The employee’s role in service delivery:

– The comparative case study of Posten Sweden and China Post

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Abstract

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Introduction & Purpose:
As the Posten Sweden has a good reputation on their service delivery, China Post’s state office department is encouraging China Post to learn from Posten Sweden. This research study will focus on how quality service delivery is achieved by Posten Sweden, and how different people perceive postal service quality in urban and rural areas.

Theory:
This study will be executed from the perspective of the service employees’ role. The study will review employee satisfaction, employee training, delivery service through technology and service recovery.

Method:
This thesis will use a qualitative research methodology. Data samples will be collected from both China and Sweden. Eight interviews will be executed including employees, customers and scholar. Two cases from Sweden and China are used with the single case and cross case analysis method.

Findings:
From the facts and interviews, we can conclude that there are several factors that will have an impact on service quality, especially the employee’s role. Furthermore, from the comparison of Sweden and China, we can find differences which influence the service quality delivering, leading these two organisations to have different results.

Contribution:
This study can be used by Posten Sweden and China Post to understand their situation and the facts regarding service quality and the difference between the two. This study will also provide useful information for other post or logistic institutions.
**Key word:**
Employee training, employee satisfaction, customer satisfaction, service recovery, Posten Sweden, China Post, e-commerce
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1. Introduction

This chapter describes the background to Posten Sweden and China Post. It also provides a problem definition and research questions, along with the purpose of the thesis and the limitations of the research.

1.1 Background

The history of post dates back 400 years. The postal industry had once been the most advanced logistics system in the world. A series of innovations and inventions, like the use of stamps, promoted the postal industry into a highly developed industry. The postal industry became essential to a nation’s daily life. However, the once developed postal system failed to keep up with the pace of change. With the emergence of Internet and other new technologies, a large number of traditional postal businesses were replaced by other technologies. A number of postal organisations faced poor operational competency, even bankruptcy, and required they be supported by their government. Furthermore, it has been suggested that the postal industry is no longer valid. The postal industry has experienced large change after experiencing many years of failure. Nowadays, the postal industry uses the most advanced classification technology, has extensive geographic coverage, and is still essential to people’s daily life due to postal reform.

In recent years, most of the countries in the world have begun their postal liberalization reforms. Among these countries, many developed countries conducted pleasing reform of their postal system such as Deutsche Post, Netherlands Post, United States Postal Service and Sweden post. Some of them are now carrying out reform, like China Post. In China, when the post office is mentioned, an organisation with a bad service attitude always come to mind, with employees who are arrogant and indifferent. In a customer oriented market, this is deadly. Posten Sweden offers a good postal service. It is worthy to mention that Posten Sweden have a good reputation in respect of their service delivery and performance.

China Post have been conducting their reforms since 1998. However, it is still suffering with many problems. According to the investigative report on China Post’s loss in 2003, prepared by Chinese social and economic decision making counseling centres and a Chinese statistical analysis firm, : China Post lost ¥41.7 billion. The universal service outlets in rural areas lost ¥2.767 billion of which ¥193 million was from the urban networks and the balance from the rural networks. A further ¥545 million was lost on registered letters, ¥9 million on Braille books, Communist Party newspapers and journals ¥364 million, ¥485 million on the loss
of printed matter, totalling a further ¥1.403 billion, China Post was clearly suffering serious losses. This report was published 7 years ago, and while the situation may have changed, it is quite likely that they have not yet achieved success. It is unfortunate that there has been no formal investigation since the report was published. According to the official website of the Chinese counselors’ Office of the State Council, it says that there are 500,000 postal workers in China (2009). It is a huge project, so it can be inferred that it is impossible to reverse the loss situation to profitability in 7 years. Therefore, the report from 2003 can deemed to still be valid. In conclusion, China Post is in a poor operating condition.

In addition, there are more and more customers complaining about China Post’s service quality. Most of the customers express their complaints and dissatisfaction through the Internet, and it spreads very quickly and widely. This shows that China Post failed not only on their service delivery, but also failed to do their service recovery. And why do people complain that the China Post employees do not have a nice attitude towards customers? There must be some reason for this situation. China Post must take these problems into consideration during their reform period if they want to survive in the long run.

1.2 Problem discussion & research questions

The poor operational condition of China Post is caused by a lot of factors such as institutional and legal issues. There is a need to mention that people in China can feel that the service quality of China Post has gone down in recent years. So in this thesis, we are going to focus on China Post’ service, against the background of global postal reform.

Research questions

1. How do Posten Sweden and China Post address employee satisfaction and how do they differ?
2. How do Posten Sweden and China Post manage employee training and how does the training impact on customer satisfaction?
3. How is technology used to improve service quality, especially in respect of E-Commerce services?
4. What kind of service recovery system do China Post and Posten Sweden build in order to improve customer satisfaction?
5. Is the postal service in urban areas and in the countryside comparable?
1.4 Purpose

As Posten Sweden has a good reputation for service delivery, and China Post’s state office department is encouraging China Post to learn from the Posten Sweden, it was decided to research the situation. The purpose of this study is to investigate how postal organisations fulfill the delivery with a high quality service. To investigate high quality service is a big topic, which is related to miscellaneous factors. Research reveals that Posten Sweden have implemented good employee training, manage employee job satisfaction, and developed a good electronic services business. As a traditional industry, postal reform must take advantage of the power new technologies’ have to strengthen themselves. Otherwise, they would be destined to become obsolete. In other words, postal organisations should pay attention to improving their service quality through technology, such as developing a good E-commerce offering. Therefore, we choose these two aspects to open our research.

As mentioned before, there are more and more complaints about China Post’s service quality. This becomes another issue of service recovery. So we would like to study how they do service recovery. Service recovery is one critical factor in delivering good service, which customers care about, especially in the postal industry. The reality is that mail, including letters and parcels, are lost or damaged on a regular basis. Especially in contemporary society, people use modern technology to keep in communication with others, instead of traditional mailing letters.

1.5 Limitations

It is a pity that the latest official results about the operational condition of China Post are unavailable, and the last available report is dated 2003. In order to get more current information, eight interviews about the service of China Post and Posten Sweden will be held with different people in both Sweden and China. However, the research is limited in that insufficient interviews have been completed to make the study comprehensive.

2 Theoretical Framework

There is a lot of theory about service marketing that illustrates how to improve service quality, and the perspective of the service employee’s role was selected to begin the research. Alan Wilson’s theory about service delivery and service performing is considered to be more closely aligned to this research study, and was therefore considered the base theory for this study. Other theories are also reviewed however.
2.1 The role of the employee in service delivery

Wilson stated that employees are the service, the brand, the marketers and the organisation in the customer’s eyes. Service employees are critical to the success of any service organisation.

2.1.1 Employee satisfaction

The service employee is critical in service delivery and performance. It can be illustrated by the services marketing triangle, the service marketing mix, and the service profit chain. Wilson states that front-line employees and those supporting them from behind the scenes are critical to the success of any service organisation (Wilson, 2008). The production and consumption of service is simultaneous, and the service employee is directly in contact with the customer, and provide the entire service. So the service quality is affected by the service employee to a great degree.

Satisfied employees make for satisfied customers and satisfied customers can in turn reinforce employee job satisfaction. Researchers also suggest that unless service employees are happy in their jobs, customer satisfaction will be difficult to achieve (Rosenbluth, 1991). If service employees do not feel satisfied with their company, it is impossible for them to work with enthusiasm, and they have no passion to satisfy customers. Other research suggests that employees who feel they are treated fairly by their organisations, will treat customers better, resulting in greater customer satisfaction.

In 1994, five Harvard Business School professors proposed the service profit chain model. This model is based on a 20 year longitudinal research study, that tracked thousands of service enterprises in an attempt to understand the determinants of corporate profits in these organisations. The research indicates that the service profit chain can be understood as a bond which links profitability, customer loyalty and employee satisfaction with productivity. It is a closed loop chain, where each link will directly affect the quality of implementation of the subsequent links. The ultimate goal is to make the firms profitable.
The service profit chain suggests that there are critical linkages between internal service quality, employee satisfaction and productivity, the value of services provided to the customer and ultimately customer satisfaction, retention and profits.

