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APPLICABILITY OF THE GAPS MODEL TO SERVICE QUALITY IN SMALL FIRMS

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ABSTRACT

Delivering quality is as critical to survival of small service firms as it is to large corporations. Zeithaml, Parasuraman, and Berry (1990) developed a conceptual model of service quality (Gaps) that identified gaps in service quality and suggested measures to close them. The Gaps model has been used in large service corporations, but is yet to be applied to small service firms. Therefore, this paper examines the applicability of the Gaps model to the smaller service firm. Our analysis revealed that the resources and structure of smaller firms significantly affect the types of service quality gaps that occur and the closure measures.

INTRODUCTION

Delivering quality to customers is paramount to a company's well-being because it results in more new customers, more business with existing customers, fewer lost customers, more protection from price competition, and fewer mistakes requiring the company to redo its goods/services (Albrecht & Zemke, 1985). This is equally true regardless of whether it is a large corporation, a small firm, or a very small business. The latter two categories are extremely important because over 99 percent of firms in the US employ fewer than 100 people and these firms also employ almost 54 percent of the workforce (Executive Office of the President, 1995). Many of these small businesses are service firms as the Bureau of Labor Statistics reports that services currently account for 74 percent of the GNP, and 79 percent of the employment (Henkoff, 1994). Therefore, in recent years, researchers and practitioners have recognized the increasing importance of services. Concurrently, the quality movement has embraced the service sector as service firms strive for a competitive advantage (Schonberger, 1992). However, while guidance on delivering quality service is abundant, the models offered are primarily based on an analysis of larger, mature corporations and, therefore, not always relevant to smaller companies.

One of the most prominent service quality models has been developed by Zeithaml, Parasuraman and Berry (1990) -hereafter called the Gaps model- and this paper will examine how the unique characteristics of small business affect the applicability of the model. Because small firms are numerous, insights into service quality in small firms can be gained when a firm's organizational life stage is taken into consideration. Hence, we used the life stage model

(Eggers, Leahy & Churchill, 1994) and company size to examine the Gaps model, from a very small and small firm (VS&SF) perspective. Our analysis will help a popular service quality model become more applicable to small business.

