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Clients as "Partial" Employees of Service Organizations: Role Development in Client Participation

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Clients of service organizations have important roles to perform in creating services. Yet, comparatively little attention has been directed at the participation of clients in complex and demanding client performance domains. In this paper, clients are viewed as "partial" employees and (1) a model of client involvement stages is proposed, (2) role definition and control for clients in complex service creation are discussed, and (3) attention to issues that emerge from this discussion is encouraged.

One of the striking features of postindustrial society is the prevalence of service organizations. At the time of this writing, approximately seventy percent of the labor force is engaged in service activities (Statistical Abstract, 1984). There is growing concern about the performance of these organizations and about ways to increase their productivity (Bell, 1973; Davis, 1983). Clients or customers of service organizations are indispensable to the production activities of these organizations (Chase, 1978; Danet, 1981; Mills & Turk, in press; Schneider & Bowen, 1985), and several writers have suggested that clients' contributions can be optimized if clients or customers are perceived as "partial" employees (Allport, 1933; Barnard, 1948; Lovelock & Young, 1979; Mills, 1986; Parsons, 1956). That is, in complex services where customer performance is crucial to service production, boundaries of the service organization have to be expanded to incorporate the consumers as temporary members or participants.

Consumers do not perform spontaneously as effectively as partial employees do, and efforts

to define roles and performance involve costs to both the client and the service provider. These costs increase the overall costs of service production and it is in the interests of client as well as service provider to seek ways to reduce costs associated with defining and enacting role behaviors that are required for production of the service. Therefore, (1) the context and process of client involvement in service creation where complex services are involved are described with emphasis on how the stages and nature of client involvement may affect organizations' efforts to influence clients' performance of production roles, (2) specifying client roles in complex services are focused on, and (3) additional research in this area is encouraged. The intention of the present authors is not to provide prescriptions for practice or a comprehensive review of potentially important research issues on this topic. Rather, this paper raises a few key issues and offers representative research propositions in the hope that this discussion will stimulate interested managers and researchers.

Contractual Nature of Service Transactions

Berry (1984) suggested that a service is a deed, a performance, or an effort which is rendered by one party for another. Service output emerges from the coordinated efforts of both service employee and customer; it comes from a social situation that involves at least an exchange of information which Thompson (1962) referred to as a transaction. In the view of some scholars (e.g., Jensen & Meckling, 1976) this exchange transpires in the framework of an agency relationship between client and service organization in which the former delegates some decision-making authority to the latter. For example, when clients enter the care of a physician, the latter is given the right to make decisions and also to enforce those decisions. Therefore, such transactions can be viewed as contractual in nature, even if only implicitly so.

Implicit or explicit in the contract is a set of mutual expectations which involves a pattern of rights, privileges, and obligations between the client and the organization. The nature of the contract serves not only as a way of distinguishing types of service organizations (Fama & Jensen, 1983), but also relates to variability in the degree and nature of client involvement in service production. It is, therefore, possible to develop a typology of service organizations based on the transactions between client and service organization. Mills and Margulies (1980) have put forth such a typology, shown in Table 1, and have described it in detail.

The information in Table 1 suggests that different types of services have differing features of client involvement. In particular, with respect to the extent and nature of client participation in creation of the service, the "partial" inclusion (Allport, 1962) of clients into the organization varied considerably depending not only on the type of service, but also on task requirements within a given service episode and the client's skills and motivation level. This variability in the extent and nature of client inclusion may have implica-

tions for efforts to specify and control client behavior. For example, in the Maintenance-interactive services, the contract established between the client and the service provider is relatively specific. Well-developed rules and established guidelines exist for the production and consumption of services. These rules and guidelines define the activities of clients and the time they must spend in the production of the service. Overall, in Maintenance-interactive services client inclusion levels tend to be relatively low; also, specification and control of client role behavior is relatively straightforward and can be achieved largely by formalization.