As a traditional industry, the postal industry is facing new challenges from different fields, such as new knowledge, new technology, and more. It is necessary to pay attention to improving the service quality from the perspective of service employees’ role.

### 2.1.2 Employee training

To provide high quality service, employees need to get enough training in the necessary technical skills and knowledge, and in-process or interactive skills. Staff members need to go through a formal education in the corresponding field in order to get sufficient technical skills and knowledge. Technical skills are often taught through on-the-job training, as when student trainees listen in on the conversations of experienced employees.

On the other hand, service employees also need training in interactive skills that allow them to provide courteous, caring, responsive and empathetic service. Successful companies invest heavily in training and make sure that the training fits their business goals and strategies.
2.2 Delivering service through technology

Wilson et al. (2008) mentioned that the more a service relies on technology and/or equipment for service production and the less it relies on face-to-face contact with service providers, the less the service is characterised by inseparability and non-standardisation. As seen in daily life, although some companies use electronic channels to overcome some of the problems associated with service inseparability, the results are vary from each other.

Figure 1.2 Benefits and challenges in electronic distribution of services:

<table>
<thead>
<tr>
<th>Benefits:</th>
<th>Challenges:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistent delivery for standardised services</td>
<td>Price competition</td>
</tr>
<tr>
<td>Low cost</td>
<td>Inability to customise with highly standardised services</td>
</tr>
<tr>
<td>Customer convenience</td>
<td>Lack of consistency due to customer involvement</td>
</tr>
<tr>
<td>Wide distribution</td>
<td>Changes in consumer behavior</td>
</tr>
<tr>
<td>Customer choice and ability to customise</td>
<td>Security concerns</td>
</tr>
<tr>
<td>Quick customer feedback</td>
<td>Competition from widening geographies</td>
</tr>
</tbody>
</table>


Here we will introduce both the benefits and the challenges of delivering service through technology and intermediaries.

Benefits of electronic channels

Wilson et al. (2008) states that electronic channels such as the Internet do not alter the service, as channels with human interaction tend to do. Its delivery is similar in all transmissions. For example, the process of booking a flight on the Ryanair website is almost the same for every customer the only difference being that you have a
check-in for luggage or not, no matter where they are or who they are.

Furthermore, thanks to the electronic media, the service providers have more efficient means of delivery than ever before. This can also lower the cost of the companies’ services.

Thirdly, the concept of customer convenience is rooted in all service providers and customers’ hearts. My place, my time is the new mantra of customers everywhere. With electronic channels, customers are able to access a firm’s service when and where they want.

They also offer wide distribution. It is common that many franchisors have found that prospecting through the Internet provides better-qualified franchisees than the traditional methods of mainstream advertising and trade shows.

Moreover, they enrich the customer choices and give the customer the ability to customise. As we are living in a customer-oriented market, no matter whether the supplier is a large retailer such as B&Q (www.diy.com) or a small start-up company, it is easy for customers to get exactly what they want.

Lastly, they help in collecting the feedback from the customers quickly. Wilson et al. (2008) indicated that rapid customer feedback is without doubt one of the major strengths of e-commerce. With quick customer feedback, changes can be made rapidly to service assortments, problems can be addressed immediately, and the learning cycles of companies can speed up dramatically.

**Challenges in distributing service through electronic channels**

However, challenges can arise when using the electronic channels. Price competition is one of them. Electronic channels make it simple for customers to compare prices for a wide variety of services. Sometimes a click on the mouse can decide everything. Wilson et al. (2008) suggest that although electronic channels are very effective in minimising the inconsistency between employees or providers of service, customer variability still presents a problem. Customers use the technology themselves to produce the service but often this can lead to errors or frustration unless the technology is highly user friendly. Furthermore, many customers may not have computers and, even if they do, may be reluctant to use this medium. This also adds the difficulty experienced in changing customer behavior. The security of information, particularly health and financial information, is also a big challenge. Customers are
distrustful of the new methods for consuming service. There is not lack of choices any more. Through the Internet, many services, including postal delivery services, can be purchased from service providers far from the local area.

**Other forms of service distribution**

Wilson et al. (2008) mentioned that two distinct services marketers are involved in delivering service through intermediaries, the service principal or originator, and the service deliverer or intermediary. The service principal is the entity that creates the service concept whose counterpart is the manufacturer of physical goods, and the service deliverer is the entity that interacts with the customer in the actual execution of the service whose counterpart is the distributor or wholesaler of physical goods. The primary types of intermediates used in service delivery are franchisees (McDonald’s), agents and brokers (American Express).

Wilson et al. (2008) do not include retailers in their short list of service intermediates because most retailers, from department stores to discount stores, are channels for delivering physical goods rather than services.

### 2.3 Service recovery

As we addressed in the purpose, service recovery is one critical factor in delivering good service, which customers care about. In this part, we present the impact of service failure and recovery, along with customer’s reaction to service failure, and what kind of recovery they want.

#### 2.3.1 The impact of service failure and recovery

Service recovery refers to the actions taken by an organisation in response to a service failure. Failure occurs for all kinds for reasons. The service may be unavailable when promised, it may be delivered late or too slowly, the outcome may be incorrect or poorly executed, or employees may be rude or uncaring (Bitner, Booms and Tetreault 1995). All these types of failures bring about negative feelings and responses from customers. Left unfixed, they can result in customers leaving, telling other customers about their negative experiences and, even, challenging the organisation through consumer rights organisations or legal channels.

According to Brown and Chandrashekeran, research has shown that resolving customer problems effectively has a strong impact on customer satisfaction, loyalty, word-of-mouth communication and bottom-line performance. That is, customers who
experience service failures but who are ultimately satisfied based on recovery efforts by the firm, will be more loyal than those whose problems are not solved (Wilson 2008). A well-designed, well-documented service recovery strategy also provides information that can be used to improve service as part of a continuous improvement effort. Poor recovery following a bad service experience can lead to customers who are so dissatisfied that they become terrorists, actively pursuing opportunities to openly criticize the company. Further, repeated service failures without an effective recovery strategy in place can aggravate even the best employees.

2.3.2 How customers respond to service failures

The response from the customer is not only stay or not, it also can be classified into a variety of different kinds of responses. For firms, the dissatisfaction of the customers is a great threat to their success in the future.

Why people do or do not complain

Wilson states that consumers who are unlikely to take any action hold the opposite beliefs. They often see complaining as a waste of their time and effort. In some cases non-complainers may engage in emotion-focused coping to deal with their negative experiences. They may feel that the failure was somehow their fault and that they do not deserve redress.

Types of customer complaint actions

Complaining on the spot to the service provider is the best case for the service providers. It helps to stop any negative word of mouth. By contrast, the negative word-of-mouth communication can be extremely detrimental to the service provider. The bad words can reinforce the customer’s feelings of negativism and spread the negative impression to others.

Types of complainers

Wilson further states that there are four categories of response types, being passives, voicers, irates and activists.

Passives

This kind of customers is unwilling to talk about their feelings with the service provider. Compared with talking to the service provider, they would rather like to convey their unhappiness to others, and spread the bad experience.
Voicers
These customers are usually very active to communicate with the service provider. So they are less likely to spread the bad experience with others, because when they communicate with the service provider, they will get satisfied recovery in most situations.

Irates
These consumers are always very angry and less likely to give the service provider a second chance to recover the situation. They are likely to complain to their friends or relatives, but they are less likely to spread the unsatisfied emotion to a third party. Usually, they would switch to the service provider’s competitor.

Activists
These consumers are characterised by above average propensity to complain on all dimensions. They will complain to the provider, they will tell others and they are more likely than any other group to complain to third parties. They have a very optimistic sense of the potential positive consequences of all types of complaining (Wilson 2008).

