

UNIVERSITY OF STRATHCLYDE
Department of Marketing

CUSTOMER RELATIONSHIP MANAGEMENT (CRM):
THE EFFECT OF ORGANISATIONAL CULTURE -
A LONGITUDINAL CASE STUDY

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TO MY PARENTS

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Abstract

The purpose of this study is to explore the effect of Organisational Culture (OC) on the practice of Customer Relationship Management (CRM) with the aim of developing a greater understanding of how OC may facilitate or impede the practice of CRM. The research purpose is analysed into the following research objectives: 1) to identify employees' and managers' perceptions of CRM, 2) to explore the practice of CRM and its constituents in the organisation, and 3) to explore the effect of OC on the practice of CRM.

A longitudinal case study was conducted in a leading firm in the U.K. automotive services sector. The evidence collected from this study covered a variety of sources including a) 36 personal interviews, b) observation, and c) secondary data, such as company documents, press articles, trade publications, and archival data.

As far as *research objective (1)* is concerned, the findings of this research indicate that people who are involved in the practice of CRM acknowledge its value, yet they may also misinterpret and confuse its meaning. With regard to *research objective (2)*, the results of the case study suggest that *CRM is an organisation-wide process that contributes to the creation and delivery of superior value to the customer*. With reference to *research objective (3)*, the OC of the investigated firm appears to be a multi-faceted construct consisting of different dimensions. Among these, the dimensions of *customer orientation*, *employee orientation* and *centralisation* seem to have a significant effect on the CRM process. *Customer orientation* and *employee orientation* facilitate significantly the deployment of CRM initiatives. The findings show that *centralisation* has mixed impact on the practice of CRM.

This thesis contributes to the emerging theory of CRM by offering insights *into the interface of CRM and OC*, which is an under-explored theme in the literature.

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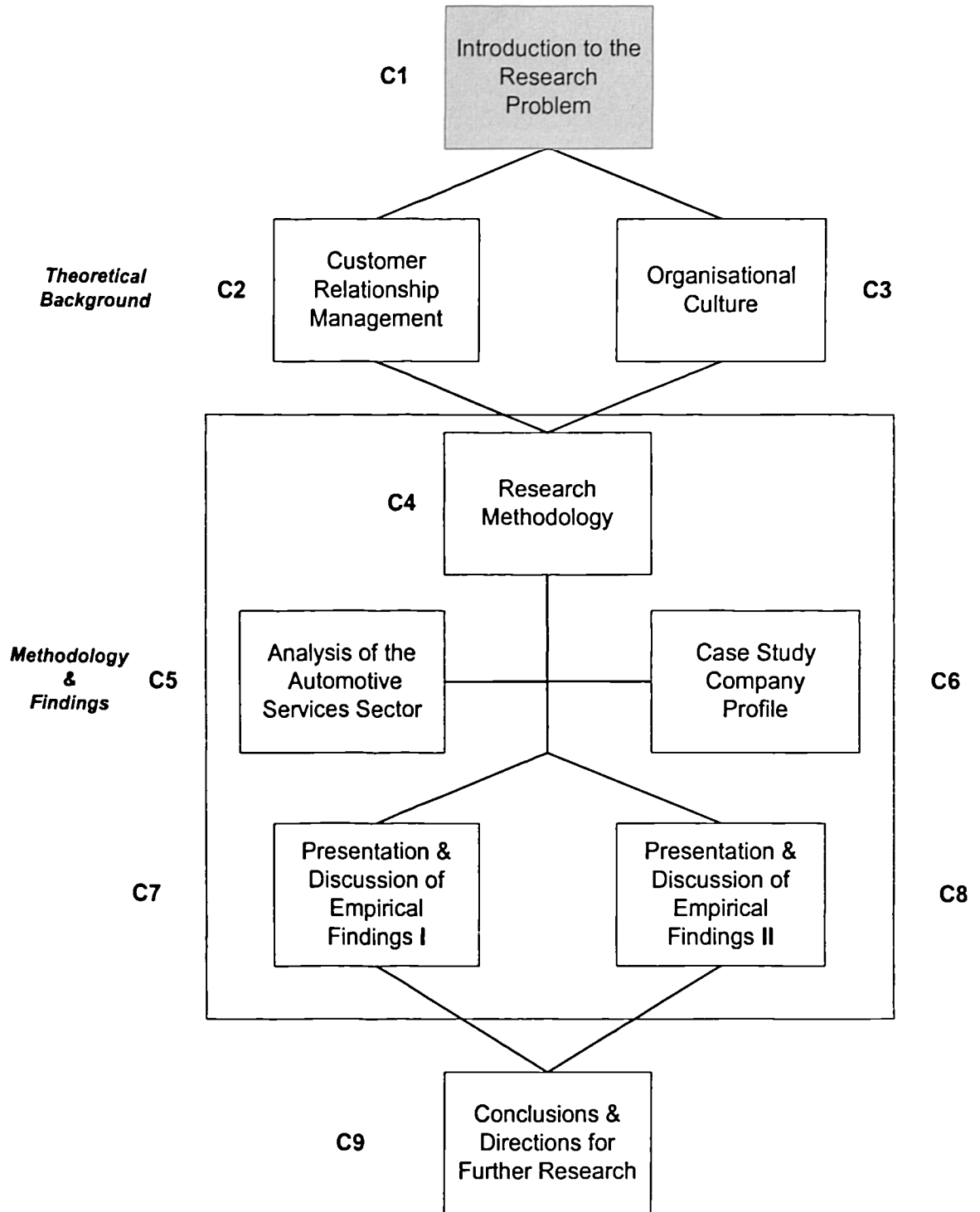
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Chapter 1

Introduction to the Research Problem



1.1 Introduction

In contemporary marketing literature, there exists a general agreement about the value of relationship marketing for both the firm and the customer (Berry 1983; Iacobucci and Ostrom, 1996; Morgan and Hunt, 1994; Sheth and Parvatiyar, 1995). Although the ideas of Relationship Marketing have been widely discussed, 'the operational contents of the new paradigm' are still unclear (Gummesson, 1994, p.5). However, an emerging strand in relevant literature points out that Customer Relationship Management (CRM), allows firms to operationalise Relationship Marketing and deliver its benefits to firms and their customers (Pettrissans, 1999). The notion of Customer Relationship Management (CRM), which lies on the conceptual foundations of Relationship Marketing (Plakoyiannaki and Tzokas, 2000), has been widely emphasised as an approach to better understand customers and markets and thereby to become more profitable (Rigby et al, 2002; Weiner, 2000). Although CRM has gained prominence in relevant literature over the past couple of years, still academic research regarding the practice of CRM in organisations appears to be scarce (Stone et al, 1998). Scholars assert that it is of an early priority to develop research in the area of CRM with the purpose to contribute to knowledge development in contemporary marketing theory (Sheth and Parvatiyar, 2000).

Chapter 1 introduces the reader to the research problem of the thesis. In section *1.2*, the author provides justifications for the study. In section *1.3*, the researcher outlines the research problem and its resulting research objectives. Section *1.4*, describes the scope of the study. In section *1.5*, the researcher comments upon the major intended scientific and managerial contributions of this study, whereas in section *1.6* she provides a definition of the most important terms that are used throughout the thesis. In the concluding section of the chapter, the author provides the reader with a brief overview of the structure of the doctoral thesis.

1.2 Research Justification

In paragraph *1.2.1*, the researcher points out that the topic of this study is considerably important for marketing science to be investigated. In paragraph *1.2.2*, the researcher indicates several shortcomings of the existing literature in the area of CRM and relationship marketing in order to demonstrate the need for this study.

1.2.1 Importance of CRM

Although marketing's orientation has always been on maintaining relationships with profitable customers only recently has this topic drawn the attention of the academic community (Sheth and Pavatiyar, 1995b; Tzokas and Saren, 1998). The significance of relationships in services and business-to-business markets has contributed to the development of relationship marketing as a dynamic area of enquiry. Beyond services and business-to-business markets, the application of relationship marketing practices has extended in consumer markets supporting the importance of relationships in different contexts (Sheth and Parvatiyar, 1995).

Relationship marketing has indisputably been one of the major research topics examined in the marketing discipline during the 1990s (Morgan and Hunt, 1994; Sheth and Parvatiyar, 1995a; 2000). During this period, there exists an increasing interest in relationship marketing from both the academic and business practitioners' perspective (Bagozzi, 1995; Berry, 1995; Grönroos, 1990; Sheth and Parvatiyar, 1995; Wilson, 1995). Several academic scholars have highlighted the importance of enhancing customer relationships as a prerequisite for effective marketing (Kotler, 1992; Perrien and Ricard, 1995; Sharma and Sheth, 1997). This importance is further reflected on journals' special issues on relationship marketing (Journal of the Academy of Marketing Science, 1995; European Journal of Marketing, 1996; Industrial Marketing Management, 1997; Journal of Marketing Management, 1997) and by high quality conferences at this topic (American Marketing Association 1996-1997, Emory University Conferences, 1993-2002).

As far as the business world is concerned, increasingly companies realise that customers are their most important asset and view customer relationships as mutual beneficial exchanges and as opportunities that need to be managed (Bowman and Narayandas, 2001). However, discussion on relationship marketing in several business contexts, including that of business-to-customer, has mainly focused on the concept of the relationship per se, its attributes and stages (cf. Dwyer et al, 1987; Kumar et al, 1995). Viewed in this light, it has paid insufficient attention to the concept of relationship management as a *set of activities* which offer the implementation of relationship marketing in business-to-consumer markets (Sheth and Parvatiyar, 2000). The essence of such a concept is value creation through the

formation and maintenance of long-term relationships with external marketplace entities, particularly consumers, and is captured in the notion of Customer Relationship Management (Srivastava et al, 1999). Supporting the importance of CRM for the performance of the firm, Hoekstra et al (1999, p.47) maintain:

“We envision that the implementation of a customer relationship management system will force managers to become explicitly focused on the customers in the sense of current purchases and current satisfaction levels but also in the sense of future opportunities and unmet needs.”

The extant literature purports that CRM benefits the customer as well as the firm since it increases the efficiency and effectiveness of marketing activities (Sheth et al, 2000) and co-ordinates organisational resources to achieve profitable objectives such as the provision of customer value (Slater, 1997). Despite these promising results, many organisations have failed to make their CRM initiatives deliver their benefits to the firm and its customers (Plakoyiannaki and Tzokas, 2002). One of the reasons for the discrepancy between theory and practice appears to be the insufficient attention that organisations pay to the role of Organisational Culture (OC) in the implementation of CRM initiatives. Ernst and Young’s (1999) report on CRM implementation indicates that rather than focusing solely on technology, firms involved in CRM initiatives need to consider the influence of organisational factors such as culture on the deployment of CRM projects. Viewed in this light, OC drives the success of CRM initiatives (Brown, 1999; Ryals et al, 2000), is the dominant factor for customer-centric thinking (Sheth et al, 2000) and the implementation of relational strategies (Ricard and Perrien, 1999). Despite the continuing theoretical acknowledgement of the importance of OC for the practice of CRM, the empirical evidence in that direction is scarce. Consequently, the interface between CRM and OC is the core topic investigated in this study.

1.2.2 Shortcomings of Existing Research

Given the recent emergence of the notion CRM, it is expected to have a limited tradition of theory development and empirical research. Indeed, scrutiny on CRM have been largely based on empirical studies examining the profitability of long-term customer relationships (cf. Reinartz and Kumar, 2000) and on anecdotal evidence regarding the applicability of Pareto’s Law in consumer markets which supports that 80% of companies’ revenues is generated by 20% of the customers

(Hartfeil, 1996). In this section, the researcher claims that there seems to be little research in the area of CRM and describes a) conceptual and b) empirical shortcoming of the extant CRM literature.

a) Conceptual Shortcomings

The recognised potential of CRM to deliver benefits to the firm and the customer is currently curtailed by the lack of clear guidance on what CRM is and how it can be applied successfully. There exists no general agreement between authors on a definition of CRM (Plakoyiannaki and Tzokas, 2000; Winer, 2001; Woodcock and Starkey, 2001; Zeithaml, 2001). The emphasis of CRM on the utilisation of IT (Information Technology) and on adopting a long-term proactive perspective to customer management has resulted *in considerable confusion about the exact definition of CRM in the organisation* (Payne, 2002). As such, specialists view CRM as an initiative designed to achieve short-term business gains (Butler, 1999), an activity based primarily on data collection and analysis (Fletcher, 1999; Peppard, 2000; Winer, 2001), or even a new business philosophy (Leuchter, 1997; Peppers and Rogers, 2000). Furthermore, few systematic attempts have been made to explore the perceptions of business practitioners and employees on the notion of CRM. Such an effort may contribute to a more in-depth understanding of the notion of CRM which has primarily emerged in the business environment.

Moreover, the area of CRM seems to be devoid of holistic frameworks, a fact that can lead to fragmentation of research in the field. There is a need for development of theoretical frameworks in the CRM area (Ryals et al, 2000; Winer, 2001) that may guide future empirical studies. The scarcity of holistic frameworks is a problem frequently encountered in relevant to CRM publications and articles although the tenets of relationship management as topics of intellectual study have been around for some time (Peppard, 2000; Peppers and Rogers, 2000).

Consequently, there *is a need to*:

- *clarify* the notion of CRM, in as much detail as possible, and identify common points on organisational member perceptions of CRM.
- *provide* a holistic conceptual framework of CRM in order to facilitate the research progress in this area.

b) Empirical Shortcomings

First, while there is an increasing interest in CRM practice, systematic empirical academic research on CRM is practically lacking (Peppers and Rogers, 2000; Reinartz and Kumar, 2000; Winer, 2001). Extensive literature on CRM practices and frameworks has largely originated from management consulting firms, drawing upon their experiences of the implementation of CRM initiatives across industry sectors. *Although, consulting organisations play a vital role in our current understanding of CRM, the empirical findings of their research are often hard to follow, generalise and scientifically validate.*

Second, a review of literature originating from publications in the area of CRM, illustrates that much of these writing focus is streamed towards a technical view of CRM as a software application rather than understanding the wider implications of CRM practice within the context of the organisation. As such, CRM is narrowly defined as a technological tool which provides a platform for the deployment of relational strategies. *This narrow conceptualisation of CRM renders the empirical findings of such papers useful only to a group of limited stakeholders, and primarily CRM vendors that aim to sell software solutions in the emerging market.*

Third, the arguments above perhaps demonstrate the popularity of the term CRM among practitioners. However, recent evidence suggests a failure to achieve success in CRM initiatives in the majority of organisations (Woodcock and Starkey, 2001). Adshead (2001) points out that the current failure rate of CRM efforts has reached 65% and is expected to rise to 80% by 2003. He continues by highlighting that organisational culture plays the most significant role in facilitating the practice of CRM. Rigby et al (2002) and Plakoyiannaki and Tzokas (2002) argue along similar lines that for CRM to succeed more fundamental issues associated with the culture of the firm should be taken into consideration. *Although Organisational Culture (OC) has been acknowledged as the most significant determinant and greatest hurdle for the success of Customer Relationship Management initiatives, the interface of CRM and OC is an issue largely under-explored in relevant academic publications (cf. Ricard and Perrien, 1999).*

Consequently, based on a holistic view of CRM, there *is a need to:*

➤ *explore* the effect of Organisational Culture on the Practice of CRM.

Table 1-1 includes some illustrative quotations from the relevant literature that support the justification of the current research.

Table 1-1: Quotations Supporting Research Justification

Quotation Theme	Quotation	References
Need for a Definition of CRM	<i>“We have not found a generally accepted definition or description of what CRM actually is. The emphasis should be on a definition based on real-life business questions.”</i>	Paas and Kuijlen, 2001 p. 51
Need for a Conceptual Framework of CRM	<i>“...most institutions take a rather narrow view of CRM and as such the benefits are limited. Apparently, a holistic framework would guide the implementation of CRM.”</i>	Peppard, 2000 p. 312
	<i>“Managers therefore must understand the domain, role, and contribution of CRM for marketplace and financial success.”</i>	Srivastava et al, 1999 p. 178
	<i>“There exists a need of holistic conceptual frameworks of CRM”</i>	Ryals et al, 2000 p. 118
Need to Study the Effect of OC on CRM	<i>“In fact, looking more specifically at customer relationship management projects the most common reason for failure appears to be the lack of common thinking and mindset ...”</i>	Woodcock and Starkey, 2001 p. 62
	<i>“A relationship orientation must pervade all parts of the organization’s mindset, values, norms and thus influence the interaction with the customer-before, during and after the sale.”</i>	Day, 2000 p. 27
	<i>“The corporate culture of the firm will greatly affect the adoption of customer-centric marketing.”</i>	Sheth et al, 2000 p. 64

Source: The author

1.3 Research Purpose and Research Objectives

From the previous section, it has become clear that, despite conceptual and empirical research efforts are beginning to address a variety of CRM issues, several

areas for improvement can still be recognised. The research problem that is investigated in this study is especially focused on these areas. The purpose of this study is:

to explore the effect of OC on the practice of CRM with the aim to develop a greater understanding of how OC may facilitate or impede the practice of CRM.

In order to meet the purpose of this study, an in-depth understanding of the practice of CRM in the organisation is required. Viewed in this light, the research purpose is analysed into the following research objectives:

- 1) to identify employees' and managers' perceptions of CRM,
- 2) to explore the practice of CRM and its constituents in the organisation, and
- 3) to explore the effect of OC on the practice of CRM.

1) To identify employee's and managers' perceptions of CRM

Until now, relevant research has been devoid of efforts that systematically explore the perceptions of organisational participants regarding the notion of CRM. Hart et al, (2002) argue that given the amount of interest in CRM, there is little empirical evidence on how organisational members perceive the term CRM. Furthermore, it appears that is not clear whether people in different positions in the organisation develop a different understanding of CRM (Winer, 2000). This study explicitly addresses these points and attempts to investigate the perceptions of employees and managers on CRM. Instead, of focusing only on a group of CRM actors such as the marketing or IT department (Chalder et al, 1999) this study collects insights from organisational participants coming from different organisational levels in the horizontal and vertical structure of the organisation. The holistic focus of the study aims at identification of key CRM issues that may enrich our understanding on the notion of CRM and contribute to the development of a meaningful definition of the term.

2) To explore the practice of CRM and its constituents in the organisation

It is commonly proposed that the notion of CRM incorporates an array of constituents and practices (Payne, 2001). To understand the practices associated with

CRM, it appears to be of an early priority the development of holistic conceptual frameworks that may facilitate research and discussion on CRM among academics and practitioners (Ryals et al, 1999). The thesis addresses this deficiency of the extant literature by exploring and identifying the constituents of CRM practice in the case study organisation in the U.K. automotive services sector. The empirical findings of the thesis provide a conceptual framework of CRM.

3) To explore the effect of OC on the practice of CRM

Several publications suggest that the success of CRM initiatives primarily depends on the Organisational Culture of the firm that practices CRM (Brown, 1999; Ryals et al, 2000; Sheth et al, 2000). Despite the continuing theoretical acknowledgement of the importance of OC for the practice of CRM, the empirical evidence in that direction is scarce. This study considers the effect of OC on the CRM practices. In order to meet this research objective the author seeks for empirical evidence regarding the interface of CRM and OC based on a case study in the U.K automotive services sector.

The described research objectives form the building blocks of the study. In line with the three research objectives, figure 1-1 portrays the evolving understanding that is required for the research to obtain in order to explore the research objectives of the study.

1.4 Research Methodology and Scope

In paragraph *1.4.1*, the researcher elaborates briefly on the research methodology adopted to investigate the research objectives of this study. In paragraph *1.4.2*, the researcher discusses the scope of the study which has been conducted in the automotive services sector.

1.4.1 Research Methodology

a) The Scientific Paradigm

The realism paradigm has been selected as the conceptual background of this research. In essence, the focus of marketing research is to explore and explain complex social phenomena (Healy and Perry, 2000). As such, the purpose of the thesis which is *'to explore the effect of OC on the practice of CRM with the aim to develop a greater understanding of how OC may facilitate the practice of CRM'* was highly facilitated in terms of its investigation by the conceptual underpinnings of

project of this thesis primarily for two reasons. First, case studies facilitate the exploration of relatively under-investigated topics such as the interface of CRM and OC (cf. Bonoma, 1985). Second, the case study method contributes significantly to the scrutiny and development of contemporary research areas, namely Relationship Marketing (Perry, 1998). The *unit of analysis* that determined the focus of the case study method (Miles and Huberman, 1994) was the CRM activity in the organisation.

The case study findings discussed in the thesis have emerged from multiple sources of evidence in the data collection process. These are *archival data*, *interviews* and *observation*. First, the examination of archival data such as confidential reports and company documents, offered insights and antecedent conditions to the history of the firm directly associated with the practice of CRM and the OC construct (cf. Pettigrew, 1997). Second, *a total of 36 detailed, in-depth interviews were conducted with a variety of employees from different levels of organisational hierarchy and business units*. Third, keeping with Kunda (1997) and Watson (1995), detailed observation was undertaken including attendance at meetings, internal presentations, induction procedures and training programmes.

The data collection activities culminated in the completion of a retrievable case study database containing the 150 pages of organised field notes; 36 audiotapes, 470 pages of single-spaced interview transcripts and other related documents such as trade press and archival data. The analysis of the results was based on the content analysis technique and conducted by the means of NUD*IST (Non-numerical Unstructured Data Indexing Searching and Theorising) software index. The content analysis process initiated with the input of the verbal material to NUD*IST. Specifically, both interviews and field notes were transcribed and then indexed using NUD*IST data management computer package. Archival data and company documents were used either to support or to disconfirm the material collected from the interviews and field notes. The indexing process facilitated by NUD*IST generated *351 index tree nodes, 35 free nodes and 65 nodes based on document searches*.

The quality of the case study findings within the realism paradigm was evaluated based on the criteria of 1) ontological appropriateness 2) contingent

validity 3) triangulation 4) methodological trustworthiness 5) analytic generalisation 6) construct validity (Guba and Lincoln, 1994; Healy and Perry, 2000).

1.4.2 The Scope of the Study

a) Industry Setting

Previous empirical research on CRM has mainly focused on the financial services market (Payne et al, 2000; Peppard, 2000; Ryals and Payne, 2001; Stone et al, 1998; Weiner, 2000) with few exceptions (Chalder et al, 1999). However, it appears useful to shift focus from the financial services sector, which until recently has been the centre of CRM studies, and search for CRM best practices in other industries such as the automotive, clothing and fast-consuming goods industries (Cap Gemini, 1999).

The case study organisation of the thesis operates in the automotive services market and particularly the fast-fit industry. The automotive services market includes car servicing and mechanical repair, and breakdown and recovery services. In 1997, the total value of the automotive services market was estimated at £11.65bn. Keynote (1998) forecasts for the end of 2002 that expenditure at current prices, on car servicing and repairs will rise by 14.9% to reach £7.82bn, while expenditure on car body repairs will rise by a slightly higher 15.7% to reach £4.91bn.

The automotive services industry is a highly competitive market served by a variety of business sectors (Keynotes, 1998). Of these, the fast-fit operators are rapidly gaining a substantial share of the market. Fast-Fit services are offered by franchised dealers namely independent garages and chains which focus on tyres, exhausts and breaks repairs. The estimated value of the U.K. fast-fit industry is £2.3bn for the year 2002 (Taylor, 2000). The fast-fit industry has recently focused on Customer Relationship Management (CRM) practices with the purpose of increasing the profitability of its customer portfolio (Taylor, 2000). However, the relationship between customers and automotive services suppliers is an issue of great concern and improvement for the fast-fit market (Office of Fair Trading, 2000).

b) Organisational Setting

The selection of the case study organisation has been grounded on the assumption that the study of early and successful adopters of CRM may substantially advance our knowledge on the investigating phenomenon. The present thesis

elaborates on a CRM best practice in the automotive services sector (Cap Gemini, 1999). The emphasis on “star performers” serves to benchmark the process and develop strategic frameworks which are essential to promote CRM theory and practice. The case study firm (Express Service¹) operates in the automotive services sector and particularly the fast-fit industry and has featured in the top of the CRM index compiled by Round Consulting and ACNielsen (Barrand, 2000; Darby, 2000). For fast-fit business, strong customer relationships are particularly important because of their inherently interpersonal focus and the relative importance of confidence that the customer shows towards the service provider (cf. Czepiel, 1990; Gwinner et al, 1998; Mills and Newton, 1980).

Express Service was established in 1971 in Edinburgh, Scotland. Express Service features as the market leader in the fast-fit market. The company experienced an impressive expansion in the 1980s and the 1990s by acquiring small independent garages and garage chains in the U.K. and Europe. Today, Express Service operates across 2300 fitting centres and mobile fitting units in the U.K. and Europe. Express Service is a multi-setting organisation therefore this case study focused on Express Service Holdings, Express Service GB, Express Service Insurance and Express Service centres in Scotland and England

Express Service deployed its first CRM initiatives in 1999. However, the major part of CRM implementation occurred in 2001 almost simultaneously with the data collection process of this case study.

1.5 Intended Research Contributions

1.5.1 Scientific Contribution

Successively, the researcher discusses the study’s intended conceptual, methodological and empirical contributions. Figure 1-2 represents these three areas and their levels of contribution.

¹ The name of the firm is a pseudonym.

Figure 1-2: Scientific Contribution of the Study

		Level of Contribution		
		Replication	Extention	Innovation
Area of Contribution	Conceptual		5.1.1	
	Methodological		5.1.2	
	Empirical			5.1.3

Source: Adapted from De Wulf, (1999)

a) Conceptual Contribution

This study contributes to the emerging theory on CRM in a twofold manner. *First*, it critically examines existing research on CRM in light of its potential contribution to understanding the practice of relationship management. *Second*, a review of relevant literature in *chapter 2* serves to identify the proposed definitions and theoretical roots of CRM with a purpose to enrich the readers understanding on the phenomenon under exploration.

This study contributes to OC theory *by providing an extensive review of the dimensions of OC encountered in the extant literature*. In order to identify the dimensions of OC the researcher conducted an in-depth two-stage content analysis of the literature. In the first stage, she examined OC studies by looking primarily at three bodies of literature in the social sciences, namely organisation theory as well as strategic management and marketing. In the second stage, she recorded the notion of OC discussed in each study and then noted the specific dimension(s) that could be extracted from it. The examination of new studies could add more OC dimensions or be associated with the existing ones. In the end, the review of studies resulted in a consolidation of the related notions giving rise to nine OC dimensions. These OC dimensions facilitated the operationalisation of the OC construct and analysis of the empirical findings (Reynolds, 1986).

b) Methodological Contribution

The methodological contribution of this study concerns the incorporation of the time dimensions in the design of the research process (Bringberg and McGrath, 1985). Particularly, the researcher has redefined and utilised the notion of *relational time* (Halinen and Törnroos, 1995) in order to enrich her understanding on CRM. Although, Halinen and Törnroos, (1995) had originally conceptualised relational time, they had not used the concept in study of relationship management.

The underlying logic for incorporating the dimension of time in the study of CRM is its dynamic character (Fournier, 1998). Viewed in this light, Lemon et al (2002, p.12) assert:

'Marketers now need to understand customers in a dynamic, changing environment and engage in dynamic customer relationship management- understanding that consumers take into account aspects of past, present and future, including future expectations (of themselves and of the firm), when determining whether to continue to do business with a firm.'

c) Empirical Contribution

This study makes an empirical input by contributing to theory building in the area of CRM. The contribution of this study is threefold. *First*, it focuses on organisational participants' perceptions of CRM, an issue which has concentrated little empirical attention (Hart et al, 2002). Such an attempt, may contribute to the development of a holistic definitions of CRM by identifying the key ideas encompassed in the notion of CRM.

Second, this study contributes to the development of a framework of the CRM based on its constituents and practice in the organisation. This framework is of substantial value for the area of CRM since it underlines the key building blocks of CRM practice and takes into consideration the temporal dimension. This conceptual framework is the basis for exploring the effect of OC on the CRM process.

Third, this thesis provides empirical contribution on the effect of OC on CRM. Particularly, it explores the influence of specific dimensions of OC featuring in the OC of Express Service on the practice of CRM. Previous empirical research in the context of relationship marketing and CRM has made explicit the importance of OC for the implementation of relational strategies. To reinforce this theoretical discussion this study attempts to offer some empirical insights regarding the interface of CRM and OC. To the best the researcher's knowledge this systematic endeavour

to approach the interaction of CRM and OC, is among the pioneering studies in the extant literature.

1.5.2 Managerial Contribution

More than ever, it appears that transaction-oriented approaches to marketing have large difficulties in finding an appropriate response to contemporary marketing challenges that organisations face in the dynamic and competitive market environment (Perrien and Ricard, 1995). Increasingly organisations realise that key to the achievement of a sustainable competitive advantage is the maintenance and management of customer relationships and (Bowman and Narayandas, 2001; Day, 2000; Reinartz and Kumar, 2000).

From a managerial perspective, the contribution of this study is twofold. *First*, the framework of CRM outlined in this thesis can be used as a guiding tool, assisting the CRM development and implementation efforts in contemporary firms, and particularly in service organisations.

Second, the insights regarding the influence of OC on the CRM practice may assist organisations to deal with cultural resistance and change. As the extant literature suggests (Brown, 1999; Ryals et al, 2000) these are probably the most important problems relevant to the CRM process.

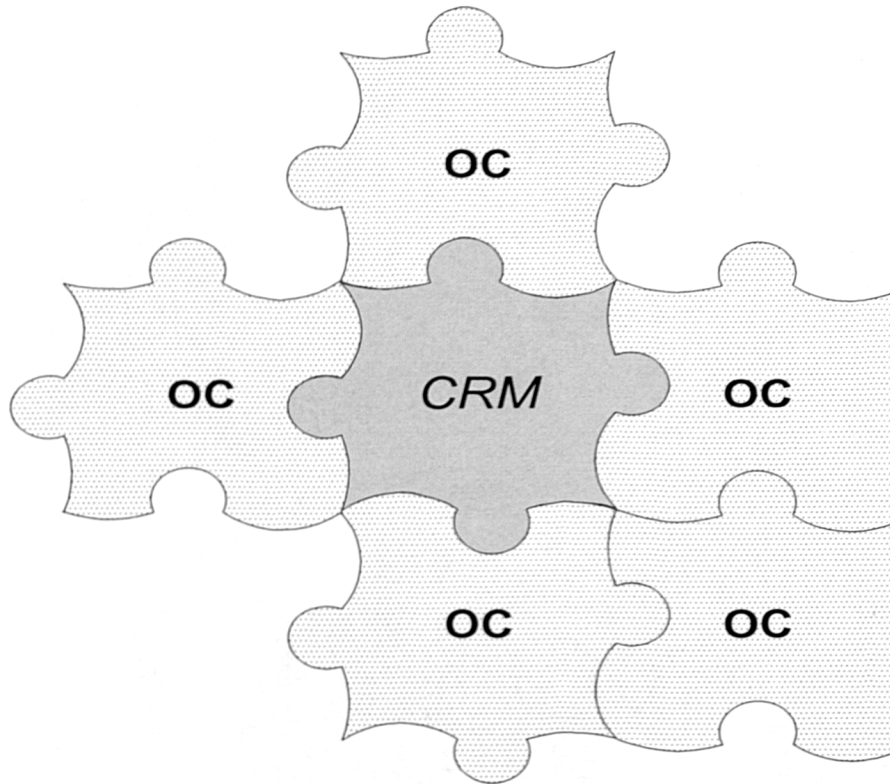
1.6 Defining Important Terms of the Study

Customer Relationship Management (CRM): The author conceptualises CRM nested in the context of the firm namely Organisational Culture (Figure 1-3). The author does not limit her conceptualisation of CRM as a technological tool rather than acknowledges CRM as a set of practices (Srivastava et al, 1999), components and activities which are further identified and explored in the thesis.

Organisational Culture (OC): OC is approached as a whole consisting of interrelated dimensions that synthesise the unique identity of the organisation (Detert et al, 2000). Furthermore, each dimension of OC is manifested in OC elements (Lytle et al, 1995) namely, assumptions, values, artefacts and behaviours (Homburg and Pflesser, 2000; Schein, 1985). The dimensions and elements of OC are theoretical constructs that facilitate the presentation and discussion of empirical findings in chapters seven and eight. It should be noted that the author often uses

interchangeably the phrases: ‘to explore the interface of CRM and OC’ and ‘to explore the effect of OC on CRM’.

Figure 1-3: CRM and OC

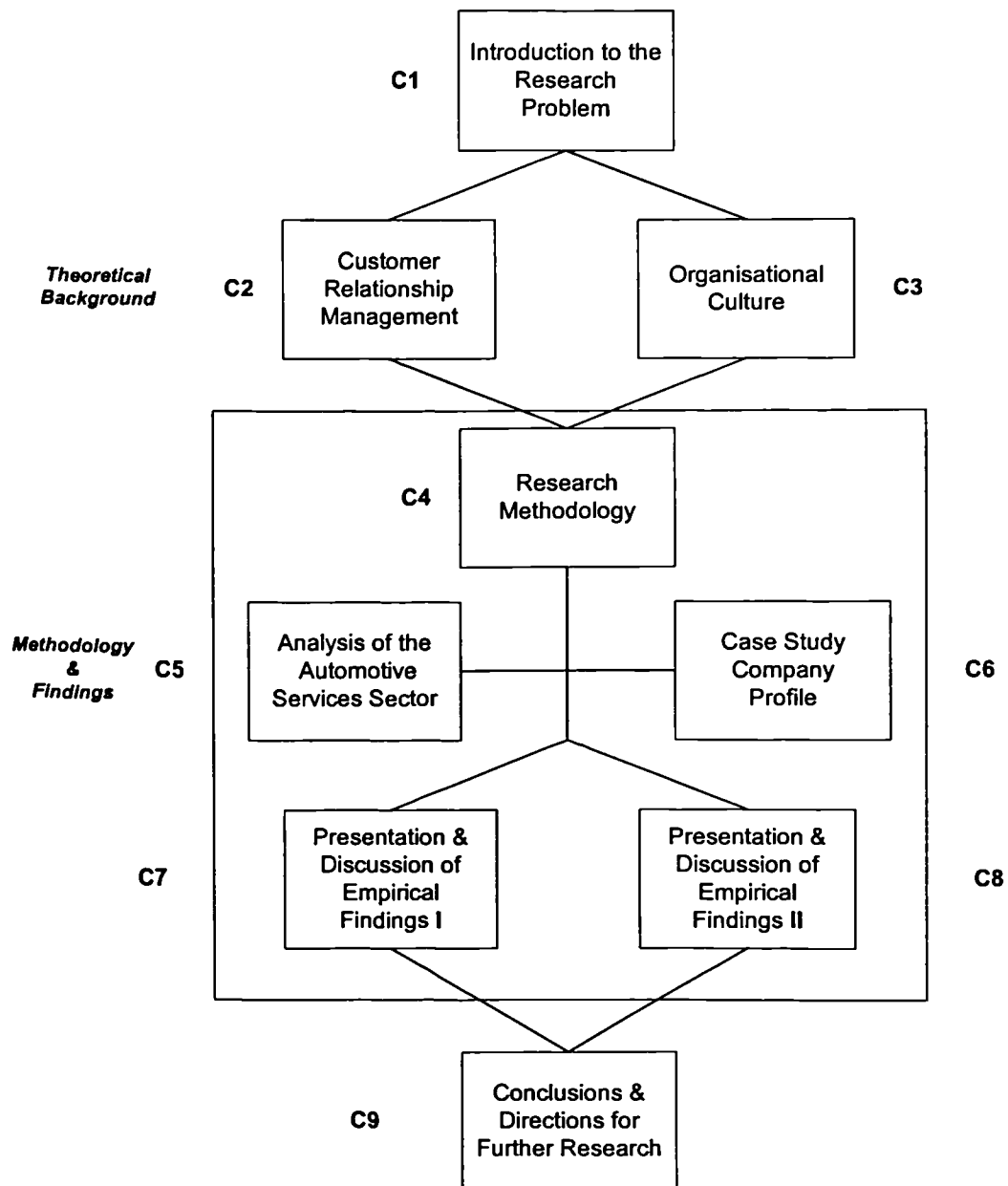


Source: The author

1.7 The Structure of the Thesis

Figure 1-4 visualises the structure of the thesis. In the first part of the thesis entitled ‘*theoretical background*’, the researcher discusses the theoretical underpinnings of the researcher. **Chapter 2** contains a critical review of theoretical and empirical writings in the area of CRM. Moreover, chapter 2 explores the theoretical routes of CRM which are located in relationship marketing, stewardship and social capital theory.

Figure 1-4: The Structure of the Thesis



In *chapter 3*, the author presents a detailed literature review of the construct of Organisational Culture (OC). She emphasises the complex and multi-facet nature of OC and discusses its emerging dimensions from studies in the relevant literature.

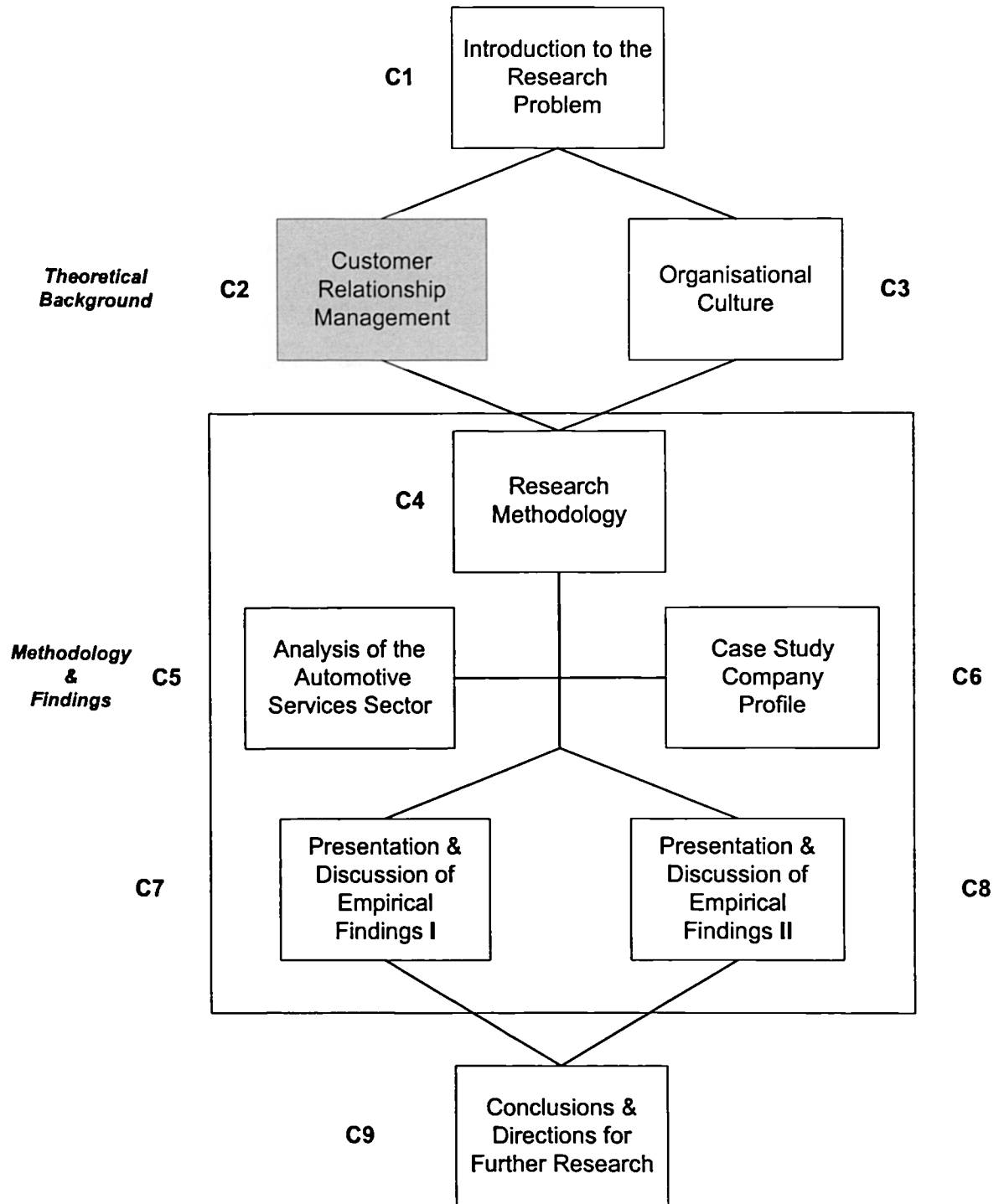
In the second part of the thesis, entitled '*methodology and empirical findings*' the author presents the methodology and empirical findings of this study. *Chapter 4* describes the research methodology and the process of the analysis of the results of the study. In order to familiarise the reader with the context of the study, *chapter 5* provides a brief analysis of the automotive services market and particularly the fast-fit industry. *Chapter 6* illustrates the profile of the case study organisation i.e., Express Service. The same chapter also includes empirical findings regarding the perceived benefits of CRM practice in Express Service. *Chapter 7* presents and discusses the empirical results of the research corresponding to the *objectives 1* and *2*. These are:

- 1) to identify employees' and managers' perceptions of CRM,
- 2) to explore the practice of CRM and its constituents in the organisation.

Chapter 8 presents and discusses the empirical findings of the third and primary objective of the thesis that is *to explore the effect of OC on the practice of CRM*. *Chapter 9* summarises the main results of the study and points out limitations and future research directions. It also discusses the theoretical and managerial implications of the study.

Chapter 2

Customer Relationship Management (CRM)



2.1 Introduction

Customer Relationship Management (CRM) seems to be probably one of the most frequently quoted and misunderstood terms both in the academic and business agenda. The newly emerging area of CRM appears to be devoid of: 1) academic research and publications exploring the features and the components of CRM practice, and 2) a holistic definition of the CRM notion. The professional world has adopted CRM practices rapidly, with much enthusiasm and has invested time, effort and money in CRM initiatives. Interestingly, the results of CRM efforts were not the expected ones and in several business cases, the lack of a holistic view of the CRM hindered the success of these efforts.

Chapter 2 elaborates on the CRM notion. It is structured in three parts. In the first part of the chapter, the researcher traces and discusses the theoretical foundations of CRM. The second part reviews the extant literature on CRM. In this context, it presents and discusses the attempts to define the term, the factors driving the development and implementation of CRM. In the third part of the chapter, the author briefly analyses conceptual frameworks linked to the notion of CRM. The chapter ends with the conclusions. Figure 2-1 provides the reader with the key CRM issues presented in *Chapter 2*.

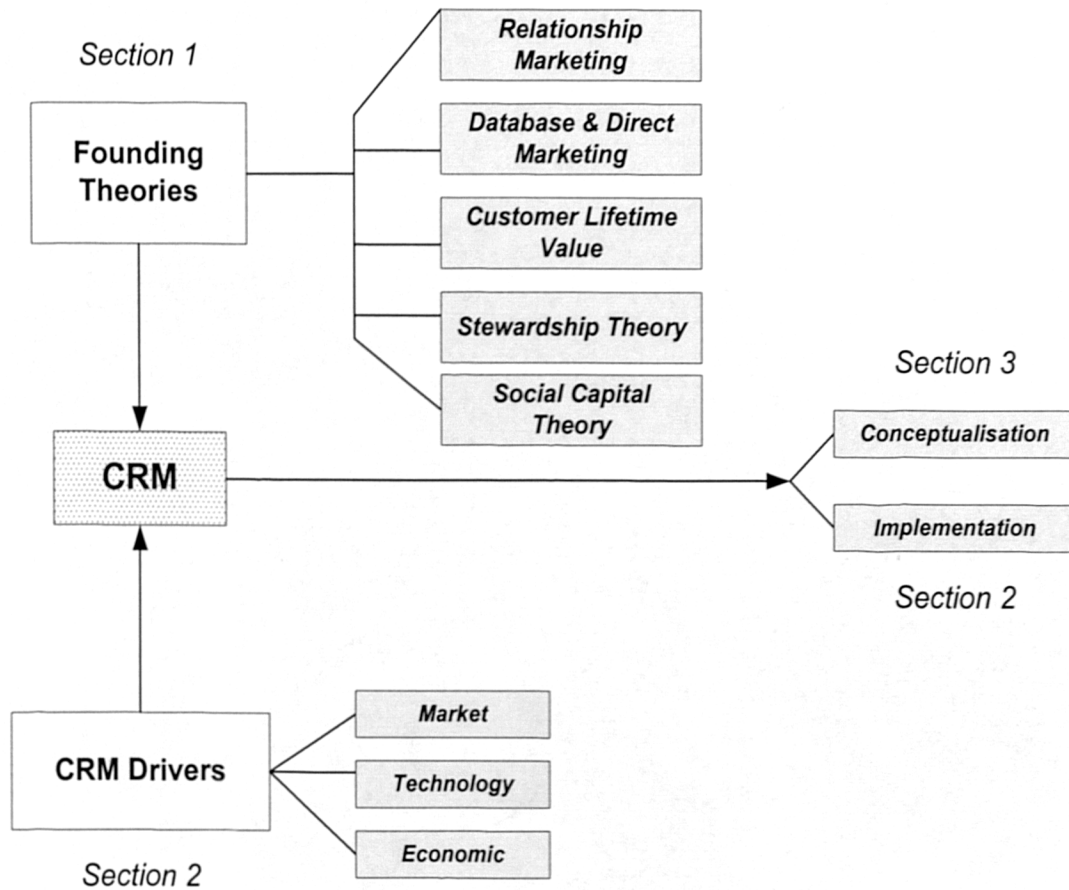
➤ Part 1

2.2. The Theoretical Foundations of CRM.

Knowledge on CRM is still in early stages of development. The area of CRM is characterised by a fragmented set of approaches and is surrounded by a lot of confusion and disagreement (Ryals et al, 2000). CRM perspectives are partly overlapping drawing upon different underlying theories. In this section, the researcher identifies the roots of CRM, which are the areas of *relationship marketing, database marketing and direct marketing, customer lifetime value, stewardship theory* and *social capital theory*. She primarily elaborates on the area of relationship marketing since academic and business literature has highlighted the inter-dependence of CRM and relationship marketing. For instance, Payne (2002) suggests that CRM is largely grounded upon the relationship marketing perspective.

Additionally, Cap Gemini (1999) suggests that CRM offers the implementation of relationship marketing strategies in consumer markets.

Figure 2-1: Key CRM Issues



Source: The author

2.3 The area of Relationship Marketing

In the current era of intense competition, market saturation and increasingly evolving customer needs, the area of relationship marketing has attracted the interest of many scholars and practitioners. Marketers realised that successful relationships with customers, distributors, suppliers and other partners are likely to be powerful sources of competitive advantage (Christy et al, 1996). The proponents of relationship marketing believe that mutual co-operation and interdependence (Morgan and Hunt, 1994), as opposed to competition and choice independence of

transactional marketing, result in delivering superior customer value and marketing efficiency (Sheth and Parvatiyar, 1995a).

Although, the ideas of relationship marketing have been widely discussed, the theoretical foundations of the field are still embryonic (Bagozzi, 1995; Sheth and Parvatiyar, 2000). According to Payne, (2000a) the scope, definition and discipline of relationship marketing are still debatable. For relationship marketing to emerge as a discipline, it is essential for academics to build conceptual foundations and develop a theory explaining the recurring phenomena (Sheth, 1985). Ultimately, a clear articulation of the 1) concept (idea, philosophy, vision, orientation) 2) set of activities (decisions; marketing management: the implications of the concept) and 3) domain (field of research and area where the concepts are applied and tested) could promote relationship marketing as an evolving paradigm (Hoekstra et al, 1999).

2.3.1 The Definition of Relationship Marketing

The term 'relationship marketing' appeared in a 1983 article by Berry (Barnes 1994; Grönroos, 1994). Berry (1983, p. 25) defined relationship marketing as '*attracting, maintaining and ... enhancing customer relationships*'. Christopher, et al (1991) approached relationship marketing primarily through the relationship between a company and its end customers (De Wulf, 1999). This type of relationship is characterised by Gummesson (1997) as the 'classic dyad' in his classification of 30 different types of relationships. However, several authors point out that this classic dyad is only one out of many possible relationship forms (Morgan and Hunt, 1994). In other words, relationship marketing may apply to multiple relational forms such as internal company relationships, supplier relationships, buyer relationships and lateral relationships (Kotler, 1997, Morgan and Hunt, 1994). In the same way, Sheth (1994) distinguish between horizontal, vertical and stakeholder relationships. Iacobucci and Ostrom (1996) classified relationships into individual-to-individual, individual-to-firm, and firm-to-firm relationships.

Due to its multi-faceted character, literature has not yet agreed upon a common definition of relationship marketing. Harker (1999) identifies 26 definitions of relationship marketing demonstrating authors' differing opinions on what constitutes relationship marketing. This has resulted in a conceptualisation of relationship marketing that is quite different between scholars (Achrol, 1997; Perrien

and Ricard, 1995). Table 2-1 shows a variety of definitions of relationship marketing and illustrates the fact that relationship marketing covers a multiple set of ideas and theoretical conceptualisations (Möller and Halinen, 2000).

Despite the large number of definitions in relationship marketing, these definitions share a certain degree of commonality (Robicheaux and Coleman, 1994). Particularly, most authors tend to agree on the following elements of relationship marketing i.e., the provision of *common benefits* for the actors involved in the relationship, *asymmetrical steering* and *continuity* (De Wulf, 1999).

➤ *Common Benefits*

A number of suggested definitions in relationship marketing purport that a buyer can increase his perceived level of customer value by engaging in a relationship with the seller whereas the seller benefits from the continuity of the relationship which drives profit generation (Blois, 1996; Tzokas and Saren, 1996).

➤ *Asymmetrical Steering*

The notion of asymmetrical steering refers to the effectiveness of relationship marketing strategies and the control of relationships by the seller (Perrien et al, 1995). Most relationship marketing definitions appear to concentrate on the seller's efforts to enhance the buyer-seller relationship as expressed by the seller's commitment to the customer, his fulfilment of promises towards the customer, his use of knowledge about customers to help them satisfy their needs, and his continuous dialogue with customers (Bennett, 1996). Christy et al (1996) underline that exchanges are often initiated and managed by the seller; however, there is no reason why a buyer cannot initiate and enhance the relationship himself.

➤ *Continuity*

Continuity between successive exchanges implies that relationships may unfold over a long-term period. In this way, exchanges obtain a special feature and cannot be regarded as occasional exchanges (Barnes, 1995). Continuity between exchanges supposes that buyers are and remain loyal to a seller.

2.3.2 Perspectives in Relationship Marketing

Coote (1994) suggested that relationship marketing is grounded on three approaches:

- a) *The U.K. Perspective* (Christopher, Payne and Ballatyne, 1991) that put emphasis on the integration of quality management, services marketing and customer relationships economics.
- b) *The Nordic Perspective* (Grönroos, 1990; 1994; Gummesson, 1987) dealing with issues of interactive network theory of industrial marketing, services marketing and customer relationship economics, and
- c) *The IMP Group* (Håkansson, 1982; Håkansson and Snehota, 2000; Johanson and Mattson, 1994) dealing with networks and industrial relationships.

Although this classification demonstrates the variety of research interests embracing the term relationship marketing still it appears to pay less attention to the contribution of the North-American approach (Berry, 1983; Levvitt, 1983; Perrien et al 1993; Sheth and Parvatiyar, 1995a) in the theoretical origins of relationship marketing. It should be noted that there seems to be an overlap in the ideas of these bodies of work. Consequently, characterising these approaches using the term '*school*' might be misleading due to the intersection of research themes and the fact that none of these approaches has reached such level of development to be characterised by this term (Payne, 2000a).

Table 2-1: Definitions of Relationship Marketing

Definition	References
'The organizational development and maintenance of mutually rewarding relationships with customers achieved via the total integration of information and quality management systems, service support, business strategy, and organizational mission in order to delight the customer and secure profitable lasting relationships'	Bennett 1996, p. 420
'Attracting, maintaining and - in multi-service organizations - enhance customer relationships'	Berry 1983, p. 25
'Attracting, retaining, and enhancing client relationships'	Berry and Gresham 1986, p. 43
'The consistent application of up-to-date knowledge of individual customers to product and service design which is communicated interactively in order to develop continuous and long-term relationship, which is mutually beneficial'	Cram 1994, p. 19
'Customer centred approach whereby a firm seeks long-term business relations with prospective and existing customers'	Evans and Laskin 1994, p. 440
'Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises'	Grönroos 1990, p. 138
'Marketing seen as relationships, networks and interaction'	Gummesson 1997, p. 55
'Attracting, developing and retaining customer relationships'	Jackson 1985, p. 2
'All marketing activities directed toward establishing, developing, and maintaining successful relational exchanges'	Morgan and Hunt 1994, p. 22
'The building and nurturing of long-term mutually beneficial exchange relationships that an organization has with its customers and other stakeholders'	Murphy, Stevens, and Macleod 1997, p. 44
'An integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for mutual benefit of both sides, through interactive, individualized, and value-added contacts over a long period of time'	Shani and Chalasani 1992, p. 44
'Understanding, explanation, and management of ongoing collaborative business relationship between suppliers and customers'	Sheth 1994, p. 2
'Relationship marketing is the process of planning, developing and nurturing a relationship climate that will promote a dialogue between a firm and its customers which aim to imbue an understanding, confidence and respect of each others' capabilities and concerns when enacting their role in the market place and in society'	Tzokas and Saren 1998, p. 115

Source: The author

It is also essential to note that even though these approaches have become the pillars of relationship marketing, none of them introduced the term relationship marketing in literature. As stated above, it was Berry (1983) who initially used the term relationship in order to show that relationships are assets for the organisation and if they are properly managed, they contribute to customer retention and profitability.

a) U.K. Perspective

During the 1980s, scholars engaged in relationships research were mainly working within the IMP (Industrial Marketing and Purchasing Group) group. However, by late 1980s, researchers in the field of marketing expressed interest in relationship marketing motivated by the deficiencies of traditional marketing to meet the challenges of the competitive market environment (Sheth and Parvatiyar, 1995b) and the potential benefits of co-operation and relationship building for the survival of the firms in the marketplace.

According to Payne (2000a, p. 47) the U.K. approach of relationship marketing is summarised in three elements:

- ✓ A move from a functionally based marketing to a cross-functionally based marketing,
- ✓ An approach that concentrated on six key market domains, and
- ✓ A focus on marketing activities that emphasise both customer retention and acquisition.

The **first issue** pertains to the shift from the traditional hierarchically structured organisation that is in keeping the role of marketing limited within departmental or functional boundaries (Webster, 1997) to the cross-functional and pervasive character of marketing activities. This view is consistent with Webster's (1992) view of the new role of marketing in the corporation and Ostroff's and Smith's (1992) argument for the need of a horizontally structured organisation, which cross-departmental work flows relate to business processes and capabilities, and suppliers' and customers' needs.

The **second issue** relates to an expanded view of marketing (Payne, 2000a). This perspective is also encountered in Gummesson's (1997) writings of the 30 relationships as well as in efforts to define value creation in terms of supplier,

customer and alliance creation (Sharma and Sheth, 1997). This expanded view of marketing is manifested in the six markets framework developed by Christopher et al (1991).

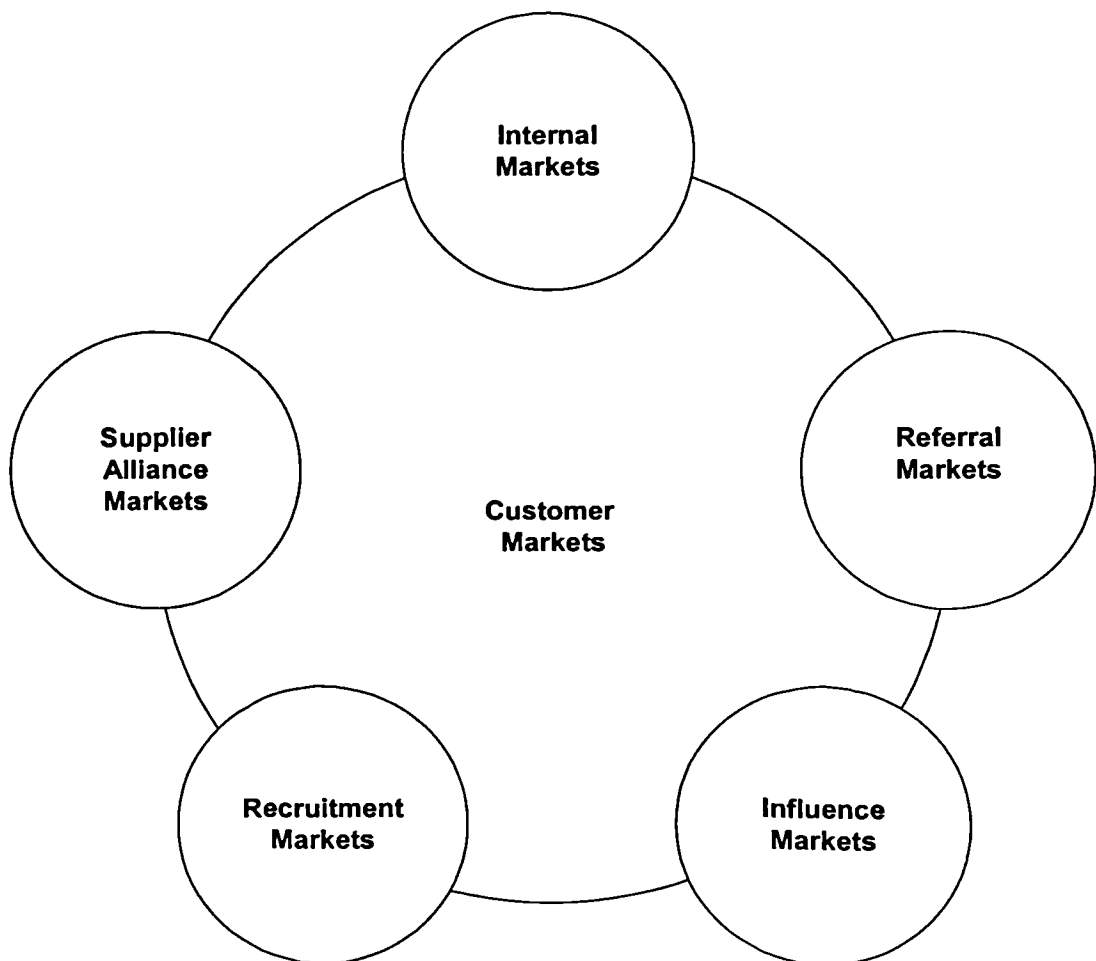
As shown in figure 2-2, the framework is comprised of *six market domains*:

- 1) the customer markets consisting of existing and prospect customers, and intermediaries,
- 2) the referral markets comprised of the customers and/or relationship actors who recommend their suppliers to other interest parties,
- 3) the suppliers alliance markets i.e., traditional suppliers and strategic alliances of the organisation with other institutes,
- 4) the influence markets embracing mainly stakeholders, consumer groups and financial analysts,
- 5) the recruitment markets concerned with attracting human capital to the organisation, and
- 6) the internal markets including internal staff and departments in the organisation.

The six markets model has practical implications for organisations. *First*, it suggests that the firm's activities should be balanced in each of the six market domains. However, not all of these markets demand the same degree of attention and resources (Christopher et al, 1991). Decisions regarding these issues depend on the identification of key groups that exert a profound influence on the firm's objectives, activities and interests. In this context, much of the research in U.K. has been concentrated in customer, supplier and internal markets. *Second*, this framework raises the theme of relationship building in consumer markets and emphasises the priority to identify the conditions under which customers are willing to bond in a relationship with suppliers. (Payne, 2000a). For instance, Blois (1996) noted that although long-term relationships might be desirable for some business organisations it might not be appropriate for others. Similarly, Worthington and Horne (1996) challenged the mutual benefits of relationship marketing practices. Their research applied in the affinity group industry proposed that no reciprocity of benefits exists among card users, card issuers and the affinity organisation and that the weakest gains were made for the affinity organisation and the cardholders. On the contrary,

research in financial organisations (Murhy, 1996) has explicated that both suppliers and customers enjoyed the benefits of long-term relationships. These were translated for the former group as increased retention rates and profitability and for the latter group as reduced perceived risk in the purchase decision of financial services. Yet, the establishment of long-term relationships between the firm and the customer is an issue highly under-investigated which gradually concentrates the attention of relationship marketing scholars (Palmer and Bejou, 1994; Christopher et al, 1991).

Figure 2-2: The Six Markets Model



Source: Christopher et al (1991)

As such, the seminal work of Reichheld and Sasser (1990) on customer retention aimed at identifying the drivers of profitability in a range of market sectors. Ennew and Binks (1996) investigated the relationship between customer retention/defection and service quality in the U.K banking sector in the banks' relationships with small business customers. The empirical findings showed that retention and loyalty are influenced by service quality and customer relationships and that trust in banking relationships is a factor that reflects on potential defection. Likewise, Page et al (1996) examined how two different marketing strategies such as reduction in the defection rate and customer acquisition affect the market share of the firm. The issues of customer retention and profitability have become great concerns for scrutiny in the context of Customer Relationship Management (CRM).

b) The Industrial Marketing and Purchasing Group (IMP) Perspective

One way for describing what IMP stands for is to refer to *three* important *parts* in the history of the group. These are the two large international research projects (*IMP1* and *IMP2*) and the formation of a *network* of researchers with the purpose to promote research and communication of researchers interested in the area.

The first research attempt of the IMP group is the Industrial/International Marketing and Purchasing Project (later called *IMP1*) which commenced in 1976 and was carried out until 1982. This project was based on participants' shared interest in industrial markets and their dissatisfaction concerning the existing state of marketing concepts. The purpose of the research was to build a database on the content of supplier-customer relationships by accumulating descriptive data from five European countries. The findings of the IMP1 had both empirical and theoretical implications. Probably the major outcome of the IMP1 namely, the *interaction model of business relationships* (Håkansson, 1982) contributed to the development of industrial marketing since it captured insights associated with buyer-seller relationship in industrial markets.

The *IMP2* project built on the previous study but focused on the role of networks in buyer-seller relationships in industrial markets. It was initiated by indications of reciprocity and interaction in industrial relationships and the resulting concept was that of the *network form of business markets* (Johanson and Mattson, 1994).

The third part of the IMP has been the emergence of a forum specialising in research themes such as business relationships and networks, purchasing marketing and technical development and internationalisation.

The research activity of the IMP group has contributed several findings of theoretical and empirical nature. Four of them are usually discussed as the most important. The first two have been linked to empirical outcomes of the IMP projects while the other two are hypothesis related to the explanation of the empirical findings. These are labelled as the *four cornerstones* of the IMP group (Håkansson and Snehota, 2000) and are presented below.

The *first cornerstone* of the IMP group is associated with the existence of buy-seller relationships in business markets and is articulated as follows:

1. Between buyers and sellers exist relationships. These are built from an interaction process in which technical, social and economic issues are dealt with. Relationships are organised patterns of interaction and interdependence with their own substance. They are an important phenomenon in the business landscape and have to be recognised and handled by management both as problems in themselves and as marketing or purchasing means. They are often problems as they are solutions.

The analysts of the IMP group discovered that companies were acting in certain relational mode. In other words, they were acting and reacting based on the behaviour and considerations of the counterparts. The interaction process was apparent in firms' activities, listening was as important as talking and promotion of mutual goals stimulated two-way communication. Clearly, companies seemed to have an increasing interest in promoting relationship building with other counterparts and in that sense three issues of technical, social and economic nature came into focus.

The technical content of relationships is manifested in two ways. The first one is that technical staff has often a key role in initiating contact between firms this is because not only they provide technical solutions but also because they have in depth knowledge of the operations that take place in each firm environment and as such can be the most useful individuals for interaction. Second, the technical content

is ubiquitous in transactions between buyers and sellers since products and services often have technical parameters.

The social content features in buyer-seller interactions. The social dimension of relationships is related to trust, commitment, influence and power.

The economic aspect of a relationship is threefold: 1) relationships are important in terms of revenue and costs, 2) relationships are costly to develop and handle and, 3) relationships could be seen as assets and investments. The technical, social and economic facets of relationships make them significant and complex phenomena. Relationship may reflect positively on the course of the firm or account for sources of both strategic and tactical problems.

The *second cornerstone* of the IMP group is associated with the interdependence of buy-seller relationship in business markets and is articulated as follows:

2. *Business relationships are connected. That makes them elements of a wider economic organisation that takes a network form. Companies are embedded in multidimensional ways into their counterparts and into their counterparts' contents. This embeddedness affects companies' discretion in contradictory ways. First, it provides serious limitations; any company can pursue things that are accepted by a number of its counterparts. However, it also offers a company the opportunity to influence its counterparts, and that can be done in a number of dimensions both directly and indirectly.*

The IMP research found that relationships were connected to each other in a number of ways and this linkage gave them certain characteristics – ‘they are related and therefore relative’ (Hakansson and Snehota, 2000, p. 79). Although, relationships were seen as having their own substance simultaneously they were considered as parts of something larger and therefore all interactions were in some ways mirrors of that context. Consequently, the interactions were understood if they were seen in combination with their context. This theme has two consequences: *first*, the value of a relationship could change even if action is not taken on that direction by changing interconnected relationships and *second*, when changes occur within a relationship other relationships are influenced as well. These connections are more important in the technical, social and economical context of relationships.

The IMP group research has put forward three research propositions and hypothesis, which are summarised as follows:

3. *A relationship is a combination. It affects productivity and efficiency in firms and can therefore be used to exploit complementarities between activities performed by different companies and their resources. At the same time, it is subject to interdependencies. Through relationships, economic benefits can be captured by technical, administrative or temporal connections.*

The IMP group moved from the traditional view of relationships as market imperfections -a way to create a monopolistic situation- to that of relationships as coordinators of the market and the organisational activities.

Regarding the economic implications of relationships and the commitment of resources, the IMP group postulated that:

4. *Relationships are confrontations. They are a way to create a confrontation of the two parties' knowledge, which affects resources development and thus innovativeness. Knowledge is often developed in the border zone between different knowledge areas. In more general terms, relationships can be means for tying resources to each other in such a way that some of their heterogeneity is utilised- that is, different dimensions of resources are partly unknown, and through interaction, these dimensions are identified and utilised.*

Relationships include the exchange of ideas, knowledge and resources between counterparts. They are means for acquiring and utilising knowledge for two basic reasons. The first reason relates to the opportunity to collect and activate knowledge from several sources. The second reason involves what the IMP group calls as the 'interactive effect'. The interactive effect proposes that knowledge is usually generated within the boundaries of the organisation, if actors with different knowledge try to *combine* and *confront* each other's resources then possibly new knowledge could be developed (Hakansson and Snehota, 1995).

The findings and research propositions of the IMP group differ from that of transactional approaches of marketing. Their contribution is located to the emphasis put on relationships and more precisely mutual interdependence. Yet, it is difficult to form normative implications pertinent for management action from the outcomes of

this research. This is due to the complex, unique and broad character of relationships, which appear in different business contexts. Consequently, behaviour is affected by the interactions taking place between actors, which most of the times are difficult to plan or predict. However three issues of marketing management appear to change from interactions, these are *market analysis*, *strategic choices* and *implementation of organisational strategies*.

c) The Nordic School Perspective

The Nordic perspective initially dealt with issues of services marketing in Scandinavia and Finland but its contribution was soon acknowledged in an international level. In the 1990s, the Nordic approach has contributed significantly to the development of relationship marketing thought. The first scholars of this approach focused on long-term relationships which characterise in a great extent services marketing and proposed models such as the *buyer-seller interaction wheel* (Gummesson, 1987) and the *marketing and need adaptation circle* (Grönroos, 1980) but without using the term *relationship marketing*. However, Nordic scholars frequently utilised the notion of relationships in the context of services marketing. This is manifested in terms such as the *buyer-seller interaction* and *interactive marketing* (Grönroos, 1980), *customer relationship lifecycle* (Grönroos, 1983), the *new marketing concept* (Gummesson, 1987), the phases of the *service consumption process* and *interactive relationships* (Gummesson, 1987).

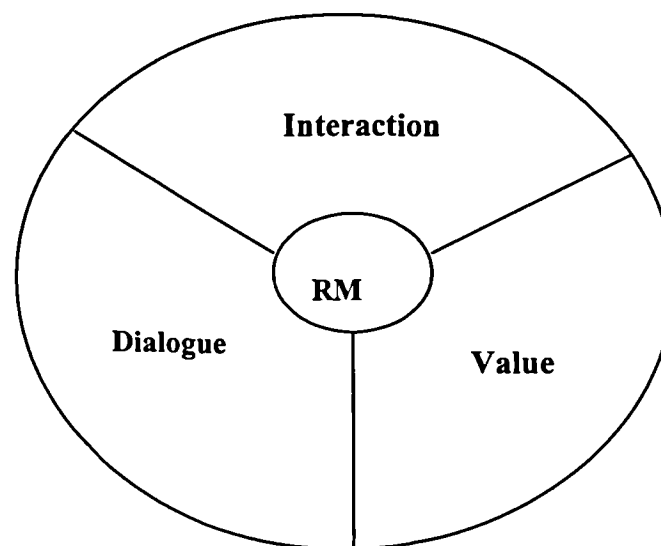
The Nordic perspective proposed that consumption of services is a process and production is perceived as a part of the consumption process and not only as an outcome like in traditional marketing of packaged goods (Grönroos, 1980). The interface of production and consumption is critical for consumers' purchasing decision. The Nordic approach re-oriented the focus of marketing from single transactions to long-term buyer-seller contacts highlighting the continuous nature of consumption and usage processes. Based on the ideas of the Nordic approach, marketing from a relational perspective is seen: '*as the process of identifying and establishing, maintaining and enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of parties are met, where this is done by mutual giving and fulfilment of*

promises' (Grönroos, 1990, p. 138) and *'as interactions, relationships, and networks'* (Gummesson, 1997, p. 55).

These definitions underline the importance of relationship marketing as the first and foremost activity in the firm. It is illustrated in the definitions above that relationship building generates positive word-of-mouth recommendations for enhancing business profitability; hence if relationships cease to be profitable they are terminated. Although the Nordic approach has initially focused on buyer-consumer relationships, Gummesson (1997) expanded its scope, while speaking of networks that embrace suppliers, distributors, consumers and end users.

Apart from their contribution to the definition of relationship marketing, Nordic scholars identified three vital areas related to relationship marketing implementation. These areas are depicted in figure 2-3 and entitled the interaction, dialogue and the value process.

Figure 2-3: The Triplet of Relationship Marketing

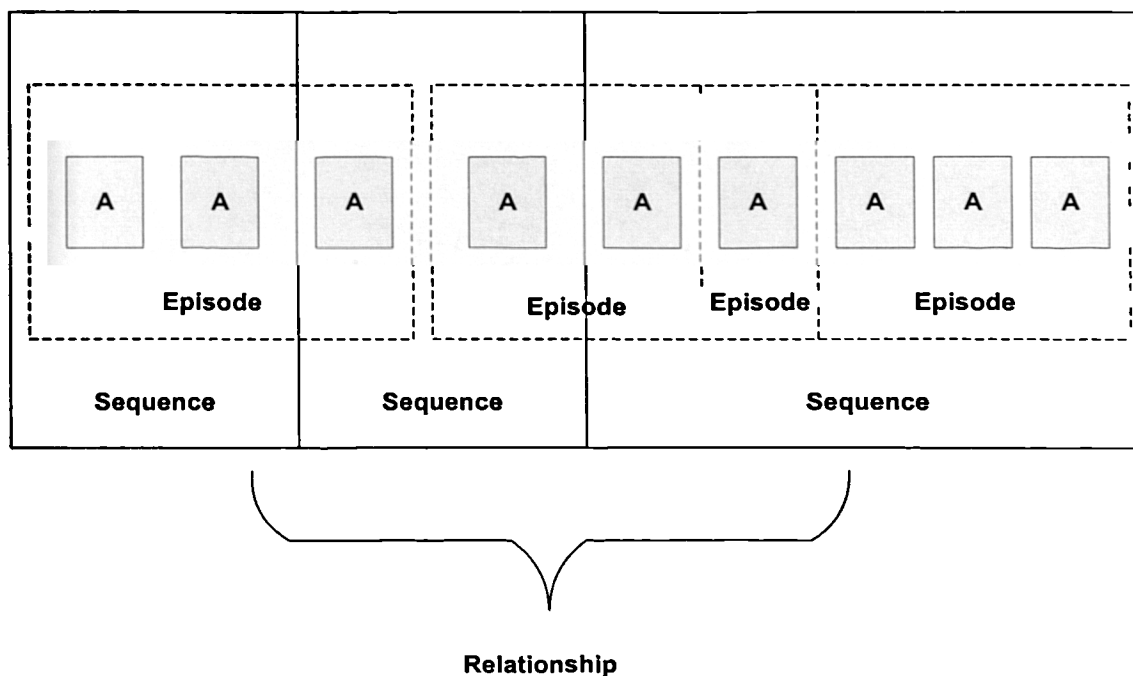


Source: Grönroos (2000)

The Interaction Process. While the solution for consumers in traditional marketing is the product in relationship marketing is the relationship itself and how it directs to customer satisfaction. After the relationship is established, an interaction

process follows based on various contacts between the supplier and the buyer. The Nordic approach has studied the interaction process in terms of acts, episodes, sequences and relationships (Liljander and Strandvik, 1995; Strauss and Weinlich, 1995). The division of the interaction process into four components i.e., the act, the episode, the sequence and the relationship, facilitates the detailed analysis of interactions between suppliers and buyers. An *episode* could be visit to bank to discuss a loan (Liljander and Strandvik, 1995) whereas an *act* is the meeting with the loan officer during the visit. Acts are the smallest unit of analysis in the interaction process (service calls, phone calls, visits etc) often called as the moments of truth. Episodes result from interrelated acts. Interrelated episodes form a *sequence*. Holmlund (1996) defines a sequence in terms of a time period such as a firm's offering for particular season or a marketing campaign. The fourth level of analysis is the *relationship* which is formed by several sequences either following a direct order or overlapping each other at some or all intervals depending on the type of the business. The four components of the interaction process in relationship marketing are manifested in figure 2-4.

Figure 2-4: The Different Interaction Levels in a Relationship



Source: Holmlund (1996)

The Dialogue Process. From the Nordic perspective, the term dialogue has been connected to Integrated Marketing Communication (IMC) activities. IMC is considered to be more powerful in the early stages of a relationship and particularly in the initiation of customer interaction. This is because in the initial stages of relationships listeners need to feel that messages' senders are interest in them and have knowledge about the product or/and the service. Integrated Marketing Communication activities facilitate customer interaction by shifting the fundamental role of marketing from the manipulation of the customer and other stakeholders to the development of genuine involvement and understanding for customer, and from selling to the customer to listening, and sharing information with the customer (Duncan and Moriarty, 1996). Furthermore, the dialogue process seems to be useful not only for the early stages but also the final stages of a relationship with the customer by revealing valuable information accounting for reasons of dissatisfaction, defection and relationship termination (Grönroos and Lindberg-Repo, 1998).

The Value Process. Value is an important constituent of relationship marketing and stems from ongoing relationships with customers (value process). Ravald and Grönroos (1996) consider value as an important component of relationship strategies and support that delivering superior customer value has become the key differentiating factor for business and a source of competitive advantage (Slater, 1997). They define total episode value as the ratio between episode and relationship benefits to episode and relationship sacrifice. In their view, value captures the difference between perceived benefits and perceived sacrifice.

2.3.3 A Synopsis of Theories Underlying Relationship Marketing

Underlying theories of relationship marketing tend to be divided into two seemingly disparate streams. These streams include an *economic* approach that focuses on the achievement of efficiency in the firm and a *behavioural* approach that concentrates on social dimensions within the organisation such as power and conflict (De Wulf, 1999). The behavioural approach links to social psychology and organisation theory (Stern and Reve, 1980).

Table 2-2 illustrates the theories underlying the area of relationship marketing, their key assumptions, their main units of analysis and main constructs of interests. Additionally, table 2-2 incorporates themes of services marketing and

business marketing and networks that relate to the relationship marketing perspective. In the following paragraphs, the author elaborates succinctly on the economic and behavioural theories.

Economic theories pertain to the *neoclassical microeconomic theory*, *transaction cost theory* and *relational contracting theory*. The neoclassical microeconomic theory departs from the assumptions of rational and utility seeking behaviour. According to Arndt (1983) the main unit of analysis of the neoclassical microeconomic theories is supply and demand markets which strive for market equilibrium. Transaction cost theories focus on an optimal level of relationship governance that minimises transaction costs (Williamson, 1985). Relational contracting theory concentrates on exchange episodes as units of analysis. This theory concentrates on the effect of social norms on exchange episodes (MacNeil, 1980).

Behavioural theories incorporate the social exchange theory and equity theory. The first theory, i.e. the social exchange theory is concerned with social exchanges as a unit of analysis while it focuses on the concept of dedication as a determinant of relationship formation and development (Kelley and Thibaut, 1978). The second theory namely equity theory describes the activities leading to and the consequences of a fair and just distribution of input and outputs between exchange actors (Adams, 1965).

The *economic/behavioural* theories pertain to the *political economy theory* and the *resource dependence theory*. The main focus of the political economy theory is to describe authority, control patterns, and external and internal drivers of institutional exchange (Stern and Reve, 1980). The resource dependency theory emphasise on the constraints that determine the formation and development of relationships (Salancik and Pfeffer, 1978).

Table 2-2: A Synopsis of Theories Underlying Relationship Marketing

Theories Underlying RM	Key Assumptions	Unit of Analysis	Main Themes of Interest
<i>Economic Theories</i>			
<i>Neoclassical microeconomic theory</i>	Competitive markets driven by price mechanisms, Profit & utility maximisation	Aggregated supply & demand	Market Equilibrium, Utility, Cost, Income distribution
<i>Transaction cost theory</i>	Bounded rationality, Environmental uncertainty, Existence of optimal relationship	Single exchange transaction	Goal incongruence, Transaction costs, Performance ambiguity
<i>Relational contracting theory</i>	Bounded rationality, Opportunism & self-interest	Exchange Episode	Flexibility, Information exchange, Norms
<i>Behavioural Theories</i>			
<i>Social exchange theory</i>	Equality between exchange partners, Reciprocity, Self-interest	Relational Exchange	Adaptation, Cooperation, Relationship Commitment, Trust
<i>Equity theory</i>	Desire to have fair distribution of profits, Economic productivity motives	Relational Exchange	Input-output, Social norms, Relationship satisfaction
<i>Economic/Behavioural Theories</i>			
<i>Political economy theory</i>	Economic & socio-political forces influencing collective behaviour & performance	Relational Exchange	Authority, Conflict, Control, Power
<i>Resource dependency theory</i>	Inherent goal conflict, Inequality between exchange partners, Tendency to increase control	Relational Exchange	Power, Uncertainty, Interdependence
<i>Services & Business Marketing & Networks</i>			
<i>Services marketing</i>	Interactive relationship with the customers, Service relationship can be differentiated & individualised	Individual customer, group or segment service provider-client relationship	Service encounters, Service & relationship quality, Expectations, Internal marketing
<i>Business marketing, interaction & networks</i>	Relationships can be of a dyadic, focal firm or network type, Reciprocal interdependence between actors caused by heterogeneity of resources	Actor (organisation or person), dyadic relationship or network of relationships	Interaction process, Adaptation & change of networks, Network dynamics & embeddedness, Relationship outcomes

Sources: Adapted from De Wulf (1999) and Möller and Halinen (2000)

2.3.4 Implementation of Relationship Marketing

The discrepancy between theory and practice is also obvious in the area of relationship marketing where evidence of successful implementation has not followed the enthusiasm for promoting the concept. Fournier et al (1998, p. 44) note that 'relationship marketing is powerful in theory but troubled in practice'. Moreover, Gummesson (1994, p. 5) states that 'the operational contents' of relationship marketing are not clear.

Relationship Marketing predicated an intimacy between the firm and its customers (Morgan and Hunt, 1994; Sheth and Parvatiyar, 1995a). Owing to the role of salespeople in customer-suppliers contacts, relationship marketing strategies were frequently pursued and implemented in the relational selling behaviour (Crosby et al, 1990). For instance, Spiro and Weitz (1990) develop the concept of adaptive selling in order to promote the deployment of relationship marketing in firms' customer-seller interactions. The theme of adaptive selling refers to the degree to which salespeople alter sales behaviour during customer interaction or across customer interactions based on perceived information about the nature of the selling situation.

From another perspective, relationship marketing has been viewed in terms of dispersion of marketing activities in the organisation and Total Quality Management (TQM) initiatives. The concepts of relationship marketing, TQM and inter-functional dissemination of marketing were merged in the notion of the part-time marketer (Gummesson, 1991). Part-time marketers are not appointed to the marketing or sales department like full-time marketers. However, their role in relationship marketing implementation is critical since they influence customer relationships, customer satisfaction, customer perceived quality and revenue.

The extant approaches to implementation of relational strategies although contribute useful insights to theory and practice tend to undermine the organisation-wide application of relationship marketing (Peppers and Rogers, 2000). To address this discrepancy, the notion of Customer Relationship Management (CRM) seems to offer the implementation of relationship marketing throughout the organisation and deliver the benefits of relational strategies to firms and their customers (Cap Gemini, 1999).

2.3.5 Other Theories linked to CRM

In this section the researcher discusses four theories associate with CRM, namely 1) *database marketing and direct marketing*, 2) *customer lifetime value*, 3) *stewardship theory* and 4) *social capital theory*.

1) According to Möller and Halinen (2000), database and direct marketing traditions are best characterised as practices since they appear to lack a clear disciplinary background, clearly defined methodologies and a premised theory for markets. Database and direct marketing emphasise on enhancing the efficiency of marketing activities and especially communication by tailoring messages and channels based on customer preferences. In this context, organisational and customer relationships are often seen as distant, comprised of distinct transactions and handled through customised marketing communication.

Newell and Rogers (2000) suggest that the concepts of database and direct marketing and CRM are closely linked to each other since their practice is facilitated by means of information technology. However, database and direct marketing aim at increasing profits from a company-centric perspective while CRM aims at increasing profits from a customer-centric approach. From a company-centric approach, database and direct marketing have an objective to sell more goods to lower costs. On the contrary, CRM gives priority to customer benefits and value which direct organisations to consider long-term profits (Plakoyiannaki and Saren, 2002).

2) Reinartz and Kumar propose that the interest in the notion of customer lifetime value has increased lately. The primary reason is associated with the increasing academic and professional interest in CRM for which an understanding of a customer lifetime value is a prerequisite.

As stated by Jain and Singh (2002), customer lifetime value for the firm is the net profit or loss to the firm over the entire life of transactions of the customer with the firm. Hence the lifetime value of a customer for a firm is the net of the revenues obtained from that customer over the lifetime of transactions with that customer minus the cost of attracting, selling, servicing that customer, taking into consideration the time value of money. In the literature, customer lifetime value appears under other names such as customer equity and customer profitability.

To measure the lifetime value Blattberg and Deighton (1996) propose the following method. First, the authors measure each customer's expected contribution towards offsetting the company's fixed costs over the expected life of that customer. Then they discount the expected contributions to a net present value at the company's target rate of return from marketing investments. The third step of the calculation involves the addition of the discounted contributions of all current customers.

Alternatively, customer lifetime value is estimated with Stobachoff index. The Stobachoff index is a 'measure of cross subsidizing between customers in the provider's database' (Storbacka, 1998, p. 130) and facilitates the measurement of different customer bases over the time. Grant and Schlesinger (1995), define customer lifetime value and the profitability of the customer portfolio in the terms of the value exchange. The value exchange estimates the relationship between the financial investment a company makes in particular customer relationships and the return that these customers generate by the specific way they choose to respond to the company's offerings. The value exchange index commits the organisation in exploring the current and full potential of value of customer relationships (Grant and Schlesinger, 1995).

In general, customer lifetime indices facilitate organisations to capitalise on customer-firm relationships and subsequently allow firms to make informed decisions regarding each relationship investment. Based on business finance and account management, customer lifetime value models may be divided into three categories which are shown in table 2-3 (Jain and Singh, 2002). These are: 1) models for calculation of customer lifetime value, 2) models for customer base analysis, and 3) normative models of lifetime value.

3) The inclusion of *stewardship theory* appears essential in the conceptualisation of CRM. This is because the core idea of CRM is the management of customer relationships which are increasingly interconnected to one another.

Stewardship theory assumes that partners can act like stewards rather than agents. Stewards may act for the benefit of the collaboration rather than their own organisational objectives. This presupposes that stewards place greater utility in cooperative rather than self-serving behaviour (Davis et al, 1997). Although Davis et

al (1997) admit that this theory has received little empirical verification, it can potentially help understand the management of customer relationships in the context of the organisation.

Table 2-3: Models for Calculating Customer Lifetime Value (CLV)

Categories of Models	Description	Types of Models
<i>Models for Calculation of CLV</i>	This category includes models that are specifically formulated to calculate the CLV and/or extend this calculation to obtain methods of resource allocation to optimise CLV. These models have managerial implications for organisations that use CLV as a basis for making strategic or tactical decisions.	<ul style="list-style-type: none"> ▶ Basic structural model of CLV ▶ Customer migration model ▶ Optimal resource allocation models ▶ Customer relationship models
<i>Models of Customer Base Analysis</i>	This category of models take into consideration the past purchase behaviour of the entire customer base in order to come up with probabilities of purchase in the future. Such models consider the stochastic behaviour of customers in making purchases and therefore these models look at each customer individually in order to estimate the probability in the future. These models can provide an input for the calculation of CLV.	<ul style="list-style-type: none"> ▶ Pareto/NBD model ▶ Extended application of the Pareto/NBD model
<i>Normative Models of CLV</i>	These models are primarily used to understand the issues concerning CLV. Normative models provide the opportunity to explore whether long life customer relationships are profitable. Such models offer valuable insights to business professional and policy makers.	<ul style="list-style-type: none"> ▶ Customer equity model ▶ Dynamic pricing model based on CLV

Source: The author

This can be especially true since firms in the competitive marketplace are involved in a web of relationships and networks where various principal-agent or principal-steward relations can evolve, depending on which dyad is considered (cf. O' Donnell, 2000).

In short, stewardship theory may provide a useful tool in order to identify success features in the creation, maintenance and enhancement of relationships between the firm and the customer.

4) The extent to which an organisation acquires knowledge to serve its customers depends on the ability of the firm to recognize and assess the value of knowledge and develop interaction with the customers. In other words, it is associated with the capacity of the firm to gain knowledge through customer interactions. According to the social capital approach, relationships with external market entities such as customers provide learning opportunities to organisations in order to develop and thrive (Yli-Renko et al, 2001).

The concept of social capital was originally used in community studies to describe relational resources embedded in personal ties in the community (Jacobs, 1965). Since then, the concept of social capital has been applied to a wide range of inter/intra-organisational and customer relationships (Araujo and Easton, 1999; Nahapiet and Ghoshal, 1998). Nahapiet and Ghoshal (1998) argue that the social capital theory facilitates knowledge acquisition and exploitation by affecting conditions necessary for the creation of value through the exchange combination of existing intellectual resources. Ring and Van de Ven (1994) point out that the focus of the social capital theory is relational exchanges among partners. These themes are central to the practice of CRM which is based on knowledge inputs regarding the characteristics of the customer base in order to cultivate customer relationships.