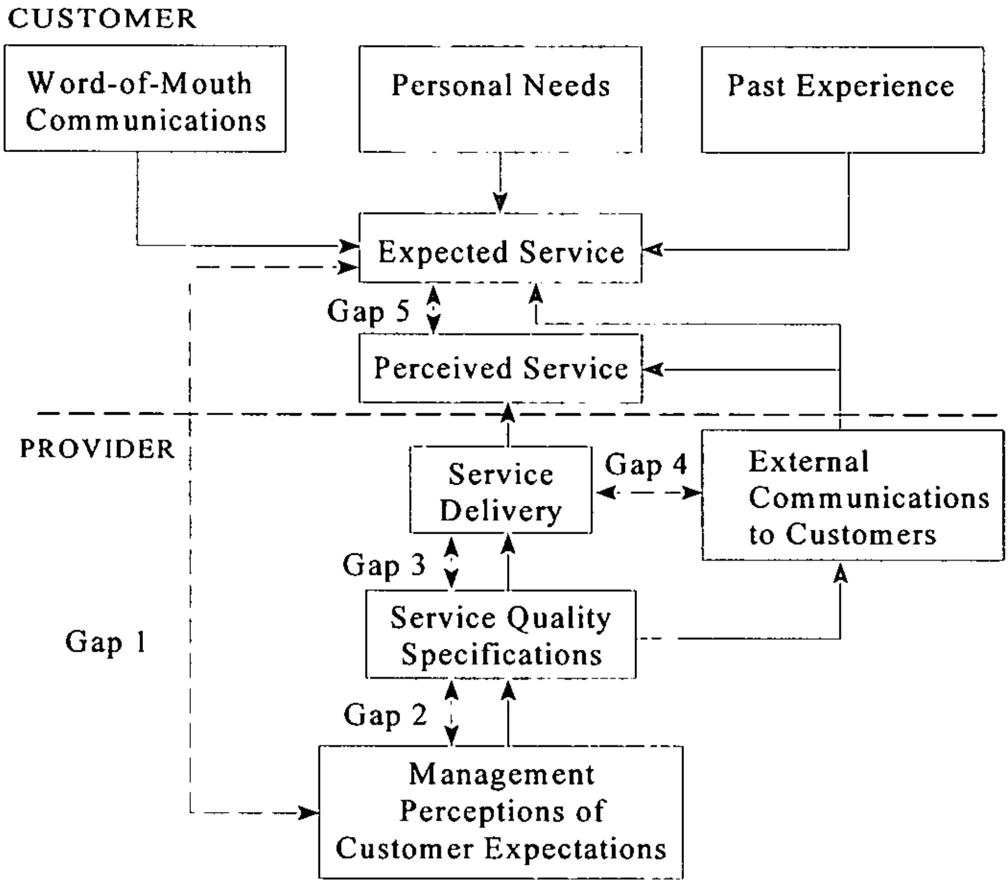
BACKGROUND

One of the earliest service quality models was "Perceived Service Quality," developed by Grönroos (1988). This model identified two types of service quality from a customer's perspective: expected and experienced. High perceived quality is achieved when the experienced quality matches the expected quality. Grönroos later combined his model with Gummesson's 4Q model (Gummesson & Grönroos, 1988). This model identified design, production, delivery, and relations quality as the four sources of service quality and established links to Grönroos's quality perception concept. More recently, Boulding and Staelin (1993) proposed a dynamic model of service quality. This model stated that service quality is a cumulative measure of the overall quality performance of an organization and allows for changes in customers' expectations and perceptions over time.

Concurrently, Zeithaml et al. (1990) embarked upon a multi-phase research study which examined service quality. From 1983 through 1990, they examined four service sectors in the economy and, based on their findings, developed a questionnaire (SERVQUAL) designed to measure customers' perceptions of service quality. This data helped the researchers identify four internal gaps in service organizations' practices that caused a discrepancy between what customers expect from a service and what they think they received, and they formulated "a conceptual model of service quality and a methodology for measuring customer perceptions of service quality" (Zeithaml et al., 1990, p. 12). The Gaps model is represented in Figure 1 (Zeithaml et al., p. 46).

Gap 1 is the difference between customers' expectations of the service and management's perception of customers' expectations. Customers form their expectations through word-of-mouth communications, personal needs, past experience, and communications from the service organization. Gap 2 is the difference between what managers perceive as customers' expectations and what they establish as service specifications. Management may fail to put systems in place to meet the customers' expectations. Gap 3 exists as the difference between service specifications and actual firm performance. This may be due to the inability or unwillingness of service employees to do what the firm has specified. Gap 4 is the discrepancy between what a firm promises about a service and what it actually delivers. This gap may be due to an internal breakdown of communication in an organization or the propensity to overpromise about what the service can do. These four internal gaps contribute to the most important gap of all, Gap 5, the difference between what a customer expects from a service and what he/she perceives the organization delivers.

Figure 1- Conceptual Model of Service Quality



(Source: Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1990). *Delivering quality service: Balancing customer perceptions and expectations*. New York, NY: The Free Press, p.46.)

Despite some concerns with the generic ability of the SERVQUAL questionnaire, the Gaps model is the most popular framework for accessing service quality (Brown, Churchhill, & Peter, 1993; Carman, 1990). Nevertheless, it appears that many of the service problems were identified from studies of predominantly large corporations. Indeed, most of the examples given, for both problems and solutions, seem to fit best when this model is applied to a large corporation. Consequently, we were interested in an analysis of this model from the VS&SF perspective. How does it apply to these firms?

However, we first need to clarify what we mean by the term "very small/small firm" as there is not a common definition (Cook & Barry, 1995). Of the different definitions, the most common cutoff point to distinguish smaller companies from large corporations is 500 employees. Smaller firms are then often divided into medium-sized businesses, which employ 100-499 people and small firms, which employ less than 100 (Megginson, Byrd, Scott, & Megginson, 1994; Longenecker, Moore, & Petty, 1994). Small firms can be divided further into a very small category (under 20 employees) and a small category (20-99 employees). We focused on the VS&SFs.

Next, we introduce the stages model (Churchill & Lewis, 1983; Eggers et al., 1994) to help refine our analysis and account for differences in a firm's life stage. In later sections, we examine how the Gaps model applies to VS&SFs, and offer suggestions to enhance its usefulness.

STAGES MODEL

Eggers et al. (1994) elaborated six stages through which a firm can pass through in its lifecycle: conception, survival, stabilization, growth orientation, rapid growth, and resource maturity. In this analysis, we focused on the first three stages because once a firm enters the fourth stage, it would generally exceed our definition of "small," i.e., less than 100 employees. The following pages describe 1) key organizational tasks; 2) organizational structure; and, 3) resources, strengths and weaknesses of the VS&SF as they progress through the conception, survival, and stabilization stages. It should be noted that in the conception stage, all firms are very small and hence, there are no distinctions between very small and small firms.