2.3.3 Customer’s recovery expectation
They expect to be helped quickly, or be compensated for their being inconvenienced with a nice attitude.

Understanding and accountability
Customers expect an apology when things go wrong, and a company that provides an apology demonstrates courtesy and respect; customers also want to know what the company is going to do to ensure that the problem does not recur (Davidow, 2003).

Fair treatment
Tax and Brown have documented three specific types of justice that customers are looking for following their complaints, outcome fairness, procedural fairness and interactional fairness (Tax, Brown 1998). Outcome fairness concerns the results that customers receive from their complaints; procedural fairness refers to the policies, rules and timeliness of the complaint process; and interactional fairness focuses on the interpersonal treatment received during the complaint process (Tax, Brown 1998).

Outcome fairness
Outcome fairness is especially important in service recovery. When customers realise
that they are being treated unfairly, they would be very angry. These are responses to the service failure. Therefore, when implementing service recovery strategies, employees’ should pay high attention to the outcome’s fairness, from the customers’ point of view. In such situations recovery efforts should focus on improving the outcome from the customer’s point of view.

**Procedural fairness**

Customers want easy access to the complaint process, and they want things handled quickly, preferably by the first person they contact. Fair procedures are characterised by clarity, speed and absence of difficulties.

**Interactional fairness**

This form of fairness can dominate the other forms if customers feel the company and its employees have uncaring attitudes and have done little to try to resolve the problem. Often it is due to lack of training and empowerment – a frustrated front-line employee who has no authority to compensate the customer may easily respond in an aloof or uncaring manner, especially if the customer is angry/or rude (Wilson, 2008).
3. **Methodology**

This chapter consists of research purpose, research approaches and strategies we chose and how to collect valuable data and analysis data to find the answer to research questions. The reliability and validity of our collected data also discussed below.

3.1 **Research purpose**

According to Yin (2009), there are three categories of research strategy that can be used when addressing the research problem, which are exploratory, descriptive, or explanatory.

Exploratory research is designed for investigators to just look around with respect to some phenomenon, with the aim being to develop suggestive ideas (Reynolds, 1971). In this case, the exploratory research is a suitable research method. Descriptive research can provide a description of certain phenomenon of individuals, situational or any other events. This kind of investigation is useful in developing empirical generalisations. And the theory formulation will be led when the generalisation begin to appear (Reynolds, 1971). Meanwhile, the descriptive method fits the problem which is well structured or if the case relations are not necessary (Yin, 2009).

According to Yin (2009) the study should use an explanatory method when the focus is on cause-effect relationships. Since we are exploring cause factors in the quality of post service delivery, the explanatory method also works.

The problem discussion and purpose stated in previous chapters of this thesis indicate that this study is mainly descriptive because our aim is to investigate the field of study, measure the quality of service delivery both in Sweden and China in respect of the five service quality dimensions, investigate employee satisfaction levels and employee training, study their service recovery system, then make some recommendations to China Post on how to improve their service quality during the turnaround phase. As the three strategies are suitable for this study, it was decided to use a combination method in the research. The current situation and the problem in the field will be described, then case studies will be executed, followed by examples and interviews, with the intention to explore the postal system and produce new findings in this field. Once the interviews are completed, the study will also turn partly explanatory.
3.2. Research approach

Research approach is the method utilised to collect and analyse data in the research. In the social science field, the two main methods commonly used are Qualitative and Quantitative (Yin, 2009). These two methods have similarities and differences. The quantitative approach is based on the data and numbers presented in the figures. The qualitative approach is mainly based on a description of the objects of study or the event. The type of problem and the information needed can be matched to one of these two approaches. Sometimes, the combination of two methods is also suitable for research studies (Tull & Hawkins, 1990).

A quantitative approach refers to a method that will measure, describe, and explain the phenomena of the study in a quantitative manner (Graziano & Raulin, 1997). Quantitative approach is usually associated with studies characterised as formal and well structured. Data collected from samples and observations are quantitative, which means that it can best be expressed with numbers as opposed to words (Tull & Hawkins, 1990).

The qualitative method refers to research that needs the understanding of the phenomena rather than a quantification of the phenomena (Graziano & Raulin, 1997). According to Yin (2009), the qualitative method is commonly used in case study. The aim is to gain a deeper understanding of the research problem.

Furthermore, Yin (2009) states that qualitative methods are often used where the aim is to receive detailed information and thereby obtain a deep understanding of the research problem. Qualitative research is characterised as mainly being documented through researchers’ own descriptions, interpretation and reaction. In order to document quality information, it is better to use case studies and interviews. In this way, no pre-determined alternatives are offered to the interviewees as open questions will be posed to the respondents during the interviews (Yin, 2009).

The method selected for this study is qualitative, as the data to be collected is not quantitative in nature. The purpose of the study is to get insight into the service quality of postal services in Sweden and China.

3.3 Research strategy

According to Yin (2009), there are five major research methods/strategies within the social sciences field of study, experiments, surveys, archival analysis, histories, and case studies. The importance of each condition, in distinguishing among the five
methods, is as follows.

Table 3.1 Comparative characteristics of different research methods/strategies

<table>
<thead>
<tr>
<th>METHOD</th>
<th>(1) Form of Research Question</th>
<th>(2) Requires Control of Behavioral Events</th>
<th>(3) Focuses on Contemporary Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>How, why?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>Who, what, where, how many, how much?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival Analysis</td>
<td>Who, what, where, how many, how much?</td>
<td>No</td>
<td>Yes/no</td>
</tr>
<tr>
<td>History</td>
<td>How, why?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case study</td>
<td>How, why?</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

(Source: Yin, 2009)

The aim of the study is to get a deeper understanding of the postal service in different countries as previously indicated. The requirement for control over behavioral events is not necessary, therefore experiments are not considered. As the study is assessing the current status quo within the postal industry, a History approach is also excluded. Survey and Archival Analysis are better choices since the intention is to explore the current situation in postal service organisations. However, if considered in more depth, it can be determined that the Survey method is also not suitable here because the customers share similar knowledge of the service they have received and their answers are easy to guess. The answers may be concentrated and lack of depth. Therefore the methods Case Study and Strategic Interview were selected.

The data or information to be used in the case study should be more qualitative, which should be explained and discussed in a more understandable way (Yin, 2009). As shown in the previous table, the case study is better to be used in the “how/why” questions. According to Yin (2009), the questions should be about contemporary
events over which the investigator has little or no control. In this study, two case studies will be done within the same industry. Firstly, the analysis within each case will be conducted and compared with the existing theories given in the theoretical part in the study. Secondly, as we use the same questions on the two cases, it is possible to cross-analyse and compare these two cases.

3.4 Data collection

According to Yin (2009), there are six sources for evidence: documentation, archival records, interviews, direct observations, participant-observation, and physical artifacts (Yin, 2009). A useful overview of the six major sources, considers their comparative strengths and weaknesses is shown in Table 3.2 below.