Larson (1992) notes that social interactions develop over time in dyadic relationships as exchange partners become comfortable with each other's expectations in relational exchanges. In essence, social interaction facilitates knowledge acquisition and relationship building between the firm and the customer. Viewed in this light, social capital theory and CRM are inherently linked to one another since both areas focus on relational assets which are developed and managed through knowledge.

➤ *Part 2*

2.4 Towards a Definition of CRM

The practice of CRM appears to become of increasing importance for the implementation of marketing strategies (Ryals et al, 2000). Yet, academics and business practitioners have a fragmented view of CRM. Scholars consider CRM as an initiative designed to achieve short-term business gains, as a concept solely on the collection and analysis of data or as a new business philosophy (Leuchter, 1997; Shesbunoff, 1999; Cap Gemini Report, 1999).

In the following part of this section, the researcher presents a selection of CRM definitions, which are proposed either by marketing professional or academics in the area. These definitions are illustrated in table 2-4 and discussed below.

Table 2-4: Definitions of CRM

No	Definition	References
1	CRM is a business practice that aims to turn every interaction with a customer into a highly personalised, revenue generating, marketing opportunity.	Australian Banking & Finance Journal (1999)
2	CRM is the discipline of identifying, attracting and retaining the <u>valuable customers to sustain profitable growth</u> .	Andersen Consulting, (1999)
3	CRM is the seamless accessibility by internal and external customers to their mission-critical company information by the integration of company's telephone system, Web site, and e-mail touchpoints resulting in satisfying customer self-service for initial product purchases, followed by targeted intelligent up-sells and cross-sells, and finally the creation of customer loyalty, value, and profitability.	(Anton, 2000)
4	CRM is the latest in a long line applications designed to improve business <u>effectiveness</u> . The basic idea is that you need to <u>reorient your business processes around your customers</u> . In this way you might be able to get an integrated view of their interaction with the company and use that to your advantage.	Butler, (1999)
5	CRM is the development and maintenance of mutually beneficial long-term relationships with strategically significant customers.	Buttle, (2000)

Table 2-4: Definitions of CRM (cont'd)

No	Definition	References
6	CRM is a philosophy and a strategy - a statement of <u>customer value</u> that is represented in the way your company faces, touches, and is touched by the customer.	Cap Gemini (1999)
7	Customer Relationship Management is easier to describe in terms of its objectives than its activities or process. <u>CRM aims to increase the profitability of the customer portfolio</u> . Customer profitability comprises of many elements, for example: price, size, of balances, assets, premiums, cross-sales/ up-sales, costs to serve, number and size of transactions, expected value of losses, longevity, attrition etc.	Caulfield, (2000)
8	A comprehensive approach which provides seamless integration of ever area of business that touches the customer – namely, marketing, sales, customer service and field support- through the integration of people, process and technology , taking advantage of the revolutionary impact of internet.	Chablo, (1999)
9	Customer Relationship Management is a combination of business processes and technology that seeks to understand a company’s customers from the perspective of who they are, what they do, and what they are like.	Couldwell, (1998).
10	CRM is sales and service business strategy where the organisation wraps itself around the customer, so that whenever there is interaction, the message exchanged is appropriate for that customer; this means knowing all about the customer and what the profitability of that customer is going to be.	Curley, (1999)
11	CRM requires that companies achieve competitive advantage and increase profitability by focusing organisational initiatives- all the way down to the contributions of individual employees- on developing, nurturing, and sustaining productive customer relationships.	Dickson & Tabernilla, (1999)
12	CRM is a way of using existing customer information and information which accumulated gradually in the database for more effective decision making.	Fletcher, (1999)
13	CRM is a method of combining one or more of IT systems that exist or can be placed into an organisation. Depending on the source of reference, the following usually are mentioned: data warehouses, customer service systems, call centres, e-commerce, web-marketing, operational systems.	MacDonald (2000)

Table 2-4: Definitions of CRM (cont'd)

No	Definition	References
14	CRM is an effort to create the whole picture of a given customer, bringing together consistent, comprehensive and credible information on all aspects of an existing relationship, such as profitability information, risk profiles and cross-sell potential.	Papows, (1999)
15	CRM is concerned with the creation, development and enhancement of individualised customer relationships with carefully targeted customers and customer groups resulting in maximising their customer lifetime value.	Payne, (2000b)
16	CRM is the marketing approach that uses continuously refined information about current and potential customers to anticipate and respond to their needs.	Peppard, (2000)
17	Customer Relationship Management is an interactive activity for achieving the optimum balance between corporate investments and satisfaction of the customer needs to generate maximum profits	Shaw (1999)

Source: The author

Clearly, these definitions illustrate the variety of efforts to understand the core elements and the meaning of CRM. According to Paas and Kuijlen, (2001) there is no consensus on what CRM means, thus further research in this direction is fertile. CRM is often defined as an *interactive activity*, a *comprehensive approach*, a *concept* or a *method*, a *business practice* or an *application*, which concentrates on the achievement of short-term or long long-term profits.

Shaw (1999) defines CRM as an *interactive process* that focuses on the achievement of an optimum balance between corporate investments and customer satisfaction and to generate the maximum profits. He perceives CRM as a series of activities including:

- ✓ measurement of inputs and outputs of business functions and activities such as marketing, sales and service costs and customer revenue, profits and value,
- ✓ acquisition of knowledge to improve company's performance,
- ✓ implementation of appropriate systems to support customer knowledge discovery, and
- ✓ acquisition and collection of customer information regarding changing needs of the customer base and the improvement of corporate performance.

This definition links the inputs of customer information and the evolution of market needs to the outputs of the organisation demonstrating the responsiveness of the firm to market requirements. However, this approach seems to treat all the customers equally, without mentioning the importance of most profitable markets segments or customer portfolios for the formulation and implementation of marketing strategies. The company's customer portfolio is structured according to the lifetime value of the customer and is estimated by the net present value of all future margins earned in a relationship with the customer (Buttle, 2000).

The definition additionally assumes that customer satisfaction directs to business profitability. Although in some cases satisfied customers tend to be loyal and profitable, the link between customer satisfaction and loyalty as well as customer satisfaction and profitability has been debated a lot. For instance, Oliver (1999) cites that satisfied customers are is not necessarily loyal.

Anton (2000) approaches CRM in terms of *accessibility* which crucial for both internal and external customers in the organisation. According to Anton (2000), accessibility facilitates relational partners to reach mission-critical company information for the achievement of their objectives, i.e. satisfaction and profitability. Anton (2000) purports that accessibility will determine the success of a company in the near future and argues that customer interaction is the key driver for profits since it increases cross-sells and up-sells opportunities. He additionally highlights that information transmission to internal and external customers is significant for the practice of CRM. Nowadays companies concentrate on providing customers with information and on collecting customer information but they often neglect circulating information among organisation participants. Piercy (1996) offers the example of customer satisfaction surveys information, which are collected from the marketing department but are not often disseminated to other employees. Similarly, Mentzer et al (1995) argue that customer feedback is rarely used to revise products, services and marketing plans, primarily because the information is not available to all employees in the organisation.

Buttle (2000) and Caufield (1999) describe CRM in terms of its *objectives*. These are the development and maintenance of mutually beneficial long-term relationships with strategically significant customers and the increase of the

profitability of the customer portfolio. Interestingly, both definitions link CRM to the objective of profitability maximisation through customer relationships.

Often, CRM is regarded as a technological application package or system that facilitates information elaboration in order to extract customer knowledge. In this regard there is a great variety of definitions discussing CRM as a *method* combining information technology elements (MacDonald, 2000) such as data warehouses, customer service systems, call centres, e-commerce, operational systems, sales systems and other *applications* designed to improve business effectiveness (Butler, 1999).

CRM allows companies to analyse customer data in order to identify their most profitable and least profitable customer segments. Viewed in this light, there are scholars that perceive CRM in terms of information gathering activities. For instance, Fletcher (1999) cites that CRM is a way of using existing *customer information* and controlling data as it accumulates over time. Furthermore, Peppard (2000, p. 312) defines CRM as a '*marketing approach* that uses continuously refined information about current and potential customers to anticipate and respond to their needs'. CRM facilitates front line people to access easily customer information files. CRM is an initiative that attempts to create a holistic view of the customer based on consistent, comprehensive and credible information associated with customers' characteristics and relationships (Papows, 1999).

Payne (2000) considers CRM as an *activity* that contributes to the creation, development, and enhancement of customer relationships. CRM is primarily concerned with utilising information technology to implement relationship marketing strategies (Payne, 2002). In order to provide a holistic understanding of the notion of CRM, Payne (2002) points out five interrelated activities that constitute its practice. These activities are:

- ❖ Strategy development,
- ❖ Value creation,
- ❖ Multi-channel integration,
- ❖ Information management, and
- ❖ Performance assessment.

At a first glance commonalities among the definitions stand out. For instance, a set of definitions such as these proposed by Dickson and Tabernilla, (1999) and Payne (2000) make use of customer-related concepts namely customer portfolio, customer profitability, customer retention, customer relationships and interaction and discuss the integration of relationship management with technological applications. The majority of definitions converge on the importance of CRM for business profitability and the maintenance of long-term customer relationships. However, they pay insufficient attention to the vital role of the human capital for the success of CRM initiatives (Peppers and Rogers, 2000; Brown, 1999; Hobby, 1999). It is worth noticing that although CRM is promoted as a customer-centred idea, the paramount notions of *customer value* and *strategy* appear to be missing in its definition.

To sum up a review of CRM definitions encountered in relevant literature illustrate that CRM stakeholders seem to have differing opinions in terms of the objectives, the components and focus of the CRM notion (Hart et al, 2002). Table 2-6 builds upon this premise and shows how different CRM stakeholders such as organisations, consulting practice and software vendors approach the term. For instance, regarding the objectives of CRM, it appears that organisations approach CRM without a clearly defined strategy, whereas consulting practice define CRM's objectives based on its functionality in the organisation (e.g. sales or marketing). Additionally, software vendors see the objectives of CRM linked to the alignment of customer needs to sales and marketing functions and transformation of customer data to knowledge.

2.4.1 The nature and conceptualisation of CRM for the thesis

It become evident from the above discussion that business practitioners and academics have differing views regarding the definition of the term CRM. Perhaps this diversity of opinions stems from the different ideas that academic and practitioners have developed about the nature of CRM, namely whether CRM is a prescriptive or positive phenomenon. The prescriptive versus positive dichotomy is demonstrated in the distinction concerning 'how do' and 'how should' phenomena.

Generally, business practitioners' literature has perceived the concept of CRM as prescriptive. This stream of literature has primarily attempted to put forward a normative view of CRM (what CRM 'should be') and offer prescriptive guidelines

for CRM practice often without reflecting upon real-world cases. The prescriptive view of CRM appears to suffer from three disadvantages. First, it assumes that CRM is perceived and practised in the same way in every organisation. This means that such an approach tends to ignore the idiosyncrasies of CRM practice in organisations and the different perceptions on the term. Second, a prescriptive approach to the term presupposes that all concerned with the study of CRM are driven by the same interests and goals in the research process. Yet, this statement is difficult to substantiate based on the diversity of interests in the area. Third, the prescriptive approach to CRM encountered in the literature does not rest on prior empirical insights that might justify the articulation of normative statements. In other words, in order to describe what CRM (CRM practice) should be like one has to know or identify what CRM (CRM practice) is like (cf. Easton 1998). This statement puts forward the view of CRM as a positive phenomenon which has been shared mainly among academics.

The positive view of CRM captures the term as a real-world phenomenon and suggests that further study on CRM may ultimately advance one's understanding on what CRM and its practice are really like in the organisation. The positive view of CRM is central to the purpose of this thesis since the researcher attempts to describe and illuminate CRM and its practice in the firm drawing upon a real-world case study.

Building upon a positive view of CRM, the researcher puts forward a holistic conceptualisation of CRM by combining the technological and marketing aspects of the term (see table 2-6). From an information technology (IT) point of view, CRM changes the practice of marketing by providing the means enabling customer communication and dialogue. According to this perspective, technology is the key driver to profitability. From a marketing point of view, CRM enables the provision of superior customer service and value. In that sense, the provision of customer value drives profitability and corporate success. The amalgamation of the two approaches is illustrated in the author's definition of CRM as an *'IT-enabled organisational activity that places the customer at the heart of the firm's planning and operations. CRM aims at providing enhanced customer value at a profit by establishing a creative dialogue between the firm and the customer'*. This definition emphasises the

value creating character of CRM, goes beyond the combination of the technological and marketing perspectives and develops a view of CRM as an activity that extends to the entire organisation. In other words, the practice of CRM is neither isolated purely in marketing tasks such as planning, development and execution of marketing campaigns nor is solely dependent on the launch of customer databases. Instead, it is also linked to other activities such as human resource management and financial management since these activities reflect on the value delivered to the customer. For example, training employees to offer service experiences of high quality to the customer enhances customer value, which is the essence of CRM practice (Brady and Cronin, 2001).

Table 2-5: Key themes associated with CRM Stakeholders

Key Themes	CRM Stakeholders		
	Firms	Consulting Practice	CRM Software Vendors
Objectives	▶ Lack of strategic focus on CRM	▶ Focus on functionality rather than benefits of CRM	▶ <i>Enterprise CRM</i> : alignment of customer needs to sales and marketing functions ▶ <i>Electronic CRM</i> : transformation of customer data to knowledge
Success	▶ Multi-channel operations to reach the customer bases	▶ Building a customer-centric organisation Focus on customer experience	▶ <i>Enterprise CRM</i> : focus on customer value ▶ <i>Electronic CRM</i> : focus no customer interaction
Effectiveness	▶ Collection and transformation of customer data in order to serve better customer needs ▶ Analysis of the profitability of the customer portfolio	▶ Analysis of individual customer needs, purchase history and lifetime value ▶ Data integration across channels	▶ Segmentation models ▶ Customer lifetime value calculation tools
Causes of Failure	▶ Organisation approach CRM practice solely in terms of technology deployment	▶ Lack of understanding of the notion of CRM ▶ Lack of clarity regarding the ownership of CRM initiatives ▶ View CRM entirely in terms of technology implementation	▶ Integration of customer data

Source: Adapted from Hart et al (2002)

The suggested holistic definition of CRM, may advance theory and practice in the area. An integrative definition of the notion may promote a shared understanding and encourage further research in the area of CRM. Additionally, it can serve to initiate a dialogue between business and academia concerning the practice of relational strategies in organisations.

Table 2-6: The Evolution of CRM

CRM Cycle Stage	CRM Evolution	Industry Response
Stage 1	First Generation CRM: Automated Call Centres	Early CRM adopters are dazzled by technology
Stages 2, 3, & 4	Second Generation CRM: Automated Call Centres with Customer Information Systems (CIS)	Increasing failure rates of CRM initiatives induced scepticism about the benefits of CRM
Stage 5	Next Generation CRM: Seamless Delivery & Positioning of Customer Service Delivery, Customisation of Products & Services, Network Integrated CIS	Need to redefine CRM and combine marketing and technological applications to serve the customer

Source: Adapted from Deloitte Consulting (2001)

2.5 CRM Drivers

This section covers the main factors driving the development and the demand of CRM. These factors are acknowledged in literature as CRM drivers and can be classified into three categories namely market, technology and economic drivers. Table 2-7, in the end of the section, summarizes the key CRM drivers discussed below.

2.5.1 Market Drivers

Market drivers may be considered from a *macro-level perspective* referring to the changes at the general market environment and from *micro-level perspective* addressing the changes of customers' characteristics and needs.

❖ Macro-Level Drivers

a) Competitive Environment and Market Saturation

The intensity of competition in most industry contexts is rapidly increasing. The greater the competitive intensity the higher the performance standards for satisfying and retaining customers. In order to respond to fierce environmental pressures, firms seek to develop new strategies (Day, 2000), core capabilities (Prahalad and Hamel, 1990) and reinvent totally the core business processes. The role of CRM in this situation is critical in offering high value to the customers and in differentiating the firm in the eyes of the customers.

Moreover, market saturation force competitors to produce smaller quantities of a wide range of products to serve different customer preferences. This puts pressure on profit margins and decreases the benefits of economies of scale. Market saturation has been reflected on the provision of a wide range of services. In other words, service providers are forged to differentiate services to comply with customer requirements while keeping their costs in an affordable level.

b) Media Fragmentation

Reaching target markets has become increasingly difficult and expensive because of media fragmentation and proliferation. Grönroos and Lindberg-Repo (1998) propose that twenty years ago the target market could be reached with only a few efforts of the communication mix of the organisation. Nowadays, according to the same authors the target audience often requires marketing communication messages on an on-going basis. This increases the promotional costs and decreases the effectiveness of marketing campaigns, and ultimately of marketing strategies. CRM contributes to the integrations of the firm's communication activities and to the development of an effective customer-firm dialogue (Anton, 2000).

c) Product Standardisation

The existing variety of products pushes companies to differentiate and launch each product as a unique value offer. Regardless these efforts, most products and services are becoming commodities shortly after their launch as invariably competitors offer the same package in a better deal. As markets become competitive, brands are facing challenges for their expansion and survival. Brand managers struggle to create differentiated offerings and attract consumer's attention. The penalty for failing to offer differentiated value involves both losses in the market share and profitability (Prahalad and Hamel, 1990).

d) Time Compression

The pace of change in the business environment is accelerating demanding faster decisions and responses on behalf of organisations (Sheth and Sisodia, 1999). As a result, firms have to be more flexible and adaptable to environmental conditions, and pre-eminence to their competitors' responses. This requires co-ordination of organisation-wide business systems linking all the activities and promoting information for effective decision-making.

❖ **Micro-Level Drivers**

a) 'New type of Customer'

The customer base is fundamentally changing the dynamics of the market place (Prahalad and Ramaswamy, 2000). The new scene emerges as demographics, individuals' expectations and needs evolve. According to Sheth et al (2000), four major demographic variables alter customers' needs and wants namely lifestyle diversity, ethnic, income diversity and age diversity.

Customers' expectations have risen steadily over the past years. Consumers are becoming increasingly discerning, more demanding and less willing to stay in a relationship with a supplier unless they enjoy offerings of superior value. They are more sophisticated with great pre/post purchase needs, interested in customised and innovative products and aware of their power in the buying process (Gummesson, 1997). Customers value greatly information and prefer to deal with companies that are deemed to be 'accessible' (Anton, 2000). Thanks largely to the internet, they engage themselves in a dialogue with suppliers, manufacturers and users of products and services. They feel increasingly empowered as they become competent users of technology and play an active role in creating value for themselves and sharing it with others.

A distinguishing feature of the new market forum is the notion of consumers as a new source of competence for the firm (Prahalad and Ramaswamy, 2000). Customers import into the firm knowledge, skills they possess, as well as their willingness to experiment and their ability to initiate and sustain an active dialogue with their suppliers. As such, they provide resources that contribute to the development of a strategic competitive advantage for the organisation (Day, 2000).

CRM facilitates organisations to gain an in-depth understanding of their customers' so to live up their expectations, and more seriously to challenge and retain the existing and potential profitable customers.

2.5.2 Technology Drivers

The advances in information and communications technology made possible the challenge of mass customisation, mutual co-operation and dialogue (Tagg, 2002).

Modern technology assists organisations to improve the rate of acquiring customers by personalising their product offer. Technological changes are associated with customer data processing to produce customer knowledge, communication and segmentation capabilities. Technologies available today differ from that of the past in five dimensions (Sisodia and Wolfe, 2000). They are:

- 1) *convergent and versatile* meaning that the same technological components and applications can be used in a number of ways to execute diverse tasks,
- 2) *boundaryless and global* as they unify individuals and communities from several parts of the world to discuss and share information and concerns,
- 3) *affordable* in the sense that the volume of production drives down the costs of producing electronic equipment-this results in a price decrease,
- 4) *addictive*. New technology offers convenience to users and affects vital activities of their life. Gradually users are becoming extraordinarily dependant on IT facilities, and
- 5) *easy to use*. They quality of the interface that drives the success of the technological application has been improved dramatically during the last decade. Increasingly, companies are concerned not only with high-tech but also with high-touch issues.

As result technological advances:

- **enable interactivity and encourage collective learning** in that sense they facilitate personalised interactions and promote learning relationships between the firm and their customers. Specifically the emergence of relationship technologies (RTs) enabled companies to initiate and nurture a relationship climate with customers and suppliers. RTs refer to the strategic use of technology for the development and management of relationships in a network economy

(Swift, 2000). In this way, the company offers a total consumption experience tailored to customers' preferences.

- **yield an actionable content to information.** The appearance of E-channels and the quick expansion of analytical skills facilitating data elaboration promote the use of information for decision-making purposes.
- **link delivery partners.** Because information is disseminated to a number of communication channels, people previously separated can now work together as a community. Relevant information could be allocated to several interested parts encourage a dialogue and ease decision-making (Peacock, 1998).
- **deliver integrated processes.** New technology redefines the core business operations of organisations. As such, company's activities are now designed to enable the company connect easily to the customers and various stakeholders in the delivery network. For instance, Volkswagen's new strategy has been designed to integrate a number of organisational activities such as information gathering, emergency repair, buying, billing, maintenance and upgrading processes, and linking customers, regional offices, dealers to the factory (Cap Gemini, 1999).
- **facilitate transactions between the parties involved.** Information networks have reduced in great measure the operational costs and the paperwork formerly required to accomplish certain transactions and agreements.
- **co-ordinate marketing activities.** The IT infrastructure enables the integration and automation of dispersed marketing activities such as sales and service support, and incorporates customer feedback as data input required for the successful operations of the firm. Apart from the monitoring of sales and distribution processes, IT systems enable firms to identify the most profitable customers and invest resources in serving their needs.

2.5.3 Economic Drivers

CRM has partly grown because of the premise that customer retention contributes more to profit generation than customer acquisition because it involves fewer costs for the company. For example, Rosenberg and Czepiel (1984) showed that the cost of winning a new customer is five times greater than the cost of retaining an existing customer through relationship marketing strategies. Similarly,

Reichheld and Sasser (1990, p. 105) propose that ‘companies can boost profits by almost 100% by retaining just 5% of their customers’. Cram (1994); Grant and Schlesinger (1995), report additional economic benefits of relationship strategies. Generally, economic drivers reported in relevant literature refer to the following areas (Swift, 2000):

- lower costs for customer recruitment,
- reduced cost of sales because existing customers are usually less expensive to serve since they are familiar with the points of distribution and the delivery channels. Moreover, the company holds an opinion of their demands and the way they wished to be serviced from previous transactions. CRM reduces the level of the marketing campaigns costs and provide a higher ROI in customer communications (Anton, 2000).
- higher customer profitability which is translated as larger wallet-share, more follow up opportunities for the firm and abilities to cross-sell and up-sell from present purchases.
- increased customer retention and loyalty. It is often assumed that customers who stay longer in a relationship tend to buy more and get in touch more frequently with their supplier. In this way, organisations can focus on the profitability of the customer portfolio by optimising the value exchange and the customer lifetime value.
- evaluation of customer profitability. CRM systems offer insights into which customers are truly profitable and which should be treated as low or no profit customers.

Table 2-7: CRM Drivers

CRM Drivers	CRM Benefits
Market Drivers	
<p><i>Macro-Focus:</i> competitive environment, market saturation, media fragmentation, product/service standardisation, low switching costs, time compression</p>	<p><i>CRM</i> offers a differentiation opportunity for achieving customer loyalty</p>
<p><i>Micro-Focus:</i> changing demographics of the customer base, rising customers' expectations, increase of customers' power in the buying process</p>	<p><i>CRM</i> offers the means for customer-firm dialogue. It facilitates customers to import their knowledge, skills to corporate activities and contribute to the development of a competitive advantage for organisations</p>
Technology Drivers	
<p>Changing characteristics of IT</p>	<p>Technological components of <i>CRM</i> facilitate organisations in their operations</p>
Economic Drivers	
<p>Importance of customer retention is acknowledged for profit generation</p>	<p><i>CRM</i> lower costs for recruitment of new customers, reduces sales costs and increases the profitability of the customer portfolio</p>

Source: The author

2.6 CRM Implementation

Peppers and Rogers (2000), and Tagg (2002) argue that CRM implementation is a difficult and complex endeavour with not only marketing and technological complexities but also high costs and level of uncertainty that increase the possibility of failure (Brown, 1999). The term 'implementation' pertains mainly to the deployment of CRM initiatives in the organisation, i.e. it is associated with the development of the components in order for an organisation to practice CRM. The implementation of CRM projects is usually described in the relevant literature in terms of phases, stages, levels and capabilities.

2.6.1 Approaches to CRM Implementation

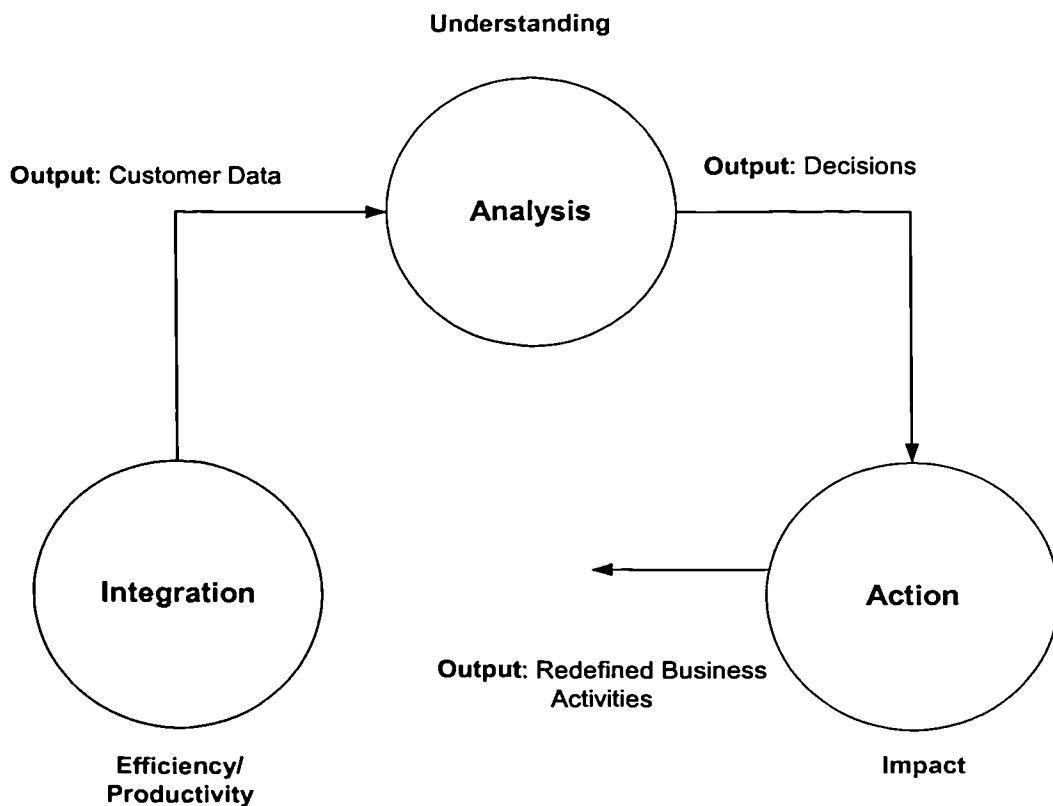
Cap Gemini (1999) views CRM implementation as a two-stage activity. The *first phase* involves mastering the skills of relationship building with the customer. According to the same source, CRM implementation is often associated with a change of culture in the organisation and entails a shift from a product-led to a customer-led organisation. Customer-centric organisations develop core competencies in customer interaction, customer satisfaction measurement and customer service focus.

Organisations that achieve to redefine their focus from being product-led to being customer-led move to the second stage of CRM implementation. The second stage involves integration of CRM activities in the entire the organisation and across the customer experience chain. The customer experience chain is the procedure a customer goes through in order to search, purchase, use and replace a product or service (Pine and Gilmore, 1999). In the second phase of implementation, CRM coordinates and manages the relationship with the customer all the way on the experience chain.

Similarly, Hyperion (2000) introduces the *CRM Lifecycle*, a three-phase model referring to the implementation of CRM systems (Figure 2-5). With the lifecycle model, Hyperion focuses primarily on the deployment of the technological components of CRM initiatives. Each phase output is streamed as input in the following level. The lifecycle begins with *first phase*, namely the integration of front office systems and the centralisation of customer data. The benefit of this phase is an increased competency in customer data analysis. The *second phase* involves the

analysis of customer data, with the purpose of extracting customer knowledge. The *third phase* is the action phase and includes the execution of the strategic decisions based on the customer knowledge gleaned in the two previous phases. The action phase closes the loop and allows the organisation to put in practice the valuable insights gained on the previous levels in order to interact with the customer base.

Figure 2-5: The CRM Lifecycle



Source: Adapted from Hyperion (2000)

Barton (1999) argues that CRM is usually implemented in *three levels*. The *first level* is the traditional marketing approach enriched with database applications. In the first level, customer segmentation depends on aggregate analysis and communication objectives generally prompt brand trial, purchase and sale repetition. In the *second level*, companies use a customer warehouse with advanced customer information to invest in customer-firm relationship and focus on loyalty building.

Segmented customers are matched with specific target messages, purchase incentives, and service differentiation is the driver of superior customer value delivery. In the third level, the organisation is integrated around the customer. CRM is implemented on an enterprise-wide level and performance measurement is based on the lifetime value of the customer base. Table 2-8 summarises the three levels of CRM implementation.

Table 2-8: A Three Level Model of CRM Implementation

CRM Aspects	CRM Implementation Levels		
	Level 1	Level 2	Level 3
<i>Technology</i>	Marketing Database	CRM Warehouse	Enterprise-Wide CRM
<i>Financial Measurement</i>	Programme ROI	Segment ROI	Customer ROI
<i>Communication</i>	Brand Engagement	Brand Relationship	Total Customer Experience
<i>Organisational Structures</i>	Product-Centric	Product & Segment	Customer-Centric

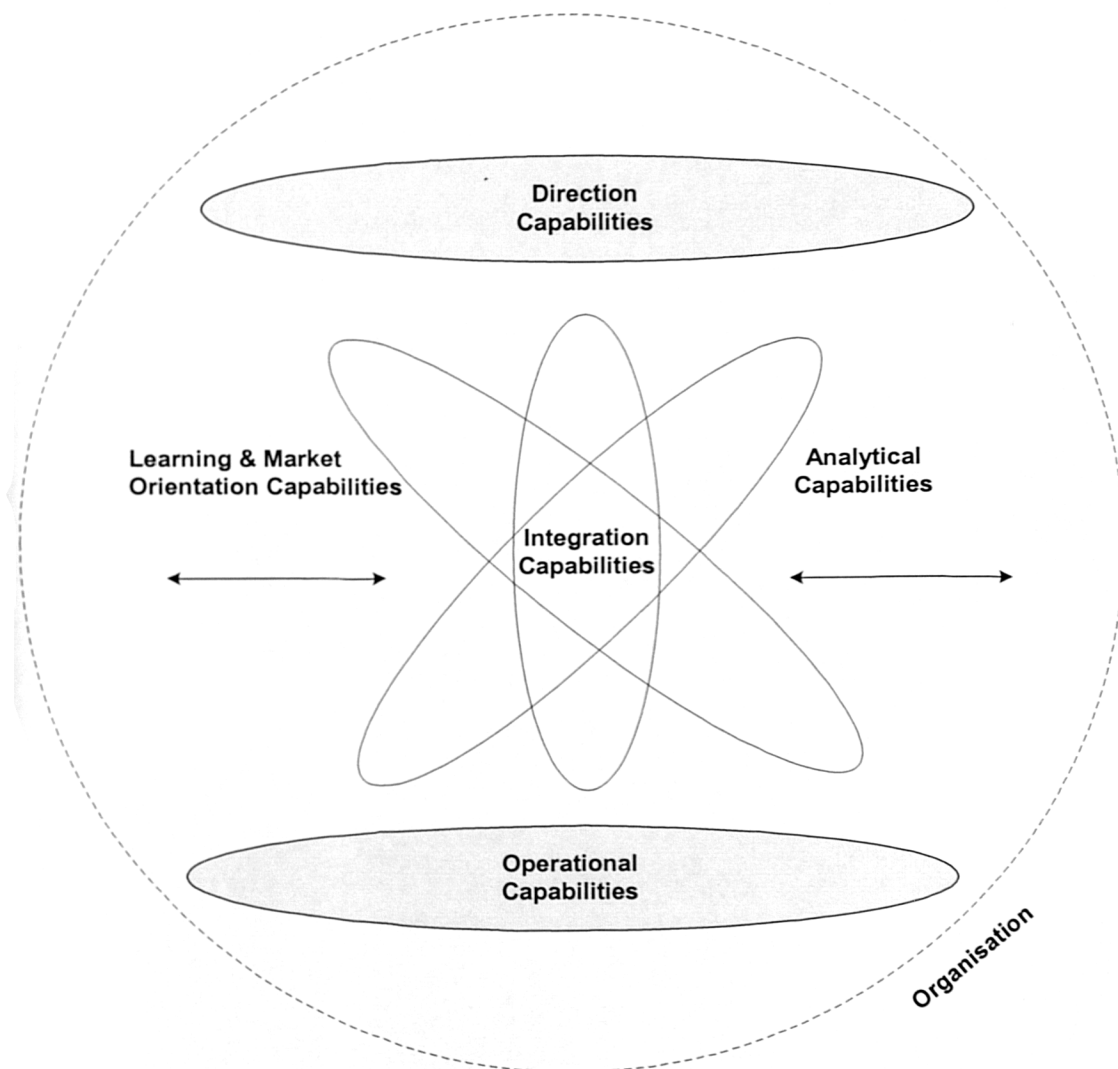
Source: Adapted from Barton (1999)

Plakoyiannaki and Tzokas (2002) perceive the practice of CRM as an activity consisted of eight stages. These are:

- 1) *Create a Corporate Culture conducive to customer orientation, learning and innovation.*
- 2) *Make Customer Value a key component of the corporate strategy and planning process.*
- 3) *Collect and Transform customer data to aid strategic and operational decision-making.*
- 4) *Appreciate, Identify and Nurture Knowledge Creation, Dissemination and Use within the organisation.*
- 5) *Develop clear market segments and Customer Portfolio.*
- 6) *Provide advanced Customer Service.*
- 7) *Use Campaign and Channel Management to reach the customer base.*
- 8) *Measure performance at each stage of the process to navigate decision-making.*

Based on their view of CRM as an eight-staged activity, the authors propose that the implementation of CRM initiatives depends on the development of a set of organisational capabilities. These are: learning and market orientation capabilities, integration capabilities, analytical capabilities, operational capabilities and direction capabilities (Plakoyiannaki and Tzokas, 2002). This set of CRM capabilities is depicted in figure 2-6 and discussed below.

Figure 2-6: CRM Capabilities



Source: Adapted from Plakoyiannaki and Tzokas (2002)

Learning and Market Orientation Capabilities. Market-orientation and learning capabilities are closely related and deeply embedded in the notion of CRM. These capabilities link to customer insight generation and knowledge discovery, value and performance assessment activities. Customer insight generation occurs through learning and requires information inputs, which are converted by the players involved to information outputs for decision making purposes (Sinkula, 1994). Furthermore, engaging customers into learning relationships (Peppers and Rogers, 2000) is part of value maximisation. The organisation's commitment to customer and learning goals appears to relate to attentive listening of customers' response across all channels and points of interaction to measure and improve corporate performance (Garvin, 1993).

Integration Capabilities. CRM is an enterprise-wide investment that seeks to maximise the total customer experience (Peppers and Rogers, 2000) by personalising products and offerings. As such, inter-functional co-ordination (Narver and Slater, 1990) based on alignment of functional areas, promotion of inter-departmental connectedness (Kohli and Jaworski, 1993), information sharing and strategy integration (Narver and Slater, 1990) is an imperative for supplying superior value to customers. Additionally, the use of shared resources with other business units presupposes integration of all business systems starting from back-office infrastructure and extending to front-line systems and channels of interaction.

Analytical Capabilities are linked to technological artefacts and knowledge and hold an active role in enhancing relationships with customers (Sheth and Parvatiyar, 1995a). They facilitate acquisition and transformation of information to aid customer knowledge discovery and development of clear market segments and portfolios (Tagg, 2002). But most importantly, analytical capabilities enhance profitability maximisation from customer relationships (Grant and Schlesinger, 1995) since they enable firms to link investments to customer relationships more directly with the return they generate (Sisodia and Wolfe, 2000).

Operational Capabilities utilise and enhance resources. They are skills developed in functional and administrative levels (Fuchs et al, 2000) that translate customer information into service offerings. Operational capabilities cut across business functions, units and departments in the firm.

Direction Capabilities. This last group of capabilities is the compass for the course of the CRM activity and the organisation. Direction capabilities depend on strategic skills and reflect the sharpness of corporate long-term vision and core values. They ensure that the value proposition of the firm truly differentiates the offering in the eyes of the customer. Ultimately, they assess '*the soundness of the strategic plan the company has formulated to operationalise its vision*' (Fuchs et al, 2000, p. 125).

2.7 CRM Implementation: Success Factors and Inhibitors.

2.7.1 CRM Success Factors

The extant literature proposes that several factors influence the success of CRM implementation. The more commonly quoted are: *function automation, compatibility of technological applications, prototyping and auditing of CRM initiatives* and *human resource management*. The majority of these factors seem to concentrate on technological issues.

Function automation is critical for implementing CRM. Function automation requires firms to determine and identify the business functions for automation and prepare a list of technical issues referring to this procedure. Unless this audit is performed properly, the business will be unable to achieve successfully the implementation of its CRM initiatives.

Compatibility of Technological Appliances. This factor is pertinent to the application of the technological components of CRM projects. Employing technology smartly, by selecting information systems and software compatible with the existing technology in the organisation, reflects on CRM implementation. Software application needs to relate to the existing technology in the organisation and to the databases and integrate to the technology environment.

Prototyping and Auditing CRM. Prototyping the CRM system allows experimentation on a smaller and less costly scale. It also tests the functionality of CRM components suggesting changes in the organisational procedures according to the problems and challenges encountered during the incremental launch of CRM initiatives. Peacock (1998) suggests that a CRM system is important to have a 'gatekeeper' i.e., a person, team or department responsible for the welfare of CRM initiatives.

Before CRM implementation, running tests about the viability and feasibility of the project is important. According to MacDonald (2000) CRM audit is an independent and unbiased assessment starting from the organisation's current position and pointing out the requirements for the success of the CRM programme. This audit involves identification of the target market, understanding of customers' needs, understanding of the competitive environment and implications of CRM in the organisation, assessment of cost benefits analysis; and strategic planning of the implementation stages.

Human Resource Management. Organisations, in a great extent, perceive that success of CRM initiatives is depended on the deployment of technological tools rather than the management and motivation of human resources. Organisational members hold an active role in the practice of CRM and therefore they influence the success of CRM initiatives (Etheredge, 2000; Peppers and Rogers, 2000). Moreover, top management holds the leading role in CRM implementation phase supported by senior's management assistance at operational level (Cap Gemini, 1999).

2.7.2 CRM Inhibitors

During the phase of CRM implementation problems often arise. These recurring shortfalls are called CRM inhibitors and are often opposite facets of CRM facilitators. Inhibitors to CRM implementation may be associated with the *lack of system's integration, support and commitment from organisational members*, and *strategic focus*.

Lack of Systems' Integration. Cap Gemini (1999) reports that barriers linked to integration seems to be the most important obstacles to CRM implementation. These obstacles are difficulties in 1) integrating business activities during the implementation of CRM initiatives, 2) integrating different operational divisions and department in order ensures the smooth implementation and auditing of CRM 4) integrating of historical data into the CRM new systems.

Lack of support and commitment from organisational members. It is often stated that the biggest barrier to successful CRM implementation appears to be related to organisational cultural and not technology (Hobby, 1999). Hobby (1999) points out that CRM projects fail primarily due to the lack of commitment by employees and managers towards CRM initiative.

Lack of strategic focus. Ernst and Young's recent report (US Banker, 1999) on technology in a retail finance sector found a lack of strategic focus in the majority of companies implementing CRM. This may explain at least partly, the high failure rate of CRM initiatives. According to the report under the label of CRM most companies are forging ahead with tactical approaches that they do not stem from a well-developed and articulated business strategy.

➤ *Section 3*

2.8 Conceptual Approaches to CRM

In this section of the literature review, the author discusses three conceptual models of CRM. It should be noted, that to the best of the author's knowledge, these CRM models have not been verified empirically. The *first* CRM model is presented and discussed in the book by Ryals, Knox and Malkan (2000) entitled '*Customer Relationship Management: Building the business case*'. The *second* CRM model has been developed by Winer (2001) and published in the California Management Review in an article entitled: '*A Framework of CRM*'. This article is among the seminal efforts that present a set of activities related to the CRM practice in the organisation. The *third* approach to CRM has been proposed by Srivastava, Shervani and Fahey (1999) and published in the Journal of Marketing in an article entitled '*Marketing, Business Processes and Shareholder Value*'. The authors emphasise the relational perspective of CRM and contribute to the relevant literature by developing an understanding of the notion as an organisational activity.

2.8.1 Conceptual Approaches to CRM: Ryals et al's Approach

Ryals et al (2000) propose that CRM covers a wide spectrum of technologies and solutions. However, the authors state that CRM involves not only the application of technological components to the organisation but also a well-articulated business strategy. It is primarily associated with activities and new people skills that are required for the practice of CRM and enable the organisation to move from a 'make and sell' mode to one that is characterised by 'listen and serve' (Ryals et al, 2000, p. 19).

Ryals et al (2000) integrate the 'listen and serve' technological components of CRM under the label *CRM Architecture* (Figure 2-7). It follows that their

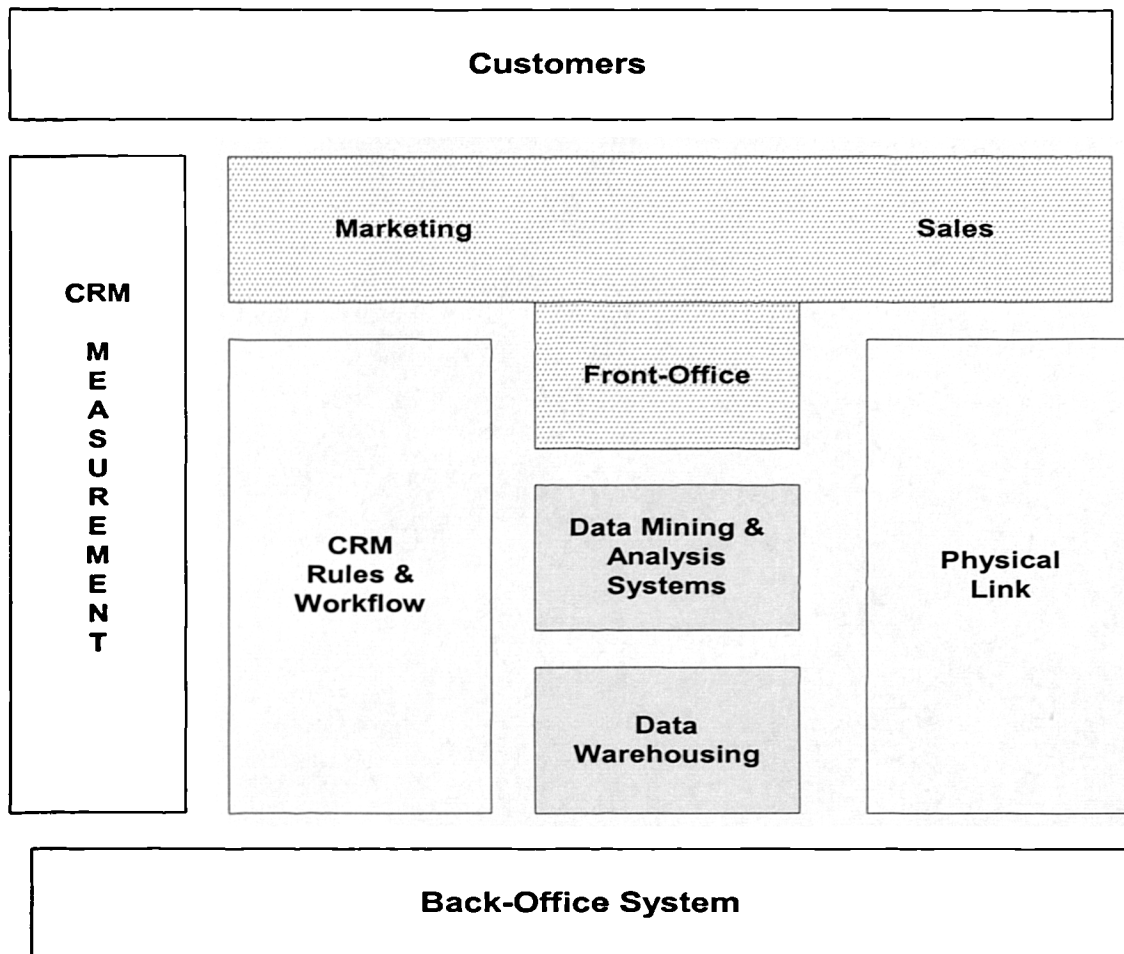
conceptualisation of CRM primarily focuses on the technological aspects of CRM initiatives.

The CRM architecture system is composed of the *front-office*, *business intelligence*, *workflow* and *back-office system*. The *front-office system* provides every customer-facing employee who is either in marketing, sales or customer service functions with information regarding customer's needs, preferences and expectations. The front-office system also offers front-line employees information relevant to the profitability of the customer and his or hers lifetime value. The technologies incorporated in front-office systems cover call-centres, sales force automation and the internet.

The *business intelligence system* facilitates knowledge generation about existing and potential customers based on internal and external sources of information. Business intelligence is further divided between the data warehouse, data mining and data analysis technologies. The warehousing technologies act as an information factory, gathering and preparing information for use by business. Data mining and analysis applications permit business users to understand how different customers differ in behaviour, motivation, cost and profitability. Ryals et al (2000) highlight the importance of the back-office systems by arguing that such systems are the essence of CRM practice.

Workflow and business rules transfer information from the back-office to the front-office system. As such, front-office employees are given customer insights at the point of customer contact. Customer-facing employees are also provided with guidelines and rules with which they can meet customer enquiries and solve customer problems. The authors suggest that the key theme that ensures the smooth workflow of CRM is the organisational culture and encourage further research in the interface of CRM and organisational culture (Ryals et al, 2000).

Figure 2-7: CRM Architecture



Source: Ryals et al (2000)

The *back-office system* ensures that customer intelligence acquired from front-line people during customer contact, reaches the back-office infrastructures of the organisation. In this way, the company may capitalise on customer knowledge obtained during its operations and disseminate it to front-line employees. The back-office systems enable employees who communicate with the customer to offer sales and service promises based on the latest knowledge about the customer needs and what the company can deliver. Ryals et al (2000) assert that a real-time, interactive dialogue between front-line and back-office applications is considered to be the best practice of CRM.

To sum up, Ryals et al (2000) approach CRM as a technological investment which facilitates the firm to transact with the customer, based on continually updated information. Although, the author acknowledges the influence of organisational issues such as organisational culture in the practice of CRM they do not discuss their implications for CRM. Moreover, the CRM architecture does not address explicitly the importance of relationship building and management between the firm and the customer. Nevertheless, Ryals et al (2000) approach to CRM offers useful insights regarding the components of CRM initiatives and the linkages between these components.

2.8.2 Conceptual Approaches to CRM: Winer's Approach

Winer (2001) suggests that the practice of CRM contains a set of seven basic components. These components illustrated in figure 2-8, are:

- 1) a database of customer activity,
- 2) analyses of the database,
- 3) decisions about which customers to target,
- 4) tools for targeting the customers,
- 5) relationship development with targeted customers,
- 6) privacy issues, and
- 7) metrics for measuring the success of the CRM programme.

The first step to a complete CRM programme is the construction of a *customer database* or information file. According to Winer (2001), the creation of a customer database is the foundation for the initiation of CRM activities. The author distinguishes between organisations that have a database infrastructure, such as firms that they are operating on the web and organisations that they have not been involved in the creation of a database during their operations. Rayport and Sviokla (1994) point out that the creation of a customer database appears to be a relatively easy task for web-based firms since they accumulate customer and transaction information as a part of their interaction with the customer. For existing companies that do not have an information repository, the construction of a customer database involves seeking historical contact data, demographic information regarding customers, and information associated with the responses of customers to marketing stimuli.

As a second step, the information incorporated in *customer databases* is *analysed* with the intent to define customer segments. A variety of multivariate statistical methods (e.g. cluster or discriminant analysis) may be utilised in order to group customers together with similar behaviour patterns, demographic data, or responses to marketing incentives. Additionally, customer grouping may occur using the lifetime customer value index or the market basket analysis as criteria for segmentation. The market basket analyses method identifies the products often purchased by a customer and based on this purchase information, displays complimentary products that they could of potentially interest to the customer.

The next step to CRM practice pertains to the *selection of customers* in order for the firm to target its offerings and marketing initiatives. The selection of customers may be based on a number of criteria; but the most commonly used seem to be the history of the purchase behaviour of the customer and the profitability of the individual customer (Swift, 2000).

Winer (2001) proposes that the fourth level of CRM practice is *customer targeting*. He asserts that mass marketing approaches such as television, radio, or print advertising are useful for generating awareness and achieving other communication objectives of mass marketing communication strategies, but poorly-suited for CRM due to their impersonal nature. The author (Winer, 2001) suggests the use of integrated marketing communication initiatives (Grönroos and Lindberg-Repo, 1998), telemarketing, direct mail and direct sales (Anton, 2000) as efficient approaches to customer targeting.

Relationship programmes are the fifth level of CRM practice and refer to the activity of relationship building and management through the delivery of a higher level of customer satisfaction than competitors. A comprehensive set of relationship programmes may include customer service, frequency and loyalty programmes, customisation initiatives and reward programmes (Reichheld, 1993; Reichheld and Scheffer 2000).

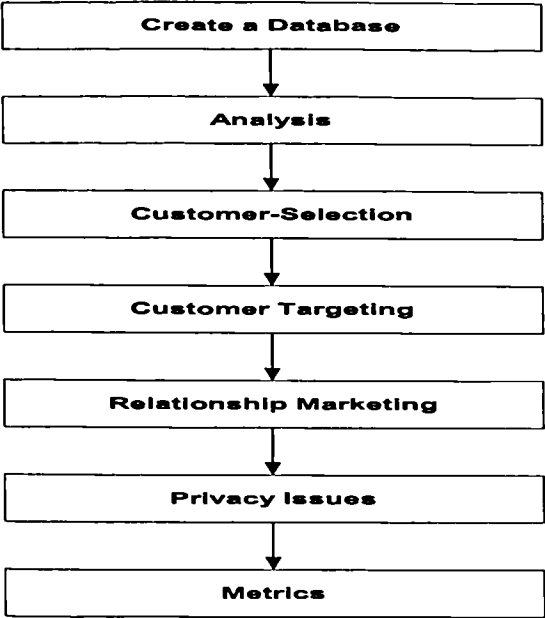
The practice of CRM seems to be highly dependant on customer databases and analysis of customer information with the purpose of effective targeting of the firm's marketing communications and building customer relationship. However, the acquisition and analysis of customer information brings up the sixth element of CRM

practice which is the importance of *privacy issues*. There appears to be a trade-off between the ability of companies to deliver customised products and services, and the amount of information necessary to enable this delivery. Increasingly, many consumers and advocacy groups are concerned regarding the amount and the use of personal information stored in databases.

The *measurement* of CRM initiatives requires the use of performance indicators which focus not only on financial metrics such as profitability, market share and profit margins but also on relational assets. Winer (2001) suggests that there seems to be a lack of holistic metrics capturing the multi-faceted aspects of CRM initiatives.

Winer (2001) offers a seven-stage view of CRM practice. This model offers useful insights to the understanding of CRM by underlining the importance of privacy issues for CRM programmes. Yet, it concentrates primarily on the technological perspectives of CRM, namely the customer database and analysis of customer data and seems to undermine the relationship management activities which are key components of CRM (Peppers and Rogers, 2000).

Figure 2-8: A CRM Model



Source: Winer (2001)

2.8.3 Conceptual Approaches to CRM: Srivastava et al's Approach

Srivastava et al (1999) acknowledge CRM as a business activity that contributes to the achievement of the organisational goal of value creation. The authors cite that CRM 'addresses all aspects of identifying customers, creating customer knowledge, building customer relationships and shaping perceptions of the organization and its products' (Srivastava et al, 1999, p. 169) and view CRM as an activity which is consisted of marketing-specific tasks. These tasks are presented in table 2-9 and are associated with customer acquisition and retention, development and execution of marketing programmes and cross-selling and up-selling activities.

Table 2-9: Marketing Tasks Within the Practice of CRM

Customer Relationship Management Activity
<i>Marketing Tasks:</i>
Identify potential new customers
Determining the needs of existing and potential new customers
Learning about product usage and application
Developing/executing advertising programmes
Developing/executing promotion programmes
Developing/executing sales programmes
Acquiring/leveraging information technology for customer contact
Managing customer site visit teams
Enhancing trust and customer loyalty
Cross-selling and up-selling of product service offerings

Source: Adapted from Srivastava et al (1999)

Srivastava et al (1999) argue that changes in the environment affect the role of marketing and the practice of CRM. They propose the term '*market-driven CRM*' to sign the adaptation of relational strategies to macro-environmental and competitive pressures. The author emphasise five marketplace shifts which necessitate the change to a market-driven CRM. These are:

- 1) a product focus is giving way to the need to address customer functionality,
- 2) product differentiation is evolving into solution customisation,
- 3) transaction-based exchanges are being replaced by relationship-based customer intimacy,
- 4) stand-alone competition is frequently giving way to networked rivalry, and
- 5) economies of scope and increasing returns are being added to economies of scale.

According to Srivastava et al (1999) the change to a market-driven CRM entails shifting from a modus operandi that approaches customer relationships as solely means to sell, deliver, and service a product to one that regards them as means to learn about customers' needs and wants, and how best to create, satisfy and retain the customer base. The shift to a market driven CRM is demonstrated in table 2-10 and requires a focus on intimate and long-term relationships. Table 2-10 shows that customer intimacy and partnership are prerequisites not only to provide customised products and services to the customers but also to enhance customer value. Furthermore, it highlights the significance of networks of customer relationships involving channel members, end users, and other marketplace entities such as advertising agencies and consulting organisations in order to develop of scope economies and increasing returns for relationship actors based on synergies.

Srivastava et al (1999) consider CRM as a dynamic activity which is highly influenced by shifts in the environmental conditions. The authors contribute to the extant literature by emphasising the value creating and organisation-wide character of CRM. Although, the authors approach CRM as an enterprise-wide activity, they suggest that CRM practice is a responsibility of the marketing function and is based only on marketing-specific tasks. This issue appears to contract with their conceptualisation of CRM as an organisation-wide activity.

Table 2-10: The Shift to Market Driven CRM

Customer Relationship Management	
<p style="text-align: center;"><i>From product focus</i> Manage relationships with customers solely as means to sell, deliver, and service the product</p> <p style="text-align: center;"><i>From product differentiation</i> Customers as the focus/recipients of products and related advertising, service, sales activities and so forth to establish product value superiority</p> <p style="text-align: center;"><i>From transactions</i> Identifying, targeting, selling, delivering, and servicing customers in independent transactions</p> <p style="text-align: center;"><i>From stand-alone competition</i> Managing all facets of all interactions with all customers</p> <p style="text-align: center;"><i>From economies of scale</i> An emphasis on efficiencies in all phases of marketing activities</p>	<p style="text-align: center;"><i>To customer functionality focus</i> Manage relationships with customers as means to learn about their needs and how best to satisfy them</p> <p style="text-align: center;"><i>To solution customisation</i> Working with individual customers so that the total solution is tailored to their individual needs</p> <p style="text-align: center;"><i>To relationship-based intimacy</i> Developing, fostering, and leveraging relationships with individuals and sets of customers</p> <p style="text-align: center;"><i>To network rivalry</i> Developing and managing a network of relationships with other entities (such as rivals, channels, end users, and market professionals) to identify, reach, and satisfy customers in ways that otherwise would be impossible</p> <p style="text-align: center;"><i>To economies of scope and increasing returns</i> Leveraging all marketing resources to create the types of relationships that facilitate multiple forms of product and market linkage</p>

Source: Adapted from Srivastava et al (1999)

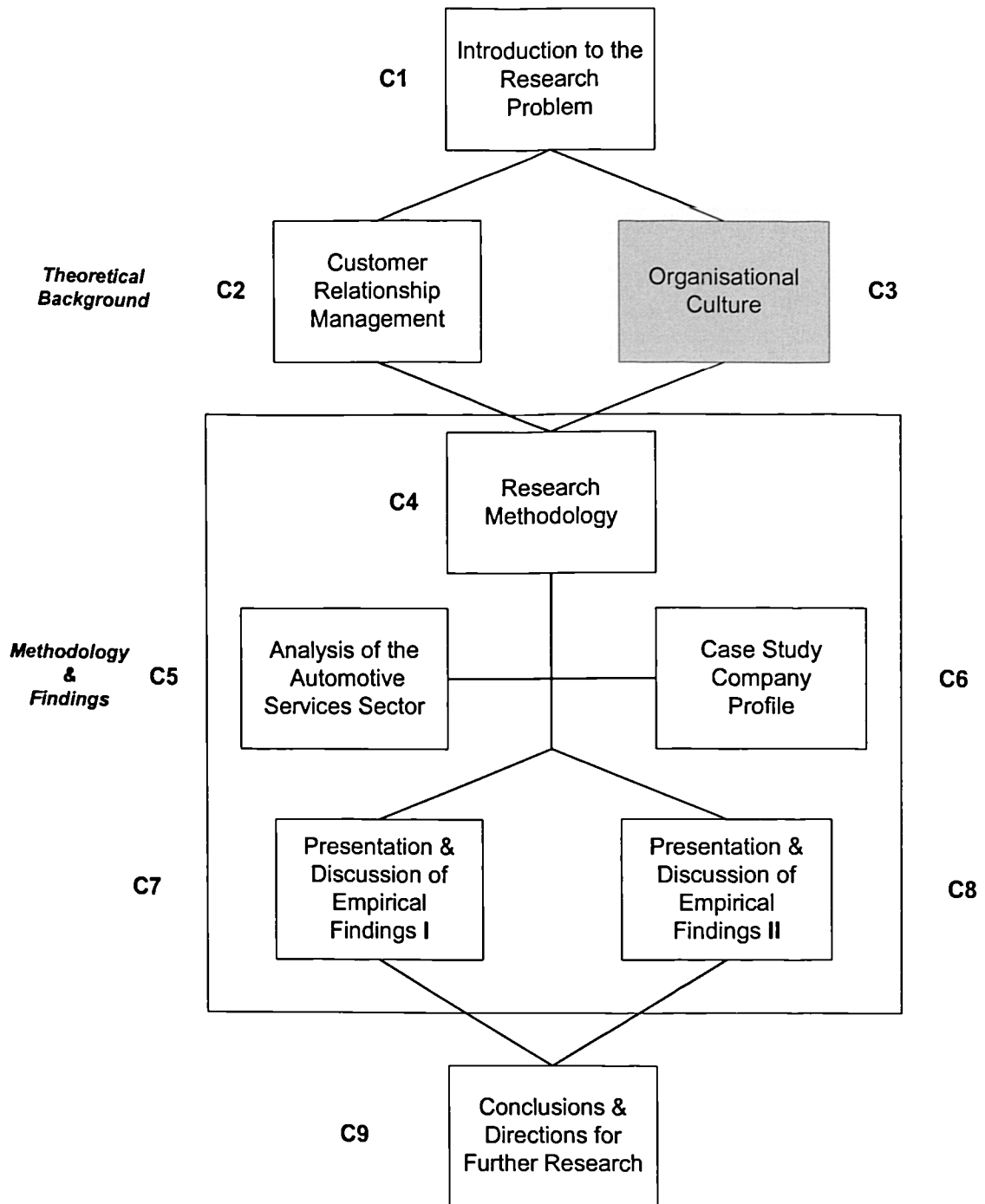
2.9 Summary

Chapter 2 provided a literature review of the key notion of this thesis, namely Customer Relationship Management (CRM). The first section of the chapter elaborated on the foundations of CRM. These are primarily the area of relationship marketing together with these of database marketing and direct marketing, customer lifetime value, stewardship theory and social capital theory. In the second section of the chapter, the author discussed the definition and drivers of CRM, and pointed out themes connected to CRM implementation. The third section of the chapter presented a set of conceptual approaches to CRM.

The literature review has revealed that there seems to be dearth of academic studies in the area of CRM. Furthermore, it suggested that the influence of organisational factors on the practice of CRM has been an under-explored issue. In the light of this argument, *Chapter 3* provides the reader with useful insights to the concept of Organisational Culture (OC) which is of key importance for this research.

Chapter 3

Organisational Culture



3.1. Introduction

Since the early 1980s, there has been an acceleration of interest in Organisational Culture (OC) research. A substantial body of work has now accumulated within organisation theory which acknowledges the importance of the term OC for organisational functioning and life.

Chapter 3 attempts to offer an enhanced understanding of the concept Organisational Culture (OC). The author seeks to:

- provide the state-of-the-art theoretical and empirical research in the field of OC,
- put forward a list of critical dimensions of OC derived from several bodies of literature, and
- clarify the approach of OC adopted for the needs of this study.

Chapter 3 contributes to the literature of OC by highlighting the progress made these last years on that field and identifying a set of OC dimensions that may exert a profound impact on CRM practice. As such, *Chapter 3* attempts to address the prompt of Deshpande and Webster (1989, p.13), for marketing researchers to ‘*delve into the rapidly developing literature on organizational culture*’ and ‘*develop theoretical structures*’ in order to enrich scrutiny of dynamic marketing phenomena.

This chapter is divided into five parts. The first part begins with a view of OC in the dimension of time. This section facilitates the reader to understand where OC research comes from and how it evolved during the last decades. The first part of the chapter continues with the formation process and functions of OC. The second part discusses the basic conceptions of OC and the schools of thought. In the third part of the chapter, a selection of frameworks illustrating the levels and the key elements of OC is presented. The fourth part addresses the issues of cultural integration, differentiation and fragmentation which have frequently puzzled organisational researchers while the fifth part introduces OC as a multi-dimensional construct. This part presents the approach of OC adopted for the needs of this study. Before coming to an end, this literature review briefly considers the issue of cultural management.

➤ Part 1

3.2 Some reflections on the Evolution of OC

Cultural research has its roots in anthropological and social sciences. Anthropologists believed that the study of cultures would ultimately answer the question: ‘*What make us human?*’ Interpretive anthropologists and sociologists perceived cultures as webs of meanings organised in terms of symbols and representations (Kluckhohn and Strodtbeck, 1961). According to their perspective, cultural studies are synonymous to the term ‘world making’ and the interpretation of human interaction.

Scholar who attempted to decipher human interaction identified multiple conceptions of culture (Hatch, 1993). For instance, Kroeber and Kluckhohn (1952) identified 164 meanings of the term culture used in anthropology and social sciences. This observation was consistent with Tylor’s (1871) seminal view of culture as a complex whole.

Inspired by anthropologists and sociologists, contemporary researchers in the field of organisation theory sought to investigate whether the concept of culture contributes to a new understanding of organisations (Smircich, 1983). There are four predominant factors accounting for the interest in the concept of *organisation culture*:

- 1) the increasing problem of competitiveness and production in contemporary organisations which directed researchers and managers to concentrate on human behaviour and detach themselves from the beliefs of classical theory,
- 2) the wide-spread disillusionment with the management studies of organisations in the U.S.A and Europe (Peters and Waterman, 1982),
- 3) the fact that research into organisational culture has both academic and business implications (Alvesson, 1987), and
- 4) the fragmented research community of social sciences which provided a fertile environment for the growth of interest in organisational culture and research diversity. As stated by Whitley (1984) management research community resembles a fragmented bureaucracy that is characterised by a low degree of co-ordination between researchers and research sites.

Blau and Scott (1963) were the two post-war management scientists to acknowledge that organisations consist of formal and informal aspects and it is not possible to understand the formal functions of the organisation without understanding its informal dimension. Harrison (1972) in an early thought-provoking article at Harvard Business Review entitled '*How to Describe your Organisation*' analysed how organisation ideologies affected the activities and performance of the firm over time. He suggested that deep set of beliefs specific to its organisation appears to influence several matters in formal and informal organisational life such as the dissemination of power, organisational behaviour, rewards and control structures, and responsibilities allocation. The term '*organisation ideologies*' that was originally used from Harrison (1972) to describe the uniqueness of organisations was substituted in later publications with that of '*organisational culture*' (OC) because the latter one conveyed more a pervasive way of life and set of norms (Handy, 1999).

Still, it was not until late 1970s that organisational theory and research incorporated the concept of OC as an additional element to enhance researchers' understanding on informal aspects of the organisations. Before that, organisational studies in a great extent maintained their bias toward the individual, ignoring the aspect of organisational realities as a whole. The writing from Pettigrew (1979) entitled '*On Studying Organizational Cultures*' was pre-eminent in initiating a research interest in OC. Hofstede et al (1990) view this particular piece of work as the one that introduced the term OC in academic literature. Pettigrew (1979) offers a longitudinal look at the growth, evolution, transformation and conceivably decay of organisations over time. Using the case of a British boarding school and the methodology of social dramas, Pettigrew (1979) concluded that OC is composed of cognitive systems which determine how people think and make decisions. He conceptualised OC as 'an amalgam of beliefs, ideology, language, ritual and myth (Pettigrew, 1979, p. 574).

In the 1980s there was a great enthusiasm for the study of organisational cultures and management scholars adopted rapidly the concept of OC (Deal and Kennedy, 1982; Ouchi, 1981; Pascale and Athos, 1981; Peters and Waterman, 1982). In a great extent, researchers welcomed the theme of OC as a source of "fresh air"

and an antidote to sterile, number-dominated research (Frost et al, 1985, p.7). This interest was further reflected on journals' special issues on OC such as the ones by Administrative Science Quarterly (1983), Organization Dynamics (1983), Journal of Management (1985), Organisational Studies (1986), and International Studies in Management and Organisations (1987). While academics were primarily concerned with gaining an understanding of the OC constructs and its constituents, practitioners were challenged by its control dimension and effect upon corporate performance (Wallace et al, 1999). The frequently quoted Business Week cover story on Corporate Culture (Corporate Culture: The hard to change values that spell success or failure, 1980) introduced OC as a potential lever for reversing the declining performance of U.S. industries characterising the 1970s and 1980s. This article has stimulated the writing of a number of books related to the theme of OC and performance (e.g. Allen et al, 1987; Deal and Kennedy, 1982; Waterman and Peter, 1982). In this context, Schein's work (1985; 1996b) associating OC with leadership and performance reinforced the belief that deeply embedded values co-ordinated human behaviour and contribute to organisational efficiency.

However, by late 1980s a great deal of criticism was directed towards earlier articles on OC mainly for "their lack of theoretical and practical utility" (Harris, 1996, p. 354). Previous research on OC has mainly addressed five themes (Nord, 1985) namely:

- 1) the conceptualisation of the term OC (see Smircich, 1983),
- 2) cultural change (Lundberg, 1985a,b; Siehl, 1985; Krefting and Frost, 1985),
- 3) the historical roots of OC,
- 4) the degree to which OC is manageable (Dandridge and Lunberg, 1985), and
- 5) the barriers to manage OC.

These research streams limited a lot the scope and content of OC research. Nord (1985) argues that in developing a holistic view of OC apart from these fundamental research topics two other themes need to be investigated. These are: 1) the complexity of the concept of OC, and 2) the research methodologies required to explore OC. As far as the first issue is concerned, the existing view of OC, at that period, was conducive to its static theorises, excluding the multi-faceted aspect of OC and its development through interaction of organisational participants.

Concerning the second issue namely methodology, contemporary research in organisations seems to lack methodological variety. In this regard, Krefting and Frost (1985) stress the need to move ahead from conventional quantitative methodology to a synthesis of methodological approaches inspired by qualitative enquiry.

Organisation research in the early 1990s coincided with the comeback of OC issues in the marketing discipline. This is demonstrated in Deshpande's and Webster's article (1989) entitled '*Organisational Culture and Marketing*' and the development of the market orientation construct (Narver and Slater, 1990). The primary objective of the article written by Deshpande and Webster paper was 'to encourage the development of stream of research on organizational culture in marketing' (Deshpande and Webster, 1989, p. 4). The seminal work of Deshpande and Webster (1989) provided a theoretical foundation for the conceptualisation of market orientation as a distinct OC of the firm which 'most effectively and efficiently creates customer value (Narver and Slater, 1990, p. 21) Still, the integration of organisational theory and marketing discipline as it emerged in the market orientation construct appeared several deficiencies since it paid insufficient attention to the dynamic (Hatch, 1993) and pluralistic (Schein, 1992; 1996b) perspective of OC (Harris, 1998). Regardless these issues, the market orientation construct has contributed to organisational analysis by recalling the notion of OC in the 1990s and the fact that organisations are socially constructed institutions and not simply impersonal and static entities (Harris, 1998).

3.3 The Formation and Functions of OC

There is a variety of definitions of the term OC in organisational studies. Table 3-1 illustrates a selection of OC definitions encountered in relevant literature. In a great extent, these definitions emphasise the non-material aspect of the term OC such as values and beliefs. Yet, it should be noted that OC involves both material and non-material manifestations (Brinkman, 1999; Sackmann, 1991).

Table 3-1: Definitions of OC

Author(s)	Book or Journal Paper	Definition of OC
Hofstede (1994)	Cultures and Organisations: Intercultural Cooperation and its Importance for Survival.	<i>'Organisational Culture is the collective programming of mind, which distinguishes the member of one organisation from another'</i>
Trice & Beyer (1992)	The Cultures of Work Organizations	<i>'Cultures are collective phenomena that embody people's responses to the uncertainties and chaos that are inevitable in human experience. These responses fall into two major categories. The first is the substance of a culture-shared, emotionally charged belief system that we call ideologies. The second is cultural forms-observable entities, including actions, through which members of a cultural express, affirm, and communicate the substance of their culture to one another.'</i>
Deshpande & Webster (1989)	Organisational Culture and Marketing: Defining a Research Agenda, <i>Journal of Marketing</i> , 53, pp. 3-15.	<i>'Organisational Culture is the pattern of Shared Values and Beliefs that helps individuals understand organisational functioning and thus provide them norms of behaviour'</i>
Van Maanen (1988)	Tales of the Field: On writing ethnography	<i>'Culture refers to the knowledge that members of a given group are thought to more or less share, knowledge of the sort that is said to inform, embed, shape, and account for the routine and not-so-routine activities of the members of the culture.'</i>
Schein (1984)	Coming to a New Awareness of Organisational Culture, <i>Sloan Management Review</i> , 25, pp. 3	<i>'Organisational Culture is the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.'</i>

Table 3-1: Definitions of OC (cont'd)

Author(s)	Book or Journal Paper	Definition of OC
Siehl & Martin (1984)	The role of Symbolic Management: How Can Managers Effectively Transmit Organizational Culture? In Hunt et al (eds.) <i>Leaders and Managers</i>	<i>'Organisational culture can be thought of as the glue that holds an organisation together through a sharing of patterns of meaning. The culture focuses on the values, beliefs, and expectations that members come to share.'</i>
Louis (1983)	Organisations as Culture-Bearing Milieus. In Pondy et al (eds) <i>Organizational Culture,</i>	<i>'Organisations are culture-bearing milieu, that is, distinctive social units that possess of a set of common understandings for organising action and languages and other symbolic vehicles for expressing common understandings.'</i>
Pettigrew (1979)	On Studying Organisational Cultures, <i>Administrative Science Quarterly</i> , (24), pp. 570-581	<i>'Culture is a system of such publicly and collectively accepted meanings operating for a given group at a given time. This system of terms, forms, categories, and images interprets a people's own situation to themselves.'</i>
Jaques (1952)	<i>The changing culture of a factory</i>	<i>'The culture of the factory is its customary and traditional way of thinking and doing of things, which is shared to a greater or lesser degree by all its members, and which new members must learn, and at least partially accept, in order to be accepted into service in the firm.'</i>

Source: The author

Schein (1984; 1996a) argues that a definition of OC may reveal its characteristics and elements however, it does not make clear why OC survives and exists at first place. The answer to these two issues could be derived from the argument that OC exists to serve certain functions in the organisation (Schein, 1985). As stated by Schein (1985), OC is the outcome of group learning and arises to solve group's basic problems of: 1) survival and adaptation to the external environment, and 2) internal integration of processes, so that external adaptation is ensured. Table 3-2 shows a list of organisational problems associated with the themes of external adaptation and internal integration. The external adaptation issues vary according to the group's and leader's definition of environment as well as the way to adapt in it. The internal integration issues involve the arrangement of the relationships among group participants, so that the group continues to survive. The integration process

also involves a shared problem definition and invention of solutions that are appropriate for the organisational and environmental contingencies (Schein, 1992).

Table 3-2: The Themes of External Adaptation and Internal Integration

The Problems of Internal Integration
<ul style="list-style-type: none"> * Common Language and Conceptual Categories. * Group Boundaries and Criteria for Inclusion and Exclusion. * Intimacy, Friendship and Love are to be handled in the Context of Managing * Organisational Tasks. * Rewards and Punishments. * Ideology.
The Problems of External Adaptation and Survival
<ul style="list-style-type: none"> * <i>Mission and Strategy</i>. Obtaining a shared understanding of core mission, primary task, manifest and latent functions. * <i>Goals</i>. Developing consensus on the means to attain the goals as derived from the core mission, * <i>Means</i>. Developing consensus on the means to attain the goals such as the organisation structure, division of labor, reward system and authority system. * <i>Measurement</i>. Developing consensus on the criteria used in the measurement of how well the group/organisation is doing in fulfilling its goals (information/control systems). * <i>Correction</i>. Developing consensus on the remedial strategy implemented, if goals are not met.

Source: Adapted from Schein (1992)

3.3.1 Influences on the Formation of OC

Regarding the formation of OC, Van Maanen and Barley, (1985, p. 33) suggest four interconnected conditions that reflect on its *genesis, maintenance* and *transmission* in the firm. These domains concern the ecological context, which the group exists in, the differential interaction of group members, the interpretation of objects and events and finally the reproductive capacity of individuals.

- 1) The ecological context includes the physical sites and the material world where the group is embedded. Initially the environment influences the formation of the OC - '*environment is the single greatest influence in shaping culture*' (Deal and Kennedy, 1982, p. 13). After OC is created, it is the one to affect group's perception of the environment. Van Maanen and Barley (1985) point out that in order to specify the ecological setting it is essential to

identify the physical territory and its social context together with the historical roots and demands of the organisation.

- 2) OC is a result of human enactment. OC emerges at many levels to solve problems encountered in situations of organisational life (Schein, 1985; 1993). According to the functionalist school, OC is an apparatus that facilitates human interaction and problem solving in the social context (Malinowski, 1944). As such, OC formation depends on differential interaction of group members residing in a particular ecological and organisational setting.
- 3) Networking establishes a common frame of reference between people, guides behaviour in social interactions and signals the creation of the collective. Once a group is formed, usually the formation of OC follows (Van Maanen and Barley, 1985, p33). The third pivotal domain to OC development is the interpretation of objects, activities and other contents of OC. This process results to a shared understanding of OC elements such as assumptions values, behaviours and artefacts. Van Maanen and Barley cite (1985, p. 34) that *'only when members of a group assign similar meanings to facets of a situation can collectives derive, through interaction, unique responses to problems that later take on the form of rules, rituals and values'*.
- 4) The fourth domain of analysis is the reproductive and adaptive capacity of the individuals comprising the group. Van Maanen and Barley (1985) maintain that while groups create and sustain cultures it is mainly individuals who reinforce their content through daily response to occurrences of life. By the same token, OC survives only when it is communicated from generation to generation. Eventually, since OC is not static (although it was approached as such in the past) there is always an adaptation period for members to elaborate and absorb its content.

OC develops over time in response to complex set of factors and to reinforce the stability and adaptation of the organisation in the changing environmental conditions (Handy, 1993; Weick 1985). Additional factors, which appear to influence the formation of OC in the company, are: 1) leadership, 2) history and ownership, 3) goals and objectives, 4) the primary function of the organisation and the

technological means, 5) size, 6) the environment, and 8) the people in the organisation (Handy, 1993; Mullins, 1996; 1999; Schein, 1992).

- 1) The founders of OC usually have a major impact on how the group defines and solves the internal integration and external adaptation problems. Because they take the initiative for organising the group, founders (or leaders) have their own perceptions of these problems based on their personality, ideas and characteristics. Consequently, the founder's assumptions are reflected on how the group operates in the every day life. The impact of **organisational leaders** on OC is considered to be obvious at least in the birth and early growth stages of OC (Schein, 1983).
- 2) **The age of the company**, its **ownership** and its **history** affect OC in a number of ways (Handy, 1993). The **history** of an organisation provides insights regarding the reason for which the organisation was originally formed. The history of an organisation incorporates the values, beliefs and the vision of the founder and the first senior managers. Ownership may indicate the OC which is formed in the organisation. For example, Harrison (1972) argues that centralised ownership tends to lead toward an OC with high power distance and firm control of the organisational activities. On the contrary, diffused ownership seems to allow the dissemination of authority and is based on alternative sources of power. Finally events like mergers and acquisitions often herald changes in the top management of a company and consequently in the OC of the firm.
- 3) The founders and organisational members determine the **goals and objectives of the firm**. Schein (1992) emphasises that goal setting facilitates organisations to meet external adaptation problems (see table 3-2). He continues that organisations should pay attention to objectives in all key areas of their operations. Goals influence OC and OC shapes goals. The combination of objectives and resultant strategies simultaneously influence and are manifested on the OC of the firm (Deshpande et al, 1993). Furthermore, a change in organisational goals may sign or initiate a change in OC (Handy, 1993).
- 4) The nature of business and its **primary function** reflect on OC formation (Mullins, 1999). The primary function of the business is articulated in the mission statement and value proposition of the organisation and involves the

range and quality of company's products and services (Walters and Lancaster (1999). The primary function of the organisation determines the **technological means** to undertake work. Hatch (1997) examines the typologies of three influential organisational theorists on technology adoption (Perrow, 1974 Thompson, 1967; Woodward, 1958) and implementation and concludes that the selection of technological means to serve the functions of an organisation is largely based on the OC of the firm and different ways of organising people, resources and activities in the company.

- 5) The **size** of organisations has often proved to be an important variable that influences OC formation. Usually larger organisations are inclined towards formalised organisational cultures. Increased size is likely to result in separate divisions and possibly split-site operations. This might cause difficulty in communication and co-ordination of organisational activities. A rapid expansion or change in the size of the organisation may result in change of OC (Mullins, 1999).
- 6) The **environment** includes: the economic environment, the market, and the competitive scene, the geographical and societal setting. The formation of OC appears to be largely influenced by environmental factors (Thorne, 2000). Once the process of OC formation is ended, OC provides the context for organisational participants to understand the environment (Schein, 1992). Some major points that highlight the effect of environment in the OC formation are that:
 - different nationalities favour different organisational cultures (Hofstede, 1992).
 - changes in the environment may potentially reflect on OC and promote flexibility and adaptability as qualities of a desired OC (Mishra and Denison, 1995).
- 7) It has been argued that different types of OC integrate with different psychological characteristics and styles of people. For instance the *OC-person fit* suggests that certain types of **people** might be happy and successful in one OC setting but not in another (Mullins, 1996; O'Reilly et al, 1991). The ideal situation is the match between individual and OC's characteristics which leads to satisfied employees. In general, individual orientations of the key people in an

organisation tend to determine the formation of OC and the dominant OC in the organisational setting (Handy, 1993).

➤ *Part 2.*

3.4. Typologies of OC

The concept of OC has been widely adopted for the study of organisations and inspired a number of typologies. Particularly, the classifications of OC in organisation theory literature reflect of similar affairs with anthropological literature (Allaire and Firsirotu, 1984; Smircich, 1983), but different underlying meta-theoretical assumptions (Louis, 1981; Morgan et al, 1983) and different cognitive interests that motivate research (Knights and Willmott, 1987; Stablein and Frost, 1992).

This literature review elaborates on two influential and widely cited typologies of OC (Homburg and Pflesser, 2000). The first typology is proposed by Smircich (1983) in a seminal paper for OC research published in the *Administrative Science Quarterly* and entitled '*Concepts of Culture and Organizational Analysis*'. The second typology is developed by Allaire and Firsirotu (1984) and published in *Organization Studies*, and entitled '*Theories of Organisational Culture*'.

3.4.1 Typology 1: OC - The Conceptions, Perspectives and the Preliminary Research Agenda.

Despite the lack of consensus in the extant literature regarding the term 'culture', the conceptions of OC developed in organisational studies have been classified into two categories: (a) *culture as a metaphor* and (b) *culture as a critical variable* (Smircich, 1983). The research agenda based on these two approaches entails issues of *comparative management, corporate culture, organisational cognition, organisational symbolism* and *unconscious perspectives of organisations*. These research streams are characterised by different assumptions concerning the nature of organisations and their cultures and fulfil different research objectives.

The view of OC as a **metaphor** has generated three research strands in organisation research, namely, a) the *cognitive perspective*, b) the *symbolic perspective* and c) the *structural and psychodynamic perspective* while the approach of OC as a **critical variable** has encouraged the development of d) *comparative*

management and, e) *corporate culture research*. In the following section, the researcher discusses these different perceptions of OC.

3.4.2 The Use of Metaphors in Organisational Sciences

Metaphors usually explain a topic in terms of another object which is named 'the vehicle' where the topic and vehicle share some characteristics in common (Krefting and Frost, 1985). Several authors have pointed out that the metaphoric process is a fundamental perspective of the human intellect and facilitates learning by allowing people to understand one domain of experience in terms of another (Koch and Deetz, 1981).

Throughout the development of administrative theory and practice, organisational scientists and managers used metaphors to depict organisations (Smircich, 1983). Meadows (1967) proposed that the term 'organisation' is itself a metaphor. The discourse on organisational issues has utilised mainly the organism, or machine analogies for depicting organisations. The mechanical metaphor approaches organisations as consisted of multiple parts, orchestrated to serve and accomplish a certain task. The organism metaphor is grounded on systems theory and suggests that organisations interact with the environment in their attempt to survive. Both the mechanical and organism metaphors are thought to be the historically dominant (Krefting and Frost, 1985) orthodox metaphors for viewing organisations (Morgan, 1986).

Nevertheless, other metaphors have been proposed to conceptualise organisations. For example Morgan (1996), views organisations as theatres for the performance of roles, dramas and scripts (cf. Gilmore and Pine, 1999, *The Experience Economy*), as psychic prisons for organisational members and *as cultures*.

Metaphors have been widely used as a language for considering organisational cultures probably because:

'As relative simple statements rich in their implications, metaphors possess a great potential for capturing the complexity and occasional contradictions of organisational culture, and for doing so in its members' own terms at both cognitive and emotional levels' (Mitroff, 1983). The potential of the metaphoric world in capturing and revealing hidden sides of OC, stimulated organisational scientists to

view OC as something an *organisation is* rather than an organisational attribute i.e., something an *organisation has* (Smircich, 1983). Weick (1985, p. 87) argues: '*Organisations don't have cultures, they are cultures, and this is why they are so difficult to change*'.

OC as a root metaphor goes beyond the instrumental and adaptive perspective of the notion of culture derived from the machine and organism metaphor. It considers organisations as expressive forms of human consciousness, as ideational systems and as symbolic constructs. When theorists deal with these conceptions of OC they borrow themes from cognitive, symbolic and structural anthropology, as well as psychodynamic theories. In cognitive anthropology, OC is proposed to be a set of shared cognition; in symbolic anthropology, it is approached as a system of shared meanings (Geertz, 1973; Pheysy, 1993). Whereas, the structural and psychodynamic theories -represented by Levi-Strauss (1968) and other analysts - define OC as an expression of the unconscious sides of human mind namely the *structures* (Rossi, 1974). The research themes derived from these aspects of OC are briefly outlined below.

a) OC as a metaphor: The Cognitive Perspective

According to Goodenough (1971), OC is a system of shared cognition, knowledge and beliefs. It is described as a unique system of perceiving and organising material phenomena, things, events, behaviours and emotions. The cognitive perspective has been applied in organisational studies and linked to issues of organisational learning. In this context, Argyris and Schön, (1996) characterise organisations as '*cognitive enterprises*'. They developed this idea through case study research in which members of organisations were required to write scenarios describing aspects of organisational life. Hedberg (1981) investigated organisational learning through the dimension of time. He approached OC as a metaphor namely a learning unit and asked the question whether organisations could learn while they travel in different environments. Nevis et al (1995) examined organisations as learning systems and found that knowledge is mainly embedded in the value chain. The study of Deshpande et al (1993, p. 24) operationalised the cognitive aspect of OC to investigate the connection OC with customer orientation and innovativeness in Japanese organisations.

Overall, the cognitive approach to OC combines organisational theory and a branch of cognitive anthropology, particularly ethnoscience, to create a different picture of organisations and to focus on themes of organisational learning (Deshpande and Parasuraman, 1986). The **research questions** of the cognitive perspective usually seek to explore the knowledge structures which, operate in the organisation and the rules and scripts that guide action.

b) OC as a metaphor: The Symbolic Perspective

Anthropologists like Geertz (1973) and Hallowell (1955) see OC as a system of shared meanings and symbols and perceive the task of OC scholars as the interpretation of the contents of OC. Pondy et al (1983) ground the development of organisational symbolism on the capacity of human beings to use verbal and non-verbal symbols for communication. These symbols facilitate interaction of individuals and co-ordination of humans' tasks and activities.

Cohen (1976, p. 23), in his book entitled '*The Two-dimensional Man*' describes symbols: 'as objects, acts, concepts, or linguistic formations that stand ambiguously for a multiplicity of disparate meanings, evoke sentiments and emotions, and impel people to action'. Alternatively, symbols can be viewed as material or non-material entities that represent a conscious or unconscious association with some wider concept or meaning (Hatch, 1997). For example, the logo of Mercedes is associated with the organisation. It is tangible and carries a symbolic meaning that of quality, luxury and prestige.

The symbolic perspective conceives organisations as a pattern of symbolic discourse (Smircich, 1983, p. 350). The '*reading*' of OC entails the association of symbols with meaningful relationships and human activities. In this regard, analysts of organisational symbolism concentrate on how experiences become meaningful for organisational participants.

OC analysis in terms of organisational symbolism usually is based on three basic assumptions (Smircich, 1985 p. 66) with great research implications:

- 1) organisations are representations of humanity like music or art and they can be known through action of appreciation,
- 2) organisations are symbolically constituted worlds, like novels or poems; they can be known through acts of critical reading and interpretation, and

- 3) organisations are symbolic forms, like religion and folklore; they are displays of meanings of life.