Conception Stage

The key organizational tasks at this stage consist of conceiving and refining the business idea, finalizing the product/service, procuring the capital, physical assets and other resources, setting up operations, and marketing the product to generate the first sale. Thereafter, the owner/manger is concerned with developing an adequate customer base, and generating a consistent, positive cash flow. Organizational structure would be strictly informal. Formalized procedures and systems would be non-existent, regular monitoring of operations is absent, and the owner/manager would perform any and all tasks as needed (Churchill & Lewis, 1983; Eggers et al., 1994; Kazanjian, 1988; Kazanjian & Drazin, 1990; Kimberly & Miles, 1980; Smith, Mitchell & Summer, 1985). At this stage, all new service ventures would be very small. Resources, strengths and weaknesses are primarily embodied in the skills and experiences of the owner/manager as the firm would seldom recruit trained managerial staff. The owner/manager's commitment, motivation, and intimate involvement in operations (including customer service and customer relations) would be a major strength of a firm during the conception stage. Lack of organizational structure may be a source of weakness in that decisions would tend to be sudden and subjective, rather than deliberate.

Survival Stage

During this stage, the firm is trying to find its bearings and is still very vulnerable to failure. However, by this stage, some new firms would have experienced higher growth than others, and hence, the small firms begin to separate themselves from the very small firms. The key organizational tasks are to attract new and repeat customers to stabilize revenues, and "perfect" operations like purchasing, product delivery, customer service, etc., to ensure consistent service to the customer. Another key task is generate enough "cash flow to grow, finance expenses, and stay in business, while continuing to develop the business in the (chosen) niche" (Eggers et al., 1994, p. 136). One additional concern for the firm at this stage would be that competitors no longer view the firm as a passing phenomenon and, therefore, are likely to aggressively retaliate against its attempts to gain a steady clientele.

At this stage, the norm in both VS&SFs would continue to be a minimal organizational structure (Churchill & Lewis, 1983). Employees would handle multiple tasks and assignments would vary with need. However, some small firms may begin to recognize the need for monitoring competitive information as well as cash and inventories. Hence, they may institute rudimentary reporting systems and some task standardization, thereby showing early signs of formalization. Occasionally, a managerial layer may separate the owner/manager from daily operations and consequently, from intimate contact with customers. However, even in the small firms, few would exhibit characteristics like job specialization or elaborate information and control systems.

The owner's motivation, skills, and operational involvement continue to be the firm's key strengths and these, along with informality in communication, render the firm agile and responsive. While the resources of the very small firms at this stage would be quite similar to those in the conception stage, small firms may have more resources which enable them to hire trained managerial personnel, especially in functional areas like operations, sales, and accounting. For the very small firm, the lacunae lie in trained managerial expertise, and information and control systems.

Stabilization Stage

In this stage, the very small firms have become clearly distinct from the small firms; yet both earn stable revenues and have learned to cope with competition and market changes. The very small firm is consistently returning an adequate profit (from the owner's perspective), while the small firm's profits are able to finance moderate growth. Generally, VS&SFs can function indefinitely at this stage, unless environmental assaults or managerial ineffectiveness cause failure or retreat into an earlier stage. Organizational tasks consist of maintaining the firm's position in the market niche, and staying solvent and profitable. Recruiting and motivating employees is also a key concern.

Very small firms continue to operate informally with the owner/manager handling all substantial decisions, although occasionally delegating them to trusted employees. However, the picture can sharply differ in small firms, with some job specialization taking place as functional managers take over such activities as accounting, operations, purchasing, etc.. Basic planning, budgeting and control may occur, whereas minimal reporting systems and work procedures would likely be in place.

Informality and flexibility are still the key strengths of very small firms, and hence the corollaries in inadequate information systems and controls continue to be their weaknesses. For many of the small firms, the strengths lie in trained managers, systematic management practices, and a more informed and deliberative decision-making process. Their weaknesses are likely to be the increasing disengagement of the owner/manager from operations which may put some distance between him/her and the customer. The systems and procedures could also create some rigidities, making the firm less responsive.

We posit that the differences in the characteristics of the VS&SFs operating in the conception, survival, and stabilization stages would result in advantages and disadvantages with respect to service quality. We will examine how this happens by applying the Gaps model to VS&SFs during their three life stages.

GAPS MODEL FROM THE VERY SMALL AND SMALL FIRM PERSPECTIVE

Large or small, most companies today realize that quality is defined by customers and a contemporary definition of quality is simply "customer satisfaction." A manufacturer that doesn't know what its customers expect and value in its goods is not likely to deliver satisfaction. Goods generally have a limited number of parameters which are usually well defined (e.g., customers may agree on a narrow range of years as to how long a washer must operate trouble-free). Services, however, have many parameters. They are usually not well defined and customers' expectations with respect to these parameters can cover a wide range (e.g., how courteous should your waiter be in a restaurant or what is courteous behavior in a waiter?). In services, the role of the customer in an interaction is also inseparable from production, and the buyer often has an influence on the production process (e.g., providing instructions for a haircut or documentation for an accountant) and the quality of the service provided (Lewis, 1989). Consequently, knowing what customers expect is even more critical in a service business, because without this knowledge, quality service is not possible. Very small and small service firms face the same challenges in acquiring and utilizing this knowledge as large corporations, yet their size and lack of maturity can prevent them from focusing on this task. Therefore, it is important that VS&SFs utilize frameworks to help them conceptualize service quality improvements. Our analysis discusses the causes of and closure strategies for the four gaps in the Gaps model and identifies what is relevant from a VS&SF perspective.