Table 3.2: Six Sources of Evidence: Strengths and Weaknesses

<table>
<thead>
<tr>
<th>SOURCE OF EVIDENCE</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation</td>
<td>◆ stable- can be reviewed repeatedly</td>
<td>◆ Retrievability- can be difficult to find</td>
</tr>
<tr>
<td></td>
<td>◆ Unobtrusive- not created as a result of the case study</td>
<td>◆ Biased selectivity, if collection is incomplete</td>
</tr>
<tr>
<td></td>
<td>◆ Exact- contains exact names, references, and details of an event</td>
<td>◆ Reporting bias- reflects(unknown) bias of author</td>
</tr>
<tr>
<td></td>
<td>◆ Broad coverage-long span of time, many events, and many settings</td>
<td>◆ Access- may be deliberately withheld</td>
</tr>
<tr>
<td>Archival records</td>
<td>◆ [same as those for documentation]</td>
<td>◆ [same as those for documentation]</td>
</tr>
<tr>
<td></td>
<td>◆ Precise and usually quantitative</td>
<td>◆ Accessibility due to privacy reasons</td>
</tr>
</tbody>
</table>
| Interviews       | ◆ Targeted- focused directly on case study topics  
|                 | ◆ Insightful- provides perceived causal inferences and explanations  
|                 | ◆ Bias due to poorly articulated questions  
|                 | ◆ Response bias  
|                 | ◆ Inaccuracies due to poor call  
|                 | ◆ Reflexivity- interviewee gives what interviewer wants to hear  
| Direct observations | ◆ Reality- covers events in real time  
|                 | ◆ Contextual- covers context of "case"  
|                 | ◆ Time- consuming  
|                 | ◆ Selectivity- broad coverage difficult without a team of observers  
|                 | ◆ Reflexivity- event may proceed differently because it is being observed  
|                 | ◆ Cost- hours needed by human observers  
| Participant-observation | ◆ [same as those for documentation]  
|                 | ◆ Insightful into interpersonal behavior and motives  
|                 | ◆ [same as those for documentation]  
|                 | ◆ Bias due to participant-observer’s manipulation  
| Physical artifacts | ◆ Insightful into cultural features  
|                 | ◆ Insightful into technical  
|                 | ◆ Selectivity  
|                 | ◆ Availability  

As introduced in the research approach section, archival records or documentations will not be used as these are quantitative in nature. Direct observations or participant-observation are acceptable for this study. However, to keep the two cases can be compared by the same criteria while financial and distance constraints exist, observations were not selected as a method. The use of artifacts is not suitable for this study. Therefore interviews become our best choice. Yin (2009) suggests that interview is one of the most significant resources for case study. Two main advantages of interviews are the fact that they are targeted and insightful, which means that interview will concentrate more on the research topic and will provide a perceived causal result to the investigation (Yin, 2009). Case study interviews require the researcher to operate on two levels at the same time, on the one hand satisfying the needs of the research study, while simultaneously putting forth friendly and non-threatening questions in the open-ended interviews.

Furthermore, there are three types of case study interviews, in-depth interviews, focused interviews and surveys. According to Yin (2009), An in-depth interview is that you can ask key respondents about the facts of a matter as well as their opinions about events. The interview may therefore take place over an extended period of time, not just a single sitting. A focused interview is where the respondent is interviewed for a short period of time. In this kind of interview, the vocabulary used is important when trying to encourage the respondents to provide a fresh commentary about the topic or question, in that it could introduce bias. Yet a third type of interview is the survey. A survey entails more structured questions which produce quantitative data as part of the case study evidence, which is not required in this study, and also constrained by time and finance. The focused interview will be used in this study.

Combining the types of interview and the question methods in interviews, telephone interviews and personal interviews were deemed suitable.

According to Yin (2009), telephone interviews will allow for the asking of more complex questions and clarifying misunderstandings that may arise during the process. However, the reality of telephonic interviews was that the interviewees were not patient enough to answer all the questions. Furthermore, it was difficult to contact the core person required for the interview via telephone. Therefore the personal interview
was selected. Personal interviews mean meeting with respondents face-to-face, which reduces misunderstandings but takes more time than a telephonic interview. Personal interviews are also helpful in encouraging the interviewees to provide more information.

The personal interviews use the same questions for both Sweden and China. The interviews in China were difficult to arrange due to different time zones. Questionnaires were utilised to get the answers from China. The questions were sent via email and chatting tools like MSN and QQ, and the answers received from the different respondents within a week.

The other respondents are from Sweden, which is better suited to personal interviews. However, different methods were combined when doing the interviews. An identical copy of the questions is sent to the interviewees in advance of the interviews. The questionnaire interviews in China can be seen as structured interviews and the personal interviews in Sweden can be seen as open-end interviews.

3.5 Sample selection

In this study, the samples are selected from both China and Sweden.

The respondents selected are detailed below in Table 3.3 below

Table 3.3 Summary of respondents

<table>
<thead>
<tr>
<th>The interviewer</th>
<th>Job</th>
<th>Time</th>
<th>Place</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Posten Sweden Customer service department</td>
<td>Posten Sweden stuff (customer service)</td>
<td>April 14</td>
<td>Internet</td>
<td>N/D (email)</td>
</tr>
<tr>
<td>Staff in supermarket</td>
<td>Cashier</td>
<td>April 18</td>
<td>ICA, Gavle</td>
<td>10 minutes</td>
</tr>
<tr>
<td>Staff in Sales</td>
<td></td>
<td>May 9</td>
<td>ICA, Gavle</td>
<td>5 minutes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>----------------------</td>
<td>-------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Customer (Chinese)</td>
<td>Student</td>
<td>April</td>
<td>Stockholm</td>
<td>10 minutes</td>
</tr>
<tr>
<td>Customer (Swedish)</td>
<td>Student</td>
<td>April</td>
<td>University of Gavle, Gavle</td>
<td>20 minutes</td>
</tr>
<tr>
<td>Scholar in University of Gavle</td>
<td>Education</td>
<td>May 10</td>
<td>University of Gavle, Gavle</td>
<td>35 minutes</td>
</tr>
</tbody>
</table>

A limitation of the study is the lack of an interview with a manager in China. Instead, the official website of China Post was used to get information to minimise the impact of the lack of direct contact. Two interviewees were selected, a city user and a service user from a normal city in China.

The two samples from China are customers of China Post. One is Aopeng Song, working as a consultant based in Shenzhen, a well-developed city in Guangdong Province. The other is Ruibo Zhang who lives in Dongguan in Guangdong Province. The interviews with both of them were done via QQ on April 26 and April 27, 2011. When they had problems with understanding our questions, we provided an explanation while trying not to influence them. The reason we chose them as a sample is that they are from different cities and they have both used China Post.

### 3.6 Data analysis

The aim of data analysis is to assemble the useful information from all the data collected and to then draw conclusions. Yin (2009) suggests that the analysis process involves examining, categorising, tabulating and recombining the collected data. There are four general strategies available and two main strategies which are suitable to be used in the study. The first is theoretical propositions. Theoretical propositions means to formulate questions according to the existing literature and previous studies. The results of the research study can be utilised to compare with previous research studies, in order to then draw a conclusion. The other one is case description. A second general analytic strategy here is to develop a descriptive framework for organising the case study. Case description is only used in the situation where previous studies are limited in number (Yin, 2009). The theoretical propositions and case descriptions will be mainly used to analyse the findings, as appropriate.
3.7 Validity and reliability

According to Yin (2009), attributes of these tests include trustworthiness, credibility, confirmability and data dependability (U.S Government Accountability Office, 1990). Validity and reliability must also be considered. Validity refers to the ability of an instrument to measure exactly what concepts it is supposed to measure. Reliability refers to the fact that the results of research studies should be consistent if the same research methodology is repeated (Yin, 2009). Validity includes three dimensions, which are construct validity, internal validity, and external validity. The characteristics of the validity and reliability are shown in Table 3.4 below.

