which was to ascertain whether service climate provides more explanatory value with respect to customer satisfaction than that provided by generalised organisational climate.

Method

Sample and procedure

Data for this study were collected from employees and customers of two international food and beverage franchising enterprises in Australia and New Zealand. One-hundred-and-twenty-eight questionnaires, of which 122 were useable, were collected from a total of 256 employees representing a response rate of 47.6 percent and a total of 220 customer questionnaires was collected. Fifty-one establishments were approached and useable data were forthcoming from 22 of those units representing an organisation response rate of 43.1 percent.

At a time mutually agreed upon by each franchise owner and the researchers, employee questionnaires were given to those owners for distribution to employees. Employees completed the questionnaires at times convenient to them. Once completed, the questionnaires were returned by pre-paid mail to the researchers. At the time of giving the employee questionnaires to the establishment owners, customer data were collected. Customers were approached, the research undertaking briefly explained, and their cooperation sought in the survey. Those who indicated a willingness to participate were given the questionnaire and a pen with which to complete the questionnaire. Customers indicated when they had completed their questionnaire and this was then collected. Ten customers at each establishment participated.

Measures

The employee questionnaire comprised three sections and 82 items measuring organisational climate and service climate (Sections A and B), employee perception of customer satisfaction and employee demographic characteristics (Section C). Customers were asked to indicate overall satisfaction. Information as regards customer demographics was not considered a priority in the present research and hence, such items were not included.

Organisational climate. Deriving from Davidson et al.'s (2001) organisational climate instrument, itself based upon Ryder and Southey's (1990) adaptation of the Jones and James (1979) Psychological Climate Questionnaire, the Psychological Climate Scale for Small Business (PCS-SB) (Manning, 2010) has been developed for small service enterprises operating within the tourism and hospitality industry. Given that the franchise systems involved consist, in fact, of a number of small businesses, it is this instrument with which organisational climate in the present research was measured.

Manning (2010) found that 54 of the 78 items used to measure psychological climate loaded onto seven dimensions identified as interpretable. Levels of reliability for the seven subscales developed ranged from good to excellent (Hair et al., 2003): Owner Facilitation and Support ($\alpha = 0.95$); Job Training and Standards ($\alpha = 0.90$); Regulations, Organisation and Pressure ($\alpha = 0.89$); Scheduling ($\alpha = 0.85$); Workgroup Cooperation, Friendliness and Esprit ($\alpha = 0.89$); Friction and Conflict ($\alpha = 0.77$) and Standards and Objectives ($\alpha = 0.74$). A coefficient alpha value of 0.97 for the full-scale (54-item) or global measure of psychological climate represented excellent reliability (Hair et al., 2003). Employees were asked to respond to each item on a seven-point Likert-type scale with response options ranging from 1 ('Strongly Disagree') to 7 ('Strongly Agree').

Service climate. Where service climate has been measured in the tourism and hospitality sector, the preference to date has been to employ some version (either four or seven items) of the much-used Global Service Climate measure (one dimension of the Climate for Service Scale) developed by Schneider et al. (1998) (e.g. Salanova et al., 2005, four items, He et al., 2011, four items and Tang and Tang, 2012, seven items) or SERV*OR developed by Lytle et al. (1998) (e.g. Solnet and Paulsen, 2005, Solnet, 2006 and Kralj and Solnet, 2010).

Lytle et al. (1998) created SERV*OR to measure what they referred to as 'service orientation', proposing it to be a 'dimension of an organization's overall climate' (p. 457), thus distancing themselves somewhat from the notion that the existence of such an overall construct was questionable. Whatever may be the case, it has been proposed that climate for service as conceptualised by Schneider and SERV*OR as presented by Lytle et al. (1998) are essentially the same thing (Manning et al., 2012).

Schneider et al.'s (1998) 22-item Climate for Service Scale (including the 7-item version of the Global Service Climate measure) forms the basis for the measurement of service climate in the current research. Levels of reliability for the four Climate for Service subscales have been reported as: Customer Orientation ($\alpha = 0.89$); Managerial Practices ($\alpha = 0.86$); Customer Feedback ($\alpha = 0.82$) and Global Service Climate ($\alpha = 0.88$) (Schneider et al., 1998), and are considered to represent very good reliability (Hair et al., 2003). Reliability for Global Service Climate has also been reported as 0.90 (Salvaggio et al., 2007), representing excellent reliability (Hair et al., 2003). For the first three subscales, employees were asked to respond to each item on a five-point Likert-type scale with response options ranging from 1 ('To a Very Small Extent') to 5 ('To a Great Extent'). For Global Service Climate, employees were asked to respond to each item on a five-point Likert-type scale with response options ranging from 1 ('Poor') to 5 ('Excellent').

Customer satisfaction. In the tourism and hospitality field, much climate research does not seek information about customer satisfaction directly; instead such information is sourced indirectly from frontline employees. Kralj and Solnet (2010) speculated, however, that in their own study at least, this procedure may have impacted upon results obtained and in another recent study, no significant relationship was found between the direct and indirect measures at all (Johnston et al., 2010). In the light of such findings, Johnston et al. (2010) recommended that further work be undertaken to elucidate the relationship between employee perception of customer satisfaction and direct measures of that phenomenon. The opportunity was taken in the present study to address the issue. In doing so, we were able to gauge the strength of the relationship between the two for our sample and to determine whether, as is often assumed to be the case, employee perceptions may legitimately be used as an indirect measure of customer satisfaction in studies of these kinds.