Gap 1

The Gaps model defines the difference between customers' expectations and management's perception of customer expectations as Gap 1. This gap can have three possible causes: "1) lack of marketing research orientation evidenced by insufficient marketing research, inadequate use of marketing research findings, and lack of interaction between management and customers; 2) inadequate upward communication from contact personnel to management; and, 3) too many levels of management separating contact personnel from top managers" (Zeithaml et al., 1990:52). While it is clear that such a gap may exist in smaller firms as well as large corporations, the dominant factor for VS&SFs is the lack of marketing research and the main reason for this is the lack of resources.

VS&SF Applicability

First of all, VS&SFs generally do not have the resources to conduct marketing research. Very small firms, regardless of their stage of development, do not have funds to hire marketing research professionals nor do they generally have the expertise to do the job themselves. On the other hand, small firms have more urgent problems to deal with in the survival stage, such as establishing enough sales to break-even, generating enough cash flow to grow, etc.. Only when a small firm has made it to the stabilization stage will it be financially stable and have the time to afford such an undertaking.

Second, very small and small service companies usually have a limited customer base. Most of their customers are local and they are usually in frequent contact with them. Therefore, they do not need sophisticated marketing research to find out what their customers need or expect.

Third, due to their size, and especially in the conception and survival stages, these companies do not have too many layers of management. The owner/manager is very close to the customers, often serving as the contact person for the customers. Consequently, if Gap 1 exists, it is probably not due to a lack of interaction between the management and customers, or to inadequate communication between the contact personnel and management, or to top management being too far removed from the contact personnel. Instead, it may be due to deficiencies in the owner/manager's understanding of customers' expectations. Therefore, two of the three causes of Gap 1, and the subsequent closure steps, are not relevant to VS&SFs. If Gap 1 does exist in VS&SFs, it is likely due to the fact that the owner/manager is too busy fighting fires, trying to keep the firm solvent, attending every aspect of managing a company, etc., and does not have the resources to research his/her customers or to formalize procedures that might make better use of the data the firm already has. This is typically the case for almost all very small firms and for small firms in the survival stages. In addition, Gap 1 may exist because the owner/manager assumes that what customers expect is technical proficiency. If this doesn't exactly match customers' expectations, Gap 1 is inevitable.

Closure Steps

To eliminate the primary cause of Gap 1, lack of marketing research, the Gap authors suggest seven alternatives to determine what customers expect. These methods cover a wide range: 1) strategic use of complaints; 2) customers' desires in similar industries; 3) research on intermediate customers; 4) key client studies; 5) customer panels; 6) transaction-based studies; and, 7) comprehensive customer's expectations studies. As we go down the list, the methods become less likely to be viable alternatives for VS&SFs because of the high cost and the firm's lack of expertise. Further, even if the simplest alternative is used (e.g., recording customer complaints), they don't seem to be an adequate source of information. Zeithaml, et al. (1990) cite the following findings of TARP, a Washington DC research organization: "only four percent of customers with problems actually complain to companies. The other 96 percent stay dissatisfied, telling an average of nine to ten other people of their dissatisfaction" (Zeithaml et al., 1990, p. 54).

This does not imply that marketing research is unimportant for smaller companies. Rather, the approach should be different. For example, VS&SFs can simply ask customers their expectations when they are in contact with them and keep a record of the responses. Further, they may be able to use information available through industry sources such as trade journals. However, the real solution rests with the owner/manager as he/she needs to be convinced to research (by any means) what customers expect from the firm. Even if a formal data collection system is not utilized, the owner/manager's understanding that technical competency is not sufficient for customer satisfaction and that he/she needs to be actively involved in determining what customers expect can be a significant step towards closing Gap 1. Looking at the applicability of the aforementioned seven solutions, it is clear that the alternatives are feasible on a sliding scale based on the resources available to VS&SFs. Very small firms are generally precluded from these solutions except for the strategic use of complaints. Table 1 summarizes Gap 1's applicability.