This paper focuses on Task, and Personal-interactive services in which contracts established between the client and the service organization tend to be imprecise, and considerable variability can emerge in the extent and nature of client inclusion in the production process. (Explicitly excluded from our discussion are service situations where the client is likely to have either an alienative orientation, Etzioni, 1964, toward the service or little choice regarding service entry and creation processes, for example, penal institutions, involuntary custodial arrangements, and so on.) Considered are mainly situations where there is a great dependence upon the client in domains of performance with high client inclusion in the production process, and therefore, an elevated potential for disruption of the service production process when client performance is unpredictable, below standard, or both. In such cases, formalization is problematic as a means of specifying and ensuring desired role performance on the part of clients.

Fundamental Differences between Clients and "Regular" Employees

In the typical relationship between a firm and a regular employee, limitations on task formalization can be compensated by selection, training, socialization, or some combination of these applied within the framework of expectations, inducements, and contributions extant in an

Table 1
A Typology of Service Organizations

	<i>Maintenance Interactive</i>	<i>Task Interactive</i>	<i>Personal Interactive</i>
EXAMPLES:	Banks, Retail	Legal, Engineering	Health care, Education
<u>DIMENSIONS</u>			
<u>Contract</u>			
Specificity of contracts	High	Moderate	Low
<u>Demands on Clients</u>			
Involvement in service operations	Low	Moderate	High
<u>Task Activity</u>			
Task uncertainty	Low	Moderate	High
Clients' ability to monitor activities	High	Moderate	Low
<u>Information Processed</u>			
Information equivocality	Low	Moderate	High
Information amount	Low	Moderate	High
<u>Problem Awareness</u>			
Clients' knowledge about problem	High	Moderate	Low
Clients' expectations vs service capabilities	High	Moderate	Low
<u>Time</u>			
Duration of contact episode	Brief	Moderate	High
Total work time in direct contact	High	Moderate	High
<u>Transferability</u>			
Substitutability of employees	High	Moderate	Low

employment setting (e.g., Simon, 1976). With regular employees, the expected length of relationship with the firm permits the time necessary to conduct training and socialization, and it allows the firm to incur costs of such compensatory efforts with the expectation of recovering those costs over the period of employment. By contrast, the comparatively brief involvement of clients as partial employees limits the firm's ability either to implement such efforts or recover the costs associated with them. Further, the employee typically is oriented toward the firm as an employment setting wherein he or she offers "undifferentiated time and effort" (Simon, 1976, p. 115) toward production of some output in return for

inducements received from the firm. This is not typically true of the client. He or she must offer inducements to the firm as a condition of entry to the service, and, although the client may be involved in service creation—possibly more so than the employee—the client's primary orientation is toward consumption of the output, not its production. These fundamental distinctions between clients and regular employees are very important. They create variability in the nature and extent of client inclusion among services; some clients in some instances are more actively involved in service creation than the regular employees. Nevertheless, the qualitative distinctions between clients and regular employees

described above warrant additional research before generalizations are made from the literature about nonformal means of role specification and compliance that have been built mainly on experience with *regular* employees.

In the following pages, a process model of stages of client involvement in the creation of complex services (i.e., Task, and Personal-interactive services) is proposed. The discussion of client participation phases and the propositions which are generated in this paper embody the notion that rational service organizations are motivated to effect cost savings which include aspects of client involvement in service creation. Thus, the implicit phrase, "and this will affect service costs" can be understood to complete the statement of most propositions.

Phases of Client Participation in Complex Services

Pre-encounter: Issues of Role Readiness

Before contact is made with a particular service, and even before an active search for a service provider is undertaken, the client or customer may be expected to have some level of expectations, predispositions, and role enactment abilities, acquired from a variety of sources (Merton, 1957; Ward, 1981; see Figure 1). The predispositions, expectations, and skills relevant to the client's participation in service production may develop through several means. McNeal (1964) suggested that the client develop some level of role expectations and abilities through observation, participation, or imitation. Children learn the "shopping process" by accompanying and observing parents on shopping trips. As young adults, future autonomous clients may be allowed to make purchases in stores, see a physician, or transact with a bank under the supervision of an adult. It is through such observation, vicarious learning, and modeling (Bandura, 1977) that a significant part of the predispositions, expectations, and skills relevant to service production roles develop (McNeal, 1964;

Ward, 1981). Thus, even before a prospective client actively searches for a service, he or she may have some picture of the services the organization has to offer and the role he or she is to perform in the production of service outputs.