The methodology adopted by researchers of organisational symbolism is the subjectivist epistemology. This approach involves discovering how insiders experience, construct and interpret their world. This is what anthropologists refer to as the 'natives' view of the organisation (Gregory, 1983). **Further research directions** linked to symbolic perspective of OC concentrate on the development and sustainability of organisational symbols (Dangridge, 1985) and symbolic discourse.

c) OC as a metaphor: The Structural and Psychodynamic Perspective

Structuralists conceptualise OC as an expression of unconscious dimensions of human mind (Rossi, 1974). From this point of view, OC studies focus on the human mind and aim '*to discover an order of relations that turn a set of bits, which have limited significance of their own into an intelligible whole*' (Turner, 1977). This order is named as *structure*. Since structures are unknown, they are characterised as unconscious infrastructures (Levi-Strauss, 1968). OC demonstrates the working of these unconscious dimensions of human mind and reflects unconscious processes. Krefting and Frost (1985) propose two metaphorical vehicles that render unconscious aspects of OC most explicit. These are shadows (non-dominant aspects of personality) and archetypes (universal psychological images of idealised character types). They support that shadows and archetypes facilitate the analysis of problems encountered in organisational life.

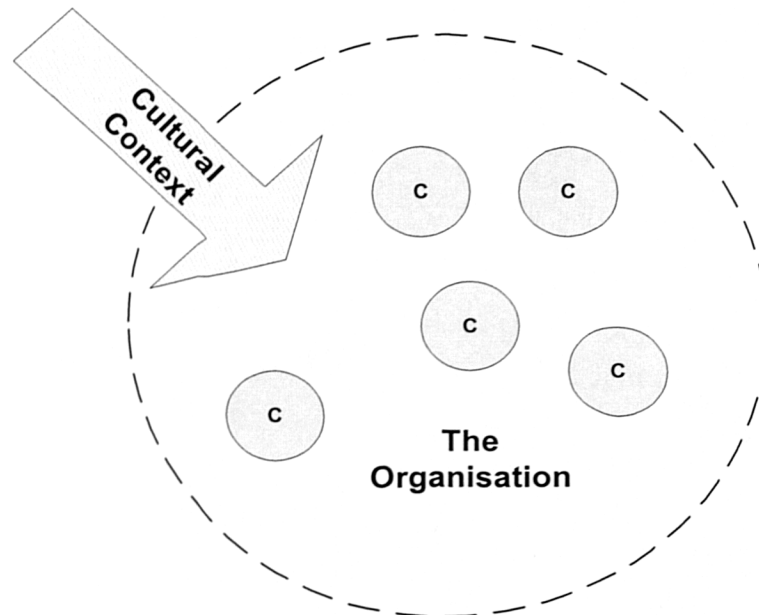
Deshpande and Webster, (1989, p. 8) argue that the main line of research associated with the structural and psychodynamic perspective is to discover '*the structural patterns that link the unconscious human mind with overt manifestations of social arrangements*'. The **research agenda** of this perspective investigates whether organisations are manifestations of deep unconscious processes of human mind and whether elements of OC reveal information about characteristics of human and group intellect.

d) OC as a (Independent) Variable: Comparative Management Studies

In comparative management studies, OC is considered to be a background factor (almost synonymous to the term country). These studies can be classified in two broad categories: those, which investigate the relationship between OC and

structure (micro focus) and those that examine differences and commonalities in beliefs and attitudes of managers in different national contexts (macro-focus).

Figure 3-1: OC and Comparative Management



Source: Adapted from Smircich (1983)

Figure 3-1 illustrates the chief assumption of comparative management. OC is viewed as an independent variable, which is imported in the organisation through membership and is manifested in the actions of organisational participants. Bhagat and McQuaid, (1982), argue in most studies of comparative management the construct of OC is not that well elaborated. The **research agenda** stemming from that perspective of OC focuses on the relationship between national culture and organisational effectiveness (see Ouchi, 1981, Theory Z; Pascale and Athos, 1981, The Art of Japanese Management).

e) OC as a (Internal) Variable: the notion of Corporate Culture

Another way to consider OC is related to the work of researchers who view organisations as culture-producing phenomena (Siehl, 1980). Theorists who propose that organisations produce cultures define the term culture '*as the social and normative glue that holds an organisation together*' (Martin and Siehl, 1983). Viewed in this light, OC is consisted of values and beliefs, which are manifested in language and organisational vocabulary (Pettigrew, 1979), rites and rituals (Deal and Kennedy, 1982), stories (Mitroff and Kilman, 1976), legends and physical

arrangements (Gagliardi, 1986). OC conceived in terms of values and beliefs serves several functions:

- ✓ It conveys a sense of identity for organisational members (Deal and Kennedy, 1982; Peters and Waterman, 1982),
- ✓ It facilitates social stability and control (Louis, 1980),
- ✓ It accommodates the creation of commitment among organisational participants (Deal and Kennedy, 1982; Peters and Waterman, 1982),
- ✓ It operates as a sense-making device, providing a shared frame of reference for communication and organisational behaviour.

This stream of research suggests that OC is a key lever for managers in order to influence and direct the course of their organisations (Smircich, 1983). It is frequently quoted that firms with cohesive corporate cultures perform highly in the market place. This approach to OC has been adopted in systems thinking, as it emphasises the adaptation of the organisation in the contingencies of the environment.

The overall **research agenda** arising from the view of OC as an internal variable is how to mould and change OC consistent with managerial purposes. This line of research has often been subjected to criticism by proponents of the idea that it is unethical to speak of cultural management (cf. Martin, 1985). Still, research on corporate culture has rendered useful findings regarding the role of managers in dealing with functions and implications of OC in organisational life (Krefting and Frost, 1985).

3.4.3 Typology 2: The Contribution of Organisational and Management Theory to OC

The science of cultural anthropology holds a fundamental role in the development of the concept of OC within the firm. The typology on schools of thought discussed in this section has its roots in cultural anthropology research and is based on a classification developed by Allaire and Firsirotu (1984). Allaire and Firsirotu (1984), build on the seminal classification of OC perspectives proposed by Keesing (1974). Keesing (1974) puts forward a list of schools of thought with the purpose of providing a useful tool for understanding the pluralism of OC literature.

The first distinction drawn in Keesing's (1974) classification is between the theorists who perceive OC as a part of the social system and those who view it as a separate ideational construct. The former perspective integrates the cultural and social spheres into a sociocultural system this is illustrated in figure 3-2 which demonstrates using the words of Allaire and Firsirotu (1984, p. 144) '*the cultural system swallowed into the social system and vice versa*'. Geertz (1973, p. 144) has been a warm proponent of this approach to OC. He cites that:

'Though separable only conceptually, culture and social structure will then be seen to be capable of a wide range of modes of integration with one another, of which the simple isomorphic mode is but a limiting case – a case common only in societies which have been stable over such an extended time as to make a close adjustment between social and cultural aspects. In most societies, where change is a characteristic rather than abnormal occurrence, we shall expect to find more or less radical discontinuities between the two'.

However, the discontinuities between the social and the cultural system mentioned above encouraged the development of the ideational approach to OC. This approach conceptualises OC as a separate set of ideas from that of the social realm. The typology proposed by Allaire and Firsirotu (1984) presents the conception of OC and the main exponents -scholars and researchers - for each school of thought. For better understanding of the term of OC, the researcher discusses the links of each OC approach to organisation and management literature (table 3-3).

Table 3-3: Schools of Thought Based on the Typology of Allaire and Firsirotu (1984)

Schools of Thought	Definitions of Culture	Links to OC & Management Literature	Main Theorists and Researchers in Organisation & Management Theory
<i>a) Organisations as Sociocultural Systems</i>			
Functionalist (Malinowski)	Culture is an instrumental apparatus by which a person is put in a better position to cope with the concrete specific problems faced in the course of need satisfaction. Main manifestations of culture (institutions, myths, etc) are to be explained by reference to the basic needs of human beings.	The sociocultural system of organisations will, or ought to, reflect man's quest for the need of satisfaction through work and organisational participation. Organisations are theatres for the playing out of man's needs. To some extent, organisations are social enactments of participants' quest need for satisfaction.	<ul style="list-style-type: none"> * Human Relations School (Mayo, Roethlisberger) * Social Man School (Homans; Zaleznik) * Self Actualising Man (Maslow; Likert; Argyris) * McClelland on entrepreneurial and managerial motivations * The Business Policy field (Andrews, Gurrth, Christensen, Henderson)
Structural Functionalist (Radcliffe- Brown)	Culture is made of those mechanisms by which an individual acquires mental characteristics (e.g. values, beliefs) and habits that fit him for participation in social life; it is a component of a social system which also includes social structures, to maintain an orderly social life, and adaptation mechanisms, to maintain society's equilibrium with its physical environment.	An organisation is a purposive social system with a 'value' subsystem which implies acceptance of the generalised values of the superordinate system and which thus legitimises the place and role of the organisation in the larger social system. Organisations are functional enactments of society's legitimating values and myths.	<ul style="list-style-type: none"> * The Structural-Functionalist School (Parsons; Barnard; Crozier) * Complex Man (Schein; Bennis)

Table 3-3: Schools of Thought Based on the Typology of Allaire and Firsirotu (1984) (cont'd)

Schools of Thought	Definitions of Culture	Links to OC & Management Literature	Main Theorists and Researchers in Organisation & Management Theory
Ecological – Adaptationist (White, Rappaport, Vayda, Harris)	Culture is a system of socially transmitted behaviour patterns that serve to relate human communities to their ecological settings. Sociocultural systems and their environments are solved in dialectic interplay, in a process of feedback or reciprocal causality.	Organisations are social enactments of ideational designs-for-action in particular environments. They take on varied forms through a continuous process of adaptation to critical environmental factors (which include the society's culture). Disparities in these broadly defined environments result in different organisation forms and strategies in a never ending, and sometimes unsuccessful, quest for fit and equilibrium between the organisation and its environment	<ul style="list-style-type: none"> * Open Systems Theory (Katz and Kahn) * Contingency theorists (Thompson; Perrow; Blau and Scott) * Cross Cultural Studies of Organisations (Pascale; Tannenebaum) * The Socio-Technical System Perspectives (Miller and Rice) * The Population Ecology School (Aldrich) * The School of Organisation-Environment relations (Pfeffer and Salancik)
<i>a) Organisations as Sociocultural Systems</i>			

Table 3-3: Schools of Thought Based on the Typology of Allaire and Firsirotu (1984) (cont'd)

Schools of Thought	Definitions of Culture	Links to OC & Management Literature	Main Theorists and Researchers in Organisation & Management Theory
<i>a) Organisations as Sociocultural Systems</i>			
Historical Diffusionist (Boas, Benedict, Kluckhohn, Kroeber)	Culture consists of temporal, interactive superorganic and autonomous configurations or forms which have been produced by historical circumstances and processes.	Organisational forms arise and vanish in the ebb and flow of historical circumstances. Specific patterns of organisational cultures and strategies are characteristics of historical phases of the organisation. Organisations are social actualisations of their genesis and historical transformations.	* Chandler * Stinchcombe * Scott * Filley and House
<i>b) OC as an Ideational System</i>			
Structuralism (Levi – Strauss)	Universal but unconscious principles of mind generate cultural elaborations and artefacts, the diversity of which results from the permutations and transformations of formally processes and latent structures. Since all cultures are the product of human brain, there must be features that are common to all cultures.	The organisational cultures and processes reflect the characteristics and limitations of human cognitive processes.	* March and Simon's cognitive assumptions * Cognitive style research (McKenney and Keen; Kolb) * The Managerial Mind (Summer, O'Connell and Perry)

Table 3-3: Schools of Thought Based on the Typology of Allaire and Firsirotu (1984) (cont'd)

Schools of Thought	Definitions of Culture	Links to OC & Management Literature	Main Theorists and Researchers in Organisation & Management Theory
<i>b) OC as an Ideational System</i>			
Mutual Equivalence Structure (Wallace)	Culture is a set of standard cognitive processes which create the general framework that enables a capacity for mutual prediction and interlocked behaviour among individuals.	Organisations are settings of intersection and synchronisation of individual utility functions, the somewhat fortuitous sites where actors' micro -motives coalesce into organisational macro - behaviour. Coordination of behaviour occurs not through a sharing of goals but through the elaboration of mutually predictive cognitive structures.	* The concepts of 'causal maps' and 'calculus of participation' (Barnard; Etzioni; March and Simon; Silverman)
Symbolic (Geertz, Schneider)	Culture is the fabric of meaning in terms of which human beings interpret their action. Culture should not be looked for in people's heads but in the <i>meanings</i> of shared by interacting social actors.	Organisational cultures result from their particular history and past or present leadership create and sustain systems of symbols which serve to interpret and give meaning to members' subjective experiences. Organisational cultures are social creations and constructions emerging from actors' sense - making out of ongoing streams of actions and interactions.	* Interpretive Sociology of organisations (Weber; Silverman) * Institutional school (Clark; Pettigrew; Sellzick) * Phenomenology, Symbolic Interactionism and Ethnomethodology (Burrell and Morgan; Smircich)

Source: Adapted from Allaire and Firsirotu (1984)

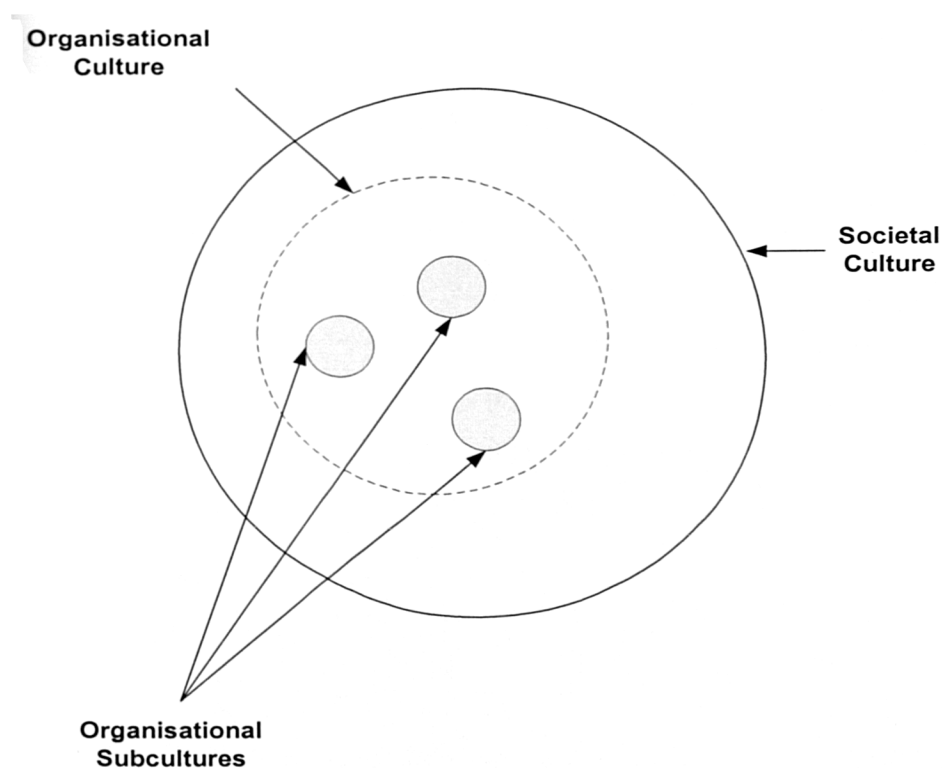
a) Organisations as Sociocultural Systems

The sociocultural perspective of OC was the dominant view in the early work of organisation theory literature (Allaire and Firsirotu, 1984). The scholars in this approach can be clustered in four schools. These are

- ✓ the functionalist school,
- ✓ the structural - functionalist school,
- ✓ the ecological - adaptationist school, and
- ✓ the historical - diffusionist school.

The first two schools concentrate on the study of OC at a specific time or setting and are characterised as the synchronic approaches to OC. In contrast the diachronic school, comprised of the ecological–adaptationist and the historical–diffusionist perspective emphasise on the dynamic nature of OC.

Figure 3-2: The Sociocultural System-OC meshed into the Societal Sphere



Source: Hatch (1997)

✓ **The Functionalist School**

The *Functionalist School* of Malinowski (1944) defines culture as an 'instrumental apparatus', which serves human biological and psychological needs. In Malinowski's postulate of functionalism, there is a universal set of human needs; and myths, institutions and values are considered in reference to these needs. The sociocultural system of the organisation ought to reflect the man's quest for need satisfaction through work and organisational participation (Allaire and Firsirotu, 1984). The *Human Relations School* of Mayo (1933) and Roethlisberger (1968) is grounded on that idea. The great economic depression of the 1920s led a group of scholars to pay attention to the social factors at work and the employees' behaviour in the organisation. These constituted the Human Relations School which became known from Hawthorne experiments. Whereas supporters of the classical management approaches sought to increase productivity through the process of rationalisation, the Human Relations movement was an eloquent proponent of humanising the work organisation in order to increase production. Human Relations writers manifested that people go to work to satisfy miscellaneous needs and not only for monetary purposes. They emphasised the significance of social needs of individuals and gave recognition to the firm as a social organisation where groups are shaping values and beliefs (Mullins, 1996). For organisations to thrive it is essential to accommodate structures and processes that satisfy the needs of internal customers and pay attention to informal activities such as the formation of work groups (Silverman, 1987). The School of Human Relations put forward ideas concerning the importance of the informal side of the organisation such as leadership, communication, motivation, job-design and provided insights for the increase of employee's satisfaction at workplace (Mullins, 1999). However, the belief that a satisfied worker is a productive one, was not always found to be valid.

The Human Relations perspective has been subjected to severe criticism. Hawthorne experiments have been criticised for failing to investigate sufficiently the environmental factors influencing the behaviour of organisational participants. Moreover they ignored the role of the organisation itself in how society operates. The deficiencies of the Human Relations approach challenged theorists to approach the psychological dimension of human nature. Organisational psychology, often termed

as the Neo-Human Relational School, is the immediate intellectual descendant of the Harvard group of Mayo (1933) and Roethlisberger (1968). Both the Human Relationists and the Neo - Human Relationists opposed to the Classical management approach which views man as an economic creature motivated by economic incentives and limited in his pursuit of gain only by physiological capacities (Silverman, 1987).

Among the best-known proponents of the Neo-Human Relations approach are Argyris (1966), Hedberg (1979) and Likert (1967) who extended Maslow's (1954) classification of human needs. The Neo-Human Relationships perspective advanced the theory of the Human Relationists by considering human needs as a multidimensional construct of formal structure of an organisation and proposing alterations that would serve these needs.

To sum up the functionalist school views OC as an instrument utilised to satisfy human needs. For organisations to develop, it is essential to accommodate organisational cultures that serve this purpose. The contributions of functionalists to modern theory and research of organisations are summarised in the following statements (Morgan, 1989):

- The functionalist approach offers a language for management and control of organisations.
- The functionalist approach provides means for social actors to assess and understand the organisational reality they live in.
- The functionalist approach has a regulative orientation which offers guidelines for organisational action.
- The functionalist approach attempts to create stability and certainty in the organisation.

✓ **The Structural-Functionalist School**

The Structural-Functionalist school emerged from the theoretical critique on Hawthorne studies of work group behaviour. This critique has initiated two research streams for the study of organisations. According to the *first perspective*, participants' behaviour in the organisation could be explained in terms of perceived interests and conflicts between actors. Based on the *second perspective*, it is possible to observe human interaction by considering organisations as a system of interrelated

activities. Hence, the phenomenon of analysis is the relationship between the activities and the system needs in order to investigate the adjustments of one to the other.

The Structural – Fuctionalist School regards OC as an adaptive regulatory mechanism, which enables individuals to live in a certain social setting. OC is comprised of mechanisms by which individuals acquire mental characteristics (values and beliefs) and habits that facilitate participation in social life. The concept of OC is meshed in the social realm and includes a social structure component, which eases functioning and adaptation in the external environment. Organisations are social systems that fit in larger suprasystems. Order between the systems is achieved by the integration of the personality and cultural system in the social system. Parson writes that the organisation system of values ‘must be by definition a sub-value system of a higher-order, since the organisation is always defined as a subsystem of a more comprehensive social system’ (Parson, 1960). Smircich, (1983), argues that from the angle of structural-functionalism, organisations are adaptive organisms existing in a constant interaction with the environment (statement which brings to mind the systems theory).

An application of the Structural - Fuctionalist School is the complex man model which has been developed by Schein (1992). Schein (1992) suggests that human needs vary among different people and different stages of their life. As such, motivation mechanisms may vary as well. He argues that employees respond to different to management initiatives and learn from organisation’s experiences. The complex man theory is incorporated within the Structuralist – Functionalist approach because it presumes that employees acquire mental characteristics and learn from organisational experiences. These processes facilitate participation in the organisational and social life and reflect upon OC (Schein, 1992).

✓ **The Ecological – Adaptationist**

The Ecological-Adaptationist school sees culture ‘as a system of socially transmitted patterns that relate human communities to their ecological settings’ (Allaire and Firsirotu, 1984, p. 201). Sociocultural systems and their environments interact in a process of feedback and reciprocal causality. Organisations adapt in viable configurations in their attempt to survive. Disorders in the external

surroundings encourage a constant interplay and the quest for equilibrium in the system. The systems approach incorporated in that school treats organisations as a total of different subsystems spanning the entire organisation and providing a link with the external environment. Systems can be considered in two ways: close and open. Close systems apply frequently in physical sciences. Biological and social systems are characterised to be open, they receive inputs from the environment and transform them to certain outputs which are streamed as feedback. The open system achieves a steady state or a dynamic equilibrium while retaining the capacity for work or energy transformation (Kast and Rosenweig, 1973).

The systems approach is often used to study the relationship between technical and social systems inside the organisation. It highlights the interrelationship of subsystems and multiple channels of interaction and acknowledges the importance of the external environment. The contingency theory builds on the principles of systems theory. For contingency theorists, such as Thompson (1967) organisations could be portrayed as open systems, faced with uncertainty but at the same time subject to criteria of rationality. The needs of each organisation are different and administration in order to achieve the desired co-ordination of core activities and transactions with the external world may vary depending on the OC of the firm.

The classical approach to management stressed the importance of formal structures for organisation effectiveness. In contrast, contingency approach argues that there is no such thing as *the best structure*. There are a number of variables that affect organisation design and effectiveness which differ according to ecological setting and organisation members. Extending the theoretical assumptions of contingency theory, the Aston group initiated by social psychologist Derek Pugh, investigated certain research issues relating to organisational cultures and structures. The Aston Group has ended up with three conclusions:

- 1) organisations and their members are changing and complex, so for their study it essential to consider a number of attributes,
- 2) because members of organisations come and go it is appropriate to focus on non personal aspects of institutions in order to extract conclusions about their operations,

- 3) since organisations are working wholes they and their members should be considered from several dimensions. Organisation Theory has embraced the attempt of the Aston Group (Pugh and Hickson, 1996) but simultaneously expressed reservations about its quantitative methodological orientation.

The Population Ecology School vividly manifests the idea of organisational adaptation in several ecological settings. It recognises that for society to survive, it is expected to develop new forms of organisations; among those fittest survive and the weakest decay. In that sense the 'Darwinian Evolution Proposition' determines the constituent organisations of society. The implications of this school of thought are applicable to OC and organisational conflict studies. The hypothesis of cultural domination presupposes a conflict of cultures within the organisation and the prevailing of the fittest OC. Organisational change is further implemented if the dominant OC differs from the previously existing one.

✓ **The Historical-Diffusionist School**

Based on the Historical-Diffusionist School, an organisations' evolution is considered as a result of historical factors rather than adaptation processes. The historical - diffusionists view OC as an 'interactive temporal, superorganic and autonomous configuration or form which has been produced by historical circumstances and processes' (Allaire and Firsirotu, 1984, p. 201).

Organisations form, appear and vanish over time and certain strategies and structures are justified according to historical phases of organisations. Organisations are social enactments of their genesis and historical transformations. Although there are not management schools that correspond exactly to this thesis, some scholars individually were occupied with historical research in organisations. Chandler's (1962) analysis to organisations is of historical content. Chandler (1962) defines structure in terms of strategy suggesting that structures administer the activities which, arise from adopted strategies (Pugh and Hickson, 1996). After a longitudinal look in several cases, Chandler (1962) illustrated a number of points for organisational change and innovation and structural development.

b) OC as an Ideational System

When OC is approached as an ideational system the emphasis of the literature is placed on organisational members, the symbolic aspects and the interpretation of OC manifestations. Theorists have drawn analogies from cognitive, symbolic and structural anthropology and ended up that culture is a dynamic and symbol-laden construct and a set of functional cognitions (Goodenough, 1971; Wallace, 1970), or a deep set of unconscious structures of mind (Levi-Strauss, 1968). In these ways OC is seen as a metaphor namely something an *organisation is* (Smircich, 1983).

✓ The Cognitive School

The cognitive orientation considers OC as a set of shared cognitions or a system of knowledge and beliefs; '*culture is the form of things that people have in mind, their model for perceiving, relating and otherwise interpreting*' (Allaire and Firsirotu, 1984, p. 219). Culture is approached as a unique system for perceiving and organising material, phenomena, events behaviour and emotions. It entails whatever individuals have to know in order to act in an acceptable manner in the organisation.

The cognitive school refers to OC as a product of human mind, which provides a framework for social behaviour and activity. It is comprised of norms, beliefs and experiences of the real world structured in certain ways to provide an understanding of how members enact in the organisation reality. In that sense, OC resides in the minds of individuals.

The cognitive orientation to OC encouraged research primarily into two directions. These are 1) organisational climate and 2) organisational learning (Allaire and Firsirotu, 1984).

As far as the first direction is concerned, the notion of organisational climate has been approached as a neighbouring term to that OC. Climate is thought to be a widely shared perception of organisation's characteristics. Research on organisational climate has partially served to operationalise and give empirical basis to the notion of OC in the organisation (Wallace et al, 1999). Regarding the second direction, namely organisational learning, scholars associated with the cognitive school (e.g. Argyris and Schön, 1996; Goodenough, 1971) contemplate organisations as cognitive settings. Viewing organisations as learning systems has opened new horizons in understanding organisational functioning and change (Smircich, 1983).

✓ **The Structuralist School**

For structuralists, OC takes the form of shared symbolic systems, which are creations of mind and a product of psychological processes. This is the base for the structural anthropologic approach which assumes that universal but unconscious principles of mind generate cultural artefacts and elaborations. Since cultures are creations of the mind they tend to converge in some features. The structures and processes of human intellect are unknown and labelled as 'unconscious infrastructures' (Rossi 1974). According to structuralists, the study of structures is the key for understanding the human mind and the concept of culture.

✓ **The School of Mutual-Equivalence**

This orientation is grounded on the thesis that OC is a set of standardised, instrumental cognitions predictive of human behaviour, which facilitate individuals in pursuing different goals to co-operate and participate in the social life of the community (Allaire and Firsirotu, 1984). The concept of OC is sterile of shared values and beliefs as well as common goals. It limits itself to the set of cognitive processes that predict individuals' behaviour.

This school of OC is associated with the view that organisations are means for individuals to pursue certain ends. Organisations are settings of intersection and synchronisation of individual utility functions, the somewhat fortuitous site where actors' micro-motives coalesce into organisational macro-behaviour (Allaire and Firsirotu, 1984). In that sense, members' behaviour is orchestrated not through shared purposes but through cognitive processes which provide a framework for mutual prediction among individuals.

✓ **The Symbolic School**

An alternative approach to OC has been proposed by the symbolic or interpretative school. According to the symbolic orientation, OC does not reside in the mind of organisational members rather than it should be explored in the shared meanings and activities of the social actors. Geertz (1973, p. 145) conceptualises culture within organisations and institutions as '*the fabric of meanings in terms of which human beings interpret their experience and guide their action*'. By the same token, Pettigrew (1979) perceives OC as a system of meanings operating for a given group at a given time.

To sum up, representatives of this school view organisations as being created through symbolic discourse, thus organisations are not defined purely on economic basis rather than in terms of their expressive, ideational and symbolic aspects (Deshpande et al, 1989).

3.4.4. A last comment

In this review of the typologies of organisational cultures the term ‘school of thought’ has been widely used. However, it should be noted that the distinction between the schools of thought is not always clear and sometimes there is not a complete uniformity on the ideas among various contributors in each school of thought (e.g. the Historical Diffusionist School). Probably the term ‘*approaches*’ is more indicative of the obscure lines between different classifications. The term ‘schools of thought’ was selected in this literature review since it coheres with the views of by Keesing (1972), Allaire and Firsirotu (1984) and Smircich (1983) who developed the discussed typologies.

To enhance readers’ understanding on the classifications discussed in *part 2*, of the chapter, the researcher provides a comparative view (Table 3-4) of the typologies proposed by Smircich (1983) and Allaire and Firsirotu (1984)

Table 3-4: The Overlap between the Typologies of Smircich (1983) and Allaire & Firsirotu (1984)

Allaire and Firsirotu (1984)	Anthropological Perspectives	Smircich (1983)
Culture as a Socio-Cultural System		Culture as a Critical Variable
Functionalist School	Functionalist School	Comparative Studies
(Mayo, Roethlisberger)	(Malinowki)	(Ouchi, Pascale & Athos)
Structural-Functionalist	Structural-Functionalist	Corporate Culture
(Barnard)	(Radcliffe-Brown)	(Deal & Kennedy, Peters & Waterman)
Ecological-Adaptationist	Ecological-Adaptationist	
(Burn & Stalker)	(Rappaport, White)	
Historical-Diffusionist	Historical-Diffusionist	
(Chandler)	(Boas, Benedict, Kroeber)	
Culture as an Ideational System		Culture as a Root metaphor
Cognitive	Cognitive	Organisational Cognition
(James & Jones)	(Goodenough)	(Argyris & Schön, Weick)
Structuralist Approach	Structuralist Approach	Unconscious Processes & Organisations
(McKenney & Keen)	(Levi-Strauss)	(Rossi)
Mutual-Equivalence	Mutual-Equivalence	
(Ouchi, Weick)	(Wallace)	
Symbolism	Symbolic Perspective	Organisational Symbolism
(Brown, Turner)	(Geertz)	(Smircich, Van Maanen)

Source: The author

➤ *Part 3*

3.5 Conceptual Frameworks of OC

In this section of the literature review, the researcher presents and discusses three frameworks of OC and elaborates on their key concepts. Although arguments against conceptual models of OC have been articulated in the relevant literature on the ground that they oversimplify the OC phenomenon, such models hold an important role in guiding, stimulating and generating theory and empirical research (Hatch, 1993).

The multiplicity of OC conceptualisations illustrates the variety of concepts associated with OC and the multiple levels of the construct. Three conceptual frameworks of OC are presented in this section. These frameworks are developed by Hofstede (1992), Schein (1985), and Allaire and Firsirotu (1984). Particularly, Hofstede's model of OC is discussed as this framework has been widely used and operationalised in studies of organisation theory research (Brinkman, 1999). Schein (1985) developed the second framework presented in this section with the purpose of exploring and intervening the OC of firms. This framework has been particularly influential in organisation theory research and characterised as 'the only conceptual model ever offered' (Hatch, 1993, p. 658). The last conceptual framework discussed in this section, has been proposed by Allaire and Firsirotu (1984). This framework is included in this analysis since it builds upon the schools of thought typology presented at the previous part of this chapter.

3.5.1 Conceptual Frameworks of OC: Hofstede's Conceptualisation

Hofstede has been usually related to studies of national culture but his contribution to OC research is of considerable importance. In his national culture project, Hofstede applied factor analysis on a set of 32 work-related values and practices of culture selected from a matched sample of IBM employees in 40 countries, between the years 1967-1973. The data input was based on 116,000 filled questionnaires collected in two successive rounds. In this analysis 4 dimensions of national culture surfaced: power distance, individualism vs. collectivism, masculinity vs. femininity, and uncertainty avoidance. Contrary to the IBM international project, Hofstede's research on OC builds upon a sample of 2 countries (the national culture effect was eliminated during the stage of data elaboration taking into consideration

the results of his previous cross-national study) namely, the Netherlands and Denmark. Twenty organisational units participated in the OC study conducted by Hofstede et al (1990). The research involved was developed in two phases. The first phase entailed in-depth interviews with 9 key informants in each organisational unit covering several layers of hierarchy. This phase provided material for further scrutiny in the questionnaire survey phase. The second phase of the research was a questionnaire survey which recalled information for four types of manifestations of OC such as **symbols, heroes, rituals and values**. These key concepts compose Hofstede's conceptual approach to OC. Hofstede (1994, p. 286), suggests that there is no standard definition of OC and argues that scholars tend to consider OC as:

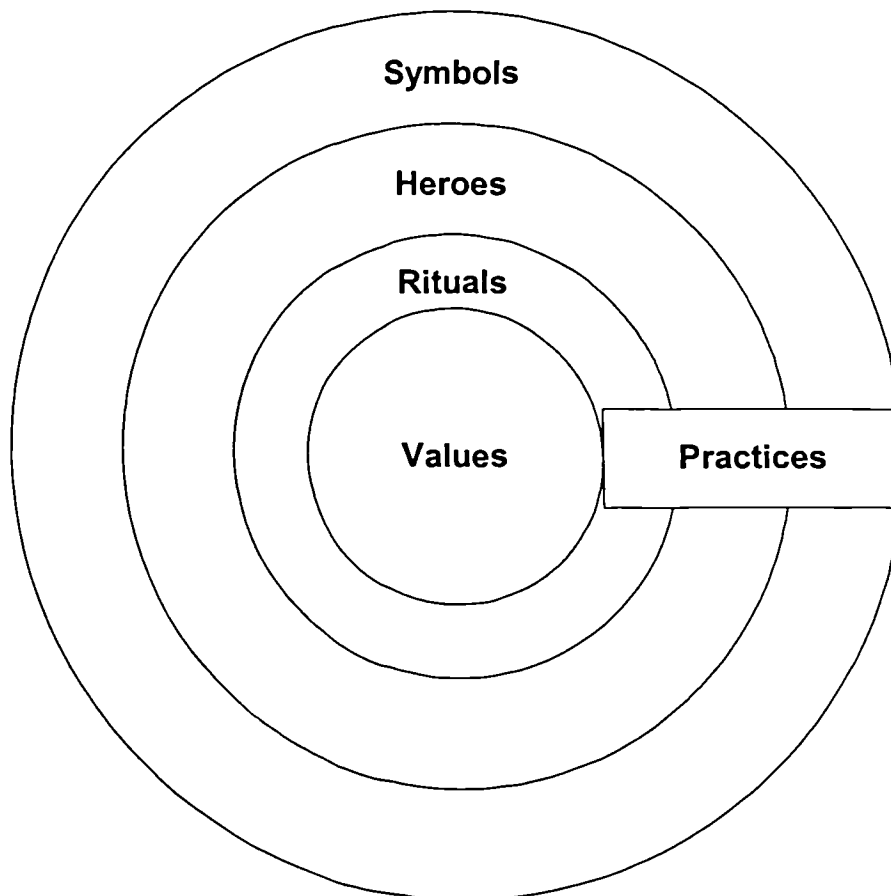
- holistic, referring to a whole which is more than the sum of its parts,
- historically determined, reflecting the history of the organisation,
- related to the things that anthropologists study like rituals and symbols,
- socially constructed, created and preserved by the group of people who together form, the organisation,
- soft,
- difficult to change.

From a general point of view, Hofstede defines OC "*as the collective programming of mind, which distinguishes the members of one organisation from another*" (1994, p.7). Hofstede acknowledges OC as a characteristic of the organisation, which is expressed and measured from verbal or non-verbal behaviour of individuals. Hofstede classifies the manifestations of OC from a shallow to deeper level into four categories: *symbols, heroes, rituals* and *values* (Figure 3-3). These manifestations constitute his framework of OC.

Symbols are words, acts, gestures or objects that have a particular interpretation within an OC. The meaning of the term symbol roots from anthropology; symbols are 'objects, acts, relationships, or linguistic formations that stand ambiguously for a multiplicity of meanings, evoke emotions and impel action' (Cohen, 1976). Anthropologists explore the way symbols are connected in meaningful relationships and show how they relate to human activities of people in certain environments (Smircich, 1983).

Organisations from their generation to their decay attach meanings and values to certain components and activities of organisational life. The symbols emerging from this process constitute the organisation's vocabulary, the design of the work setting, the organisational jargon and myths.

Figure 3-3: Manifestations of Culture: From shallow to deep



Source: Hofstede et al (1990)

Heroes are individuals (dead or alive, real or imaginary) who serve as models for behaviour and this because they possess certain characteristics which are thought to be virtues for the certain organisation. Frequently entrepreneurs are portrayed as heroes (Pettigrew, 1979; Deal and Kennedy, 1982).

Rituals according to Hofstede (1990, p. 291) are 'collective activities that are technically superfluous but are socially essential within a culture-they are therefore carried out for their own sake'. Alternatively, rituals may be perceived as 'the symbolic use of bodily movement and gesture in a social situation to

express and articulate meaning' (Bocock 1974). Sometimes rituals are viewed as repetitive activities, lacking a specific meaning for those who are not participants in the organisation (Trice and Harrison, 1992). Rituals make relationships among organisational members more conventional, offer a feeling of belonging and reinforce organisational values. Symbols, heroes and rituals are described in one word as practices, because they are visible manifestations of OC.

Values lie at the heart of Hofstede's conceptual model of OC. They represent 'abstract preferences' and broader tendencies to prefer certain states of affair to others (Hofstede, 1998, p. 487). Values are general, non-specific feelings of good and evil, beautiful and ugly; feelings that are often 'unconscious, rarely discussible' and difficult to observe. Hofstede cites that the term value is a construct (1998, p. 487) not directly accessible to observation but inferable from verbal statements (Hofstede, 1998). This possibly explains why values are seen as the core element of OC. In fact, OC is reinforced through the system of values, symbols, rituals and patterns of communication (Mullins, 1999).

The study conducted by Hofstede et al (1990) proposed a six-dimensional construct of OC defined as shared practices: symbols, heroes and rituals that carry a specific meaning for the organisational unit. In contrast to the writings in the existing literature that seem to acknowledge assumptions and values the as the most important elements of OC, the empirical findings of Hofstede et al (1990) put forward that daily practices are core aspect of OC. This is justified on the line of the argument that managers and leaders form OC which subsequently influences the behaviour of members through practices. In short, founders' and leaders' values become shared practices for the employees (Hofstede et al, 1990).

It should be noted that the seminal study of Hofstede et al (1990) that generated the OC conceptual model has been subjected to criticism by a number of academics. First, a number of authors highlighted that the dimensions proposed in Hofstede's et al (1990) framework might have been products of the period that the research was administered and not deeply embedded manifestations of the firm's OC (Korman, 1985; Robinson, 1983; Sorge, 1983). Second, there is controversy whether OC values can be inferred from quantitative attitudinal questionnaire surveys (Schooler, 1983). Regardless, the study by

Hofstede et al (1990) has inspired and encouraged a variety of studies in the organisation theory (Schultz, 1994).

3.5.2 Conceptual Frameworks of OC: Schein's Conceptualisation

Schein (1985, p. 9) defines OC as *'the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore to be tough to new members as the correct way to perceive, think and feel in relation to those problems'*. External adaptation problems determine the group's survival in the environment while internal integration problems refer to the group's capacity to manage itself. Both problems are interrelated and OC serves to offer solutions to these two problematic areas (Schein, 1985).

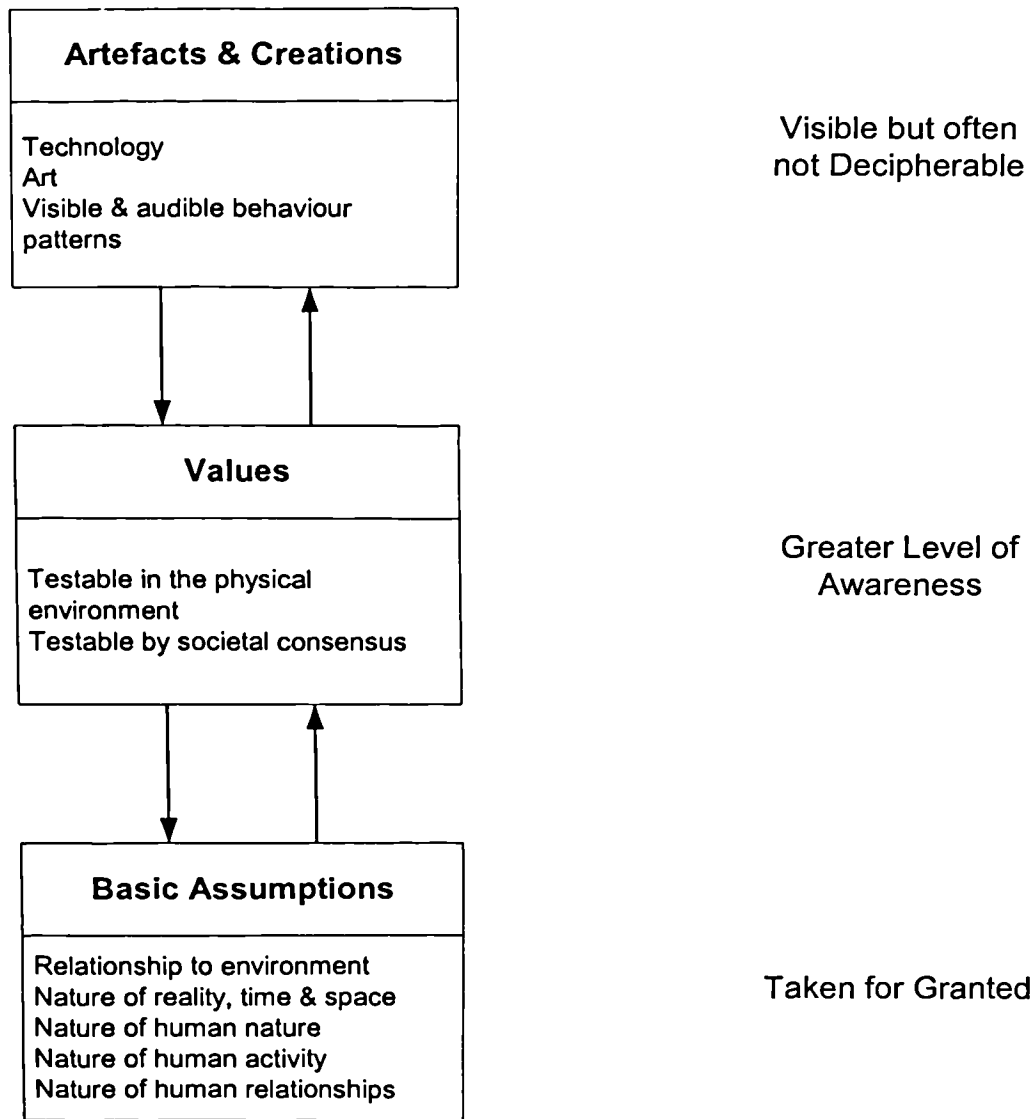
According to Schein (1985), OC exists simultaneously on three levels namely *assumptions, values* and *artefacts*. Schein's (1985) model emphasises distinguishable categories of OC which have commonly become known as the three components of OC (Ott, 1989). Schein's model of the three components has been influential in the study of OC and has been described as *'one of the only conceptual models ever offered'* (Hatch, 1993, p.658)

On the surface of OC are artefacts, underneath artefacts are values and at the nucleus are basic assumptions. **Artefacts** are visible elements of OC like buildings, architecture, technology, office arrangements, language, stories, rituals dressing code, behaviour patterns and documentation that are created by the organisation and have a symbolic meaning. Schein (1984, p. 3) characterises the analysis of artefacts *'tricky'* because data in this level of OC is often easy to obtain but hard to interpret. It is not always difficult to observe the way buildings are constructed or people behave but it is difficult to understand the underlying logic hidden in these expressions of culture.

Going more in depth in the OC involves looking at specific values that govern behaviours of organisational members. Values are hard to observe directly. This imposes a different methodology, which entails interviewing key members and informants in the organisation as well as content-analysing verbal material such as organisational documents (Schein, 1992). Values could be considered as similar to

beliefs with a 'should be' implication (Sathe, 1983). In other words, values describe respondents' feelings on how a situation or a statement 'should be' based on aspirations and desirable outcomes.

Figure 3-4: The Levels of OC and their Interaction



Source: Schein (1985)

Gagliardi (1986) proposed that the generation of organisational values is performed in four stages. In the first phase and while an organisation is created a specific set of beliefs is proposed - this is usually described with the term vision which becomes a point of reference and a criterion for evaluation of performance. These beliefs are defined on a cause-effect basis (i.e., innovative companies achieve high market share). They stem from knowledge and experience of the leaders and although they direct action they might be only partially accepted by other members in the organisation. If this proposed set of beliefs leads to desired results, the organisational participants gradually embrace it. Values' influence is experienced widely almost in every form of organisation and individual's activities.

In the second phase and while results continue to be successful; organisational members redirect their focus from effect (i.e. evidence of validity of each belief) to cause (the idea on which the value is grounded). The effect becomes less important while the cause (according to the previous example innovation) becomes ideal and inspires organisational activities. In the third phase, organisations focus on the cause and not the effect (Gagliardi, 1986). In the fourth phase, values are widely shared and are more taken for granted. These values automatically direct behaviour and become *assumptions* (Schein, 1985).

Assumptions are unconscious and taken for granted elements of OC that determine how members behave, think and feel. This is not due to the repression but happens due to repetitive cognitive processes which progressively set these values unconscious (Schein, 1985).

Assumptions are clustered into five categories (Schein, 1985):

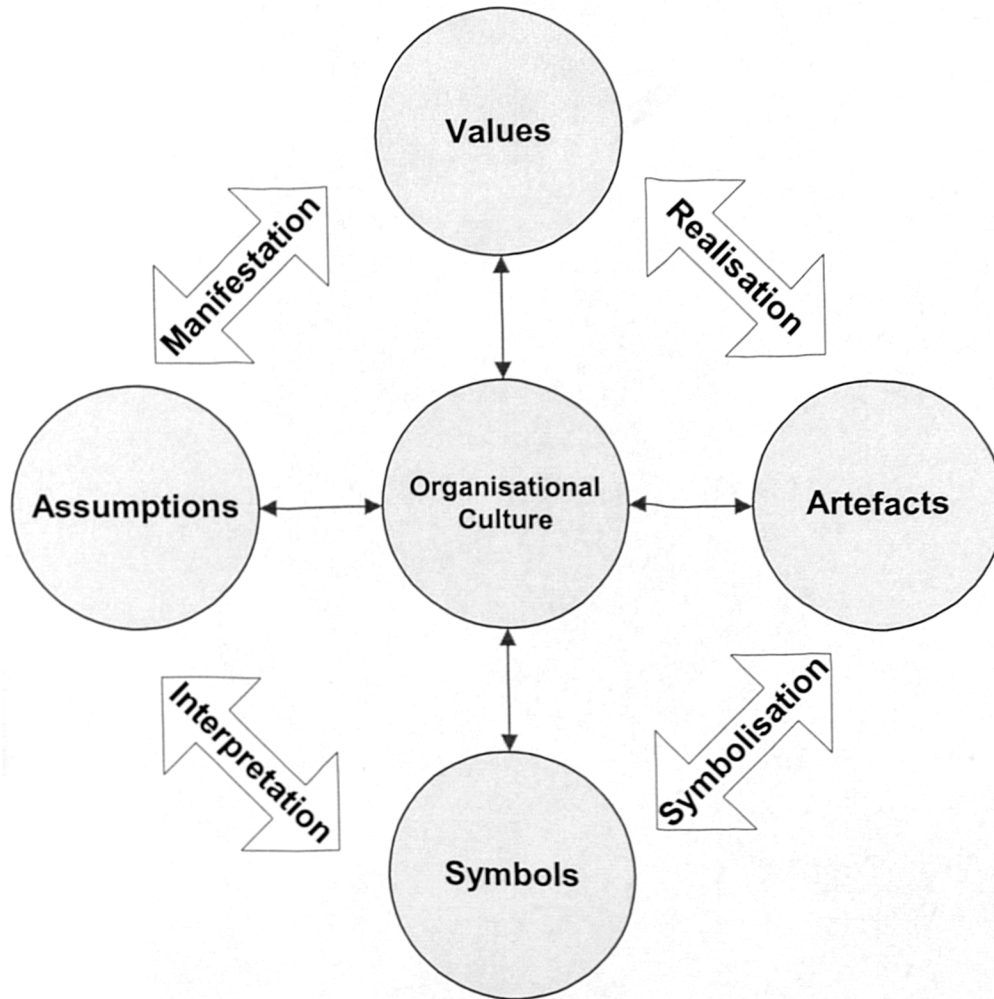
- 1) The organisation's relationship to the environment referring to basic assumptions about the relationship of humans with nature. This relationship could be considered as one of dominance, submission and harmony.
- 2) The nature of reality and truth is concerned with the verbal and behavioural rules defining what is a 'fact' or 'truth' and how time and space are perceived.
- 3) The nature of human which answers the question 'What does it mean to be human?'

- 4) The nature of human activity determines the right thing to do according to the previous assumptions on reality, environment and human nature.
- 5) The nature of human relationship touches the issue of human interaction and considers the 'right' way for people to relate to each other.

However, what seems to be an implicit hypothesis in comprehending OC is the interaction of the key components; namely artefacts, values and assumptions. Hatch (1993, p. 657) claims that Schein's model has two deficiencies associated with the appreciation of OC as 1) symbols and 2) processes. She tackles these deficiencies by introducing two changes to Schein's framework and develops the cultural dynamic perspective. First, symbols are imported as new key component of OC. In this way, Hatch combines the functionalism of Schein with the organisational symbolism (Frost et al, 1985). Second, the shape of the model is changed to a wheel to render the shift from the static to the dynamic theories of OC (Figure 3-5). Moreover, four dynamic processes are added to capture the dynamics of OC and the interaction of its elements. These are the manifestation, realisation, symbolisation and interpretation processes.

The manifestation process in the cultural dynamics framework permits organisational participants to sense the revelation of OC assumptions through perceptions, cognitions and emotions. This process occurs in two ways namely *proactively*, assumptions influence values, and *retroactively*, values maintain, reinforce or alter cultural assumptions. Similarly, realisation might have a *proactive* or *retroactive* character. The first case entails the transformation of values into artefacts and the materialisation of ideas (Weick, 1979) while the second, signals the reinforcement or challenge of values by artefacts. Symbolisation is described as the processes of meaning creation via the use of objects, words and actions (Hatch, 1993). *Prospective* symbolisation suggests that artefacts should be translated into symbols if they are to apprehend as culturally significant objects, events or discourses (Hatch, 1993). The retrospective symbolisation strengthens the meaning of the associations between the literal experience of artefacts and surplus meaning.

Figure 3-5: The Dynamics of OC



Source: Adapted from Hatch (1993)

The interpretation process provides a cultural background for assigning an acceptable meaning to current symbols and manifestations of culture. The *prospective* mode preserves or questions the existing assumptions whereas the *retrospective* mode reconstructs and revises basic assumptions via feedback from the hermeneutic circle. This approach proposes that interpretation moves back and forth between the already known (basic assumptions) and the possibility of new understanding (inherent but often dominant in symbols).

The advantage of the dynamic version of OC lies on the consideration of the interactions among assumptions, values, symbols and artefacts in cultural formation and evolution. Although Schein (1985; 1992) has discussed the dynamic dimension of OC in terms of organisational learning and mentioned the process of leadership

and socialisation, his contribution differs from that of Hatch (1993). This is because the model of cultural dynamics makes explicit the dynamic character of the OC construct and suggests that OC combines both change and stability. The fragile and obscure line between sustainability and change is vividly demonstrated in Gagliardi's words (1986, p. 126) that 'organisational cultures usually change in order to remain what they have always been'. Yet, for a more truly dynamic approach of OC, research may consider the relationship among manifestation, realisation, symbolisation and interpretation processes and their impact on cultural change (Hatch, 1993).

3.5.3 Conceptual Frameworks of OC: Allaire's and Firsirotu's Conceptualisation

The third framework presented in this section is that of Allaire and Firsirotu, (1984). The work of these researchers has been widely quoted for the needs of this review on OC and particularly for the section associated with the perceptions of OC. The concepts and schools of thought discussed so far are brought together in a framework based on the symbolic approach to OC. This approach suggests that OC is mainly considered as a product of human intellect.

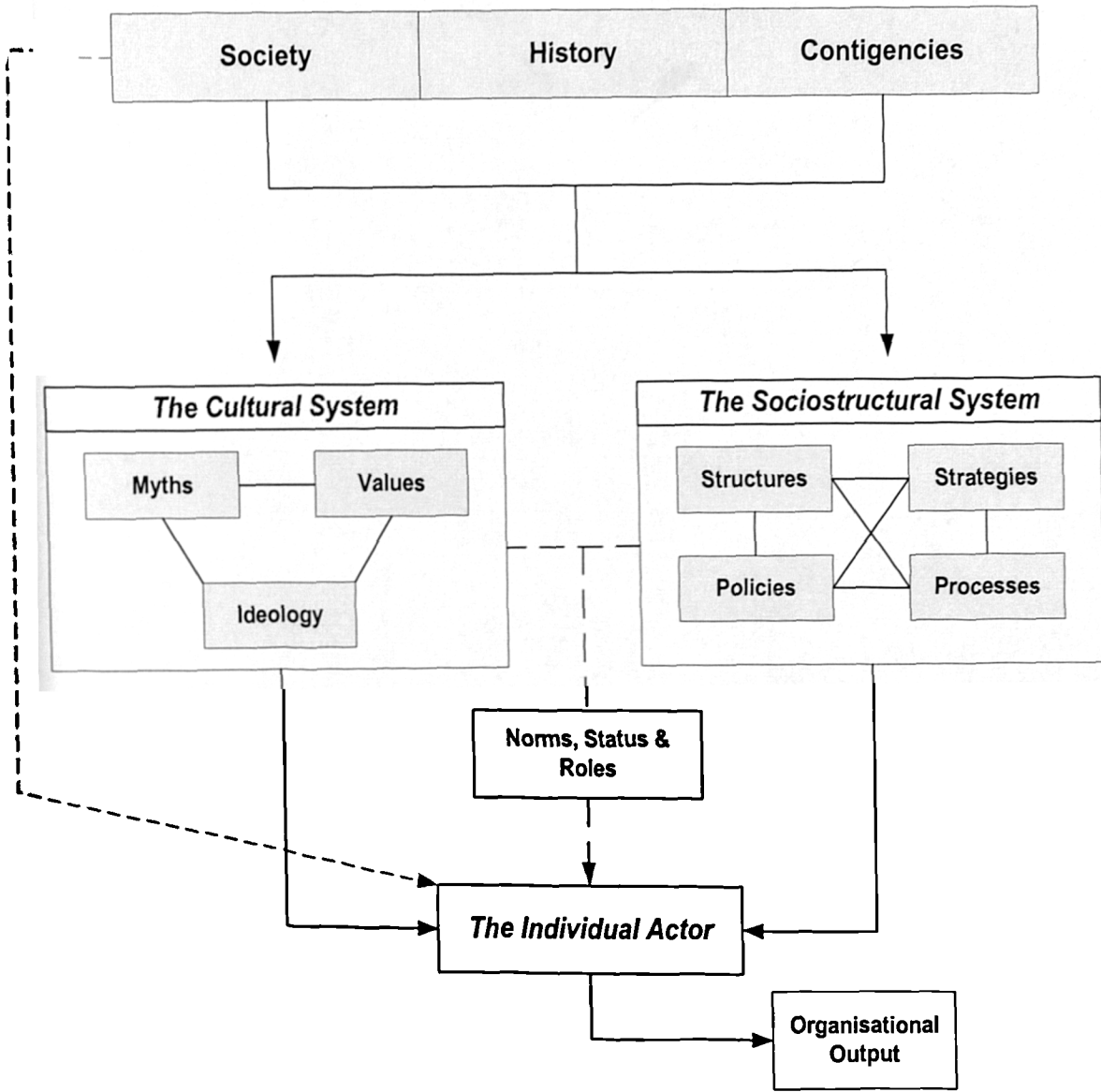
This framework of OC is depicted in figure 3-6 and grounded on three interrelated components:

- (1) The *sociocultural system* comprised of interconnected structures, strategies, policies and management processes and of all ancillary components of an organisation reality and functioning such as formal goals, objectives, authority and power structure, control mechanisms, recruitment and motivation processes (Allaire and Firsirotu, 1984).
- (2) The *cultural system*, consisting of shared meanings and symbols manifested in values, beliefs, artefacts, ideologies and multiple cultural dimensions. The cultural system is in a constant interplay with the formal system of structure and the social actors. Myths, ideologies and values have raised a vast research agenda in organisational studies. Myths are approached as 'machines for suppression of time' (Levi-Strauss, 1968), they provide a link between the past and contemporary reality. They are expressed as fictional narrative events related to organisation's history and origins and embrace symbolic connotation or even a sacred quality (Allaire and Firsirotu, 1984, p. 213).

Ideology is defined as a system of beliefs, which provides a picture of reality and impels collective or individual action (Harrison, 1972). Values carry a symbolic meaning and serve to offer directions for behaviour. They are seen as externalised ideologies; thus, ideologies use values as a building and expressive material, but values may exist without cohering into an ideology. Even though there are organisations that might lack myths and ideologies, they will all tend to nurture and develop values and symbolic artefacts (Allaire and Firsirotu, 1984).

- (3) Organisations consist of people working together in order to satisfy social and financial needs. *Individual actors* are not passive elements of a predetermined reality. On the contrary, they offer different perceptions, learning experiences and attitudes to their working world (Mullins, 1999). Actors shape the meaning of organisational life (Martin, 1983) and if they have interacted in the same social setting for a prolonged period of time, their perceptions of organisational realities tend to converge. On the other hand, differences among individuals- based on several characteristics such as gender, education, personality, experience might be source of creativity as well as conflict and inevitable organisational problems (Pelled et al, 1999).

Figure 3-6: A Framework of OC



Source: Allaire and Firsirotu (1984)

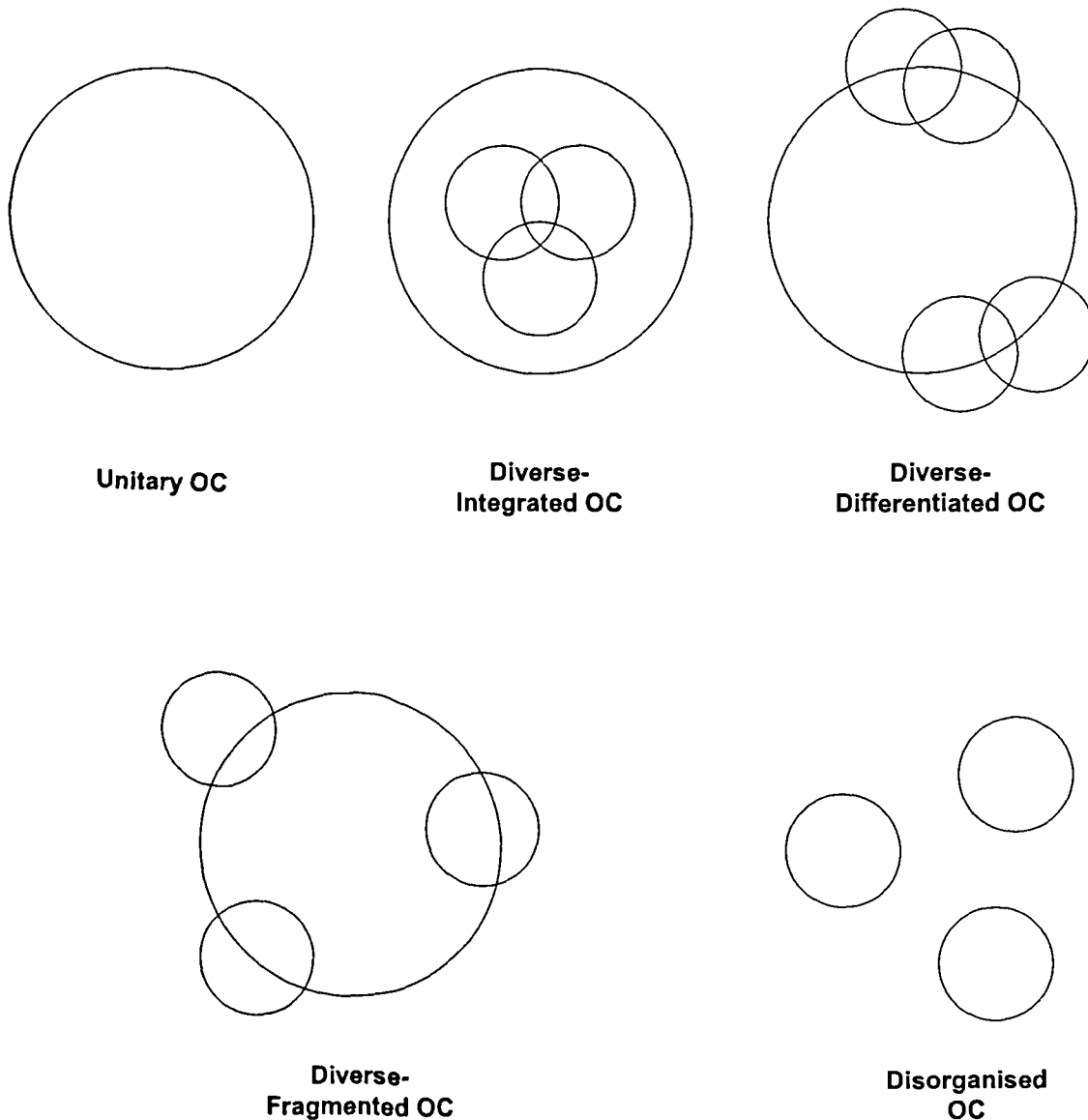
➤ Part 4

3.6 OC: Integration, Differentiation or Fragmentation?

Given the abundance of research on OC issues, it would be reasonable for the reader of this chapter to expect a theoretical consolidation of these approaches so that researchers could build upon other's work. A framework integrating the variety of OC research strands, has appeared only recently in an attempt to clarify what has been learned in OC studies. Martin (1992) suggests that studies on OC have adopted three major scientific perspectives. She labels these as the *integration*, *differentiation*, and *fragmentation* aspect. The *integration* perspective promotes the idea of a consistent monolithic, dominant and strong OC (Deal and Kennedy, 1982; Peters and Waterman, 1982). The founder is the progenitor of OC. The central role of leaders and managers is recognised in planning, shaping and controlling OC (Lundberg, 1985; Sathe, 1983; Schein, 1985). The contents of OC reflect founders own personal values and understandings (Schein, 1983) and are shared among all the members of the collective. There is an organisation-wide consensus about the proper interpretation of those expressions of OC. In this realm of clarity, there is no room for ambiguity (Frost et al, 1991).

The *differentiation* perspective emphasises on subcultural consensus rather than organisation-wide consensus of OC. This means that organisational subcultures may co-exist in harmony, conflict or indifference to each other (Figure 3-7). Manifestations of OC may be characterised by inconsistency. The role of the founder is not special in the formation and communication of OC (Daymon, 2000). The founder is only one of many sources for shared understandings and values that constitute the content of these various cultures. In fact, studies of a differentiation perspective to OC draw attention to organisational members rather than leaders, as shapers of OC because it is their responses to new situations which are a major means of establishing OC (Bloor and Dawson, 1994; Golden, 1992, Gregory, 1983; Martin et al, 1985; Van Maanen and Barley, 1984; Young, 1989). OC is an amalgam of differences and inconsistencies with consensus found only within the boundaries of subcultures, rather than organisation-wide. Therefore, from this perspective, OC formation is localised.

Figure 3-7: A Continuum for Describing OC Perspectives of Integration, Differentiation and Fragmentation



Source: Hatch (1997)

The *fragmentation* perspective is grounded on the idea that ‘ambiguity is an inevitable and pervasive aspect of contemporary life’ (Frost et al, 1991, p. 8). Unlike integration and differentiation perspectives which recognise OC in terms of uniformity of values and coherent systems of meanings (either organisation-wide or in subcultural pockets), the fragmentation perspective embraces the notions of confusion and uncertainty. Research from this stance considers cultural phenomena

or issues that are unclear, contradictory, suppressed or ignored. In other words, it permits themes to emerge and voices to be heard that are overlooked from the other two perspectives (e.g. Martin and Meyerson, 1988; Van Maanen, 1988). From that point of view, OC forms when ambiguity and complexity are accepted as something constant. Although leaders are usually decentred in studies of a fragmentation aspect, Bryman (1989) and Daymon (2000) assert that in fact they may be influential not as much as managers of meaning but as transmitters of equivocality. Table 3-5 illustrates the basic characteristics underlying each of these three perspectives. It indicates 1) how each perspective is oriented towards consensus, 2) how OC manifestations relate to one another within each perspective, 3) how ambiguity is dealt with, and 4) how the role of the OC creator is perceived from each perspective. Figure 3-7 illustrates the continuum extending from the integration to the fragmentation perspective. The cycles symbolise the subcultures of an organisation. In the unitary aspect, the organisation is characterised from a dominant OC while in a disorganised view, a number of fragmented subcultures exist in the organisation (Hatch, 1997). The figure also shows that subcultures may either share common features or differ completely.

Table 3-5: Characteristics of the Three Perspectives

Features	Integration Perspective	Differentiation Perspective	Fragmentation Perspective
Orientation to Consensus	Organisation-wide Consensus	Subcultural Consensus	Multiplicity of Views (no consensus)
Relation among Manifestations	Consistency	Inconsistency	Complexity (not clearly consistent or inconsistent)
Orientation to Ambiguity	Exclude it	Channel it Outside Subcultures	Focus on it
OC Creator Role	Primarily Leaders/Founders	Primarily Groups	Primarily Individuals

Source: Adapted from Martin (1992)

Martin (1992) contends that the three perspectives need to be used together in research in order to offer comprehensive accounts of organisational phenomena. She proposes the use of the perspectives sequentially, contending that this exposes the

simultaneous existence in organisations of aspects of cohesion and difference, control and independence, conflict and ambiguity. What is ignored from one perspective is highlighted in another and thus the three perspectives simultaneously offer greater insights to the OC construct.

Each of the three perspectives appears to link to different methodological approaches. Much of the research fuelled from the first perspective namely integration, is based on small-qualitative research, where interviews were taken only from some managers (Deal and Kennedy, 1982; Peters and Waterman, 1982). Martin et al (1985) suggested that this methodological approach could provide an one-sided theorises to OC. Studies following the differentiation approach have tended to use quantitative methodology, using some form of a standard research instrument. According to Schein (1992; 1996a), this methodological approach is often attributed by a lack of depth and analytical potential to acknowledge the unique features of the organisation. Research within a fragmentation approach usually takes up the investigation of certain phenomena that may unfold OC abnormalities (e.g. Weick: *The Vulnerable System: An analysis of the Tenerife air-disaster*, in Frost et al (1991), p.117).

These three perspectives on OC aim at offering a framework for realising what has been studied and what has not, in the proliferation of studies in organisational theory. Rather than proposing a strict classification of the work done so far at OC research, they put forward issues for productive organisational research. Few authors are critical of Martin's ideas (Daymon, 2000) still the limitations of Martin's framework are worth noting. A limitation of Martin's framework is that, in deriving its categories from empirical studies, it leaves no room for discussion of studies that straddle perspectives or for data which cannot be classified within its approach. Martin (1992) is concerned about this aspect but it appears to be difficult to know how to resolve the problem, especially in common scientific practice (Alvesson, 1993). Regardless this deficiency, Martin's (1992) approach to OC has widely applied in OC studies. Table 3-6 provides illustrative examples of studies categorised in each of the three perspectives of OC.

Table 3-6: The Three Perspectives and OC Research

Integration Perspective	
Author / Date	Study / Source
Clark B. (1972)	The Organizational Saga in Higher Education, <i>Administrative Science Quarterly</i> , 17, pp. 178-184.
Deal T. & Kennedy A. (1982)	<i>Corporate Cultures: The Rites and Rituals of Corporate Life</i> , Addison-Wesley, Reading, MA.
Denison D. P. (1990)	<i>Corporate Culture and Organizational Effectiveness</i> , John Wiley, San Francisco, CA.
Lincoln J. R. & Kallberg A. L. (1985)	Work Organization and Workforce Commitment, <i>American Sociology Review</i> , 50 (12), pp. 738-760.
Martin J. (1982)	<i>Stories and Scripts in Organizational Settings in Cognitive Social Sociology</i> , Elsevier, New York
Martin J., Feldman M. S, Hatch M. J & Sitkin S. B (1983)	The Uniqueness Paradox in Organizational Stories, <i>Administrative Science Quarterly</i> , 28, pp. 438-453.
Ouchi W. G (1981)	<i>Theory Z: How American Business can meet the Japanese challenge</i> , Addison-Wesley, Reading, MA
Ouchi W. G & Wilkins A. L (1985)	Organizational Culture, <i>Annual Review of Sociology</i> , 11, pp. 457-483.
Pascale R. T & Athos A. G (1981)	<i>The Art of Japanese Management: Applications for American Executives</i> , Warner Books, New York.
Peters T. J & Waterman R. H (1982)	<i>In Search of Excellence: Lessons from America's Best-Run Companies</i> , Harper & Row, New York.
Pettigrew A. (1979)	On Studying Organizational Cultures, <i>Administrative Science Quarterly</i> , 24, pp. 570-581.
Sathe V. (1985)	<i>Culture and Related Corporate Realities: Text, Cases and Readings on Organizational Entry, Establishment, and Change</i> , Richard D. Irwin Publications, Homewood, IL.
Schein E. H (1985)	<i>Organizational Culture and Leadership</i> , Jossey-Bass, San Francisco.
Selznick P. (1957)	<i>Leadership and Administration</i> , Row & Peterson, Evanston, IL

Table 3-6: The Three Perspectives and OC Research (cont'd)

Author / Date	Differentiation Perspective	Study / Source
Barley S. (1986)	Technology as an Occasion for Structuring,	<i>Administrative Science Quarterly</i> , 31, pp. 78-108.
Brunsson N. (1986)	Organizing for Inconsistencies: On Organizational Conflicts, Depression and Hypocrisy as substitutes,	<i>Scandinavian Journal of Management Studies</i> , May, pp. 165-185.
Feldman S. (1983)	Culture and Conformity: An essay on individual adaptation in centralized bureaucracy,	<i>Human Relations</i> , 38, pp. 341-356.
Gregory K. L (1983)	Native-View Paradigms: Multiple Culture and Culture conflicts in Organizations,	<i>Administrative Science Quarterly</i> , 28, pp. 359-376.
Louis M. R (1985)	An Investigator's Guide to Workplace Culture in Frost et al (Eds.),	<i>Organizational Culture</i> , Sage, Thousand Oaks, CA.
Martin J. & Siehl C. (1983)	Organizational Culture and Counterculture: An Uneasy Symbiosis,	<i>Organizational Dynamics</i> , Autumn, pp. 52-64.
Martin J., Sitkin S. B & Boehm M. (1985)	Founders and the Elusiveness of a Cultural Legacy, in Frost et al (Eds.),	<i>Organizational Culture</i> , Sage, Thousand Oaks, CA.
Riley P. (1983)	A Structural Account of Political Structures,	<i>Administrative Science Quarterly</i> , 28, pp. 414-437.
Schein E. H (1996b)	Three Cultures of Management: the Key to Organizational learning,	<i>Sloan Management Review</i> , fall, pp. 9-20.
Smircich L. & Morgan G. (1982)	Leadership: The management of Meaning,	<i>Journal of Applied behavioral Science</i> , 18, pp. 257-273.
Turner B. A (1986)	Sociological Aspects of Organizational Symbolism,	<i>Organization Studies</i> , 7, pp. 101-115.
Van Maanen J. & Barley S. (1985)	Cultural Organization: Fragments of theory, in Frost et al. (Eds.),	<i>Organizational Culture</i> , Sage, Thousand Oaks, CA.

Table 3-6: The Three Perspectives and OC Research (cont'd)

Author / Date	Fragmentation Perspective Study / Source
Martin J. (1990)	Deconstructing Organizational Taboos: The Suppression of Gender Conflict in Organizations, <i>Organization Science</i> , 1, pp. 339-359.
Martin J. & Myerson D. (1988)	Organizational Culture and the Denial, Channeling and Acknowledgement of Ambiguity and Change, in Pond et al (Eds.), <i>Managing Ambiguity and Change</i> , Wiley, New York.
Sacristy A. N, Thompson J. C. & McPherson K. A (1982)	Organized Anarchies: Military Bureaucracy in the 1980s, <i>Journal of Applied Behavioral Science</i> , 18, pp. 137-153.
Spruill L., Weiner S. & Wolf D. (1978)	<i>Organizing Anarchy</i> , University of Chicago Press, Chicago, IL.
Starbuck W. (1983)	Organizations as Action Generators, <i>American Sociological Review</i> , 48, pp. 91-102.
Van Maanen J. (1988)	<i>Tales of the Field</i> , University of Chicago Press, Chicago, IL.
Weick K. E (1979)	The Social Psychology of Organizing, Addison-Wesley, Reading, MA.

Source: The author

➤ *Part 5*

3.7 A Multi-Dimensional Framework of OC

Despite the key role of OC in the interpretation of organisational functioning, researchers have failed to reach an agreement on its meaning. Although instruments to conceptualise and operationalise OC exist (e.g. Kidman and Saxton, 1991; Wallace, 1983), the majority of them focus on the internal environment of the firm (Davis, 1985) and tend to ignore the interface of OC with the external environment of the firm, such as consumer markets and competition (Mitchell, 1995). What is needed is a conceptual framework through which the multiple facets of OC can be brought into view (Louis, 1985).

The researcher addresses this issue by proposing a conceptualisation of OC as a whole consisting of interrelated dimensions that synthesise the unique identity of the collective (Deutsch, 1973). A review and consolidation of OC dimensions in relevant literature led to nine dimensions presented in Table 3-7. These dimensions encompass particular key themes (Table 3-7) and are demonstrated in cultural manifestations (Lytle et al, 1995) (Figure 3-7). *The researcher's aim through such a conceptualisation of OC is to acknowledge this construct as a complex and dynamic phenomenon (Hatch, 1993) and map the dimensions of OC related to organisations.*

In order to identify the dimensions of OC the researcher conducted an in-depth two-stage content analysis of the literature. In the first stage, she examined OC studies by looking primarily at three bodies of literature in the social sciences, namely organisation theory, strategic management and marketing. In the second stage, she recorded the notion of OC discussed in each study and then noted the specific dimension(s) that could be extracted from it. The examination of new studies could add more OC dimensions or be associated with the existing ones. In the end, the review of studies resulted in a consolidation of the related notions giving rise to nine OC dimensions presented in table 3-7.

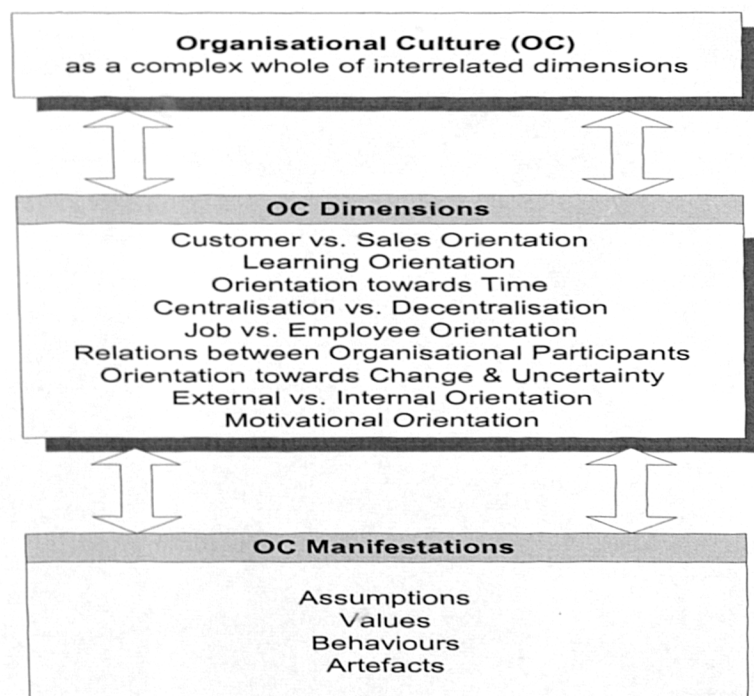
Table 3-7: A Classification of OC Dimensions

Dimensions of OC	Key Themes	Key References
Customer Orientation vs. Sales Orientation	Customer Focus Customer Service Orientation	Brady & Cronin (2001); Deshpande et al (1993); Harris (1998); Hostede et al (1990); Narver & Slater (1990) Peters & Waterman (1982); Shapiro (1988); Sheth et al (2000); Spiro & Weitz (1990).
Learning Orientation	Information & Communication Orientation	Bertels & Savage (1999); Brown (1998); Kohli & Jaworski (1990); Nevis et al (1995); Moorman (1995); Schein (1996b); Slater & Narver, (1995).
Orientation towards Time	Past/ Present/ Future Orientation Traditional vs. Modern Monochronic vs. Polychronic	Brown (1998); Hall (1983); Kluckhohn & Stodtbeck (1961); Peters & Waterman (1982).
Centralisation vs. Decentralisation	Degree of Control Efficiency Consistency Stability vs. Flexibility	Deal & Kennedy (1982); Deshpande & Parasuraman (1986); Martin & Siehl (1983); Peters & Waterman, (1982); Ray (1986); Reynolds (1986); Smircich (1983).
Job vs. Employee Orientation	Parochial vs. Professional Orientation	Hofstede (1990); Kilmann & Saxton (1991); O'Reilly, et al (1991); Quinn & Rohrbaugh (1983); Reynolds (1986); Schein (1992).
Relations between Organisational Participants	Individualism/Collectivism Interpersonal Trust Power Conflict Orientation Loyalty Commitment Orientation Leadership	Brown (1998); Deshpande et al (1993); Lytle et al (1995); Hofstede (1990); O'Reilly et al (1991); Schein, (1992); Triandis (1982).
Orientation towards Change and Uncertainty	Risk Aversion vs. Risk Acceptance Uncertainty Avoidance Openness to Change vs. Conservation Stability vs. Change/Innovation/Personal Growth	Damanpour & Gopalakrishnan (1998); Deshpande & Webster (1989); Denison & Mishra (1995); Fletcher & Wright, (1995, 1996, 1997); Kitchell (1995); Rogers (1993); Schloz (1987); Schwartz (1992).
External vs. Internal Orientation	Closed vs. Open Cultures Networking Orientation	Barley (1990); Deshpande et al (1993); Quinn & Rohrbaugh (1983).
Motivational Orientation	Need for Achievement/ Power Affiliation Orientation towards Human Nature	Detert et al (2000); Herzberg (1966); Hofstede (1991); O'Reilly & Chatman (1986); Reynolds (1986); McClelland (1961, 1969, 1987).

Source: The author

Approaching OC in terms of its dimensions has a number of potential advantages. *First*, it appears to be a valid method for operationalising as well as systematically and efficiently measuring OC (Reynolds, 1986). This is because it concentrates on a variety of cognitive and material elements of OC instead of touching only single elements, such as stories or symbols that may render a narrow focus on OC research (Trice and Beyer, 1992). *Second*, it takes into consideration the integration, differentiation and fragmentation perspectives of OC presented in section 3.6. A multi-dimensional framework of OC deals with the theoretical aspect that organisations harbour subcultures (differentiation perspective) without precluding the possibility of a more homogeneous cultural construct (integration perspective) (Louis, 1985; Martin, 1992). *Third*, it may be used in combination with frameworks depicting the elements of OC (assumptions, values, artefacts etc.), such as the ones proposed by Schein (1985) and Hofstede et al (1990). Viewed in this light, OC dimensions are manifested in the elements of OC involving assumptions, values, artefacts and behaviours (Lytle et al, 1995) (Figure 3-8).

Figure 3-8: OC and Its Manifestations

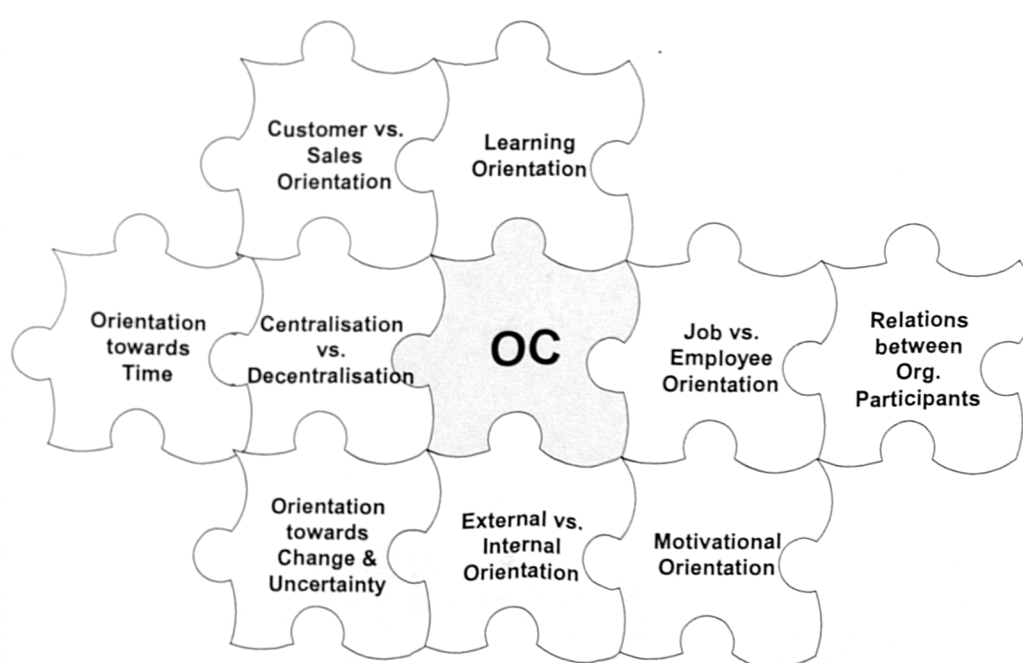


Source: The author

Fourth, a multi-dimensional model of OC (see figure 3-9) takes into account the interaction of the firm with external stakeholders including customers, which are so important for the study of CRM (Kitchell, 1995). *Fifth*, it is also compatible with the practice of many researchers who have conceptualised OC in terms of its dimensions (Detert et al, 2000; Hofstede et al, 1990; Kitchell, 1995; Lytle et al, 1995; Reynolds, 1986). For instance, Reynolds (1986), investigating the effect of OC on corporate performance in business-to-business markets, proposed a construct of OC based on fourteen dimensions. Or Hofstede et al (1990) approached OC as a multi-dimensional construct. These authors developed a six-dimensional construct of OC based on qualitative and quantitative analysis of data.

There is a considerable overlap in the OC dimensions found in related discussions (Peters and Waterman, 1980). This is illustrated in table 3-7. At this point, the researcher's intention is to review those specific dimensions of OC linked to the findings of the thesis. In this study, there are three dimensions of OC found to influence the practice of CRM, namely customer orientation vs. sales orientation, centralisation vs. decentralisation and job vs. employee orientation (Chapter 8).

Figure 3-9: A Multi-Dimensional Framework of OC



Source: The author

3.7.1 OC Dimensions: Customer vs. Sales Orientation

Customer Orientation has been introduced as a dimension of OC in a number of studies (Brady and Cronin, 2001; Brown et al, 2002; Deshpande et al 1993; Sheth et al, 2000). For a firm to be customer-oriented implies that it places the customer in the centre of the company focus, a consideration that guides the operations and strategies of the organisation (Brady and Cronin, 2001). Customer orientation is described as that OC which stresses the customer as the focal point of strategic planning and execution (Deshpande et al, 1993; Jaworski et al, 2000; Steinman et al, 2000).

For instance, Deshpande et al (1993) investigating the link between OC and innovativeness in Japanese firms, found that customer orientation is an OC dimension that facilitates the implementation of the marketing concept. Similarly, Hofstede et al (1990) suggested that customer orientation is an OC dimension that engages the organisation in the delivery of superior customer service. According to Dobni et al (2000), a customer-oriented culture should be pervasive throughout the firm so that employees consistently exhibit customer-oriented behaviours and shift their focus from completing the sale to delivering customer value. As such, the OC dimension of customer orientation has been opposed often to that of *sales orientation* (Saxe and Weitz, 1982). Spiro and Weitz (1990) point out that sales orientation is related to a set of OC elements that focus on completing the sales transaction in a short-term time period. The authors continue that sales oriented organisations often concentrate on aggressive and persuasive selling behaviours towards customers rather than behaviours that assist the customers make purchase decisions that satisfy their needs.

3.7.2 OC Dimensions: Centralisation vs. Decentralisation

According to Handy (1993), OC reflects upon the structure of the firm. This impact may influence the levels of centralisation, control, and flexibility in organisations.

Specifically, *centralisation* implies that those people in key positions have a significant impact on the activities, decisions and programmes of the organisation. In contrast, *decentralisation* involves power dissemination, namely many individuals or work teams that undertake responsibilities and make decisions about their own

situations. Peters and Waterman (1982) found that successful companies in the market place have both decentralised and centralised organisational cultures. On the one hand, such cultures provide autonomy to employees and on the other hand, they centralise a few core OC values that lead to organisational effectiveness (Peters and Waterman 1982).

The OC dimension of centralisation vs. decentralisation has been linked often to the themes of control and flexibility as well as consistency and effectiveness (Reynolds, 1986). Specifically, strict control is a characteristic of centralised configurations that develop an OC based on a system of close hierarchical surveillance, evaluation and guidance of employees (Ouchi, 1980). In these cultures, the standards for control are well defined and flexibility is absent in decision-making activities. The concept of consistency is another cultural trait linked to the OC dimension of centralisation vs. decentralisation. Denison and Mishra (1995) point out that consistency based on normative integration and control describes centralised organisations and affects organisational effectiveness. Consistency is positively related to effectiveness when it facilitates the co-ordination of organisational activities and negatively associated with effectiveness when it impedes organisational adaptation to changing environmental conditions (Parasuraman and Deshpande, 1986; Schein, 1984).

3.7.3 OC Dimensions: Job vs. Employee Orientation

A number of OC frameworks reviewed in this chapter contain ideas about the importance of work in human life and the balance between work as a production activity and a social activity (Hofstede et al, 1990; Schein, 1985). Some individuals approach work as an end in itself. For these people, work has a 'task focus' and their fundamental concern is job accomplishment and productivity (Reynolds, 1986). Other individuals perceive work as a mean to other ends such as a comfortable life. For these individuals productivity is a less important goal than the social relationships formed at work (Kilmann and Saxton, 1991).

Hofstede et al (1990) oppose the concern for people (*employee orientation*) to that of getting the job done (*job orientation*) and propose an OC dimension which is entitled *job vs. employee orientation*. This OC dimension distinguishes organisations that view workers as means to increase productivity from those that appreciate the

needs of the human capital. For example, Cooke and Hartman (1989) suggest that in employee-oriented organisational cultures, employees are expected to be supportive to each other and interested in fulfilling each other's needs in the work environment. The extant literature links the OC dimension of job vs. employee orientation to that of *professional* vs. *parochial* organisational cultures. In parochial cultures, employees derive their identity from the values that the organisation represents while in professional cultures employees perceive themselves in terms of the task and the type of job they pursue (Hofstede et al, 1990).