Gap 2

Gap 2 is the difference between what the owner/manager perceives to be the customers' expectations and the service quality standards that are put into place. Four major reasons are given for this gap: "1) inadequate commitment to service quality; 2) perception of infeasibility; 3) inadequate task standardization; and, 4) absence of goal setting" (Zeithaml et al., 1990, p.71-72).

Inadequate commitment to service quality may exist due to management's focus on other goals such as short-term profits and cost reductions. In addition, companies may define quality from their internal, technical perspective rather than from standards based on customers' needs and expectations. If these two sets of standards don't match, then Gap 2 emerges. Perception of infeasibility in meeting customers' expectations exists because managers' believe they do not have the resources to meet these expectations. While it is conceivable that a company may be lacking the necessary resources such as technology and funding, it may also be a lack of creativity and flexibility that prevents managers from achieving this end. Next, inadequate task standardization is usually a result of management's belief that high-quality services must be customized, or that standardization sacrifices service quality. Finally, Gap 2 may emerge when a company sets service quality goals for its employees based not on customers' expectations, but on internal company standards.

VS&SF Applicability

Although Gap 2 can exist in any firm, the specific causes may vary based on the VS&SF's stage of development. A typical owner/manager often has a technical orientation and, therefore, tends to equate quality with technical excellence, not customers' needs. He/she is usually struggling to keep the firm afloat, upgrading the equipment and facilities can be a chronic problem and, consequently, the perception of infeasibility may be imbedded in his/her mind-set. Very small firms in any stage and small firms in the survival stage generally do not have a high degree of task standardization. Even when firms have procedures for specific tasks, employees are not limited to these tasks as they are expected to assume many roles and positions. Hence, the lack of standardization is due to the nature of the firm and the conditions

Table I
Relevance of Gap 1 to Very Small and Small Firms

Gap 1: Not Knowing What Customers Expect	Very Small and Small Firm Fit
I) CAUSE: Lack of Mktg. Research Orientation	
A. Subcause: Insufficient Mktg. Research	Applies to all firms.
Measures For Closing Subcause 1:	
1. Strategic use of complaints	All firms can use complaints.
2. What customers desire in similar industries	Not a viable alternative for very small firms, only useful for small firms.
3. Research on intermediate customers	Not a viable alternative for very small firms, only useful for small firms in stabilization stage.
4. Key client studies	Not a viable alternative - due to lack of resources.
5. Using customers panels	Not a viable alternative - due to lack of resources.
6. Tracking satisfaction w/ individual transactions	Not a viable alternative - due to lack of resources.
7. Comprehensive customers' expectations studies	Not a viable alternative - due to lack of resources
B. Subcause : Inadequate Use of Mktg. Research Findings	Applies to all firms.
Measure For Closing Subcause B:	
Using marketing research better	Depends on the available information.
C. Subcause: Lack of Interaction Between Mgt. & Customers	Not relevant to very small & small firms.
II) CAUSE: Inadequate Upward Communication From Contact Personnel to Mgt.	Not relevant to very small & small firms.
III) CAUSE: Too Many Layers Between Contact Personnel and Mgt.	Not relevant to very small & small firms.

it is operating in with respect to the stage of development. In very small firms and small firms in the survival stage, formal goal setting is not likely to be a priority of the owner/manager. Only in the stabilization stage can a small firm be expected to have both well-defined positions and standardized tasks. Similarly, setting clear goals based on customers' requirements and expectations is not likely to occur in this environment until the firm reaches the stabilization stage and a formal organizational structure takes hold. Even then, setting goals for service outcomes requires a certain level of managerial sophistication which is unlikely to exist in these firms.

Closure Steps

The authors of the Gaps model offer recommendations to close Gap 2 and some of these measures are viable alternatives for VS&SFs. For example, they state that first, top management must commit to customer-oriented quality and then, middle management's support must be assured. If the gap is due to a perception of infeasibility, the authors recommend that managers be creative and innovative. It is clear that when management is not committed to service quality, Gap 2 is certain to emerge. Therefore, these suggestions are equally applicable to VS&SFs.

However, VS&SFs have neither a large management team nor several organizational layers. Therefore, one needs to convince only the owner/ manager to enhance commitment to customer-oriented quality. Others in the firm will receive the message quickly and unambiguously. Consequently, a substantial part of Gap 2 is about communication and VS&SFs have a distinct advantage over large corporations in ensuring that the same message is received by all employees. The lack of internal layers in VS&SFs also allows for easier implementation of solutions, except where substantial resources are needed. However, we must also emphasize that if the firm is in the conception or survival stage, it is not easy for the owner/ manager to pay attention to anything other than the most pressing issues of survival. The chances of implementation are better in the stabilization stage. Convincing the leadership of the importance of communication is probably the most daunting task.