Although 'the validity of single-item measures is a subject of constant debate' (Kralj and Solnet, 2010, p. 714), a good deal of research endorses the practice of simply asking customers about their overall satisfaction by way of a single item measure (Kekre et al., 1995; LaBarbera and Mazursky, 1983; Mittal et al., 1998). Given that this method is both minimally intrusive and time effective it was adopted for this study. One item asked customers to indicate their level of overall satisfaction with their experience at the establishment of which they were patrons. Customers were asked to respond to this item on a seven-point semantic differential scale with response options ranging from 1 ('Extremely Low') to 7 ('Extremely High').

Employee Perception of Customer Satisfaction was measured by way of a single item also. This item asked employees to rate their perception of overall customer satisfaction with the establishment. Employees were asked to respond to this item on a seven-point semantic differential scale with response options ranging from 1 ('Extremely Low') to 7 ('Extremely High').

Results

Descriptive statistics of the employee sample and reliability of climate subscales/dimensions

Females comprised 73.0 percent of the overall employee sample ($n = 89$) and 60.7 percent ($n = 74$) of respondents indicated they were aged between 21 and 30 years. Most had been employed for three to four years (35.2%, $n = 43$) and were employed on a full-time basis (67.2%, $n = 82$). Nearly the entire sample (93.4%, $n = 114$) had direct contact with customers. Table 1 presents the descriptive statistics for the employee sample.

Coefficient (Cronbach's) alpha was calculated for the total 54-item Global Climate Scale (Manning, 2010) and the 7-item Global Service Climate Scale (Schneider et al., 1998). Coefficient alpha scores for the total climate scales were as follows: Global Climate ($\alpha = 0.95$) and Global Service Climate ($\alpha = 0.85$). These values are commensurate with those reported in Manning (2010) and Schneider et al. (1998). Cronbach's alpha was also calculated for the items that comprise each dimension of both organisational climate and service climate. Table 2 presents the coefficient alpha values for each dimension which range from moderate to excellent (Hair et al., 2003).

Table 1
Employee sample demographic statistics.

Variable	Frequency	Percent
Gender		
Male	33	27.0
Female	89	73.0
Age		
Under 20	40	32.8
21-30	74	60.7
31-40	4	3.3
41-50	4	3.3
50 or over	-	-
Length of service		
Less than 6 months	25	20.5
6 months to 1 year	28	23.0
1-2 years	22	18.0
3-4 years	43	35.2
5-6 years	4	3.3
7-9 years	-	-
10 years or more	-	-
Employment status		
Casual	11	9.0
Part-time	29	23.8
Full-time	82	67.2
Direct contact with customers		
Yes	114	93.4
No	8	6.6

(n = 122)

Table 2
Cronbach's alpha - organisational and service climate subscales/dimensions.

Climate subscales/dimensions	Cronbach's alpha
<u>Organisational climate subscales/dimensions</u>	
Owner Facilitation and Support	0.94
Job Training and Standards	0.89
Regulations, Organisation and Pressure	0.89
Scheduling	0.84
Workgroup Cooperation, Friendliness and Esprit	0.88
Friction and Conflict	0.65
Standards and Objectives	0.85
<u>Service climate subscales/dimensions</u>	
Customer Orientation	0.88
Managerial Practices	0.79
Customer Feedback	0.83

Data analysis

Data were analysed at both the individual employee and franchise (organisational) levels (Davidson et al., 2002; Johnston et al., 2010).

Organisational and service climate and customer satisfaction. The global measure of organisational climate was arrived at for each employee by taking the arithmetic mean across the 54 items of the PCS-SB (Manning, 2010). In the same fashion, composite scores for the

dimensions of organisational climate were calculated by taking the arithmetic mean across the questionnaire items relative to each dimension. Whereas the global measure of organisational climate comprises the arithmetic mean of all items in the instrument, no global measure of service climate was established for each employee by taking the arithmetic mean across the items of the Climate for Service Scale. This is because, though not in any sense a composite of the other three dimensions, nevertheless, in its seven items, Global Service Climate 'addresses many of the same issues' (Schneider et al., 1998, p. 153) addressed by the 15 items of those dimensions. Composite scores for the dimensions of service climate were calculated by taking the arithmetic mean across the questionnaire items relative to each dimension. For each employee, a score was also assigned for customer satisfaction simply by assigning to that individual the averaged score for the franchise in which he or she worked.

To enable analyses of the individual level climate and individual level Employee Perception of Customer Satisfaction variables at the franchise level, the average of Global Climate, the average of each of the seven organisational climate composite variable scores, the average of each of the four service climate composite variable scores and the average of Employee Perception of Customer Satisfaction scores were calculated for employees according to the franchise in which they worked. The average Customer Satisfaction score was also assigned to each franchise. These procedures permitted analyses at both the individual and franchise levels.

The relationships between organisational and service climate and customer satisfaction were investigated in two stages. Firstly, correlation coefficients were calculated between Global Climate and both Customer Satisfaction and Employee Perception of Customer Satisfaction and then between Global Service Climate and both Customer Satisfaction and Employee Perception of Customer Satisfaction at the individual level of analysis. Following this, four standard Multiple Linear Regression (MLR) analyses, two using the set of seven organisational climate dimensions and satisfaction and two using the set of three service climate dimensions and satisfaction, were conducted at the individual level of analysis.

Secondly, correlation coefficients were calculated between Global Climate and both Customer Satisfaction and Employee Perception of Customer Satisfaction and then between Global Service Climate and both Customer Satisfaction and Employee Perception of Customer Satisfaction at the franchise level of analysis. These analyses were followed by a series of bivariate correlations to evaluate individual relationships (i.e. between each of the seven organisational climate dimensions and satisfaction and between each of the three service climate dimensions and satisfaction) at the franchise level.