3.8 The Feasibility of Managing OC

There has been a considerable and everlasting debate concerning the management of OC. Much of this debate stems from the question whether OC can be shaped to resemble a 'pre-stated ideal' (Brown, 1998). Regarding the feasibility to manage OC, scholars range along a continuum, at the one end are those who emphasise the difficulty of OC management and on the other end are those who recognise that OC management may be unethical.

Cultural pragmatists perceive OC as a lever to commitment, productivity and profitability. They argue that OC can and should be managed and offer practical guidance of how to achieve the management of OC. From this perspective, it is 'ignorant' or 'arrogant' to question whether OC can be managed (Martin, 1985, p95).

Cultural purists on the contrary believe that OC cannot be managed because it emerges from organisational life. It follows that leaders and founders don't create organisational cultures, members do (Martin et al, 1985). OC is a manifestation of a deeper set of values that resides in the human mind in a conscious or unconscious state. Even if OC could be managed, it should not be managed especially if it is for the purpose of increased profitability. According to cultural purists, it is perhaps unethical to speak of managing OC (Martin 1985).

Within these two extremes, authors differ in their answer to the question '*Can OC be managed?*' This divergence is probably understandable taking into consideration that researcher in organisations:

- 1) interpret in different ways the question and
- 2) propose different definitions of OC.

Concerning the first issue, authors relate to various degrees the process of cultural change to that of the deliberate management of culture. Moreover, they differ on the extent of cultural change contemplated in the context of the organisation. Some propose massive changes while others consider changes on a limited scope, as intervention strategies for managing culture. Often, authors rephrase the initial question and instead of looking for an answer to whether culture can be managed, they search for the conditions under which culture can be managed (Siehl, 1985).

Regarding the second issues, organisational analysts perceive the issue of OC management according to the definition of culture they adopt. Organisational symbolists tend to oppose the management of OC. Researchers within this stream view OC as a socially constructed phenomenon which would be inconsistent to manage and control (Siehl, 1985). For instance, Krefting and Frost (1985) emphasise the symbolic aspects of OC and suggest that the management of OC raises many ethical issues. However, they argue that it appears to be feasible to manage OC using metaphors (Krefting and Frost, 1985). Metaphors seem to contribute to an OC understanding and facilitate OC change and management.

On the other hand, the representatives of functionalism such as Schein (1992) purport that OC significantly reflects on the course of the organisation. It follows that the management of OC is a desired activity. For example, the study of Siehl (1985) in an organisation undergoing cultural change offers a more optimistic answer in the question whether culture is manageable or not. Siehl's (1985) empirical findings show the management in the case study firm succeeded in the management of OC. This success, according to the researcher is attributed to the fit between the managers' objectives and his employees' value preferences.

The differing views in the question '*Can OC be managed?*' suggest that there is still not clear answer in that problem. This is because OC is a complex and multi-dimensional construct manifested in various levels in the organisation. It conveys a sense of membership but it also filtered through personal criteria and unconscious processes of mind. Rather than approaching the solution in the two extremes, it is probably advisable to look along the continuum in order to find the levels and extent to which cultural management might be feasible.

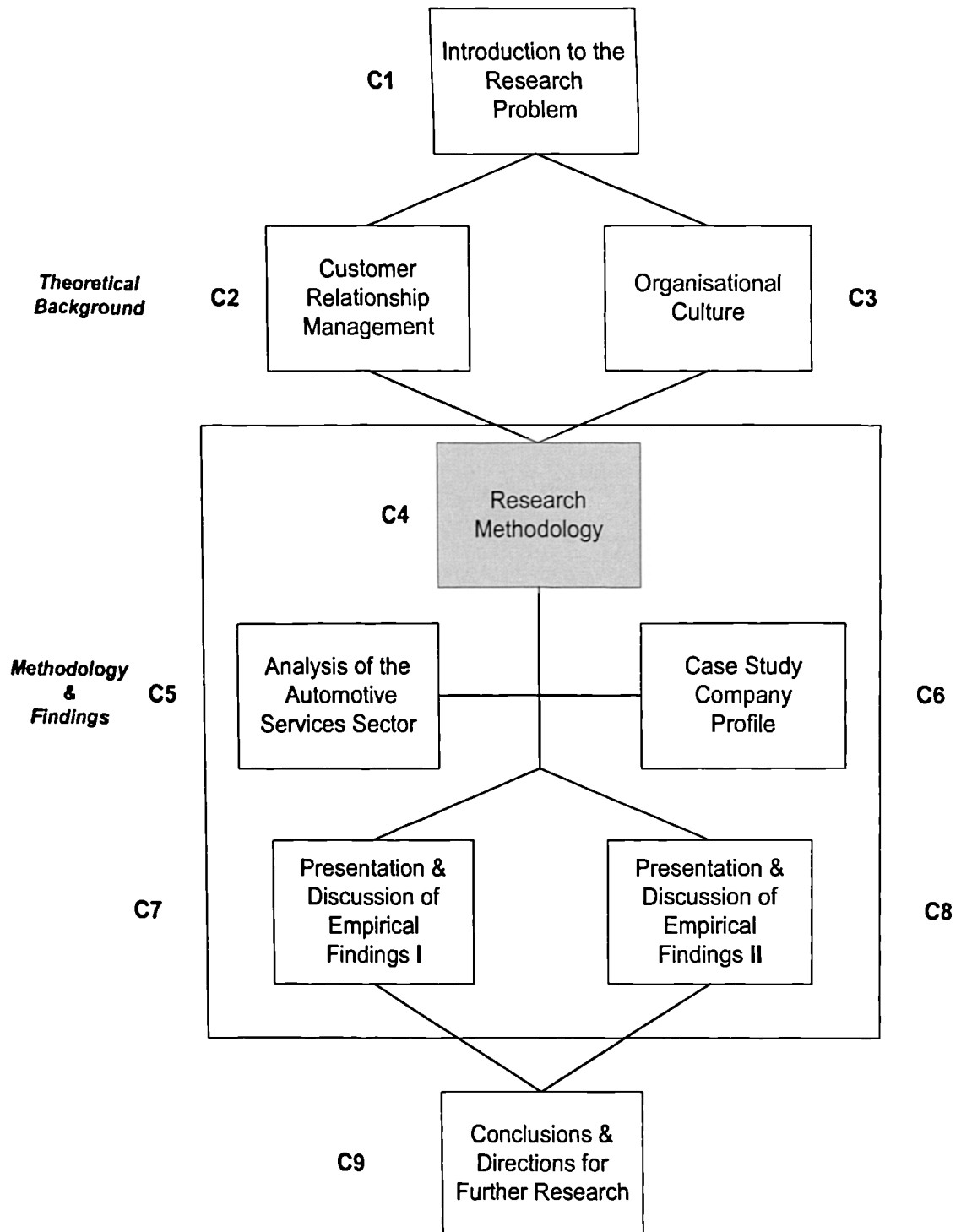
3.9 Summary

To sum up, *chapter 3* has provided a literature review on the concept of OC which provides the context for this study. The existing literature has emphasised the importance of OC for the successful CRM practice and the commitment of employees to CRM initiatives (Brown, 1999). Ultimately, in this study the researcher implies that OC is complex and dynamic construct which holds the members of the organisation together and promotes (or impedes) CRM practice.

This chapter was divided into five parts. In the first part of the chapter, the researcher elaborated on the evolution of OC research. The second part of the chapter presented typologies of OC encountered in the extant literature while the third part of the chapter discussed a selection of frameworks illustrating the levels and the key concepts of OC. In the fourth part of the chapter, the researcher considered the issue of cultural integration, differentiation and fragmentation frequently bothering organisational researchers. The fifth part of the chapter is of key importance since it presents the approach of OC adopted to fulfil the purpose of this study. The researcher perceives OC as a multi-dimensional construct based on nine dimensions which are depicted in figure 3-8. The chapter concludes with some thoughts linked to the feasibility of OC management. Chapter 3 is the last to follow in the *theoretical background* section of the study. *Chapter 4* which elaborates on the methodology of this research initiates the second part of the thesis which is entitled *methodology and empirical findings*.

Chapter 4

Research Methodology



4.1 Introduction

Chapter 4 elaborates on the research design of the thesis. The first chapter of the thesis entitled 'Introduction to the Research Problem' has demonstrated the need to examine the under-investigated area of CRM and further explore the effect of Organisational Culture (OC) on the practice of CRM. It also suggested that the published theoretical and empirical academic research undertaken to date have illustrated the potential influence OC on CRM without however, providing any empirical evidence in that direction.

At this point, it may be useful to restate the objectives of this thesis. These are:

- to identify employees' and managers' perceptions of CRM
- to explore the practice of CRM and its constituents in the organisation, and
- to explore the effect of OC on the practice of CRM.

To investigate the three research objectives of the thesis the realism paradigm has been selected with the writer using qualitative methods in collecting data. This chapter is divided into four parts. The *first part* of the chapter discusses the concept of '*scientific paradigm*' and justifies the choice of the author to select the realism paradigm for this study. The *second part* of the chapter presents and discusses the framework adopted for the design of the research process for the study of CRM and OC. This framework introduces time as a variable in the research process and is consisted of the philosophical, conceptual, methodological and substantive domains. *The inclusion of time in the research design of this study constitutes a contribution of the thesis to methodology.* The *third part* of the chapter concentrates on the method applied to the analysis of the data collected from the fieldwork. The *fourth part* of the chapter discusses the reliability and validity of the research findings of the thesis. **Chapter 4** concludes with an appendix that offers a detailed discussion of the roots and development of qualitative inquiry with the purpose of providing the reader with some additional insights to the methodology followed in the thesis.

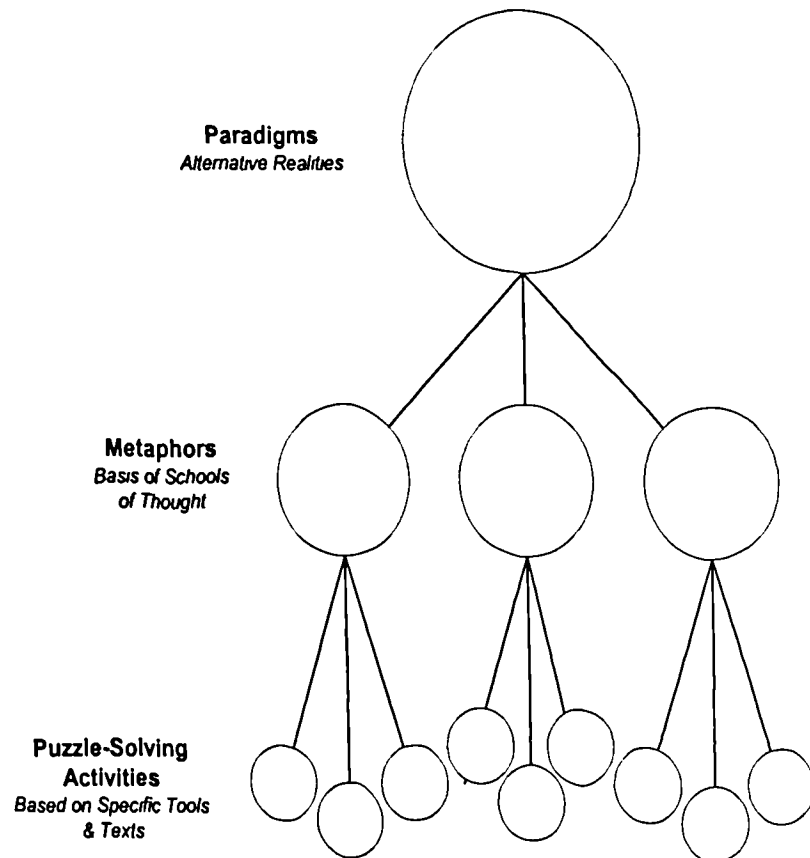
➤ **Part 1**

4.2 The Role of Scientific Paradigms

The concept of ‘*paradigms*’ has puzzled many scholars in marketing and social sciences (Arndt, 1983). They may be defined as statements of the proper domain of science, what questions it should ask, and the rules followed in the interpretation of results (Bagozzi, 1980). Probably the most common accepted definition of the concept of ‘*paradigm*’ is the one proposed by Kuhn (1962). Kuhn (1962) used the paradigm concept in not less than twenty-one ways (Morgan, 1980), consistent with three broad senses of the term:

- 1) as a complete view of reality i.e., a ‘*way of seeing*’
- 2) as relating to social organisations of science in terms of schools of thought connected with particular kinds of scientific achievements, and
- 3) as relating to concrete use of specific tools and mechanisms for the process of scientific puzzle solving (Figure 4-1).

Figure 4-1: The Concept of Paradigm



Source: Morgan (1980)

Morgan (1980) suggests that an implication of Kuhn's (1962) view of paradigm is the identification of paradigms as alternative realities and the use of the concept of paradigm in other ways which tend to mask this basic insight. Alternatively Filstead (1970) suggests that a paradigm accomplishes the following four objectives:

- 1) It serves as a guide to professionals in a discipline for it indicates what are the important problems and issues confronting the discipline.
- 2) It facilitates the development of explanatory schemes (i.e., models and theories) which can place these issues and models in a framework.
- 3) It establishes the criteria for the appropriate 'tools' (i.e., methodologies, instruments, and types and forms of data collection).
- 4) It provides an epistemology in which the preceding tasks can be viewed as organising principals for carrying out research in a discipline. Paradigms not only allow the discipline to 'make sense' of different kinds of phenomena but also provide a framework in which these phenomena can be identified as existing in the first place.

It may be inferred from the above definitions that paradigms are not theories and law-like generalisations (Hunt, 1983). Instead, paradigms should be approached as the foundations of theory since they give meaning and direction to the research process (Arndt, 1983). Two classifications of scientific paradigms are discussed in this chapter. The *first classification* developed by Burrell and Morgan (1979) and frequently cited in the context of organisation theory and organisation culture studies (Krefting and Frost, 1985). The *second classification* is described as constructive methodological instrument for marketing research (Guba and Lincoln, 1994).

Burrell and Morgan (1979) propose that the notion of paradigm constitutes a view of social reality associated with metatheoretical assumptions regarding the nature of science, the nature of society and reality. Burrell and Morgan (1979) distinguish four different paradigms; these are: the 1) *functionalist*, 2) *interpretive*, 3) *radical-humanist*, and 4) *radical-structuralist*. These four paradigms comprise a network of related schools of thought, research approaches and activities (Figure 4-2).

The *functionalist paradigm* is based upon the assumption that society has a concrete and systematic character. Research within this paradigm is advanced by the

use of social theory which facilitates the understanding of human beings in the society. The *interpretive paradigm* is on the other based upon a non-concrete view of reality and assumes that reality is a product of the subjective experiences of individuals. In the context of the interpretive paradigm, reality is understood through participation and enactment. The *radical-humanist paradigm* similar to the interpretive perspective is based upon the assumption that reality is socially constructed and human beings are parts of this reality which are imprisoned and constrained. The radical-humanistic paradigm is concerned with how humans through action transcend the constraints set by society. The *radical-structuralist paradigm* like the radical-humanist is predicated upon the view of society as a dominating force. The radical-structuralist is concerned with an understanding of the intrinsic tension of human beings. Emphasis is put upon the importance of enactment as means of transcending society's domination. Overall, Burrell and Morgan (1979) through their classification of scientific paradigms put emphasis on the societal analysis of institutions and concentrate on the role of enactment as a mean of emancipation of individuals towards society's domination.

Figure 4-2: A Classification of Paradigms in Social Sciences

	Subjective	Objective
Sociology of Radical Change	<i>Radical Humanist Paradigm</i>	<i>Radical Structuralist Paradigm</i>
Sociology of Regulation	<i>Interpretive Paradigm</i>	<i>Functionalist Paradigm</i>

Source: Adapted from Burrell and Morgan (1979)

Guba and Lincoln (1994) classify scientific paradigms into four categories:

- 1) positivism,
- 2) realism,
- 3) critical theory, and
- 4) constructivism.

Each of these paradigms is comprised of three elements:

- 1) *Ontology* encompasses the ideas about reality that researchers investigate. The ontology question asks: *what is the form and nature of reality and therefore, what is there that can be known about it?*
- 2) *Epistemology* refers to the relationship between the reality and the researcher. The epistemological question asks: *what is the nature of relationship between the inquirer and the external world?*
- 3) *Methodology* consists of the techniques used by the researchers to investigate reality. The methodological question asks: *how can the researcher approach whatever can be known about reality?*

The classification developed by Guba and Lincoln (1994) discusses first the positivistic paradigm. *Positivism* assumes that science measures independent facts about a single apprehensible reality (Guba and Lincoln, 1994; Tsoukas, 1989). In other words, the data and its analysis is value free and it does not change because it is observed (Healy and Perry, 2000). Guba and Lincoln (1994, p. 110) assert that through positivism, the investigator develops a view of the world through an 'one-way mirror'. Therefore, positivism may be an inappropriate approach for understanding social sciences phenomena like marketing processes and relationships because it treats respondents as independent, and 'non-reflective objects' (Healy and Perry, 2000, p. 119). To illustrate this point, Robson (1993) suggests that positivism ignores actors' views of reality and ways of perceiving things. Positivists separate themselves from the world they study while researchers within the other three paradigms argue that they have to participate in real-world life in order to explore and understand its aspects and properties.

Contrary to positivism which is based on quantitative data, the other three paradigms are mainly linked to qualitative inquiry (Healy and Perry, 2000). The second paradigm, namely *critical theory* assumes that social realities are consisted of

historically situated structures. In this regard, critical theory researchers aim at critiquing and transforming the social, economic, political, cultural and gender aspects of the reality. Research within this paradigm is often of ethnographic and historical character focusing on societal, institutional and organisational structures. The assumptions of this paradigm are grounded on the fact that reality has subjective aspects and therefore data is value-dependent not value-free (Guba and Lincoln, 1994). Although critical theory acknowledges the complexity of reality it is not recommended for marketing research unless the researcher with his or her involvement in a study attempts to liberate people from their historical, mental and emotional structures (Guba and Lincoln, 1994). Fundamental ideas of critical theory seem to be associated with the radical-humanist and radical-structuralist paradigms of Burrell and Morgan's (1979) classification.

The third research paradigm, i.e. *constructivism* views truth as a particular belief system in a particular context. Similar to critical theory, constructivism concentrates on the system of beliefs that lies behind an aspect of the world and suggests that reality consists of 'multiple realities' that people have in their minds. The study of reality depends on the interaction between the researcher and the respondent, i.e. the researcher has to be a 'passionate participant' in the fieldwork (Guba and Lincoln, 1994, p. 112). Healy and Perry (2000) point out that constructivism may be suitable for social sciences and consumer behaviour research particularly, if these studies incorporate the notions of religion, beauty or prejudice but it is rarely considered for marketing management studies as the constructivist perspective excludes concerns about the economic and technological dimensions of business (Hunt, 1991).

The *realism paradigm* suggests that there is a 'real' world to discover even though it is not perfectly apprehensible (Godfrey and Hill, 1995; Guba and Lincoln, 1994, Healy and Perry, 2000; Tsoukas, 1989).

Popper (1994) refers to the ontological assumptions of paradigms that define three overlapping aspects of reality scientifically known as the three 'worlds'. *World one* is relevant to positivism and consists of material and physical things. *World two* is related to critical theory and constructivism and is the subjective world on people's mind. *World three* links to realism and comprises of abstract things that are born on

people's mind - 'world of mental products' (Popper, 1994, p.9) - and exist independently of any person. Table 4-1 summarises the four scientific paradigms presented in this section and provides insights to their ontological, epistemological and methodological elements.

The realism paradigm has been selected as the conceptual background of this research for *two reasons*. *First*, the realism paradigm facilitates the examination of the three research objectives of the thesis. *Second*, the realism paradigm fits well with the use of case study method which has been selected for carrying out this research.

As far as the *first* issue is concerned, the realism paradigm is accordance with the first research objective and the attempt of the researcher to identify the object of the study, namely CRM by combining evidence from multiple respondents (Morgan and Smircich, 1980). With reference to the second research objective, the realistic line of reasoning facilitates the researcher to identify the events and activities relevant to CRM practice and their association with aspects of organisational functioning such as customer service or value delivery (cf. Easton, 2000). Pertaining to the third research objective, the realist view facilitates the exploration of the causal relationship between CRM and OC and provides insights into the mechanisms (e.g. elements of OC) that underpin this causal relationship (cf. Easton, 2000; Easton, 2002). Furthermore, realism assists the researcher to see whether the relationship between CRM and OC is the same under various contingencies in the organisation (e.g. OC orientations).

With reference to the *second* issue, case study research is compatible with realism for a number of reason including: the support for small sample numbers and particularly the selection of a single case study for carrying out this research, the use of multiple sources of evidence, the focus on processual phenomena such as CRM and the emphasis on causal relationships, events and activities that underpin CRM practice.

Table 4-1: Four Categories of Scientific Paradigms and Their Elements

Element	Paradigms			Realism
	Positivism	Critical Theory	Constructivism	
Ontology	Reality is real and apprehensible	Virtual Reality' shaped by social, economic, ethnic, political, cultural, and gender beliefs crystallized over time	Multiple local and specific 'constructed' realities	Reality is 'real' but only imperfectly and probabilistically apprehensible
Epistemology	<i>Objectivistic</i> findings true	<i>Subjectivist</i> value mediated findings	<i>Subjectivist</i> created findings	<i>Modified Objectivistic</i> : findings probably true
Common	<i>Experiments surveys</i>	<i>Dialectical</i>	<i>Hermeneutical Dialectical</i>	<i>Case Studies Convergent</i>
Methodologies	verification of hypothesis quantitative methods	researcher is a 'transformative intellectual' who changes the social world within which participants live	researcher is a 'passionate participant' within the world being investigated	<i>Interviewing</i> : triangulation, interpretation of research issues by qualitative and by some quantitative methods such as structural equation modeling

Sources: Adapted from Guba and Lincoln (1994) and Healy and Perry (2000)

Table 4-2: The Positioning of this Research within the Realism Paradigm

Research Objectives	Reasons for Selecting the Realism Paradigm
<p>1) To explore employee's and manager's perceptions of CRM</p>	<p>Based on the assumptions of <i>realism</i>, the researcher may enrich her knowledge on CRM through contact and interaction with organisational participants involved in this phenomenon (cf. Morgan and Smircich, 1980). Collecting data regarding CRM from multiple respondents can offer insights on how CRM is viewed in the organisation.</p>
<p>2) To identify the constituents of CRM practice</p>	<p>The <i>realism paradigm</i> facilitates the researcher to identify the constituents of CRM practice. In other words, realism may provide a direction for the researcher to identify the activities, events and actors linked to CRM practice (cf. Easton, 2000; Tsoukas, 1989).</p>
<p>3) To explore the effect of organisational culture on CRM practice</p>	<p>CRM practice is dependent on organisational contingencies such as OC. The <i>realism paradigm</i> facilitates the exploration of the causal relationship between CRM and OC and provides insights into the mechanisms that underpin this causal relationship. Based on the realism paradigm, the researcher can explore how OC affects CRM and understand if the causal relationship between CRM and OC is the same under any contingencies (cf. Easton, 2000).</p>

Source: The author

➤ Part 2

4.3 Customer Relationship Management (CRM) and the Research Process

Having selected the realism paradigm to serve as a framework of this study the following issue to be addressed is the design of the research process. The focal notion in this thesis namely CRM is explored in its context particularly Organisational Culture (OC). However, CRM is a dynamic phenomenon (Fournier, 1998) and this feature introduces an additional factor to be taken into consideration in the design of the research process. This new 'variable' is *time*. In the following couple of paragraphs the researcher provides reasoning for the incorporation of *time* 1) in the study of CRM and 2) in the exploration of the effect of OC on the practice of CRM.

- 1) The rationale for incorporating time in the research of the CRM phenomenon is based on three arguments. *First*, time provides an important framework for explaining and comprehending organisational practices and management phenomena (Ancona et al, 2012a, Bluedorn, 1988; Langley, 1999). *Second*, time offers insights for a richer and more meaningful conceptualisation and interpretation of phenomena linked to relationship marketing (Halinen, 1998). *Third*, the consideration of temporal issues may improve the quality of theoretical constructs (George and Jones, 2000) and empirical findings related to organisational and management issues (Mitchell and James, 2001), such as CRM.
- 2) The rationale for incorporating time in the research of the interface of CRM and OC is based on two arguments. *First*, temporal focus and depth have customarily been intertwined in OC studies (e.g. Pettigrew et al, 2001). The inclusion of temporal factor in the research process contributes to a more articulate understanding of the OC construct. This is because OC is a soft and tacit concept which is unravelled to the researcher over time during his or her involvement in the

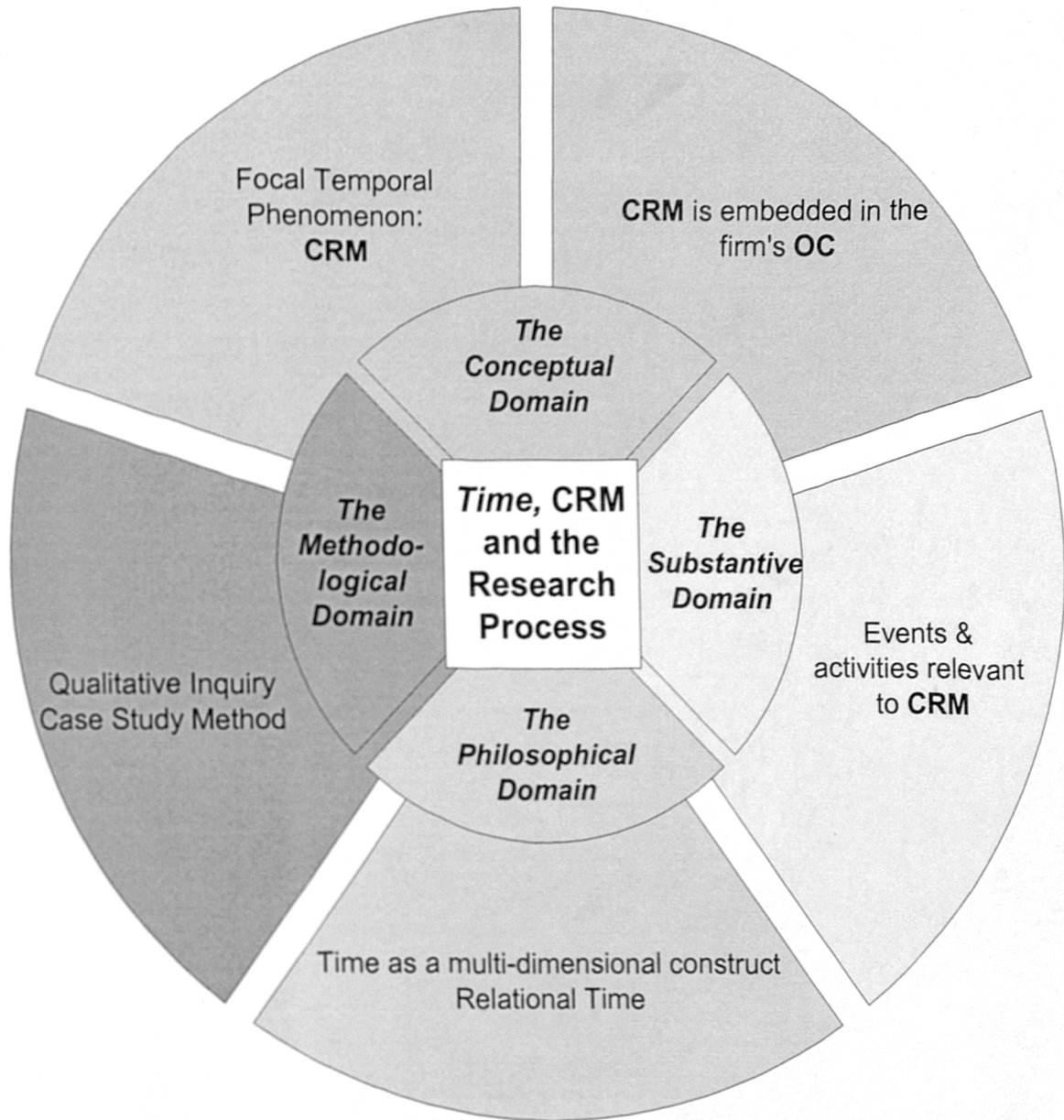
organisational setting (Schien, 1992). Ancona et al (2001) suggests that in-depth understanding of OC is built on its exploration over time. *Second*, the concept of OC is a dynamic concept (Hatch, 1993) which encompasses the dimension of time (Bluedorn, 2000; Onken, 1999). In exploring this construct, inclusion of temporal elements enhances the researcher's understanding of OC (Onken, 1999).

The incorporation of temporal factors in the study of the focal phenomenon i.e., CRM pertains to the answer of four fundamental questions. According to Halinen (1998), these questions are:

- 1) What kind of assumptions are made regarding the temporal context of the focal phenomenon?
- 2) How is the focal phenomenon conceptualised or defined?
- 3) What research methods are used to explore the focal phenomenon?
- 4) What aspects of reality (relevant to the focal phenomenon) are studied in the empirical context?

These questions are associated with four interrelated but conceptually distinct domains that determine the validity of the research process (Brinberg and McGarth, 1985). These are the *philosophical*, *conceptual*, *methodological* and *substantive domains* (Figure 4-3). The first question is associated with the *philosophical domain* and entails the temporal elements of the research. The researcher perceives time as a multidimensional construct and suggests that the notion of relational time may facilitate the study of CRM. The *conceptual domain* refers to question two and deals with the conceptualisation of the focal temporal phenomenon, which is the notion of CRM. The *methodological domain*, which relates to question three, encompasses the research methodology adopted to accommodate the investigation of the research objectives of this study. It is argued that qualitative inquiry facilitates 1) the study of CRM in its context namely OC, and 2) the incorporation of time in the research process. The *substantive domain* is linked to question four and includes the aspects of reality investigated in order to comprehend the focal phenomenon. In the context of CRM, these aspects of reality are events and activities. In the remaining part of this section, the researcher elaborate on each of the four domains presented above.

Figure 4-3: CRM and Research Process



Source: Adapted from Bringberg and McGrath (1985)

4.3.1 The Philosophical Domain: the concept of time

The philosophical domain pertains to the underlying assumptions that researchers make about time in the research process. Heath (1956) introduced the philosophy of time by raising three central questions relevant to this concept. First, at the level of ontology, he poses the question of whether time is an immutable part of the external world or a subjective notion (Das, 1991; 1993). Second, he contemplates whether we should approach time as a homogeneous (time units are equivalent) or heterogeneous (time consists of various units which are experienced differently) construct. And third, he ponders whether time should be regarded as a quantitative measurable commodity or a qualitative experience. It can be argued that the answers to these three questions determine the conceptualisation of time in the research process of the focal phenomenon (Hassard, 1996).

So far research has mainly approached time as a boundary condition, i.e. time determined the applicability and the limitations of the propositions generated from theoretical constructs (George and Jones, 2000) and ignored the aspect of time *as a variable*. As such, time interferes in the development and testing of theoretical models because it is treated as a core system of notions and rhythms (Hall, 1983; Heidegger, 1962) that reflects on people and organisations' perceptions and activities, (Mosakowski and Earley, 2000) instead of a given fact of life.

Viewed in this light, time is a socially constructed variable (cf. Berger and Luckman, 1966) whose meaning varies across different cultures. Hall (1983, p.13) notes, 'there are as many different kinds of time as there are human beings in this earth'. Roy (1960), Ditton (1979) and Cavendish (1982) provide empirical evidence of time as a subjective, socially constructed and multidimensional phenomenon which plays a prominent role in experiencing life. Table 4-3 summarises the dimensions of time indicated by a number of authors in the literature. It exemplifies the different classifications of time dimensions that may coexist in the relevant literature (Clark, 1985), and shows that organisations are often characterised by mixtures of time which may be manifested in the behaviours of organisational members (Gersick, 1988; 1991) and the organisational processes (Pettigrew, 1997). The reader may discover an overlap across the dimensions because the researcher encountered some common characteristics that crossed dimensions when classifying

the dimensions of time (Ancona et al, 2001b). Nonetheless, the dimensions presented in Table 4-3 are distinct but closely related.

Table 4-3: Dimensions of Time in Literature

Dimensions of Time	Characteristics	Key References
Objective or Chronological or Clock or Even or Physical Time	Sense of temporal order and synchronisation Unitary time is subject to only one interpretation Linear time is progressing steadily forward from past to present to future Mechanical time is containing discrete moments subject to precise measurement	Ancona et al, 2001b; Bluedorn & Denhardt, 1988; Butler, 1995, Chapman, 1982; Davies, 1994; Hassard, 1991, 1996
Vital Time (or Cyclical time)	Corresponds to the cycle metaphor Relates to social phenomena Structure of time is epochal Fundamental states are immanent in time, always present and never changing	Ancona et al, 2001b; Avital, 2000; Bluedorn & Denhardt, 1988; Clark, 1985; Davies, 1994; Mosakowski & Earley, 2000; Peltomaki, 2001.
Direction vs. Non direction	The former term suggests that time proceeds forward The latter term refers to the concept of time with no fixed direction Spirals have non fixed directions and demonstrate that the intensity of a phenomenon either increases or decreases in an upward or downward direction	Denbigh, 1981; George & Jones, 2000; Peltomaki, 2001.
Subjective Individual or Personal Time	Time associated with the content of human experience in that the past and the future (through expectations and possibilities) are reflected in the present The embeddedness of past and future in the present suggests that it might not be meaningful to separate time to distinct objective units Events in the human life (ex. psychological & social factors) affect the experience of time	Butler, 1995; Chapman, 1982; Das, 1993; George & Jones, 2000; Gersick, 1988; Peltomaki, 2001.
Organic Time	Irregularity is present in the novelty and multiplicity of events Non-linearity is based on the assumption that the past is relatively uncoded and linked in an indeterminate way to the future	Butler, 1995; Chapman, 1982; Peltomaki, 2001.
Organisational Time	Group and organisations may have different collective experiences of time The sense of time that people acquire through membership in social and economical organisations	Das, 1993; Halinen & Törmö 1995; Hassard, 1991; 1996.

Source: The author

Table 4-3: Dimensions of Time in Literature (cont'd)

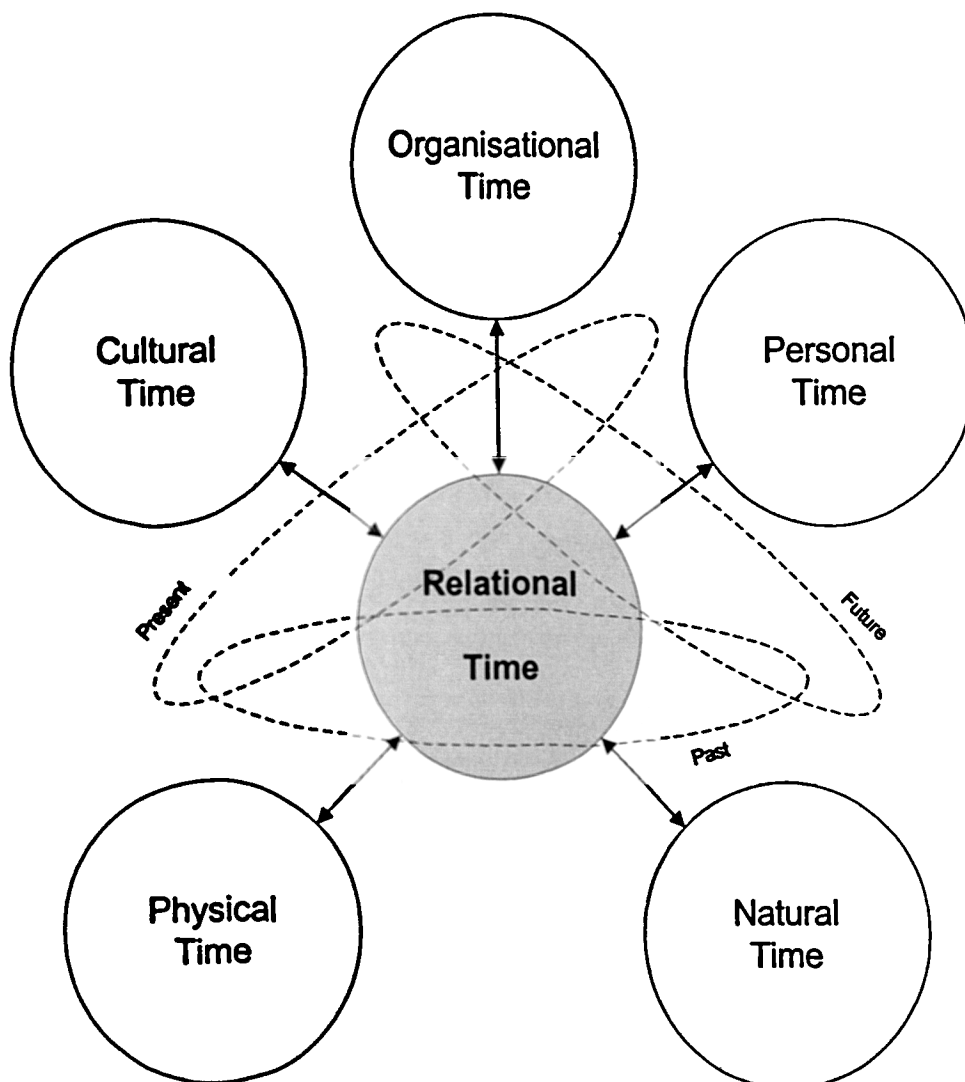
Dimensions of Time	Characteristics	Key References
Strategic Time	<p>Time as dependent upon the actions of other people who view the possible future as not congruent with other's people views and who have the power to affect the future</p> <p>The past is codified in a homogenous set of rules</p> <p>The present is characterised by instability, the future is of uncertain nature</p>	Butler, 1995, Das, 1991; Kreps, 1990.
Event Time	<p>Dynamic conception of time is perceived as a flow of events</p> <p>Events have a beginning and an end</p> <p>Events are characterised by <i>sequence</i> and time <i>duration</i></p> <p>Events contradict to states (positions or stages) which describe intervals in which the phenomenon is unchangeable</p>	Ancona et al, 2001b; Bluedorn & Denhardt, 1988; Clark 1985; George & Jones, 2000; Peltomaki, 2000
Relational Time	<p>Consisted of the notions of cultural, personal, organisational, physical and natural time</p> <p>Natural time is expressed in the cycles of nature; Cultural time is inherent in its culture</p> <p>Relational time is linked to the study of relational phenomena</p>	Laston & Araujo, 1994; Halinen, 1998; Halinen & Tomroos 1995.
Spasmodic Time	<p>The past is characterised by heterogeneity; the present is highly novel and irregular; the future is highly unpredictable</p> <p>Time-flow is discontinuous with sudden spasms and emotion</p>	Butler, 1995; Cohen et al, 1972.
Real vs. epiphenomenal Time	<p>Real time exists independently of events, objects, space and motion</p> <p>Epiphenomenal time exists in relation to events, objects, space and motion</p>	Gersick, 1988; Gurvitch, 1961; Hofstede, 1991; Mosakowski & Earley, 2000; Tuma & Hannan, 1984;
Time Flow: Cyclical, Novel or Punctuated	<p>Time flow is the novel little repetition of events exists</p> <p>Cyclical time emphasises on the process of repetition</p> <p>Punctuated time flow is perceived to advance with repetitive events punctuated by novel ones</p>	Gersick, 1988; Mosakowski & Earley, 2000; Peltomaki, 2001; Tuma & Hannan, 1984.
Time Structure: Discrete, Continuous or Epochal time.	<p>Discrete time is separated in temporal units of measurable and equal duration</p> <p>Continuous time cannot be distinguished into units but it can be identified with events</p> <p>Epochal time has continuous flow of time which can be broken into discrete temporal units</p>	Ancona et al, 2001b; George & Jones, 2000.

The dynamic aspect of CRM puts forward the importance of temporal factors. The relational perspective of time (Halinen and Törnroos, 1995) is adopted for the study of CRM. The notion of relational time is based on the cultural, organisational, physical, natural, and personal aspects of time (see Table 4-3). According to Halinen and Törnroos (1995), relational time is conceptualised horizontally in terms of the past, present and future and vertically in terms of the specific cultural and contextual setting. However, the representation of relational time in a system of axis as Halinen and Törnroos (1995) suggest may restrict its conceptualisation to a static and linear view. The author reconsiders the notion of relational time proposed by Halinen and Törnroos. By developing a *dynamic version* of relational time, the researcher posits that the cultural, organisational, physical, natural, and personal aspects are closely interrelated and frequently overlapping dimensions (Hall, 1983). She also suggests that in conceptualising the notion of relational time the past, present and future temporal modes are not necessarily chronologically ordered as a consequence of the subjective experience of time by individuals (McGrath, 1988; McGrath and Kelly, 1986).

The dynamic version of relational time has four qualities of practical value to the theme of the thesis (Figure 4-4). *First*, it is consistent with the study of social action and relationship phenomena (Halinen, 1998). *Second*, relational time incorporates the past, present and future without necessarily assuming their chronological succession. In clock time, the past is unrepeatable, the present is ephemeral and the future infinite, whereas in relational time, past, present and future referent points tend to merge as a result of experiential learning in the relationship process (Easton and Araujo, 1994). This corresponds to the complexity of relationship phenomena (Fournier, 1998) and the practice of CRM (Plakoyiannaki and Tzokas, 2000). *Third*, it emphasises the social, cultural and environmental setting that make up the experience of time for individuals, groups and organisations. Viewed in this light, relational time may provide additional insights for the effect of OC on CRM. Such a conceptualisation of time is central to the study of CRM since it assumes that the practice of CRM is meaningless when viewed in isolation from the organisational setting (namely OC) and the people responsible for its implementation (Srivastava et al, 1999). This infers that individuals or organisations may have

different perceptions and time orientations (Bluedorn, 2000) which reflect on CRM activities. *Fourth*, relational time emphasises events and activities which facilitate the study of the OC construct (Schein, 1992) and CRM phenomenon (Peterson, 1998; Srivastava et al, 2000). The concept of relational time promotes the inductive and exploratory nature of the study and supports the researcher to investigate the practice of CRM (cf. Van de Ven, 1992).

Figure 4-4: The Dynamic Version of Relational Time



Source: Adapted from Halinen and Tömroos (1995)

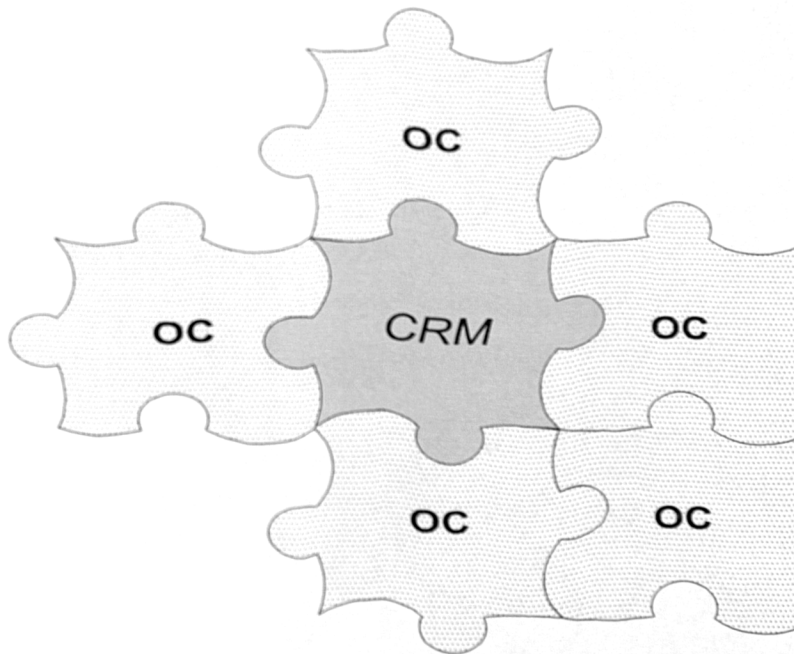
4.3.2 The Conceptual Domain: CRM and OC

The elements of the conceptual domain are the temporal focal phenomenon of interest (Bringberg and McGrath, 1985), i.e. the notion of CRM.

The extant literature highlights the strategic role of CRM in the implementation of relational strategies in business-to-consumer markets (Payne, 2000; 2002). Such an approach, illustrates the strategic aspects of CRM practice which until recently were undermined by the view of CRM as a software application. The author conceptualises CRM nested in the context of the firm namely OC and explores the interface of CRM and OC. OC is conceptualised as a multi-dimensional construct (see Chapter 3, section 3.7) and is viewed as the inner context of the firm embracing the practice of CRM. Literature has repeatedly demonstrated the need to investigate the potential association between CRM and OC. Indeed, the effect of OC on CRM has been acknowledged in relevant literature. Viewed in this light, OC is acknowledged to drive the success of CRM initiatives (Hobby, 1999; Brown, 1999; Ryals et al, 2000), and is the dominant factor for customer-centric thinking (Sheth et al, 2000) and the implementation of relational strategies (Ricard and Perrien, 1999).

Figure 4-5 illustrates the temporal focal phenomenon of this thesis, i.e. the notion of CRM embedded in the context of the firm namely OC.

Figure 4-5: CRM and OC



Source: The author

4.3.3 The Methodological Domain: qualitative inquiry

The methodological domain provides insights into the research methods employed to explore the effect of OC on CRM.

Applicability of Qualitative Approach Within the realism paradigm research on the interface of OC and CRM seems to be more consonant with a qualitative approach for a number of reasons.

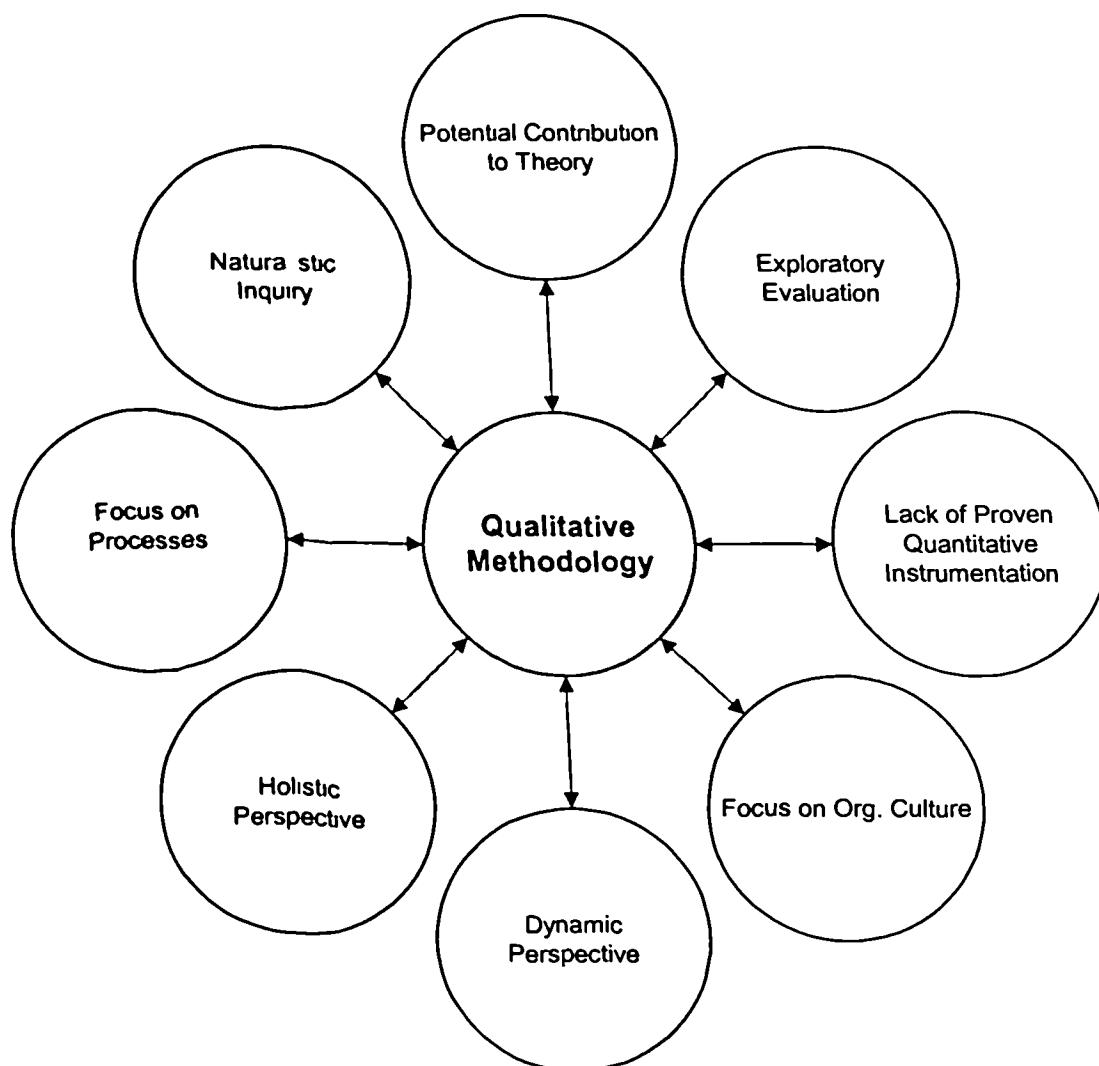
- **First**, such a study is of an *exploratory nature* since the notion of CRM has been slightly touched in academic literature and to the best of the researcher's knowledge there is no empirical evidence on the association of CRM and OC. Exploratory research is based mainly on the collection of qualitative data and aims at clarifying poorly defined or understood concepts (Patton, 1988).
- **Second**, the *process focus* of the research problem justified the choice of qualitative methodology. Both CRM and OC appear to have a processual character: CRM is a practice of the firm (Srivastava et al, 1999) and OC is "a social process associated with a unit in which members share a common set of elements" (Rousseau, 1990, p.160). In this regard, the researcher sets out to understand and document the day-to-day reality of CRM in its natural setting i.e., the organisation and its interaction with OC.
- **Third**, there seems to be a *lack of proven quantitative instrumentation* for the concepts of interest. This is particularly important for OC since it appears to lack valid and reliable quantitative measures (cf. Schein, 1986). Rousseau (1990) suggests that the uniqueness of a firm's culture restrain the development of a priori measures and quantitative instrumentation.
- **Fourth**, as stated by Miles and Huberman (1994), qualitative enquiry contributes to the development of a *holistic* (systemic, encompassing, integrated) *view of the topic under investigation*, i.e. its logic, activities, and explicit and implicit rules. Similarly, Patton (1988) suggests that in qualitative inquiry the researcher attempts to reach a spherical perspective of the phenomenon of interest in its context.
- **Fifth**, the inclusion of time in the research methodology of this study requires a shift from single-snapshot techniques which are highly correlated with positivistic studies towards a longitudinal qualitative inquiry (Avital 2000;

Monge, 1990; Orlikowski and Baroudi, 1991). The qualitative approach conceives the focal phenomenon as dynamic and developing.

- *Sixth*, according to Sutton (1997) qualitative inquiry is well suited for theory building purposes. This is in accordance with the exploratory nature of the study, the emerging interest and the need to promote research in the area of CRM.

Figure 4-6 summarises the reasons for selecting qualitative inquiry to study the interface of CRM and OC. (*Appendix A in the end of this chapter provides a detailed view of qualitative inquiry its evolution within social sciences and offers insights to its definition and characteristics*).

Figure 4-6: The Choice of Qualitative Approach



Source: The author

Applicability of Case Study Research Method. In the context of the realism paradigm and qualitative inquiry, longitudinal depth and holistic conceptualisation of the notion of CRM are promoted through a case study research method (cf. Pettigrew, 1997).

Bonoma (1985, p. 204) views a case study as “*a description, directly obtained, of a management situation based on interview, archival, naturalistic observation, and other data, constructed to be sensitive to the context in which management behavior takes place and to its temporal restraints.*” The researcher selected the case study method in order to investigate the research objectives of the thesis based on four characteristics of this research method. These are:

- 1) Case studies focus on ‘*how*’ research questions (Yin, 1989; Perry, 1998) such as: ‘How CRM is implemented in contemporary firms?’ or ‘How OC impacts on CRM implementation?’ (see Table 4-4).
- 2) The case study method is applicable to the area of OC “where meanings are socially constructed rather than value-free” (Easterby-Smith et al, 2001, p. 24).
- 3) Cases offer an in-depth view of ‘*processes as they unfold in organisations*’ (Hartley, 1994, p. 22), the components and levels of the investigated process and the context underlying this process (Bonoma, 1985; Easton, 1992; Geertz, 1973; Pettigrew, 1997). According to Yin (1989), the case study method should be applied where the boundaries between the phenomenon under investigation and its context are not clearly evident. It follows that the use of the case study is appropriate for the thesis since CRM involves a large number of actors and practices where the boundaries between these constituents are not easily distinguishable. Similarly, the complexity of links between actors and CRM practices require the collection of rich data which is facilitated by the case study method (cf. Easton, 2000).

- 4) Case studies are valuable in situations where existing knowledge is limited (Bonoma, 1985) and contribute significantly to the study of contemporary research areas, such as CRM (cf. Perry, 1998).

Viewed in this light, the case study method was selected to explore the focal phenomenon of the study i.e., CRM and its interface with OC. *The duration of the case study presented in the thesis was 14 months.* This time interval includes the preparation period to enter the case study organisation, the contact period to negotiate access to the firm and the data collection process. Table 4-5 illustrates the stages and the tasks relevant to the researcher's fieldwork. The benefit of the longitudinal approach to case studies (Pettigrew, 1990) is that it provides an in-depth understanding of organisational process (Miller and Friesen, 1982). Pettigrew (1990) notes that the more the researcher examines an emergent process, the easier it is to identify its components such as sub-processes and activities.

The selection of the case study as a research method to explore the interface of CRM and OC, requires the following considerations: a) the unit and level of analysis, b) the selection and number of cases, c) the sources of evidence, and d) the analysis and presentation of the results.

Table 4-4: Suitability of Case Study Method

Strategy	Form of Research Question	Requires Control Over Behavioural Events?	Focuses on Contemporary Events?
Experiment	How, Why	yes	yes
Survey	Who, What, Where, How many, How much	no	yes
Archival Analysis	Who, What, Where, how many, How much	no	yes/no
History	How, Why	no	no
Case Study	How, Why	no	yes

Source: Adapted from Yin (1989)

Table 4-5: The Programme of Work in the Fieldwork

	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Phase 1: Planning & Preparation			=====											
Selection of case study firm	✓													
Examination of firm related publications	✓	✓												
Finalisation of the questionnaire	✓													
Questionnaire pre-test	✓	✓												
Phase 2: Contact with the Firm														
Examination of firm related publications				✓	✓	✓								
Submission of research proposal to the firm				✓										
Reception of firm's feedback					✓									
Meeting with the board of directors					✓									
Accessed offered to the researcher						✓								
Phase 3: Data Collection														
Examination of firm related publications						✓	✓	✓	✓	✓	✓	✓	✓	✓
Observation						✓	✓	✓	✓	✓	✓	✓	✓	✓
Interviews							✓	✓	✓	✓	✓	✓	✓	✓
Examination of archival data							✓	✓	✓	✓	✓	✓	✓	✓
Interview and field notes transcribing						✓	✓	✓	✓	✓	✓	✓	✓	✓
Phase 4: Analysis of Results														

Commenced in December 2001

===== Phase Duration

✓ Task Duration

The Unit and Level of Analysis. The *unit of analysis* determines the focus of the case study (Miles and Huberman, 1994). Patton (1988, p. 51) asserts that the “key factor in selecting and making decisions about the appropriate unit of analysis is to decide what unit it is that you want to be able to say something about at the end of the evaluation ”. The concept of CRM and its practice in the organisation is the proposed unit of analysis for comparison purposes in different research settings. The *level of analysis* applies to the study of OC. Scholars have emphasised four key levels of analysis for identifying the locus of OC: individuals, dyads, groups and collectives (Martin, 1992). For instance, Schneider (1990) has focused on an *individual* level of analysis looking at how individuals with similar personalities may form a culture. Or, Schein (1985) concentrates on common experiences of individuals within *groups*. Following this distinction, OC may be tapped either through a single-level of analysis or through a multiple-level of analysis. The researcher has approached OC from multiple levels of analysis as she had the opportunity to interview and discuss with individuals and groups from multiple levels of hierarchy and divisions. It follows that this research explored the OC construct both at individual and group level.

The Selection and Number of Case Studies. The selection of cases is a significant issue for building theories from case studies. Such research is dependant on theoretical rather than random sampling (Eisenhardt, 1989). The underlying logic for cases selection is replication and theory extension.

Since research on CRM is at an early stage, it is particularly important to study the practices of early adopters that have successfully implemented the process (Cap Gemini, 1999). The emphasis on “star performers” serves to benchmark the process and facilitates the development of strategic frameworks which are essential to promote CRM theory and practice (Payne, 2001). Moreover, it appears useful to shift our attention from the financial sector, which until recently has been the centre of CRM studies, and search for CRM best practices in automotive, clothing and fast-consuming goods companies (Cap Gemini, 1999). Taking all these two issues into consideration a ‘star performer’ organisation at managing customer relationships in the U.K was selected as an information rich case study to contribute to the objectives

of this research. The case study firm (Express Service²) operates in the automotive services sector and particularly the fast-fit industry and has featured in the top of the CRM index compiled by Round and Nielsen Research (Darby, 2000). For fast-fit business, strong customer relationships are particularly important because of their inherently interpersonal focus and the relative importance of confidence that the customer shows towards the service provider (cf. Gwinner et al, 1998; Mills and Newton, 1980).

The choice of a single case study was based on the approach of Dyer and Wilkins (1991) who argue that a single deep case is the optimum form of case study research. Furthermore, Yin (1989) recommends the use of single-case design for exploratory studies within emerging areas of social sciences. Given the persuasive argument of Dyer and Wilkins (1991), the recommendations from Yin (1989) and the precedent of many seminal single case studies (Blau, 1955; Kanter, 1973) this thesis is based on a single in-depth and longitudinal case study. Table 4-6 provides some representative examples of single case study research.

Sources of Evidence. The selection of sources of evidence (Yin, 1989) holds a vital role in verifying the quality of case study research. Smircich (1983, pp. 162-163) contends that in the study of OC “three forms of evidence may be used; observation, reports from informants, and the researcher’s participation in the setting”. Each of Smircich’s recommended forms of data collection were utilised to explore the interface of CRM and OC.

1) Archival Data. Trade press and internal company documentation including many confidential company reports were examined for the purpose of this study. The analysis of the internal documents and archives was largely conducted ‘on-site’. The analysis of trade press took place from the very early stages of data collection mainly in the researcher’s office. The examination of archival data offered insights and antecedent conditions to the history of the firm directly associated with the practice of CRM and OC (cf. Pettigrew, 1997).

² The name of the firm is a pseudonym.

Table 4-6: Examples Single Case Study Research

Author, Date, <i>Publishing Journal,</i> <i>Paper Title</i>	Research Objective
Lynn Isabella (1990), <i>Academy of Management Journal</i> <i>Evolving Interpretations as a Change Unfolds: How Managers Construe Key Organizational Events</i>	To develop a model of how managers construe organisational events as a change unfolds
Pushkala Prasad (1993), <i>Academy of Management Journal</i> <i>Symbolic Processes in the Implementation of Technological Change: A Symbolic Interaction Study of Work Computerization</i>	To explore the symbolic processes involved in the computerisation of work in a health service organisation
Rucci Anthony, Kim Steven and Quinn Richard (1998), <i>Harvard Business Review</i> <i>The Employee Customer Profit Chain at Sears</i>	To explore the change of organisational culture in Sears, Roebuck and Company
Ogbonna Emmanuel and Harris Lloyd (1998), <i>British Journal of Management</i> <i>Managing Organizational Culture: Compliance or Genuine Change?</i>	To provide empirical evidence and discussion on the consequences of management's attempts to change organisational culture
Casey Catherina (1999), <i>Human Relations</i> <i>'Come Join Our Family': Discipline and Integration in a Corporate Organizational Culture</i>	To explore family style organisational cultures in corporate organisations
Lovas Bjorn and Ghoshal Sumantra (2000), <i>Strategic Management Journal</i> <i>Strategy as Guided Evolution</i>	To explore the impact of organisation cultural systems and intraorganisational ecology in strategy development
Thorne Marie (2000), <i>British Journal of Management</i> <i>Cultural Chameleons</i>	To describe organisational culture formation and to explore the dynamics of organisational culture in a group of clinical directors
Daymon Christine (2000), <i>British Journal of Management</i> <i>Culture Formation in a New Television Station: A Multi-Perspective Analysis</i>	To explore how organisational culture forms in a new firms

Source: The author

2) Interviews. A total of 36 detailed, in-depth interviews were conducted with a variety of employees from different levels of organisational hierarchy and business units. This is an important aspect of the research design of the thesis since first, it tackles a weakness of prior research on OC which has mainly depended on managers as interview respondents (cf. Siehl, 1985) and second it offers a holistic perspective of the practice of CRM which extends throughout the organisation (Srivastava et al, 1999).

Each interview was individually conducted and lasted between one and a half, and two hours. All case-specific interviews were tape-recorded with the permission of the respondents and transcribed. Most interviews took place in the interviewees' office although they sometimes took place in a quiet corner of the staff canteen or in a free conference room.

The purpose of interviews in exploratory case studies is to develop ideas relevant to the concepts under investigation (Oppenheim, 2000). The in-depth interview, a method that has been increasingly used in the theory development process and has been often proven helpful in discovering themes not addressed in previous relationship marketing research (Gwinner et al, 1998; Perry, 1998). The interviews were largely unstructured involving open-ended questions and based on themes relevant to the objectives of the research. As far as the *first research objective* is concerned, i.e. to identify employees' and managers' perceptions of CRM, the interview guide sought to explore the involvement of the respondents in the CRM practice, their understanding of the notion of CRM and their view of the firm's CRM activities. With regard to the *second research objective*, namely, to identify the constituents of the firm's CRM practices, respondents elaborated on particular CRM activities in the organisation and discussed how CRM practices are operationalised in the firm. Moreover, respondents concentrated on the changes that the practice of CRM has caused to customer-firm relationships. In relation to the *third research objective*, that is, to explore the effect of OC on the practice of CRM the interview themes included obstacles and facilitators in the firm linked to the practice of CRM and related critical events. The role of critical events in the interview guide was twofold: to detect and learn from problems pertinent to the practice of CRM in the organisation and to gain an in-depth understanding of the firm's OC (Schein, 1992).

Critical events have been often used in the context of relationship marketing in order to explore the dynamics of the relationship process (Bejou et al, 1996; Halinen, 1997; Halinen et al, 1999). In the interview process, the OC construct was additionally explored through the narration of stories by organisational members (Boje, 2001). These stories and anecdotes were most of the times linked to the operations of the firm or the interaction with the customer and facilitated the exploration of tacit aspects of the firm's OC such as assumptions and values (Kunda, 1992). Following the recommendations by Campbell and Tawadey (1990), the interview guide also included some additional questions relevant to manifestations of OC such as the mission statement, leadership and organisational symbols.

Follow up discussions with the informants illuminated how the practice of CRM evolved over time (Van de Ven, 1992) and offered complimentary data that facilitated the better understanding and validation of interviews. The interview guide has been pre-tested prior to data collection with Master's and MBA students with business experience.

The identification of the respondents was based on a snowballing method. With this method, two primary respondents were identified (a high level manager and an employee) and interviewed; they were then asked to identify other people (secondary respondents) involved in the practice of CRM. Each of these secondary respondents is in turn interviewed and asked to identify other members involved in CRM initiatives. The snowballing method facilitated the collection of data from multiple participants involved in the practice of CRM (cf. Moriarty, 1986). Moriarty (1986) asserts that more functional areas and organisational levels are represented with the snowball technique than with other traditional methods of approaching respondents. The adding of new respondents stopped when repeating patterns of data started to emerge. Table 4-7 provides a list of the respondents of the interviews. Names are not provided in order to protect the respondents' identity.

3) **Observation.** Keeping with Kunda (1992) and Watson (1995), detailed observation was undertaken including attendance at meetings, internal presentations, induction procedures and training programmes. There are several advantages of observational fieldwork linked to this research:

- 1) Observation offers direct experience with the notion of CRM allowing the researcher to conceptualise holistically the phenomenon of interest (Patton, 1988).
- 2) Through observation the researcher has the opportunity to get closer to the OC of the firm (Kunda, 1992) by observing things that may routinely escape conscious awareness among participants.
- 3) The value of observational data is of substantial importance since the researcher can learn aspects about CRM and OC of the firm that respondents may feel uncomfortable to share in interviews and discussions (cf. Patton, 1988).

The observational period covered the whole duration of the data collection period and commenced before the interviews. The reason for doing so is that the researcher, in this way, familiarised herself with the organisational setting, structure and jargon. The observer-as-participant type of observation was followed in which the inquirer identifies herself as a researcher and interacts with participants in the organisation but makes no pretense of actually being a participant (Paul, 1996). Express Service is a multi-setting organisation thus observations focused on Express Service Holdings, Express Service GB, Express Service Insurance and the Express Service centres in Scotland and England.

The impressions and insights gleaned from the field were translated into detailed field notes on the same day of the observation or and interview, as Eisenhardt and Bourgeois's (1988) 24-hour rule recommends.

Table 4-7: List of Interviews

No	Position	Sex	Date of Interview	Tenure	Express Service Setting
1	Customer Service Manager	F	22/05 2001	3 ½ years	Express Service GB
2	Managing Director of the AUTOCLUB	M	24 05 2001	6 years	Express Service Insurance
3	Call Centre Manager (AUTOCLUB)	F	24 05 2001	3 years	Express Service Insurance
4	Group Director of Marketing	M	30 05 2001	18 years	Express Service Holdings
5	Head of Group Marketing	M	30 05 2001	7 ½ years	Express Service Holdings
6	E-Commerce Development Manager	M	30 05 2001	10 years	Express Service Holdings
7	South Region Manager (Regional Manager)	M	05 06 2001	19 years	Express Service Centre: York
8	Technical Training Manager	M	15 06 2001	15 years	Express Service GB
9	Master Manager	M	15/06/2001	10 years	Express Service Centre: Edinburgh
10	Regional Manager (Scotland)	M	15/06/2001	18 years	Express Service Centre: Edinburgh
11	Development Manager	F	20/06/2001	4 years	Express Service GB
12	Marketing Manager	M	20/06/2001	1 year	Express Service GB

Table 4-7: List of Interviews (cont'd)

No	Position	Sex	Date of Interview	Tenure	Express Service Setting
13	Director of Customer Services	M	20 06 2001	22 years	Express Service GB
14	Partner (Area Manager)	M	05 07 2001	13 years	Express Service Centre: Glasgow
15	Director of Human Resources	F	12 07 2001	3 months	Express Service GB
16	Divisional Director (Scottish Division)	M	12 07 2001	2 months	Express Service GB: Scottish
17	Call Centre Consultant (windscreens)	M	17 07 2001	3 years	Express Service Insurance (AUTOCLUB call centre)
18	Call Centre Consultant (customer research)	F	17 07 2001	8 months	Express Service Insurance (AUTOCLUB call centre)
19	Call Centre Consultant (MOT)	M	17 07/2001	1 year	Express Service Insurance (AUTOCLUB call centre)
20	CRM Manager	M	25/07/2001	11 months	Express Service Insurance
21	IT Officer	F	31/05/2001	3 years	Express Service Insurance (AUTOCLUB)
22	Managing Director	M	03/08/200	1 ½ year	Express Service Insurance
23	Manager of Business Process	M	07/08/2001	3 years	Express Service Insurance
24	Customer Services Consultant	F	16/08/2001	2 years	Express Service GB

Table 4-7: List of Interviews (cont'd)

No	Position	Sex	Date of Interview	Tenure	Express Service Setting
25	Customer Services Consultant	M	16 08 2001	11 years	Express Service GB
26	Customer Services Consultant	M	16 08 2001	12 years	Express Service GB
27	Team Leader (Customer Care)	F	10 09 2001	18 years	Express Service GB
28	Quality Manager	F	11 09 2001	3 years	Express Service Insurance
29	Personnel Manager	F	11 09 2001	6 years	Express Service Insurance
30	Call Centre Consultant (Claims)	F	11 09 2001	4 years	Express Service Insurance
31	Call Centre Consultant (Customer Care)	M	11 09 2001	1 ½ year	Express Service Insurance
32	Sales Director	M	09/10/2001	6 years	Express Service Insurance
33	Operations Support Director	M	22/10/2001	24 years	Express Service Holdings
34	Group Director Internal Audit	M	23/10/2001	20 years	Express Service Holdings
35	Manager of Business Processes	M	31/10/2001	3 years	Express Service Insurance
36	Senior IT-Officer	F	31/10/2001	6 years	Express Service Insurance

4.3.4 The Substantive Domain: events and activities

The substantive domain determines the empirical focus of the investigation (Brinberg and McGrath, 1985). The study of CRM involves the examination of a number of distinct components (cf. Mackenzie, 2000), such as events, practices and activities pertinent to the management of the relationship with the customer.

In practice, the elements of the substantial domain influenced the data collection of the thesis in a threefold way. First, the elements of the substantial domain offered insights to the structure of the interview guide that the author used for the interviews. Second, these elements provided a basis for the collection of archival data and company documentation. Third, events, and activities were the focus of the observational reports and field notes that the researcher prepared 'on-site' with the purpose to understand sufficiently the practice of CRM and its interface with OC.

➤ Part 3

4.4 The Analysis of Results

The data collection activities culminated in the completion of a formal retrievable database containing 150 pages of organised field notes; 36 audiotapes, 470 pages of single-spaced interview transcripts and other related documents such as trade press publications and archival data.

The analysis of the results was based on the content analysis technique and conducted by the means of NUD*IST (Non-numerical Unstructured Data Indexing, Searching and Theorizing) software index. The use of content analysis is of value to this study for four reasons:

- 1) it facilitates the elaboration of verbal data and particularly interviews and communication material (Carney, 1973; Krippendorff, 1980),
- 2) it is appropriate for exploratory research and theory building purposes (Easterby-Smith et al, 1991),
- 3) it serves to detect patterns emerging from the verbal data and deeper meaning embedded in this data, and
- 4) it assists the analysis of deeper meaning embedded in the data and the process of making inferences (Holsti, 1969).

The content analysis process initiated with the input of the verbal material to NUD*IST. Specifically, both interviews and field notes were transcribed and then indexed using NUD*IST data management computer package. Archival data and company documents were used either to support or to disconfirm the material collected from the interviews and field notes.

NUD*IST is designed to give comprehensive support to all aspects of a qualitative research project. Particularly its operations can be classified under three headings (Richards and Richards, 1991):

- a) The **document system** provides mechanisms for processing and maintenance of the on-line and off-line textual data of the qualitative research project.
- b) The **hierarchical indexing system** for the documents, which includes a database of indexed data (references to text units in documents) and facilities to create and modify the database.
- c) The **analysis system**, the most significant part of NUD*IST is a set of facilities for manipulating the indexing database in various ways in order to assist the researcher define and explore research ideas and find text relevant to complex ideas.

a) The data document system

NUD*IST maintains a database of information about on-line documents of textual data and also about off-line documents (i.e. ones not stored in the computer). These documents are all index in the indexing system.

The on-line texts can be files of any number and size. These files are treated as a single data document for analysis purposes. Typically on-line files are created using a word processor and they are then processed by NUD*IST into the format required for search and retrieval operations. For every document the researcher created a header which was used for recording reference data about the document and included interviewee's name, date of the interview and setting.

Off-line documents were also of high importance for this research and included mainly field note diaries, minutes of meeting and presentations. These were

all indexed and analysed in NUD*IST in the same way as on-line documents, except the researcher had to segment the text manually before indexing.

b) The indexing system

NUD*IST supports the creation and modification of an extremely flexible and potentially unlimited indexing database. Here data documents are indexed (coded) for analysis purposes. The researcher specifies the unit of analysis which was *the line* for the purpose of this study and consequently breaks the text documents down into the units of analysis. Additional comments (memos) associated with the content of text units were also entered and stored in the index system in order to provide a further exploration of these categories. The categories of codes (nodes) which emerged from the research findings were primarily conceptual categories related to the topic of the study rather than descriptive categories such as gender, age and group membership (Gaham and Hannibal, 1998).

The coding of the text data was conducted by the researcher and auto-coding routines were not used in the analysis of the results because frequently the abstract concepts used to label the text segments did not themselves appear in the text. The indexing process generated 35 *free nodes* which are ideas that as yet have no place in the early thinking of this research project and 351 *index tree nodes*. This last category of nodes is represented as a tree structure and allows the researcher to understand the underlying coding structure of patterns detected from the data (Rouse and Dick, 1994). Each category of nodes was created through a process of differentiation from and in relation to other categories. NUD*IST supported the continuous refinement and reshaping of the indexing system as the researcher's understanding of the material evolves and improves. The idea of theory emerging from data was supported by the flexibility of the programme.

c) The retrieval and analysis system

Qualitative data is voluminous, unstructured, rich and textual. NUD*IST offers the ability to explore and organise concepts in textual data by the programme routine that searches the text and stores the results as a node. Text searches facilitated the researcher to find and collect together all occurrences of words or phrases which were meaningful to the analysis. Both string and pattern searches were performed during the process of data analysis. String searches located text units which contain

an exact or literal match to the sequence of characters typed into the search dialogue box. Pattern searches allowed the researcher to look for patterns or combinations of characters in the data rather than an exact match to specified characters. The *string* and *pattern searches generated 65 nodes* which were emerged into the original index system. The themes that have repeatedly appeared in pattern searches are signalled with bold characters in the interview excerpts of chapters 7 and 8.

The overall analysis process concluded with searches in the index system. Index searches facilitated the research to explore relationships between nodes and validate the existing index system.

➤ PART 4

4.5 Judging the Quality of Research within the Realism Paradigm

As stated in the first part of the chapter, a scientific paradigm is a view of reality which consists of three elements, namely *ontology*, *epistemology* and *methodology*. It follows that the quality of research within a paradigm should be evaluated by its own paradigm terms. In the context of the realism paradigm, Healy and Perry (2000) propose six criteria to judge the reliability and validity of qualitative research.

The *first criterion* is related to the element of ontology which is presented in Popper's (1994) world three. The ontology of realism assumes that the topic under investigation is pertinent to social complex phenomena involving 'reflective' people. Viewed in this light, the first step in assessing the quality of research within the realism paradigm is to ensure that the aspect of the world investigated is world three (Popper, 1994). This criterion is entitled *ontological appropriateness*. Particularly, for case study methods ontological appropriateness is relevant to the selection of research questions that ask *how* and *why* something happens (Yin, 1989). The thesis met the criterion of *ontological appropriateness* by focusing on research problems such as *how employees and managers perceive CRM* and *how OC reflected on the CRM practice*.

The *second quality criterion* of research within realism is also associated with the element of ontology and refers to *contingent validity*. This criterion describes the validity regarding generative mechanisms and contexts that make them contingent.

The criterion of *contingent validity* is operationalised in case study research through theoretical and literal replication, the in-depth character and focus on the context of case studies. With respect to the thesis, the focus on the context (OC) of the CRM process and the in-depth and longitudinal character of the data collection methods served to increase the contingent validity of the findings (Miller and Friesen, 1982).

The *third criterion* is linked to epistemology and assumes that realism relies on *multiple perceptions of a single reality*. In a case study method, these multiple perceptions may entail triangulation techniques. Denzin (1989) distinguishes four types of triangulation, namely *data*, *investigator*, *theory* and *methodological* triangulation. Deshpande (1983) adds a fifth type of triangulation, i.e., *triangulation of procedures* which increases the opportunity of marketing researchers to understand holistically the investigated phenomena by using both qualitative and quantitative approaches in the research design of the study. Table 4-8 illustrates and describes the five types of triangulation techniques. In the context of the thesis, the researcher applied the methods of *data*, *theory* and *methodological* triangulation to increase the quality of the research findings.

The three remaining criteria for realism research relate to the element of methodology and are entitled *methodological trustworthiness*, *analytic generalisation* and *construct validity*. The *fourth criterion*, *methodological trustworthiness* refers to the extent to which a particular research project can be audited by developing a case study database and by the use of quotations in the presentation of results. The development of a retrievable case study database (Yin, 1989) and the use of interview excerpts in the presentation and discussion of empirical findings (Isabella, 1990) raised the methodological trustworthiness and consequently the reliability of the research findings of the thesis (Healy and Perry, 2000).

The *fifth criterion* pertains to *analytic generalisation* (Eisenhardt, 1989; Yin, 1989) i.e., theory building. Realism research facilitates primarily theory-building rather than the testing of the applicability of research hypothesis in the population. In the context of the thesis, the research contributes to theory building by reporting the employees and managers perceptions of CRM, proposing a framework of the CRM process and explaining the effect of OC on CRM.

The *sixth criterion is construct validity* and refers to the establishment of the correct operational measures for the concepts being studied. This criterion is especially important in case study methods and can be met with the use of multiple sources of evidence in the data collection process and the review of case study reports and interview transcripts by respondents (Yin, 1989). To meet this criterion, the researcher used theory primarily from CRM, OC and relationship marketing literature in order to develop the interview guide, as well as maintaining the case study database and using the triangulation mentioned above. Table 4-9 shows the application of the six criteria in the case study of the thesis.

Table 4-8: Types of Triangulation

Type of Triangulation	Author	Description
Data Triangulation	Denzin (1978; 1989)	Refers to the use of different data sources in a study e.g. interviewing people in different status positions or different points of view
Investigator Triangulation	Denzin (1978; 1989)	Refers to the use of different observers, interviewers, evaluators and social scientists to collect and interpret a set of data. It assists in minimising the bias resulting from the researcher as a person.
Theory Triangulation	Denzin (1978; 1989)	Refers to approaching data with multiple perspectives and theories in mind. The use of theory triangulation is exercised to extend the possibilities for producing knowledge.
Methodological Triangulation	Denzin (1978; 1989)	Refers to between method-triangulation and within-method triangulation. The former illustrates the use of multiple methods to study a single problem such as interviews, observation, archival data and documentation. The latter pertains to use of several sub-scales for measuring items in a questionnaire.
Triangulation of Procedures	Deshpande (1983)	Refers to the use of qualitative and quantitative methods in a single research project.

Source: The author

Table 4-9: Criteria Judging the Reliability and Validity of the Case Study in the Thesis

Criteria For the Realism Paradigm	Brief Description of the Criteria	Application of the Criteria to Case Study Method within the Realism Paradigm	Authors	Application of the 6 Criteria to the Thesis Case Study
Ontology				
1) <i>Ontological Appropriateness</i>	Research problem deals with complex social science phenomena involving reflective people	Formulation of the research questions: <i>How?</i> <i>Why?</i>	Healy & Perry (2000) Guba & Lincoln (1994) Yin (1989)	Formulation of the research question: <i>How managers and employees perceive CRM?</i> <i>How OC affects the practice of CRM?</i>
2) <i>Contingent Validity</i> (internal validity)	Open (fuzzy boundary) systems involving generative mechanisms rather than direct cause effect relationships	Theoretical and literal replication, in-depth questions, emphasis on the context of the case study	Healy & Perry (2000) Miles & Huberman (1992) Stake (1995) Yin (1989)	Emphasis on 'why' and 'how' questions in the structure of the questionnaire Emphasis on the context of the case study by exploring the OC construct of the firm

Source: Adapted from Healy and Perry (2000)

Table 4-9: Criteria Judging the Reliability and Validity of the Case Study in the Thesis (cont'd)

Criteria For the Realism Paradigm	Brief Description of the Criteria	Application of the Criteria to Case Study Method within the Realism Paradigm	Authors	Application of the 6 Criteria to the Thesis Case Study
Epistemology				
3) Multiple Perceptions of a Single Reality	Participants' and researchers' views of the world is not reality but an aspect of reality	Multiple interviews, multiple sources of evidence, triangulation	Healy & Perry (2000) Paul (1998) Stake (1995) Yin (1989)	Data Triangulation = use of multiple informants in the interviews, Theory Triangulation = use of Relationship Marketing, CRM and OC theories Methodological Triangulation = use of observation, interviews and archival data for data collection
Methodology				
4) Methodological Trustworthiness Reliability	The extent to which a research can be audited	Case study database	Healy & Perry (2000) Yin (1989)	Retrievable case study database Use of interview quotations in the presentation and discussion of the findings

Source: Adapted from Healy and Perry (2000)

Table 4-9: Criteria Judging the Reliability and Validity of the Case Study in the Thesis (cont'd)

Criteria For the Realism Paradigm	Brief Description of the Criteria	Application of the Criteria to Case Study Method within the Realism Paradigm	Authors	Application of the Criteria to the Thesis Case Study
Methodology (cont'd)				
5) Analytic Generalisation	Theory building	Identification of research issues before data collection Formulation of interview protocol exploring the key themes of research	Eiserhardt (1989; 1991) Healy & Perry (2000) Miles & Huberman (1992) Yin (1989)	Formulation of interview guide Circulation of interview guide to peers Pre-test of the interview guide
6) Construct Validity	Establishing correct operational measures for the concepts being studied	Use of case study database and data triangulation	Healy & Perry (2000) Miles & Huberman (1992) Paul (1998) Yin (1989)	Retrievable case study database Use of theory to structure the interview guide Circulation of case study report and interview transcripts to respondents Discussion of the researcher's index system with specialised peers

Source: Adapted from Healy and Perry (2000)

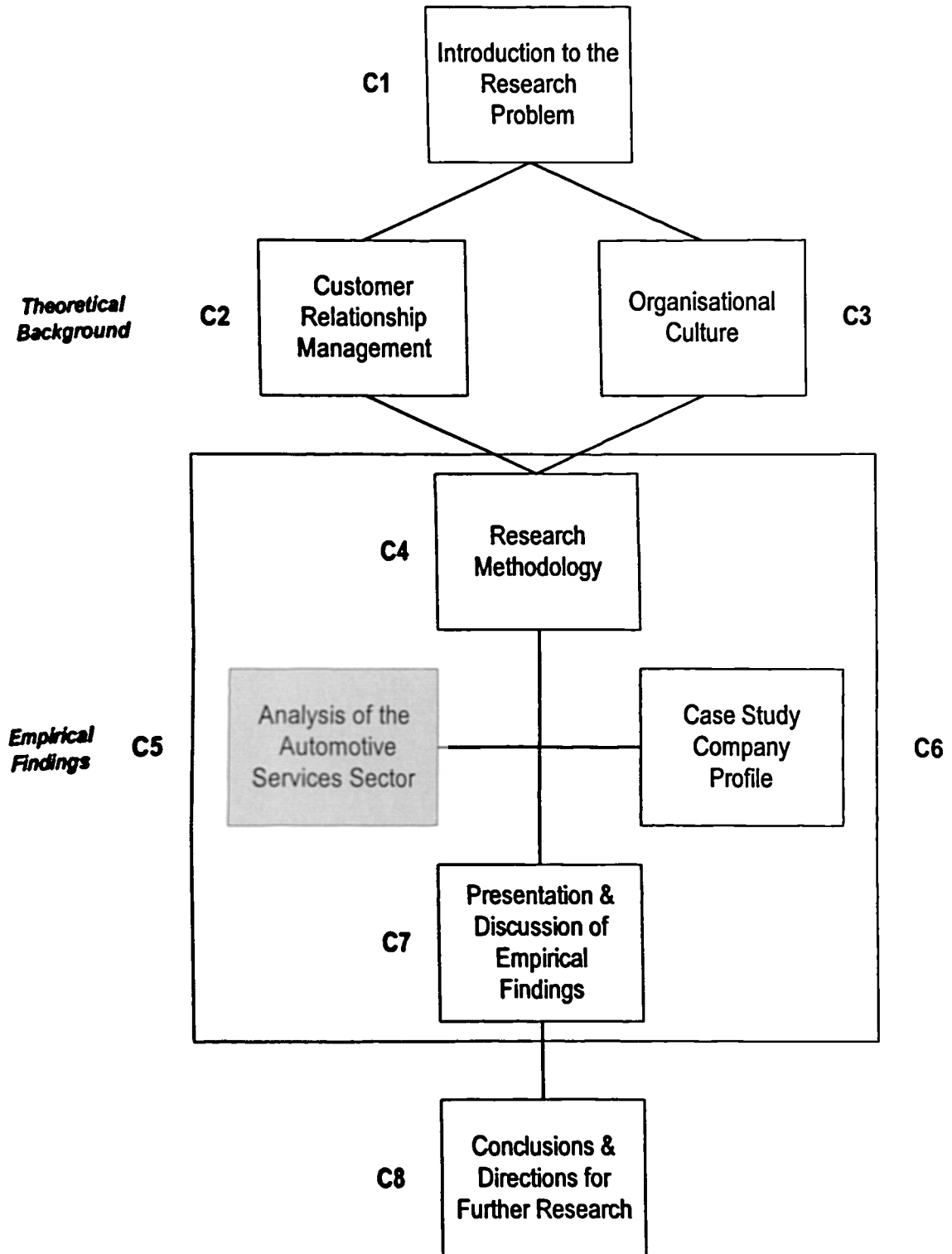
4.6 Summary

Chapter 4 illustrates the methodology adopted in the research process of the thesis. The realism paradigm has accommodated the exploratory character of this research and provided the criteria for judging the quality of the research findings. Having selected the realism paradigm to serve as a framework of this study the following emerging issue is associated with the elements of the research process. The author builds upon the framework of Brinberg and McGrath (1985) and adopts their conceptual framework of the research process for the needs of this study. The framework proposed by Brinberg and McGrath (1985) consists of the *philosophical, conceptual, methodological* and *substantive* domains and facilitates the incorporation of the dimension of time in the research design of this study. *The inclusion of time in the research design of this study constitutes a contribution of the thesis to methodology.*

This thesis is based on a longitudinal exploratory case study in the U.K. automotive services sector. The duration of the case study was 14 months. The researcher has used multiple sources of evidence to facilitate the triangulation of data procedure. Particularly, this research is based on 36 personal interviews, observation and archival data sources. The analysis of the results was performed using NUD*IST data management software. The reliability and validity of the findings has been judged taking into consideration the criteria that the realism paradigm sets.

Chapter 5

Analysis of the Automotive Services Sector



5.1 Introduction

The importance of the motorcar, as a mean of transport in our everyday life, its frequent use and acceptance in our society influence the way that aftersales attention is covered. The utility of the car has gradually changed over the past few years. From being a rather mechanical piece of equipment used mainly for professional purposes, the car has been transformed to an essential facilitator of social life and communication. Consequently, the aftersales attention has developed into a big and sophisticated business with quite complex support channels along with various types of installer/servicing points.

The aftersales attention which is a *mixture of retailing and service provision* is the theme of *chapter 5*. In the *first part* of chapter, the author provides an in-depth analysis of the automotive services sector. Particularly, the definition of the market is discussed followed by an analysis of the suppliers and competitors in the automotive services sector. Additionally, the first part of the chapter includes a SWOT analysis with the purpose of enhancing the reader's understanding on the dynamics of the automotive services and particularly the strengths, weakness, opportunities and threats of the industry. The *second part* of the chapter concentrates on the fast-fit market and describes 1) the product-services mix and 2) the significance of customer-suppliers relationships in the fast-fit business. Chapter 5 concludes the discussion on the automotive services sector and fast-fit market by summarising the key points.