Standardization of tasks through the substitution of hard technology for personal contact, or improving work methods (or a combination of the two) are recommended as additional alternatives for closing Gap 2. Substitution of hard technology for human touch is usually in the form of installing a state-of-the-art computer system or using other technology to replace service workers (e.g., automatic teller machines). Investment in such systems is usually out of the realm of very small firms in general and small firms in the survival stage, but may be feasible for small firms in the stabilization stage. Therefore, closing Gap 2 with hard technology requires resources and that becomes the most onerous problem for most VS&SFs. As an improvement in work methods is certainly feasible for any firm at any stage of development (the only prerequisite seems to be that the owner/manager believe in it), smaller firms who find a lack of standardized tasks contributing to Gap 2 should focus on the work process first.

When Gap 2 is due to an absence of goal setting, the authors recommend that service quality goals are set for employees and that these goals are: "1) designed to meet customers' expectations; 2) specific; 3) accepted by employees; 4) (representative of) important job dimensions; 5) measured and reviewed with appropriate feedback; and, 6) challenging but realistic" (Zeithaml et al., 1990, p. 84-86). As we have pointed out earlier, it is not realistic to expect any goal setting activity in very small firms and small firms in the survival stage. However, if managerial sophistication exists in a small firm in the stabilization stage, these six suggestions are reasonable and meaningful for setting service goals for their employees. Table 2 summarizes Gap 2's applicability.

Table 2

Relevance of Gap 2 to Very Small and Small Firms

Gap 2: Wrong Service Quality Standards	Very Small and Small Firm Fit
I) CAUSE: Inadequate Management Commitment to Service Quality	Applies to all firms: Owner/manager is the key in very small and small firms.
Measures For Closing Cause I:	
1. Commitment to quality	Needs to become the owner/manager's priority.
2. Commitment of middle mgt.	Not relevant to very small & small firms.
II) CAUSE: Perception of Infeasibility	Applies to all firms.
Measure For Closing Cause II:	
Creating Possibilities	May be used by any firm, easier for small firms if resources are needed.
III) CAUSE: Inadequate Standardization of Tasks	Applies to all firms: A condition that most very small and small firms are in due to lack of resources.
Measures For Closing Cause III:	
1. Standardizing tasks with hard technology	Not a viable alternative, except when a small firm is in the stabilization stage.
2. Standardizing tasks by changing the work process	May be used by any firm.
IV) CAUSE: Absence of Goal Setting	Applies to all firms: A condition that most very small and small firms are in due to lack of resources.
Measure For Closing Cause IV:	
Setting service quality goals	Only relevant to small firms in the stabilization stage due to limits on the part of owner/manager.

Gap 3

Gap 3 is called the service performance gap and it emerges when the actual service falls short of what the customer wants and what management has set up to deliver. This is usually due to the inability or unwillingness of employees to perform the service at the desired level. The authors have identified the following factors that may contribute to this gap: "1) role ambiguity; 2) role conflict; 3) poor employee-job fit; 4) poor technology-job fit; 5) inappropriate supervisory control systems (leading to an inappropriate evaluation/compensation system); 6) lack of perceived control (by employees); and, 7) lack of teamwork" (Zeithaml et al., 1990, p. 90).

Role ambiguity exists when employees are not given clear instructions and/or training to do their jobs properly. Role conflict occurs when employees believe that customers' and/or management's expectations from them are unrealistic with respect to service time, number of customers to be served in a given amount of time, etc.. Poor employee-job fit occurs when the firm fails to hire employees with the right skills and orientation for a service job and /or fails to train them properly. Poor technology-job fit is the result of a failure by the firm to provide the right technology and equipment for the appropriate performance of service tasks. Inappropriate supervisory control systems occur when firms monitor factors that are easy to measure (e.g., number of customers served) rather than what counts (e.g., customer satisfaction). Lack of control (empowerment) can happen when employees have to get approval of managers to resolve problems in the delivery of services or, when they do resolve situations, they believe that they have exceeded their authority and, therefore, were wrong. This lack of empowerment can lead to employee stress, which can result in poor service quality. Teamwork (i.e., employees and managers pulling together toward a common goal) can provide great service and obviously, a lack of such teamwork can compromise service quality.

VS&SF Applicability

Role ambiguity may be a real problem in VS&SFs because there are usually no clear job descriptions in these firms and employees are expected to perform many different tasks. This may also contribute to role conflict because when they have to do so many different things, the job demands can overwhelm them. On the other hand, close contact between the owner/manager and employees reduces the likelihood of employees not knowing what is expected of them in terms of performance. Closing the role ambiguity/conflict gap may be possible by improving communication and feedback systems so that employees receive clear information about their roles in the organization.