Due to the number of cases comprising each, MLR is an appropriate analysis at the individual employee level ($n = 122$), but not at the franchise level ($n = 22$) (Johnston et al., 2010). The analyses described above are in accord with prior organisational and service climate studies (e.g. Davidson et al., 2002; Davidson and Manning, 2003; Johnston et al., 2010; Kralj and Solnet, 2010; Manning et al., 2004, 2005).

Direct reports of customer satisfaction and employee perception of customer satisfaction. Finally, though perhaps most appropriately addressed at the franchise level of analysis, at both individual and franchise levels, bivariate correlations were performed between Customer Satisfaction and Employee Perception of Customer Satisfaction in order to examine the relationship between the two.

Results for RQ1 - individual level of analysis. At the individual level of analysis, significant positive correlations were found between both Global Climate and Customer Satisfaction ($r = 0.46, p < .0005$), and between Global Climate and Employee Perception of Customer Satisfaction ($r = 0.64, p < .0005$), with 21.5 percent of the variance in Customer Satisfaction being explained by Global Climate and 40.3 percent of the variance in Employee Perception of Customer Satisfaction being explained by Global Climate.

Two regression analyses were then performed using standard multiple regression. Customer Satisfaction was the dependent variable and each of the seven organisational climate dimensions were independent variables in the first analysis and Employee Perception of

Customer Satisfaction was the dependent variable and each of the seven organisational climate dimensions were independent variables in the second analysis. Multicollinearity was not evident between independent variables. Statistically significant results were obtained on both occasions: Organisational Climate explained 23.6 percent of the variance in Customer Satisfaction and 39.3 percent of the variance in Employee Perception of Customer Satisfaction.

Table 3 presents the organisational climate dimensions found to significantly predict both customer satisfaction and employee perception of customer satisfaction. The organisational climate dimensions Owner Facilitation and Support; Regulations, Organisation and Pressure and Standards and Objectives significantly predicted Customer Satisfaction and the organisational climate dimensions Regulations, Organisation and Pressure and Workgroup Cooperation, Friendliness and Esprit significantly predicted Employee Perception of Customer Satisfaction.

Results for RQ1 - franchise level of analysis. At the franchise level of analysis, significant positive correlations were found between both Global Climate and Customer Satisfaction ($r = 0.49, p < .05$), and between Global Climate and Employee Perception of Customer Satisfaction ($r = 0.72, p < .0005$), with 24.0 percent of the variance in Customer Satisfaction being explained by Global Climate and 51.1 percent of the variance in Employee Perception of Customer Satisfaction being explained by Global Climate. Also at the franchise level of analysis, significant correlations were found between six of the seven organisational climate dimensions and Customer Satisfaction and significant correlations were found for all seven organisational climate dimensions and Employee Perception of Customer Satisfaction.

Correlations are presented in Table 4. Owner Facilitation and Support explained 41.9 percent of the variance; Job Training and Standards explained 23.5 percent of the variance; Regulations, Organisation and Pressure explained 35.4 percent of the variance; Scheduling explained 40.6 percent of the variance; Workgroup Cooperation, Friendliness and Esprit explained 18.9 percent of the variance and Standards and Objectives explained 33.8 percent of the variance in Customer Satisfaction. As regards Employee Perception of Customer Satisfaction, Owner Facilitation and Support explained 66.6 percent of the variance; Job Training and Standards explained 20.2 percent of the variance; Regulations, Organisation and Pressure explained 35.9 percent of the variance; Scheduling explained 43.3 percent of the variance; Workgroup Cooperation, Friendliness and Esprit explained 35.2 percent of the variance; Friction and Conflict explained 18.9 percent of the variance and Standards and Objectives explained 19.8 percent of the variance.

Results for RQ2 - individual level of analysis. At the individual level of analysis, significant positive correlations were found between both Global Service Climate and Customer Satisfaction ($r = 0.42, p < .0005$), and between Global Service Climate and Employee Perception of Customer Satisfaction ($r = 0.54, p < .0005$), with 17.3 percent of the variance in Customer Satisfaction being explained by Global Service Climate and 29.2 percent of the variance in Employee Perception of Customer Satisfaction being explained by Global Service Climate.

Two regression analyses were then performed using standard multiple regression. Customer Satisfaction was the dependent variable and each of the three service climate dimensions were independent variables in the first analysis. Employee Perception of Customer Satisfaction was the dependent variable and each of the three service climate dimensions were independent variables in the second analysis. Multicollinearity was not evident between independent variables. Statistically significant results were obtained on both occasions: Service Climate explained 18.0 percent of the variance in Customer Satisfaction and 39.6 percent of the variance in Employee Perception of Customer Satisfaction.

Table 3 presents the service climate dimensions found to significantly predict both customer satisfaction and employee perception of customer satisfaction. The service climate dimension Customer Orientation significantly predicted both Customer Satisfaction and Employee Perception of Customer Satisfaction.

Results for RQ2 - franchise level of analysis. At the franchise level of analysis, significant positive correlations were found between both Global Service Climate and Customer Satisfaction ($r = 0.44, p < .05$), and between Global Service Climate and Employee Perception of Customer

Satisfaction ($r = 0.68, p < .0005$), with 18.9 percent of the variance in Customer Satisfaction being explained by Global Service Climate and 46.6 percent of the variance in Employee Perception of Customer Satisfaction being explained by Global Service Climate. Also at the franchise level of analysis, significant correlations were found between all service climate dimensions and Customer Satisfaction. Significant correlations were also found for all service climate dimensions and Employee Perception of Customer Satisfaction.