The amount of resources directed at assessing clients' pre-encounter characteristics is expected to vary across types of service organizations and competitive environments, perhaps in a fashion that parallels descriptions of the screening and selection of regular employees (e.g., Etzioni, 1964; Wanous, 1980). We know of no research that has addressed this issue with respect to service clients, however. The more complex the production-related skills and knowledge required of the client, and the greater the extent and length of client inclusion, the more resources one would expect to be directed at the selection of clients with the higher a priori ability to perform within the service operation. Task, and Personal-interactive service organizations (e.g., legal, consulting) require relatively complex client skills.

For example, lawyers may be requested to respond to lengthy interrogatories on behalf of their clients; in some cases, clients can prepare drafts of the answers for review by the counsel. In such situations, clients are performing complex activities in the rendering of their own services. This is a cost savings strategy that is especially useful where there are fixed prices for services. Thus, research seems warranted to determine whether the cost structure of particular services is related to level of emphasis on screening and selection as means of controlling variability in client role abilities at the pre-encounter stage.

There are limits, however, on screening and selection as means of managing potentially costly variations in client characteristics at the pre-encounter stage. Strong emphasis on selection by service organizations assumes that reliable and valid information is available about potential clients. This may not be the case for many varieties of services. In addition, it assumes a "selection ratio" that is favorable to the firm, and again, in a competitive environment this may not be the case. Finally, selection may not be