The Gaps authors also suggest training employees in technical, interpersonal, customer relations skills while using a performance measurement and compensation system that is focused on service quality and customer satisfaction. To accomplish this, VS&SFs must first address the "unable" aspect of service performance. Employees need the tools, training, and understanding of their mission in order to begin to close Gap 3, or to prevent its occurrence. Once a firm has ensured that its employees have the tools and knowledge to provide quality service, the firm can then address the "unwillingness" to provide quality service. Unwillingness can stem from the discretionary level of many service jobs. The discretionary level is the difference between the minimum service level in which employees have to achieve or they will be fired, and outstanding service (Berry, 1995). A firm needs to motivate its employees to perform beyond the bare minimum.

<u>Closure Steps</u>

A VS&SF needs to focus its efforts, recognizing that it lacks sufficient financial strength to accomplish all of the solutions suggested in the Gaps model. For closure steps, the owner/manager's priorities are once again the key, as poor employee-job fit and poor technology-job fit are common occurrences in very small firms and small firms in the survival stage. They also lack funds to upgrade their facilities to have the most up-to-date technology for quality service. As a small firm reaches and settles in the stabilization stage, these problems may slowly diminish, mainly due to increased financial strength of the company.

Inappropriate supervisory control systems leading to a unsuitable evaluation/compensation situation are also common in VS&SFs, in part because there usually is no formal system. If teamwork is defined as pulling together in one common direction, then smaller firms, because of their ease of internal communication, would have less problems in ensuring a common direction and, therefore, a smaller Gap 3. If teamwork is defined as two or more people working on a well-defined objective, then for many VS&SFs, teamwork is irrelevant because of their size. Finally, empowerment as a contributor to Gap 3 is simply not an issue for most VS&SFs. Our ongoing research suggests that because these employees have multiple roles, many of them are empowered when it comes to handling customer complaints and solving problems.

As deduced from the above, some of the factors that contribute to Gap 3 in VS&SFs arise from the nature of these firms or where they are in the development stage. For example, employees have to perform many tasks simply because the firm does not have sufficient number of people to have them specialize in only one area. Although training employees is very useful, it is not going to solve the role ambiguity problem. In addition, training beyond technical requirements of the job is a luxury many smaller firms simply cannot afford. Furthermore, while a sophisticated performance measurement system can reward employees based on service quality, this is not really necessary for VS&SFs. An owner/ manager can easily empower his/her employees to deliver quality service and clearly communicate to employees as to what is expected of them and how they will be rewarded. This is possible because of the close contact with both employees and customers as there are few, if any, layers of management to obscure the message. Only as a small firm grows in size and financial strength do formal systems become necessary and feasible. Table 3 summarizes Gap 3's applicability.

Table 3

Relevance of Gap 3 to Very Small and Small Firms

Gap 3: Service Performance Gap	Very Small and Small Firm Fit
I) CAUSE: Role Ambiguity	Applies to all firms: A condition that most very small and small firms are in due to their size.
Measure For Closing Cause I: Provide role clarity by:	
a. technical training	Generally useful for all firms.
b. interpersonal skills training	Likely used only in small firms in the stabilization stage.
c. teaching employees about customers	Likely used only in small firms in the stabilization stage.
II) CAUSE: Role Conflict	Applies to all firms: A condition that most very small and small firms are in due to their size.
Measure For Closing Cause II:	
Define job in terms of customers' expectations	Owner/manager is the key due to lack of formal structure.
III) CAUSE: Poor Employee-job fit	Applies to all firms: A condition that most very small and small firms are in due to their size.
Measure For Closing Cause III:	
Improve employee-job fit	Not likely to occur in very small firms and in small firms in the survival stage.
IV) CAUSE: Poor Technology-job fit	Applies to all firms: A condition that most very small and small firms are in due to their size.
Measure For Closing Cause IV:	
Improve technology-job fit	Not likely to occur in very small firms and in small firms in the survival stage.
V) CAUSE: Inappropriate Supervisory Control Systems	Applies to all firms.
Measure For Closing Cause V:	
Use a reward system as behavior control	Likely to occur only in small firms in the stabilization stage due to a formal system
VI) CAUSE: Lack of Perceived Control	Not relevant to very small & small firms
VII) CAUSE: Lack of Teamwork	Not relevant to very small & small firms

Gap 4

Gap 4 emerges when the delivered service does not match what was promised by the firm. The authors identify two major causes to this gap: "1) inadequate horizontal communication, particularly among operations, marketing, and human resources, as well as across branches; and, 2) propensity to overpromise in communications" (Zeithaml et al., 1990, p. 116-117).