Correlations are presented in Table 4. Customer Orientation explained 39.1 percent of the variance; Managerial Practices explained 29.4 percent of the variance and Customer Feedback explained 22.8 percent of the variance in Customer Satisfaction. As regards Employee Perception of Customer Satisfaction, Customer Orientation explained 67.1 percent of the variance; Managerial Practices explained 55.8 percent of the variance and Customer Feedback explained 34.5 percent of the variance.

Examining the relationship between direct reports of customer satisfaction and employee perception of customer satisfaction. Bivariate correlations were performed between Customer Satisfaction and Employee Perception of Customer Satisfaction in order to examine the relationship between the two. At both levels of analysis, significant positive correlations were found: $r = 0.30, p < .0005$ at the individual level of analysis and $r = 0.55, p < .01$ at the franchise level of analysis.

Table 3

Regression analyses: organisational and service climate dimensions that predict customer satisfaction - individual level of analysis.

	Unstandardised coefficients		Standardised coefficients		<i>p</i> -Value	Model statistics	
	<i>B</i>	Std. error	Beta	<i>t</i> -Statistics			
<u>Organisational climate dimensions</u>						CS	
						<i>F</i> 6.341	<i>R</i> ² 0.236
OFS	0.275	0.070	0.709	3.922	.000		
RO&P	-0.149	0.043	-0.384	-3.457	.001		
S&O	0.177	0.082	0.431	2.152	.034		
						CSEP	
						<i>F</i> 12.204	<i>R</i> ² 0.393
RO&P	-0.146	0.069	-0.210	-2.127	.036		
WCF&E	0.247	0.122	0.301	2.028	.045		
<u>Service climate dimensions</u>						CS	
						<i>F</i> 9.857	<i>R</i> ² 0.180
CO	0.286	0.077	0.489	3.712	.000		
						CSEP	
						<i>F</i> 27.389	<i>R</i> ² 0.396
CO	0.445	0.115	0.437	3.863	.000		

(*n* = 122) OFS stands for Owner Facilitation and Support, RO&P for Regulations, Organisation and Pressure, S&O for Standards and Objectives, WCF&E for Workgroup Cooperation, Friendliness and Esprit, CO for Customer Orientation, CS for Customer Satisfaction and CSEP for Employee Perception of Customer Satisfaction.

Table 4

Correlations: organisational and service climate dimensions significantly related to customer satisfaction - franchise level of analysis.

	Customer Satisfaction	Employee Perception of Customer Satisfaction
Organisational climate dimensions		
Owner Facilitation and Support	0.647**	0.816**
Job Training and Standards	0.485*	0.449*
Regulations, Organisation and Pressure	-0.595**	-0.599**
Scheduling	0.637**	0.658**
Workgroup Cooperation, Friendliness and Esprit	0.435*	0.593**
Friction and Conflict	-	0.435*
Standards and Objectives	0.581**	0.445*
Service climate dimensions		
Customer Orientation	0.625**	0.819**
Managerial Practices	0.542**	0.747**
Customer Feedback	0.477*	0.587**

(n = 22) *p < .05, **p < .01

Discussion and conclusion

The purposes of this research were to determine the nature of the relationships between organisational and service climate and one key business outcome, customer satisfaction, in franchised establishments operating within the hospitality sector and to ascertain whether service climate provided more explanatory value with respect to customer satisfaction than that provided by organisational climate.

Using bivariate correlations at the individual level of analysis, we found Global Climate and Customer Satisfaction to be significantly and positively related, with Global Climate accounting for 21.5 percent of the variance in Customer Satisfaction and 40.3 percent of the variance in Employee Perception of Customer Satisfaction. Similarly, Global Service Climate and Customer Satisfaction were significantly and positively related with Global Service Climate explaining 17.3 percent of the variance in Customer Satisfaction and 29.2 percent of the variance in Employee Perception of Customer Satisfaction.

By way of standard multiple regression analyses at the same level, Organisational Climate explained 23.6 percent of the variance in Customer Satisfaction with significant contributions to prediction found for the dimensions Owner Facilitation and Support; Regulations, Organisation and Pressure and Standards and Objectives and 39.3 percent of the variance in Employee Perception of Customer Satisfaction, with significant contributions to prediction found for the dimensions Regulations, Organisation and Pressure and Workgroup Cooperation, Friendliness and Esprit. The only climate dimension that was a significant predictor for both Customer Satisfaction and employee perceptions thereof was Regulations, Organisation and Pressure. Interestingly, Johnston et al. (2010) in their earlier study of a franchise system, found that same dimension to provide a significant contribution to the prediction of Customer Satisfaction at the individual level of analysis and at the franchise level of analysis to explain a significant proportion (27.0%) of the variance in Customer Satisfaction. The authors found diminished customer satisfaction where the workplace exhibited excessive regulation, communication problems and general inefficiency. The present research concurs with such findings. As well, the findings of the present research echo the findings of Davidson et al. (2002), relating Regulations, Organization and Pressure to Employee Perception of Customer Satisfaction (Davidson and Manning, 2003).

Service Climate accounted for 18.0 percent of the variance in Customer Satisfaction and 39.6 percent of the variance in Employee Perception of Customer Satisfaction with results of the multiple regression analyses finding a significant contribution for the dimension Customer

Orientation in both instances. The Customer Orientation Scale 'measures the degree to which an organization emphasizes, in multiple ways, meeting customer needs and expectations for service quality' (Schneider et al., 1998, p. 153). It is precisely the meeting of these customer needs and expectations that is indeed emphasised and encouraged within hospitality sector franchise systems. Differentiation between brands or, indeed, within the brand where such is permitted and possible by way of product offered, whilst of undoubted relevance in the sector, is not as significant a factor as service excellence and the real possibility of achieving a competitive advantage by way of it. For instance, McDonald's in its 'Crew Member Role Description' emphasises that crew members are to welcome customers with a smile, be, at all times, genuinely friendly, attend to customers' needs as a primary focus and deliver prompt, friendly and accurate service to all customers (McDonald's Australia, 2013). The customer, in short, is the prime determinant of the crew member role. It is not surprising that the Customer Orientation dimension of service climate has emerged as the strongest predictor of both Customer Satisfaction and employee perceptions thereof in our sample.