➤ *Part 1: The Automotive Services Sector*

5.2 Definition of the Market

According to the Key Note report (1996; 1998) the automotive services markets consists of car servicing and mechanical repairs, car body repairs, fast-fit services, breakdown and recovery services.

There is clearly an overlap between these three services. For instance, the car body repair may entail some elements of mechanical servicing; car servicing may or may not be 'fast-fit'; and car breakdown and recovery services can include also mechanical repair. The above services may be supplied by a variety of business factors (table 5-1). These are:

- franchised garages
- independent garages
- garage chains and autocentres
- car body repair shops
- breakdown and recovery organisations
- fast-fit centres, and
- mobile service units.

In the following section of the chapter, the researcher elaborates on these categories of automotive services suppliers with the purpose of providing a clear understanding on the operations of the aftersales sector.

Table 5-1: Automotive Services and Suppliers in the U.K.

Suppliers	Services			
	Servicing/ Mechanical Repair	Car Body Repair	Fast-Fit	Breakdown & Recovery
Franchised car dealers	Yes	Occasionally	Sometimes	Occasionally
Independent Garages	Yes	Seldom	Sometimes	Occasionally
Garage Chains/ Autocentres	Yes	Seldom	Yes	Sometimes
Car Body Repair Shops	Sometimes	Yes	No	No
Breakdown & Recovery Organisations	Limited	No	Limited	Yes
Fast-Fit Centres	Fast-Fit Items	No	Yes	Sometimes
Mobile Service Units	Yes	No	Sometimes	Sometimes

Source: Key Note (1997)

5.2.1 Suppliers of Automotive Services

Automotive services are offered to motorists through almost 36,700 outlets (Key Note, 1998). In general, the number of these outlets is in decline as they are being operated by fewer businesses, while their size and individual throughput is increasing. Table 5-2 offers a detailed view of the number of outlets providing automotive services.

**Table 5-2: Outlets Offering Automotive Services (number of outlets),
1997**

Outlets of Automotive Services	Number
Independent Garages	17,500
Franchised Dealers	6,700
Car Body Repair Shops	6,500
Fast-Fit outlets and Autocentres	5,500
Others	500
Total	36,700

Source: Key Note (1998)

Table 5-2 excludes breakdown and recovery organisations whose outlets may be estimated by the number of patrols and agents available to their members. This number reaches in the U.K. 10,000 patrols and agents. Some of these are uniformed employees of motoring organisations while others are local contractors organised into a network who are available to be called out by motoring organisations on behalf of their members. Table 5-3 offers a view of the estimated shares of the automotive services market. The table includes the major stakeholders of the market namely, franchised dealers, fast-fit outlets and autocentres, and independent garages.

a) Franchised Garages

In 1997, a massive reorganisation in the franchised dealer sector took place as several major car marques and large chains of dealers were being encouraged to take control of whole areas of the country creating 'superterritories'. Franchised car dealers are appointed by car manufacturers and importers to retail their make of car. They are approximately 6,700 franchised car dealers which offer servicing and repair for the makes of car they sell but, in recent years, there has been an increasing trend for them to attract work on other car models as well. They dominate the services and repair market for new (up to 3 years old) cars and those under warranty. They also offer car body repair services, but this is often outsourced to a specialist body repair shop. Franchised dealers additionally offer a fast-fit service and undertake MOT testing.

Dealers' outlets are increasingly part of national chains (e.g. Lex, Reg Vardy etc). They are declining in number, largely due to the initiative of car manufacturers who seek to retail their cars through fewer and bigger outlets. New cars however, are likely to be the least profitable sector of a franchised dealer's business. On the

contrary, used cars are more lucrative than new cars since repairs and servicing occur more frequently.

Table 5-3 Estimated Shares of the Automotive Services Market

Supplier	1999 (estimate) £m	% of total
Franchised Garages	4,338	46
Fast-Fit and Autocentres	2,452	26
Independent Garages	1,980	21
Other	660	7
Total	9,430	100

Source: Office of Fair Trading (2000)

b) Independent Garages

The independent garages range from small lock-up workshops to small chains offering a mix of used car sales, servicing and repairs, and MOT testing. The number of independent garages is approximately estimated on 17,500. Some of these have contracts with large roadside recovery organisations to handle calls for assisting motorists within a specific area. Their servicing and repair business concentrates mostly on older cars (3 years old and over). Moreover, they enjoy the perception that their servicing and repair charges are lower than those of franchised garages.

c) Garage chains and Autocentres

A number of chains of garages, sometimes called autocentres, are operated by major corporations of various kinds including car manufacturers, tyre manufacturers and major franchised dealers.

The service they provide is often more akin to a fast-fit service, but some offer servicing and repair for all makes of car, in direct competition to independent garages and the service bays of franchised dealers.

d) Car Body Repair Shops

The car body repair shops are mostly single-site operations. Almost 6,500 car body repair shops operate in U.K. Lately, in an effort to control costs some insurance companies operate their own chains of car repair body shops.

e) Breakdown and Recovery Organisations

Since the early motoring days, the Automobile Association (AA) and the Royal Automobile Club (RAC) have dominated the market of automotive services (Automobile Association, 2001). However, over the last 20 years these organisations

are challenged by other suppliers of aftersales services. The service range of the AA and RAC includes insurance services, merchandise, publications and other products most of which are directly related to the car and the motorist.

f) Fast-Fit Centres

The trade distinguishes between 'pure' fast-fit centres and the rest garages (Key Note, 1997). The former consists of businesses that focus on a fast-fit service but which are increasingly extending their offer to include other automotive services. The latter comprise of garages of all kinds that claim to rival 'pure' fast-fit operators, although some may retail only tyres. The fast-fit sector is based more on the concept of providing speedy service than the defined range of services.

In 1997 the garage chains, autocentres and fast-fit outlets operating in the U.K. were estimated to reach 5,500. This number has increased to 6,000 by early 1998 (Key Note, 1998).

g) Mobile Service Units

The mobile service units are consisted of mechanics who operate from vans to provide servicing, diagnostics, engine tuning etc., for customers who find it inconvenient to visit a garage. Mobile service units are run either by self-employed mechanics or by chains.

5.2.2 Market Size

In 1997, the total value of the automotive industry services market was estimated at £11.65bn (Table 5-4). Car servicing and mechanical repair was the largest sector at £6.8bn, followed by car body repair at £4.2bn. Expenditure on car breakdown and recovery was £650m. These figures do not include expenditure on vehicles purchase, insurance, taxation, petrol and motor oils, MOT test fees, car washes and cleaning material. Keynote (1998) forecasts for the end of 2002 that expenditure at current prices, on car servicing and repairs will rise by 14.9% to reach £7.82bn, while expenditure on car body repairs will rise by a slightly higher 15.7% to reach £4.91bn.

Table 5-4: Expenditure on Automotive Services (£m), 1997

Type of Service	Expenditure on £m
Car Servicing and Mechanical Repair*	6,800
Car Body Repair	4,200
Car Breakdown and Recovery Services**	650
Total	11,650

* including *Fast-Fit Services*

** *membership fees plus car dealer incentives, etc*

Source: Lex Report Group (1997) and Key Note (1998) and

5.2.3 Competitor Analysis

a) Franchised Dealers

Servicing and repairs are often the most profitable activities for a franchised dealer. These activities often contribute 50% to 60% to gross profits. Large dealer groups are becoming particularly powerful in the market as they attract the vast majority of servicing and repair occasions both for new cars and old car models. Formerly, small and medium-sized dealers had the support of car manufacturers, who preferred to keep such franchised dealers under their control, by preventing small and medium-sized dealers from taking on adjoining dealerships and limiting the number of outlets held by one dealer. This has now changed and large chains of dealers are being encouraged to take control of whole areas of the country (superterritories).

Most large chains of dealers regard this as an opportunity to extend and increase their profitability. However, some dealers were concerned about the costs of expansion demanded by car manufacturers. Between July and October 1997, a major reorganisation of dealerships took place. Particularly:

- Pendragon bought Lex Service's volume dealerships for £44m. This acquisition compelled Pendragon to invest £22m to secure its new larger market area.
- Henlys decided that the £40m to invest in its network was not worth the projected returns, and exited from car retailing altogether in August 1997, in favour of a buyout team.
- Quicks Group acquired the motor dealership arm of the Calverdale Group.
- Jardine International acquired the Appleyard Group.
- Pendragon plc is now the only company allowed to sell Fiat within U.K. Reg Vardy has a monopoly on Renault in northeast England and on Nissan in

Leeds and Birmingham. Dixon motors, having acquired Carnell, dominates the Yorkshire market for several car marques.

Table 5-5 shows a selection of leading car dealers, together with their most recent turnovers figures available.

b) Independent Garages

Independent garages are numerous and too small to name in terms of competitors. They are all in competition with franchised dealers and fast fit outlets. They range from very small lock-up workshops to prominent outlets on main roads.

c) Fast-Fit Outlets

Table 5-6 illustrates the main fast-fit operators in the U.K. Tyre manufacturers operate the majority of fast-fit centres. In terms of the number of outlets, Kwik-Fit Group is by far the largest, with 1109 at the beginning of 2000, followed by National Tyre (NTS), with 662 service centres.

Table 5-5: Financial Performance of Selected Leading Car Dealers (£m), 1996-1997

No	Dealer	Ultimate Holding Company	Base	Turnover (£m)	Pre-tax Profit (£m)	Year End
1	Inchcape PLC	-	London	5,931.4	89.6	31/12/97
2	Lex Retail Group Ltd	Lex Service PLC	Reading	826.6	-4.9	31/12/97
3	Arriva PLC	-	Sunderland	1,420.6	101.1	31/12/97
4	Evans Halshaw Holdings PLC	-	Blackpool	870.4	21.4	31/12/97
5	Hartwell PLC	Bishopsgate Investments Ltd	Oxford	800.6	9.2	30/11/96
6	Appleyard Group	-	Harrogate	783.0	-5.1	31/12/96
7	Reg Vardy PLC	-	Sunderland	677.0	17.1	30/04/97
8	Wadham Kenning Motor Group Ltd	Inchcape PLC	Portsmouth	550.3	2.3	31/12/96
9	Sanderson Bramall Motor Group PLC	-	Harrogate	599.7	12.3	31/12/97
10	Pendragon PLC	-	Derby	863.7	15.1	31/12/97

Source: ICC Business Ratio Plus/ ICC Juniper Database (1998)

Table 5-6: Leading Fast-Fit Chains & Partnerships in the U.K.**(number of outlets for the period 1999-2000)**

Retail Brand Name	Owner	Number of Outlets
Kwik-Fit Group:	Ford	
Kwik-Fit & Tyre Plus		809
Rapid Fit		300
<i>Total</i>		1109
National Tyre/ Tyre Expert	Continental	662
Hi-Q Tyre Services	Goodyear	441
Motorway Tyre & Access		144
<i>Total</i>		585
Associated Tyre Specialists Ltd & Euromaster	Michelin	561
Just Tyres & Autostop	International Tyre Brands	545
Central Tyres/ Driver	Pirelli	280
Master-Fit	Vauxhall Franchised Dealers	237
Charlie Brown/ Chessington	Montnex	151
First Stop	Bridgestone/ Firestone	150

Source: Automotive Strategies Group (2000)

d) Car Body Repair Shops

Car body repair shops are mostly independent outlets. However, the cost of new equipment that is needed to service new and sophisticated vehicles determines the survival of car body repair shops in the market. Viewed in this light, car body repair shops which lack the financial means to buy technological advanced service equipment are either acquired by insurance companies and large chains of automotive services providers or close down their operations.

e) Breakdown and Recovery Services

There are approximately 40 rescue services operating in the U.K. The market is dominated by the Automobile Association (AA), the Royal Automobile Club (RAC) Ltd and the Green Flag Group Ltd. In 1997, there were 13.5 million breakdowns in British roads. Motoring organisations attended 10 million of them, roughly in line with their share of total membership.

In 1997, the leading breakdown and recovery operators were:

- AA (9 million members)
- RAC (5.8 million members)
- Green Flag (4 million members)
- Autonational Rescue
- Britannia Rescue

- Mondial Assistance

5.2.4 Strengths, Weaknesses, Opportunities and Threats in the Automotive Services Market

a) Strengths

- The U.K. *car parc* (the number of motor vehicles being used in the U.K.) continues to grow. A total of 27 million cars is estimated to be on Britain's road by early 2001 (Taylor, 2000).
- The growing complexity of cars makes do-it-yourself repair (DIY) and maintenance less feasible and regular servicing most important. Moreover DIY servicing is in decline due to lifestyle changes and the availability of a wide range of automotive service providers.
- Used cars are getting older (and need more expensive servicing). According to the Lex Report on Motoring (1989), 36% of cars were under 3 years old and 16% over 9 years old. By 1997, these figures have changed to 29% and 28% respectively. As cars age, preventative maintenance will gradually be seen as the best insurance against expensive component failure.
- Work standards, quality control and customer satisfaction are generally rising.
- Profit Margins on car servicing and repair are higher than on retailing new or used vehicles.
- For franchised dealers, long warranties extending up to three years secure the servicing business for that period of time.

b) Weaknesses

- The growing reliability of cars and parts reduces the need for servicing.
- 'Cowboy' operators still have the power to damage the image of the whole service and repair industry (The Office of Fair Trading, 2000).
- Competition is fierce and car owners have the opportunity to select among a wide range of service providers namely franchised dealers, independent garages, fast fit centres and, car and repair body shops.
- The consumer's perception of service quality has changed. Lex Report on Motoring (1997) suggests that two-thirds of the respondents surveyed rate

high the importance of dialogue between the service provider and the customer and require a full explanation of the work done.

- Service intervals for new cars are increasing.
- The promotion of servicing and repairs is poor.
- The premises and reception facilities of the service providers foster mistrust among customers.

c) Opportunities

- Recently stringent regulations applied to car owners require better car maintenance. This has raised the standards for the MOT tests.
- Large companies are growing stronger and have the ability to outperform small and local competitors.
- Small business can still retain and increase their market share through personal service and lower prices.
- Independent garages can bid for contract work from franchised dealers, autocentres and breakdown services.
- There is an opportunity for automotive services outlets to extend opening hours.

d) Threats

- Higher taxation for cars with engines over two litres and punitive tax levels on company cars are expected to discourage car ownership in U.K. households.
- New car sales to private buyers are expected to decrease over the next couple of years as higher taxes are imposed on income holders.
- The cost of high-tech equipment and training necessary for the servicing of the new car models may force smaller service operators out of business.
- The limited parking spaces contribute to lower usage of cars.
- The technical trends in vehicle and component construction will affect the future prospects of the automotive services industry. The increased quality of car parts is extending the life of aftermarket components. This decreases the number of the visits in the centres of automotive services and consequently the sales per car.

➤ *Part 2*

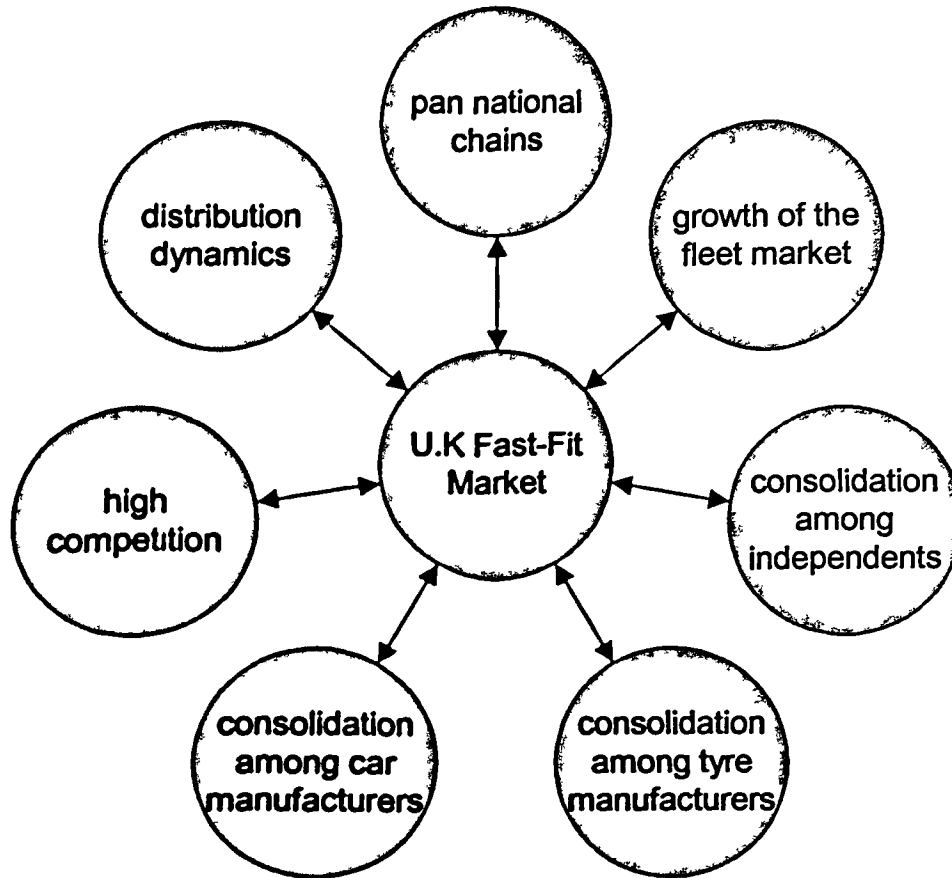
5.3 An Overview of the Fast-Fit Market

The U.K. fast-fit market grew by 3.2% in 2000, to reach value of £2.288 million. The compound annual growth rate of the market in the period 1997-2001 was 3.1%. The highest growth was in 1998, when the market grew by 5.3% (Datamonitor, 2002). The estimated value of the U.K. fast-fit industry is £2.3 for the year 2002 (Taylor, 2000). The last five years the fast-fit industry has experienced the creation of networks, partnerships and pan national chains in order to increase efficiency. This is being achieved primarily by the acquisition of smaller companies by large retailers, and by partnership programmes launched by tyre manufacturers and wholesalers. Increasing competitive advantage may further instigate consolidation (consolidations among vehicle manufacturers, tyre manufacturers and independent suppliers of fast-fit services) as the major players seek to benefit from economies of scale and scope.

The tyre sector is the largest product segment in the fast-fit market in the U.K., with brake changes and exhausts also comparatively larger than other product segments. The impact of price deflation has influenced the U.K. fast-fit sector, with slow value growth predicted in the fast-fit market. Particularly affected are the tyre and shock absorber product segments. The problem is exacerbated by the increasing replacement intervals across many of the product lines.

The U.K. fast-fit market has the highest product penetration in the battery, exhaust and tyre line in comparison to other European countries such as France and Italy (Key Note, 1996). However, these segments will find it difficult with increase penetration further. Additionally, the growth of the fleet market offers the opportunity for the fast-fit sector to expand in new market segments and services. Figure 5-1 summarises the dynamics affecting the U.K. fast-fit market.

Figure 5-1: The Dynamics Affecting the U.K. Fast-Fit Market



Source: Adapted from Datamonitor (2002)

5.4 Product-Service Mix of the Fast-Fit Market

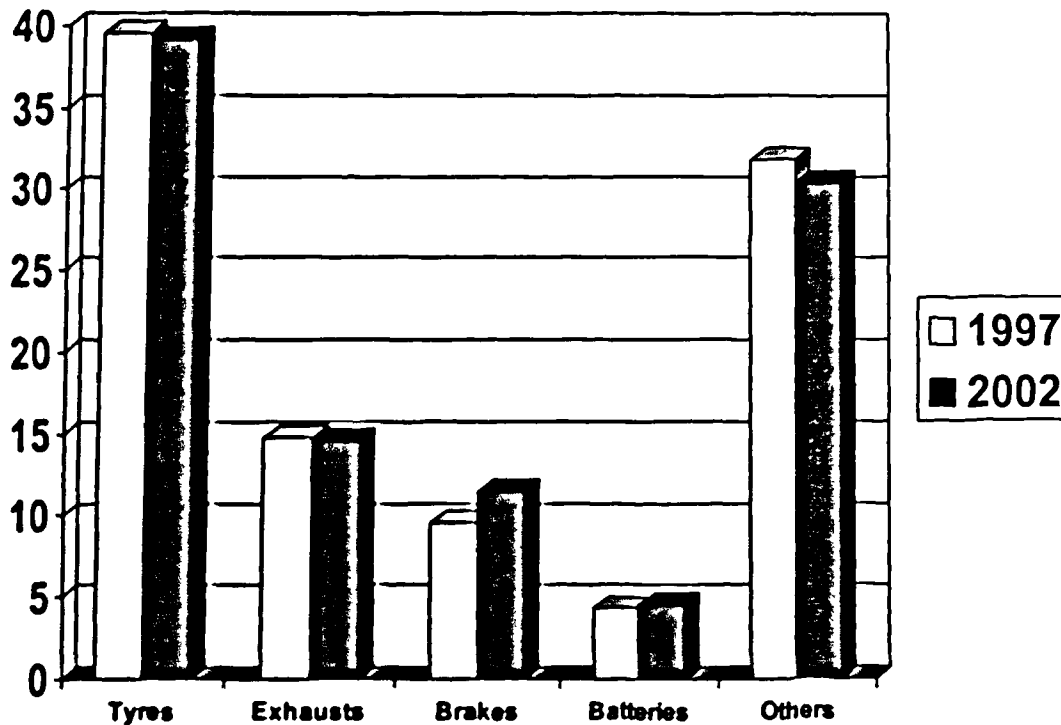
As already indicated earlier in this chapter, for some time ownership by independents and tyre manufacturers has been a key feature of the fast-fit sector. Table 5-6 summarised the major fast-fit chains and partnerships in the U.K. Fast-fit centres offer a wide range products and services to the motorists. The fast-fit product-service mix includes: a) tyres, b) batteries, c) exhausts, d) brakes and e) oil and filters (Figure 5-2).

a) Tyres

Car tyres represent the dominant product offered in fast-fit outlets. The market was valued in 1998 by the Automotive Research Unit at £350m at trade prices, which according to Continental Tyres translated into approximately 25.5m units. Over the years, tyres have increasingly become a commodity sale in the automotive services sector. Although many consumers point out that the features of safety and quality guide their purchasing decisions, price is the most important

criterion for tyres purchase. This is because consumers assume that if a tyre is available for sale it must be the correct quality and therefore safe. This view has been cultivated largely by the service centres staff who affect motorists' decision on the tyre brand purchased.

Figure 5-2: Fast-Fit Product Mix



x-axis: product category
y-axis: % of total product mix

Source: Datamonitor (2002)

b) Batteries

The U.K. fast-fit sector battery market has reached £81.9m in 1997. Although the product does not account for the same proportion of fast-fit sales as tyres, exhausts and brakes, it is expected to grow in importance as increased vehicle sophistication pushes car owners to look for specialists for car repair and maintenance.

c) Exhausts

The total exhaust aftermarket in the U.K. was estimated at £320m per annum in the mid 1990s. Exhaust systems have become much more complex in design over

the years and the range of pieces that make up a system has increased dramatically. The result is that there have been major changes in distribution over the last 2-3 years with large wholesale specialists appearing. Apart from helping fast-fits come to terms with the increase in the demand of exhausts, these changes have also facilitated independent garages to re-enter the exhaust market, with local access to stock. However, fast-fits are the major installers and dominant distribution channels of exhausts units in the U.K.

d) Brakes

Another product line which is an important constituent of the fast-fit product mix is brakes. In 1998, 25% of brake work in the U.K. was carried out by franchised dealers, 15% was conducted by fast-fits. However, in the last couple of years, fast-fits attract a bigger share of the brake work undertaken. As a result, predictions for 2003 suggest that 30% of the brake work is estimated to be carried out by fast-fits (Taylor, 2000).

e) Oil and Filters

The oil market has been under pressure for some time. The oil used per car each year has been decreasing over the last few years. This decrease is depicted on figure 5-4 which illustrates the oil consumption per car from 1990 to 1996. To increase the demand for oil and filter oil companies and aftermarket retailers promote a more frequent oil change to the owners of older cars.

f) Other Fast-Fit Products

Other vital products and services of the fast-fit mix are *shock absorbers, cooling and antifreeze products, emission checks* and *MOT testing*.

In 1998, fast-fit centres were estimated to have around 33% of the *shock absorber* replacement market in the U.K., each site selling an average of 4-5 units per week compared with an independent garage average which is of 1-2 units per month. This clearly demonstrates that shock absorbers provide a key profit opportunity for fast-fit companies.

Cooling and antifreeze products help keep the engine cool in the summer and prevent the engine from icing in the winter. Although this product line is not yet fully marketed for its benefits it has a great profit potential for the future particularly due to the rapid change of the climate and global warming.

Emission checks is another area that fast-fits could look at in line with the heightened attention to green issues and the increase in roadside emission checks with fines for failing the test (RAC, 2002). *MOT tests* clearly offer extensive business opportunities for fast-fit centres. However, accommodating MOT tests involves high expenses and facilities costs. Still, being able to offer inspections and tests that will help negate MOT test failures will be appealing to customers.

5.5 Motorists and Fitters as Partners

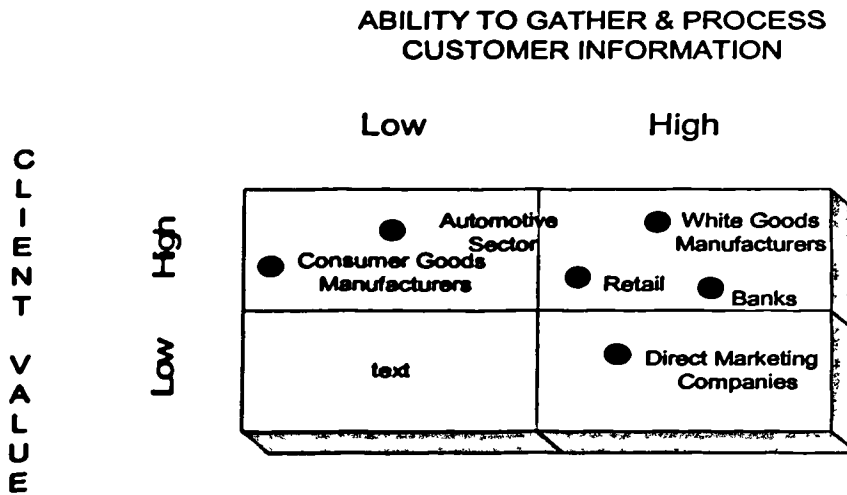
The automotive services industry is undergoing a change which redefines the focus of the industry. This industry has been largely influenced by the wider automotive sector which gradually starts to embrace Customer Relationship Management practices with the purpose of increasing the profitability of its customer portfolio (Figure 5-3) (Chalder et al, 2000).

In this context the automotive services industry shifts focus *from selling* a standard product portfolio *to meeting* customers' expectations. However, the relationship between customers and automotive services suppliers is an issue of great concern and improvement in the fast-fit market. The consumer survey on car servicing and repair compiled by the Office of Fair Trading (2000) suggests that only customers with a thorough technical understanding of cars feel confident in demanding and receiving a high level of service. On the contrary, the majority of customers who lack technical knowledge tend to receive service of low quality. Moreover, the survey indicated that it was unusual for consumers to receive accurate, easy to understand information targeted to their personal needs. Consequently, the automotive services providers failed to meet customers' needs and as such, consumers' general view of the automotive repair market is 'not to be trusted'. The paradox, however, is that consumer loyalty in the selection of service provider in the automotive services market is high. The Office of Fair Trading survey (2000) reports that 2.5% of customers shopped around during the process of selecting a service provider and that customers tend to stay with the suppliers unless a major dispute arises.

Viewed in this light, the provision of high service quality and the communication of information suitable to customer needs may be potential sources of competitive advantage. Considering these, the fast-fit industry has gradually

demonstrated an interest in meeting customer needs and establishing a customer dialogue through the implementation of Customer Relationship Management (CRM) initiatives (Darby, 2000).

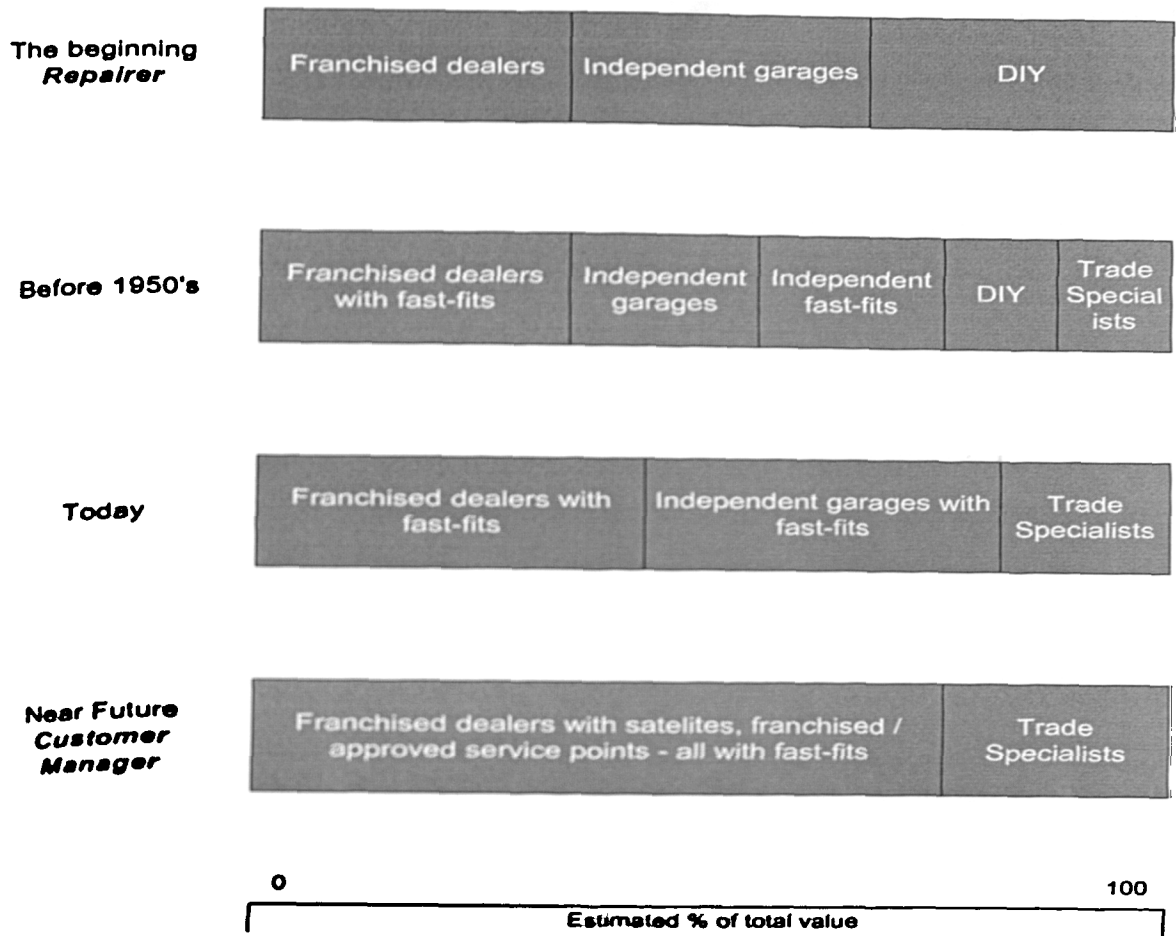
Figure 5-3: Key CRM Characteristics by Industry



Source: McKinsey (2000)

Taylor (2000) suggests that fitters and customers are gradually seen as partners rather than adversaries. He suggests that the actors in the fast-fit industry work close with partners in the supply chain in order to add more value to the customer experience. Figure 5-4 shows the evolution of relationships between supplier and customers in the automotive services sector. The emphasis on customer-firm relationships nurtures a new business culture in the U.K. fast-fit market based on the philosophy: *make what we sell instead of trying to sell what we can make* (Figure 5-5). Yet, this change seems to occur slowly and still the majority of the fast-fit service providers fail to acknowledge the importance of incorporating the voice of the customer in the delivery of customer service excellence.

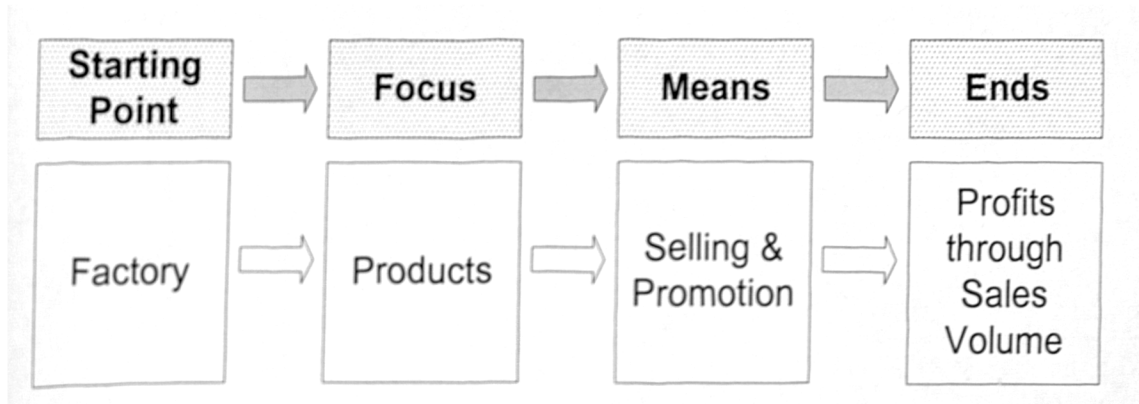
Figure 5-4: The Evolution of Customer - Supplier Relationships in the Automotive Services Sector



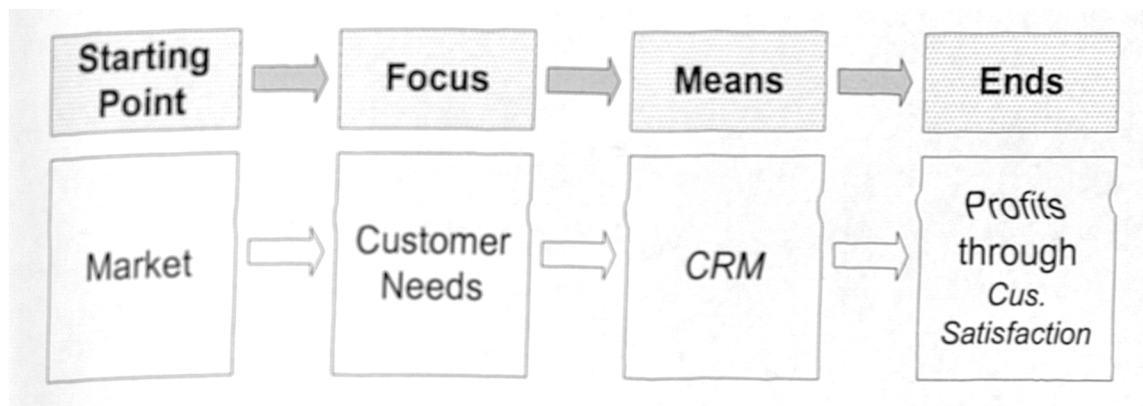
Source: Taylor (2000)

Figure 5-5: The Changing Culture in the Automotive Services Sector

The Push Selling Culture



The Pull Marketing Culture



Source: Adapted from Taylor (2000)

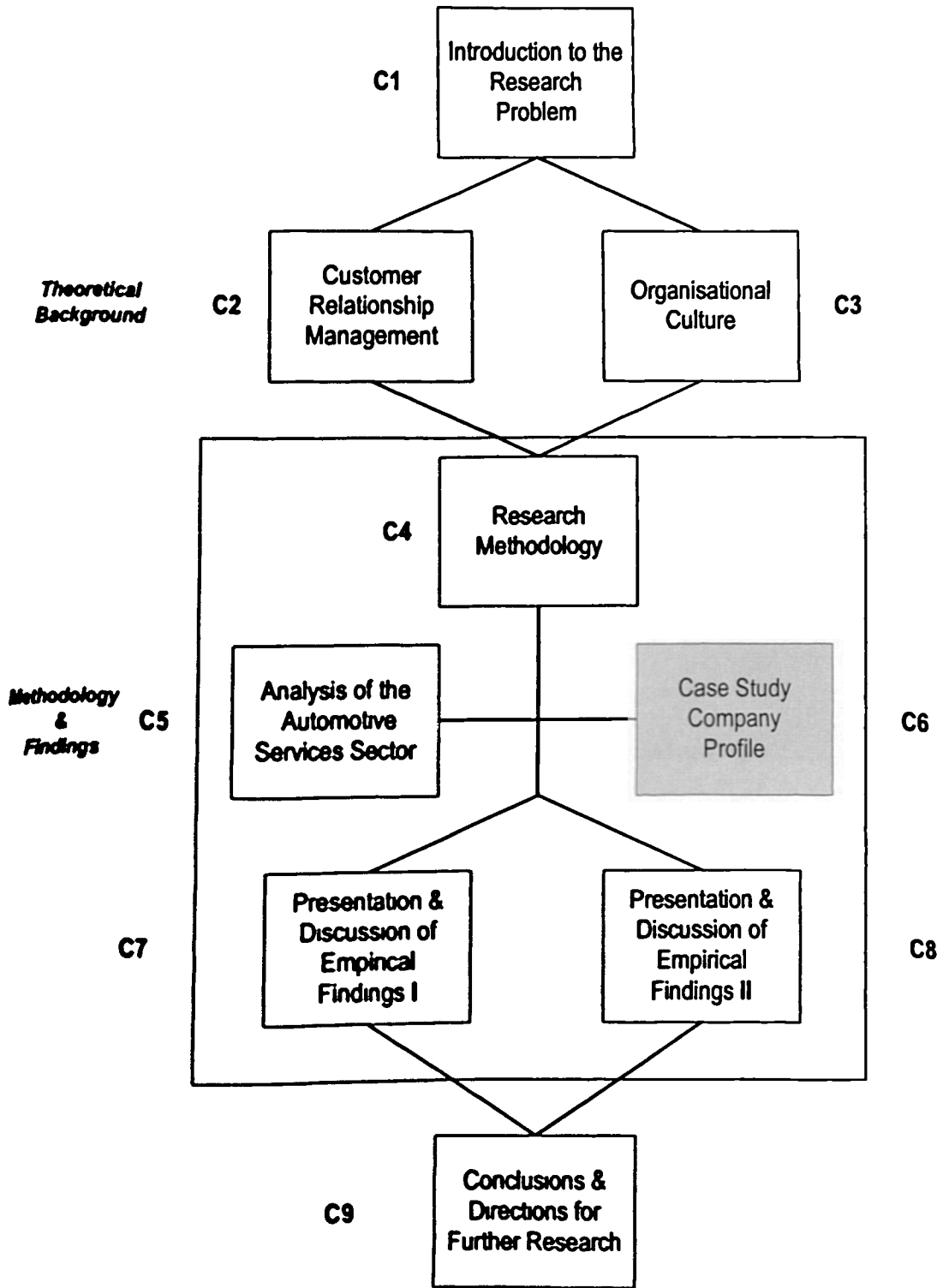
5.6 Summary

Chapter 5 provided an industry analysis of the automotive services market. The automotive services market includes a range of aftersales service namely, car servicing and mechanical repair, car body repair, and breakdown and recovery services. It is a highly competitive market served by a variety of business suppliers. Of these actors, franchised dealer and fast-fit operators are gaining share of the market, at the expense of independent garages and small chains.

In the dynamic environment of the automotive services sector and particularly within the fast-fit industry customers' expectations have risen in line with general moves towards consumerism. Consumers require easy-to-understand information targeted to their personal needs and demand service of high quality. This offers new opportunities to the key player operating in the market of automotive services. Particularly, high service quality and communication of proper information to customers by the suppliers may be potential sources of competitive advantage. As such, the automotive services sector and primarily the fast-fit market is shifting its focus *from selling* a standard portfolio of products *to meeting* customer needs and expectations. The emphasis on customer –firm relationships nurtures a new business culture in the U.K. fast-fit market which is substantially facilitated by the practice of CRM activities. CRM aims at delivering high service quality and nurturing a dialogue between customers and suppliers.

Chapter 6

The Profile of the Case Study Company



6.1 Introduction

Chapter 6 provides the reader with the historical background and pertinent information regarding the case study organisation, namely Express Service. The information presented in this chapter aims at enhancing the reader's understanding on the profile of the case study firm, its setting and consequently the empirical findings of the thesis. It largely stems from secondary data sources such as company's archival and press publications. Consequently, the description of Express Service and its activities comes largely from company material and thus cannot be regarded as unbiased. However, information from company's material is included in this chapter because it provides a reflection on the mission and operations of the case study firm. Moreover, chapter 6 initiates the presentation and discussion of the case study results by indicating the perceived benefits of CRM practice in Express Service.

The structure of chapter 6 is as follows. In section 6.2, the researcher reviews the history of Express Service and highlights the milestones associated with the evolution of the organisation and its growth in the market. Section 6.3 demonstrates the structure of Express Service whereas section 6.4 presents the management philosophy of the organisation. In section 6.5, the researcher elaborates briefly on the Express Service brand. In section 6.6, the author commences the presentation and discussion of the case study findings while she elaborates on the practice of CRM in Express Service. The concluding part of the chapter summarises the key points of the sections and prepares the reader for the presentation and discussion of the empirical findings.

6.2 The History of Express Service

Express Service¹ initiated its operations in the automotive services sector and particularly the fast-fit industry in 1971 in Edinburgh, Scotland. In the first 10 years following the opening of the first centre in Edinburgh, the company grew rapidly and opened over 50 centres in Scotland and Northern England. Express Service expanded its operations in Holland in 1973. In 1979, Express Service acquired a major exhaust fitting company and increased its number of services centres in 136. This was

¹ The majority of company names in this section are pseudonyms

followed in 1980 by the purchase of Firestone's 180 depots for £3.2 million. Of these newly acquired service centres, 82 truck tyre depots that did not match the operations of Express Service were resold to Dunlop for £3.25 million. By 1980, Express Service operated in over 200 centres nationwide.

In early the 1980s, Express Service was the market leader of the fast-fit market. The impressive growth of the organisation was combined with the purchase and use of technological advanced systems to support its operations. Particularly, in 1981, Express Service invested £2 million in computer systems which revolutionised the business activities of the firm. Express Service was among the pioneering service providers and retailers of car parts to introduce an integrated system which involved the installation of Management Action Terminals (MATs) in all centres. MATs are electronic points of sale (EPOS) terminals which are linked to the mainframe computer at the Head Offices of Express Service. Today, MAT systems support every operation in Express Service centres. This expands from providing customer quotations, cash sales invoices, credit card authorisations and controlling banking to supply chain management, automatic re-ordering and replenishment of stock.

In 1981, Express Service formulated and introduced the Code of Practice i.e., a nine-point document that set down standards for ensuring the quality of the service provided to the customer. The same year an additional number of 17 centres were acquired in Holland and the first Training and Development centre for Express Service people was established in Newcastle. The Group's expansion continued in 1984 when 16 commenced their operations in Scotland, Belgium and Holland.

In 1986, Express Service expanded its services to the market of professional motorists. During that period, the Express Service Fleet was formed with the purpose of serving the needs of the company car driver. The same year the 'lifetime' guarantee was introduced for complete exhaust systems. In 1987, Express Service initiated operations in Northern Ireland. Demonstrating the organisation's commitment to meeting changing customers' needs, Express Service launched in 1987 the child safety seat scheme. The child safety seat scheme has been characterised as the most notable product development in the organisation whereby parents could buy and have the child seats fitted at Express Service for as long as

they wished to use them. When the seat was outgrown or returned a full money refund was given to the customer.

The expansion of the company continued in 1989 with the acquisition of 46 centres in Holland and the first centre in Eire. During a ten-year period starting from 1979, the number of Express Service centres had tripled to reach 609 and the turnover had nearly increased sevenfold to £193.4 million.

Express Service entered the 1990s by receiving a National Training Award which was presented to the firm for the commitment to the training of its people. Focusing on the training and development of its employees the following year, Express Service introduced an Apprenticeship Programme which attracted younger people to the fast-fit business. In 1991, Express Service redefined its mission statement *from the delivery of customer satisfaction to the delivery of customer value and delight*. The same year, Express Service was characterised by the trade press as the 'Best Fast-Fit Company' and the 'Best Service Company'. The achievement of the BS5750 quality standard in 1992 demonstrated the firm's commitment to maintaining efficient business systems and procedures. In 1993, Express Service received the 'Investor in People' award. The expansion of the firm continued in 1994 with the acquisition of 120 automotive services sites from Shell U.K. and 74 car clinics which specialised in car servicing, mechanical repairs and MOT tests.

Substantial impact on the operations of Express Service had the new payment scheme that included lifetime customer guarantees and installment payments for the majority of services and products of the organisation. The payment scheme was launched in 1993 in the U.K. and in 1994 in Holland and transformed Express Service billing systems. In 1995, the Institute of Transport Management presented the Express Service fleet with the 'Best U.K. Tyre Service Company' award.

After 25 years of experience in the fast-fit market, the Group's activities expanded in 1995 to include the Express Service Insurance. Express Service Insurance offered branded motor insurance from a panel of leading insurance organisations. All policyholders received a free membership to the AUTOCLUB, which offered discounts to its members among an array of services provided by the Express Service Group. The AUTOCLUB scheme was initially introduced as a

loyalty card and as an early attempt to establish and manage relationships with the customer base.

The operations of Express Service Insurance were associated with the development of two call centre facilities that contacted customers to receive feedback on company's operations. In 1996, the company introduced a discount card scheme for corporate customers. At the same time, Express Service mobile services grew in the U.K. and expanded almost directly in Holland. The same year the 'lifetime brake' guarantee was launched. This new service was highly promoted by the organisation and covered car brake pads and shoes for as long as the customers owned the vehicle.

The Express Service Group continued to invest substantial sources in the training and development of its employees. By 1999, there were four training schools within the Group and a multimedia Training Academy particularly suitable for the development of frontline personnel working in the two call centres. In 1999 and after acquiring three firms specialised in the delivery of automotive services, Express Service began to approach its goal, namely operating from 2,000 service points in the year 2000.

In June 1999, Express Service was acquired by leading firm in the automotive industry (car manufacturer) for almost £1 billion. The acquirer organisation paid a multiple of 22 times the earnings of Express Service in 1999. This acquisition was seen as a big opportunity for the expansion of the firm. With more that 30 awards on service and quality, the Express Service Group claim that their ambition to offer an integrated package of services to the motorist was achieved in that same year. Express Service Group bought Windscreens Co. a leading automotive glass repair and replacement specialist with 52 branches and more that 220 mobile fitting vehicles.

The growth of the company was rapid in 2000. By the end of the year, the total number of fitting centres and mobile fitting units operating across Europe reached the number of 2300. In December 2000, the Group entered the Polish market with the opening of the first Express Service centre in Warsaw. Plans were underway to expand rapidly in Poland over the coming years. Moreover, in the same year Autofit – an automotive service specialist operating in 10 centres - was acquired in order to strengthen Express Service presence in Holland. In March 2000, a new

complete Car Care Solution was launched in Scotland. The newly created car scan site provided a fully computerised and complete car analysis including engine management diagnosis. The Car Care Solution is the first in its kind in Europe. The same year Express Service Insurance celebrated its 5th birthday. Express Service Insurance in 5 years of operations has expanded in travel and household insurance. Having started with a team of 30 people, it expanded to employ more than 850 people.

In 2000, Express Service was the recipient of the 'Best Insurance Company', and 'Best Fleet Support' awards. Furthermore, the Institute of Transport Management presented the company with the Institute's Millennium Award for its overall contribution to the transport industry.

In early 2001, Express Service designed and embarked a major CRM initiative entitled *Premier II* project that pertained to the launch of a relational database. The Premier II project restructured and focused all business processes in order to create and deliver value to the customers.

In the beginning of 2002, the car manufacturing company that acquired Express Service attempted to sell the organisation again as part of a massive restructuring plan involving 35,000 job losses worldwide, several plant closures and a withdrawal from non-core activities². The main competitors in the bidding war are all private-equity firms, which are unlikely to pay the near £1 billion that the acquiring organisation originally paid for Express Service in 1999. According to the business press, three of the bidders in the first round of the auction are U.K.-based equity firms. They are understood to be Cinven, CVC and Deutsche Bank venture capital arm. Moreover, Paribas appears to have a strong presence in the bidding process, as Express Service complements some of its existing auto sector interests. The French bank that has significant interest in the automotive services sector through its fleet operations has made a £600 million bid for the U.K. fast-fit Group.

However, the sale of Express Service for almost half its value is considered a source of embarrassment for the car manufacturer organisation. Automotive industry experts suggest that Express Service has nearly halved its value in the three years it has been owned by the car-manufacturing firm because its expansion in Europe has

²The data collection in Express Service was conducted prior the period of sale.

met with mixed success. Moreover, there are concerns across investors regarding the growth potential of the organisation. Investors believe that Express Service has grown so rapidly these past few years in the U.K. that it is hard to see how it can grow much further there.

To ensure the impartial progress of the bidding process, the current executive team of Express Service will not participate in the management of the firm while the sale is taking place. Investors believe that two issues seem to be of critical importance for any of the firms which will buy the Express Service Group. The first issue relates to the present owner-organisation of Express Service that will make a loss on the sale. The second issue links to the financial resources of the successful bidder. Indeed, the acquirer organisation of Express Service seems to need considerable levels of investment to move Express Service forward in the fast-fit market particularly now that the market opens to increased competition as a result of the European Commission's changes to the Block Exemption legislation governing the car retail and automotive services sector. The selling process of Express Service is expected to complete in December 2002.

Today, more than 10,000 Express Service people service the needs of more than 8 million motorists. After almost 30 years of continuous growth, Express Service seems to be facing currently a big crisis. The Group's vision of 5,000 service points by 2005 that will meet and exceed the expectations of the increasing number motorists is *highly threatened*. In the near future Express Service's position towards the achievement of the corporate vision and its success in the fast-fit industry will be determined.

Table 6-1: Milestones in the History of Express Service

Decade	Milestone
1970s	<p>1971: Express Service was established in Scotland</p> <p>1973: First Express Service Centre in Holland</p> <p>1979: Acquisition of leading exhaust fitting company</p>
1980s	<p>1980: The Group is operating through 200 centres nationwide</p> <p>1981: Investment in MAT systems</p> <p>Code of Practice is introduced</p> <p>17 centres acquired in Holland</p> <p>Training Academy opens in Newcastle</p> <p>1984: Continuous growth of the firm in Scotland and Holland</p> <p>1986: Express Service Fleet is formed</p> <p>1987: Express Service expands in Northern Ireland</p> <p>1989: Express Service expands in Eire</p> <p>Service centres reach the number of 609</p>
1990s	<p>1990: Apprenticeship programme is launched</p> <p>1991: Express Service focuses on customer delight</p> <p>1992: ISO 9002 quality standard</p> <p>1995: Express Service Insurance is established - AUTOCLUB scheme</p> <p>1998: Multi-media Training Academy opens</p> <p>1999: Group is operating through 2,000 service points</p> <p>A leading car manufacturer acquires Express Service for nearly £1 billion</p>
2000s	<p>2000: Car Care solution opens in Scotland</p> <p>Institute of Transport Millennium Award</p> <p>2001: Premier II Project, a major CRM initiative is developed</p> <p>2002: More than 10,000 Express Service people service 8 million motorists</p> <p>Express Service back to sale</p> <p>2005: Mission to reach 5,000 service points</p>

Source: The author

6.3 The Express Service Group

According to the company's management, the Express Service Group is Europe's leading independent automotive parts and repair replacement specialist. The Group operations focus on essential motoring products such as tyres, exhausts, brakes, batteries, suspension and car safety equipment for all car makes and light vans. These are supplied and fitted on a 'drive-in' 'while-you-wait' bases at nearly 2300 fitting centres throughout the United Kingdom, Ireland, Spain, France, Holland, Belgium and Poland (Figure 6-1). More than 10,000 Express Service people service 8 million motorists per year. Figure 6-1 illustrates the structure of the Express Service Group which consists of the *Express Service Holdings*, the *Express Service Properties*, the *Express Service Central Services* and the *Express Service Centres* in the U.K. and Europe. The Group has faced a rapid growth from the day of its establishment. Table 6-2 provides financial figures from the Annual Income Statement which is issued by Express Service Holdings and demonstrates the growth of the Express Service Group in the 1990s.

Express Service Holdings co-ordinates the Group's operations in different countries. In this effort, Express Service Holdings is assisted by two support units namely the *Central Services* and *Express Service Properties*. Through the *Central Services* unit which is based in Scotland, Express Service Holdings provides support to all Group companies. Additionally, the *Central Services* unit facilitates the activities and decisions of the board of directors. The main board of executive directors and senior executives have responsibility for: 1) the implementation of policies and programmes for expansion, 2) the financial forecasting and reporting, 3) the supplier relations and central buying policies, 4) the development of the Express Service brand, and 5) the identification, introduction and promotion of new products and services in the centres.

Table 6-2: The Growth of Express Service in the 1990s

Annual Income Statement (in thousand Pounds)								
	1999	1998	1997	1996	1995	1994	1993	1992
Total Turnover	515,900	472,800	426,900	365,400	297,600	260,055	233,569	253,782
Total Operating Profit	58,100	58,400	38,200	37,400	26,700	23,075	15,295	34,481
Net Profit	46,400	39,500	30,200	25,300	20,500	17,847	12,092	22,281

Source: Express Service Income Statements

Express Service Properties is responsible for ensuring that uniform policies are adopted throughout the Group's operations, and for managing the U.K. property portfolio. This includes the maintenance and repair of properties the purchase and development of new sites, the letting and sale of surplus premises as well as the collection of internal and external rents. According to the company's management, *Express Service Properties'* prime objective is to ensure that the Groups property assets are managed in such a way as to maximise the return to the Group.

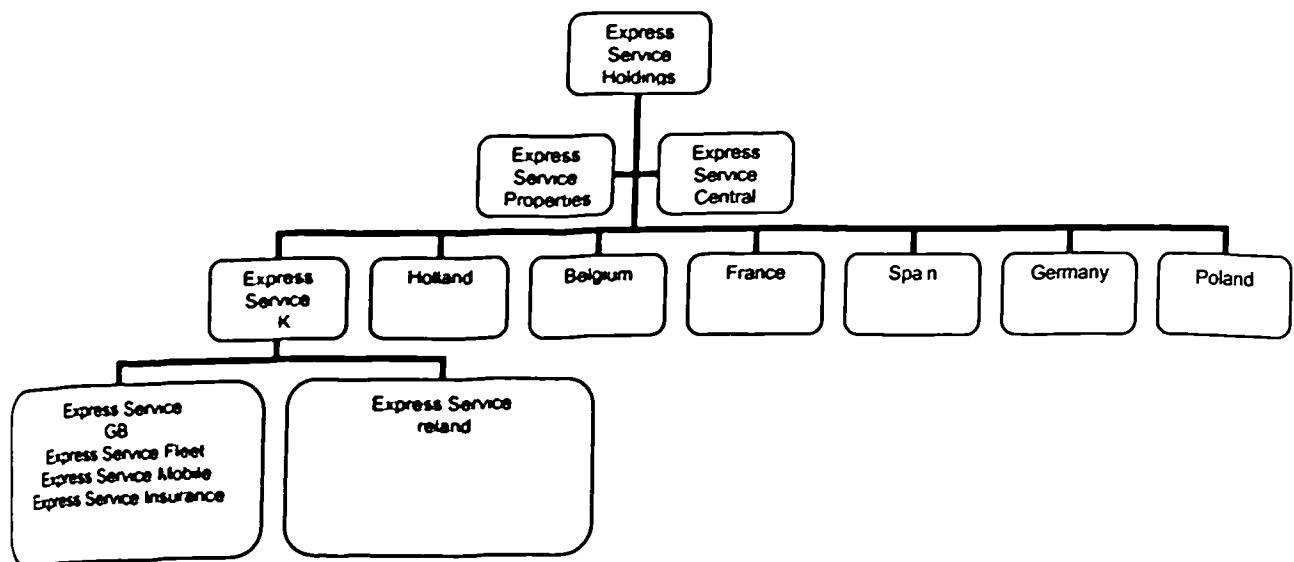
Express Service Netherlands and Belgium operates through more than 180 specialist tyre, exhaust and brake fitting centres in Holland and the northern part of Belgium. Based on company data, the Express Service business in Holland and Belgium has shown consistent growth since its formation almost fifteen years ago as nearly 2,000 training places were taken up by Express Service people.

Express Service operates from more than 375 in *France*, 11 in *Spain* and 170 in *Germany* under a different brand name. The operations of the firm in these countries put emphasis mainly on mechanical business such as exhausts and brakes, unlike Express Service U.K. which focuses primarily on tyres. The introduction of Express Service Group in the *Polish* market opened up further opportunities for market expansion in Eastern Europe.

Express Service U.K. entails the firm's operations in Britain and Ireland. These include more than 700 specialist tyre, exhaust and brake fitting centres in the U.K. and Ireland, and 13 in Northern Ireland. The Group's services are provided through eight operating divisions in the U.K. The focus of this case study is Express Service U.K. which incorporates Express Service GB (Figure 6-1) and Express Service Insurance. Express Service GB has pioneered (Barrand, 2000; Darby, 2000)

in the practice of Customer Relationship Management (CRM). Additionally, the researcher collected data from Express Service Holdings in order to gain a more holistic view of the Group's operations. Throughout the analysis and discussion of the findings, the terms *Express Service GB* and *Express Service* are used interchangeably to refer the operations of the firm in Great Britain.

Figure 6-1: The Express Service Group



6.4 Management Support

6.4.1 Express Service GB

Management of Express Service claim that every customer of the firm deals with a local business that is backed by the resources of the national company with all the related benefits of bulk buying, staff training, centrally co-ordinated advertising, well-equipped centres and nation-wide guarantees. Express Service whole operation is structured around the *Partners in Progress scheme*, whereby motivated and skilled people from the centres are appointed as *Master Managers* in a particular service point. Master Managers are responsible for ensuring the efficient operation of their centres and receive a share of the centre's profits in addition to their salary. The main responsibilities of a *Master Manager* include:

- handling customer enquiries,
- allocating appropriate work to the centre fitters and ensuring that Express Service centres are manned with people who are competent to provide a high level of customer service,
- ensuring that work quality and staff comply with the company standards (Code of Practice and Ten Commandments),
- liaising with the Express Service Partners regarding staff training, and
- Completing relevant induction procedures.

An *Express Service Partner* is responsible for the management of three Express Service centres. The main areas of responsibility are:

- recruitment, selection, induction, discipline and grievance of Express Service people,
- assessing training needs of staff,
- monitoring quality of workmanship and customer care,
- dealing with customer dissatisfaction,
- ensuring that health and safety policies are implemented,
- ensuring that the reception and stock areas are kept in high standards,
- dealing with Environmental Health Officers and other Local Authority Officials, and
- maximising sales within a partnership.

A *Regional Manager* is responsible for up to 12 partnerships. The main responsibility is to continually increase the number of customers who are delighted with the service they receive. Regional Managers concentrate on the development of a co-operative environment, the improvement of service quality, the achievement of business objectives and the achievement maximum sales, and profit. All Express service people in the field and support functions participate in profit sharing.

According to the company's management, Express Service is characterised by a lean management structure which means that Express Service Partners, their Master Managers and teams of fitters are efficiently supported by the *Divisional* and *Central Services*. These *Services* are organised to provide the necessary backing for each Express Service centre to run smoothly and profitably (Figure 6-2). Each divisional office is set up to support the operations of Express Service centres within a specific division. There are 4 regions in its division and each Regional Manager reports to the *Divisional Director*. The final link to this management structure is the Central Support offices which employ 120 people who offer assistance to the divisions and the Express Service centres in the U.K. Particularly, Central Support provides expertise in terms of information services, finance, training and development, and marketing.

Express Service has achieved BS5750 (ISO 9002) accreditation for its lean management structure, management systems, procedures and customer service processes. The operating procedures of the company include the 'Ten Commandments' and 'Code of Practice' which ensure the maintenance of high standards of practice, as top management of the company assert (Figure 6-3).

6.4.2 Express Service Insurance

In 1995, Express Service expanded in the insurance business with the purpose of providing car and household insurance policies from a panel of insurance organisations to its customers. The core operations of Express Service Insurance are based on front-line people who contact the customers, collect customer information and offer insurance policies based on the customers' background. The operations of Express Service Insurance are carried out through the Express Service call centre and supported by the Customer Survey unit in the west of Scotland.

The Customer Care Survey Unit has set the standard to contact more than 6,000 Express Service customers after 72 hours have elapsed from their visit an Express Service centre. The same call centre supports the AUTOCLUB scheme and contacts Express Service customers and policyholders in order to cross-sell a variety of services of the Express Service Group such as MOT, windscreens, policy renewals and quotations.

The Express Service Insurance call centre, which is located in the same area in Scotland but in a different building, concentrates primarily on the insurance part of the business. It communicates with the Customer Care Unit and the AUTOCLUB call centre and receives all pertinent to Express Service Insurance information. It employs more than 1,000 consultants specialising in insurance renewals, claims, sales, product, travel and household insurance, and customer care.

To ensure that frontline people service efficiently the customers Express Service Insurance introduced a number of new working practices. The Express Service Code of Contact ensures that insurance services consultants are in contact with the customers at least once every three days, until their claim is settled.

Express Service claims that all its employees share a common understanding '*the customer comes first*'. This 'understanding' is articulated in the following excerpt by the Chairman and CEO of Express Service:

'At Express Service, our aim is 100% customer delight and all Express Service people are committed to exceeding their customer's expectations. The famous Express Service fitters are the most important contact with the customer and they continue to benefit from the best training and personal development programmes in the business. Our ambition is to make Express Service the Company that everyone wants to be part of and deal with.'

(Chairman and Chief Executive of Express Service)

6.5 The Express Service Brand

Express Service has built successfully a £1 billion brand while delivering superior value to the customers. According to the Group Director of Marketing, three factors have contributed to this success: 1) an unrelenting passion and focus on delighting every customer, 2) people programmes that train, support and enable all

Express Service people to share in the success, and 3) continuous and integrated marketing activity (Superbrands, 2001).

6.5.1 Promotion

Above-the-line activity has been the mainstay of Express Service's promotional plans. In 1984, the 'Express Service fitter' commercials appeared on television. Featuring the famous dancing Express Service fitters and catchy music jingle, they helped to make Express Service the household name it is today. At the same time, the advertising line 'you can't get better than an Express Service fitter' was introduced and first appeared on the back of the instantly recognisable overalls.

The advertising idea of the Express Service fitters was updated in 1999. The effectiveness of the previous advertising campaign that took place in the 1980s, confirmed the importance of retaining the famous strapline and the Express Service fitter as the brand's spokesperson. This was achieved in a new advertising based around the theme of a soap opera. The new advertising strategy involves the motoring public in an Express Service soap opera. It takes place on a typical Express Service centre with storylines that promote key services and products in a way that allows customers to get to know the characters featuring in the advertisements, their humours and 'can do attitude'.

Using a combination of different media, the advertising strategy recognises the need to think nationally and act locally. Using television, national, regional and local press, Express Service seems to concentrate on the development of trust and confidence in a contemporary brand in all communications.

6.5.2 Brand Values

Delivered across all media, Express Service has constantly promoted its convenient, friendly, helpful, fast, affordable and professional values (Superbrands, 2001). By using the famous Express Service fitter to reinforce the brand name, the proposition 'you can't get better than an Express Service fitter' has become synonymous with quality, service and value (Barrand, 2000).

Community based sponsorships supporting youth development and business enterprise, also aim at reinforcing the Group's growth and forward thinking culture (Darby, 2002).

Figure 6-2: The Business Structure of Express Service GB

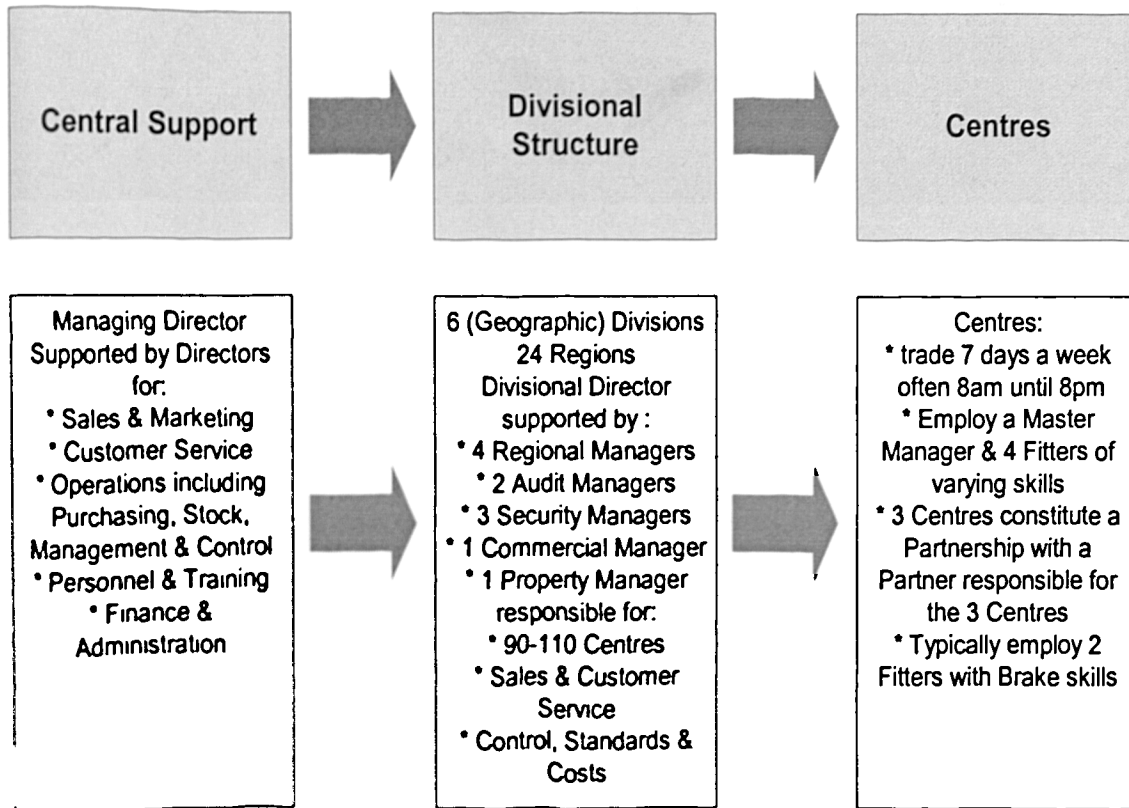
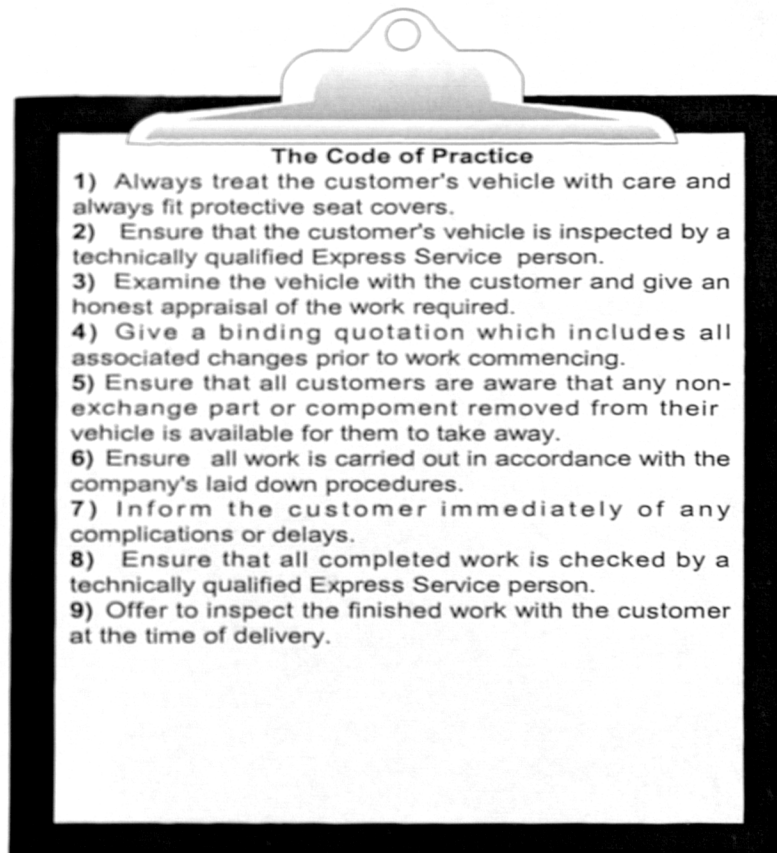
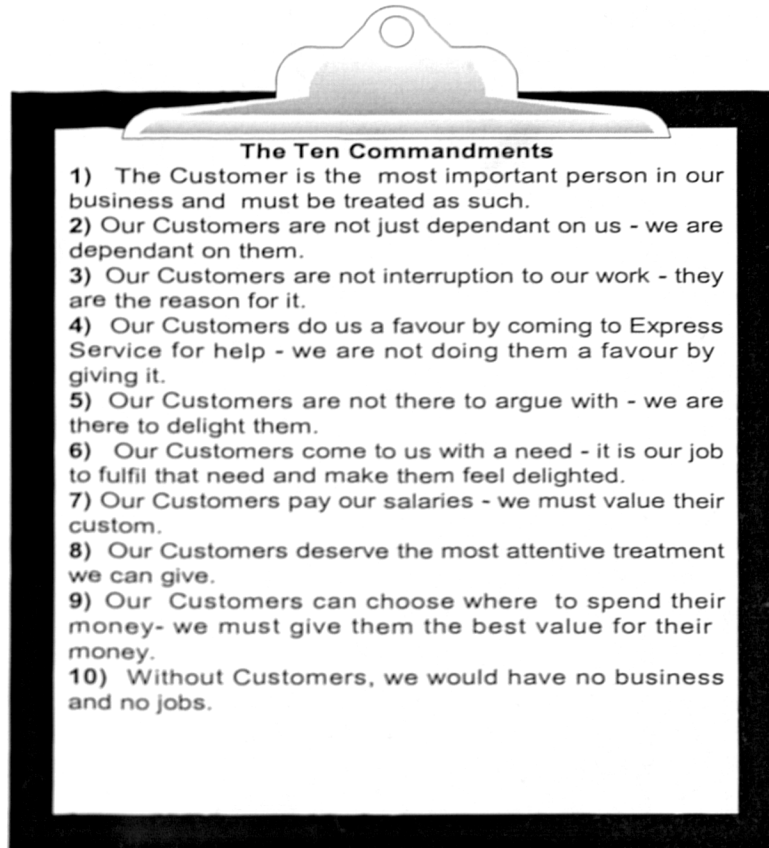


Figure 6-3: The ‘Ten Commandments’ and the ‘Code of Practice’



6.6 Express Service and CRM

According to industry experts, Express Service has pioneered in the management of customer relationships. A recent CRM survey, compiled by customer management consultancy Round in conjunction with ACNielsen, from interviews with 300 CRM industry experts placed Express Service at the head of a list including more vaunted CRM strategists such as Amazon, Citibank and First Direct. Express Service took the top accolade because respondents testified to its 'well-managed, all-round customer service fulfilment' (Barrand, 2000; Darby, 2000).

There are two major CRM initiatives taking place in Express Service GB, namely the **AUTOCLUB** scheme and the **Premier II** project.

The *first* CRM initiative is the **AUTOCLUB** scheme which was introduced in 1995 in Express Service GB. Initially, the AUTOCLUB was introduced as a loyalty card programme. The underlying logic of this programme is that policyholders of Express Service Insurance can enjoy the benefits of the Express Service AUTOCLUB which is designed to lower motorists' costs. The AUTOCLUB presents its member with a card and a membership directory that provide details to the services available to the members. The AUTOCLUB members are entitled 10% discount on any purchase they make from the Express Service Group centres throughout Europe.

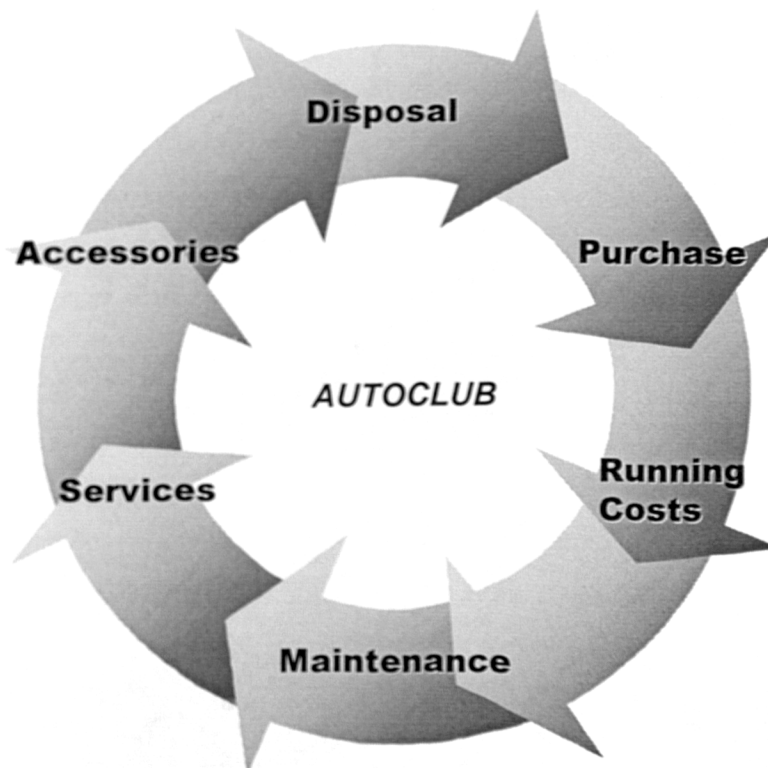
Even though the AUTOCLUB was an early effort to understand the customer base and collect rudimentary customer information, it was not perceived as a CRM initiative until 2000. In January 2000, the AUTOCLUB scheme was redesigned to fit in with the operations of Express Service's vast CRM initiative, namely the Premier II project. As such, the AUTOCLUB incorporated value offerings related to a wider spectrum of products and services, and marketing channels. These value offerings were grounded upon customer information and characteristics, and communicated timely to the target audiences. Consequently, the AUTOCLUB appeared to transform from a loyalty card scheme to a holistic CRM effort. As the CRM Manager of the firm states, the purpose of AUTOCLUB for the new millennium is "*to optimise revenue across the Express Service Group of Companies from effective use of group customer data to support the 'Showroom to Scrap-yard' philosophy*". The 'Showroom to the Scrap-yard' slogan of the AUTOCLUB suggests that the Group's

aspiration is to cover the total driving experience of customers for the lifetime duration of their relationship with the firm. Figure 6-4 illustrates the philosophy of the AUTOCLUB.

According to Express Service, the focus of the AUTOCLUB is:

- To deliver consistent quality to the customer,
- To increase awareness regarding the Express Service brand and its products,
- To deliver one-to-one marketing benefits,
- To increase customer loyalty,
- To increase customer value,
- To personalise customer communication and delivery across an array of channels,
- To improve operational effectiveness.

Figure 6-4: From the 'Showroom to the Scrap-Yard'



Source: The CRM Manager (2000)

From the researcher's point of view, the AUTOCLUB programme was transformed to a CRM scheme in order to encourage customers to enter lasting relationships with Express Service by rewarding them for patronage. This point was evident in the discussions with the Managing Director of the AUTOCLUB and the CRM Manager who suggested that by the means of the AUTOCLUB, Express Service aimed at the fulfilment of multiple goals. These are to: 1) identify profitable customers 2) gain higher profits through extended service usage and cross selling, 3) retain high value customers, 4) offer value to the customer base and, 5) defend their market position in the face of a competitor loyalty scheme. Although in Express Service the same customer comes back only 1.1 times per year the AUTOCLUB scheme was carefully designed to identify customers who are likely prospects for long-term relationships.

The second CRM initiative is the Premier II project and is associated with the launch of a new relational database. The technological infrastructure of Premier II will replace the existing operating system installed in 1981. The new system is going to be a central data repository and it will be linked to the Group's control centres and service centres allowing the operations of the organisation to run smoothly. Table 6-3 combines a timetable of events (e.g. system development, testing and launch) linked to the Premier II with the data collection period in Express Service. Figure 6-5 has emerged from discussions with the Business Processes Manager of Express Service and illustrates the components of Premier II. Premier II comprises of a relational database that gathers customer information and allocates information to business applications such as roadside recovery and customer research. Moreover, Premier II provides the platform for the practice of CRM since it facilitates the integration of customer communication channels. It enhances face-to-face contact and involves processes that co-ordinate the customer-firm dialogue and interaction among the Express Service Group companies. Premier II is the successor of Premier I project which had failed to operate due to problems with the principal IT systems contractor. Regardless of the failure of Premier I, Express Service approaches Premier II with great enthusiasm. This enthusiasm is reflected on the words of the CRM Manager who cites:

'The investment in that is twenty-one million pounds so it's quite a lot of money and it's going to have a dramatic effect on how we manage our database and how we build relationships with our customer. It will be fantastic!'

(CRM Manager, Express Service Insurance, tenure= 11 (in this post) months)
Express Service claim that Premier II delivers a number of potential benefits

in Express Service. Particularly:

- 1) It offers a single view of the customer for the targeting of marketing initiatives and product and services offerings.
- 2) It facilitates the process of relationship building and management.
- 3) It assists front-line people to interact with the customers more efficiently.
- 4) It promotes cross-selling and up-selling activities.
- 5) It facilitates customer communication.
- 6) It facilitates the identification of profitable customers.
- 7) It enhances information processing and storing capabilities for data retrieval.
- 8) It facilitates differential pricing.
- 9) It provides multiple channels to market.

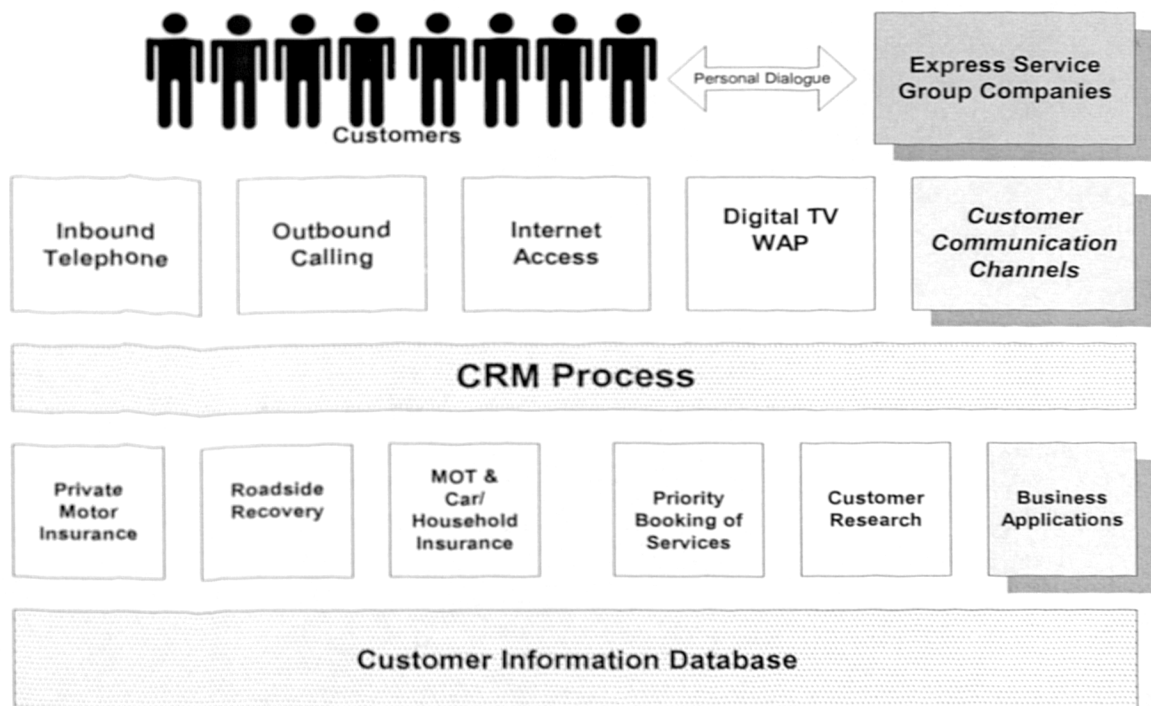
Table 6-4 provides some illustrative quotations regarding the benefits of Premier II for Express Service. It should be noted, however that the reported benefits of Premier II are primarily based on the perceptions of top management team which has driven the strategic planning and implementation of Premier II project. At the time of the data collection the technological aspect of Premier II was tested by the supplier. During that period, front-line employees participated in training courses in order to comprehend the utilities of the new system.

The launch of Premier II will be incremental and is planned in three phases since the relational database is consisted of three different technological components. The three components of the relational database namely, the 3R, Visio and Visual Quote are integrated to each other and are built in-house by the CRM provider. The launch of Premier II will initially take place in the customer research unit, followed by AUTOCLUB business unit and the Express Service Insurance. Although Express Service was planning to launch Premier II on the fourth quarter of 2001, technical difficulties delayed its launch for the second quarter of 2002.

Table 6-3: Events linked to the Premier II Initiative

Data Collection Period	Premier II Initiative
April 2001	* In-house Development by the CRM supplier and the Business Processes Team * Testing of Premier II
May 2001	* Testing of Premier II
June 2001	* Testing of Premier II
July 2001	* Testing of Premier II
August 2001	* Testing of Premier II * Trail Launch of Premier II
September 2001	* Trail Launch of Premier II
October 2001	* Launch of Premier II fails due to the Technological Performance of its Components
November 2001	* Re-design of Premier II * Resolution of Technical Problems
December 2001	* Re-design of Premier II * Estimated Launch Date: March 2002

Figure 6-5: The Application of Premier II in Express Service



Source: The author

Table 6-4 The Benefits of Premier II

Premier II Benefit	Illustrative Quotations	Respondent
<p>1 It offers a single view of the customer for the targeting of marketing initiatives and product and services offerings.</p>	<p>"A part of Premier II looks at the whole customer history. What it will be able to tell me is where you've visited if it was an Express Service centre. It will also be able to tell me if you are an Express Service insurance policyholder, if you've had your car serviced at any time, if you've had your window replaced. More importantly as well, if you are an insurance member and you come for renewal, we can actually see how much you spent within the Express Service group and from that you get a ten-percent discount with your card. So say for instance you spent three hundred pounds in other parts of the group, you would save thirty pounds on that. So when you go to renew your insurance policy, another company may have said, well we'll give you it for twenty pounds cheaper. But we've got the information to say, because of this card you saved thirty pounds last year anyway so they are more likely to stay with you as a policyholder."</p>	<p>CRM Manager, Express Service Insurance, tenure= 11 months (in this post)</p>
<p>2 It facilitates the process of relationship building and management.</p>	<p>"It's basically capturing a lot more information on the customer. It offers a single view of the customer so we get to know what a typical customer looks like - what products he has what he might be interested in, when he might be interested in them. So we are learning a lot more about our customers."</p>	<p>IT-Officer, Express Service Insurance, tenure= 3 years</p>
<p>3 It assists front-line people to do their job more efficiently.</p>	<p>"You have to start somewhere and if you can get your customer off a good positive start that's half the battle. The new system will be able to collate more information to be able to segment the customers. It will make us more pro-active and when we have to reactive, it will be with higher standards. It's quite exciting actually because it provides us the means to nurture and invest in customer relationships."</p>	<p>Quality Manager, Express Service Insurance, tenure= 3 years</p>
<p>3 It assists front-line people to do their job more efficiently.</p>	<p>"The system that we have at the moment is not what I would call user friendly. Consultants have to know and understand the system in detail to be able to go to the right screens and do the right changes. At present, we have to do the same change on two or three different screens, whereas with the new system, we change it at one place and it updates everything else that it needs to do. Therefore, it is going to bring efficiency gains from a company point of view but also from a consultant point of view. Consultants should be able to deal with customer inquiries quicker and much more easier than now."</p>	<p>Quality Manager, Express Service Insurance, tenure= 3 years</p>

Table 6-4: The Benefits of Premier II (cont'd)

Premier II Benefit	Illustrative Quotations	Respondent
4 It promotes cross-selling and up-selling activities.	<p><i>"More far reaching than that is starting to look at the type of customer and the type of products they buy. Premier II will give exact information on the service that the customer wants. A major future step is to build on that information and sell relevant services or with greater intensity to our customer base."</i></p> <p><i>"We have additional services/products and currently we want to sell them to the customers that value these services. Or, we would like to increase the volume of the services provided to our customers. The system that we are using now does not allow that but when Premier II operates this will be a part of its routine activities."</i></p>	<p>CRM Manager, Express Service Insurance, tenure= 11 months (in this post)</p>
5 It facilitates customer communication.	<p><i>"I think there are two things we want to get by investing in Premier II. We want to get a better relationship with the customer. We want that customer to contact us and feel as if we know him or her. We are not some anonymous voice at the end of the phone line; we are like somebody you know. I thought an analogy was the little corner shop where the owner of the store knows you. You go in, in the morning and he knows what you want to buy and he's got them ready for you and he knows the kind of things you might be interested in buying as well. You have a bit of a chat and you build up a dialogue and gradually you have a relationship growing."</i></p>	<p>Manager of Business Process, Express Service Insurance, tenure= 3 years</p> <p>Manager of Business Process, Express Service Insurance, tenure= 3 years</p>
6 It facilitates the identification of profitable customers.	<p><i>"Targeting profitable customers for certain things, it will be a lot easier with Premier II. With the old system, we don't know this customer was a valued customer. Instead of asking twenty-four questions from an insurance point of view, it is twelve questions now. The information relevant to the service they received in the centres is captured in the same manner. With the launch of Premier II we'll be able to see that we've already got an MOT date and a service date on the system so we don't need to ask that question again. We'll be able to see for instance, when we are introducing break down cover that this is something that will be of value to this customer."</i></p>	<p>CRM Manager, Express Service Insurance, tenure= 11 months (in this post)</p>

Table 6-4 The Benefits of Premier II (cont'd)

Premier II Benefit	Illustrative Quotations	Respondent
<p>7 It enhances information processing and storing capabilities for data retrieval.</p>	<p>"It will hold customer data and allow us to analyse that data more rigorously and more flexibly than we presently do. So every bit of information essential can be analysed into anything we want it to and can be used as platform to access to all Group's services. We should have more relevant information to act upon and recall to meet customer needs."</p> <p>'Really what we have just now doesn't actually track contacts. For one thing, we rely on users recording what happens in a contact and users aren't always that reliable! Whereas Premier II will automatically track those contacts and we will know and we will be able to spot the users who are not good at recording for themselves what they have done in a contact. That is a benefit. But as well as that it's the accessibility of the information. Our current system doesn't give us access to that in any meaningful way. So then using that information, it's worthless, it's dead. You would have to look at each individual record in order to try and understand something about that customer and you would have to look through an awful lot of information to find little nuggets of things that are worth while. The new system will mean that we can probe customer records easily, and build a campaign to contact the customers who fit into this specific category. And from the user's point of view, they don't have to go through a hell of customer information. Information is presented to them daily and they have an understanding of the customer immediately without having to go and find it."</p>	<p>Marketing Manager, Express Service GB, Tenure= 1 year</p> <p>Manager of Business Process, Express Service Insurance, tenure= 3 years</p>
<p>8 It facilitates differential pricing</p>	<p>"It is essential as a part of relationship management to be able to provide multiple pricing based on the characteristics of the offering. We should be able to see the value of any added element to the portfolio of our services"</p>	<p>Managing Director (AUTOCLUB) tenure= 6 years</p>
<p>9 It provides multiple channels to market</p>	<p>"With Premier II, we will have the opportunity to operate in a multi-channel environment. For example, in our mobile services, we are offering a price promotion in the area of Newcastle and we have our database of our customers based in Newcastle. We can direct mail them, we can give them a ring to say about the offer and encourage them to buy from the net or using their mobile phone. And, we can co-ordinate all these activities together."</p>	<p>CRM Manager, Express Service Insurance, tenure= 11 months (in this post)</p>

Source: The author

6.7 Summary

Chapter 6 has concentrated on the profile of the case study of organisation i.e., Express Service with the purpose of providing the reader an intimate knowledge on the history and idiosyncratic characteristics of the investigated firm. Express Service has been acknowledged by industry experts as a CRM star performer. Yet, the systematic implementation of CRM has commenced in 2000 with the formulation of AUTOCLUB scheme and the Premier II project. The initiation of these two CRM initiatives has coincided with the commencement of the data collection of this case study. Furthermore, chapter 6 offers empirical insights to the perceived benefits of Premier II for Express Service.