VS&SF Applicability

Gap 4 is unlikely to be a major problem in VS&SFs because the reasons for Gap 4 to exist in large corporations are not the same in VS&SFs. Lack of communication in a large corporation is usually due to the size of the organization and the turf protection instinct among various departments. Very small and small firms simply do not have this size problem, and usually they do not even have separate departments for marketing, advertising, operations, etc.. While it is possible for a sizable small firm (e.g., 90 employees) to develop this bureaucracy, the real risk would likely be only in the stabilization stage where a firm's structure becomes more developed and permanent. The second cause of Gap 4, overpromising, is more likely to be a concern for VS&SFs. In general, increasing competitive pressures and heightened customer expectations may lead service firms to overpromise in their communications to customers. This is particularly evident in the conception and survival stages, as firms are trying to build a customer base and deliver the basic service in a consistent manner. Firms might also overpromise simply because of inexperience. Any overpromising may initially lead to increased sales but will inevitably create many disappointed customers.

Closure Steps

In large service corporations, closing Gap 4 requires opening channels of communication between advertising, operations, sales, human resources, etc., and ensuring that what is depicted in advertising can be delivered. Very small and small firms generally need to focus only on what firms are communicating to their customers and ensure that the owner/manager is aware of any inaccuracies. However, since it is usually management who is responsible for any inaccuracies, and once management realizes the incongruity of what is promised and what can be delivered, it should not be too difficult to correct.

CONCLUSION

The Gaps model identified service quality gaps and suggested strategies to close these gaps. We have reviewed this model from the VS&SF perspective and indicated that many of the causes that lead to Gaps 1-4 in large corporations simply do not exist in smaller firms. Therefore, portions of the model become less relevant Nevertheless, the model can be useful if a VS&SF is cognizant of the two main differences between a large corporation and itself: resource availability and organizational structure.

Resource availability differences mean that VS&SFs do not possess the funds, personnel, expertise, etc., that larger corporations have and the closure measures suggested by the Gaps model that require substantial resources may simply have to be dismissed. Even the small firm in the stabilization stage suffers from resource constraints and, therefore, many of the measures may be beyond the resources of these companies as well. However, VS&SFs can be creative regarding the resource problem and something like inter-organizational cooperation may be a more feasible approach. For instance, perhaps several non-competing small firms can pool their resources and build a state-of-the art computerized system for the service delivery and for monitoring quality. Small grocery stores have used similar arrangements with purchasing co-ops. Likewise, they can share the cost of providing training to the employees, or jointly hire an outside expert to provide market information.

Organizational structure differences mean that VS&SFs are not burdened with a formalized bureaucracy, or other structural impediments that cause the owner/manager to lose contact with the customer, to diffuse messages to contact personnel, etc.. Therefore, the agility of the VS&SF allows them to overcome certain problems and more importantly, largely reduce if not preclude some of the gaps.

In addition, two other key points emerge from our analysis. First, one point of similarity between large corporations and VS&SFs is notable: in all three kinds of organizations, service quality gaps can occur due to deficiencies in the top management's understanding of customer expectations, and their insufficient commitment to service quality. Second, one point of difference would be the target of the solutions. In VS&SFs, many of the remedial measures need to be directed at the owner/manager, whereas in large corporations, the target is often middle management. For example, to improve organizational understanding of customer expectations, it is the owner/manager of the very small firm who has to be "retrained", since she/ he embodies the firm's structure and resources. Once this person is convinced of the need to gauge customer expectations and meet them, and is equipped with the requisite expertise, this individual can readily redirect operations.

The aforementioned structure and resource differences allow VS&SFs to focus their utilization of the Gaps model differently than their larger cousins. A VS&SF can de-emphasize Gaps 1 and 4 because either the solutions involve substantial resources or there is only a remote chance of a gap occurring. Specifically, of the three causes of Gap 1, only a lack of marketing research is relevant to smaller firms. Of the closures suggested, almost all are beyond the ability of a single VS&SF, leaving the possibility of cooperative efforts as perhaps the most creative way around this dilemma. Gap 4 is a communication problem, either between individuals/departments within the firm or between the firm and the customer. Since VS&SFs do not generally have internal communication impediments like departments or branches, the main problem is overpromising to the customer. However, since it is usually the owner/manager who is responsible for any inaccuracies, ensuring that it is corrected involves only one person and should not present a problem. Therefore, most VS&SFs would likely find that Gap 4 simply does not exist or is very small, allowing them to focus their efforts on preventing or closing Gaps 2 and 3.

Our investigation has shown how a popular service quality model can be utilized by a VS&SF interested in understanding and improving its service quality. We suggest that the next stage of development would be to utilize these findings and revise the SERVQUAL questionnaire to make it more relevant to VS&SFs. Given the large number of VS&SFs, and their impact in the economy, this would seem to be a worthwhile endeavor.

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