Using bivariate correlations at the franchise level of analysis, we found Global Climate and Customer Satisfaction to be significantly and positively related, with Global Climate accounting for 24.0 percent of the variance in Customer Satisfaction and 51.1 percent of the variance in Employee Perception of Customer Satisfaction. Similarly, Global Service Climate and Customer Satisfaction were significantly and positively related with Global Service Climate explaining 18.9 percent of the variance in Customer Satisfaction and 46.6 percent of the variance in Employee Perception of Customer Satisfaction. These results are in accord with our findings at the individual level of analysis, with increases in proportions of variance explained in both Customer Satisfaction and Employee Perception of Customer Satisfaction.

Significant correlations were also found between six of the seven organisational climate dimensions and Customer Satisfaction and between all seven organisational climate dimensions and Employee Perception of Customer Satisfaction. The climate dimension Owner Facilitation and Support was the greatest predictor of both Customer Satisfaction (41.9%) and Employee Perception of Customer Satisfaction (66.6%). This implies that, as Lewin et al. (1939) demonstrated and as noted in the Introduction to this paper, leaders, or in this case owners, have a profound impact upon the field or psychological environment of the group and its behaviour and hence performance outcomes of great importance to those owners.

Similarly, significant correlations were found between all service climate dimensions and Customer Satisfaction and between all service climate dimensions and Employee Perception of Customer Satisfaction. In both instances, Customer Orientation, as was the case at the individual level of analysis, was the greatest predictor of both Customer Satisfaction (39.1%) and Employee Perception of Customer Satisfaction (67.1%). In short, at both the individual and organisational levels, Customer Orientation best predicts both Customer Satisfaction and Employee Perception of Customer Satisfaction.

Of particular interest to this study of customer satisfaction in service sector franchises were the relative predictive powers of organisational and service climate. At both the individual and franchise levels of analysis, Global Climate explained more of the variance in Customer Satisfaction and Employee Perception of Customer Satisfaction than did Global Service Climate and the individual level multiple regression results as regards Customer Satisfaction did not run counter to this. Given the results of correlation analyses at both the individual and franchise levels, and given the virtually indistinguishable results offered by both climates and their relationship with Employee Perception of Customer Satisfaction in the multiple regression analyses, it may be concluded that service climate has not, in this instance, been found to provide more explanatory value with respect to customer satisfaction than organisational climate. That is not to say that service climate as a concept and as a predictor of various organisational outcomes is without worth. Indeed, the measure still accounted for, at both the individual and franchise levels, a significant proportion of the variation in customer satisfaction.

Our results endorse, interestingly, the contention of Schneider and Bowen (1985), great advocates of domain specific constructs such as service climate, that customer 'perceptions, attitudes and intentions seem to be affected by what the employees experience, both in their specific role as service employees and in their more general role as organizational employees'

(p. 430). That 'more general' factor of the organisation is absolutely crucial; 'investigating the total social-psychological situation as originally conceived by Lewin' (Schulte et al., 2009, p. 618) is of importance not merely for scholars in the field, but very much for business owners as well.

Lewin proposed that individual and whole-group behaviour was a product of the psychological field in which the group operated. Importantly, all aspects of the group environment contributed to the field. By definition, any domain specific climate measure, while it may be a sensitive instrument will also be a limited one. Clearly, in the customer's mind at least, there is more to satisfaction than service. Management needs to be aware of the very real possibility that the development by it of policies and procedures to ensure service excellence will not alone suffice. Customers, complex beings themselves, may well be responding to the broad complexity of the service organisation when satisfaction levels are developed. Perhaps this is the reason Lytle et al. (1998) propose that service climate is best conceptualised as a dimension - one of the many - of an organisation's overall climate. The sum is greater than any part of the whole.

Finally, we found at both the individual and franchise levels of analysis, significant and positive relationships between Employee Perception of Customer Satisfaction and direct reports thereof, although the correlations might best be described as weak to moderate (Dancey and Reidy, 2004). Nevertheless, this is in contrast to Johnston et al. (2010) who found no significant relationship between the two. Whatever the case, in view of the discrepancies in results reported here between climates and direct and indirect reports of customer satisfaction we would argue that actual customer satisfaction evaluations should be sought where possible.

Managerial implications

The implication of such findings would seem clear: customer satisfaction is inextricably and sensitively geared to the customer's perception of employee satisfaction with the workplace as a whole. Whatever else might be the case, there is evidence that the creation of a friendly, supportive and sensibly regulated workplace will pay dividends above and beyond the development of any service excellence program or similar initiative by management; or, in the instance of the franchise format, any reliance upon the brand alone to ensure customer satisfaction. No franchise owner should make the mistake of believing it possible to 'ride' the brand. The brand is not without its worth; having paid for it, the owner might in fact put some actual monetary value on it, but if it is sufficient to get a customer through the door once, it may not be inducement enough in itself to ensure their return after a less than satisfactory service experience.

Management must have its policies and procedures. In the franchise format, many of these will be inherited from the franchisor and, presumably, franchisees/management will be in accord with these and champion their implementation in the franchise. What franchisees/management should acknowledge is that there is a limit to what the franchisor can pass on and there is a limit to the customer satisfaction that the brand can provide. In the final analysis the results of this study suggest strongly that the key to franchisee success lies in the climate that prevails in the workplace. Given product and price acceptability, employees in a workplace enjoying a sound organisational climate are serving satisfied customers.