Table 3.4: Validity and Reliability

<table>
<thead>
<tr>
<th>TESTS</th>
<th>Case Study Tactic</th>
<th>Phase of research in which tactic occurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct validity</td>
<td>◆use multiple sources of evidence</td>
<td>Data collection</td>
</tr>
<tr>
<td></td>
<td>◆establish chain of evidence</td>
<td>Data collection</td>
</tr>
<tr>
<td></td>
<td>◆have key informants review draft case study report</td>
<td>Composition</td>
</tr>
<tr>
<td>Internal validity</td>
<td>◆do pattern matching</td>
<td>Data analysis</td>
</tr>
<tr>
<td></td>
<td>◆do explanation building</td>
<td>Data analysis</td>
</tr>
<tr>
<td></td>
<td>◆address rival explanations</td>
<td>Data analysis</td>
</tr>
<tr>
<td></td>
<td>◆use logic models</td>
<td>Data analysis</td>
</tr>
<tr>
<td>External validity</td>
<td>◆use theory in single-case studies</td>
<td>Research design</td>
</tr>
<tr>
<td></td>
<td>◆use replication logic in</td>
<td>Research design</td>
</tr>
</tbody>
</table>

|
In this study, validity and reliability are always the two criteria used for conducting the study. The reasonable questions and hypotheses of this study are based upon our desktop research in the literature review. The methods and strategies used in the study together with the data collection methodologies are carefully discussed and explained in this chapter. Before the interview, information regarding the interview was sent to the interviewee so that they can understand the process and the questions in advance. The intention was to ensure that interviewees have enough time to prepare before the interviews are conducted. In order to increase the reliability of the samples, it was decided to include the officer, the postman, the staff members in the supermarket, the customer and scholars in our research study. Multiple sources of evidence were used in the study in order to fulfill the requirements for construct validity, which are interviews and documents. The results of the interviews were returned to respondents in order to confirm that no misunderstanding existed. The questions were based on existing models, literature and theories. According to Yin (2009), internal validity is mainly a concern for explanatory case studies, when an investigator is trying to explain how and why event x led to event y. This study will use this to find out how the five factors of service delivery influence service quality. To increase external validity, two cases, Posten Sweden and China Post are picked.

4.  Empirical study

The main focus of this empirical study is to present the information gathered from the respondents from Posten Sweden and China Post and other interviews that were done.

4.1  Introduction of the postal organisations

This part is the introduction of Posten Sweden and China Post.

4.1.1  Posten Sweden

Posten Sweden’s official name is Posten AB, its full name is Swedish Postal Service.
In 24 June 2009, Posten AB (AB is equal to public limited company) and Post Denmark were officially merged. The new holding company is named Posten Norden AB. But in this research, we still focus on Posten Sweden as the study focuses only on Posten Sweden’s service.

Posten Sweden was a state run enterprise, with a strong and credible monopoly in Sweden. After privatization of the enterprise, with the help of postal laws and regulations, and underlying network strength, Posten Sweden dominated the market through their high quality service delivering and performance. Posten Sweden is one of Sweden’s largest corporations with more than 30,000 employees and revenue in excess of SEK 25 billion. Posten Sweden is commissioned by the Swedish State to make postal services available nationwide, serving 4.5 million homes and 900,000 businesses daily. Every day, Posten Sweden handles over 20 million pieces of mail. Posten Sweden’s customers include small and large companies, various other organisations, public agencies, municipalities, county councils and consumers. Administrative mail products account for the majority of Posten Sweden’s revenues. Services encompass mail distribution, periodical distribution and several associated premarket and aftermarket services. Posten Sweden is also one of the Nordic region’s largest messaging and logistics operators and is a worldwide leader in service quality and delivery performance. From single mail pieces to major logistics solutions, Posten Sweden can reach every address in Sweden quickly, reliably and cost-effectively. Through its network of operating companies and strategic partners, Posten Sweden provides Nordic and global letter and parcel delivery services.

4.1.2 China Post

China Post’s full name is China Post Group Corporation. It is predominantly engaged in delivering domestic and international mail, newspapers and other publications, postal remittances, postal savings, postal logistics, stamp publications, and other services. According to regulations, it is China Post’s obligation to provide universal postal services. China Post is commissioned by the Chinese State to undertake confidential communication services, compulsory communication, and other special services. China Post had 773,215 postal outlets end 2001, including self-managed appointed agents, of which rural areas account for 77.5%. The State policy on universal service is to make sure every citizen has the same right to enjoy the service at a low cost, irrespective of whether they live in urban or rural areas.
4.2 Employee satisfaction

In this section, information is presented about employee satisfaction, from both Posten Sweden and China Post.

4.2.1 Posten Sweden

Posten Sweden cares about their employees’ satisfaction and their working environment. According to a Posten Sweden employee, every six months the personnel department would investigate their employees’ perspective on the quality of their managers, and advise employees about their targets and self evaluations. This is done in order to keep lines of communication with employees open, and to keep a close watch on changing attitudes within the staff, so that they can resolve potential conflict in the bud. In ensuring that employees work in a relaxed environment, they are able to enhance their efforts in offering customers high quality service.

An Internet website claims that the people who work at post offices in Sweden are very proud of their job. One of the Swedish interviewees agreed saying, it is a very good job as it allows her to meet many people.

A scholar interviewed for this study mentioned that her family members work at the post office and are very satisfied with their job. However, they were unhappy with the remuneration related to doing business with SMEs.

4.2.2 China Post

The research study revealed that employee satisfaction in China Post is low. Respondents said that lots of local post office never do any employee satisfaction investigations. So there is minimal information available on employee satisfaction in China Post.

However, the Fuzhou Province Post Company began to monitor employee satisfaction in 2008. The company issued, in 2008, guidelines on how to assess employee satisfaction. This document made a clear and quantitative statement on the assessment of postal employee satisfaction. The Fujian Post company used surveys, reports and seminars to listen to their employees, and tried to understand their employees. These are focused mainly on the four aspects of employee satisfaction, working mechanisms, management mechanisms, and service mechanisms. The assessment result is also linked with the annual performance appraisal. The company requires that all departments should improve the assessment of employee satisfaction in the network, and organise an annual satisfaction survey which must cover 50% of the employees. A provincial company should take annual surveys to investigate employee satisfaction.
In the future, Fujian Province Post Company will further adjust the content of employee satisfaction, job evaluation and refinement to gradually improve the assessment standards (Zengrong Wang 2008).

4.3 Employee training

In this section, the information in respect of Posten Sweden and China Post’s employee satisfaction respectively is presented.

4.3.1 Posten Sweden
As a traditional industry, Posten Sweden faced challenges from new knowledge and new technology. Knowledge is power, and this is a characteristic of the information age, and consequently, Posten Sweden attach great importance to employee training. On the official website, it states that the company would offer training to the service manager and employees every year. This training includes marketing, customer psychology, computer technology and other relevant training. This training not only helps staff to adapt to the changing market environment, but also enhances the quality of the employee.

Posten Sweden also has outlets in supermarkets like ICA and chain stores like Seven Eleven. The supermarket sales staff who were interviewed, advised that the company offers a variety of facilities such as computers. The staff are provided by the supermarket or chain store, Posten Sweden will send one post office’s staff to train these new staff for two days, whereafter they work together with the new staff for one week before they hand over to the new staff members. In addition, attracting young talent to join the postal service is an important means of maintaining vitality, but in comparison with other industries in Sweden, the postal industry’s salary benefits do not offer obvious advantages. In order to attract tertiary educated young people, Posten Sweden launched a rotational training initiative. Every new graduate student has the opportunity to gain internship work in Posten Sweden before officially joining the company. This allows these young people to experience different jobs within the organisation, so that they are aware of the different job opportunities, and can then decide to apply for a post or not and also select the department they would most like to work in.

4.3.2 China Post
There are three levels of employee training in China Post. The first level is at a national level, and offers macro guidance and management of education and training for all employees. The second level is the provincial human resources and education departments. They undertake the employee training from a policy, planning,
assessment, evaluation, and unified management. The provincial post offices have created training centers for their postal employees. The third level is every local town or local city’s post office, who are responsible for the implementation of regular education and training for their staff. Usually, the department of human resources manages this education work in training the basics and common knowledge about working in the postal service (Hongsheng Liu, 2005).

4.4 Delivering service through technology
As a traditional industry, the postal industry must maintain currency with current business trends in order to survive in the future. The development of a suite of e-commerce services is the most common way that postal organisations effect change to maintain their market position. In the next section, details about Posten Sweden and China Post’s e-commerce business are reviewed.