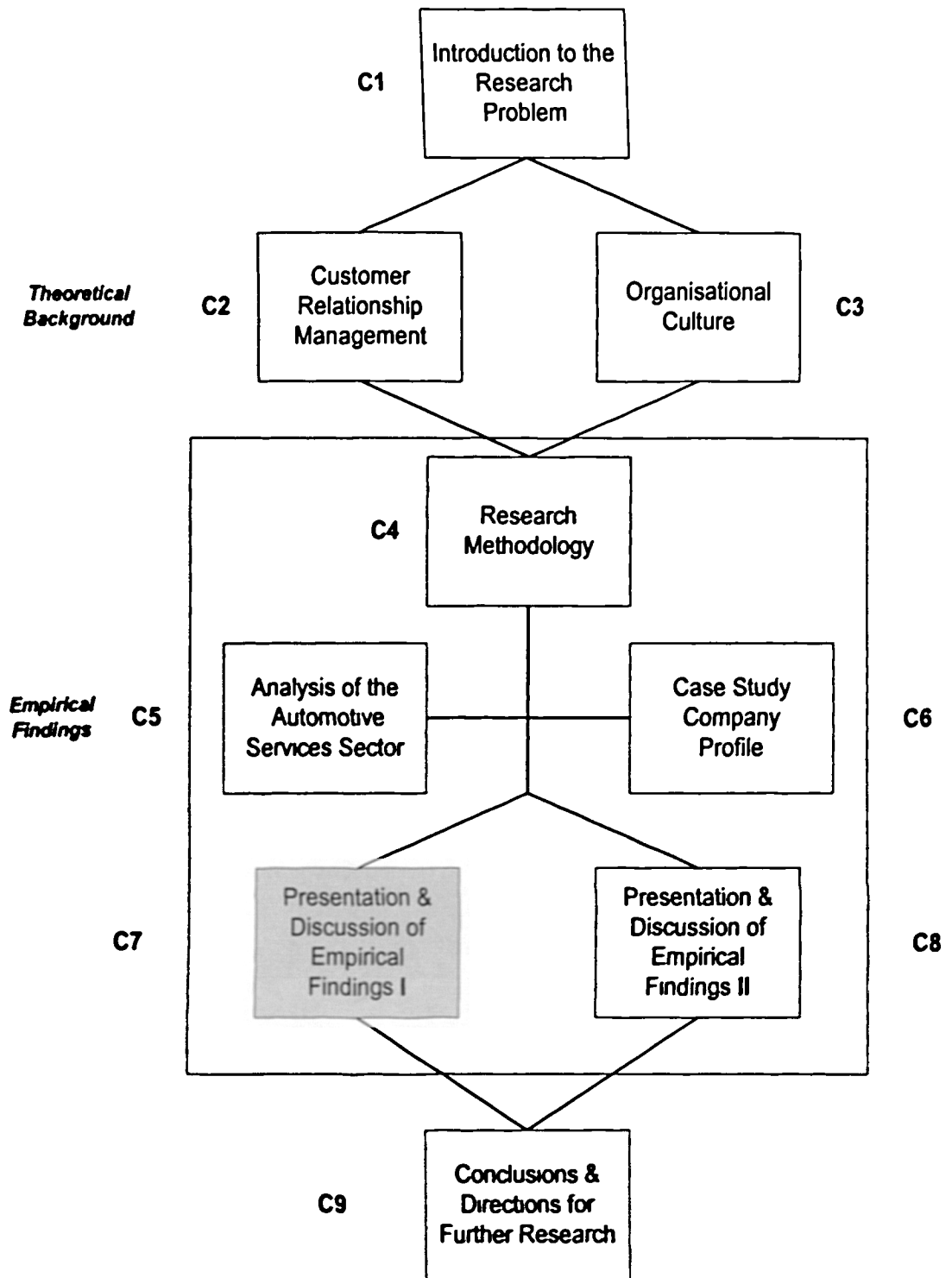
The increasing commitment and interest that Express Service has demonstrated in achieving customer-oriented goals has facilitated the investigation of the three research objectives of this case study. These are:

- 4) to identify employees' and managers' perceptions of CRM
- 5) to explore the practice of CRM and its constituents in the organisation, and
- 6) to explore the effect of OC on the practice of CRM.

Chapter 7 and *Chapter 8* present and discuss the empirical findings of this case study.

Chapter 7

Presentation and Discussion of Empirical Findings I



7.1 Introduction

Chapter 7 presents and discusses the findings derived from the empirical part of this research. The findings are the outcome of a case study in the automotive services sector and particularly the fast-fit industry. The study took place in the U.K. and the selected case study firm has been acknowledged as a best practice of CRM.

The research findings of this thesis correspond to the three research objectives set at the introduction of the research problem chapter. These are:

- to identify employees' and managers' perceptions of CRM
- to explore the practice of CRM and its constituents in the organisation, and
- to explore the effect of OC on the practice of CRM.

This chapter is classified into two parts. In the first part of the chapter, the author presents and discusses the employees' and managers' perceptions of the term CRM. In the second part of the chapter, the researcher discusses the constituents of CRM practice in the organisation. It should be noted that some of the interview excerpts may include bold characters or underlined words. The bold lettering is used to signal themes that have repeatedly appeared in NUD*IST pattern searches while the underlined words add emphasis to the ideas appearing in the quotations. The presentation and discussion of empirical findings continues in *chapter 8* which concentrates on the third research objective of this study, i.e. the effect of OC on the practice of CRM.

➤ Part 1

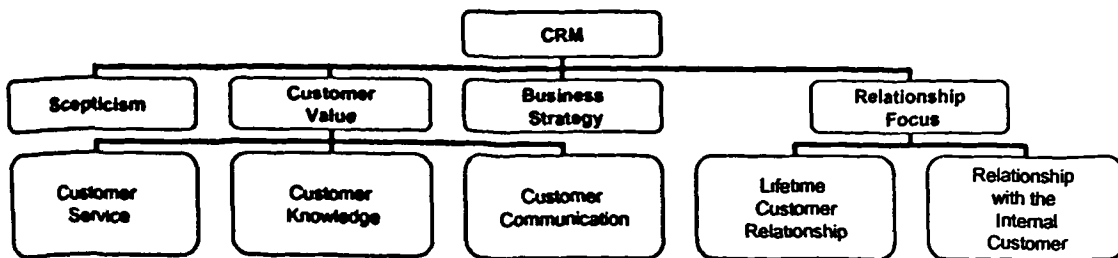
7.2 On the Employees' and Managers' Perceptions of CRM

The term Customer Relationship Management (CRM) has been part of academic and business discourse for the last few years. However, the fact that CRM does not have an accepted definition reflects the diversity of its conceptualisation and operationalisation by academic and practitioners. CRM appears to be a practitioners' term and therefore one would expect that business professional may have a holistic and accurate view of this notion. However, the findings of this research show that people who are involved in the practice of CRM often misinterpret and confuse the meaning of the term. The research findings demonstrate that CRM is a term with

multiple facets. Particularly, the employees and management of the case study organisation view CRM (Figure 7-1):

- 1) with scepticism
- 2) as an activity relevant to customer value delivery
- 3) as a business strategy, and
- 4) as an activity focusing on the firm's relationship with stakeholders.

Figure 7-1: Employees' and Managers' Perceptions of CRM



Source: The author

7.2.1 CRM: 'The cherry in the cake!'

Although the case study firm, i.e. Express Service has been characterised as a best practice of CRM still a part of the management in the organisation was confused and sceptical about CRM.

For instance, the Customer Service Manager of Express Service GB commending on her involvement in the practice of CRM expresses her confusion towards this notion by saying:

"I do not fully understand what CRM is. It is all this woosy - woosy stuff that you hear about and you do not have a clue what it means. I read an article that customers do not care about this (she means CRM), they simply want to maximise their value for money. And if Express Service is expected to create a relationship with the customer how can it actually manage it? Can we actually manage the

relationship with the customer? I do not know and I think we could actually do a lot better in that direction."

(Customer Services Manager, Express Service GB, tenure=6 years)

Illustrating his scepticism about CRM, the Director of Operations of the Group commends:

"I do not get anything from the term CRM. It means nothing to me. Is it a buzzword or the cherry in the cake? We deal with our customers in person and we do not want to manage any relationship by sending leaflets and calling them all the time!"

(Director of Operations, Express Service Group, tenure= 24 years)

The Director of Operations raises a valid argument relevant to the practice of CRM by stating that personal communication is significant in buyer-seller relationships. It appears that personal dialogue adds value to customer-firms relationships. However, a number of organisations tend to ignore the significant role of personal contact in CRM practice. As illustrated in the above quotation, often firms include impersonal means of communication to support their contact with the customer base such as direct mail, digital TV and the web. The bad practice of CRM may further cause a number of privacy concerns such as customer irritation for getting unwanted e-mail or direct mail, feelings of violation of their personal space and bad temper for the increasing amount of information that is being collected surreptitiously as customers browse the web. As a result, customers not only feel neglected but also irritated from the violation of their privacy.

Reinforcing the criticism on CRM, the Group Director of Marketing asserts:

"I do not like the concept of CRM and particularly the word management in it. It sounds as though you are trying to manipulate people and in our business –the fast-fit market- that is a very dangerous thing to get involved in. I think what one wants to do is to make people aware of what we do, make our products and services easily accessible and hopefully give them (customers) reasons to want to buy again. Now a typical example of CRM - I prefer to call it how can we increase and enhance customer loyalty – is to give people who are satisfied with our service every reason to come back. And provide them with opportunity to know about and explore other products and services of the organisation."

(Group Director of Marketing, tenure=18 years)

Supporting the view of the Group Director of Marketing, the Marketing Manager of Express Service GB purports:

"CRM is not very new concept although the coining of the phrase CRM is new. The concept is not particularly new; it has just been repackaged in a different way. I think that CRM has always been there. Now they call it something different and put a new badge on it. There is a lot of technology that is now surrounding the concept of CRM and this technology accelerates the relationship process. CRM is a negative approach to customer care because it infers you are managing the relationship with the customer."

(Marketing Manager Express Service GB, tenure=1 year)

It is a common ground in the comments by the two speakers above that the term CRM infers the manipulation of the customer by the firm. Two potential reasons may account for approaching CRM negatively. The first reason relates probably to the lack of understanding on the practice of CRM. The second reason pertains to the customers' negative predisposition towards relational activities such as CRM and the fact that still customers feel trapped in a one-way relationship with the firm.

Referring to the first point the lack of understanding on what CRM is like seems to shape negative perceptions regarding its value to the firm. This statement may explain the management's negative perception towards CRM. In other words, the apparent lack of understanding towards CRM seems to be a reason for the management's negative perceptions and scepticism towards that notion. The scepticism about CRM is reinforced by the difficulty to assess the outcome of CRM practice and evaluate its contribution to the performance of the firm.

The second reason for approaching CRM negatively relates to the customers' point of view of CRM initiatives. Although the underlying logic of CRM activities is mutual dialogue, interdependence and co-operation between the firm and the customer, in practice, the role of customer in the relationship process appears to be passive. The use of the term 'manipulation' by the Group Director of Marketing and the Marketing Manager demonstrates the role of the customer as a passive actor in customer-firm relationships and express the concern of management with regard to CRM practice. Consequently, engaging the customer actively in relationship with the

organisation may facilitate the deployment of CRM initiatives and initiate a meaningful dialogue between the firm the customer.

The Director of Marketing and the Marketing Manager of Express Service GB apart from viewing CRM with scepticism they point out some additional issues. The Director of Marketing in this discussion makes two additional points relevant to CRM. First, he uses the term customer loyalty to label CRM and second he proposes that the services and the products of the organisation are sufficient to attract the customers. As far as the first issue is concerned, CRM and customer loyalty are often conceptualised as closely interrelated ideas. This is for the reason that customer loyalty is seen as a primary objective driving the implementation of CRM and the most important measure assessing the success of CRM initiatives. However, customer loyalty is not the single objective of CRM initiatives. For instance, it is demonstrated in the following section of the findings that CRM aims at customer value creation. As such, the claim by the Group Director of Marketing that CRM and customer loyalty are the same ideas is not totally valid.

The second issue that the Director of Marketing brings up in the discussion is that the products and services of the organisation are sufficient to attract its customers. At first glance, the words by the Group Director of Marketing appear to point to the marketing mix approach which assumes that products define marketing strategies, yet a thorough look in this quotation may induce the stages of a relationship development process. Although the speaker expresses his scepticism on CRM he describes a relationship development process which is demonstrated in the use of terms such as 'aware', 'explore', 'know other products and services', 'come back' and 'satisfaction'.

The Marketing Manager of Express Service GB puts forward an additional issue in the discussion of CRM concerning its originality. He clearly suggests that CRM has its routes in the past and "*...it has just been repackaged in a different way*". He continues that information technology has embraced the concept of CRM and revolutionised the relationship process.

Expanding on the comments of the Marketing Manager, the importance of buyer-seller relationships has been acknowledged in past years. However, the drivers that shape these relationships and reflect on the practice of CRM have changed

duration the pass of time. While the pre-industrial era was dominated by relational exchanges, still the drivers of the relationship process are not the same as compared to the current post -industrial phase of economy. Buyer-seller relationships in the pre-industrial era are based on the small volume of production and the relatively small customer base. With the advent of mass production and mass consumption, marketers began to adopt a more transactional approach to business exchanges. Consequently, the substantial development of CRM practice is mainly associated with the rapid technological progress, the growth of the service economy, and the increase in competitive intensity leading to concern for customer retention.

To sum up, the findings at this early point show that CRM has been viewed with scepticism, particularly from the top management of the firm and from decision makers involved in marketing activities (for instance marketing strategy, campaigns and communication and customer service. The scepticism about CRM may be associated with the strategists' ignorance pertaining to the advantages and disadvantages of CRM and the difficulty to assess its contribution to the performance of the firm. Or, alternatively, it may reflect a lesson learned from past experiences linked to the bad practice of relational strategies such as CRM and highlight the recurring theme that for a relationship to flourish both parties should be actively involved.

7.2.2 CRM: The Only Way to Customer Value

On the contrary to the group of organisational members who approached CRM with scepticism, a number of employees in the firm linked CRM to the provision of customer value.

For instance, the E-Commerce Development Manager remarks:

"I think people here see CRM as synonymous to the delivery of superior value to our customers. I think in its most simplistic manner, which is always the best way to describe things, it is attracting the customer to use Express Service in the first place, and then setting the standards to provide all the time customer value."

(E-Commerce Development Manager, tenure=10 years)

Illustrating the connection of CRM to customer value, the Group Head of Marketing elaborating of the concept of CRM maintains:

"From my perspective CRM is about getting closer to the customer, and that has to be done in a way that is of value to the customer. To offer value to the customer that

is the key to the CRM process. And this is done (the delivery of customer value) through customer service. And that customer service is the relationship that you have with your customers at the centre and is based on recognising their needs and aspirations. If there is a problem with the service then it is about excellent customer care. Customer value is not about repeatedly sending direct mail to customers and it is not the case of repeatedly making telephone calls to the customers. It is understanding and appreciating their requirements and communicating them in a way and with a frequency that has value to them."

(Group Head of Marketing, tenure= 7 ½ years)

Likewise, a Call Centre Consultant involved in the activities of the AUTOCLUB, describing his responsibilities in Express Service suggests:

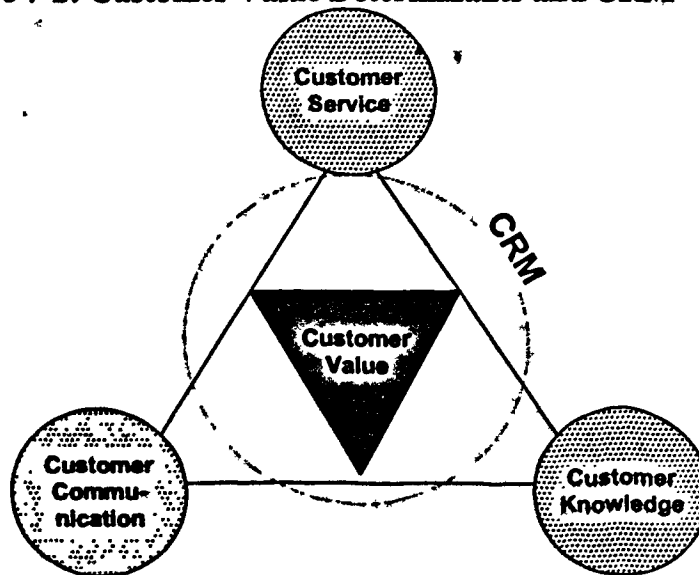
"We are on the first line when the customer calls and particularly in this department. The customer will have cracked windscreens or broken glass or something like that. We will deal with the problem immediately and pass the details to the local branch to solve the issue. I think Express Service offers value to the customers by effective customer service. It is built on the knowledge that we have for our customers and of course on customer communication. Our priority is not to rush, but to make sure that we are always available to be speaking to the customer."

(Call Centre Consultant - AUTOCLUB, tenure=3 years)

According to the two speakers, there are three determinants to customer value associated with the practice of CRM (see underlined text). These determinants, illustrated in figure 7-2, which are discussed in detail in the following section of the findings and pertain to:

- a) customer service
- b) customer knowledge, and
- c) customer communication.

Figure 7-2: Customer Value Determinants and CRM



Source: The author

a) Customer Service

As far as customer service is concerned, a call centre consultant suggests:

"CRM to me is providing value to the customer through service to the customer. To show that you are there to help out with their requirements. Whatever they need you try to help them as much as possible, if not, provide additional service or information where they can contact somebody and get the relevant requirements that they need."

(Call Centre Consultant, tenure= 4 years)

Following this point the Personnel Manager of Express Service adds:

"I would say that CRM contributes value to our customers. It is the whole diverse range of services you can provide for a customer and how you treat the customer and manage the relationship. It is an ongoing process which extends throughout Express Service. I think when you manage the relationship with the customer you have to meet their expectations and provide them with the service they want. My experience in the floor taught me that we maintain our customers by giving them the best possible service."

(Personnel Manager Express Service Insurance, tenure= 6 years)

Describing the essence of CRM in Express Service, the CRM Manager of Express Service Insurance explains:

"A lot of firms are confused with the term CRM. To me it is quite simple! You've got a customer and you look after that customer to the best of your ability and offer value to that customer. You make sure that you service the customer and you keep your promise to her. No one gets any joy from what we call a distress purchase. So what you need to do in that instance is you have to say OK Mr. Customer I will look after you. This is what CRM is all about, customer value and keeping your promise to your customer base."

(CRM Manager, Express Service Insurance, tenure (in this post)=11 months)

It is clear from the above interview texts that CRM and customer service are associated with the delivery of customer value. The first two speakers view CRM as a process which “*extends throughout the organisation*” and facilitates the delivery of customer value. The view of CRM as an organisational process has been a recurring theme in this study. Specifically, interview respondents perceived CRM as a significant activity where different functions come together, a crucial process for breaking out of functional silos.

The CRM Manager of Express Service Insurance relates the practice of CRM with the operations of his firm in the automotive services sector. The role of the CRM practice in a distress purchase situation is very important. Particularly due to the intense competition and product commoditization of the fast fit industry, CRM can be a potential differentiator of the value provided to the customer. In another point of the interview he purports:

“Offering value to the customer is key for our operations. No one wakes up in the morning thinking what a fabulous day... I am in such a good mood I will go buy a tyre! So to some extent it is a distress purchase and whatever customers spend they are not going to be happy about it. Moreover, they are so many outlets that offer tyres and exhausts that you have to excel in your service. Keep your promise to the customer and built up a relationship with the customer. Then, it is more likely they will remain with you providing that your products and services are of value to them. The relationship with the customer is a key to that. It is too vital. Customers are too important.”

(CRM Manager, Express Service Insurance, tenure (in this post)=11 months)

The CRM Manager elaborating on his involvement in CRM uses the term *promise* in association with the deployment of CRM and the delivery of customer value. The concept of promise has been an integral element of relational strategies in Express Service. According to the CRM Manager of Express Service Insurance, the responsibility of marketing is not only to make promises to customers but also to fulfilling these promises. In other words, “*keeping your promise to your customer*”, is equally important for delivering customer value and nurturing relationships with customers. It seems that the importance of *promise fulfilment* is a key element in the relationship with the customer. Table 7-1 demonstrates the multiple facets of the

concept of *promise*, namely relational, monetary, customer care, brand, internal customer, service quality and customer retention aspects. It also illustrates that ‘promise’ is widely perceived as the cornerstone of Express Service’s operations and customer relationships.

Table 7-1: The Facets of ‘Promise’ in Customer Relationships

Illustrative Quotations	Facets of Promise	Position of the Respondent
<i>"In the management of our relationships with the customer we have our philosophy and the promise we make and keep to our customers."</i>	Relational Aspect: Facilitates CRM practice	Development Manager, Express Service GB
<i>"We offer a price promise to our customer in order to increase the benefits they get from our value proposition..."</i>	Monetary Aspect: Good value for money, increases the value delivered to the customer	Customer Service Consultant, Express Service GB
<i>"It is how you deal with the complaint. The matter is if you actually genuinely live up to the promise that you will look after the customers then they will love you and understand that from time to time things may go wrong "</i>	Customer Care	Group Director-Internal Audit, Express Service Holdings
<i>"We are always trying to offer superior value to the customer and our brand promise is helping us to do so."</i>	Brand: contributes to the value delivered to the customer	Managing Director of Express Service Insurance
<i>"Our promise is to try to delight the customer a hundred percent of the times. Customers are disappointed from other organisations that do not keep their promises. Trying to deliver our promise comes down to our people "</i>	Importance of internal customer in promise fulfilment	Director of Customer Services, Express Service GB
<i>"In our centres we try to deliver the promise of service which matches the Express Service Brand. A promise made and unkept is worse than not making it in the first place."</i>	Customer Service/Service Quality	Marketing Manager, Express Service GB
<i>"I think this separate us from everyone else, we deliver our promise to the customer in order to increase our customer retention."</i>	Customer Retention	Director of Customer Services, Express Service GB

Source: The author

b) Customer Knowledge

The second determinant of customer value associated with the practice of CRM is customer knowledge (see Figure 7-2). As the Group Head of Marketing suggests:

Customer value is not about repeatedly sending direct mail to customers and it is not the case of repeatedly making telephone calls to the customers. It is understanding and appreciating their requirements...

(Group Head of Marketing, tenure= 7 ½ years)

Likewise, an IT Officer in Express Service Insurance proposes:

My understanding of CRM is trying to accumulate customer knowledge and based on this knowledge we provide customer value. You get to build up a database of each of your customers and you know what they want and when they want it. Thus, they build a good relationship with your company and they have a good impression of you as a professional business. So it is just basically building relationships with your customers through the CRM process in order to increase the value you are giving to the customer. I think that the key in value delivery is knowing the customer."

(IT Officer, Express Service Insurance, tenure=3 years)

Much of the discussion surrounding CRM has been based on the importance of data collection and analysis as means of getting closer to the customer. Viewed in this light, companies have identified customer information as the foundation of CRM. The practice of CRM has been often linked to the idea that organisations may gain competitive edge by building powerful customer information systems. As it is illustrated in the quotation by IT-Officer, Express Service uses information technology, not only for understanding individual customers but also for developing and market new products. Supporting this point, the Managing Director of Express Service Insurance suggests:

"CRM is a matter of establishing a relationship with your customer, obtaining data on the customer and using this data to develop new services and products of value to the customer."

(Managing Director of Express Service Insurance, tenure= 1 ½ years)

It follows that a central issue in CRM practice is the use of the acquired data to create superior customer value. Demonstrating his concern on the massive

accumulation of data and the necessity to act upon it the Group Director of Marketing suggests:

“I think that there is an obvious danger that CRM can become one of these concepts where you produce lots of data and lots of people look at it and analyse it and nothing ever happens. As far as we are concerned we are trying to use the data we collect from the customer in order to offer superior value to the customer by developing our service, improving our customer care and communication channels.”

(Group Director of Marketing, tenure= 18 years)

The Group Director of Marketing emphasises the importance of information acquisition for the delivery of customer value through customer service and communication (see Figure 7-2). He argues that the ability of Express Service to continuously generate knowledge about customers' expressed and latent needs and how to satisfy these needs, is essential for it to continuously create superior customer value.

Furthermore, what probably distinguishes Express Service from other organisations in customer value creation is its ability to interact with customers on an individual basis and utilise their customers' own experiences and knowledge in the design of new products and services. Building on this point the CRM Manager posits:

“Creating value is a whole process. It is what we can offer to the customer but more important it is listening and learning from our customers to find out what products and services are of value to them. An example of that would be household insurance. When we started here we only did car insurance and a lot of customers said I know Express Service and I like your services and I would like to be insured but I have always had my house and my car insured by the same company. So instead of saying I am sorry to the customer, we do not offer household insurance we learned from our customers' concerns and offered household insurance to them. Now, we have the potential to offer both household and car services to them and we are also developing a travel insurance scheme based on our customers' recommendations...again!”

(CRM Manager, Express Service Insurance, tenure (in this post)= 11 months)

The quotation by the CRM Manager provides an example of customer-firm co-production activities. Based on the CRM Manager the role of Express Service is no longer limited to the provision of goods or services to the customers rather than concentrates on the development of a system of activities within which customers can create their own value. In particular, deeper relationships with the customers

have created opportunities for acquiring more knowledge relevant to customers' needs, and enabled the development of a new service i.e., the household insurance. As stated by the Managing Director of AUTOCLUB:

"I think that CRM is understanding our customers and helping them to understand us. I think that if we achieve that we are bound to create value and do more business together."

(Managing Director of the AUTOCLUB, tenure= 6 years)

c) *Customer Communication*

Demonstrating the link between CRM, customer value and customer communication (see Figure 7-2), the Call Centre Manager of the AUTOCLUB states:

"AUTOCLUB is our major CRM platform. It supports the philosophy that our business is based on the provision of value to the customer. I think that our first responsibility is to make sure that customer communication is easy and we are accessible for our customers. Our dialogue with the customers is part of the value we are offering to them."

(Call Centre Manager-AUTOCLUB, tenure= 3 years)

Additionally the CRM Manager argues:

"The CRM process has facilitated our contact with the customer. Customers may receive ten or twelve pieces of mail and a half a dozen of phone calls for products and services they never use. We are not doing this! This is going to alienate between you and your customer. So it had to be more professional – to say OK lets have a proper customer contact strategy. So before we do any mail or telephone campaign, we will have a look at this customer in our system. What has he been offered in the past? And if we are going to do a mail shot on brake pad guarantees and we see that two months ago that the customer was offered a guarantee and he was not interested...then if you send him another brake pad offer then it is just going to alienate him from Express Service instead of giving extra value to him."

(CRM Manager, Express Service Insurance, tenure (in this post)=11 months)

The practice of CRM puts forward the theme of customer communication as a central dimension of the relationship building. A basic principal of CRM seems to be that firms may reach and retain their customers by using pertinent personal information in communication. In other words, the message or contact should be timely and have meaning for the customers in terms of their own living experiences. CRM, with the availability of new technologies and their connectivity, provides the means to facilitate the communication of the firm with customers and other stakeholders. This is illustrated by the CRM Manager who mentions:

"The customer must feel free to contact us at any time via any channel: e-mail, mail, telephone, personal contact in the centres. This is part of the relationship and this is what CRM has helped us a lot to do. To communicate with the customer. We also have a help line – an 0800 number. It takes about twenty-five thousand calls a week. That is basically things like, ... 'I've lost my receipt'. Gone are the days where if you don't have your receipt we can't do anything about that. So from the customer's post-code we get all we need. Oh yes Mr Jones you had that exhaust fitted a year and a half ago. Here's a copy of the receipt. If you pop down to the centre, we'll replace it free of charge for you under warranty. The help line allows customers to contact us for free and this is part of our value offering to them. In a way I think that it maximises the value delivered to the customers."

(CRM Manager, Express Service Insurance, tenure (in this post) = 11 months)

It seems that customers are living in a multi-channel environment and according to the CRM Manager, they should be able to initiate a transaction in a call centre and perhaps complete it in a service centre in a seamless fashion. CRM activities not only support the customer-firm dialogue in this context but also ensure that a consistent message is transmitted across all channels of interaction. In this regard, the Marketing Manager of Express Service GB states:

"So in terms of managing the relationship with the customer – the first thing a customer would see would be a centre as they drive pass or it could be a radio ad or a newspaper ad or a conversation with a friend. There are a variety of ways a customer can come into contact with us. From a marketing point of view, we have got to have a uniform presence so we are consistent. If they are in Inverness or in Lowestoft, they are going to get the same message about what Express Service is and what we stand for as a business."

(Marketing Manager Express Service GB, tenure= 1 year)

Express Service customer communication includes a variety of elements, which may be divided into mass marketing, direct marketing and sales activities and public relations. According to the Marketing Manager what seems to be important in CRM practice is the integration of the dialogue across different channels of interaction into a holistic communication strategy. This emphasises the need for consistency in marketing communications and dissemination of messages to customers.

As stated earlier, CRM facilitates the dialogue between the firm and the customer. An important aspect of this dialogue is feedback by which the receiver's

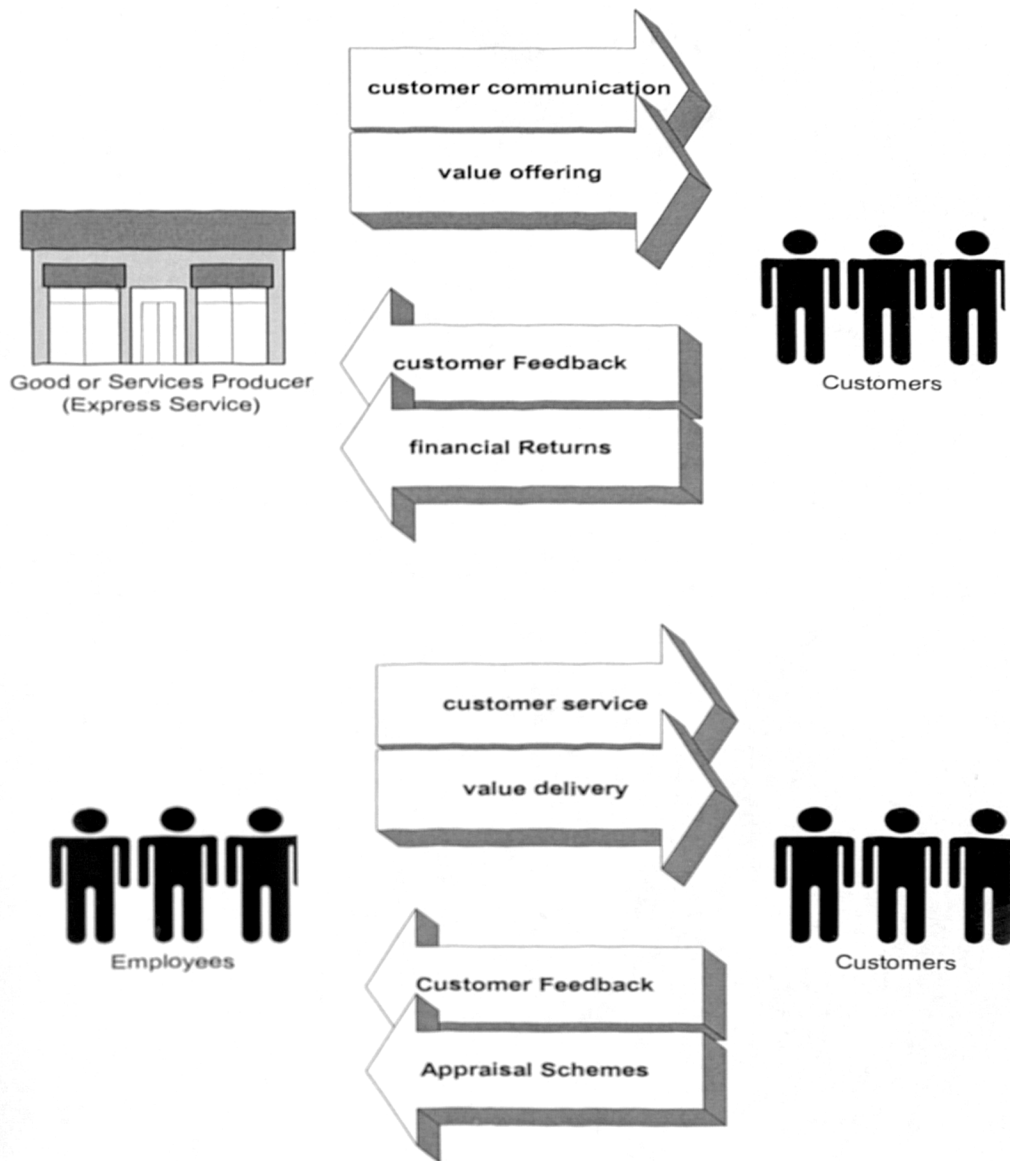
response is made known to the sender. Viewed in this light, the Quality Manager of Express Service Insurance suggests:

"We do customer research calls as a part of CRM, just to find out, if customers have had a recent contact with us, how they felt it went. Were they happy with the service? We are very open to feedback be it positive or negative. We encourage customers to complaint if they are not happy and to compliment if they are. We have a compliment scheme for the staff where the customer writes and compliments them. They get a copy of the compliment letter and they get a congratulation letter from us. Again it's acknowledging the service that is provided internally to the people, but also on an external basis."

(Quality Manager, Express Service Insurance, tenure= 3 years)

This quotation provides empirical evidence regarding the interface between CRM and internal marketing and suggests that these two organisational activities may be used in conjunction to meet the needs of employees in order to enhance marketplace performance. The Quality Manager proposes that Express Service management puts emphasis on having more motivated and customer conscious staff at all levels of the firm by developing a two-way communication between the firm, the customer and employees. Figure 7-3 illustrates the components of buyer-seller communication in Express Service. As shown in figure 7-3 two-way communication facilitates value creation not only for the external customer but for the internal customer as well. Table 7-2 summarises the determinants of customer value related to the practice of CRM namely, customer service, customer knowledge and customer communication.

Figure 7-3: Components of Buyer-Seller Communication



Source: The author

Table 7-2: Customer Value (CV) Determinants Linked to CRM

CV Determinants	Central Issues Emerging from the Thesis
Customer Service	<ul style="list-style-type: none"> ▶ CRM is an <i>organisation-wide process</i> which supports value creation <i>through the facilitation of customer service activities</i> ▶ The concept of <i>promise</i> is <i>central</i> to CRM, customer service and value creation
Customer Knowledge	<ul style="list-style-type: none"> ▶ CRM is an organisation wide process which supports value creation <i>through the facilitation of customer knowledge activities</i> ▶ Customer knowledge links to the delivery of enhanced customer value ▶ Customer knowledge facilitates value co-production ▶ Databases facilitate the generation of customer knowledge ▶ Firms should act upon data to produce customer value ▶ Privacy issues regarding the willingness of the customer to disclosure data to the firm
Customer Communication	<ul style="list-style-type: none"> ▶ CRM is an organisation wide process which supports value creation <i>through the facilitation of customer communication activities</i> ▶ CRM <i>emphasis</i> the importance of communication on customer relationship ▶ Communication is critical to customer value generation ▶ CRM provides integration and consistency to communication efforts ▶ Importance of feedback for two-way communication ▶ CRM facilitates communication to internal & external audiences

Source: The author

7.2.3 CRM: A Business Strategy

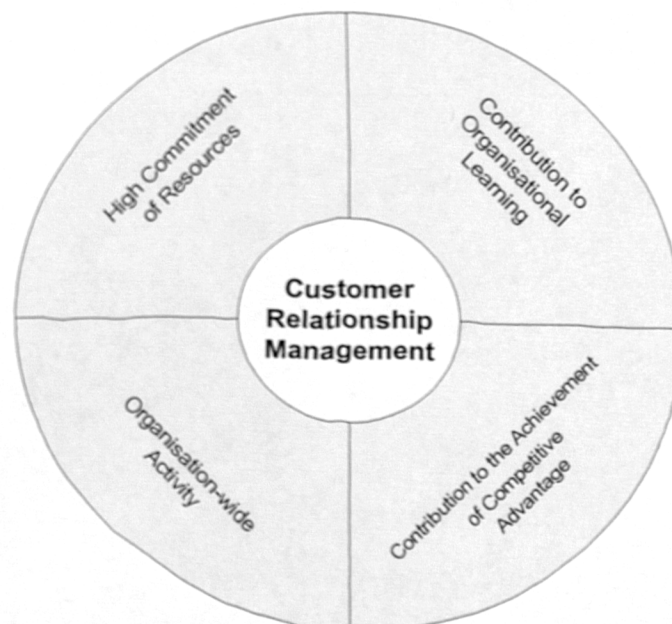
Nearly all interview respondents acknowledged Express Service as a customer-focused firm and recognised that the practice of CRM is extremely important for achieving excellence in the marketplace through the creation of customer relationships and the delivery of enhanced value to the customer. Regardless the contribution of CRM to the development of competitive advantage, only a few organisational participants perceived CRM as a business strategy and suggested that there was a clearly defined CRM strategy for the company.

Following the findings of this case study *CRM may be viewed as a business strategy for four reasons*. These are

- 1) the high resource commitment linked to CRM initiatives
- 2) the contribution of CRM to organisational learning
- 3) the organisation-wide character of CRM activities, and
- 4) the contribution of CRM practice to the achievement competitive advantage.

In the section below the researcher discusses one by one each of these four reasons. To assist the reader in this discussion figure 7-4 summarises the strategic characteristics of CRM.

Figure 7-4: The Strategic Characteristics of CRM



Source: The author

- **First**, CRM involves a significant commitment of resources and capital and has long-term consequences for the organisation. The practice of CRM occupies the time of top management, and this feature distinguishes CRM from routine operating decisions.

Highlighting the strategic characteristics of CRM, the CRM Manager commends: *"The practice of CRM is approached in a very strategic level because of the cost and the commitment of huge organisational resources. For instance, our new CRM activity (Premier II) has a multi-million pound budget. So it is a huge expense to the company. It is not only the twenty-one million pounds we are putting on that effort but it is actually taking twelve senior managers from different areas for two years to leave their business and work on CRM. So it is a huge investment as well but hopefully we will get it right unless we want to have problems long-term concerns for our business."*

(CRM Manager, Express Service Insurance, tenure (in this post)= 11 months)

The CRM Manager views the implementation of Premier II scheme in terms of costs and expenses and approaches this CRM initiative with scepticism. This is understood taking into consideration that the launch of Premier I, in 1997-1998 failed due to difficulties faced with the suppliers of the technological equipment of the investment. It seems that Express Service co-ordinates the deployment of Premier II in a centralised manner by allocating responsibilities of its operations on senior management. Considering this point the Senior IT Officer of Express Service Insurance claims:

"I think, we had much more strategic vision with Premier II, comparing to the past... There is a formal steering group comprised of the Group IT Director, the Managing Director and the Finance Director our Chairman and some other executive people who had experience with this."

(Senior IT Officer, Express Service Insurance, tenure= 6 years)

- **Second**, CRM facilitates organisational learning and contributes to enhanced corporate performance. This is illustrated in the words by the IT Officer of Express Service Insurance who asserts that CRM practice has facilitated customer-focused learning which enhances corporate performance. She cites with reference to CRM:

"If we talk about CRM -and how we are trying to practice it here in Express Service- it is basically capturing a lot more information about the customer so we get to know how our customers look like what services have they been using and what they might be interested in and when they might be interested in them. So with CRM we are

learning a lot more about our customers. We understand that without the right information about the customer we might lose the customer and gradually deteriorate the performance of our business. When the whole technological component of the CRM system will be implemented, we will have the right information about our customers stored in the system. And for us this means that we would be able to offer services that our customers really value."

(IT Officer, Express Service Insurance, tenure= 3 years)

- **Third**, CRM cuts across functions. It is an organisation-wide activity and as such demands integration of people, information and processes. The Managing Director of the AUTOCLUB commends on the organisation-wide character of CRM:

"We are all involved in CRM and every aspect of the organisation you can imagine is involved in the CRM process. I say from our managers to our fitters. I say no one more than our fitters. We understand how important are our fitters for us. What they do as ambassadors for our organisation is they do the job well and keep the customers pleased."

(Managing Director of the AUTOCLUB, tenure= 6 years)

The findings demonstrate that CRM occupies the time not only of top management but also of technical staff and frontline employees.

- **Fourth**, the practice of CRM may be a source of competitive advantage for the firm. The Managing Director of the AUTOCLUB suggests:

"I think we are a business that is always looking and listening for opportunities to do better with our customers so we are aware that with a CRM strategy could enable us to do things better and give us a huge competitive advantage based on well-targeted value offers."

(Managing Director of the AUTOCLUB, tenure= 6 years)

Reinforcing the view of CRM as a business strategy the Group Head of Marketing states:

"From the Group perspective my involvement is to support quite clearly the CRM strategy, which touches the whole Group because from a Group perspective we look at all companies and all company operations. And the main principal behind CRM strategy is relationship management but for that to be effective we need to employ the resources -such technology, people and know-how- of the Group and bring economies so that the customer can benefit from these economies. And make value offers that are relevant to the customers but offers that can be made from each

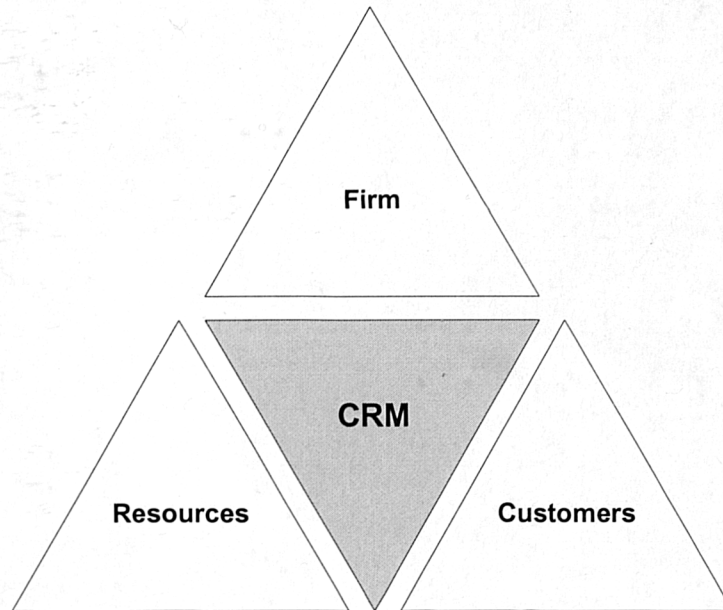
of Group companies. So I do not think that Express Service GB for example, on its own, could employ a CRM strategy, that would be as effective as one that would be co-ordinated from here (Express Service Holdings) because not all Express Service firms are UK based, but mainland Europe as well. So the role of the Holdings is to put together the strands of the CRM strategy and to direct the implementation of that."

(Group Head of Marketing, tenure= 7 ½ years)

The Group Head of Marketing perceives CRM as a strategic initiative which is centrally co-ordinated and controlled. He suggests that towards the deployment of a CRM strategy core organisational resources should be utilised. He identifies these resources as the basis of CRM practice and notes the shift from transactional marketing mix management to relational marketing management that aims at delivering benefits to the customers through value offerings. Figure 7-5 visualises the ideas of the Group Head of Marketing relevant to the CRM strategy of Express Service.

The findings indicate three elements of a CRM strategy in Express Service namely the *customers*, the *firm* and the *firm's resources* (know-how, technology, people), which facilitate the deployment of the CRM strategy. The first element of a CRM strategy is the firm i.e. Express Service which designs and organises the CRM practice through a central management team. The second element of a CRM strategy pertains to the customers who are treated on an individual basis. The third element of a CRM strategy refers to the firm's resources which together with the core products and services fulfil the customer's needs, desires and expectations. Perhaps, the most important of the company resources is people who represent the firm to the customers and delivery customer value.

Figure 7-5: A Strategic View of CRM



Source: The author

7.2.4 CRM: Relationship Focus

A basic tenet of CRM is that firms benefit from maintaining long-term relationships with the customers. Additionally, this case study indicates that in the centre of CRM practice are not only the customers but also employees. Viewed in this light, the findings show two groups of stakeholders primarily linked to the relational aspect of CRM. The *first* group of stakeholders integrally linked to CRM, is consumers. The issue associated with this group of stakeholders is the development of lifetime relationships with the *customers*. The *second* group of stakeholders involves the *internal customer* and implies that CRM activities may be of relevance to the management of the relationship between the firm and employees.

a) CRM: Lifetime Relationships with Customers

As far as the *first* theme is concerned, the findings of this case study demonstrated the link between CRM and the pursuit of long-term relationships between the firm and the customer. From a firm's perspective, customer lifetime relationships may be understood as a series of transactions between the firm and its customers over the entire time period the customer remains in business with the firm.

For instance, Express Service approaches CRM as an *ongoing relationship process* between the firm and the customer. The following excerpt illuminates that point:

“CRM is a lifetime relationship. If we take it for a customer who passes the driving test at seventeen or eighteen years, then we are looking to build a relationship with the customers and take this person through his or hers driving experience for the rest of his life. And to make sure that along that relationship the customer sees no reason to go to any other business for their needs other than Express Service. Sometimes that ongoing relationship might get interrupted for a certain reason. It could be something as simple as a price issue. The customer may not want to come to us because we're too expensive or it could be something that is a bit more serious, because we let them down. So the relationship is to do whatever is necessary in order to maintain that lifetime relationship from age seventeen to whatever time that customer gives up driving the car. If you consider it logically, this relationship might extend including members of that person's family, whether it's a boy or a girl and they maybe get married in their twenties and they have a family and so on. So very quickly, you can build up a relationship with several hundred, if not thousands of people. And it's about maintaining the stability of that relationship and making sure you talk to customers and listen to what they have to say and learn from the experience, develop programmes that make us better than anyone else. And at the end of it, it is all about sales and profit. I think it's as simple as that – get them here and win their hearts and minds and then love them.”

(Director of Customer Services, Express Service GB, tenure= 22 years)

There are a few interesting points in the above quotation by the Director of Customer Services. *First*, through his words, the Customer Service Manager demonstrates the close link between the area of CRM and that of relationship marketing. His view of the lifetime relationship coincides with the underpinnings of relationship marketing theory as a process of identifying and establishing, relationships with customers. *Second*, the Director of Customer Services suggests that as the lifecycle of the customer progresses the relationship with the firm might be extended as new members are added to the family. His words underline the influence of the family on the choice of individuals to engage in relational market behaviour. *Third*, the Director of Customer Services speculates that CRM contributes to long-term mutually beneficial relationships between the firm and the customer which increase sales and profits. The increased importance of lifetime relationships with the customer is also reflected on the theme of customer loyalty. The Development Manager of Express Service GB acknowledges the critical contribution of CRM activities to customer loyalty.

"I suppose that CRM assists us to achieve customer loyalty, if there is such a thing with the customer. It is about customer loyalty as I understand it and it's from the very first time- in fact it is prior, it is how the customers perceives you in the market place before they even come to visit the centre. Right through the first contact with Express Service and then try to retain the customer. It is really the lifecycle of the customer. And trying to ensure there is a lifecycle to maintain with the customer and that you will not lose the customer at some stage and if you do, and there is a problem, the how to recover that as well."

(Development Manager, Express Service GB, tenure=4 years)

b) CRM: Managing the Internal Customer

This case study appears to offer an additional insight to the understanding of the term CRM. This insight suggests that the practice of CRM is relevant not only to the management of relationships with customers but also to the management of relationships with employees. Explaining her involvement in CRM activities, the People's Director of Express Service GB, cites:

"Well I think CRM involves a complex set of relationships. I have customers and my customers are divisional directors, regional managers, area managers and fitters. However, the centres have customers as well. So it is about managing relationships at all levels but with all different type of people internally and externally."

(People's Director, Express Service GB, tenure= 3 months)

Additionally the Divisional Director of Express Service GB quotes:

"For me the practice of CRM pertains to both internal and external customers. I would see my customers as everybody who works for me internally. So people like regional managers, secretaries and commercial managers. In one area, I see them as my customers - even the fitters in the centres. So one of the things I find is that for our external customers, people who come in and pay bills, if they have an issue or a problem we bend over backwards to make sure they are taken care of as quick as possible. Sometimes internally we are not as good at doing things, as we should be. So what I try to do with my involvement in the CRM process is focus on my internal customers and employees and make sure that they are taken care of in the centres as much as the customers externally. So, to me CRM would be about taking care of all those people both internally and externally. They are given top priority all the time."

(Divisional Director, Express Service GB, tenure= 2 months)

Similarly, the Director of Customer Services explains the application of CRM to the management of relationships with organisational employees:

"I think the challenge with CRM activities is the internal customer relationship. It's how we manage our relationships within the business and within departments, because that can also uniquely affect customer relationships. So, if customer service

is at the hub, then if we don't co-operate and talk to the marketing department about the advertising and how that is going to affect the customer, then we are going to fail at point of sale. If we don't talk to the marketing people about our pricing strategy and get that right – it should all be customer driven out the way – then we are going to fail. And if the finance people don't look after the numbers then again the whole thing is going to fail”

(Director of Customer Services, Express Service GB, tenure= 22 years)

The common theme in these quotations is that the harmony in the relationships of organisational members is reflected on the employees' relationship with the customers and predisposition to meet customer needs. As such the practice of CRM expands to incorporate apart from customers the employees of Express Service.

7.5 Conclusions of the First Part of the Findings

It appears that still confusion surrounds the term CRM. The findings of this research indicated that employees and managers involved in the practice of CRM often misinterpret and confuse the meaning of CRM. Specifically, employees and managers perceived CRM:

- 1) with scepticism
- 2) as an activity relevant to customer value delivery
- 3) as a business strategy, and
- 4) as an activity focusing on the firm's relationship with stakeholders.

1) Particularly, CRM has been approached with scepticism from the top management of Express Service involved in the planning of marketing activities such as marketing strategy, marketing campaigns and communication, and customer service. The scepticism about CRM appears to influence its practice in the organisation since top management traditionally plays a leading role in the initiation, implementation and evaluation of CRM initiatives. The results suggested that scepticism about CRM was primarily associated with a) the strategists' ignorance pertaining to the advantages and disadvantages of CRM initiatives, and b) the bad reputation of relational strategies caused by the malpractice of CRM or other customer-focused initiatives.

Referring to the first issue Colgate and Danaher (2000), suggest that in embarking on a relational strategy a firm should be aware of the benefits and

drawbacks of such strategy. Likewise, the findings showed that a lack of understanding on CRM shaped negative perceptions of the strategy's value to the firm. The scepticism about CRM was also reinforced by the difficulty to assess the outcome of CRM practice and evaluate its contribution to the performance of the firm.

The second reason for approaching CRM with scepticism relates to the customers' viewpoint regarding CRM initiatives. Although the underlying logic of CRM activities is mutual dialogue, interdependence and co-operation between the firm and the customer (cf. Sheth and Parvatiyar, 1995a), in practice, the role of customer in the relationship process is passive (Fournier et al, 1998). Fournier et al (1998, p. 43) cite: *'when we talk to people about their lives as consumers, we do not hear praise for their so-called corporate partners instead customers feel trapped in a manipulative market place'*. Similarly to the words by Fournier et al (1998), the findings indicated that Express Service people were sceptical about the role of the customer in the relationship process and perceived CRM as a practice for manipulating customers. It follows that if organisations gradually assign an active role to customers in the relationship process the deployment of relational strategies such as CRM may generate greater value for both the customers and the firm.

2) On the contrary to the group of organisational members who approached CRM with scepticism, a number of employees in the firm linked CRM to the provision of customer value. This is in accordance with Payne (2002) and Srivastava et al (1999) who point out that the provision of customer value constitutes a fundamental attribute in understanding CRM.

Although the customer value process holds a very important role in the relationship process (Payne and Holt, 2001), many authors in the area of CRM seem to ignore that. These scholars rather than focusing on the firm's role to the delivery of superior customer value they focus solely on the value that customers contribute to the profitability of the firm. For instance, Furness (2001) suggests that CRM can be viewed as a process geared towards increasing the profits of the organisation by enhancing the lifetime value of the customers. In the same vein, Reichheld (1993) suggests that relationship management concentrates on the economic value of the customer for the firm and the contribution of customer loyalty to firm's profitability.

However, recent writing concentrating on customer relationships gradually start to recognise the central issue of customer value delivery and its importance for the practice of CRM (Plakoyiannaki and Tzokas, 2002).

The thesis emphasised the importance of CRM to customer value creation and identified the drivers of customer value in a service organisation. These drivers, which are briefly discussed below are: *customer service*, *customer knowledge* and *customer communication*.

In the extant literature, *customer service* has been often viewed as a determinant of the value delivered to the customer (Woodruff, 1997). The link between customer service and value is often encountered in the literature. For example, Naumann (1995) defines value as meeting or exceeding customers' expectations in product and service quality. Norman and Ramirez (1993) and Stabell and Fjeldstad (1998) postulate that customer service reflects on aspects of the value delivered to the customer. In the context of Express Service, service provision and customer care are cornerstones of value creation. Additionally, the concept of promise in relation to customer service had a great importance for the practice of CRM in the organisation

With reference to *customer knowledge*, clearly, the collection and use of information about the customer has always been relevant to marketing activities (Deshpande and Parasuraman, 1986, Kotler, 1997; Slater and Narver, 2000). In the context of CRM, the application of customer databases has contributed to the management of the relationships with potential and existing customers (Abbott et al, 2001; Rylas et al, 2000). However, as technology for customer data accumulation becomes more sophisticated, consumers become increasingly aware of the potential disadvantages offered by the revolution of information technology (Doyle, 1995; Long et al, 1999). The findings of this case study put forward issues regarding information privacy and the need for organisations to act upon customer data. As stated by Cespedes and Piercy (1996), it is of high importance for firms to link constantly the information acquired from the consumer to value offering activities. As suggested by the findings, consumers were not always comfortable with personal information disclosure to Express Service, unless this information was used for their

benefit. Thus, a central issue in CRM practice appears to be the use of the acquired data to create superior customer value.

As far as *customer communication* is concerned, CRM has been often viewed in terms of the ability of the firm to communicate with the customers. For instance Anton (2000, p. 123) suggests that CRM is: 'the seamless accessibility by internal and external customers to their mission critical company information by the integration of company's telephone system, web site, and e-mail touchpoints resulting in satisfying customer self-service for initial product purchases, followed by intelligent up-sells and cross-sells, and finally the creation of customer loyalty, value and profitability'. However, the relevant literature often fails to include the communication process as a critical dimension of relationship building (Duncan and Moriarty, 1998; Grönroos, 2000). The findings of this research illustrated the importance of customer communication for relationship management. According to the thesis, the integration of customer-firm dialogue across different channels of interaction into a well co-ordinated communication strategy reflected upon the value delivered to the customer and the management of customer relationships. This suggests that the term CRM in organisations is associated with a process for efficiently and effectively managing communication with all customers and stakeholders.

3) Although, many organisational members in Express Service linked CRM to enhanced corporate performance and the achievement of competitive advantage, still there seemed to be a lack of strategic focus concerning the practice of CRM in the organisation. Indeed, only a few interview respondents perceived the notion of CRM in terms of a business strategy and suggested that there was a clearly defined CRM strategy for the company. The lack of strategic focus of CRM initiatives is a common theme in the relevant literature and the most usual reason for the failure of CRM projects (Lemon et al, 2002; Peppard, 2000; Plakoyiannaki and Tzokas, 2002; Reinartz and Kumar, 2000). For instance, Ernst and Young's recent report (US Banker, 1999) on technology in the retail finance sector found a lack of strategic focus in the majority of companies practicing CRM. By the same token, Cap Gemini Report on CRM in the communication industry indicates that CRM initiatives are based on experimentation and intuition while there seems to be an absence of

strategic planning (US Banker, 1999). Viewed in this light, Plakoyiannaki and Tzokas (2002) propose the term 'strategic integration' to describe the alignment of strategic resources in the organisation to maximise the effectiveness of CRM and the value delivered to the customer.

The findings of this case study indicated that strategy is a key component of CRM practice. The thesis has outlined and discussed in detail the strategic characteristics of CRM which have been substantially ignored in the emerging literature. The strategic features of CRM involve a) *the high degree of resource commitment linked to CRM initiatives*, b) *the contribution of CRM to organisational learning*, c) *the organisation-wide character of CRM activities* and d) *the contribution of CRM practice to the achievement of competitive advantage* (cf. Papadakis and Barwise, 1998).

According to the findings, organisational resources are central to CRM practice and the delivery of benefits to the customers through value offerings (Grönroos, 1996). The findings developed a view of CRM strategy associated with the resource-based approach to relational strategies (Day, 1995; Day and Wensley, 1988; Grönroos, 1994b; 1995; 1996; Stalk et al, 1992) which suggests that all firm resources should be directed to the management of customer relationships. Specifically, the findings indicated that three elements constitute the CRM strategy in Express Service namely the customers, the firm and the firm's resources (know-how, technology, people), which facilitate the deployment of the CRM strategy. It appears that of these firm's resources, the most important one is people who represent the firm in the eyes of the customer and deliver the value proposition.

4) A basic aspect of CRM is that both the customer and the firm benefit from the process of establishing and maintaining mutual long-term relationships (Sheth et al, 2000). Based on the evidence drawn from Express Service, CRM provides the opportunity to forge a long-term relationship with the customer which aims at creating and extracting value in order to increase profitability. The findings proposed that both the external customer i.e., consumer and the internal customer, namely the employee are associated with the relational aspect of CRM.

In terms of the external customer, the principal issue that emerged from the case study was the significance of the development of lifetime relationships with

customers for the survival of the organisation in the market environment. The relevant literature to CRM has demonstrated the link between CRM and the pursuit of long-term relationships between the firm and the customer (Jain and Singh, 2002; Reinartz and Kumar, 2000). Indeed, the development of long-term customer relationships is the purpose of CRM practice. This is clearly manifested by Buttle (2000) who suggests that the aim of CRM initiatives is to increase the length of the customer lifecycle as well as the value of the transactions between the firm and the customer during the relationship process. An increasing number of organisations are focusing on CRM activities for the achievement of long-term relationships between the firm and the customers, and subsequently for the achievement of higher profitability and growth (Reichheld and Schefer, 2000; Reichheld and Teal, 1996). Sheth and Parvatiyar (1995a) advocate that lifetime relationships are desirable because they are associated with higher marketing efficiency since they tend to minimise transactions costs. Despite the importance of CRM for the firm's survival, the findings demonstrated an inability of the firm to capitalise on customer relationships.

As far as the internal customer is concerned, the results suggested that CRM activities seem to be of relevance to the management of relationships between the firm and employees and facilitated the deployment of HRM practices. Prior research has paid insufficient attention to the link between CRM and the internal customer (Ryals et al, 2000). As such, this case study contributes an additional issue to the understanding of CRM which is related to the practice of CRM for internal marketing purposes.

Table 7-3 provides a brief summary of the results in the first part of the findings. The contribution of the *first part of the findings* to CRM literature is threefold:

- it offers insight relevant to organisational members' perceptions of CRM
- it identifies the key issues which are relevant to the study of CRM and consequently may be included in a proposed definition of CRM, and
- it illustrates that CRM is a multi-faceted term that concentrates aspects from a variety of literature streams. These strands may potentially enrich the conceptualisation and empirical investigation of this notion.

Regardless their different perceptions of CRM, almost all the respondents agreed in that CRM is an organisation-wide process which combines different perspectives such as marketing, technology, finance and human resource management and delivers value to the customers. The researcher adopts the term *CRM process* which has emerged from the first section of the findings to discuss and elaborate the results corresponding to the remaining research objectives namely:

- to explore the practice of CRM and its constituents in the organisation, and
- to explore the effect of OC on the practice of CRM.

Table 7-3: A Summary of the First Part of the Findings

Perceptions Relevant to CRM	Themes Emerging from the Findings	Organisational Members that Shared the Perception
Scepticism	Apparent Ignorance towards the notion of CRM Expressed Concern regarding the role of the Customer in the Relationship Process	Top Management Marketing Strategists
Facilitates the Creation & Delivery of Customer Value	Determinants of Customer Value: Customer Service Customer Knowledge Customer Communication	Marketing Managers Front-line People IT Officers CRM Managers Quality Managers Business Processes Managers
Business Strategy	Strategic Characteristics of CRM: Commitment of Resources Contribution to Organisational Learning Organisation-wide activity Achievement of Competitive Advantage	CRM Managers Marketing Managers IT Officers Business Processes Managers
Relationship Focus	Lifetime Relationship with the Customer Relationships with other stakeholders, and mainly Employees	Middle Management: Area Managers, Regional Managers, Divisional Directors, Human Resources Managers

➤ Part 2

7.6 On the CRM Process and its Constituents

It became evident from the first part of the findings that organisational members in Express Service have differing perceptions of CRM. However, the findings demonstrated that regardless the variety of perceptions of the notion, Express Service staff converge on the view of CRM *as an organisation-wide process which delivers value to the customer*. The researcher builds upon this view of CRM for the presentation and discussion of the results in the second of this chapter. Similar to the first part of the findings, interview excerpts in this section may include bold characters or underlined words. The bold lettering is used to signal themes that have repeatedly appeared in NUD*IST pattern searches while the underlined words add emphasis to the ideas appearing in the quotations.

In the context of Express Service, the CRM process is consisted of three business sub-processes. Elaborating on his responsibilities in Express Service, a Call Centre Consultant identifies the *first set* of sub-processes linked to CRM. These are relevant to the collection, circulation and analysis of data:

"I would say that every part of the business relates to the CRM process. First, it is the front-line people who have the customer expertise. Everything starts from the front-line people -the Express Service fitters and the Call Centre Agents- since these people collect and store the customer data. Marketing people decide how to act upon this data. All these data helps us to deliver value to our customers."

(Call Centre Consultant, Customer Care, tenure= 1 ½ years)

The CRM Manager points out the *second set* of CRM sub-processes in Express Service. He suggests that after data is collected it is used to tailor the value offering to the customer. Consequently, the sub-processes which deliver value to the customer follow the acquisition, dissemination and analysis of data. The sequel of these activities is demonstrated on the words by the CRM Manager:

"As far as CRM is concerned we focus on customer data for several reasons. Probably the most important reason is ensure that everything we offer to our customers has a perceived value for them. This is a step further to data collection. We focus on the value offered to the customer. So, if the customer is buying our tyres does he or she see value in that purchase? Can we offer the mobile service to the customer? Does he see the value of that offering? Is it something he feels he can benefit from? We use our data to tailor our offering and exceed customers'

expectations. We want for our customers to say- 'I never knew that you did that!' 'That would be great!' 'This is fantastic!'"

(CRM Manager, Express Service Insurance, tenure (in this post)= 11 months)

The *third and final set of sub-process* relevant to the CRM process is performance measurement. There exists a different set of measures as the Quality Manager points out:

"In the end of the process we measure the performance of our CRM activities. Again, it depends on the departments because in terms of CRM each department has got different core key performance indicators of the business based on sales and service. Our ones are based on the percentages of calls answered. Our abandon rate (of customer phone calls) is two and half percent so we are under the call centre industry average which is three percent and this is good! That is one of our main performance indicators. We also look at productivity and quality performance. I know that in the Express Service centres the key performance indicators are focusing on aspects of sales and service as well."

(Quality Manager, Express Service Insurance, tenure= 3 years)

Indeed, both sales and service activities seem to be critical components for assessing the performance of the frontline people who directly transact with the customer. An Express Service Master Manager describes the performance appraisal in the centres:

"My partner (Area Manager) - Michael will phone me at ten past eight in the morning and he'll probably phone me mid morning at about half past eleven just to see how we are doing and he'll probably phone us again at two o'clock. He's basically just checking on how we are getting on. He's not officially taking figures, but he'll take his figures in the morning from the day before and he'll take them at night again. We are also monitored for the delivery of customer service. We are motivated on the service we deliver to our customers. There is an incentive for the lads where we can have if we go three months without a customer complaint, a hundred pounds on our wages."

Based on the insights by Express Service people, the CRM process is integrally linked to three sets of sub-process. These are the **information process**, the **customer value process** and the **performance measurement process** (Figure 7-6).

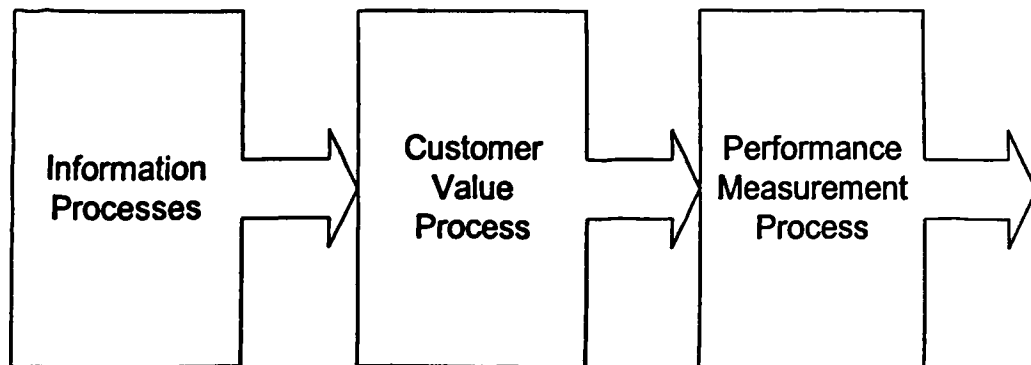
The words of the AUTOCLUB Manager summarise the three CRM sub-process:

"I think that first of all our responsibility in terms of CRM is to make sure that we collect, disseminate and use our customer information for the purposes of our business. Second, to make the whole CRM process meaningful for the customer

by providing value hopefully to a point where we can give individual customers very special tailored offers just for them. And, third to make sure that we gauge our performance in meeting our customer needs and utilise this to develop our business."

(Managing Director of the AUTOCLUB, tenure= 6 years)

Figure 7-6: The Constituents of the CRM Process – A Preliminary View



Source: The author

7.6.1 Information Processes

The findings of the case study indicate that the information processes of the CRM process are: **information acquisition, information dissemination and information use.**

The process of **information acquisition** in Express Service starts with the visit in the service centres:

"Well at the point of sale we gather a lot of information about our customers. We know where they live, we know their age, we know their driving experience, we know if they've got any disabilities. We know how many accidents they have had in a given period, if they've got a son insured on the policy, is it a husband and wife policy and things like that. So all that information is held on file and every time a customer contacts us thereafter, notes are put in the history that refer to every dialogue that we've had with that customer – why they phoned, what had to be done, what the outcome was. And every time that customer contacts you from then on, you can see at a glance what has happened in the past, to give you a picture of your customer. It could be, on the pro-active side, a customer who is upgrading his car and that is good news for anybody. 'Oh you're getting a new car. -That's great sir! What sort of car are you getting?' It allows you to sound and feel interested in what that customer is doing and it allows you to leave the customer with the message of, I hope you really enjoy driving your new car and good luck, and all that sort of things. But also on the other side, for example a customer who is having difficulty paying. You can see if there has been a history of this. For example, it has never happened before and he might have been with you for two years and all of a sudden they can't afford to pay. They have maybe lost their job. So again it allows you to adapt your

style, to show compassion and the understanding and the flexibility that we can show when the customer genuinely needs help. They have never caused us any problems in the past and now their circumstances have changed. Because we've got all the history it allows you to react the way we would like. If you treat your customers the way you would like to be treated yourself then you won't go very far wrong."

(Quality Manager, Express Service Insurance, tenure= 3 years)

As suggested by the Quality Manager, Express Service initiates the process of information acquisition in the point of sale, which is most of the times, the service centre. The company acquires information through formal and informal activities. Examples of the first group of activities are customer surveys and research, performance reviews, research and development activities, analysis of competitors and sales reports. Informal information acquisition may occur through the dialogue between the firm and the customer. The Quality Manager mentions that customer contact is a vital source of information for Express Service and is stored to build the customer profile. As far as customer survey is concerned, Express Service has a separate customer survey unit which contacts roughly seven thousand customers per night from Monday to Thursday. The purpose of customer surveys is to enrich customer information and follow nationwide the operations of the Group. A Customer Research agent cites:

"Well when people have visited our Express Service centres, to find out how they go on the centres and if there were any problems, we phone them up and ask them whether they are delighted, satisfied or less than satisfied with the service. And whether there are any improvements or suggestions they would like to make. We note that down and pass it on for them. Any problems - we move that on to the customer services team who try and rectify the problem for them."

(Customer Research Agent, Express Service Insurance, tenure= 8 months)

The above excerpts show the themes of customer contact and customer information are interdependent. On the one hand, communication initiated either by the customer or by the firm, provides customer information to the firm. On the other hand, customer information facilitates the dialogue between the firm and the customer as it provides the means to better understand the customer.

The findings point out that **information dissemination** relates to the degree that information is circulated among organisational participants. The Manager of

Business Processes suggests that the activity of information dissemination holds an important role in the complain recovery process:

“We do the survey calls and ask the customers how they got on with their service and transmit this information back to Express Service GB in order to deal with any issues of customer complaints which have during the customer dialogue. This circulated information is often used as a proof of training.”

(Manager of Business Processes, Express Service Insurance, tenure= 3 years)

Information dissemination has both a formal and informal character in Express Service. Formally, information is diffused through organisational policies, training sessions, conferences, cross-departmental teams, company meetings and newsletters. Interaction and conversation account for informal means of information dissemination in the organisation.

A Customer Service Consultant puts forward formal and informal aspects of information dissemination:

“We have regular team meetings once a month or so on a Wednesday morning, just to see how things are going – if complaints are up or down and how we have been performing in resolving complaints and providing value to our customers. We schedule this meeting on a convenient instance for everyone to attend. Apart from the meetings we often have casual discussions for every matter that appears”

(Customer Service Consultant, Express Service GB, tenure= 11 years)

Dissemination of information contributes to a new understanding of the customer by facilitating the synthesis of several bits of information previously acquired by different units in the organisation. Information dissemination may also facilitate the process of customer complaint recovery since it enables customer service consultants to follow the resolution of customer complaints.

Although effective information dissemination is vital since it enables the practice of CRM, it appears to be a problematic area in Express Service. Even though, the organisation invests in means that facilitate information sharing among the parts of the business such as newsletters and memos, these opportunities are not taking into advantage appropriately. In the following citation, the Development Manager of Express Service GB argues that although corporate newsletters can contribute to the circulation of information in the organisation they are used ineffectively. She notes that:

“And very often there has no been no circulation of the acquired information at all, other than an Express Service newsletter, which you see once a week. But the vast majority of the content of that, in all honesty as I’m sure anyone will tell you, is made up in order that they can have a weekly publication.”

(Development Manager, Express Service GB, tenure= 4 years)

Furthermore, Express Service used to organise an annual conference with the purpose of facilitating the circulation of ideas in the organisation. This conference has been always approached with great enthusiasm from the staff because it provided an opportunity for discussion and implementation of new ideas in the organisation. Whereas the annual conference of Express Service used to bring employees together for discussion and interaction the last couple of years is postponed for financial reasons.

“We used to have conferences every year, we exchanged a lot of ideas there and we could see what was happening in other parts of the Group. Something was always coming out of the conference. Something would be launched at the conference. I have never been to anything else, ever, where I’ve sat in a room with hundreds of people and they would set this conference off and it went bang. Everyone after going to the conference was taking for months about it. This conference was fantastic! It was a show!”

(Team Leader in Customer Care, Express Service GB, tenure= 18 years)

As stated above, the most severe effect of the lack of information dissemination as mentioned above is reflected upon customer-firm interaction and particularly in the complaint recovery activity. The following quotation raises this issue:

“I am responsible for the London area. I have got my London files all filed away and sometimes I miss to get a complaint close so I’ll match up the close with the file and then I’ll read the initial complaint and then I’ll read the closure. I’ll say, well yeah that ties up with that. I’m happy with that and I’ll close it. It’s a shame that some times I do not get the closure back! And, in fact, I cannot see how the solution of the customer complaint suits the customer. ”

(Customer Service Consultant, Express Service GB, tenure= 11 years)

It seems that unless Express Service is going to take up some initiatives to improve the dissemination of information in the company, the problem will continue to grow and influence the operations of the firm with other stakeholders. A partial response of Express Service to the problem of information dissemination is the

launch of Premier II initiative. However, since the technological components of Premier II are not fully operational, it appears that at least for the short-term future the difficulties in the circulation of information will be a part of the every day reality. Some respondents went as far as to suggest that difficulties in information circulation cause fragmentation among departments, business units, and influence negatively customer-firm relationships. These ideas are illustrated in the following quote:

"I think Express Service, as a whole, is quite fragmented, so I think the customer can be quite frustrated. Sometimes they'll phone up about something and they'll speak to me and they'll ask for another piece of information different from my post and I have to say I'll need to put you through to another department or I'll need to take a note of your details and pass that on because I do not have this kind of data. I think customers would rather happier if we had information relevant to all their requirements and not wait for hours to get a response to an enquiry..."

(Call Centre Consultant, Express Service Insurance, tenure= 1 year)

Information use consists of direct and indirect activities that demonstrate the response of the Express Service based on the acquired information. Indirect use is demonstrated on the value that Express Service assigns to information process. The following quotations illustrate the importance of indirect use of information and particularly its symbolic value. The Manager of Business Processes brings up the value of information for the CRM practice while he describes the Premier II initiative. The first extract is taken from the initial interview with the Manager of Business Processes in August 2001. At that time, Express Service was testing the technological elements of Premier II. The Manager of Business Processes suggests that the staff is enthusiastic with the capabilities of the new system and the quality of information that the new system is offering to the user. The second quotation is taken from the follow-up interview with the Manager of Business Processes in October 2001. After a failure in the launch of Premier II due to technical problems, the value that the staff assigns to information has changed completely.

Quotation 1

"I think we have quite highly customer oriented people working here. One of our aims – you'll see it everywhere on the wall – is one hundred percent customer delight. We do try to instil that in everyone who works here and I think we've always managed that, and the people have already bought in to that. They are trying to delight the customer and they are so happy that they can do that with the quality of information that the new system offers. I think on the whole people have really bought into the idea of trying to delight the customer using customer information.

What we need to do is provide them with the tools that will allow them to do that. What I see on the floor now that we are testing the system is that once they start getting a little bit of information, they love it! They start to want more information to elaborate. I think this project (Premier II) when it comes to an end, is really a start and we'll want to build more and more into this. We need to do that carefully, but people are going to want - once they get a little bit of information, they are going to want more. But we'll see what we can do with that."

Quotation 2

"I don't think it is happening yet. I do not think that we are ready to value the information we are about to have with the project (Premier II). I think we are still too early in the roll out to be honest. When I talked to you last time, I thought our staff would quite quickly appreciate what is there just now. I don't think they are yet ready to appreciate and use info to provide customer delight. I think that information appreciation will take a bit longer but I still think that this CRM project is going to happen."

(Manager of Business Processes, Express Service Insurance, tenure=3 years)

The above texts provide an illustrative example of the indirect use of information in the organisation by emphasising its symbolic character. The interview citations with the Manager of Business Processes show a *before-after* situation and how a critical incident, i.e. the failure in the launch of Premier II due to technical problems has changed the employees' and managers' appreciation of information and has brought scepticism about the success of Premier II. Apart from technological changes, Premier II introduced a new understanding and appreciation of information. It seems that the *new appreciation of information* was accompanied by a wider change in the Express Service- change of behaviours, processes, values- that organisational participants, as it appears, were not able to follow easily. Regardless, the difficulty with Premier II, the Manager's determination to proceed with the project is hopeful sign for the success of Premier II.

As far as the direct use of information is concerned, this process refers to the application of information for decision-making purposes and implementation of marketing strategies. The following two citations provide examples of direct use of information in Express Service. In the first quotation, the Group Head of Marketing views the process of information use as a basis for the formulation of customer communication strategies. He mentions:

"A critical point in the CRM process and in building a relationship with people is to try to use the information that we have and those databases within the

Group for communication strategies with the purpose to allow us to communicate in a relevant and timely fashion."

(Group Head of Marketing, tenure= 7 ½ years)

The second excerpt illustrates the use of information for the customisation of products and services targeted to the customer base:

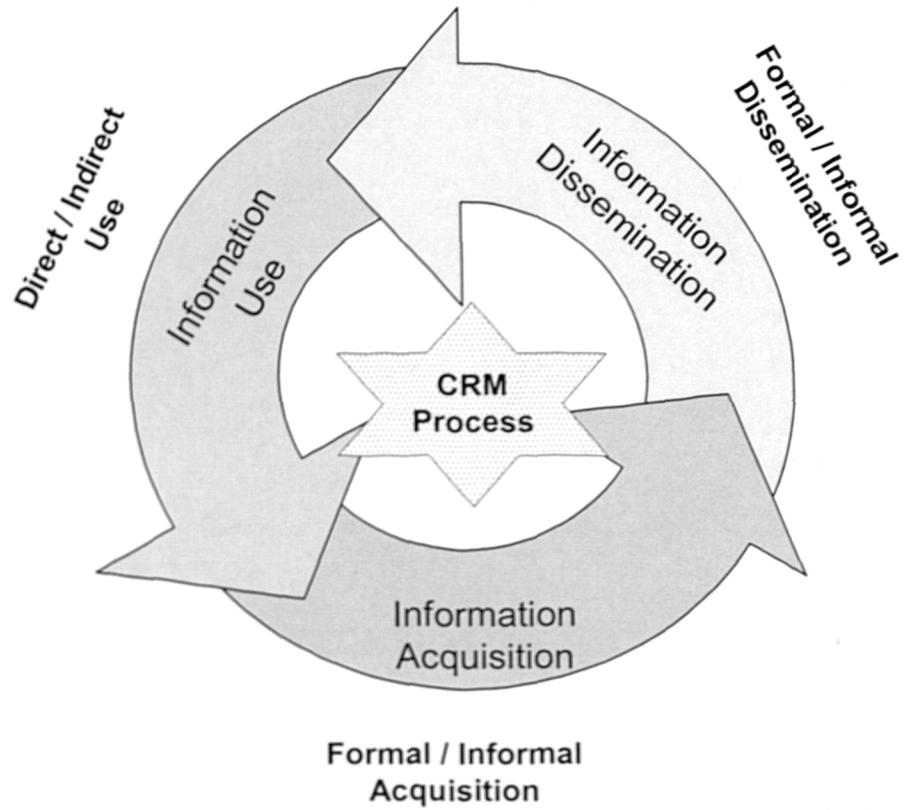
"Customers are special but if you do not have any information on them you have no option than to treat them like an amorphous group. Whereas once you start getting detailed information on the customer you can start and treat them as individuals and customise our service to fit the customer's desires. For instance pick up the customer's car while working repair it and bring it back at the convenient time for the customer."

(Manager of Business Processes, Express Service Insurance, tenure=3 years)

The Manager of Business Processes suggests that customisation calls for flexibility, quick responsiveness and constant transformation of the firm to meet customers' changing wants and needs. In a rapidly changing environment, Express Service attempts to renew itself by gradually enhancing the flexibility of its services. Although in the past, Express Service offered car repair services only in the centres, now there is a wide variety of points of service from which the customer can choose according to their convenience and preferences. Additionally, the service characteristics may be adaptable to customer needs.

Figure 7-7 illustrates the information processes in context of the CRM process. The findings of this case study propose that practice of CRM is highly associated with information processes and show that CRM concentrates the scope of information processes on the customer. A central theme illustrated in table 7-4 is that CRM increases the intensity and sophistication of information processes with the availability of new technologies. This is demonstrated in the development of integrated data repositories of customer information, customer choices, contact background and unmet customer needs. Additionally, the CRM process brings up the symbolic importance of information. In other words, the perceptions of organisational members regarding the value of information reflected upon their interaction with the customer and hence CRM practice. The information processes discussed in this section of the findings appear to be interrelated and dynamic organisational activities since they were influenced by organisational contingencies.

Figure 7-7: The Information Processes in the Context of CRM



Source: The author

Table 7-4: Characteristics of Information Processes in the Context of CRM

Information Processes	CRM
Information Acquisition	<ul style="list-style-type: none"> ▶ Formal and informal activities of information acquisition ▶ Emphasis on Customer information ▶ Individual customer data ▶ Acquisition of customer information linked to customer contact ▶ Emphasis on existing and potential Customers
Information Dissemination	<ul style="list-style-type: none"> ▶ Formal and informal activities of information dissemination ▶ Customer information disseminated throughout the organisation ▶ Information systems linked with other parties ▶ Importance of information dissemination for complaint recovery
Information Use	<ul style="list-style-type: none"> ▶ Direct and indirect use of information ▶ Increased sophistication and intensity of information processes ▶ Customer information tailors products, services and communication efforts ▶ Symbolic value of information
General Characteristics of Information Processes	<ul style="list-style-type: none"> ▶ Fuzzy boundaries of information processes ▶ Dynamic character of information processes

Source: The author

7.6.2 Customer Value Process

The second group of processes relevant to CRM are the customer value activities. The findings suggest that the constituents of the customer value process in Express Service are the **definition, development and delivery** of the value proposition.

The **definition of the value proposition** includes activities such as marketing research, analysis of organisational capabilities and strategic positioning of the firm in the market. In Express Service, the definition of the value proposition is based upon ideas relevant to the Express Service brand and the value that the firm offers to the customer through service and prices. As exemplified in the words by the Managing Director of Express Service Insurance:

“The value proposition says two things. One is the Express Service brand; customers would have a certain expectations of service that would go along with that brand identity. The Express Service brand facilitates the management of relationships with our customers. We must ensure that our customer service matches the dynamic expectations of our customers. Our mission is that we aim at a hundred percent of customer delight and this reflects on our value proposition and strategy. The other thing is that we have to offer is value to people. So our price is not so distant from the best market price or we are unlikely to win that business. So it is important for us, even if we don't win that business and even we're not the best price, that we are not far away from that best price.”

(Managing Director of Express Service Insurance, tenure= 1 ½ years)

It seems that Express Service does not have a clearly structured value proposition. However, the majority of the respondents had a consistent view of the elements included in the value proposition. As shown in the quotation above, the definition of the value proposition in Express Service focuses on resulting customer experiences through the provision of superior service and value for money. The value proposition of Express Service does not differentiate between customer groups in the organisation. The word 'customer' is used generally in the organisation, without distinguishing among corporate customers, individual customers, motorists, policyholders etc. This promotes a cohesive view of the organisation to the eyes of several stakeholders. Furthermore, the brand name of the organisation provides credibility to the value proposition. The findings of this case study illustrate that corporate and service brands acted as relationship levers that assist trust development

between the customer and the service provider. As such, the corporate brand of Express Service enhanced the relationship value.

Following the definition of the value proposition is the process of development of the value proposition. The development of the value proposition includes the creation of products and services in order to meet customer needs and the articulation of pricing strategies for the value offerings. It has been illustrated in the first part of the findings that Express Service incorporates the voice of the customer in the development of new products and services. This is demonstrated with the development of household insurance services. In terms of the pricing strategies, Express Service appears to concentrate on price promises and guarantees as key elements in that part of the value process. A Customer Services Consultant in Express Service GB describes the basic idea of the price promise:

“This happens through the company, it is a part of the value positioning of the firm. If the customer can buy for instance a tyre cheaper elsewhere- providing that it is the exact same tyre like the one we are offering then we will price promise on that. We will refund the difference that they have paid.”

(Customer Services Consultant, Express Service GB, tenure= 2 years)

Another illustrative element of the value development process is the guarantee scheme that Express Service provides. A Customer Services Consultant in Express Service GB cites:

“We give a guarantee for every product we fit. Now that guarantee is good at every single outlet, whether you get something done at Lands End and you go to John O’Groats it is still guaranteed. Nobody else does that. We are the only company doing. We are genuinely concerned that the centres are treating their customers properly. Nobody else does that. The guarantee varies from thirty days to as long as you own the car. Brake pads – as long as you own the car. You could have the car ten years. Every single Express Service centre will change. It doesn’t matter which one. You don’t have to take it back to the first one. You can take it to any Express Service as long as you keep the receipt. And you pay nothing for repairs or changes of brakes – they are guaranteed forever!”

(Customer Services Consultant, Express Service GB, tenure= 12 years)

In Express Service, the delivery of the value proposition involves activities relevant to the allocation and communication of product and service offerings to the customers in order to satisfy and establish long-term relationships with particular

market segments. Concentrating on his critical role in the CRM process the Director of Customer Services states:

"My involvement in the CRM process is in value delivery and in its simplest sense it means delivering the customer service message and commitment that we give to our customers. The delivery of value takes place across a variety of channels from the web to the service centres. So I am involved in the delivery of any new services initiatives that have been development in the Group."

(Director of Customer Services, Express Service GB, tenure= 22 years)

The delivery of customer value in Express Service focuses on the resulting experience that customer service may offer to customers. This resulting experience as stated in the citation below is customer delight.

"I think that what we are trying to do is deliver value through our customer services in the centres. If the experience from the visit in the centre can be a pleasant one, is a great win for us. Since for a lot of people having to spend money repairing a motor car is an unpleasant experience and people's perceptions of repair places and garages are not generally high. So if we can make the conditions for a pleasant environment, the work is done quickly, the customers leave without a problem with a feeling that says that was a good service and good value, then they will come back to us."

(Group Director of Marketing, Express Service Holdings, tenure= 18 years)

It is probably evident in the quotations relevant to the customer value process that the boundaries among the definition, development and delivery of the value proposition are difficult to distinguish in practice because of the dynamic character of the value creation processes.

The findings of this exploratory study point out two additional themes relevant to the customer value process. These are: 1) the role of the marketing channels as value creating elements, and 2) the relationship value generated by the customer-firm dialogue.