Customers are also mobile between the units of a franchised operation and the climate in one has relevance to the expectations every customer brings to the unit they are at any given time patronising. Unsatisfactory experiences at franchise outlets tend to lessen satisfaction with the brand itself and a brand diminished in the eyes of its potential customers is a brand diminished in its resale viability. It is in the interests of all franchisees to enhance the value of the brand in which they have invested both their capital and their time.

The most accurate and useful profile of workplace climate may be had by using both generalised and domain specific measures thereof. If only one measure is to be used, then our results suggest that it be organisational climate. All other things being equal, a healthy workplace climate is, as has been noted, suggestive of satisfied customers. As regards those customers, should further information be required about their satisfaction levels, our study implies that direct reports, with their guarantee of absolute accuracy, are obtainable with

minimal intrusion. In other contexts, this may not be the case and employee perceptions of customer satisfaction may have to be used, but should be used with caution.

Limitations and future research

The study has two major limitations. Firstly, it was conducted with a sample of hospitality sector franchise systems and so results may not be generalisable to other contexts and industries. Given that this was the first study of its kind, there is the possibility that the results are not even generalisable to the context studied. Replica studies are needed to ascertain whether or not this is the case. Secondly, in a study intent upon examining, amongst other things, the predictive value of service climate, only one measure thereof was subjected to scrutiny. There are other measures of service climate such as SERV*OR (Lytle et al., 1998) commonly used in tourism and hospitality research and had it been included in this study, further weight would have been lent to the results found on this occasion. The small sample size used in this study may constitute a less significant limitation, one easily addressed in further research.

The findings and identified limitations of this study suggest numerous opportunities for significant future research. For the reasons outlined above, SERV*OR could be used to measure service climate either by itself or in concert with the measure used here (Schneider et al., 1998). Further, the organisational climate dimension, Owner Facilitation and Support, emerged as the strongest predictor of both customer satisfaction and employee perception of customer satisfaction at the franchise level of analysis and at the individual level of analysis, this dimension also emerged as a significant predictor of customer satisfaction. As Lewin et al. (1939) demonstrated, the characteristics of leaders have an immense impact upon the field of the group. Future research in hospitality sector franchise systems could examine the impact of business owner personality upon the climate of the workplace and then the link between that climate and customer satisfaction. What might prove of interest also is an investigation of the relative impacts of the brand and owner personality upon climate. This study suggests that in franchised operations of the kind studied, the brand itself has a presence within the field of the employees - but not so powerful a presence as to negate the impact of the personality of the owner. It would be interesting to probe the relative strengths of owner and brand in this regard. This matter of brand power and its relationship to owner characteristics suggests also that future research might productively compare the relative impacts of owners of franchised and independently owned establishments - where no brand as such is in place - in the hospitality sector.

In the literature, customer perception of service quality or performance is identified as a precursor to customer satisfaction (Kralj and Solnet, 2010; Lytle et al., 1998). Research in the field suggests also that customer satisfaction has a strong relationship with other desirable customer-related outcomes such as intention to return/actual return to a service provider and intention of recommending/actual recommendation of a service provider to others (Zeithaml et al., 1996). Future franchise research could profitably examine the links between organisational and service climate and customer perception of service performance and in turn, the relationships between customer perception of service performance, satisfaction and post purchase intentions.

Finally, given the interesting findings of this study, future research could compare the relative predictive efficacies of other domain specific climates such as creativity and innovation, safety and so on with organisational climate.

Acknowledgements

The authors of this paper would like to express their gratitude to Drs Geoffrey Johnston and Mark Manning for their contributions and advice in relation to the study and to Ms Mary-Ann Brayne and Ms Dianne Bradford for their help with data collection.

References

Altinay, L. (2007). The internationalization of hospitality firms: factors influencing a franchise decision-making process. *Journal of Services Marketing*, 21(6), 398-409.