4.4.1 Posten Sweden
Posten Sweden’s package logistics business covers the Scandinavian peninsula and the Baltic region, with specific emphasis on the Nordic component. In 1999, the annual turnover of the package logistics division was SEK 3.5 billion. As the parcel business is very closely linked to the e-commerce business, Posten Sweden decided to use e-commerce as the future development direction of the company. As a result of the rapid development of the international logistics market, Posten Sweden decided to enhance the quality of package delivery as their new starting point. Posten Sweden offer users a packaged solution for parcel services with the procurement, transportation, packaging, and delivery. The postal service work focuses on information and logistics services.

The main Posten Sweden strategies are to ensure that their web site maximises the registration of users using a points-based loyalty reward system. This allows Posten Sweden to build a detailed database of all users which they in turn use for targeted advertising and direct mail. Posten Sweden also try to make using Posten Sweden services as simple and easy as possible, in order to encourage ongoing usage. To this end Posten Sweden also set up a self service parcel collection service, removing the need for queueing, and merely providing a receptionist to help customers in need be.

The service level statistics are determined via computer control. The post office which is near the community, is set up with stationery, greeting cards and other retail business products. This kind of business generates annual revenues of approximately SEK 200 million.
Companies that require delivery of a large number of documents, such as invoices and statements, just need to provide the data to the post office in an electronic form, and all the rest, such as the procurement of printing paper, printing the company’s logo, data printing, mail packaging and delivery are done by Posten Sweden. So it is very convenient for the companies using this service.

Posten Sweden not only provides excellent logistical services, but also provide immediate on-demand printing services for the online ordering of books. The author and publisher can manage the print number by actual demand. This makes it much more cost effective for authors to publish books with short print runs.

Posten Sweden also focuses on the development of their direct mail advertising business, making it a highly competitive information transmission carrier.

With the advantages of a detailed name and address database, Posten Sweden actively market to advertising agencies, and establish long-term cooperation relationships. Posten Sweden in turn promotes their service brand to the public through these agencies. Posten Sweden uses their direct mail business as the pivot point for their activities, to try and profile new and existing products as well indicating that they are customer centric. As an example they would recommend the use of printed envelopes as opposed to handwritten envelopes; they would help to design trial products with advertisers to help them reduce their delivery costs, and increase the available rate of advertising.

4.4.2 China Post
The development of information technology and Internet technology, has lead to more and more Chinese companies having launched their e-commerce base on the Internet. China Post’s traditional business model has also faced the new challenges, and the new technologies have caused a decline in the amount of postal business. In order to adapt to the e-commerce trends, China Post also began their e-commerce division.

China Post began their e-commerce business in a number of ways, such as offering e-business Internet access services, e-commerce financial payments, e-commerce distribution services, building a website and offering customers information services. It offers on-line postal services, like online banking, online stamps, online shopping malls, online post office, telephone shopping, electronic remittance, electronic authentication and electronic stamps, electronic direct mail, phone banks and subscriptions. China Post also launched some value-added services such as purchasing air tickets, train tickets, as well as various types of public postal services (ISP). ISP refers to the function of using the postal network for SMEs to build
integrated e-commerce sites, to provide outsourcing services (Xiang Min & Ke Peibin, 2009).

### 4.5 Service recovery

In this section, we are going to describe service recovery strategies within Posten Sweden and China Post.

#### 4.5.1 Posten Sweden

There are some tracking services available at Posten Sweden’s website. This function is very convenient for customers wanting to know where their letters and parcels are. One of our interviewees told us that the post lost her important files. She sent her file by express delivery, which usually reach the destination in one day. However, she waited the reply for almost 3 weeks. After that, she was notified that her file was lost. The employee that we interviewed said this kind of situation very seldom happens. It is a pity that damaged or lost mail, such as letters and documents, cannot be compensated for by the post office, even if you use express mail. Lost or damaged parcels can however be compensated for, on submission of suitable proof of the value of the goods sent.

However, express documents and packages can be tracked and traced through Posten Sweden’s website. Simply type the tracking number printed on your receipt into the Posten Sweden’s website, and the site will advise where your package currently is.

According to the staff off Posten, if customers have any questions about their service, customers can either e-mail the post office through the website, or call on the telephone numbers listed. We tested the e-mail system and did receive a polite reply within a few days.

#### 4.5.2 China Post

A tracking system was also found on China Post’s website, but it is only applicable to the package delivery service and express mail service (EMS). The employee of China Post who was interviewed, advised that their service quality is average, with letters being lost at times, and that customers could not get compensation for ordinary letters lost. The employee further advised that while parcels were seldom lost, they were sometimes damaged. In the event of damage, customers may request compensation, which must be paid for by the local post office. If the local post office refuses to pay compensation then the customer may complain to a higher level post office. Customers can put their problem on the website, or send e-mail messages. The website also indicates how each problem was resolved. However, the latest reply was
in December 2010 indicating no activity for the past 5 months. Therefore, in order to test the efficacy of the system a complaint was registered on the website. However, after two months there had been no response.

The research indicates that China Post has no service recovery process. There are regulations for compensation when service failure has occurred. An e-mail to the state postal bureau of China through their official website received a response indicating that compensation is due for lost mail under the following conditions:

(1) If the user posted a letter or package that violated the regulations on the posting of prohibited and restricted items, these can be confiscated, destroyed or abandoned in accordance with relevant post office regulations, and no compensation is due.

(2) If the loss or delay is a result of the customer’s actions, no compensation is due.

(3) In the case of insured mail, damage caused by force majeure is excluded from compensation.

(4) If the customer did not submit a claim timeously then no compensation is due.

(5) No compensation is due for indirect losses.

We also made an interview with a customer who lives in Shenzhen. He mentioned that there is no compensation for the ordinary mail service losing a letter.

Although there is not a complete system for service recovery at the moment, some managers have realised that service recovery strategies are important to the service quality of a postal service. Some managers have put forward their opinions on building service recovery system. Their opinion can be summarized as follows. It is important to value customers’ problems, and the most effective recovery is the front line employee can admit to the problem and make apologies and explain the way forward to customers. The establishment of a service recovery pre-warning system is essential, as is a tracking system to identify the service failure. Effective service recovery strategies require enterprises not only use customer complaints to determine where the enterprises service failed, but also to take the initiative to find those potential service failures. In some cases, employees also need to suggest remedial options, and hopefully will preempt failures from occurring. Costs and benefits of remediation must be assessed and understood. Customer complaints must be encouraged, because they are an important source in pin pointing service failure. Responds rapidly in solving the problem. Give more authority and autonomy to the front line staff to solve problems. This strategy can increase their sense of
responsibility, and improve their initiative, enthusiasm and creativity, and solve the customer issues quickly and timely (Desheng Yang 2005).

4.6 Postal service difference between urban areas and countryside

In the next section, information will be presented on the difference in service levels between urban and rural areas in both Sweden and China. The information about this part was collected from our field trips and our interviews.

4.6.1 Posten Sweden

Customers in rural areas believe that they still have more traditional post offices, and have a higher satisfaction level. Fewer customers in queues resulted in staff who were less stressed. Staff members did not have to sell other products such as newspapers and sweets as they do in urban post offices. Smaller low population cities appear to have less postal infrastructure than larger well populated cities such as Gavle. In the smaller cities and towns the scale at the cashier is used for the weighing of both parcels as well as supermarket products. Cashiers also sell stamps. Cashiers were observed working and it was noted that they are very busy. Systems in these post offices were not able to be examined. As a result of the fact that any institution which has an agreement with Posten Sweden can sell stamps, it is difficult to determine whether Handlar’N supermarkets have a post office branch or simply selling stamps.

4.6.2 China Post

China Post offers confidential communication services, compulsory communication, and have the most extensive network coverage in China. They can make sure every citizen has the same right to enjoy the service at a low cost irrespective of whether they are in urban or rural areas. Post office mail box are ubiquitous throughout China. In urban areas, post office facilities are much better and advanced than in the countryside.