1) The findings indicate that marketing channels shape the value delivered to the customer and have a central role throughout the value process from the definition to the delivery of the value proposition. In the context of CRM, marketing and communication channels appear to have a value adding role throughout the customer value process. The E-Commerce Development Manager states:

"I think we are now just in the early stages using the internet as an additional channel for our services offering. It seems to be very convenient for the customers

and facilitates us with CRM. Eventually, the internet is going to affect the whole value created for the customer. I see it is becoming an important channel for booking a service for those customers who value speed and convenience. Gradually, there is a constant revenue stream coming from the internet and as that stream starts to build up, we can start to do more elaborate work to start growing the business”

(E-Commerce Development Manager, tenure=10 years)

Following the thoughts of the E-Commerce Manager, the use of internet may provide additional benefits to those customers that value convenience and speed in their transactions with Express Service. Additionally, marketing channels are considered effective if they can meet customers’ needs and generate revenue for the firm.

2) Concerning the second theme, the case study findings provide some preliminary insights into the relational aspect of value generated from the dialogue between the firm and the customer. The following quotation illustrates that issue:

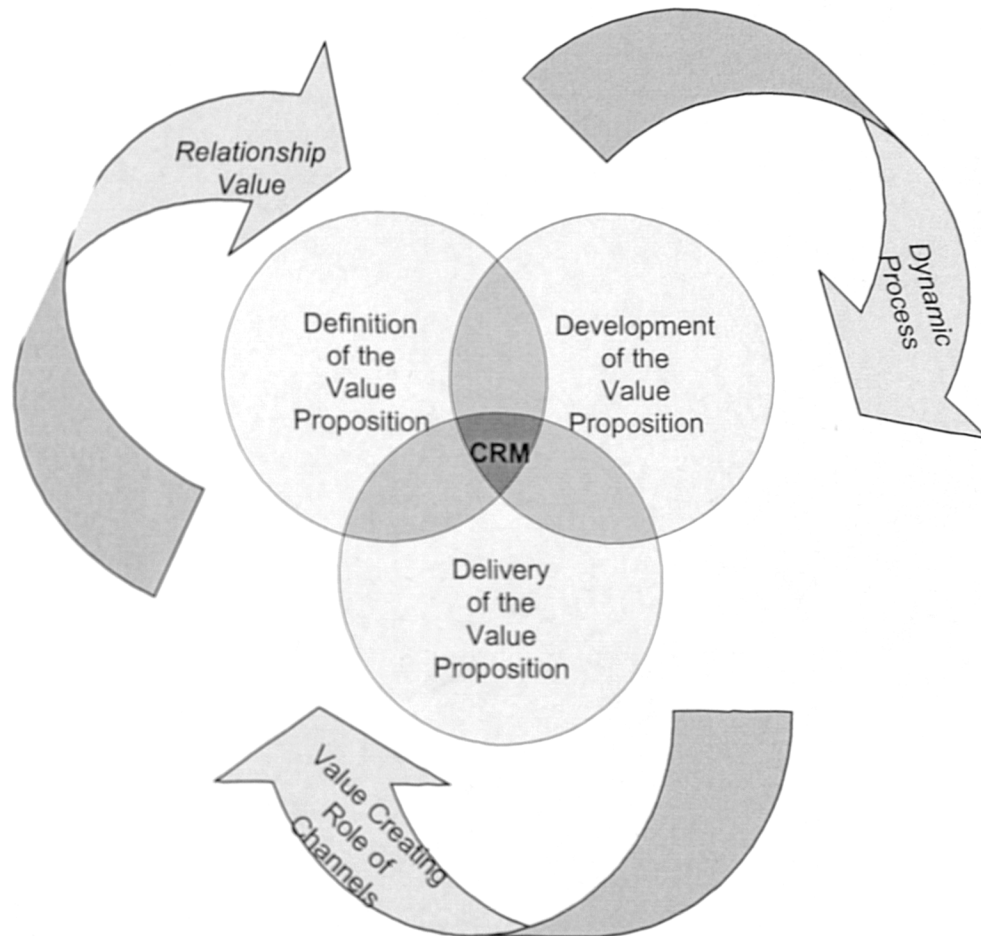
“Customer Service is the relationship you have with the customer at the centre and that needs to be translated into a relationship you have with the customer after the visit. Starting point for this relationship has to be the dialogue with the customer that adds value to the relationship. For me to have a relationship with the customer would involve communicating with the customer in a manner that it is of value to the customer. So, it is important that I have a relationship with the customer that has value. By talking and listening to the customer, it allows us to provide products and services of relevance to the customer and allow us to predict when the customer might need these services again. In this way, we gradually try to cultivate continuity, convenience and hence trust in our relationship with the customer.”

(Group Head of Marketing, tenure= 7 ½ years)

Taking into consideration the words by the Group Head of Marketing, the benefits that enhance the customer value extracted from customer-firm transactions are superior service quality, tailoring of products and services according to the customers’ characteristics, and tailoring of customer communication and messages. Moreover, predicting customer needs is another aspect that adds value in long-term relationships. These value-adding attributes are certainly of major importance for the customer when choosing between different service suppliers. However, it seems that in long-term relationships between the firm and the customer the concept of value has a deeper meaning. Building on the above quote, customer value is generated through the qualities of continuity and convenience that may characterise customer-firm relationships and cultivate trust between the parties involved.

Figure 7-8 illustrates the customer value process in the context of CRM and table 7-5 summarises the key characteristics of this process emerging from the findings of this case study.

Figure 7-8: The Customer Value Process in the Context of CRM



Source. The author

Table 7-5: Characteristics of the Customer Value Process in the Context of CRM

Customer Value Process	CRM
Definition of the Value Proposition	<ul style="list-style-type: none"> ▶ Focus on the customer ▶ Resulting experiences including price ▶ Cohesive view of the organisation in the eyes of the customer ▶ Corporate brand facilitates the relationship process
Development of the Value Proposition	<p style="text-align: center;">Product-Services</p> <ul style="list-style-type: none"> ▶ Customer based new product and service development ▶ Individual customer defines quality ▶ Provision of high quality products and customer services <p style="text-align: center;">Prices</p> <ul style="list-style-type: none"> ▶ Price promises -pricing based on willingness to pay ▶ Guarantees
Delivery of the Value Proposition	<p style="text-align: center;">Communication</p> <ul style="list-style-type: none"> ▶ Customer-firm dialogue/two-way communication ▶ Tailored promotions ▶ Personalised messages ▶ Communication emphasises on relational aspects ▶ Promotion for cross selling ▶ Variety of touch-points to increase interaction opportunities ▶ Emphasis on personal communication <p style="text-align: center;">Distribution</p> <ul style="list-style-type: none"> ▶ Multiple channels: direct and indirect distribution ▶ Electronic booking of services ▶ On-line selection and purchase of products (car parts)
General Characteristics of the Customer Value Processes	<ul style="list-style-type: none"> ▶ Marketing channels as value creating elements ▶ Relationship Value ▶ Dynamic character of value creation

Source: The author

7.6.3 Performance Measurement Process

Performance measurement is a very important and complicated process in Express Service particularly when linked to CRM. This point is manifested in the words by the Managing Director of the AUTOCLUB and the CRM Manager:

“Reporting performance is very important to us and we are trying to do it in a way that everybody realises his or hers contribution. We monitor the performance of CRM in every part of the business in order to see how we are progressing and inevitably this process complicates day by day since we change and our customers change.”

(Managing Director of the AUTOCLUB, tenure= 6 years)

“I think that with CRM we need to focus on softer measures. We always measured what was going wrong and we always had facts and figures on it. But more importantly in this job is to pay attention to the customers' view and make improvements. So, we deliver the offering and in the next stage we monitor it and what are we going to do about it to improve it. So if we provide a product to the customer and he doesn't see it of value, we measure that and offer something else. And this is where the relationship with the customer is improving.”

(CRM Manager, Express Service Insurance, tenure (in this post)=11 months)

It has been suggested throughout the discussion of the findings that the CRM process aims at delivering superior value to the customers. As such, the delivered value to the customer may provide a benchmark against which performance can be assessed. However, Express Service does not utilise any index or estimate (qualitative or quantitative in nature) to capture customer value. Even though the delivery customer value is the driver of the CRM process, Express Service seems to ignore its importance for the measurement of the success of CRM practice.

In Express Service, the performance measurement process of CRM concentrates primarily on the measurement of sales and profit and the assessment of the outcomes of the firm's relationships with customers. Thereafter, these performance figures are compared with the benchmarks set in the initial stages of the corporate strategy formulation. This is illustrated in the phrase by the Group Director- Internal Audit Executive who states: *“we set higher corporate objectives and rectify our performance to meet higher standards”*.

The assessment of the outcomes of the firm's relationships with customers in the context of CRM entails the assessment of *customer satisfaction, customer*

loyalty and *customer retention*. In practice, however, there seems to be a confusion regarding the conceptualisation and estimation of customer loyalty and retention in the organisation.

Express Service measures *customer satisfaction* through 1) survey calls that aim at capturing customer feedback regarding the service offering, 2) customer letters and complaints, 3) customer focus groups, and 4) personal contact of Express Service people with the customer.

Concerning the first and the second activities of customer satisfaction measurement, the Marketing Manager of Express Service GB states:

"We speak to a huge number of customers every day. People who have been into the centres and we ask them how satisfied they were with the service and have you got any comments you would like to make? And they are fed back to the business. So I will see customer letters, which customers have either proactively or have written into us to say how they felt. If they had a good experience or a bad experience, we want to know about it so that we can then look at that and understand it and we incorporate this comments in the management of relationship with the customer. If they weren't happy then we can do something about it. If they didn't like the coffee, then we'll get better coffee. If they didn't like the information that was in the centre, can we make the information better? So it's a constant evolution through customer feedback. We also get feedback through the customer. It's not just through our proactive telephone contact with them but we also give them the opportunity - with every receipt there is a response card attached to that which says please fill in your comments about the service you received today. And marketing and other departments will go through those comments and understand what else can we do as a business to make our customers not only satisfied but delighted with what we do."

(Marketing Manager, Express Service GB, tenure= 1 year)

The third activity associated with customer satisfaction measurement, i.e. the use of customer focus groups, is reflected on the ideas of the E-Commerce Manager:

"We do focus groups with the customers, on-line focus groups. We try to see customer satisfaction, what they think of our products and services. We held two of them and from these we adapted our services. We also asked what sorts of products and services customers see Express Service offering in the future."

(E-Commerce Development Manager, tenure= 10 years)

The fourth point regarding the assessment of customer satisfaction through personal contact with the customer is shown in the citation below:

"On daily basis I go into the centres I would speak to the customers just to ascertain if they are happy and satisfied with the service and if they are looked after - any problems or issues I could deal with."

(Regional Manager, tenure= 18 years)

According to the CRM Manager, the actual rate of customer satisfaction is 98.5%. Express Service applies a set of techniques to estimate customer satisfaction in order to minimise the bias of each technique. For instance, the organisation has the opportunity to contact via telephone the 85% of the customers who give their telephone number to the staff of the service centres. An automatic dialling system selects randomly the customers to be contacted via telephone. In order to gain additional insights to customer satisfaction, Express Service field people and particularly, area and regional managers speak on daily basis to the customers on the point of sales. Moreover, Express Service always provides feedbacks cards on the points of sales that the customer may fill in during or immediately after their visit. Although Express Service seems to make some well co-ordinated efforts to capture customer satisfaction, the measurement of customer loyalty is problematic.

Express Service is puzzled regarding the measurement of *customer loyalty*. Particularly, only a few organisational participants were aware of the measures implemented to estimate customer loyalty and consequently the success of CRM while the majority of the staff ignored this fact completely.

Loyalty is illustrated in a set of behaviours that signal the motivation of the customer to maintain a relationship with the service provider, including allocating a higher share of the category wallet to the specific services of the service provider, engaging in positive word of mouth and repeat purchasing. Viewed in this light, the Sales Director in Express Service Insurance points out:

"We measure customer loyalty in many different ways. Even before you come to profits, the first example of customer loyalty is the repeat visit in the service centre, the willingness of our customers to recommend Express Service to their friends and size of your policy count. Repeat visits, the size of your policy account and the success of growing your policy account will transpose into the bottom line and into the profit and loss. So I think always having an eye on the policy account is key. I think in terms of soft measures the repeat service in the centres provides an indicator of customer loyalty."

(Sales Director, Express Service Insurance, tenure= 6 years)

The AUTOCLUB scheme offering 10% discount to policyholders with any purchase of car parts, provides Express Service with additional insights to the

measurement of customer loyalty through the estimation of the customer spending on the services of the organisation. However, it became evident from the findings of the study that Express Service does not have a structured approach to the measurement of customer loyalty. This situation appears primarily for two reasons, namely the lack of integration of customer data and the inertia of the organisation to engage in a co-ordinated approach in order to measure comprehensively customer loyalty.

First, the absence of a well-managed approach to customer loyalty measurement may be linked to the theme of customer data integration. As illustrated in the following quotation, Express Service cannot measure customer loyalty because it can follow the behaviour of customers in different parts of the business. The Group Director of Marketing reports:

“We do not measure loyalty as strongly as I think we could do because at the moment all our databases in the various parts of the business are separate.

Until we can integrate those in about a couple of year’s time, we are not able to track very easily the customer in different points of sale and hence it is difficult to gauge customer loyalty or repeat visits”

(Group Director of Marketing, Express Service Holdings, tenure= 18 years)

The issue of data integration may be tackled as soon as the Premier II initiative is fully operation. Second, the absence of a well-managed approach to customer loyalty measurement appears to reflect partially a lack of willingness to take up such an effort. The Director of Customer Services provides his own explanation to this matter:

“No we do not measure customer loyalty- and sometimes it is difficult to see our CRM performance. I just do not think that the will is there to do it. I think it is easier for us to talk about the positives that we do have and ignore what may be a potential issue for us. I don’t know why I don’t have the authority, even as a director of Express Service GB, I don’t have the authority to go out there and suddenly start to put in major programmes to assess customer loyalty. That really needs to be driven by Group, by the people such as the Group Director of Marketing who would have that responsibility. But it is an opportunity missed for us.”

(Director of Customer Services, Express Service GB, tenure= 22 years)

Taking into consideration the words by the Director of Customer Services, the measurement of customer loyalty may cause conflict of responsibilities in the organisation. This conflict may stem from the omission to plan strategically the measurement of customer loyalty by appointing the people responsible for its

estimation. The excerpt above also reveals a rather short-term business attitude of Express Service that focuses only on positive aspects of the firm and fails to capture potential problematic areas in the organisation. Such short-term approach to business may threaten its future survival in the competitive environment. It follows that creating a loyalty measurement system in Express Service may require a radical departure from short-term business thinking.

The measurement of customer retention appears to be also fragmented in Express Service. Contrary to the insurance services business that it can estimate customer retention for policyholders, the assessment of customer retention seems to be a difficult task for the service centres. The Managing Director of Express Service Insurance cites:

"We measure customer retention in terms of how long a customer stays with us. If a customer bought a policy from us a year ago – more than seventy percent of these customers will renew with us. We retain more than seventy percent. And the main reason that some do not renew with us is because our price is not close enough to the best price that they have been able to obtain elsewhere. But our customers will renew if they are satisfied with the service as well as getting a good price."

(Director of Express Service Insurance, tenure 1-½ years)

The Director of Express Service Insurance mentions that the retention rate in the organisation is 70% and differentiates between price sensitive customers and those who value service. Despite the fact that Express Service has identified customer retention drivers, the organisation faces difficulties in customer retention measurement. The Director of Customer Services notes:

"I do firmly believe in that CRM performance links to customer retention, i.e. the idea of a lifetime relationship. But if you were to say to me how do you measure your on that customer retention and specifically in the service centres, I can't tell you that because we don't monitor it and we make no effort to. It's a big failing I'm being quite candid with you. However, I'd like to know about our services and whether we really bring people back in."

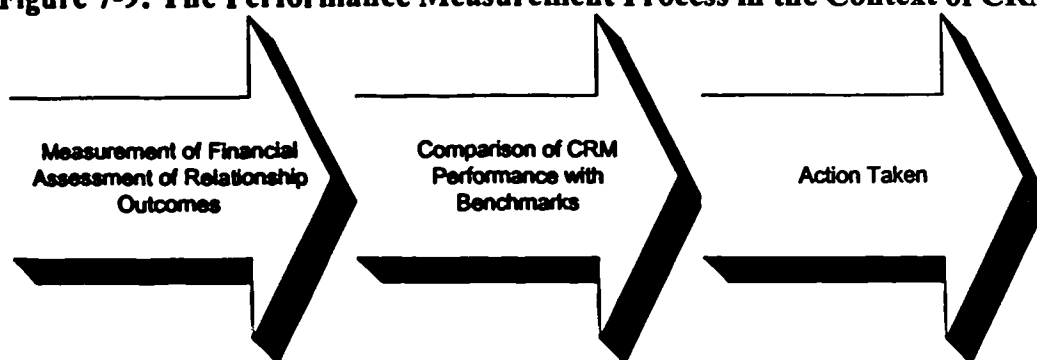
(Director of Customer Services, Express Service GB, tenure= 22 years)

The results indicate that performance measurement is a potential area of improvement for Express Service. Figure 7-9 illustrates the performance measurement process in the context of CRM and table 7-6 summarises the key

characteristics of the performance measurement process as they emerged from the findings of this case study.

Table 7-6 suggests that although, the organisation is making efforts to approach the customers' perspective in the performance assessment of CRM (e.g. the measurement customer satisfaction, customer loyalty and customer retention) it seems too difficult to conceptualise and set up measures that turn these notions into meaningful indicators of CRM performance. One of the reasons that businesses fail in the assessment of CRM performance is the lack of holistic measures that match to the organisation-wide character of the process. Viewed in this light, the author suggests that the balanced scorecard may facilitate the monitoring of the CRM process.

Figure 7-9: The Performance Measurement Process in the Context of CRM



Source: The author

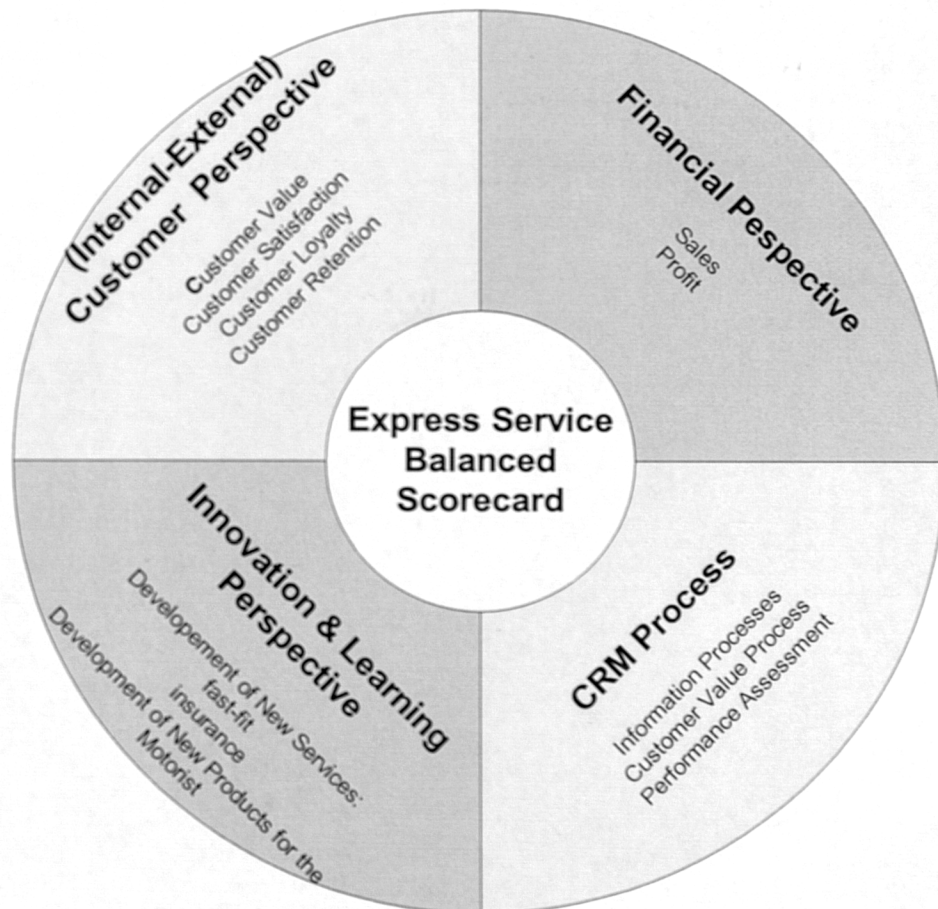
Table 7-6: Characteristics of the Performance Measurement Process in the Context of CRM

Performance Measurement Process	CRM
Measurement of Financial Metrics	<ul style="list-style-type: none"> ▶ Profit ▶ Sales ▶ ROI
Measurement of Relationship Outcomes	<ul style="list-style-type: none"> ▶ Customer Satisfaction ▶ Customer Loyalty ▶ Customer Retention ▶ Need to develop measurement relevant to customer value, i.e. identify value drivers
Comparison of CRM Performance with Benchmarks	
Action taken based on the comparison of CRM performance with Benchmarks	

Source: The author

The balanced scorecard is a measurement system that motivates the implementation of organisational processes such as CRM. The balanced scorecard integrates four different perspectives in the assessment of performance. Particularly, it complements traditional financial indicators with measures of performance for customers, internal processes, and innovation and improvement activities. The balanced scorecard measures are grounded in the strategic objectives of the organisation in that sense it facilitates the achievement of strategic objectives and the benchmark of performance towards the objectives. Figure 7-10 depicts the author's view of the balanced scorecard for performance measurement of the CRM process in Express Service.

Figure 7-10: A Balanced Scorecard Approach for the Measurement of Performance of the CRM Process in Express Service

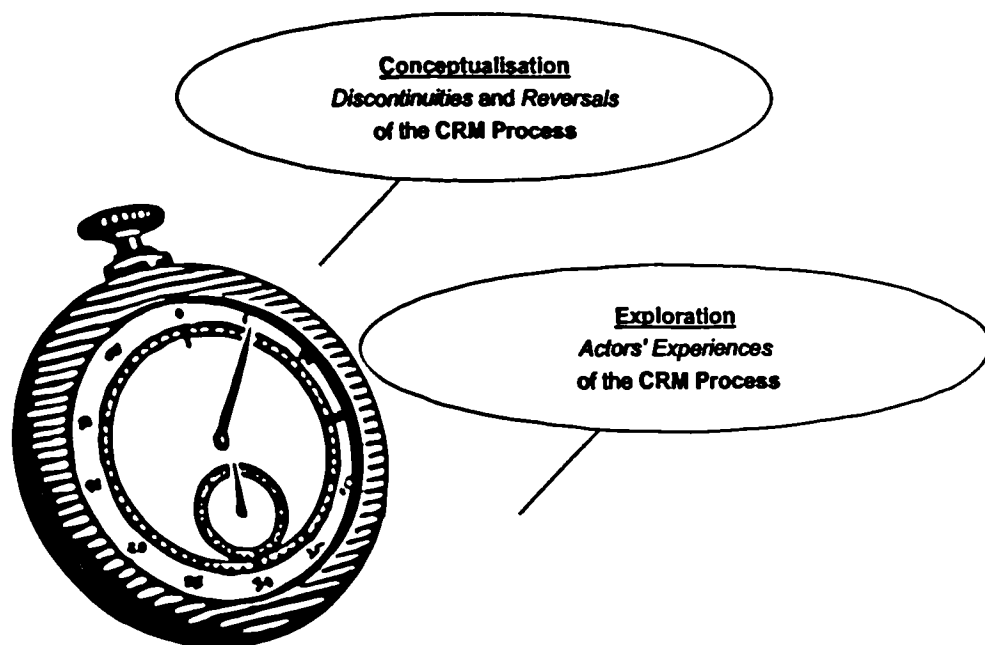


Source: The author

7.6.4 Time and the CRM Process

It has been suggested in the methodology chapter that time has a crucial role in the study of the CRM process. The concept of *relational time* facilitated the researcher to enhance her conceptualisation and empirical investigation of CRM. The notion of relational time has advanced the *a) conceptualisation* and *b) exploration* of the CRM process (Figure 7-11). As far as *a)* is concerned, relational time advanced a view of CRM from being a static and linear process to a dynamic process with overlapping elements. With reference to *b)* the concept of relational time provided an understanding of the CRM process based on the subjective experiences of time of the participants in the process.

Figure 7-11: Relational Time and its Links to the CRM Process



Source: The author

a) The notion of relational time has facilitated the *conceptualisation* of the CRM process as a dynamic process consisting of overlapping sub-processes. Relational time assumes that organisational processes are of dynamic nature and are characterised by discontinuities. These discontinuities may appear because of critical events that influence the flow of organisational processes. Illustrative incidents that brought to light the discontinuities of the CRM process were the failure of Premier I programme, and the delay and technical failures of Premier II initiative. In the following quotation, the Manager of Business Processes illustrates that a linear and

progressive pattern of events does not always represents the flow of the CRM process. His words show how technical difficulties relevant to Premier II reflected on the information processes of CRM.

“As far as data retrieval is concerned, we expected that there would be some issues since the number of our customers in growing. But there were many severe things we hadn't thought of or we hadn't foreseen. I don't think we foresaw the nature of them and that it would cause us to block some of the activities of relationship management processes. For instance, we had a hard time in delivering accurately some customised services for some of our individual and corporate customers. Things do not run smoothly all the time! And, I think the people who were involved in the delivery of customer offerings were a bit disappointed with these problems.”

(Manager of Business Processes, Express Service Insurance, tenure= 3 years)

Another aspect of the CRM process that become more explicit under the relational time lens was the overlaps in the process. Figure 7-12 provides a framework of the CRM process. However, it should be noted that the boundaries between CRM activities are often difficult to conceptualise. The findings of this research indicate that the sub-processes and activities in the CRM process may be overlapping. For instance, the customer survey calls, mentioned earlier in the findings, may be viewed in relation to the performance assessment sub-process but also to information acquisition activities of CRM. Additionally, information acquisition may coincide with the delivery of value to the customer through service provision in the centres. This is manifested in the quotation by Managing Director of the AUTOCLUB:

“Essentially, in the centres we service vehicle and during that period we also collect customer information and complete some data ourselves. We know the car is there, but of course we ask the customer for any other essential information. We are looking for the first foremost customer information. We are usually able to get the mileage of the vehicle and the address and the telephone number, which would make it more convenient for us to tell the customer the vehicle is ready for collection.”

(Managing Director of the AUTOCLUB, tenure= 6 years)

b) The relational aspect of time promoted an in-depth *exploration* and understanding of the CRM process based on the subjective experiences of participants in the process. Such a conceptualisation of time offered additional insights regarding the difficulties and complexities that describe the management of customer relationships.

This notion of relational time consists of the cultural, organisational, physical, natural, and personal aspects of time. Relational time facilitates the exploration of the CRM process in a team level through the dimension of organisational time and in an individual level through the notion of personal time. Groups and individuals may have different experiences of the practice of CRM process in the organisation. For instance, the employees in customer care had different collective experiences of time and the CRM process, and the flow of events from the information technology personnel. The first quotation is a representative example of how people in customer care collectively experience the CRM process. The second quotation provides the experiences of IT personnel in the context of CRM.

Quotation 1

"I suppose that there are days when you have had a run with six or seven customers who do nothing and shout on you on the phone. We- the people in customer care might have this often. And you may need that five extra minutes time out before you go back and take another call. After two hours you are exhausted and you feel that time passes really slow in order to take a break! And some days it can get you a bit down, listening to people and particularly if you have been in the job for two or three years day in-day out."

(Customer Service Consultant, Express Service GB, tenure= 2 years)

Quotation 2

"The IT-team, here, supports the CRM process and the frontline people which contact directly the customer. The thing about the team is that we are very open to ideas and if we want to do something it is: let's do it! It is a 'get on with it' thing. There is no such thing as routine in my job. Time flies quickly!"

(IT Officer, Express Service Insurance, tenure= 3 years)

The respondent in the first quotation experiences a slow flow of time because her involvement in the CRM process is related to negative events. The same experiences regarding the flow of time were shared among employees in the Claims Department of Express Service Insurance. These people contact customers that recently had a car accident and arrange for compensations to be paid. Their involvement in the CRM processes is critical-these people are specialised to provide high quality consultation to the customers – but most of the times, it is linked to negative events. On the contrary to the Customer Care and Claims Department staff, the IT-team had different collective experiences of time and the CRM process. In other words, they sensed time flowing rapidly because of the novelty and multiplicity

of events in their daily responsibilities. The quotations above illustrate that time may be associated with the content of human experience. In other words, the responsibilities of actors in the CRM process may influence the manner that people experience time. Consequently, the findings put forward a view of time as a dependent variable influenced by peoples' involvement in the CRM process.

7.7 Conclusions of the Second Part of the Findings

The results of this case study suggest that CRM is an organisation-wide process that contributes to the creation and delivery of superior value to the customer. The approach of CRM as an organisational process is compatible to the position of Payne (2002) and Srivastava et al (1999) who perceive CRM as core business activity that contributes to value creation. The authors suggest that the CRM process is comprised of sub-processes which are associated with the operations of the firm and thus may be different in each organisation (Payne, 2002; Srivastava et al, 1999). The findings suggested a detailed view of the CRM process which is constituted of three sub-processes, namely the *information processes*, the *customer value processes* and the *performance measurement process*. Subsequently, each of these three processes is comprised of activities.

The extant literature has conceptualised information processes as a sequel of activities. Organisational learning and market orientation domains suggest the processes of information acquisition (Moorman, 1995; Nevis et al, 1995; Sinkula, 1994; Slater and Narver, 1995) or alternatively intelligence generation (Kohli and Jaworski, 1990) or information search (Montoya-Weiss and Colantone, 1994), dissemination (Huber, 1991; Kohli and Jaworski, 1990; Nevis et al, 1995; Slater and Narver, 1995), shared interpretation (Huber, 1991; Day, 1994; Sinkula, 1994) and use (Kohli and Jaworski, 1990; Moorman, 1995).

In accordance with the relevant literature, the findings of the case study suggested three information sub-processes of CRM. These are namely, *information acquisition*, *information dissemination* and *information use*. Acquisition is the process of gathering primary and secondary information from internal and external sources and bringing these data within the boundaries of the organisation. The process of information acquisition is also referred in literature as intelligence generation (Kohli and Jaworski, 1990) and information search (Weiss and Heide,

1993). This research demonstrated that information acquisition has both formal and informal aspects in Express Service and is closely related to customer communication activities. As demonstrated in the findings, information acquisition facilitates the dialogue between the firm and the customer as it provides the means to better understand the customer.

Information dissemination relates to the degree that information is circulated among organisational participants. This activity is also termed in literature as intelligence dissemination (Kohli and Jaworski, 1990), information sharing (Nevis et al, 1995), and information distribution (Huber, 1991; Day, 1994). Information dissemination has both a formal and informal character in the organisation (Moorman, 1995). According to Express Service, information dissemination holds an important role in the complain recovery process since it enables employees to follow the resolution of customer complaints. The findings also showed that information dissemination contributes to a new understanding of the customer by facilitating the synthesis of several bits of information previously acquired by different units in the organisation. In the context of Express Service, information dissemination enhanced the breadth of organisational learning and thus customer learning, taking into consideration that when information is broadly distributed in the organisation, more varied sources of information exist, making retrieval of information easier and learning more likely to occur (cf. Huber, 1991).

Although effective information dissemination is vital for CRM practice since it offers a basis for co-ordinated action by different departments (cf. Kohli and Jaworski, 1990), it appeared to be a problematic area in Express Service. In other words, the lack of information dissemination influenced negatively customer-firm interactions and internal communications.

Information use consists of direct and indirect activities that demonstrate the response of the firm based on the acquired information (Kohli and Jaworski, 1990). Direct use refers to the application of information for decision-making purposes and the implementation of marketing strategies. In the context of Express Service, such examples included the application of customer information to the development of new products and services. Indirect use mainly pertains to behaviours that refer to the way organisations elaborate and evaluate information for strategic related actions

(Workman, 1993). It may have a symbolic character which is demonstrated on the value that organisations assign to information process (Moorman, 1995). According to the findings, the symbolic value of information determined CRM practice. The new CRM initiative in Express Service introduced a new understanding and appreciation of information which was associated with the use of information in order to achieve customer delight. However, Express Service people were not able to follow-up with the 'new' symbolic value of information since it was not properly instilled in their daily routine through training and communication activities. As such, the delay in the launch of Premier II caused scepticism about CRM practice and the symbolic value of information.

The second group of processes relevant to CRM are the customer value activities. Increasingly, customer value delivery is realised as a major source of competitive advantage (Woodruff, 1997). Slater (1997) argues that the ultimate challenge for the organisation is to optimise the effectiveness of the company's customer value process. The findings suggested that the constituents of the customer value process in Express Service are the *definition*, *development* and *delivery* of the value proposition. Viewed in this light, the customer value process in Express Service resembles to that proposed by Webster (1997). Webster (1997) underlined that the value proposition has become the primary organising force for business and marketing practice.

As far as the definition of the value proposition is concerned, the majority of the respondents suggested that the value proposition embraces ideas relevant to the Express Service brand and the value that the firm offers to the customer through service and prices. In the context of Express Service, the brand name of the organisation provided credibility to the value proposition (cf. Balmer, 2001; Harris and de Chernatony, 2001). Similar to Brodie et al (2002) and Davis et al (2000), the findings of this case study illustrated that corporate and service brands act as relationship levers that assist trust development between the customer and the service provider. As such, the corporate brand of Express Service enhanced the relationship value, namely the emotional benefits that the customer extracted from the firm (Ravald and Grönroos, 1996).

Following the definition of the value proposition is the process of development of the value proposition. The development of the value proposition includes the creation of products and services in order to meet customer needs and the articulation of pricing strategies for the value offerings. Express Service incorporates the voice of the customer in the development of new products and services. This is demonstrated in the development of household insurance services and is described in the relevant literature by the term 'value co-production' (Wikström, 1996). The idea that underpins value co-production is that when the customer is perceived as a co-producer, interaction between the parties involved in the transaction process generates more value than a traditional exchange during which buyers and sellers meet briefly and exchange goods and services. Although, the applicability of value co-production has been debated in the literature, this case study provides preliminary empirical evidence in that direction. In terms of the pricing strategies, Express Service appears to concentrate on price promises and guarantees as key elements of the value process. As illustrated in the findings, the concept of promise is central to the operations of Express Service and CRM practice (cf. Grönroos, 1996).

The delivery of the value proposition involves allocating and communicating the product and service offering to the customer base with the purpose of satisfying the customer and establishing a long-term relationship with particular market segments (Walters and Lancaster, 1999). In the delivery of the value proposition, Express Service focused on the total experience that the customer gains from the organisation and from customer service activities.

The findings showed that the boundaries among the definition, development and delivery of the value proposition are difficult to distinguish in practice because of the dynamic character of the value creation processes. This fits well with the viewpoint of Holbrook (1994), Parasuraman, (1997), Webster (1997), and Woodruff (1997) who acknowledge the continuous and changing character of customer value activities. Furthermore the thesis pointed out two additional themes relevant to the customer value process. These are 1) the role of the marketing channels as value creating elements, and 2) the relationship value generated by the customer-firm dialogue. With reference to the first theme, the findings showed that channels have

an important role in the CRM process since they influence the value delivered to the customer. Similar to the literature, channels were considered effective in the organisation if they were meeting customers' needs and generating revenue for the firm (cf. Meltzer, 2001; Piercy, 1996). Concerning the second theme, the case study findings provided some preliminary insights into the relational aspect of value generated from the dialogue between the firm and the customer. Specifically, Express Service concentrated on developing the emotional benefits that customers experienced in the CRM process by cultivating a continuous customer-firm dialogue.

Performance Measurement Process: Pettigrew (1997) suggests that organisational processes are related to outcomes. As such, the justification of the CRM process rests on future performance. With reference to the measurement of CRM performance, the extant literature proposes that while many organisations are investing in CRM, few are meeting the challenge of measuring the success of these initiatives and their impact on the overall performance of the firm. This is because CRM initiatives generate both tangible and intangible assets. The former are associated with financial measures such as sales, profits and return on investment. The latter link to aspects of customer relationships (Srivastava et al, 1998) such as customer retention, customer value and customer loyalty and they are difficult to quantify and measure. Although, Express Service made some well co-ordinated attempts towards customer satisfaction measurement it appeared to be incapable of operationalising measures of customer loyalty and retention. This was due to the lack of 1) a co-ordinated strategy, and 2) commitment of the organisation towards such initiative. Consequently, it appears to be a priority for Express Service to measure CRM performance based on the integration of financial and business measures with the customers' perspective. In this direction, the implementation of a balanced scorecard approach to the performance measurement of CRM may assist to integrate the different perspectives of the CRM process. The assessment of CRM performance based on an integrative measure may establish the importance of CRM in the organisation and minimise the scepticism related to CRM practice.

The researcher's conceptualisation of the CRM process (figure 7-12) appears to be distinctive since it was based on a gradual understanding of the CRM process over a long period of time. This case study attempted to incorporate the temporal

factor in developing an understanding of the CRM process. The notion of relational time which has been elaborated in detail in the research methodology chapter of the thesis contributed additional insights regarding: 1) the discontinuities and overlaps of the CRM process, and 2) the subjective experiences of the organisational members involved in the practice of CRM process.

Relating to 1), the few existing models of CRM (e.g. Ryals et al, 1999; Winer, 2001) conceptualise this activity as a linear and static (Plakoyiannaki and Saren, 2002). This is manifested in a number of theoretical frameworks which depict the constituents of CRM as 'blocks' that render a static character in the practice of CRM (Cap Gemini, 1999; Ryals et al, 1999). The findings of this case study proposed that CRM is a dynamic process consisting of sub-processes. Rather than being linear, incremental and progressive, the CRM process is characterised by discontinuities. These discontinuities were brought more easily to the researcher's attention because of the non-linear qualities of relational time. Additionally, as the findings illustrated the boundaries between CRM sub-processes are often difficult to distinguish i.e., the sub-processes and activities in the CRM process may be overlapping. For instance, the customer survey calls, mentioned earlier in the findings, contribute not only to performance assessment sub-process but also to information acquisition activities of CRM. Or, information acquisition may coincide with the delivery of value to the customer through service provision in the centres.

With reference to 2), relational time made it feasible for the researcher to explore the subjective experiences of the actors involved in the practice of CRM. The thesis demonstrated that groups and individuals may have different experiences of the practice of CRM process in the organisation. For instance, the employees in customer care had different collective experiences of time and the CRM process, and the flow of events than the information technology personnel. The findings put forward as view of time as a dependent variable as they demonstrated that people's perception of time is affected by the content of their experiences in the CRM process (cf. George and Jones, 2000; Gersick, 1988; 1991).

To sum up, the contribution of *the second part of the findings* to the CRM literature is twofold:

- it provides a framework of the CRM process, and

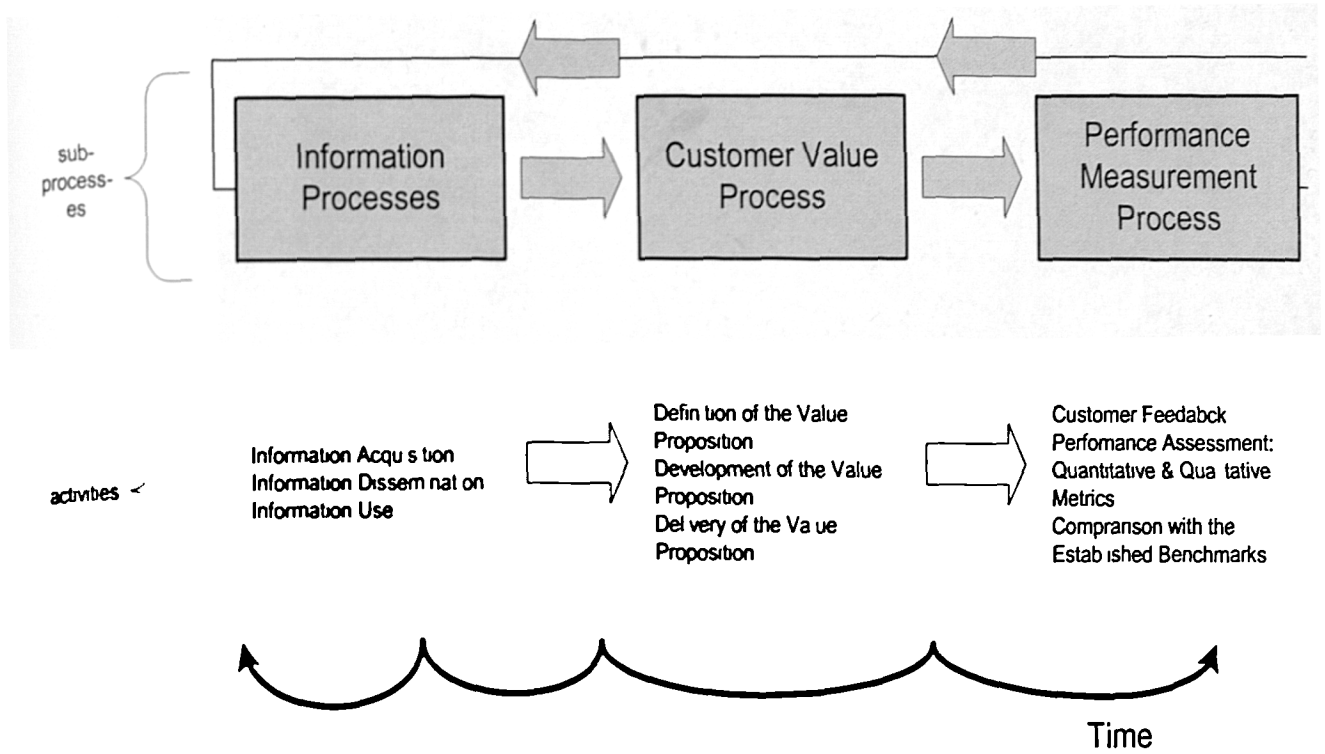
- it attempts to offer a dynamic understanding of the CRM process by incorporating in its study the concept of time.

Table 7-7: The CRM Process, its Sub-Processes and Activities

	CRM Sub-Processes	CRM Activities	Key Issues Emerging from the Findings
CRM Process	<i>Information Processes</i> (Figure 7-7, Table 7-4)	Information Acquisition Information Dissemination Information Use	* The Symbolic Value of Information * Importance of Information Dissemination Activities * Dynamic Character of Information Processes
	<i>Customer Value Process</i> (Figure 7-8, Table 7-5)	Definition of the Value Proposition Development of the Value Proposition Delivery of the Value Proposition	* Relationship Value * Importance of Marketing Channels as Value Elements in Customer Value Process * Dynamic Character of Customer Value Process
	<i>Performance Measurement Process</i> (Figure 7-9, Table 7-6)	Customer Feedback Assessment of Quantitative & Qualitative Metrics Comparison of Performance with Establish Benchmarks	* Difficulties in the measurement of CRM Performance * Need for Holistic Measures of CRM

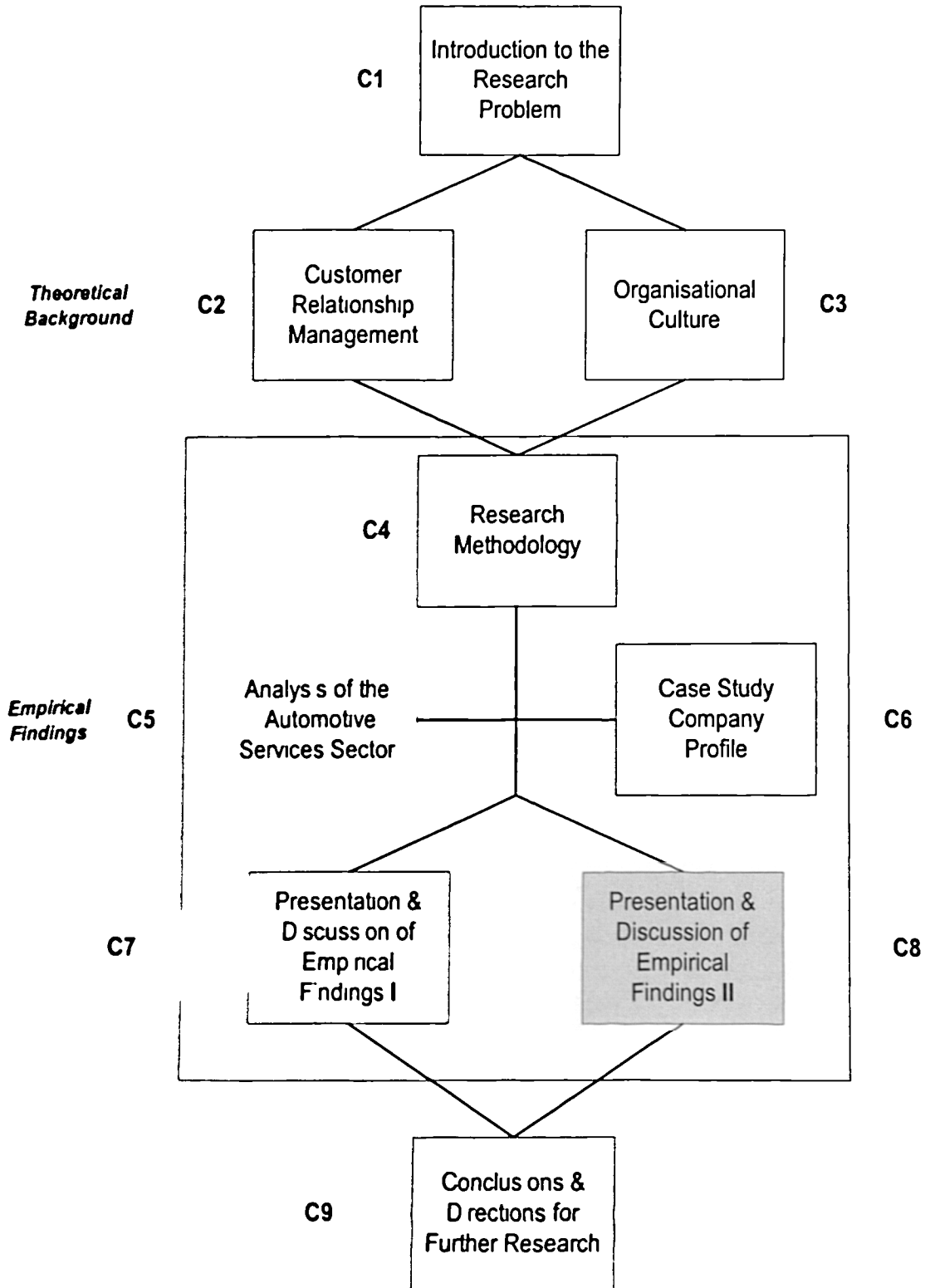
Source: The author

Figure 7-12: A Holistic View of the CRM Process Based on the Findings



Chapter 8

Presentation and Discussion of Empirical Findings II



8.1 Introduction

Chapter 8 continues the presentation and discussion of the findings derived from fieldwork of this study. The findings are the outcome of a longitudinal case study in the automotive services sector and particularly the fast-fit industry. The study took place in the U.K. and the selected case study firm has been acknowledged as a best practice of Customer Relationship Management (CRM).

The research findings of the thesis correspond to the three research objectives set at the introduction of the research problem chapter. These are:

- to identify employees' and managers' perceptions of CRM
- to explore the practice of CRM and its constituents in the organisation, and
- to explore the effect of Organisational Culture (OC) on the practice of CRM.

This chapter considers the empirical findings associated to the third research objective of this study, i.e. the effect of OC on the CRM process. In the context of Express Service, the author explains the influence of OC dimensions on the CRM process and its constituents. It should be noted that some of the interview excerpts may include bold characters or underlined words. The bold lettering is used to signal themes that have repeatedly appeared in NUD*IST pattern searches while the underlined words add emphasis to the ideas appearing in the quotations.

This chapter is divided into three parts. In the first part of the chapter, the author presents and discusses the effect of *customer orientation* on the CRM process. In the second part, the researcher illustrates the effect of *employee orientation* on the practice of CRM. In the third part of the chapter, the author outlines the effect of *centralisation* on the CRM process. The discussion in this chapter comes to an end with organisation with some concluding points.

8.2 CRM: The Effect of OC

The third part of the findings corresponds to the third and final research objective of the thesis which is the exploration of the effect of Organisational Culture (OC) on the *CRM process* (Figure 7-12, Chapter 7). At this point of the analysis of the results it assumed that the reader has built a gradual understanding on CRM based on the employees' and managers' perceptions of the notion, which were presented on the first part of the findings and the framework of the CRM process which was developed in the second part of the findings. The third part of the findings

attempts to explore even deeper the notion of CRM and elicit the effect of OC on the CRM process.

8.3 Express Service: A Culture of Multiple Dimensions

The OC of Express Service resides in the minds and hearts of organisational members and is embedded and transmitted in outward expressions such as formal and informal working routines, structures, physical arrangements, ritual, stories and jargon. The view of OC as an active and living phenomenon is manifested in the words of the Director of Customer Service:

“You have to eat, live, sleep and breathe Express Service. If you don’t believe in it, then that will become immediately apparent.”

Director of Customer Services, Express Service GB, tenure= 22 years)

Apart from being a living phenomenon, the OC of Express Service appears to be OC an amalgam of differing OC manifestations namely values, behaviour and artefacts. The multi-faceted character of Express Service OC is indicated in the following excerpt by the Development Manager:

“We are a business focusing on the customer. We encourage people to join our business. We sell Express Service as a proposition and it’s slightly different from the proposition that Express Service is when they experience it. We’ve done a lot of work over the past twelve months to try to redress that balance. We try to give our people autonomy to make decisions and this is hard because everything is still quite centralised here. And while we all have a service philosophy, somewhere along the line we have forgotten that we need to deliver the service philosophy through our people and the best way not always to deliver it is to hit them over the head when they do something wrong. We need to think of our people and why have they done that wrong. This concern has always been instilled in Express Service. And from the day one my concern has been people development. Sometimes people were reprimanded for a mistake they did, but it’s to identify that maybe there is a reason for doing something wrong. So let’s think about what that reason is. And the concern for our people reflects on the way you manage a relationship with a customer. Sometimes we are sales and profitability led, that we can’t always get a happy resolution for the customer. And as a cornerstone of customer relationships we strive for our customers to be in the heart of the business. We try to balance that – the sales-customer focus. On the vast majority of occasions we get it right, but of course there are going to be few times where you can’t do so.”

(Development Manager, Express Service GB, tenure=4 years)

Reinforcing the pluralistic character of Express Service the Development Manager, the Sales Director adds:

“I would say we went through an experience of growth that gave us a number of hurdles particularly recruitment and training and ultimately, the quality. Both in terms of the quality of product that we had to offer and how that quality of product was being delivered to the customer and at the same time as handling the growth, it gives you issues with regard to resource. Sometimes our customers didn't receive the service they may have wanted at that time. I would say that we had experienced that quite painfully and that changed our perception of what customer relationship management is all about. It is not about – set up low, get the customer on book and then price it high. It's mainly about customer focus and relationships with your people and if you are a plc, relationships with your shareholders. It is inter-linking all of that. Customers are our people ... And we motivate our people because we feel that if people are not motivated and don't have the desire to work for Express Service Insurance then you are not going to get the most out of the most important asset of your business. However, we have to give people ownership and responsibility of their work. We try to disseminate and decentralise power around here.”

(Sales Director, Express Service Insurance, tenure=6 years)

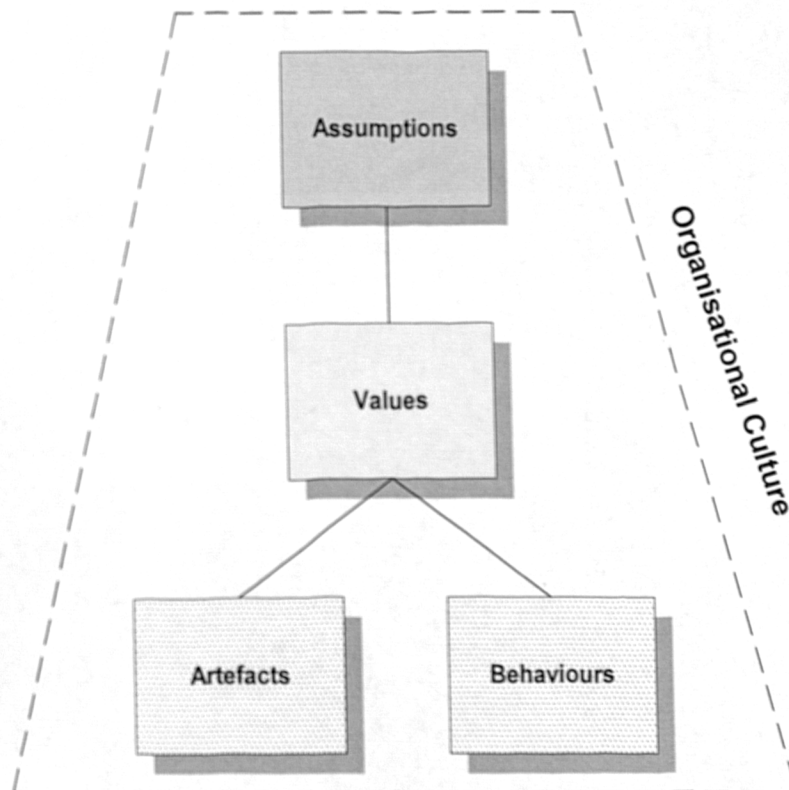
OC is not always a coherent set of assumptions and values which distinguish a particular organisation and orient the behaviour of its members. Particularly, for an organisation entering the mature stage of its lifecycle such as Express Service, OC appears to be a multifaceted and complicated phenomenon encompassing a variety of orientations. The quotations demonstrate that OC is a complex whole composed of a set of interrelated cultural dimensions. Specifically, Express Service incorporates different orientations of OC that impact on the CRM process. The findings suggest that three key dimensions of Express Service OC appear to affect the practice of CRM, namely (Table 8-1):

- *Customer Orientation vs. Sales Orientation,*
- *Employee Orientation vs. Job Orientation and*
- *Decentralisation vs. Centralisation.*

However, it should be noted that in these bipolar dimensions of OC, one pole of the construct often appears to be more dominant one in the organisation. Particularly, the results indicate that *customer orientation, employee orientation and centralisation* were found to be central dimensions of Express Service OC reflecting on the CRM process. Viewed in this light the discussion of the findings will mainly focus on the dominant pole of each dimension and its effect on the CRM process while provide some insights into the other extreme of each dimensions, i.e. *sales orientation, job orientation and decentralisation*. In the Express Service these OC

dimensions were manifested in a variety of cultural elements of the firm. In the analysis of the results, the researcher presents a multi-layer model of the three dominant dimensions affecting the CRM process, namely *customer orientation*, *employee orientation* and *centralisation*. Figure 8-1 illustrates a generic multi-layer model of an OC dimension used as a framework in the discussion of the findings. The multi-layer model of the OC dimensions is consisted of four elements of OC, namely assumptions, values, artefacts and behaviours (Figure 8-1). Based on the case study findings, *assumptions* are the nucleus and of OC while *values* can be defined as conceptions, that characterise the desirable and influence the selection of available modes, means, and ends for an action. *Artefacts* are visible elements of organisational culture like buildings, architecture, technology, office arrangements, language, rituals, dressing code, and documentation that are created by the organisation and have symbolic meaning. Behaviours demonstrate influence OC on the actions of people in daily functions such as the CRM process.

Figure 8-1: A Multi-Layer Model of OC Dimensions



Source: Adapted from Schein (1985)

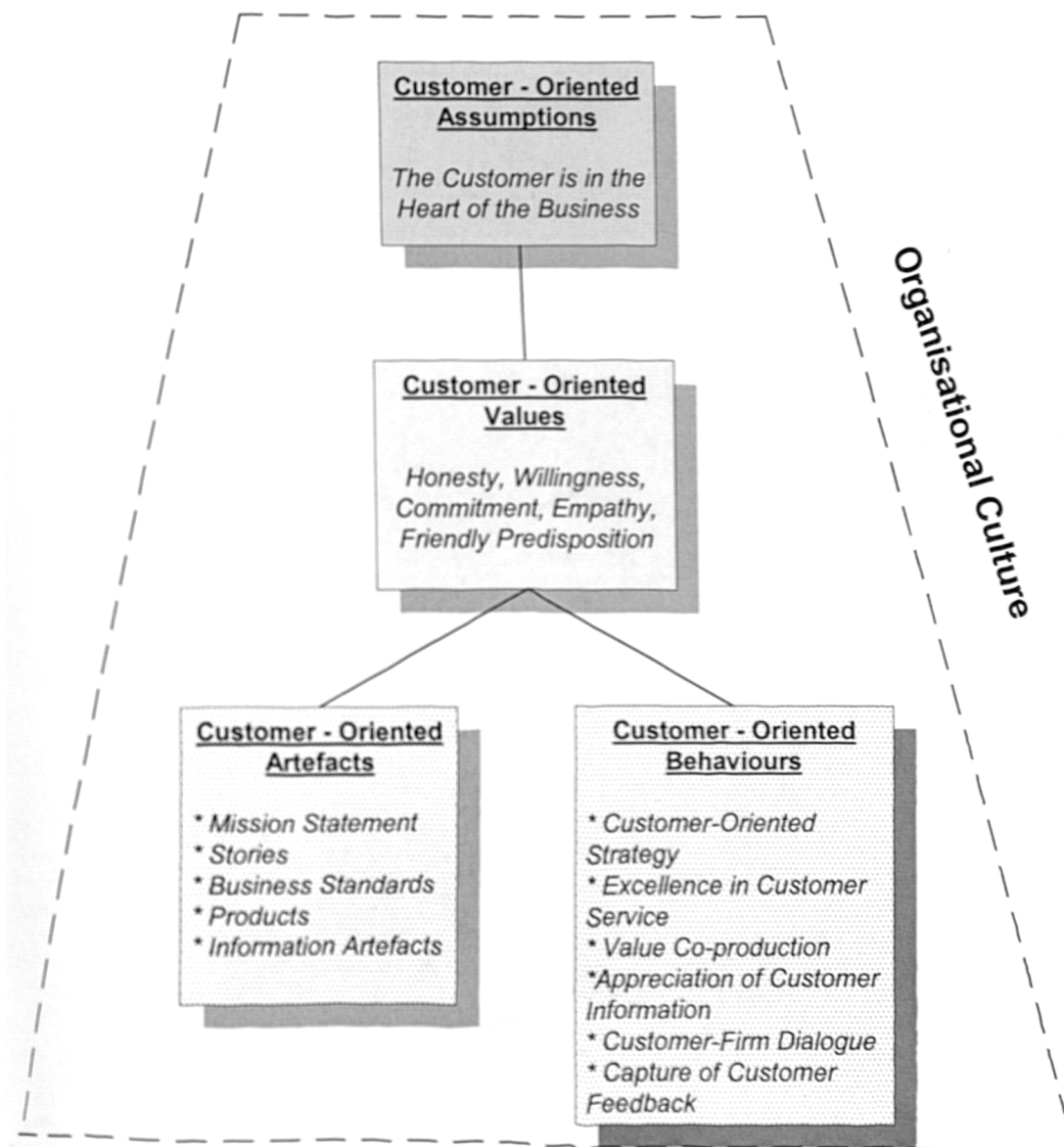
Table 8-1: The Dimensions of OC and the CRM Process

Dimension	Description of the Dimension	Illustrative Quotation
Customer Orientation vs. Sales Orientation	Customer Orientation: a set of OC elements (assumptions, values, artefacts and behaviours) that put the customer's interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise.	"We are a business focusing on the customer. ...And as a cornerstone of customer relationships we strive for our customers to be in the heart of the business." (Development Manager)
	Sales Orientation: a set of OC elements (assumptions, values, artefacts and behaviours) that focus on completing the sales transaction in a short-term time prospect.	"CRM is mainly about customer focus..." (Sales Director) "Sometimes we are sales and profitability led, that we can't always get a happy resolution for the customer." (Development Manager)
		"Sometimes our customers didn't receive the service they may have wanted at that time." (Sales Director)
Employee Orientation vs. Job Orientation	Employee Orientation: a set of OC elements (assumptions, values, artefacts and behaviours) that put emphasis on the importance of people in the organisation and appreciate the needs of the human capital in the work environment and organisational setting.	"We need to think of our people and why have they done that wrong. This concern has always been instilled in Express Service. And from the day one my concern has been people development." (Development Manager)
	Job Orientation: a set of OC elements (assumptions, values, artefacts and behaviours) that focus on getting the job done and view employees only as means for increasing productivity	"Customers are our people ... And we motivate our people because we feel that if people are not motivated and don't have the desire to work for Express Service Insurance then you are not going to get the most out of the most important asset of your business." (Sales Director) "Sometimes people were reprimanded for a mistake they did, but it's to identify that maybe there is a reason for doing something wrong." (Development Manager)
Decentralisation vs. Centralisation	Decentralisation: a set of OC elements (assumptions, values, artefacts and behaviours) that involve power dissemination, and communication of organisational information to many individuals or work teams that undertake responsibilities and make decisions about their own situations.	"We try to give our people autonomy to make decision..." (Development Manager) "However, we have to give people ownership and responsibility of their work." (Sales Director)
	Centralisation: a set of OC elements (assumptions, values, artefacts and behaviours) which imply that those in key positions -individuals and groups -may have a significant impact on the activities, decisions and programmes of the organisation.	"...everything is still quite centralised here." (Development Manager)

8.4 Customer Orientation: The Essence of the CRM Process

The findings suggest that a customer-oriented OC is the one in which the customer's interests always comes first, ahead of those of the owners, the management and employees. The author conceptualises a *customer-oriented* OC as a construct consisted of the four components of 1) underlying assumptions espousing customer orientation, 2) organisation-wide shared values supporting customer orientation 3) perceptible artefacts of customer orientation, and 4) the customer-oriented behaviours (Figure 8-2).

Figure 8-2: A Multi-Layer Model of Customer Orientation



Source The author

8.4.1 Customer Oriented Assumptions

'The Customer is in the Heart of Our Business and this leads to Long-term Profitability and Organisational Survival'

From the day of its inception, Express Service has developed as an organisation focusing on the delivery of superior customer value. It was the founder who instilled the customer focus in the organisation by emphasising the importance of excellent customer service in the operations of Express Service. His sharp mind had foreseen the change in the market environment and the fact that in the future the survival and profitability of organisations will depend solely on the customers. The view of the customer as the heart of the business has been a breakthrough particularly in the fast-fit market that traditionally has been driven by sales. The Group Director reflects on his personal experiences and suggests that the customer focus has always been the basic ingredient of Express Service's OC.

"When I was a kid at school I used to get a lift from my home town of Dumfries to Glasgow. My father drove a lorry and I used to get a lift to Glasgow. I always remember there was a sign on the wall – I would have been eighteen years old at the time – in this truck garage where they were loading things up and delivering things to people and it said all these things about a customer. It was the first time I could ever remember seeing it. The customer pays your wages and we should be doing all these things. I remember looking at that Express Service poster for a while. Then when I became involved in Express Service it seemed clear to me that not only did Express Service talk the talk, which is of course the customer is the most important person etc. - I think every organisation does that now – but actually they believed it since 1971. So even if we go back to when it was just a small Scottish company, if anybody complained that complaint was dealt with absolutely as if it was the most important thing that had ever happened to the company. It wasn't a question of its only one customer and we've got thousands of customers. ... Our founder used to preach all those years ago that if you get a complaint doesn't necessarily mean it's a bad experience for the customer. It's how you deal with that complaint. This goes without saying! If you deal with it properly the customer will love you even more than if nothing went wrong in the first place. So we actively invite customers to evaluate us on every visit. And we tell them this is what you have a right to expect and if we fail on any of these, tell us. Over the years I think this obsession with the customer comes naturally..."

(Group Director-Internal Audit, Express Service Holdings, tenure= 20 years)

It appears that putting the customer in heart of the business has become a taken for granted fact for the people involved in Express Service. The Group

Director points out that the personality of founder is stamped throughout the company and has kept the organisation focused on the customer. The customer being the essence of business has facilitated Express Service to flourish rapidly in a competitive environment of high velocity. The Customer Service Manager cites:

“Without being too cheesy about it I think it was always like that and if you go to an Express Service centre you will recognize reason why this business is surviving and grow. Probably one of the reasons for being customer focused is to overcome idea that you have when you go to other garages.”

(Customer Service Manager, Express Service GB, tenure= 32 ½ years)

Reinforcing the quotation above, a Customer Services Consultant asserts:

“I think because we try to assist our customers in any way. This, I think it has helped us to survive in the industry and increase our profits, because there are a lot of competitors out there. There are a lot of companies out there trying to be the same as Express Service, but I don't think any of them have the customer service the way that Express Service does.”

(Customer Services Consultant, Express Service GB, tenure= 2 years)

These three quotations reveal the substance of Express Service OC, i.e. *the customer is in the heart of the business*, and illustrate the symbolic meaning of a basic assumption in the life of organisational members. In Express Service, customer-oriented assumptions seemed to reflect on the strategic aspects of the CRM process. These strategic aspects according to the findings, relate to the launch of a new product or service and to the formulation of human resource management strategies. Moreover, customer-oriented assumptions reflect on the initiation of new projects relevant to the practice of CRM in the organisation. The citation below illuminates the effect of customer-oriented assumptions on the decision to embark on a new CRM initiative namely, Premier II:

“It is not as though someone wrote some article that was produced that CRM is a new big thing and a good thing for the business so let's do it! It has been there since Day One- reflected on the attention that we strive to give to all of our customers and we try to do that in the best way. This has developed all this years in Express Service. As technology has moved along and people's thinking has moved along, we have adopted certain CRM practices to enable that first idea that is embedded for years in the company. And, I think that the investment in Premier II came was an expected consequence of our customer focus.”

(Group Director of Marketing, Express Service Holdings, tenure= 18 years)

As demonstrated in the findings, the assumption that *'the customer is in the heart of the business'* appears to be deeply internalised and translated to customer-oriented behaviours that aim at the delivery of superior value to the customer.

8.4.2. Customer-Oriented Values

In Express Service customer-oriented values represent desirable conceptions that influence modes, means and ends of customer-oriented action. It follows that customer-oriented values are manifested in customer-oriented behaviour. The Group Director of Marketing elaborates on the organisational values of Express Service by referring to the desired qualities of employees who are interfacing the customer:

"We are looking for people that have that commitment to hard work, people that have that can-do attitude. People who have the desire to succeed, people who really want to help customers, people of that mindset. If I was recruiting someone for the centre -a fitter- I will look for friendly, youthful and energetic person with a real sense of wanting to succeed and to progress and to get on, a sense of ambition and a sense of urgency about everything he or she get involved with. If I was recruiting for a support role I think you then have to look at someone who has an ability to communicate with the customers. Can he listen to customers and can he take what a customer is saying and empathise. We recruit either as field people or support staff, people with accountability and honesty."

(Group Head of Marketing, tenure= 7 ½ years)

An employment advertisement of Express Service published in the Daily Record on the 27th of November in 1997 articulates the five top qualities to work for Express Service Insurance call centre. These five top qualities are:

- 1) **Commitment** - Each insurance consultant must work to ensure 100% customer delight at all times.
- 2) **Willingness to Learn** - The job is not just responding to customer queries. Consultants should grasp a basic grounding of the insurance industry.
- 3) **Friendly Predisposition** - Staff should be polite towards the customers, even the difficult ones.
- 4) **Flexibility** - Working hours vary, as the centre is to open seven days a week from 8am until midnight. There are shifts to suit most lifestyles.
- 5) **Honesty** - Express Service claims that there are not hidden extras in their insurance policies.

Taking into consideration the above information, it seems that the key organisational values supporting customer orientation may be classified in five general themes: *honesty*, *willingness*, *commitment*, *empathy*, and *friendly predisposition*. *Honesty* is instilled in the relationships of Express Service with its customers and employees. *Willingness* drives the success of Express Service people and is encapsulated in the enthusiasm they demonstrate in the interaction with the customer. The notion of *commitment* for Express Service has a threefold meaning i.e. Express Service people commit themselves 1) to the delivery of outstanding customer service, 2) to hard work, and 3) to the organisation by seeing their future intimately linked to that of the Express Service. *Empathy* is the caring individualised attention provided to customers. The *friendly predisposition* is encapsulated in the popular phrase among Express Service members: 'the customer is my friend'.

Customer-oriented values are seen as being important for the CRM process since they appear to influence the actions of service personnel and shaped the informal messages that front-line people communicate to the customers. Table 8-2 provides empirical insights into the effect of customer-oriented values on the CRM sub-processes and activities (see Figure 7-12, Chapter 7). For example, the customer-oriented value of honesty is fundamental importance to the CRM process since it reflects on information dissemination and the delivery of the value proposition. Additionally, honesty in customer -firm interaction facilitates performance appraisal of CRM. It should be noted that customer-oriented values are broad in nature and have an overarching effect on the CRM process. As such, table 8-2 is not exhaustive but provides illustrative quotations that show how customer-oriented values may facilitate the practice of CRM.

Table 8-2: Customer-Oriented Values and the CRM Process

Customer-Oriented Values	Illustrative Quotations	CRM Activities	CRM Sub-Processes
Honesty	<p><i>"I think honesty is important to the delivery of customer value. If a car comes in and it's got a faulty exhaust, which could be a hundred pounds but the tyres are mediocre and they have probably got another five thousand miles on them, but you insist on that customer that they need to be changed. So honesty is in telling the customer exactly what they need rather than saying they need everything. Just selling to their need rather than trying to get every single penny out of every single customer you can."</i></p> <p>(Divisional Director, Express Service GB, tenure= 2 months)</p>	Delivery of the Value Proposition	Customer Value Process
Willingness	<p><i>"Honesty is shown in the appraisals we receive and the information we communicate to the customer and colleagues of ours."</i></p> <p>(Call Centre Consultant, Customer Research, tenure= 8 months)</p> <p><i>"If you work in here you should be willing and enthusiastic to do anything at any time for anyone, no matter what the requirement is. So I should be willing 8 o'clock to deal with customer enquiries and customer communication and at 9 o'clock to deliver service to the customer."</i></p> <p>(Operations Support Director, Express Service Holdings, tenure= 24 years)</p>	Information Dissemination Customer Communication Delivery of the Value Proposition	Performance Measurement Information Process Customer Value Process
Commitment	<p><i>"I think the most important thing is to try and do the best for our customers. And if you put your effort in hard work and the delivery of excellent customer service you will be rewarded"</i></p> <p>(Regional Manager, Express Service GB, tenure= 18 years)</p>	Delivery of the Value Proposition	Customer Value Process

Table 8-2: Customer-Oriented Values and the CRM Process (cont'd)

Customer-Oriented Values	Illustrative Quotations	CRM Activities	CRM Sub-Processes
Commitment (cont'd)	<p><i>"We commit our people to learn about our customer and thus ensure the quality of our offerings."</i></p> <p>(Managing Director of Express Service Insurance, tenure= 1 ½ year)</p>	Information Acquisition, Information Dissemination Information Use	Information Process
Empathy	<p><i>"I try to put my self in the customer's shoes and assure the customer that we will assist him and put the matter right."</i></p> <p>(Express Service Master Manager, Express Service GB, tenure= 10 years)</p> <p><i>"But first and foremost our people should be patient and never ever take the company view, always support the customer."</i></p>	Relationship Value Delivery of the Value Proposition	Customer Value Process
Friendly Predisposition	<p>(Director of Customer Services, Express Service GB, tenure= 22 years)</p> <p><i>"I enjoy speaking to people quite friendly and freely in my job. I think speaking to people the way they want to be addressed -like a friend is helpful particularly when I am doing customer survey calls."</i></p> <p>(Call Centre Consultant, AUTOCLUB, tenure= 3 years)</p> <p><i>"It is an ongoing thing... We think that the customer is our friend and this maintains the value we want to give at all time."</i></p>	Customer Communication Customer-Firm Dialogue Relationship Value	Customer Value Process
	(Team Leader, Express Service GB, tenure= 18 years)		

8.4.3 Customer-Oriented Artefacts

The artefacts of an organisation are creations of the culture, being either verbal or physical. Customer-oriented artefacts are therefore a substantial element of Express Service OC, consisting of 1) the *mission statement*, 2) *stories*, 3) *business standards*, 4) *information artefacts*, and 5) *products*.

1) The mission statement defines the purpose of the business. For Express Service the purpose of the business is *to deliver 100% customer delight at 100% of the times*. A call centre consultant points out:

“The customer comes first. The purpose is to deliver one hundred percent customer delight. Express Service is really focussed on it. They have spent thousands on that training academy to make sure everyone is up to scratch. You can go there any time. The company will encourage you to spend there a few hours a month and pay you for it. That really is the focus above all else- to make sure the customers are happy in whatever way. They want to make sure that if you get an unhappy customer, you can deal with the customer and make the customer happy again.”

(Call Centre Consultant, AUTOCLUB, tenure= 3 years)

The mission statement in Express Service contains five basic ingredients:

- It is an instrument of motivation particularly it provides the organisation with a purpose and focuses the efforts of all organisational participants to the achievement of the purpose, i.e. the delivery of customer delight. The mission statement expresses the organisational assumptions and values and provides a coherent and integrated framework for the people to understand the important what, how, and why of the organisation.
- The mission statement encompasses a time horizon. It takes time to develop, communicate and gain commitment to the fulfilment of the mission statement. As illustrated in the quotation above, the mission statement of Express Service is constantly reinforced and disseminated to organisational members through training procedures.
- The mission statement contains a business mission or purpose that describes what business the organisation is in or wants to be in. Express Service is focused on the fulfilment customer needs and the achievement of customer delight.
- The mission statement provides performance measures such as customer satisfaction. The customer survey unit in Express Service focuses on the

measurement of customer satisfaction and delight based on customer experiences from the visits in the service centres.

- The mission statement sets performance standards for employees. It illustrates what is expected from employees and provides a meaning to their contribution to the organisation. It follows that the mission statement should be realistic and easy for the employees to comprehend. In terms of the realistic character of the mission statement, the Technical Training Manager of Express Service GB notes:

“The purpose is and always has been to deliver 100% customer delight 100% of the time. And it's about how you go to achieving that. There are people out there that don't think that 100% customer delight is ever going to be possible in this society that we live in now. Maybe a few years it was but consumerism is on the increase and I sometimes struggle to understand whether you can really satisfy or delight every customer.”

(Technical Training Manager, Express Service GB, tenure= 15 years)

2) Stories in Express Service frequently refer to exceptional behaviours of the founder, employees and managers. These stories often include organisational members performing ideal customer-oriented behaviours as manifested in the following citation by the CRM Manager:

“When I was running a centre, we had a family coming one day. It was a man, his wife and two kids. He was running them down to the boat to Ireland and they were going on holiday. He had come in about a noise in his car. The shock absorber had gone right through the wing of his car. I said, - 'you can't drive this car!'. There was just pure panic on their faces. So I suggested they leave the car with us and we would get it fixed. He said, - 'what am I going to do?'. I told him to stick to his plans and take the day off to Ireland. That day I repaired his car and at five o'clock he came back with my car. I gave him a lend of my car. Otherwise he would have been stranded but I helped that guy out. Normally- if you weren't in an environment where you are looking after the customer, then you would never do something about that. And that is the difference between customer satisfaction and customer delight. So the customer and his family are away on holiday and his car has been repaired. That is the way it is instilled in a manager or an area manager or as a fitter to serve the customer. It all comes from the culture. It all comes from induction about the company -how to treat the customers and how to delight customers. Unless you have got that mind set - you only get that mindset by living it every day -then you would never do something like that.”

(CRM Manager, Express Service Insurance, tenure (in this post)= 11 months)

Stories similar to the one narrated by the CRM Manager are often discussed among employees and provide models of desired behaviour. Despite the uneven dissemination of power in the organisation, customer-oriented stories often demonstrate how Express Service employees take up initiatives in order to serve the customer.

3) The customer-oriented OC is manifested and transmitted to organisational members through business standards. Express Service ensures consistency in the delivery of customer service and in customer contact by setting service standards through the 'Code of Practice' and the 'Ten Commandments' (see Figure 6-3). The Director of Customer Services mentions:

"We try to ensure the focus of our business on the customer through setting out clear standards so that our customers know exactly what we will deliver for them. Our standards are described on Code of Practice and the Ten Commandments. So we set out clear service standards, train the people to deliver those standards and then making sure that they do. The code of practice is something which features in all our training and the Ten Commandments also. So before they go out to meet a customer and before they are allowed to be front facing to a customer then they need to embrace those two things. And if they do those two things and they live those, then there is no reason why they should ever disappoint a customer, because all the key parts are in there."

(Director of Customer Services, Express Service GB, tenure= 22 years)

4) Information artefacts and particularly information systems and customer databases are seen as creations of the customer-oriented OC of the firm. In keeping up with the changing needs of an increasing customer base Express Service is concentrating on the development of computer-resident organisational memories with certain properties such as completeness and precision. For instance, Express Service was perhaps the first service provider and retailer of car parts to introduce an integrated system which involved the installation of Management Action Terminals (MATs) in all centres. MATs are electronic points of sale (EPOS) terminals linked to a mainframe computer at the Head Offices of Express Service. MAT supports every operation in Express Service centres from the collection of customer information to the delivery of customer discounts and the handling of customer queries. Or, the Premier II project is associated with the development of a relational database which facilitates the automatic capturing, integration and sophisticated retrieval of customer information in order to provide customised offers to the motorist.

5) The customer-oriented OC of Express Service is manifested in the products and services that the organisation offers to motorists. The products and services of Express Service have expanded and diversified considerably with the aim of meeting evolving customer requirements. The Child Safety Scheme represents a step towards that aim. Car passenger safety has been promoted as the highest priority of Express Service. The Child Safety Scheme encourages parents to buy and have fitted safety seats by giving a refund voucher against Express Service purchases once the seat has been outgrown.

The findings of this case study indicate that customer-oriented artefacts are facilitators of customer-oriented behaviours. Taking this into consideration, the impact of customer-oriented artefacts on the CRM process is indirect being mediated by customer-oriented behaviours.

8.4.4 Customer-Oriented Behaviours

The symbolic meaning of customer-oriented artefacts reflects on customer-oriented behaviours. Customer-oriented behaviours pertain to organisational behavioural patterns that acknowledge the customer as the cornerstone of business. Customer-oriented behaviours in Express Service primarily involve:

- 1) *the formulation of a customer-oriented value proposition.* The selection of the value proposition is guided by customer needs and is based on the organisation's existing and potential core competencies. In other words, Express Service attempts to incorporate the latest data on the dynamics of customer choices in the process of selecting the value proposition.
- 2) *the provision of excellent service to the customer.* The delivery of high standard service influences customers' perceptions of value. In Express Service, the term customer services is used to capture to aspects of customer-firm interaction namely the provision of service in the depots and the handling of customer requirements such as complaints and information enquiries.
- 3) *the customer-firm value co-production.* In Express Service, customers either volunteer new ideas regarding products and

services or respond to the company's requests for information based on changes in their needs and expectations.

- 4) *the appreciation of customer information.* In Express Service, (marketing) decisions are substantiated by customer data. As such, customer information facilitates the generation, dissemination and use of knowledge to meet the heterogeneous preferences, needs and expectations of the customer base.
- 5) *the promotion of customer-firm dialogue.* Organisations focusing on customers' interests invite interactions with their customer base with the purpose of nurturing customer relationships and facilitate the provision of customer value. As such, Express Service has established a number of contact channels to stimulate two-way communication.
- 6) *the capture of customer feedback.* The customer-oriented OC of Express Service is illustrated in activities that aim at capturing the feedback of the customer base regarding the firm's operations. Express Service attempts to capture customer feedback on daily basis through its customer survey unit, face-to-face customer discussions, focus groups and the internet.

Table 8-3 illustrates the link between customer-oriented artefacts, customer-oriented behaviours and the CRM Process. It appears that customer-oriented behaviours are instrumental to the CRM process. Moreover, table 8-3 illustrates the importance of customer-oriented information artefacts for the practice of CRM. Information artefacts appear to facilitate the formation of customer-oriented behaviours in the CRM process. Figure 8-3, in the end of this section, illustrates the effect of customer orientation of the CRM process. As stated earlier, customer-oriented assumptions influence the strategic aspects of the CRM process such as the launch of a new product or service and to the formulation of human resource management strategies. Moreover, customer-oriented assumptions reflect on the initiation of new projects relevant to the practice of CRM in the organisation. The findings indicate that customer-oriented values facilitate the information processes, customer value process and performance measurement process of CRM. Customer-

oriented artefacts were associated with the existence of customer-oriented behaviours. The findings suggest that customer-oriented behaviours are of significant value to the organisation since they deliver the benefits of the CRM to the firm and the customer.

8.4.5 Insights into Sales Orientation

Before the discussion on customer orientation comes to end, the researcher provides insights into the other pole of this OC dimension, i.e. sales orientation. The findings indicate that sales orientation was not a dominant dimension of Express Service OC. As such, sales-oriented assumptions and values were not encountered during the exploration of Express Service OC. Additionally, sales-oriented artefacts were not substantially obvious in the organisation apart from sales targets which appear to have guided behaviours in the past primarily in Express Service Insurance. Express Service Insurance demonstrated sales-oriented behaviours in the period 1996-1998. This was done in order to develop a large customer base. However, Express Service Insurance soon realized that sales-oriented behaviour inhibited the growth of the business because it deteriorated the quality of customer experiences and raised the number of customer complaints making it impossible for the Customer Care Department to sort out all customer enquiries. An IT Officer, previously involved in insurance sales notes:

“I think we were a bit overwhelmed with building a customer base at that time. We were trying to balance the customer focus with sales and on the vast majority of the occasions we got it right. But of course there were times where we couldn't do so. For example in the insurance sales department we would focus on the sale and see other departments a periphery to this, because we wanted to build a big client base and by selling policies we thought we would get it. So our Customer Care departments were on the periphery but then we realized that Customer Care is primarily important for our business.”

(IT Officer, Express Service Insurance, tenure= 3 years)

In a similar vein, the Director of Customer Services attempts to redress the balance between customer and sales orientation. He argues:

“Anybody who talks to you about sales and service, because I have heard this in all sorts of organisations and I hear it here – that is wrong. It has got nothing to do with sales and service. It has everything to do with service and sales. We could set ourselves up as the most hard driven sales organisation in the world and we could be really successful. Those organisations will ultimately fail. You can drive sales – I

could make myself a millionaire in the double glazing business in the next year or two, but if I wanted to sustain a business that is not the drive. The drivers are service first and then the sales will come. And if you say to me well how are you going to measure that or how do you know that is right? If you look at our individual centres performance or the performance of a region or a division, the guys who are consistently delivering good service are the guys who are also consistently delighting the customers. I know for a fact that the guys and girls who deliver good service will get their sales. And absolutely we need sales because we need to pay the wages of fifteen thousand people, who are based entirely on the sales of Express Service. But the customer comes first and then the sales after that."

(Director of Customer Services, Express Service GB, tenure= 22 years)

Following the words by the Director of Customer Service, there seems to be a link between sales and service orientation in the organisation. However, the Director of customer service points out that the driving force of Express Service's operations should be the provision of high quality service to the customer rather than the achievement of sales targets. In the intense competitive environment that Express Service operates, the provision high quality differentiates the organisation in the eyes of the customer. It follows, that the focus on quality will attract and retain customers, increase the sales and enhance corporate performance.

