Manuela Koch-Rogge

Assessing Service Performance

Applying Data Envelopment Analysis for evaluating employees´ performance in the Service Industry

ANGLIA RUSKIN UNIVERSITY

ASSESSING SERVICE PERFORMANCE: APPLYING DATA ENVELOPMENT ANALYSIS FOR EVALUATING EMPLOYEES´ PERFORMANCE IN THE SERVICE INDUSTRY

by

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Acknowledgements

Taking the first steps into the academic community is a unique experience. Working on a thesis is a challenge that spans over years involving amounts of literature to read, theories to understand, different opinions to evaluate, studies to carry out and conclusions to draw. Along this journey, there are many exiting and enlightening moments, like presenting parts of your work to academic colleagues for the first time or getting your paper accepted by scientific journals. However, there are also many obstacles and moments of frustration along the way. For me, this includes following a particular direction of research that leads to a dead end or just fighting with editing and formatting issues. It´s in particular during those times that some people that follow you on that journey become most important.

Thesis abstract

The service industry is the most important economic sector worldwide. Thus, economic growth within developed economies is almost exclusively based on services. In the production of services, employees have a crucial influence on the perceived quality of the output, since they are the core of the interaction with the customers. In this context, employees´ knowledge and skills are primary resources for an organization´s ability to compete and generate profits. The adequate evaluation of employee performance, employee empowerment and a concern for training therefore becomes a necessity for each service organization. However, traditional approaches for evaluating employee performance mostly originate from the manufacturing sector and therefore often fall short in accounting for the advanced requirements of evaluating service performance. A promising approach that may be able to address several of the shortcomings of traditional performance evaluation approaches is the Data Envelopment Analysis (DEA), which has widely been used to evaluate the performance of organizations in a variety of contexts. However, there is still very little experience regarding the application of DEA on individual level and employee´s response to it.

Adopting a case-study strategy based on a mixed methods approach, this research investigates DEA´s technical and organisational suitability for evaluating employees´ performance in the service sector. After reviewing literature on why services may require an advanced approach for performance evaluation and on DEA´s previous applications in organizational contexts, the DEA approach was applied to performance data of 40 service employees in a German Cooperative Bank to gain empirical evidence. Hence, in a quantitative analysis, the results of the application were examined to assess DEA´s technical suitability and to gain a deeper understanding of its application on individual level. Subsequently, focus group interviews among bank managers and members of the workers´ council as well as a questionnaire study among employees were carried out to investigate DEA´s perception by all major stakeholders and thus provide substantiation of its organizational suitability. Eventually, the evidence from these multiple sources was analysed by triangulation.

The findings indicate that DEA is a suitable approach to overcome many shortcomings of traditional approaches. Thus, the thesis concludes by summarizing the results, reflecting on limitations and by pointing out implications that may contribute to draw analytic generalizations to inform theory and practice.

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