However, China Post insists on a strategy of owning all post offices themselves, and consequently in some remote countryside areas, it is difficult to find a post office. Citizens who live in certain remote areas may have to walk a long way to find the post office. All of the post branches and nets are maintained by China Post themselves.
5. Analysis and discussion

In this section, the information from the empirical research will be analysed from the perspective of the service profit chain and improving service quality through technology and service recovery systems. The difference in quality of postal service between urban and rural areas is also reviewed. The Posten Sweden and China Post cases will be analysed separately and comparatively.

5.1 Posten Sweden

This study started from the perspective of the service profit chain, in order to verify employee satisfaction. The service profit chain suggests that there are critical linkages between internal service quality, employee satisfaction, the value of services provided to the customers, and ultimately customer satisfaction, retention and profits. Front line service employees interact with the customers directly, and provide the entire service. Therefore, satisfied employees make for satisfied customers and satisfied customers can in turn reinforce employee job satisfaction.

As a result of an interview with a Posten Sweden employee and reviewing information from the official Posten Sweden website, it is clear that Posten Sweden cares about their employee job satisfaction levels. Posten Sweden assess employee satisfaction. The employee who was interviewed said she is satisfied with her job now. She told us she both works for ICA and Posten Sweden. She is one of the staff that ICA sent to work at the store and take care of the post office’s mailing service. The training is easy to learn, and the operation is easy for her. However, as mentioned in the empirical study, there are also employees who love the job, but who are dissatisfied with the company, because they didn’t get payments due to them when the company let them do some small business. This is a very important problem that the company should pay attention to. Contradictions like the staff payment problem, is a critical problem in handling employee satisfaction.

One customer interview revealed that customers feel that service is not as good as before now that they are offering their services in retail stores as opposed to specific post offices. However the respondent admitted that customers letters and parcels are still received timeously and felt that Posten Sweden is very reliable. Deliver what they promise. It is a good idea to set up postal networks in some stores as this can enlarge the postal service area, and also provide convenience for customers.

The customer interviewee thought that the price is quite reasonable in Sweden, but
sending abroad a bit expensive. In addition, she mentioned that if you do not say you want Economy Class postage, they will take it for granted that you want 1st Class postage, which is more expensive than Economy Class postage. The cashier said that if customers say nothing, they take it for granted that it should be done in the most expensive way. This could lead to customer dissatisfaction. Service delivery should improve communication with customers in order to offer the service that customer wants.

<table>
<thead>
<tr>
<th>Max weight (in grams)</th>
<th>1st Class</th>
<th>Economy Class</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stamps with printed value</td>
<td>Stamps without printed value</td>
</tr>
<tr>
<td>20g</td>
<td>6:-</td>
<td>1</td>
</tr>
<tr>
<td>100g</td>
<td>12:-</td>
<td>2</td>
</tr>
<tr>
<td>250g</td>
<td>24:-</td>
<td>4</td>
</tr>
<tr>
<td>500g</td>
<td>36:-</td>
<td>6</td>
</tr>
<tr>
<td>1000g</td>
<td>48:-</td>
<td>8</td>
</tr>
<tr>
<td>2000g</td>
<td>72:-</td>
<td>12</td>
</tr>
</tbody>
</table>

Price list and comparison, domestic mail. 2011 January 25.

Economy Class mail must be marked with a ‘B’; 1st Class mail must be marked with an ‘A’

Source: Posten Sweden-A Guide to the Swedish Postal service January 25th 2011 Published in Hands-on Guides

The study revealed that service attitudes in the countryside are better than in urban areas. The main reason is that the employee who works in the urban areas are under much more pressure than the employee who works in the countryside.

According to ICA staff who works both for the supermarket and Posten, too much work pressure will sometimes lead to bad customer service attitudes. In order to make sure service employees deliver high quality service, the company should design appropriate work flow to employees which are manageable. When designing the work flow, the postal service provider should interface with employees for information and feedback, or encourage staff to make suggestions for improving efficiencies. As mentioned in the empirical part, Posten Sweden has a successful e-commerce strategy. They created competitive advantage by building a detailed database of their clients. Furthermore, electronically access to their services further improves access for clients.
and allows them This kind of strategy can enrich customer choice and give them the ability to customizes their interface with Posten Sweden.. The study revealed further and deeper information about events like letters or packages being lost or damaged, which appear to be common things occurrences in the postal industry. Customers carry all the risk if the postal organisation does not provide for their protection as customers. Once a service failure occurs, it is necessary to implement a recovery of and for the customer. Customers who experience service failures but are ultimately still satisfied is due to recovery efforts by the company. Therefore, the establishment of an integrated service recovery system can help to improve customer satisfaction and improve the company's image for reliable service to customers.

5.2 China Post
The study revealed that China Post do not pay sufficient attention to employee satisfaction. Most small, local post offices never executed employee satisfaction surveys. Some of the bigger local post offices are beginning to care about employee job satisfaction. The Fuzhou Province Post Company, began to care about employee satisfaction in 2008 when they did their first surveys. A document about this issue stated very clearly the importance of service employee job satisfaction and the effect thereof on service quality. They would undertake this job from the aspects of employee satisfaction, working mechanism, management mechanism, and service mechanism. They intend to keep communication flowing with their employees and to adjust their working environment and work flows in order to ensure greater job satisfaction. Although most of the local post offices haven't come to realise the importance of service employees when delivering company services, it is pleasing to see that some of them have paid attention to it.

According to the Chinese respondent there is an impression in customers’ minds that post office staff are always indifferent and arrogant when they handle customers. The indifference and arrogance have a close causality with the company’s whole system, especially employee training and employee satisfaction. Prior to China Post’s privatisation, the post office was under state control, and staff were extremely proud to be employees. The staff in the post office felt like an official of the country, and some of them felt they were better than ordinary people. Importantly their salary had no relationship to their work performance. As long as they finished the job, they did not take into account customer satisfaction. However, society has changed into a customer-oriented market, and China Post’s economic system and development strategy have already changed. The arrogant service attitude is not suitable for the survival of the organisation. Private logistics companies are being established
slowly. But surely, all of them have the possibility to offer better service to customers than the post office. In order to survive in contemporary society, China Post is undertaking a re-structuring. They value customer satisfaction more than before. Some departments now offer a little machine with several buttons on the counter for customers to immediately evaluate employee service performance. As the whole organisation system is restructured, the salary system is made relative to employee performance.

Employee training and employee satisfaction are necessary to correct the deficiencies of the previous postal service system. There are currently three levels of China Post’s employee training system. These three levels are divided by the superior-subordinate relationship between organisations. This just stressed how the training work was executed in the system. However, it does not provide any training methods or content materials. This is the common problem during China Post’s service system restructuring. Managers do not pay enough attention on how to design a new training system, and update the training material. The employee training work should not just include the work flows they need to control at their work stations. They should also include helping employee’s to realise their importance in delivering high quality service, and how to react when service failure happens.

The China Post strategy of owning all outlets, results in rural areas having lower service levels with fewer outlets, and a poorer product selection.

5.3 Cross case analysis
This section does a comparative analysis between the two postal organisations.

Posten Sweden has a good reputation for service delivery. Posten Sweden already understood the service profit chain. They value customer satisfaction and employee job satisfaction as well. They keep in communication with their employees. However, some of their employees complained that they did not get payment which they deserved. Compared to Posten Sweden, we find that China Post is just now beginning to care about employee satisfaction. Most of the local post offices did not survey employee satisfaction. According to the response of one China Post staff member, the supervisor seldom keeps communication with them.