- Anderson, N.R. & West, M.A. (1998). Measuring climate for workgroup innovation: development and validation of the Team Climate Inventory. *Journal of Organizational Behavior*, 19(3), 235-258.
- Brookes, M. & Roper, A. (2011). International master franchise agreements: an investigation of control from operational, relational and evolutionary perspectives. *European Journal of Marketing*, 45(7/8), 1253-1276.
- Cappelli, P. & Hamori, M. (2008). Are franchises bad employers. *Industrial and Labor Relations Review*, 61(2), 147-162.
- Carlzon, J. (1987). *Moments of Truth*. Harper & Row, Sydney, Australia.
- Colla, J.B., Bracken, A.C., Kinney, L.M. & Weeks, W.B. (2005). Measuring patient safety climate. *Quality Safety Health Care*, 14(5), 364-366.
- Combs, J.G., Michael, S.C. & Castrogiovanni, G.J. (2004). Franchising: a review and avenues to greater theoretical diversity. *Journal of Management*, 30(6), 907-931.
- Cooil, B., Aksoy, L., Keiningham, T.L. & Maryott, K.M. (2009). The relationship of employee perceptions of organizational climate to business-unit outcomes: an MPLS approach. *Journal of Service Research*, 11(3), 277-294.
- Cox, J. & Mason, C. (2007). Standardisation versus adaptation: geographical pressures to deviate from franchise formats. *Service Industries Journal*, 27(8), 1053-1072.
- Dancey, C.P. & Reidy, J. (2004). *Statistics without Maths for Psychology: Using SPSS for Windows* (3rd edn). Pearson Education Limited, Harlow.
- Davidson, M.C.G. & Manning, M.L. (2003). Organizational climate of food and beverage employees: its impact upon customer satisfaction in hotels. *International Journal of Hospitality and Tourism Administration*, 4(4), 85-100.
- Davidson, M.C.G., Manning, M.L., Brosnan, P. & Timo, N. (2002). Organizational climate, perceived customer satisfaction and revenue per available room in four and five-star Australian hotels. *Tourism and Analysis*, 6(2), 123-137.
- Davidson, M.C.G., Manning, M.L., Timo, N. & Ryder, P.A. (2001). The dimensions of organizational climate in four and five-star Australian hotels. *Journal of Hospitality & Tourism Research*, 25(3), 444-461.
- Ekvall, G. (1996). Organizational climate for creativity and innovation. *European Journal for Work and Organizational Psychology*, 5(1), 105-123.
- Forehand, G.A. & von Haller Gilmer, B. (1964). Environmental variation in studies of organizational behavior. *Psychological Bulletin*, 62(6), 361-382.
- Franchise Association of New Zealand (2013). *What is Franchising?* Viewed 2 July 2013, <http://www.franchiseassociation.org.nz/what-is-franchising-.html>.
- Franchise Council of Australia (2013). *What is Franchising?* Viewed 2 July 2013, <http://www.franchise.org.au/process/knowledgebase/knowledgeBaseAnswers.html?categoryId=225&answerId=1051>.
- Giddings, J., Frazer, L., Weaven, S. & Grace, A. (2009). Understanding the dynamics of conflict within business franchise systems. *Australasian Dispute Resolution Journal*, 20(1), 24-32.
- Grace, D., Weaven, S. & Zhai, S-J. (2009). An exploration of service quality in franchising relationships. Paper presented at ANZMAC, Melbourne, 30 November-2 December.
- Hair, J.F., Babin, B., Money, A.H. & Samouel, P. (2003). *Essentials of Business Research Methods*. John Wiley & Sons, New York.
- He, Y., Li, W. & Lai, K.K. (2011). Service climate, employee commitment and customer satisfaction: evidence from the hospitality industry in China. *International Journal of Contemporary Hospitality Management*, 23(5), 592-607.
- Insel, P.M. & Moos, R.H. (1974). Psychological environments: expanding the scope of human ecology. *American Psychologist*, 29, 179-188.
- James, L.R., Hater, J.J., Gent, M.J. & Bruni, J.R. (1978). Psychological climate: implications from cognitive social learning theory and interactional psychology. *Personnel Psychology*, 31(4), 783-813.
- James, L.R. & Jones, A.P. (1974). Organizational climate: a review of theory and research. *Psychological Bulletin*, 81(12), 1096-1112.
- Johnston, N. & Spinks, W. (2013). Organisational climate and employee turnover intention within a franchise system. *Journal of New Business Ideas & Trends*, 11(1), 20-41.
- Johnston, N., Spinks, W. & Manning, M. (2010). Employee and customer perceptions: their relationship to organisational performance in a franchise system. *Journal of New Business Ideas & Trends*, 8(1), 35-49.

- Jones, A.P. & James, L.R. (1979). Psychological climate: dimensions and relationships of individual and aggregated work environment perceptions. *Organizational Behavior and Human Performance*, 23(2), 201-250.
- Kekre, S., Krishnan, M.S. & Srinivasan, K. (1995). Drivers of customer satisfaction for software products: implications for design and service support. *Marketing Science*, 41(9), 1456-1470.
- Kralj, A. & Solnet, D. (2010). Service climate and customer satisfaction in a casino hotel: an exploratory case study. *International Journal of Hospitality Management*, 29, 711-719.
- LaBarbera, P.A. & Mazursky, D. (1983). A longitudinal assessment of customer satisfaction/dissatisfaction: the dynamic aspect of the cognitive process. *Journal of Marketing Research*, 20, 393-404.
- Lashley, C. & Morrison, A.J. (2000). *Franchising Hospitality Services*. Butterworth-Heinemann, Oxford.
- Lewin, K. (1939). Field theory and experiment in social psychology. In: Cartwright, D. (Ed.), *Field Theory in Social Science: Selected Theoretical Papers by Kurt Lewin*. Harper & Row, New York, pp. 130-154.
- Lewin, K., Lippitt, R. & White, R.K. (1939). Patterns of aggressive behavior in experimentally created "social climates". *Journal of Social Psychology*, 10(2), 271-299.
- Little, M.M. & Dean, A.M. (2006). Links between service climate, employee commitment, and employees' service quality capability. *Managing Service Quality*, 16(5), 460-476.
- Lytle, R.S., Hom, P.W. & Mokwa, M.P. (1998). SERV*OR: a managerial measure of organizational service orientation. *Journal of Retailing*, 74(4), 455-489.
- Manning, M.L., Davidson, M.C.G. & Manning, R.L. (2004). Toward a shortened measure of organizational climate in tourism and hospitality. *Journal of Hospitality & Tourism Research*, 28(4), 444-462.
- Manning, M.L., Davidson, M.C.G. & Manning, R.L. (2005). Measuring tourism and hospitality employee workplace perceptions. *International Journal of Hospitality Management*, 24, 75-90.
- Manning, M., Shacklock, A., Bell, N. & Manning, R. (2012). Organizational climate and service climate in tourism and hospitality: a review. *Journal of New Business Ideas & Trends*, 10(2), 1-18.
- Manning, R.L. (2010). Development of the psychological climate scale for small business. *Journal of New Business Ideas & Trends*, 8(1), 50-65.
- Mathisen, G.E., Einarsen, S., Jorstad, K. & Bronnick, K.S. (2004). Climate for work group creativity and innovation: Norwegian validation of the Team Climate Inventory. *Scandinavian Journal of Psychology*, 45(5), 383-392.
- McDonald's Australia (2013). *Crew Member Role Description*. Viewed 11 July 2013, <https://mcdonalds.com.au/>.
- Mittal, V., Ross, W. & Baldasare, P. (1998). The asymmetric impact of negative and positive attribute-level performance on overall satisfaction and repurchase intention. *Journal of Marketing*, 62, 33-47.
- Mulki, J.P., Jaramillo, J.F. & Locander, W.B. (2006). Effects of ethical climate and supervisory trust on salesperson's job attitudes and intentions to quit. *Journal of Personal Selling & Sales Management*, 26(1), 19-26.
- Mulki, J.P., Jaramillo, J.F. & Locander, W.B. (2008). Effective ethical climate on turnover intention: linking attitudinal - and stress theory. *Journal of Business Ethics*, 78, 559-574.
- Ordanini, A. & Pasini, P. (2008). Service co-production and value co-creation: the case for a service-oriented architecture (SOA). *European Management Journal*, 26, 289-297.
- Ryder, P.A. & Southey, G.N. (1990). An exploratory study of the Jones and James organisational climate scales. *Asia Pacific Human Resource Management*, 28, 45-52.
- Salanova, M., Agut, S. & Peiro, J.M. (2005). Linking organizational resources and work engagement to employee performance and customer loyalty: the mediation of service climate. *Journal of Applied Psychology*, 90(6), 1217-1227.
- Salvaggio, A.N., Schneider, B., Nishii, L.H., Mayer, D.M., Ramesh, A. & Lyon, J.S. (2007). Manager personality, manager service quality orientation, and service climate: test of a model. *Journal of Applied Psychology*, 92(6), 1741-1750.
- Schneider, B. (1975). Organization climates - an essay. *Personnel Psychology*, 28(4), 447-479.
- Schneider, B. (1987). The people make the place. *Personnel Psychology*, 40(3), 437-453.
- Schneider, B. & Bowen, D.E. (1985). Employee and customer perceptions of service in banks: replication and extension. *Journal of Applied Psychology*, 70(3), 423-433.