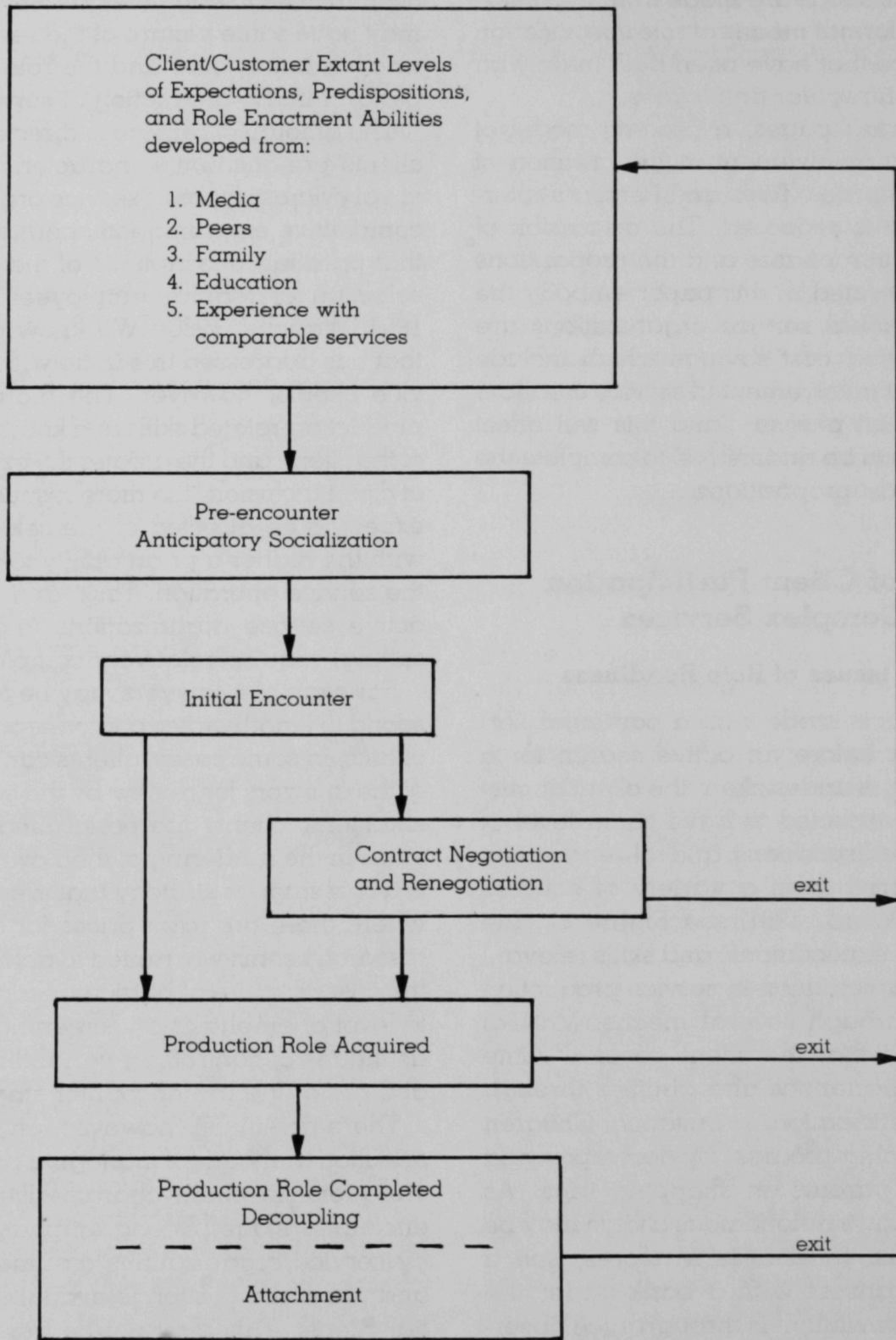


Figure 1. Client/customer participation phases.

adequate to ensure role definition and compliance—especially where client role requirements are complex and demanding.

Therefore, in lieu of or in addition to screening and selection, service organizations may recognize the potential importance of systematically socializing clients at the pre-encounter stage. There is little research about the extent to which service organizations work to shape client production skills before the organizational entry stages, but it is expected that such efforts on the part of organizations are rare for three reasons.

First, service organizations (especially commercial firms) may have followed the historical marketing protocols of manufacturing wherein customer performance in the production process is a moot issue and, therefore, not a target of anticipatory socialization efforts. Second, service firms may have insufficient knowledge to include production-relevant role expectations in anticipatory socialization efforts. And third, such efforts could be risky and cost-ineffective for the service firm in a competitive environment. That is, if a particular service firm provides and bears the costs of improving client production skills at the pre-encounter phase (e.g., providing free, no obligation seminars in dealing with investment counselors), this reduces production costs not only for the service, but for its competitors as well. Should potential clients then opt to enter transactions with a competing firm, the investment would be lost to the service firm, which would have provided a reduction in production costs for its competitor.

Nevertheless, one such method of anticipatory socialization that has been used among *regular* employees is providing a "realistic job preview" (Wanous, 1973) wherein prospective employees are given all relevant information about the job with no withholding or distortion. How service firms could implement such programs or their equivalents with clients and recover associated costs remains an issue worthy of research, given the typical distinctions between clients and regular employees that were outlined earlier.

Proposition 1: As production skills required of the client increase in complexity, service organiza-

tions will increase their emphasis on controlling variability in client role readiness at the pre-encounter stage.

Proposition 2: In relatively noncompetitive environments, service organizations will emphasize selection and screening to control variability in client role readiness at the pre-encounter stage.

Initial Encounter, Negotiation, and Role Acquisition: Role Determination and Role Making

Once the client interacts with the service organization, he or she may be exposed to sent roles from various agents in the firm. Service employees (contact persons) most responsible for directly establishing contacts with clients are key members of the role set. These boundary spanners (Adams, 1976) represent the organization and serve as important agents for nonformal role determination that is crucial in complex services. Additional role messages may be sent by employees who are not directly involved with the client and by other clients in the work flow as well; however, the service provider who has direct contact with the client is likely to be the major source of influence at the organizational entry phases (Initial encounter, Negotiation, and Role acquisition) when nonformal means of role determination are crucial.