The parcel delivery business is today fully integrated with e-commerce. Posten Sweden makes good use of modern technology and the Internet to establish their e-commerce division. They get detailed customer information from their website
registration system and database. So they use this information to create competitive advantage and to send advertising material to selected customers. This strategy can save their costs and improve the availability of advertising. They also offer short run on-demand printing services to print small numbers of books for authors. When the authors sell their books on the Internet, the post office can print the actual number of books needed and then deliver it. Furthermore, businesses can just supply statistics and information to the post office, and then Posten Sweden can choose the printed material and print the data, package and deliver it to the recipients. This action can reduce the workload for these businesses, helping them to improve their efficiency. Posten Sweden derives income by undertaking this kind of business. As a traditional industry, operational losses are common issue. Some traditional businesses have been hit by the new technology. Therefore, in the new society, postal organisations should explore new value-added business opportunities to ensure their future income. Posten Sweden is good at this. On the contrary China Post still has a long way to go. In fact, China Post has also explored a series of e-commerce business in order to adapt to the new technology era. China Postal also has their official website, which offers a very nice design. It is worth mentioning that China Post also opened many postal services businesses such as online banking, online stamps, online post offices and telephone shopping. They also established an online shop, called Leyougou (http://www.ule.com.cn/). The name does not appear to have a well known brand, and people seldom shop there, because there are other online shops which are better than this one. China Post wrongly focuses on online goods. They should create more services or collect the outsourcing work from the other companies, like Posten Sweden do. The range of businesses owned by Chinese Post should be reviewed and poor businesses should be culled.

The interviews found that rural customers in Sweden feel that their service is better than that in urban areas. China Post however offer better service in urban areas as opposed to rural areas where they also charge more for their services. Both organisations have excellent geographic reach. Posten Sweden has it’s outlets as well as a variety of different organisations who act as agents, whereas China Post only have their own stores and do not offer an agency model. This is possibly a big contributory factor to why China Post is suffering losses. Therefore, Posten Sweden appears to have a better model.
6. Conclusion and recommendation

Based on the above analysis and discussion, the findings and answers to the research questions are presented here. The contribution of the study and the recommendations submitted here.

6.1 Conclusion

This section presents an overview of two postal companies and how to deliver their services.

Identifying the importance of service employees is critical to improving customer satisfaction. As a service industry in a customer-oriented era, customer satisfaction is very important to a service company’s survival and development. During the reform of Posten Sweden, the company applied new management knowledge about service marketing into their actual operation. Posten Sweden did not previously have such a good service reputation, and many people harbor ill-feeling towards the old Posten Sweden. However, things have now changed. They care about employee satisfaction, and keep employee training regularly. That is why they achieve success in delivering quality service.

The world is changing all the time, and irrespective of whether you are an individual or an organisation, the need to align with current world trends is imperative for survival in this competitive world. As a traditional industry, postal organisations should use the advantages of new technology and new knowledge to update their operations and businesses, such as exploring e-commerce business opportunities, to enlarge the company’s business scope, to add value to the company. Meanwhile, to bring convenience to customers, get closer to customers. Wilson et al. (2008), said that electronic channels such as the Internet do not alter the service as channels with human interaction tend to do. It has a lot of benefits. Like the concept of customer convenience is rooted in all service providers and customers’ hearts. My place, my time is the new mantra of customers everywhere. With electronic channels, customers are able to access a firm’s service when and where they want. Moreover, they enrich the customer choices and provide the ability to customise. And help in collecting the feedback from the customers quickly.

In the event of service delivery failure timeous service recovery is required to get
back customer satisfaction. Failure occurs for all kinds for reasons, some can be avoided, but some cannot. All these types of failures can bring about negative feelings and responses from customers. Corresponding to Wilson’s book, a well-designed, well-documented service recovery strategy also provides information that can be used to improve service as part of a continuous improvement programme. What’s more, repeated service failures without an effective recovery strategy in place can aggravate even the best employees.

6.2 Recommendation to China Post

According to our research and our discussion previously, it is suggested that China Post can take the following advice into consideration, or pay attention to the fields and the problem that we bring up in this paper, and combine it with their restructuring.

It is important to ensure that employee satisfaction and training are granted the correct level of attention. Pay more attention to the methods and material content of employee training, and design realistic plans for carrying out this work. According to Wilson, satisfied employees deliver high quality service, and lead to customer satisfaction. Employee training promotes higher service quality. China Post can learn from Posten Sweden about benchmarking learning. Posten Sweden conducts employee satisfaction surveys and offers suitable training. In the meanwhile, the employees can make flexible decisions based on the situation they meet. It helps to improve working efficiency and build employee satisfaction.

Increase the number of postal production sites and business outlets. China Post can learn from Posten Sweden and increase the number of post office sites in factories, universities, supermarkets and chain stores. Posten Sweden clearly benefits from this strategy. If China Post can learn from them and adapt to China Post’s need, it will improve customer convenience and increase China Post’s longevity. And this strategy is more practical and can be achieved in a shorter time period.

Conduct the postal reform realistically according to the postal organisations capacity for change and the changing needs of society. The postal industry is very special. It is an industry which is related to national security, natural monopolies, providing important public goods and services. So it must be very careful.

Develop e-commerce service business. Collect registered users information from the website. Provide a more convenient way to use mail. Posten Sweden showed that it is
possible to increase the added value of traditional business such as offering instant printing services for ordering books on the Internet. Focus on developing an advertising direct mail business, making it a competitive information transmission carrier.

Finally, establish a well-designed, well-documented service recovery strategy. Service recovery is important to correct service failure and restore customer satisfaction. This is also one recommendation for both companies. The reason is that we cannot find the recovery information easily and clearly on either of the official websites or from their offices.
7. Contribution of research

This paper reveals the new service marketing fields that the postal industry uses to deliver service in the new era. As a traditional industry, postal organisations are carrying out change in their organizations. Employee training has a close relationship to customer and employee satisfaction. Using new technology like E-Commerce, can not only improve their service quality as this kind of business is very convenient to customers, but also explore some added value business opportunities to increase income. In addition, establishing a service recovery system is another way to improve service quality.

Researching a developed country, Sweden, revealed that their postal reform was well done, and they have developed a good reputation for service. In the conclusions it was attempted to provide advice in respect of service delivery and performance to China Post and to provide a guideline for future research in respect of reform in China Post.
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9. Appendixes

Interview questions guide

Interview questions for different objectives.

Interview objectives: Post officer/manager (number 2)
Supermarket stuff (number 2)
Customer (number 3)
Scholar (number 1)

Research place: Sweden:
- Gavle post office
- ICA in Satra
- Gavle countryside
- Harkskär (NO.95 bus terminal station)

China:
- Shenzhen
- Dongguan

Officer/manager:

1. Do you have any investigation about your employee’s satisfaction? (regular investigation or irregular investigation) *(whether realize the service employee’s importance)*

2. How do you think about the relationship between your employees’ satisfaction and your customers’ satisfaction and the service quality? *(perspective about employee’s role)*

3. Do you have any recovery strategies to deal with some failure service? For instance, Posten Sweden lost customers mails or packages, delay the arrived time for too long… *(service recovery)*

4. Mail tracing. Can we trace our important files or packages through Internet or telephone? *(Delivering service through technology)*

5. Is there any difference about the post service system between the urban areas and the countryside?

6. As a post officer, what is your opinion about the existence of post?

Stuff in supermarket:

1. How do you feel about your work processes? Do you think the work process is rational? Or maybe you have better suggestions to make the job much more
efficient. (*rational working process*)

(2) Does the company, I mean the Posten Sweden, offered you any professional training before you work here? (*employee training*)
   And do you think these trainings are enough for you to do this job well?
(3) Can I get some compensation if the post lost or damage my mail?

Customers: (*customer satisfaction*)
(1) Do you know about Posten Sweden?
   Have you sent mail/package through Posten Sweden or receive mail/package through Posten Sweden?

(2) How do you think about Posten Sweden’s service? Does it reliable? Cost-effective?
   Does it with high efficiency?
(3) The post service differences between urban areas and countryside.
(4) Can you get some compensation when the post lost your mail or package?

Scholar:
Prof. Dr. Maria Fregidou-Malama from University of Gavle

(1) What do you think about the post industry?
(2) What do you think it is the most important factor can decide the service quality?
(3) What do you think on these two Post service providers?
(4) In a long run, if a post/logistic company want to be survived, what shall they do?
(5) Do you know anything rules about the service recovery from Posten Sweden?