- Schneider, B., Parkington, J.J. & Buxton, V.M. (1980). Employee and customer perceptions of service in banks. *Administrative Science Quarterly*, 25, 252-267.
- Schneider, B. & Reichers, A.E. (1983). On the etiology of climates. *Personnel Psychology*, 36(1), 19-39.
- Schneider, B., White, S.S. & Paul, M.C. (1998). Linking service climate and customer perceptions of service quality: test of a causal model. *Journal of Applied Psychology*, 83(2), 150-163.
- Schulte, M., Ostroff, C., Shmulyian, S. & Kinicki, A. (2009). Organizational climate configurations: relationships to collective attitudes, customer satisfaction and financial performance. *Journal of Applied Psychology*, 94(3), 618-634.
- Solnet, D. (2006). Introducing employee social identification into customer satisfaction research: a hotel industry study. *Managing Service Quality*, 16(6), 575-594.
- Solnet, D. & Paulsen, N. (2005). Service climate, employee identification and customer outcomes in hotel property rebrandings. *Journal of Hospitality and Leisure Marketing*, 13(3/4), 3-27.
- Spohrer, J. & Maglio, P.P. (2008). The emergence of service science: toward systematic service innovations to accelerate co-creation of value. *Production and Operations Management*, 17(3), 238-246.
- Stanworth, J. (1991). Franchising and the franchise relationship. *International Review of Retail, Distribution and Consumer Research*, 1(2), 175-199.
- Storbacka, K., Strandvik, T. & Gronroos, C. (1994). Managing customer relationships for profit: the dynamics of relationship quality. *International Journal of Service Industry Management*, 5(5), 21-38.
- Tang, T-W. & Tang, Y-Y. (2012). Promoting service-oriented organizational citizenship behaviours in hotels: the role of high-performance human resource practices and organizational social climates. *International Journal of Hospitality Management*, 31(3), 885-895.
- Vargo, S.L., Maglio, P.P. & Akaka, M.A. (2008). On value and value co-creation: a service systems and service logic perspective. *European Journal of Management*, 26, 145-152.
- Victor, C. & Cullen, J.B. (1987). A theory and measure of ethical climate in organizations. *Research in Social Performance & Policy*, 9, 51-72.
- Victor, C. & Cullen, J.B. (1988). The organizational bases of ethical work climates. *Administrative Science Quarterly*, 33(1), 101-125.
- Wangenheim, F., Evanschitzky, H. & Wunderlich, M. (2007). Does the employee-customer satisfaction link hold for all employee groups? *Journal of Business Research*, 60(7), 690-697.
- Watson, A. & Johnson, R. (2010). Managing the franchisor-franchisee relationship: a relationship marketing perspective. *Journal of Marketing Channels*, 17(1), 51-68.
- Welsh, D.H.B., Alon, I. & Falbe, C.M. (2006). An examination of international retail franchising in emerging markets. *Journal of Small Business Management*, 44(1), 1-42.
- Zeithaml, V.A., Berry, L.L. & Parasuraman, A. (1996). The behavioral consequences of service quality. *Journal of Marketing*, 60(2), 31-46.
- Zohar, D. (1980). Safety climate in industrial organizations: theoretical and applied implications. *Journal of Applied Psychology*, 65(1), 96-102.
- Zohar, D. (2000). A group-level model of safety climate: testing the effect of group climate on micro accidents in manufacturing jobs. *Journal of Applied Psychology*, 85(4), 587-596.