When the client arrives at the initial entry stage in a low state of role readiness, agency costs to the organization may increase and the service employee may face a greater burden in preparing the client to enter the negotiation phase where more or less definitive performance agreements are settled upon. The potential for stress on the part of service providers has been discussed in the literature on boundary spanners (e.g., Adams, 1976; Brief & Aldag, 1976; Miles, 1976). For the service provider (and perhaps for the client) initial transactions where client role readiness is low can lead to role ambiguity and conflict, both of which have been associated with such consequences as lower levels of commitment and perceived performance, and higher turnover (e.g., Brief & Aldag, 1976; Morris & Koch, 1979). Moreover, conflict and ambiguity in the transmission of cues relevant to role expecta-

tions may not only increase personal stress and agency costs, but it also may increase the potential for opportunism (Fama & Jensen, 1983). It seems worthwhile, therefore, to study the potential stress and costs that are experienced by the boundary spanner's counterpart, the client in service operations.

Proposition 3: When client role readiness is low at the initial encounter phase, the likelihood of stress and its associated costs increases for both service provider and client.

Proposition 4: When client role readiness is low at the negotiation phase, the potential for opportunism (i.e., undersupply or oversupply of the service) increases on the part of the provider.

It is likely that "role making" processes in complex services where client performance requirements are comparatively demanding and contingent will become important as the client progresses through the negotiation stage and acquires the production role (Figure 1)—especially when client inclusion in production processes is high and comparatively long. According to Graen and Cashman (1975), role making is a process by which participants who are functionally interdependent: (1) work through how each other will behave in certain situations by reciprocal reinforcement and (2) agree on the nature of their relationship within the context of the formal organization. Although role-making processes typically have been examined in the context of "regular" employment relationships, the concept has great potential as a framework for exploring issues that involve client behaviors.

Role Making and Dependable Client Behavior. Katz and Kahn (1966) described "dependable behaviors" as those behaviors necessary to meet or exceed the minimum quantitative and qualitative standards of performance in a system. A major element of conveying the notion of dependable behaviors to regular employees involves the establishment of discretionary boundaries for the role. The present authors expect this to be an important issue involving clients ("partial" employees) as well, particularly during the negotiation and production role phases where role-making processes become prominent.

The service provider in the client/provider dyad is in a crucial position to establish the discretionary boundary of the client (Jensen & Meckling, 1976). The service provider sets the authority boundary of clients primarily through negotiation and renegotiation of contracts. Where client role readiness is low, the negotiation phase may be more difficult, increasing agency costs beyond those of actual service production. Moreover, the organization is faced with a dilemma of sorts: the more latitude the client is given for role making during the subsequent production role phase, the greater the cost saving to the organization, as the client, in effect, produces more of his or her own service. But at the same time, if more discretion is given to the client and his or her activities turn out to be substandard, disruptive, or require remedial action by the organization, potential costs are increased.

When role-making requirements are high, the issue of discretionary boundaries has important implications for the client as well. It is known that clients who enter service operations with lower external status or little a priori credibility tend to be extended less discretion than others until they are subjected to the "burden of proof" process (Ridgeway, 1981). In some services, the effort a service provider will have to invest cannot be determined easily beforehand, nor can it be verified easily by the client after the service is rendered (e.g., law, education, medicine). Accordingly, the client only can infer that proper care was taken. As a consequence, shirking and opportunism may take place. Several writers have argued (Holstrom, 1982; Pauly, 1974; Zeckhauser, 1970) that one form of opportunism is the notion of moral hazard, or temptation of the producer to undersupply the service. There is also adverse selection, or the incentive to the provider to oversupply when the consumer is unable to determine which actions are appropriate (Holstrom, 1982; Pauly, 1974).

Role Making and Spontaneous Behavior. Spontaneous and innovative behaviors are described by Katz and Kahn (1966) as constituting performance levels beyond "dependable" behav-

iors such that the participant enhances the organization's welfare. It was noted above that role making on the part of clients can lead to potential cost reductions for the service organization, especially if the client is given relatively great latitude and responsibility in the service creation process, assuming, of course, that his or her ability and personality are compatible with role expansion (e.g., Hackman & Oldham, 1980). As the client's role expands, it is reasonable to argue that his or her level of felt obligation and responsibility for the outcome increase as well. Salancik (1977) suggested that increases in volition and range of choices can lead to elevated commitments and positive attitudes on the part of participants. It is under such affective conditions that spontaneous and innovative efforts by participants are most likely to emerge (Katz & Kahn, 1966). Therefore, it may be beneficial for some services to foster an environment for innovative and spontaneous behaviors on the part of the client since this can lead not only to new solutions and ideas of future use to the service, but also to greater satisfaction by the client.

Proposition 5: Wider discretionary boundaries will be associated with lower costs of monitoring and controlling client activities, and thus, lower agency costs of production, assuming clients are competent at role-making activities.

Proposition 6: Wide discretionary boundaries will be associated with higher levels of client satisfaction, assuming clients are competent at role-making activities.

Decoupling the Client upon Service Completion

At some point, either the client or the service firm will consider the service complete. At times, however, the parties may disagree about when the client's participation should end. Patients sometimes remain attached to physicians long after they need to; the number of years it takes some students to graduate from college exceeds desirable limits; and clients may make demands on their realtors long after a sale is completed. This continued involvement can increase costs to the organization. Consequently, under conditions where there may be ambiguous service

completion landmarks, it may be necessary for the service to signal to a client that his or her participation should end.

Such decoupling (Meyer & Rowan, 1977; Northcraft & Chase, 1985) of clients from the service system may pose difficulties for the organization, particularly when cues that signal service completion are ambiguous or the client is motivated to continue participation (e.g., psychotherapy). Difficulties emerge for the provider under such circumstances because the firm is likely to wish an expedient withdrawal of the client while maintaining good relations and a tendency on the part of the client to return to the firm for services in the future. In other words, the client should no longer be "in" the system, but instead, "attached" to it as Figure 1 shows. The client's judgment of what constitutes completion of the service may differ from the provider's. Moreover, the client may be reluctant to relinquish roles that are sources of gratification especially if they have made substantial investments in role-making activities. Resources of the firm that are directed at decoupling efforts are extraproduction, and, therefore, decoupling activities will increase total costs to the firm.

Proposition 7: As client role-making activities increase in components of ego involvement or expressive reward and completion landmarks are ambiguous, the likelihood increases that the client will attempt to remain engaged in service production activities or continue claims on the resources of the service provider.

Thus, in complex services, organizations face ambiguities in providing clients unequivocal evidence of service completion to facilitate decoupling, and at the same time clients may be motivated to continue participating due to potential expressive and social rewards associated with role making, or, perhaps, due to concern that the service is not truly complete (e.g., extended recuperative stays in hospitals). Therefore, the organization is faced with the delicate task of speeding decoupling while maintaining client goodwill at the completion of service. Virtually no research has addressed how organizations manage this interesting and sensitive issue.

Conclusion

It seems clear that clients and customers of service organizations have important roles to perform in the production of complex service output. Indeed, Gartner and Reissman (1974) observed that as more workers in the future operate in service roles, the boundary between employees and clients will become less pronounced. As active participants, clients and customers must acquire the knowledge, skills, and dispositions that will enable them to perform as effective "partial" employees while in the service creation process.

Yet, though it has developed an extensive body of principles and practice concerning regular employees, the management literature mostly has overlooked issues and problems related to clients as partial employees of complex service operations. Clients can be made more productive participants when there is a match between the required production-related skills, knowledge, and attitudes, and the degree of involvement required of the client in service production. Recognizing the client as an active participant makes it imperative to expand the framework of present management models to include these "partial" members and, thus, portray more accurately what occurs within service organizations.

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