Table 8-3: Customer-Oriented Artefacts, Customer-Oriented Behaviours and the CRM Process

Customer-Oriented Artefacts	Customer-Oriented Behaviours	Customer-Oriented Behaviours (Illustrative Quotations)	CRM Activities	CRM Sub-Processes
Mission Statement	Formulation of Customer-Oriented Value Proposition	<p><i>"The value proposition says two things. One is the Express Service brand; customers would have a certain expectations of service that would go along with that brand identity. The Express Service brand facilitates the management of relationships with our customers. We must ensure that our customer service matches the dynamic expectations of our customers. Our mission is that we aim at a hundred percent of customer delight and this reflects on our value proposition and strategy. ..."</i></p>	Definition of the Value Proposition	Customer Value Process
Stories	Provision of Excellent Service to the Customer	<p>(Managing Director, Express Service Insurance, tenure=1 ½ years)</p> <p><i>"Our founder talks about customer delight, getting it right for the customer, being the customer's champion, not looking for this sale but always looking for the next one by doing the very best you could for the customer. There were lots of stories on how Express Service people assist customers and the mindset that is required to do that. That was one of the reasons when I saw this particular job advertised I thought, oh gosh I really want to be part of that man's vision and culture. I really want to deliver to the customer and contribute to high standard service by providing offerings of quality."</i></p>	Delivery of the Value Proposition	Customer Value Process
(Quality Manager, Express Service Insurance, tenure= 3 years)				

Table 8-3: Customer-Oriented Artefacts, Customer-Oriented Behaviours and the CRM Process (cont'd)

Customer-Oriented Artefacts	Customer-Oriented Behaviours	Customer-Oriented Behaviours (Illustrative Quotations)	CRM Activities	CRM Sub-Processes
Business Standards	Provision of Excellent Service to the Customer	<p><i>"Based on our Code of Practice and the Ten Commandments I first of all would give the customer a wee seat. I'd hear his or hers side of the story and take it from there and see what I can do to help you. I always put on the vehicle protective seats covers and give an appraisal of the work required. I make sure that the customer is being seen to and the car is checked correctly and the vehicle is safe – that the wheels are tight and that exhausts and brakes are OK and everything is operating well. ...And, I would be happy to shake your hand before leaving."</i></p>	Delivery of the Value Proposition	Customer Value Process
Products	Customer-Firm Value Co-production	<p>(Express Service Master Manager, tenure= 10 years)</p> <p><i>"I think that Express Service approach towards the customer is fairly unique from different industries and different companies I have worked in. It is really taking the customer's viewpoint and building services and products listening to the voice of the customer. This is the reason why our products are focused to meet and exceed the customer's expectations. For example, we offer brake guarantees for as long as you own the car. Also, the safety seat for kids encouraged us to depend on our customer's views. This product was really popular to our customers."</i></p> <p>(Call Centre Manager, AUTOCLUB, tenure= 3 years)</p>	Development of the Value Proposition	Customer Value Process

Table 8-3: Customer-Oriented Artefacts, Customer-Oriented Behaviours and the CRM Process (cont'd)

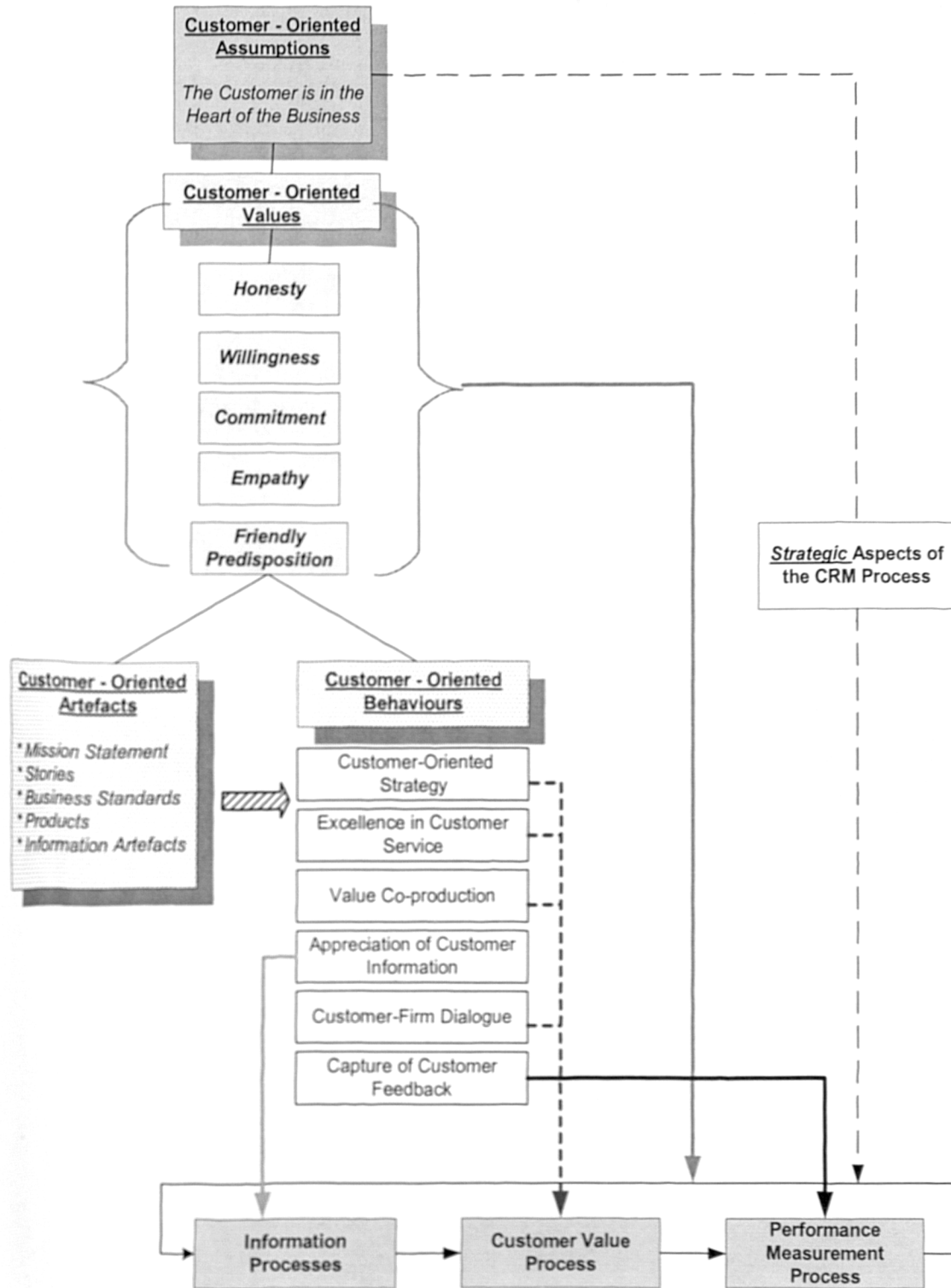
Customer-Oriented Artefacts	Customer-Oriented Behaviours	Customer-Oriented Behaviours (Illustrative Quotations)	CRM Activities	CRM Sub-Processes
Information Artefacts	Appreciation of Customer Information	<p><i>"I think our culture has always been focused on the customer. And with Premier II people will be able to have a much more comfortable relationship with the customers because they know that they are seeing all the information in front of them and if they are asking about something they will know if they have got it or not. But the culture has always had the customer focus and all we are doing now is making sure that the technology allows that to happen. We have always had one hundred percent customer delight. It's just sometimes been very difficult to achieve it or we have had to do it by loads of information from different sources to get one result. Now, the database will assist the circulation of customer information through the organisation and business applications. The new system enhances our ability to decide based on customer data. So the culture has always been about the customer and now the tools are catching up to be honest."</i></p>	Information Acquisition, Information Dissemination, Information Use	Information Processes
Promotion of Customer-Firm Dialogue		<p>(Senior IT Officer, Express Service Insurance, tenure=6 years)</p> <p><i>"We have our interest concentrated on the customer and it is more of an enlightening experience for people to try to get across how the collection of customer data and building up a knowledge of our customers makes it easier for Express Service to interact with the customer. From my experience, all data repositories and e-channels make possible to individually communicate with each customer."</i></p>	Delivery of the Value Proposition	Customer Value Process

(Managing Director of the AUTOCLUB, tenure=6 years)

Table 8-3: Customer-Oriented Artefacts, Customer-Oriented Behaviours and the CRM Process (cont'd)

Customer-Oriented Artefacts	Customer-Oriented Behaviours (Illustrative Quotations)	CRM Activities	CRM Sub-Processes
Information Artefacts (cont'd)	<p>Customer-Oriented Behaviours</p> <p>Capture of Customer Feedback</p> <p>“On daily basis I would speak to the customers to ascertain if they are happy and if they are getting looked after and see any problems or any issues I could deal with. On daily basis, some of this information is fed to MAT and goes to the central databases. Then we can contact the customer and find out if we have met their expectations.”</p>	<p>Capturing Customer Feedback</p>	<p>Performance Measurement Process</p>
	<p>(Regional Manager, Express Service GB, tenure= 18 years)</p> <p>“They have survey calls that they do. I think they do something like six thousand calls a night out to the customers who have been in a Express Service centre. They ask them if everything has been ok? Was everything to their satisfaction while they were at the centre? The customer’s response is stored in our database. And, if a customer says no and that he would like to speak to someone, that get puts on a file on a computer system. That file is then passed over to us at customer services. Based on this piece of information, we will do a call back and say we believe from our survey team that you weren’t happy with the service. And we will try to investigate the matter and delight the customer.”</p>		
	<p>(Customer Services Consultant, Express Service GB, tenure= 2 years)</p>		

Figure 8-3: The Effect of Customer Orientation on the CRM Process



Source: The author

8.5 Employee Orientation: Taking Care of the Internal Customer

Employee Orientation is that set of OC elements that emphasise the importance of people in the organisation and appreciate the needs of the human capital in the work environment and organisational setting. This dimension of OC is also concerned with the importance attributed to collaboration and harmony among workers. The author conceptualises an *employee-oriented* OC as a construct including the four components of 1) underlying assumptions espousing employee orientation, 2) organisation-wide shared values supporting employee orientation 3) perceptible artefacts of employee orientation, and 4) the employee-oriented behaviours. Figure 8-4 presents the multiple layers of an employee-oriented OC in Express Service.

8.5.1 Employee-Oriented Assumptions

'Our People Being Our No.1 Asset'

'The Express Service Village'

One of the main concerns of Express Service is to gain employee involvement in order to deliver superior value to its customer base. To achieve employee commitment the organisation has focused from its first day of its operations, on the ideas of employee self-development and self-fulfilment which have been supported by the underlying assumption of *people being the most important asset*. The Managing Director of the AUTOCLUB points out:

"The technological components of Premier II will make it easier for our people to relate to the customer. We have always been aware of the benefits of systems to help our people, but fundamental we do recognise that it is people who are our asset and who make our organisation tick and work."

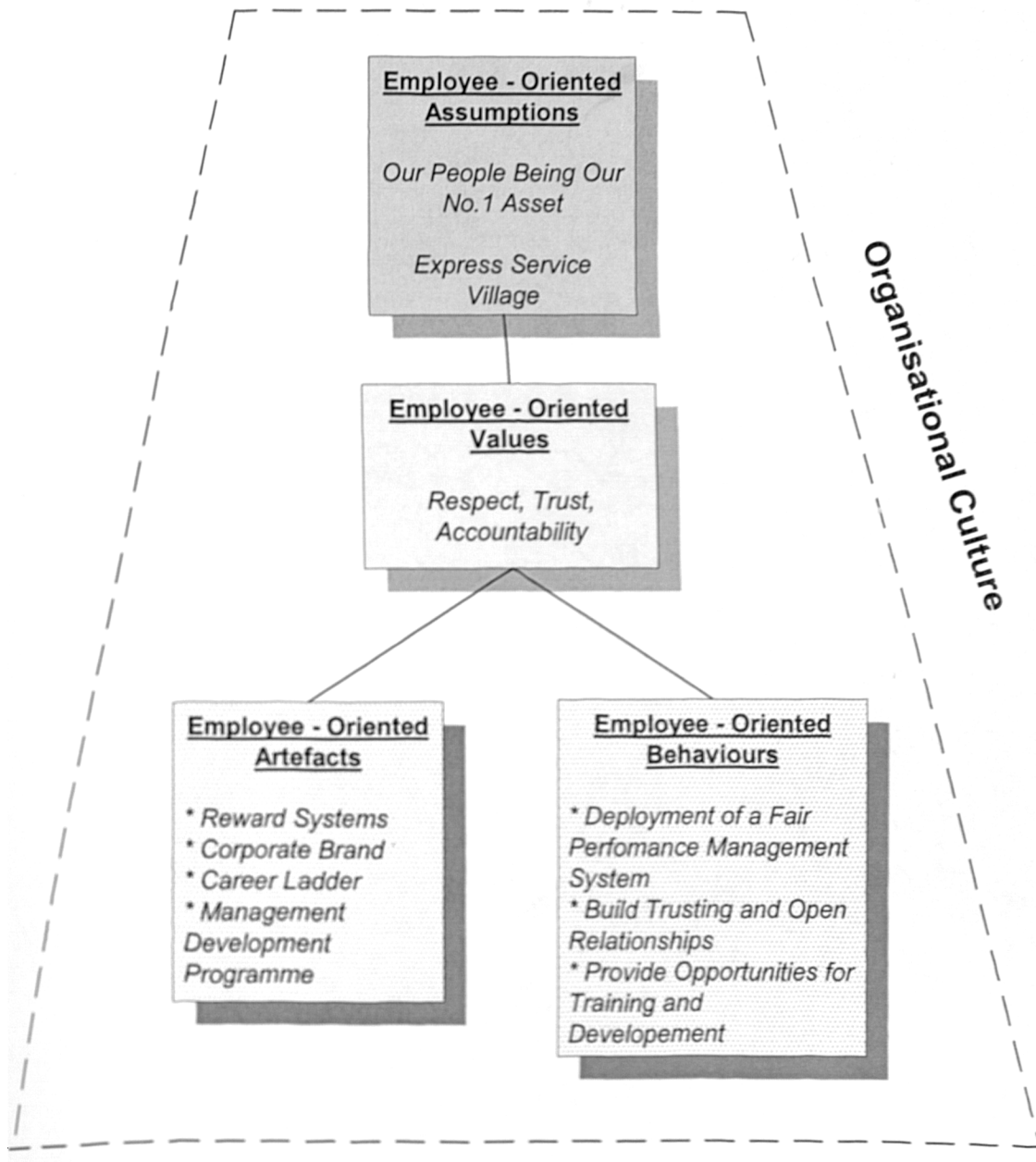
(Managing Director of the AUTOCLUB, tenure= 6 years)

Similarly, the Head of Group Marketing cites:

"Yes, it goes without saying that everything comes down to the people. Everything else is the same The wallpaper might be different but it is still bricks and mortar, it is still fixtures and fittings, but actually it is people who make the difference."

(Head of Group Marketing, Express Service Holdings, tenure= 7 ½ years)

Figure 8-4: A Multi-Layer Model of Employee Orientation



Source The author

The founder has instilled the view of people as the most valuable asset for the operations of Express Service. He is the one who constitutes a role model for employees in the organisation and inspires hard work. The Group Director of Marketing illustrates:

“But I think digging beneath this it is a unique company for the simple reason that the founder, is regarded by the majority of the people who work for the company as being the original Express Service fitter, the person who they can identify with. He started work at the age of sixteen. He has made this company what it is through his efforts. I think a lot of people can identify with this person because they see him as being very similar to what they are.”

(Group Director of Marketing, Express Service Holdings, tenure= 18 years)

Pivotal to the efforts of management to keep the employees enthusiastic and happy with their jobs and to cultivate a climate of co-operation among organisational participants is the assumption of the *Express Service Village*. The Express Service Village metaphor promotes a sense of community among organisational participants and enhances the feelings of connection and belonging. This sense of community contributes to creation of commitment among community members who develop a strong feeling that they are like a family. In this context, the Personnel Manager of Express Service Insurance suggests:

“I would say our culture is encouraging success. To use words like culture of enthusiasm and buzz and noise. I would say it is encouraging success and rewarding people for their successes. Recently we called it the Express Service Village – that we are all one big family. So it is very much a team effort is the way it would be perceived I think. You become part of something as opposed to just going to work.”

(Personnel Manager, Express Service Insurance, tenure= 6 years)

A Regional Manager reinforces the above point associated with the view of Express Service as a big family. He posits:

“It's like a family. It's like the loyalty towards the company is very, very strong. I've been involved in many projects with anything to do with Express Service- you know like landscaping people's gardens because somebody wrote in to Express Service and we agreed we would do it. I have eighteen years with Express Service and I don't know many other companies but I just know that there is such a degree of loyalty towards the company from many, many people. You just wouldn't consider going anywhere else. It's very hard to describe why - you get great enjoyment from the job and great satisfaction and dealing with customers. There are so many different facets of the job that are so enjoyable that it's hard to describe. Great camaraderie with your fellow colleagues. One of my best friends is an Express

Service person and my wife and his wife are best friends, all because we work for Express Service. So you establish friendships. That was just through being colleagues at work. And that to me is the perfect demonstration of what can be achieved through working together as a team. We're probably more like brothers now than colleagues and the two wives are like sisters."

(Regional Manager, Express Service GB, tenure= 18 years)

The words by the Regional Manager show how Express Service employees perceive themselves as a family and develop very close relationships with their colleagues in the work environment. In the context of Express Service, both the notions of 'family' and 'team' promote co-operation and facilitate sharing of skill and effort toward the achievement of shared goals. The researcher has identified two principal practices through which Express Service fostered this sense of community to organisational members. First, the frequent group meetings and other regularised contacts enhanced employees' sense of community and participation in the Express Service Village. Second, getting everyone to work co-operatively on a project and even share work and tasks fostered the sense of community among Express Service employees.

In Express Service, employee-oriented assumptions reinforced the emphasis that organisational participants demonstrated on meeting the customers' requirements. As such, employee-oriented assumptions appeared to support customer-oriented assumptions. The following citations by the Technical Training Manager and Regional Manager highlight the impact of employee-oriented assumptions, i.e. these of people *as the most important asset of the business and the Express Service family* on the promotion customer-orientated assumptions. In this context, the Technical Training Manager points out:

"I think that there is an emphasis on people in Express Service. I am people person and my view would be that the top three objectives in the organisation should be, number one-people, number two should be the customer service and number three should be sales. Because ultimately if you get good people and you look after them you will get good customer service and if you get good customer service you will attract the customer and have sales. You will never see the customer as the focus of the business without treating your own people as the number one asset."

(Technical Training Manager, Express Service GB, tenure= 15 years)

Similarly, the Regional Manager highlights

“And many of the people that have been brought up in the Express Service family are committed to the customers and to good service. These people sense the customer as the heart of the business.”

(Regional Manager, Express Service GB, tenure= 18 years)

It seems that the family-like OC of Express Service shapes the ideology of organisational participants towards the customer and reinforces the view of the customer as the heart of the business. It follows that employee-oriented assumptions have an effect on the CRM process by cultivating a taken-for-granted focus on customer relationships. As such, there might be an indirect effect of employee-oriented assumptions on the CRM process mediated by customer-oriented assumptions. The following extract exemplifies this point:

“To be able to deliver a hundred percent customer delight - the mission statement- you need to invest heavily in your people and the development of your people. People being our number one asset is translated to customer being the central point of our operations. This philosophy has driven our strategy to nurture relationships with individual customers.”

(People’s Director, Express Service GB, tenure= 3 months)

8.5.2 Employee-Oriented Values

Express Service has acknowledged from its inception the contribution of employees to corporate performance. In this regard, the human resource management team is putting an additional effort to provide a meaningful work-place environment for the Express Service people. The Technical Training Manager suggests:

“We do our best to assist everyone in the organisation. There is a lot of work going on to know how people experience our values and to look at the behaviours behind those values. We try to build a working environment based on respect, trust and accountability for every person working in Express Service. And we try to get those inbred throughout the whole business, as you say from top down so that everybody lives and breathes these values.”

(Technical Training Manager, Express Service GB, tenure= 15 years)

Similarly, the Development Manager notes:

“If you were to look at the vast majority of managers, employees, fitters and directors in Express Service, you can see they have very similar values and they are those that I think Express Service were set up on. A lot of the people are just passionate about what they do. I think the values that we have for our people are

trust and respect. You know conscientious, hard working, positive. These are really all the foundation principles that the business was built on.”

(Development Manager, Express Service GB, tenure= 4 years)

Employee-oriented cultures are characterised by values that show concern for the needs of organisational members. Viewed in this light, Express Service demonstrates its interest in its members by cultivating *respect*, *trust* and *accountability* among employees in the work environment.

Express Service believes that demonstrating *respect* for the uniqueness of every individual builds a team of confident and creative members possessing a high degree of initiative, self-respect and self-discipline. In the context of CRM, respect was associated with the extent that employees are treated as important individuals that contribute through their involvement in the CRM process and particularly to the provision of enhanced value to the customer and hence to the enhanced *performance* of the firm. The employee-oriented value of respect appeared to reflect primarily on the delivery of the value proposition through the provision of excellent service to the customer. Moreover, the effect of respect was evident on the definition of the value proposition in a sense that respect defines not only the employee relations in the organisation but it the fundamental stone that inspires the formulation and implementation of relational strategies with the customer base. As stated by the CRM Manager, ‘the relationship between the Express Service and the customer is grounded on mutual respect’.

In the context of Express Service, trust encouraged organisational members to systematically enhance relationships among each other in the organisational and social setting. The existing trust among employees was reflected to other stakeholder groups particularly the trust cultivated among organisational members was communicated and transmitted in customer relationships. As such, the employee-oriented value of trust influenced the relationship value between the firm and the customer and especially the emotional benefits that the customer experienced in his or her interaction with Express Service.

Accountability reinforces the sense of responsibility and ownership of employees for their job. Although, accountability featured as an organisational value that characterised the relationship of the firm with employees from the early

beginnings of Express Service, it was not regarded as a desirable mode for action. This is because Express Service often centralised the power and control of employees' performance in the top management. Recently, the human resource management team is making efforts to cultivate a sense of accountability to organisational participants which is expected to drive the decentralisation of responsibilities in Express Service. The quotations on table 8-4 indicate that the value of accountability is promoted as a desirable characteristic of action that still has to be embraced by all organisational members. The results demonstrate that when accountability inspired the behaviours of the actors involved in the CRM process, it motivated people to deliver the value proposition of Express Service to the customer. Furthermore, accountability encouraged employees to take the responsibility for their mistakes and omissions, and identify the areas of self-improvement. In that aspect, accountability facilitated the performance appraisal in the CRM process.

Table 8-4 provides some illustrative quotations regarding the employee-oriented values in Express Service and offers insights into their effect on the CRM process. The findings indicate that employee-oriented values support the assumption of the Express Service family.

Table 8-4: Employee-Oriented Values and the CRM Process

Employee-Oriented Values	Illustrative Quotations	CRM Activities	CRM Sub-Process
Respect	<p><i>“What things motivate me? Respect from my colleagues and customers. Respect is one of the main things. You respect your colleagues for their contribution to business. Respect differentiates us in the eyes of the customer. My region is the biggest region in the company – thirty-seven centres. We went three months without a complaint. This is because we show respect for each other and this enables us to deliver excellent service.”</i></p> <p>(Regional Manager, Express Service GB, tenure= 19 years)</p> <p><i>“I think the culture of course is quite employee focussed. You’ve got to have respect for each other. I think that is what we want from you. So one of the reasons why we build these teams is to bring together people who are fantastically great and others who are struggling or basking in other people’s limelight. We want to share that around. So you’ve got to have respect for that and I think if you have that, then you’ll enjoy yourself here. You get what you put in. We respect our fellow colleagues and this escalates to our customer relationships and the delivery value to the customer.”</i></p> <p>(Managing Director of the AUTOCLUB, tenure= 6 years)</p>	Delivery of Excellent Service to the Customer	Customer Value Process

Table 8-4: Employee-Oriented Values and the CRM Process (cont'd)

Employee-Oriented Values	Illustrative Quotations	CRM Activities	CRM Sub-Process
Respect (cont'd)	<p><i>"We show respect to our people and their input to business and as a result, we respect the customer. We will fit a protective seat cover and treat your vehicle with respect. Think about the two biggest purchases you ever make in your life. One is your home and the second is your car. You like to think you will take your vehicle into somewhere where they will treat it with respect and they are not going to leave oil all over the place."</i></p> <p>(Group Director-Internal Audit, Express Service Holdings, tenure= 20 years)</p> <p><i>"What I was trying to say there was that a lot of that has come from the respect you have for our founder and the respect for everything he has done. He has infused the respect among us- the Express Service people, and eventually infused the respect we have for the customer in meeting their needs. Our customer strategy is based on that respect!"</i></p> <p>(Regional Manager, Express Service GB, tenure= 18 years)</p>	<p>Delivery of Excellent Service to the Customer</p> <p>Relationship Value</p>	<p>Customer Value Process</p>
Trust	<p><i>"But we set up a line called Express Service - Guide and it basically invites out people - just like we invite our customers - we invite our people to complain if they had an issue and that included managers as well, in order to cultivate trust. And ensure there is trust in the relationship that we were having with our people, which it always difficult to achieve. Like our people trust is in the centre of the relationship with our customer."</i></p> <p>(Development Manager, Express Service GB, tenure= 4 years)</p>	<p>Relationship Value</p>	<p>Customer Value Process</p>

Table 8-4: Employee-Oriented Values and the CRM Process (cont'd)

Employee-Oriented Values	Illustrative Quotations	CRM Activities	CRM Sub-Process
Trust (cont'd)	<p><i>"In terms of how we gain trust, I suppose it's just through experience with one another and with the customer. Trust is encouraging people to talk and encourages managers to spend time with their people and talk to them. Trust appears on the relationship with our customer and is built on the trust we have for each other."</i></p> <p>(Development Manager, Express Service GB, tenure= 4 years)</p> <p><i>"My definition of trust includes the relationship with my colleagues and then the relationship with the customers. Because it is very important that we deal with our customers as efficiently as possible and that involves having friendly and trustworthy people to work with in our business."</i></p> <p>(Marketing Manager, Express Service GB, tenure= 1 year)</p> <p><i>"Unless I tell you a joke and demonstrate that I am funny then you're not going to believe me. It's a bit like with trust. Unless I demonstrate why you should trust Express Service, you won't ever trust us. So through recruitment we try demonstrate trust to our people as we would like for our people to gain trust from the customer."</i></p> <p>(Head of Group Marketing, Express Service Holdings, tenure= 7 ½ years)</p>	Relationship Value	Customer Value Process

Table 8-4: Employee-Oriented Values and the CRM Process (cont'd)

Employee-Oriented Values	Illustrative Quotations	CRM Activities	CRM Sub-Process
Accountability	<p><i>“Part of the culture of Express Service is the accountability value and that we do have a “can do” attitude. And we encourage people to have autonomy for their positions and be accountable for their job and take responsibility. And that is on the one hand, yet on the other hand we have -it’s really contradictory - on the other hand we have a structure and a management style that is the reverse and that is very controlling and very traditional. It’s like the traditional manager versus the modern manager. However, we know that when people take ownership of their actions they deliver much, much more better to the customer in all marketing channels.”</i></p> <p><i>(Development Manager, Express Service GB, tenure= 4 years)</i></p> <p><i>“So, you are working in a centre and you are accountable for what is happening there. And you’ve gone three months, four, five, six months with zero complains, and this is because fitters take ownership of their job and they become more focussed and then they would talk to each other and they would say, is that customer happy? What can we do to make the customer delighted with what we deliver?”</i></p> <p><i>(Regional Manager, Express Service GB, tenure= 18 years)</i></p>	Delivery of Excellent Service to the Customer	Customer Value Process

Table 8-4: Employee-Oriented Values and the CRM Process (cont'd)

Employee-Oriented Values	Illustrative Quotations	CRM Activities	CRM Sub-Process
Accountability	<p><i>"We embark employees on a programme called Craving for Coaching, which took them through self-discovery and helped them to accept ownership and accountability of their work. It assists them to accept responsibility for their job and to be able to communicate, to man-manage, to organise, to time-manage, and to motivate. To understand that for the first time in their working life, that their success was going to be deemed directly by their own efforts, but indirectly by the results of others because they get their results through the people. And that would have been the first time in their working life that would have happened for them. So from the CRM point of you – this has changed every part of the business that depends on the interaction of our people with our customers. From the call centre-enabled customer communication to face-to-face contact in the service centres. The quality of the performance of our people has increased and we are waiting to see in the future the impact of it metrics like customer satisfaction and loyalty."</i></p>	<p>Delivery of Excellent Customer Service</p> <p>Customer-Firm Dialogue</p>	<p>Customer Value Process</p>
		<p>Appraisal of employees' performance</p>	<p>Performance Measurement Process</p>

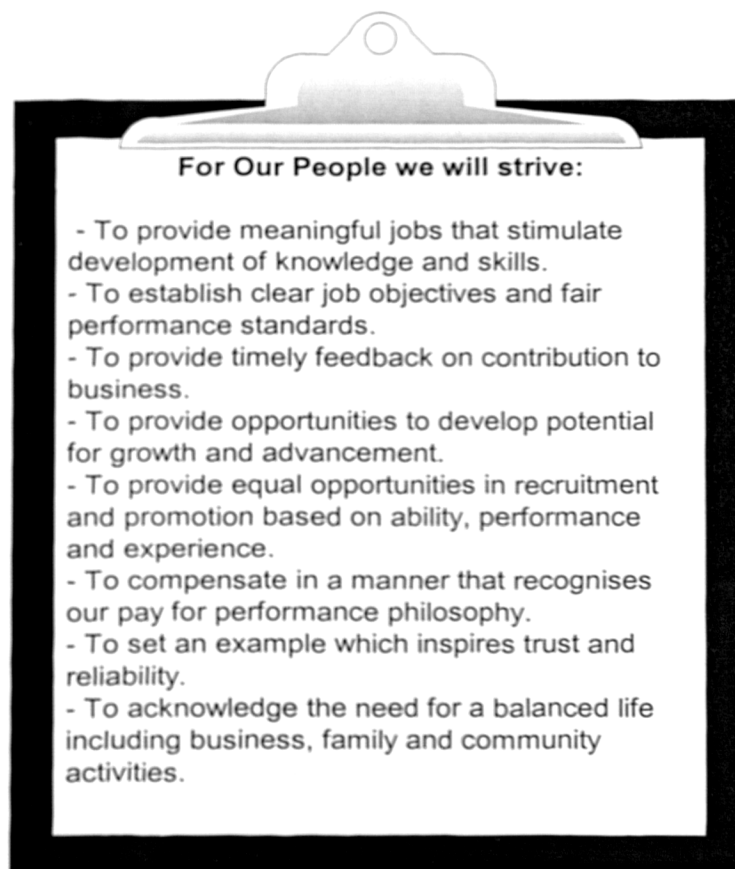
(Sales Director, Express Service Insurance, tenure= 6 years)

8.5.3 Employee-Oriented Artefacts

Employee-oriented artefacts are creations of the organisation which demonstrate the concern of the firm for its people. For instance, figure 8-5 depicts an organisational chart that features in the reception of Express Service Insurance. It illustrates the interest of Express Service in its employees and outlines the responsibility of the employer-organisation towards the human capital. The language used in this organisational chart, (e.g. the term 'people) demonstrates the strong intention of the organisation to serve its people rights and needs. The presence of many verbs appears to indicate the active role of the employer towards this end.

In Express Service, employee-oriented artefacts involve 1) *reward systems*, 2) the *corporate brand*, 3) the *career ladder*, and 4) the *Management Development Programme*.

Figure 8-5: Artefacts of Employee Orientation – An Organisational Chart



Source. Express Service (2001)

1) The reward systems in Express Service aim at motivating employees to take up behaviours that deliver value to the customer and 100% customer delight. They encourage team-building behaviour and performance but also emphasise the employee's contribution to business by rewarding individual effort and outcome. As such, Express Service mainly rewards quality in customer-firm interaction and communication, and excellence in the delivery of customer service in the centres. In relevance to quality awards the Managing Director of the AUTOCLUB mentions:

"I think there's a good example as you look out of the window here. You can see that without a doubt, the most prized award that we can make is the quality award and it's the car parking space that comes with it. But it's more than just the fact that the car parking space is very close to the building, which is pretty good in normal Scottish weather, but it's actually the fact that it's standing right above – people look at that and know that you're somebody who is really good. So it's a way of saying you're the best, so it's more about that. And reporting performance is very important to us and doing it in a team way where everyone realises – ok maybe someone wins the top prize but it wouldn't have happened if it wasn't for the rest of them. We monitor quality very tightly. All our calls here are recorded for example. So we know when things aren't right and if the place isn't clean and tidy and we know it within a day or so and we make a big fuss of that. If customers are disappointed that undermines our rationale for being here. So, we make sure that our people give the praise when it's due. When our customers say, they did a fantastic job, our team will phone the centre back and let the fitter know and say George, just to let you know when you did that job for Mrs Jones, she thought you were fantastic. That's a part of the practice of Customer Relationship Management. These are the huge benefits that make a big difference, because if your people are motivated your productivity is up and your relationship with the customer is bound to improve."

(Managing Director of the AUTOCLUB, tenure= 6 years)

As illustrated by the above excerpt, awards may have financial or non-financial nature. Specifically, Express Service has a range of non-financial rewards similar to the *quality award* mentioned above, that keep employees focused on the achievement of stipulated objectives. The most popular of these rewards is the car scheme which is based on the accomplishment of quality and sales targets. A call centre consultant remarks with enthusiasm:

"It's really fantastic! Maybe to someone new starting, it is definitely a new experience because they would never have offered anywhere else as good bonus or incentive such as the company car. You expect company cars to be reserved for high management. But if there is a chance of you getting a company car somewhere it is definitely here in Express Service."

(Call Centre Consultant, AUTOCLUB, tenure= 3 years)

A master manager employed in the Express Service depots suggests:

“In Express Service we have some good incentives for the lads. They get two pounds per shock absorber for every shock absorber they sell. There is a competition on now for oil. If you hit the oil target you can go to the British Grand Prix -the full team of us can go to the British Grand Prix. There is also a holiday incentive for myself, based on last year’s figure plus twenty percent of a target. And, the most important incentive is the one we get for running with zero customer complaints. There is an incentive for the lads where we can have if we go three months without customer complaints the lads will get a hundred pounds on their wages and if we manage to provide excellent service to our customers for twelve months we get thousand pounds each.”

(Express Service Master Manager, tenure= 11 years)

Express Service has established a direct and visible link between the outcome performance outcomes and financial or non-financial rewards. Particularly it has linked rewards to performance in order to recognise and reward employees for customer service and quality. It is assumed that the outcome-reward link will lead the individual to try to continue or increase his or her level of performance in order to receive more rewards. The rewards system of Express Service is depicted in figure 8-6. Figure 8-6 shows that rewards may be categorised along two dimensions: rewards that are financial and non-financial; and rewards that are group-related or individual related.

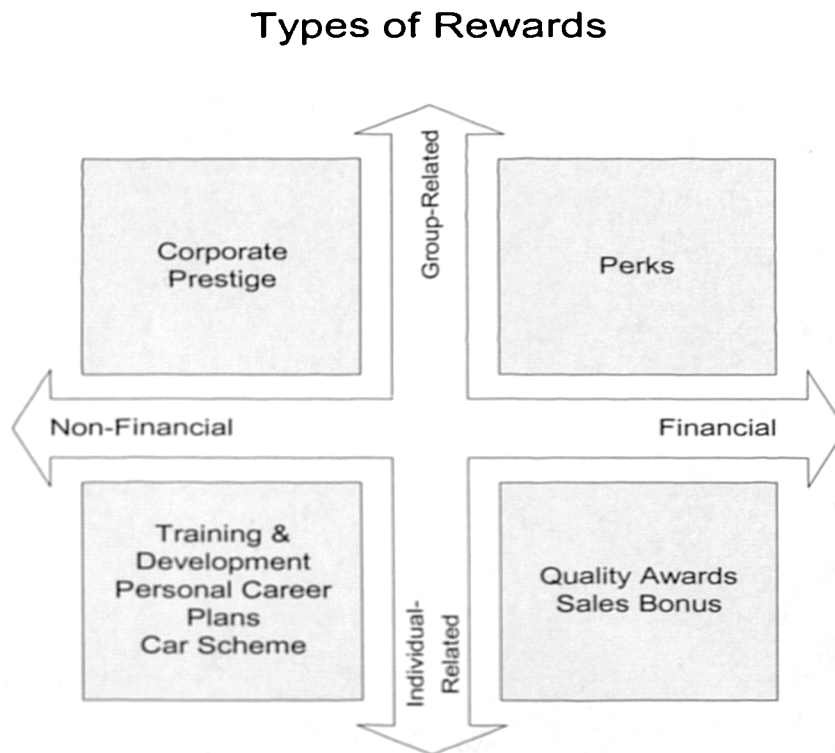
2) The corporate brand of Express Service, throughout the years has acknowledged the importance of Express Service people and especially of Express Service fitters. Employees are the central stakeholders promoted by the corporate brand and hold an active role in the process of brand building. In Express Service, employees are perceived as ambassadors of the brand. They constitute the interface between the organisation and the external environment and as such they have a powerful impact on customers’ perception of the Express Service brand. The importance of the corporate brand is highly appreciated and realised among Express Service employees. Illustrating this point a call centre consultant mentions:

“I think Express Service gives you the peace in mind that it is not a cowboy company. It is a household name. Everyone has heard of Express Service and its Group Companies. I would say that most customers associate the corporate brand with the Express Service people and the Express Service fitters, the quality of customer service and of course the value for money. Express Services means that the staff is friendly and you are not going to get mucked about. And, the main thing is the Express Service people have built the brand and represent the organisation

everywhere. Express Service has been established for so long and customers know what they are dealing with."

(Call Centre Consultant, AUTOCLUB, tenure= 3 years)

Figure 8-6: Employee- Oriented Artefacts: The Reward System in Express Service



Source: The author

3) Express Service offers opportunities to those employees who are committed, enthusiastic and demonstrate a 'can-do' attitude to climb the career ladder of the organisation. The career ladder is targeted to constantly motivate field people and especially fitters who are employed in service centres by providing promotion opportunities. Table 8-5 shows the actual competencies required to progress in the career ladder.

Table 8-5: The Express Service Career Ladder

Technical Skills	APPRENTICES		FITTERS					MOT Tester
	1 st Yr	2 nd Yr	1*	2*	3*	4*	Master	
Tyres	√	√	√	√	√	√	√	√
Exhausts	√	√		√	√	√	√	√
Welding		√		√	√	√	√	√
Oil	√	√		√	√	√	√	√
Batteries	√	√			√	√	√	√
Charging Systems	√	√			√	√	√	√
Radiators		√			√	√	√	√
Cooling Systems		√			√	√	√	√
Safety Products		√			√	√	√	√
Suspension	√	√				√	√	√
Wheel Alignment	√	√				√	√	√
Basic Brakes		√				√	√	√
Advanced Brakes		√					√	√
MOT								√

The Group Director of Marketing explains the promotion of Express Service fitters in the career ladder:

“If you’re an Express Service fitter there is a career ladder. You start as a one star fitter. You’re paid a rate of a one star fitter. To be a one-star fitter you have to be proficient in certain tasks. Generally tyre fitting, tyre repairs and battery replacement. To become a two-star fitter you have to undertake further training let’s say on exhausts and on basic suspension work. A two-star fitter is on a higher rate of pay to a one-star fitter. You have one-star, two-star, three-star, four-star, fitters on increasing levels of pay according to skills. So skills to pay is how we remunerate. So you can decide when you want to be promoted really, in a sense. We have people who are – there is an operations director who reports to the managing director of Express Service GB and he is responsible for 650 centres or six divisional directors. Paul started at the age of sixteen at Express Service and he’s now forty-one. So he’s only ever worked for Express Service but he has progressed through every level to the point where he is now the national operations director. Four of the six divisional directors started life as Express Service fitters, so these people know the business and have been promoted from within. So there is a lot of experience built in to the management at Express Service.”

(Group Director of Marketing, Express Service Holdings, tenure= 18 years)

Express Service offers the flexibility to employees to select the time for their promotion. Moreover, it provides people with the opportunity to enrich their professional background and experiences by relocating them in other parts of the business according to their skills, training and personal preferences. In the following quotations the Area Manager in Glasgow describes his progress in the career ladder, while a Customer Care Consultant in Express Service GB suggests that his relocation from Express Service centres to Customer Care has enriched his professional experiences.

“I basically joined Express Service straight in from school. I did an apprenticeship and I saw an opportunity to go up the career ladder. The opportunities are great once you are here and if you are a good timekeeper everything should go OK. They are training people and they are investing in you and you have plenty opportunities to climb the career ladder. And, the fantastic thing is that you can go for a promotion whenever you feel ready – so you decide by yourself and you go for it! So following that process I was promoted to supervisor, assistant manager, manager and partner.”

(Area Manager, Express Service GB, tenure= 13 years)

“I went from a fitter to a supervisor to a manager and to here in Customer Care. My experience in the service centres speaking to the customer every day has helped tremendously in Customer Care. I had a very good relationship with my centre staff. I won competitions for customer services for not having complaints I came here because I wanted to do something different. Based on my experience in the centres now I know exactly where the customer is coming from. The bottom line -either working here or the centres- is you have got to treat the customer the way you would like to be treated. I think that is a cracking thing to go by.”

(Customer Care Consultant, Express Service GB, tenure= 12 years)

4) The Management Development Programme is an initiative recently developed by the human resource management team which facilitates the development of managerial resources in Express Service staff for the achievement of organisational goals and strategies. The Management Development Programme concentrates on field people especially fitters and area managers, regional managers and divisional directors who wish to take up managerial positions or advance their managerial qualifications in order to pursue a promotion. The Development Manager

explains the deployment of the Management Development Programme in Express Service:

“The process we went through, before we even started, was actually to design a competency framework – a capability framework, prior to embarking the Management Development Programme. So for all positions across our operational levels, we started off by looking at what the key deliverables for each of the roles were. And from the key deliverables, ok so what would be the competency? That was quite a long process for us actually. We got a psychologist involved in that. And we worked on that for a couple of months. Nothing but the capabilities, the potential capabilities and the definition of those and the kind of behaviour we would be expecting from them. And eventually we managed to whittle that down until we got a set of six capabilities, which were unique to Express Service and its culture. But not only did we get six capabilities that could work equally well at a senior management level but they could translate all the way down right to a fitter. It’s just the performance expectations and the various measurement criteria, which would differ. We went through a period of validating that again with the operations and with other group companies prior to establishing them. This helped to assess our weaknesses. Once we had done we started looking at designing our management development programmes. So our management development programmes have six modules that form the programme, each of them based around the key capabilities, around the six basic competencies that we have. We call them capabilities in Express Service. It’s just a language thing. It’s easier culturally to call them capabilities rather than competencies. So that was our starting point and that is where we started the process. We proceeded with the selection of our audiences. We think that this programme provides a great chance for our people and in fact, it is our responsibility to see our people progressing.”

(Development Manager, Express Service GB, tenure= 4 years)

The Development Manager suggests that the Management Development Programme illustrates the concern of Express Service for its employees and elaborates on the process of designing the programme. This process according to the words of the Development Manager, supports the objectives and strategies of Express Service and is constituted of the following stages: 1) the development of a competence framework describing the management capabilities, 2) the analysis of existing management strengths and weaknesses, 3) the selection of the target audience namely new managers and existing managers, 4) the establishment of individual and team development plans, 5) the formation of performance criteria to assess the management capabilities, 6) the implementation of the Management Development Programme, and 7) the evaluation of the progress and performance of people.

The Management Development Programme seems to be a decentralisation initiative within Express Service. It appears that the reason underlying the implementation of the Management Development Programme is to encourage the empowerment and the dissemination of power in the organization and secure employee retention. The People's Director illustrates this point well:

“We have put in some management development at senior level – at divisional director level and regional manager level. But then you've got partner and manager. The job role for a master manager is that he comes in and he opens up the centre and he deals with the customer and he closes the centre. There is a whole host of things that need to happen throughout that day – delegating the work, prioritising the responsibilities of the centre, what has to be achieved. What are the goals and how do we communicate that to the team? So there is a whole host of things that a manager has to do. But, just now they don't do it because they have never been trained in how to do it. So we're actually putting together modular based training that will allow us to tackle division by division. Just now we have analysed there is need for certain modular based training for our managers. Managing absence, managing long-term sickness, managing performance reviews – people's performance basically. And, we'll put modular based training, which will be delivered by the people development managers, but we will be able to target individuals and teams for training. The programme is advanced to build up self-confidence, decentralise responsibilities, motivate people, and to assist people to assume responsibilities.”

(People's Director, Express Service GB, tenure= 3 months)

Similar to customer-oriented artefacts, the findings of this case study indicate that employee-oriented artefacts are facilitators of employee-oriented behaviours. Viewed in this light, the impact of employee-oriented artefacts on the CRM process is being mediated by employee-oriented behaviours.

8.5.4 Employee-Oriented Behaviours

The symbolic meaning of employee-oriented artefacts is manifested in employee-oriented behaviours. In the context of Express Service, employee-oriented behaviours pertain to organisational behavioural patterns that emphasise the significance of human capital and its contribution to the achievement of stipulated business objectives. Employee-oriented behaviours in Express Service primarily involve:

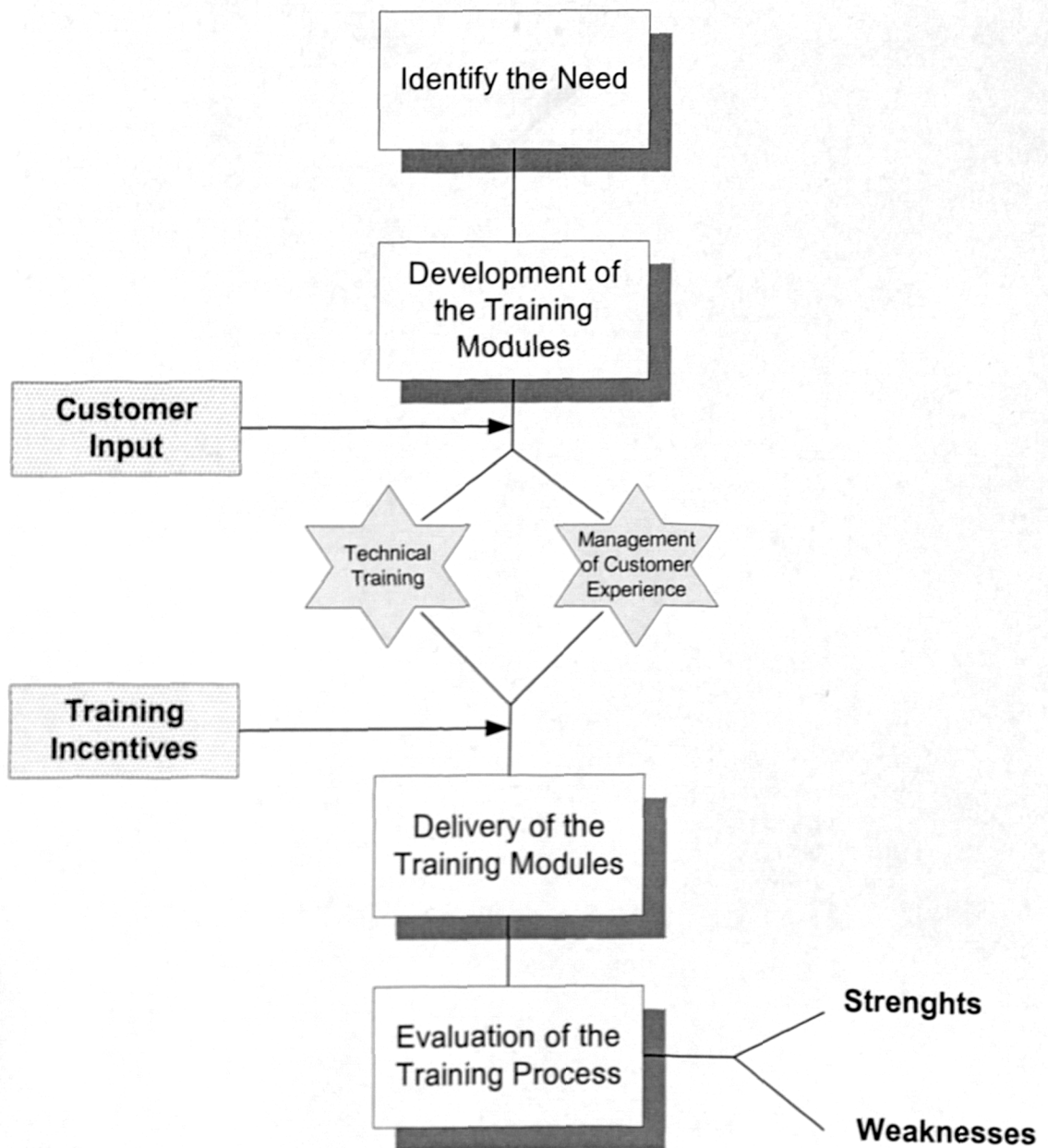
- 1) *the deployment of a fair performance management system.* In Express Service, performance appraisal is an integrated and continuous process that develops, communicates and enables the future direction, core competencies

and values of the organisation in order to fulfil the mission statement namely the achievement of 100% customer delight. Appraisal incorporates the effective day-to-day management and support of people and involves the setting of a direction to meet individual and organisational objectives, coaching of employees and reviewing performance. Express Service has designed an improvement initiative for fitters and call centre consultants which pertains to new performance management approach to the activities of front-line people.

- 2) *the development of trusting and open relationships with employees.* Express Service focuses on nurturing good relations with its employees because it acknowledges that the longer employees stay the better they are able to provide value to the customer. As such, the management of the firm emphasises on internal marketing initiatives in an attempt to create, continuously encourage, and enhance an understanding of and an appreciation for the role of employees in the organisation.
- 3) *the provision of opportunities for training and development.* This behaviour refers to skill building and staff development that is required for continuous enhancement of the value offered to the customer. The training and development process aims at providing the means to individuals to enhance their skills and abilities. Moreover, development entails the setting of short-term and long-term career paths for all organisational members. Currently training and development courses are concentrated on the needs of the Express Service fitters and users of the new technological equipment of Premier II.

Figure 8-7 outlines the training process in Express Service. This process is initiated by identifying the need for training and concludes with the evaluation of the effectiveness of training. As illustrated in figure 8-7, customers constitute a reliable source of information for the identification of training needs. Particularly, customer commendations, complaints and satisfaction rates offer additional insights into the design of training modules.

Figure 8-7: Employee-Oriented Behaviours - Training in Express Service



Source: The author

The employee-oriented behaviours described above operationalise the objectives of the human resource management strategy. These objectives which focus on the training and development of people are evident in the words of the Development Manager:

“We have three main objectives. One of which I have just outlined to you, which is to ensure all of our people are capable and competent and trained to deliver excellent customer value. Objective number two as a development manager, is to ensure that our people are treated fairly, and paid fairly and that we are able to retain as many people in the organisation as possible. And number three is more of an internal marketing one. So it's to build up a trusting relationship with our people and to put in place the framework in which we have all our processes and policies aligning to our corporate objectives and the mission statement. That was my three objectives for the year.”

(Development Manager, Express Service Insurance, tenure= 4 years)

Table 8-6 illustrates the link between employee-oriented artefacts, employee-oriented behaviours and the CRM Process. To sum up, the case study findings propose that employee orientation facilitates significantly the deployment of CRM initiatives. Figure 8-8 demonstrates the effect of employee orientation on the CRM process. Particularly, employee-oriented assumptions reinforce the essence of the CRM process which is the provision of superior customer value. Employee-oriented values influence indirectly the CRM process through the nourishment of strong relationships with the internal customer. The findings indicate that the characteristics of employee-firm relationships such as trust and openness may reflect on the customer-firm relationships. Viewed in this light, employee-firm relations appear to influence the notion of relationship value which is generated by the customer-firm dialogue.

Employee-oriented artefacts indicate the existence of employee-oriented behaviours. This suggests that an organisation will not exhibit employee-oriented behaviours unless the corresponding artefacts are present in the organisation. Particularly, employee-oriented behaviours concentrate on the internal customers and enable them to deliver the value offering to the customer. Table 8-6 additionally shows the importance of employee-oriented artefacts namely reward systems for the performance measurement process of CRM. Reward systems facilitate performance

management and motivate performance improvement as such they assist the performance assessment of the CRM process.

Table 8-6: Employee-Oriented Artefacts, Employee-Oriented Behaviours and the CRM Process

Employee-Oriented Artefacts	Employee-Oriented Behaviours	Employee-Oriented Behaviours (Illustrative Quotations)	CRM Activities	CRM Sub-Processes
Reward Systems	Deployment of a Fair Performance Management System: setting direction	<p><i>"However now there seems to be a change to the Key Performance Indicator system, the last three years we call it key competence system. The major competences are the ability to manage people, motivate people, interact with the customer and provide excellent value to the customer. ... With the competence system we outline the behaviours critical for the achievement of 100% customer delight. We also set personal career paths individualised to each member of Express Service."</i></p> <p>(Customer Service Manager, Express Service GB, tenure= 3 ½ years)</p>	Setting Performance Benchmarks	Performance Measurement Process
Deployment of a Fair Performance Management System: coaching	Deployment of a Fair Performance Management System: coaching	<p><i>"Appraisals are structured at the same time with a great deal of support and a great deal of development and a great deal of coaching to ensure that you understand that everybody has to win in order to be a win/win situation. The strength of this business is through our people and if the people aren't motivated to come to work, if they don't feel they are being developed, if they don't feel they are being supported, they won't be here for very long. And what will transpire is that you will have high level of turnover and that will reflect on the service we are offering to customers."</i></p> <p>(Sales Director, Express Service Insurance, tenure= 6 years)</p>	Providing Continuous Feedback to Motivate and Improve performance	Performance Measurement Process

Table 8-6: Employee-Oriented Artefacts, Employee-Oriented Behaviours and the CRM Process (cont'd)

Employee-Oriented Artefacts	Employee-Oriented Behaviours	Employee-Oriented Behaviours (Illustrative Quotations)	CRM Activities	CRM Sub-Processes
Reward Systems (cont'd)	Deployment of a Fair Performance Management System: <i>coaching</i>	<p><i>"We have a coaching culture down on the floor so team leaders do coaching sessions with their people and the team leaders have all been trained in that process. So, they will report back to me –not so much on daily basis- for issues such as how pleased is the customer and how competent are our people in dealing with the customer. They will do reports on sessions on a specific area and keep this source of information to improve our capabilities."</i></p> <p>(Personnel Manager, Express Service Insurance, tenure= 3 years)</p> <p><i>"Yeah we have a coaching session every day. One hour per day our team leader spends sometime with all of us and no one is allowed to interrupt to her because she is coaching at that time. It's based on where your team leader sees your weaknesses and is there to help you overcome those weaknesses and show you how you can actually do that. I was spending much time on a call because I was doing some paperwork also and I just needed pointers on how to deal with some notes I was keeping. But through the coaching sessions it has brought the time down and the customer on the line fills better about it."</i></p> <p>(Call Centre Consultant, Express Service GB, tenure= 1 ½ years)</p>	<p>Providing Continuous Feedback to Motivate and Improve Performance</p>	<p>Performance Measurement Process</p>

Table 8-6: Employee-Oriented Artefacts, Employee-Oriented Behaviours and the CRM Process (cont'd)

Employee-Oriented Artefacts	Employee-Oriented Behaviours	Employee-Oriented Behaviours (Illustrative Quotations)	CRM Activities	CRM Sub-Processes
Reward Systems (cont'd)	<p>Deployment of a Fair Performance Management System:</p> <p><i>reviewing performance</i></p>	<p><i>“It’s about assessing the current skill level at the moment and based on that implement the reward structures. It is very easy to do in technical terms and as far as soft skills are concerned it is quite easy to identify at the moment because we know where these skills are. Softer skills - like being a good listener- are really important in the face-to-face customer dialogue and the interaction element in the provision of service. Technical skills are also instrumental to service provision and to complain recovery procedures. So if you get a performance review back, then you can just by reading say this guy has obviously not got the skills to actually deliver this or he has not been trained to be able to instruct a performance review. And it’s about gaining all that information and analysing it and saying who has the skill gaps and where they are and what do we have to do to fill in those skill gaps. We try to explain to staff members all factors used to judge their performance. And, then it is being fair with the rewards that you offer.”</i></p>	<p>Performance Appraisal of Front-line People</p>	<p>Performance Measurement Process</p>

(People’s Director, Express Service GB, tenure=3 months)

Table 8-6: Employee-Oriented Artefacts, Employee-Oriented Behaviours and the CRM Process (cont'd)

Employee-Oriented Artefacts	Employee-Oriented Behaviours	Employee-Oriented Behaviours (Illustrative Quotations)	CRM Activities	CRM Sub-Processes
Corporate Brand	Development of Trusting and Open Relationships with Employees	<p><i>"I think the brand 'Express Service' shows that we are professional at what we do and our training and the fact that all the work is carried out by skilled people. The brand concentrates on our people. I think we pride ourselves by having the best in the business working with us – the best qualified workers and we are very professional in what we do. Eventually the customer is seeing that in the relationship and trust us."</i></p> <p>(Customer Services Consultant, Express Service GB, tenure= 2 years)</p> <p><i>"Yes so we learned that and I think we understood that we have to produce results that are of value to our customers and we have to deliver results that are quality driven and quality focused. Our win is that we have better working relationships with our people. So in the long term our results do the talking and we get a more competitive service and product to pass on to our customers and also to attract and retain new customers, which effectively increases the size of your policy count and makes your company grow."</i></p> <p>(Sales Director, Express Service Insurance, tenure= 6 years)</p>	Relationship Value	Customer Value Process
			Development of the Value Proposition	Customer Value Process
			Customer Retention	Performance Measurement

Table 8-6: Employee-Oriented Artefacts, Employee-Oriented Behaviours and the CRM Process (cont'd)

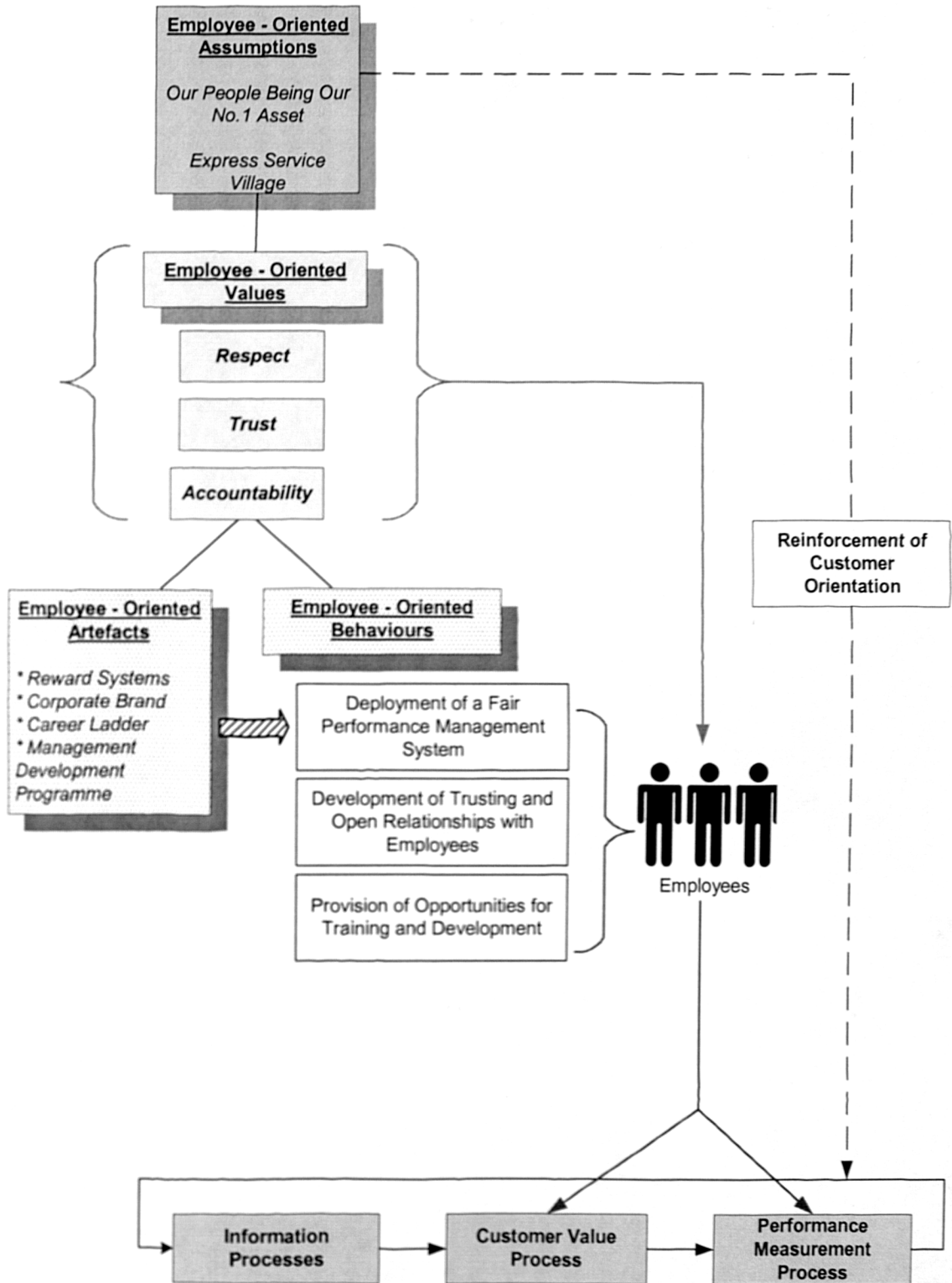
Employee-Oriented Artefacts	Employee-Oriented Behaviours	Employee-Oriented Behaviours (Illustrative Quotations)	CRM Activities	CRM Sub-Processes
Corporate Brand (cont'd)	Development of Trusting and Open Relationships with Employees	<p><i>"They have a fair relationship with the staff. To the customers the brand Express Services involves the garages side and the insurance side of business, so they are guaranteed the name. It's the brand that we- employees- trust and that customers do trust as well."</i></p>	Relationship Value	Customer Value Process
Career Ladder	Providing Opportunities for Training and Development	<p><i>"We have a structured training programme – what we call the Career ladder. Apprentices will join and go through their apprenticeship programme. They can become advanced fitters, master fitters, break specialists, supervisors, managers, area managers and regional managers. And Divisional Directors who are responsible for ninety centres. So there is a very clear progression within the business. At each level you are given support and training in the classroom and on the job, which can comprise of technical and management skills. So team work in the classroom and the centre equips our people with skills which pertain to dealing and developing relationships with customers, delivering the benefits of service products, communicating with the customer. All these are all part of the broad training and development that takes place in the Career Ladder."</i></p>	Delivery of the Value Proposition, Customer-Firm Dialogue	Customer Value Process

(cont'd in the next page)

Table 8-6: Employee-Oriented Artefacts, Employee-Oriented Behaviours and the CRM Process (cont'd)

Employee-Oriented Artefacts	Employee-Oriented Behaviours	Employee-Oriented Behaviours (Illustrative Quotations)	CRM Activities	CRM Sub-Processes
Career Ladder (cont'd)	Providing Opportunities for Training and Development	<p><i>Clearly, we see the results of training on our relationships with the customer. All these courses are designed to achieve 100% customer delight and there is a CRM orientation in the modules."</i></p> <p>(Head of Group Marketing, Express Service Holdings, tenure= 7 ½ year)</p>	Delivery of the Value Proposition, Customer-Firm Dialogue	Customer Value Process
Management Development Programme	Providing Opportunities for Training and Development	<p><i>In terms of shaping the training strategy of Express Service, we do have a holistic plan but we need to do it in small bite sized chunks, starting with Management Development. Over the last twelve months this is the first, real Management Development Programme that Express Service have invested in – ever, in the history of the company. Technical training? Absolutely. We frequently run technical courses in every centre, but it is a procedural training programme so it wasn't about goals, values and beliefs and whether yours matched the company's. Or what were the company's? You know it wasn't about developing and looking after the people or how to communicate with people and communicating with your customers. These are modules of the Management Development Programme. We train people on how to enhance the customer experience and on customer handling. I think it is about capabilities relevant management of customer relationships. We have people from Marketing assisting on that aspect. A part of the Management Development Programme focuses on the provision of excellent customer service.</i></p> <p>(Development Manager, Express Service GB, tenure= 4 years)</p>	Delivery of the Value Proposition	Customer Value Process

Figure 8-8: The Effect of Employee-Orientation on the CRM Process



Source: The author

8.5.5 Insights into Job Orientation

A job-oriented OC is based on a set of OC elements that cultivate a view of employees as means for increasing productivity. The findings indicate that job orientation was not a dominant dimension of Express Service OC. Still, some aspects of job orientation were evident in the tough working conditions in Express Service centers and particularly in the demanding working schedules of Express Service fitters. The demanding working hours in the service centres raised the issue of employee retention. The Area Manager in Glasgow suggests:

“The working hours are a wee bit longer, but it’s something you get used to and it becomes second nature to you. But no great difficulties that stick out. I’ve never had any problems with the hours I had to work. For some of the guys working an additional fifteen hours a week may be difficult. Whereas they could maybe get another job with less hours for the same money. So I would say the main factor is the hours. Everything else is OK. The money would be OK if you were working OK hours but working additional hours and not really benefiting from that. So that I would say causes the high turnover.”

(Area Manager, Express Service GB, tenure= 13 years)

The long working hours in Express Service account for the turnover rate in the service centers. The turnover figures vary across the U.K., this point is well underlined by the Technical Training Manager:

“Labour turnover amongst fitters is probably round about thirty percent. Now there are pockets around the country. Scotland tends to be fairly stable. The biggest problems really are London and the South West, Slough, Redding and these sorts of places. Again it’s been a cultural thing. People have left and they come back and they leave again and they come back again and that is something we’re trying to stem at the moment. We have a policy now where if somebody leaves, they wait a certain period of time before they are allowed back. If they leave a second time we won’t take them back. Because round Heathrow airport is an example, come summer holiday time and they want baggage handlers, extra baggage handlers and the guys all – some guys just go and work as baggage handlers for six months and then want to come back.”

(Technical Training Manager, Express Service GB, tenure= 15 years)

According to the Express Service human resource management team, the employee turnover rate is controllable, however if it increases it might potential harm the quality of the service provided to the customer and the management of customer relationships. Against this background the Development Manager reports:

“Service is people. They deliver us the service. The most frequent challenge in terms of the work in the centres-is retaining our people. How can we ever expect to retain a reasonably long standing and good relationship with a customer when every visit they must have, on a good majority of occasions, into one of our centres, you might have a different set of people there. This is not the case now but we should keep it in mind for the future. If you’re not having time to establish or a rapport with the fitters in the centres then this eventually is going to influence the relationship with our customers.”

(Development Manager, Express Service GB, tenure= 4 years)

Based on the above quotation, long-term employees know more about the business and have had the opportunity to develop bonds of trust and familiarity with customers. To face the issue of employee turnover and its potential implications for the business, Express Service’s human resource management team is recently renegotiating the working hours of fitters’ contracts. As the People’s Director notes, Express Service is currently designing an initiative that attempts to raise the quality of life and invest in training and development of Express Service people in the service centres. Specifically she states:

“We have currently accepted the proposal to review the fitters’ package and contracts with the firm. We are doing certain trials on working hours to make sure that our guys are getting time off when they should get time off. We’ll only get that if people resource properly as well. So if they plan ahead and they do resource planning and succession planning. So if your guy is moving on, who is going to fill that guy’s shoes and who have you got waiting in the background to take his place. So there needs to be a plan in place and just now the guys don’t know how to do that. So we are formulating a process that will allow them to do that. But we also need to make sure they have the skills to do that as well. So there are a whole sort of modules being developed just now that will allow us to deliver that next year. Just now we are planning for that and we are tackling it quite reactively just now as opposed to being pro-active. But the pro-activeness will come next year when we’ve got everything in place. Because it does take time. It’s not an overnight success.”

(People’s Director, Express Service GB, tenure= 3 months)

8.6 Centralisation: The Voice of Authority

Although Express Service demonstrates a high degree of customer and employee orientation at the same time it manifests a centralised OC which stresses order, rules and regulations. This contradiction is evident in the words of the Development Manager who elaborates on the theme of communication in Express Service:

“Express Service is very centralised, very controlling, very authoritarian and doesn’t encourage communication. Yet at the same time the foundations of the business is about people’s dreams and being successful and taking on accountability. But then when people take responsibility of their actions this controlling part comes over and tries to take it.”

(Development Manager, Express Service GB, tenure= 4 years)

The author conceptualises a *centralised* OC as a construct including the four components of 1) underlying assumptions espousing centralisation, 2) organisation-wide shared values supporting centralisation, 3) perceptible artefacts favouring centralisation, and 4) the behaviours espousing centralisation. Figure 8-9 presents the multiple layers of a *centralised* OC in Express Service.

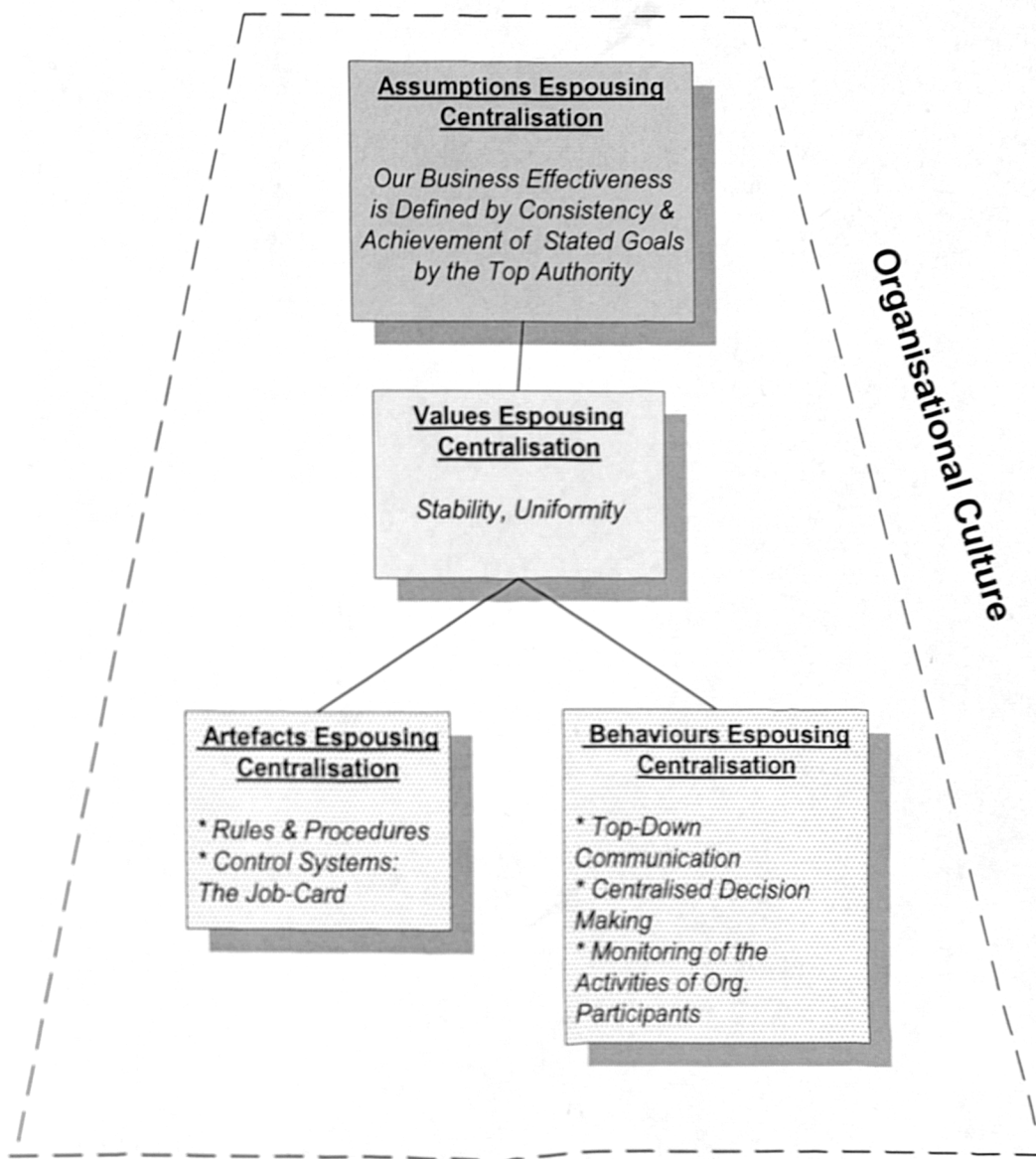
8.6.1 OC Assumptions Espousing Centralisation

“Our Business Effectiveness is defined by Consistency which Facilitates the Achievement of Clearly Stated Goals”

In the context of Express Service, the notion of *effectiveness* underlies an array of activities which mainly refer to customer-firm interactions and relationships. For instance, effectiveness is often purported to be the characteristic of the optimal service encounter. Additionally effectiveness features in the customer-firm dialogue by communicating timely the appropriate messages to the customer.

In Express Service, effectiveness appears to spring from normative integration or consistency. Consistency reflects upon behaviours and requires the conformity of individuals to specific rules.

Figure 8-9: A Multi-Layer Model of Centralisation



Source: The author

The findings indicate that consistency may have both positive and negative reflections on the CRM process. The positive impact of consistency is demonstrated in the integration and co-ordination of activities in the CRM process. As such, consistency seems to be related to effectiveness. The negative aspect, however, is that a highly consistent OC, i.e. the Express Service OC, may often be resistant to change and adaptation to the external environment and consequently to customers' needs, and expectations.

Table 8-7 demonstrates the emphasis that Express Service puts on the notions of *effectiveness* and *consistency* in order to achieve customer goals. It appears that consistency is associated with a set of regulations which are defined by the top management team. Moreover, table 8-7 shows that consistency may either reflect positively or generate problems on aspects of relationship management. For instance, consistency may promote a coherent corporate image of the organisation in the eyes of the customers that may consequently reflect positively on customer-firm relationships. As such, consistency seems to improve effectiveness. However, the findings indicate that the emphasis on consistency may impede the achievement of effectiveness by making it difficult for an organisation to respond to changes. The results indicate that consistency hinders the effectiveness of customer-firm interaction when flexibility is needed in order to respond to individualised customer requirements and needs.

Table 8-7: OC Assumptions Espousing Centralisation – The Importance of Effectiveness and Consistency for Customer Relationships

Illustrative Quotations (Effectiveness/Consistency)	Aspects of CRM
<p><i>“Your inputs, as I call them, can lead to an output and how effectively you were with these inputs reflected on your output which is in that case the relationship you have with the customer.”</i></p>	<p><i>Effectiveness is reflected on the relationship process with the customer</i></p>
<p>(Sales Director, Express Service Insurance, tenure= 6 years)</p> <p><i>“And the whole principal behind CRM is relationship management but for that to be effective we need to concentrate on the consistency of our relational strategies and ensure the consistency and effectiveness of the CRM process.”</i></p>	<p><i>Effectiveness and consistency determine the success of relational strategies and CRM process</i></p>
<p>(Head of Group Marketing, Express Service Holdings, tenure= 7 ½ years)</p> <p><i>“In terms of achieving our corporate goal to deliver value to the customer I say that it comes back to consistency as being the bottom line And, this leads to effectiveness which is all about being swift in our processes and have business standards to ensure consistency.”</i></p>	<p><i>Consistency results to effectiveness and enables the delivery of customer value</i></p>
<p>(Group Director-Internal Audit, Express Service Holdings, tenure= 20 years)</p> <p><i>“From a marketing point of view, we have got to have a uniform presence so we are consistent. We need to have a consistent presence in front of the motorists and a consistent value proposition. We have procedures to ensure such consistency. And, we want our people to enjoy themselves when they are at work because that will project on to the customer. When you get out of your car when you pull into the centre you are greeted by somebody who is interested in you as a customer. They have come out to you – you have taken the time to drive into our business, the least we can do is to greet you with a smile warmly and understand what you want and do it as effectively and as quickly as possible.”</i></p>	<p><i>Consistency promotes the ‘strong standardised corporate image’ in the eyes of the customers and features the definition of the value proposition</i> <i>Effectiveness determines the optimal service encounter</i></p>
<p>(Marketing Manager, Express Service GB, tenure= 1 year)</p>	

Table 8-7: OC Assumptions Espousing Centralisation – The Importance of Effectiveness and Consistency for Customer Relationships (Cont'd)

Illustrative Quotations (Effectiveness/Consistency)	Aspects of CRM
<p><i>“We get a lot of different calls and many of them are difficult calls where customers ask for detailed information. Sometimes we delay to give a final answer to the customer and the customer might be angry. The client isn't aware of how procedures are going and the fact that before taking action on a matter there are rules to be followed in order to be more consistent with the line we are getting from the top. And if the rules are not explained properly there might be an extra hassle. Therefore, you get a bit more irritated customer in the end of the line.”</i></p>	<p><i>Consistency hinders the effectiveness of customer-firm interaction in cases that flexibility is needed to face an individualised customer enquiry</i></p>
<p><i>(Call Centre Consultant, Express Service Insurance, tenure= 1 ½ years)</i></p> <p><i>“So to me that is about ensuring the procedures and the policy we have about trying to manage our relationship with the customer. And, I should make sure for my people to understand what these regulations are and to understand what the expectations from the top management are and that they have the ability to deliver them. So having the ability to deliver is pretty much based on the consistent procedures. Sometimes, though the procedures fall out and we do not have really the ability to go along this the caused mess! And, due to this we had some bad press in the past.”</i></p>	<p><i>Consistency may impede the adaptability of the organisation to regain its balance after a change or disruption</i></p>

(Divisional Director, Express Service GB, tenure= 2 months)

8.6.2. OC Values Espousing Centralisation

Deeply embedded in the OC of Express Service are the values on *stability* and *uniformity*. Both stability and uniformity inspire the selection of means for action and are claimed to be the desired ends in the daily operations of the organisation. The E-Commerce Development Manager asserts:

“With CRM our marketing offers are a lot more targeted and therefore much more effective. I really believe that we can promote a more uniform way of doing business with the customer and this would be fantastic. Our business culture for years has been based on this uniform presence in the market. Of course, technology is moving on at a pace – there is now a telematics area where the car will tell you when something needs to be replaced. But with CRM we are really approaching a uniform way of doing high quality business with the customer. We can therefore promote the stability of our business and organisation.”

(E-Commerce Development Manager, tenure= 10 years)

The first value of OC namely *stability*, is related to the preservation of an internal balance in the organisation. ‘Stability’ links to the OC assumption of consistency, namely, stability depends on the consistency of the OC of the firm and is assumed to be a reliable predictor of profitability. However, the value of stability seems to contrast with the rapid growth of Express Service over the last decades. *Uniformity* characterises the desirable outcomes and activities in Express Service.

Table 8-8 provides some illustrative quotations regarding the OC values espousing centralisation and offers insights into their effect on the CRM process. The results indicate that there is a strong association between OC values espousing centralisation and the OC assumption of consistency. Although, in the previous section it was demonstrated that assumptions espousing centralisation might have both positive and negative influences on the CRM process, in this part of the findings values espousing centralisation had only positive effects on the CRM process.

Indeed, both the notions of stability and uniformity were viewed as facilitators for the practice of CRM by the organisational participants. A potential reason for this is that according to Express Service both stability and uniformity are perceived as desirable elements of a strong OC. According to the E-Commerce Development Manager, the values of stability and uniformity empower employees, enhance customer relationships and drive the organisation towards superior performance. These thoughts are well-presented in the following quotation:

“The biggest advantage we’ve got is a stable and trusted corporate image, so people do know it is bricks and mortar business as well. And it’s not just being run out of somebody’s garage. It’s not three guys in their loft trying to build a business. It is somebody reliable with a consistent, coherent and uniform presence throughout the years. Customers affiliate to the organisation for these reasons. And our employees and suppliers are motivated to work for a reliable organisation that has demonstrated stability in its business operations, in customer support and the delivery of excellent customer service. If something goes wrong, you can always go to an Express Service centre to get it sorted out. You can always contact the call centre or customer service.”

(E-Commerce Development Manager, tenure= 10 years)

Table 8-8: OC Values Espousing Centralisation and the CRM Process

Values Espousing Centralisation	Illustrative Quotations	CRM Activities	CRM Sub-Processes
Stability	<p><i>“The strength of this business is through our people and if the people aren't motivated to deliver value to the customer, if they don't feel they are being offered the means to provide excellent service and if they don't feel they are being supported to deliver to the customer, they won't be here for very long. We aim at stability in our business and this escalates in stability in our customer relationships. This is the desirable idea. I feel that CRM contributes to this stability by ensuring that our business delivers to the customer. It enables the organisation to acquire and elaborate information in order to achieve harmony with several stakeholders. Our stability should be manifested in the procedures that we outline for our people and our standards to deliver service to the customer.”</i></p> <p><i>(Sales Director, Express Service Insurance, tenure= 6 years)</i></p>	<p>Information Acquisition, Information Dissemination, Information Use</p>	<p>Information Processes</p>
	<p><i>“And if we are more consistent in our business philosophy we will be able to enhance the customer service and increase our stability as a customer-oriented organisation. The complaint figures will go down and over all, the working environment will become better. There will be no pressure on the individuals at their work and a stable and long-term relationship with our customers will facilitate our people to appreciate even more the importance of customer relationships.”</i></p> <p><i>(People's Director, Express Service GB, tenure= 3 months)</i></p>	<p>Relationship Value Delivery of Excellent Service</p>	<p>Customer Value Process</p>

Table 8-8: OC Values Espousing Centralisation and the CRM Process (cont'd)

Values Espousing Centralisation	Illustrative Quotations	CRM Activities	CRM Sub-Processes
Stability (cont'd)	<p><i>“So very quickly you can build up a relationship with several hundred, if not thousands of people. And it's about maintaining the stability of that relationship and making sure you talk to customers and listen to what they have to say and learn from the experience, develop programmes that make us better than anyone else. Stability should be in our customer relationships. And at the end of it, our business stability is depended on our stability that characterises the relationships with our customer base. I think that the stability of our customer relationships influences the performance of CRM. You see it is translated to customer retention.”</i></p> <p>(Director of Customer Services, Express Service GB, tenure= 22 years)</p>	Relationship Value	Customer Value Process
Uniformity	<p><i>“And that people know that if they come to Express Service we have the lowest prices, the biggest range, and the best-qualified people to work on their car. We have a uniform presence that advances our relationship with the motorist what I mean is that our customers trust us for our uniformity. And they have the best and biggest range of products backed by the best guarantees, supplied by the leading manufacturers and when you come in to the centres, you will be dealt with as you would like to be dealt with and hopefully we'll be able to exceed your expectations. And that we follow the code of practice. That's all part of it and I think if you practice all of that in a uniform way over time, then you're building a brand that people understand and respect.”</i></p> <p>(Head of Group Marketing, Express Service GB, tenure= 7 ½ years)</p>	Relationship Value	Customer Value Process

Table 8-8: OC Values Espousing Centralisation and the CRM Process (cont'd)

Values Espousing Centralisation	Illustrative Quotations	CRM Activities	CRM Sub-Processes
Uniformity (cont'd)	<p><i>“I think it's difficult to sustain uniformity throughout the organisation, again because when you involve people things can potentially go awry. But I think the challenge is not so much for the Express Service people dealing with the external customers. There, a uniform presence I think- helps to establish and maintain the relationship with the customer. I think the challenge is more basic than that and I think it is the internal customer relationship. ...The procedures ensure that our people deliver to the customer according to the business standards that are set from our management teams.”</i></p>	Relationship Value	Customer Value Process
	<p>(Customer Services Director, Express Service GB, tenure= 22 years)</p>	Delivery of Excellent Value to the Customer	Customer Value Process
	<p><i>“Probably one of the reasons for being customer focused is to overcome the idea that you have when you go to other garages. This is why we set procedures and we strive to have a uniform service delivered to the customer. These procedures and regulations provide directions in terms of facing the customer.”</i></p>		
	<p>(Customer Services Manager, Express Service GB, tenure= 3 ½ years)</p>		

8.6.3 OC Artefacts Espousing Centralisation

In Express Service, artefacts espousing centralisation are 1) *rules* and *procedures* and 2) the existence of *control systems* such as *the job card*.

1) Rules and procedures are primarily used in Express Service in order to decrease ambiguity in its internal and external environment. These rules and procedures are specific to any kind of problem or activity, and therefore it takes a large number of rules and procedures to control all organisational responses. A decision maker must know the structure of the rules and procedures in order to apply the correct one in any given situation. Moreover, it seems that there is not set of flexible rules and procedures that will cover all possible contingencies. Instead, Express Service specifies a smaller set of rules and procedures which cover routine decisions. Difficult situations are dealt by the top management. In Express Service very important sets of rules and procedures are associated with a) *the delivery of service to the customer*, b) *the complaint recovery process* c) *the process of internal communication* and d) *the decision making process*.

a) The Regional Manager emphasises the importance of rules and procedures for delivering the service to the customer.

“People have got to understand how important is follow the procedures in their job. And, that I will not accept for people to break procedures. They know me and if they’ve failed, they have got to know that they’ve failed. Because if someone had failed and let a customer down in a serious way because of not following the rules and no-one ever spoke to them about it then the customer wouldn’t like to see us again. For me, the way I get my point over and the way I make them do is that they know it’s important to me and it is crucial to go with the rules. And they know if they mess around with the customer then I’m not going to make easy for them.”

(Regional Manager, Express Service GB, tenure= 19 years)

b) Similarly, rules and procedures are highly linked to the implementation of the complaint recovery process. The Customer Services Manager explains the process of complaint recovery.

“The key in the complaint recovery process is to follow the rules. The contact is coming, if we ignore the survey unit, it is coming by telephone, mail or e-mail. It comes in, so it is recorded by myself or Linda, there is always someone at senior level we read because sometimes there are great deal of issues and if we do not deal with them then someone could discuss this issues in great extent go the journalists, the press anything like this will impact to the brand. So Linda and I will look through the mail and handed to another member of the team to log on to the system and they

will coded by the centre, by the region and the division. Then they contact the regional manager and the information is then passed to the regional manager. What is logged on to the system and acknowledgement goes at the top management that have to approve our response to the situation. We have to wait for the final OK from the boss and then proceed. The whole process is matter of 3-4 days despite the bureaucracy.”

(Customer Services Manager, Express Service GB, tenure= 3 ½ years)

c) It has been suggested earlier in the findings (see Chapter 7) that Express Service faces difficulties in the internal transmission of information. At this point the results show that the existence of rules and procedures instead of facilitating communication by making information circulation precise and orderly they disrupted information processes by setting control mechanisms to filter the information transferred to organisational members.

The Customer Service Manager cites:

“And the communication has been very much top down. The difficulty there was to capture customer reactions while been serviced in the centres. The history of Express Service is very much top down and it's not encouraged and we haven't encouraged communication from the grass roots. Now, our managing director spends more than half of his week – four days – in the operations just visiting centres and physically spending an hour or a couple of hours in every centre. That is something that is quite new. We have tried to do it in the past, but I suppose the commitment to it has never really been there.”

(Customer Services Manager, Express Service GB, tenure= 3 ½ years)

The above quotation describes Express Service as a centralised organisation with a formalised top-down communication process. It appears that top-down communication has hindered customer service delivery since employees were not appreciated as valuable actors in the operations of the organisation. Recently, a distinct difference in the activities of the firm is management's attempt to interact with employees in order to get their feeling of the business. Although, this initiative seems to facilitate the dissemination of information for the benefit of the organisation and customers, there are still people who disagree with this effort. For instance, the Group Director of Marketing argues for control in internal communications. He suggests that:

“Policies and procedures are part of our philosophy and provide the standards for an array of activities but primarily for the delivery of customer service and the communication with our employees.”

(Group Director of Marketing, Express Service Holdings, tenure= 18 years)

d) The presence of rules and procedures enhances the standardisation of the decision making activities in the organisation. This is seen as an advantage because Express Service wishes to exert control on its subsidiaries in the U.K. and Europe. In the following quotation the Group Director points out that rules and procedures enable the control of decision making activities in every part of the organisation.

“Even within Express Service when we bought these companies in France and Germany, we weren't really geared up to manage these places to the extent that we could change their systems and impose Express Service procedures on them. We now see that without the appropriate rules and procedures- the infrastructure to do that - it would have been difficult to exert the same degree of control over France, Germany, Spain and Belgium. We had been used these rules to facilitate management and control and benchmark the decisions taken.”

(Group Director-Internal Audit, Express Service Holdings, tenure= 20 years)

2) Control systems are these means of OC which ensure that organisational participants have internalised the common goals and shared values of the organisation that define the desired behaviour. Largely, control systems in Express Service focus on the provision of service to the garages by setting service standards and are designed to monitor the actions of Express Service fitters. Viewed in this light, the Job-Card has been developed to evaluate the actions of the fitters in the service centres. Besides, being a formal document which describes the service offered to the customer, the Job-Card is a device of control that enables senior and top management to intervene in the responsibilities of fitters. However, it should be noted that the Job-Card which took a month for Express Service fitters to adopt in their daily operations raises the awareness of fitters regarding the importance of their job in the organisation. A Regional Manager highlights the importance of the Job-Card for Express Service:

“We use what we call a Job-Card and the Job-Card did loads of things. It looked professional when we used this Job-Card. We got the customer's name and we put that on the Job-Card first of all and then we used the customer's name. It is good to control the quality of the service around the centres. I used to go around checking all the paperwork to make sure they were using the Job-Card. I would send messages out saying make sure the Job-Card is used and that sort of thing. So eventually everyone gets into the habit of using the Job-Card and the Job-Card makes you actually look very professional. It just looks so slick and professional and

as if you're in control. And then if you make a mistake and the customer has to come back, he's still got that trust in you, because you are a professional. He's a professional guy and by filling the Job-Card everyone in the organisation can see his work. And, the fact that he's made that mistake, anyone would have made that mistake. They'll come back to me and let me sort the problem out."

(Regional Manager, Express Service GB, tenure= 19 years)

Rules, procedures and control systems seem to be strongly linked to the centralised OC of Express Service and may not disappear unless customer and employee orientation dimensions encourage the dissemination of power to organisational members.

8.6.4 OC Behaviours Espousing Centralisation

The symbolic meaning of artefacts espousing centralisation is manifested on relevant behaviours. In Express Service behaviours espousing centralisation pertain to:

- 1) *the top-down communication.* The communication process in Express Service is initiated by the top management and has a downward direction. Top-down communication suffers from two major disadvantages. First, it hinders the dissemination of information among all the hierarchical levels and division of the firm. Second, it impedes top management from communicating effectively with employees.
- 2) *the centralised decision-making.* In Express Service significant decisions regarding the organisation and particularly the CRM process are taken without much participation of organisational members from lower levels of the hierarchy. This finding seems to be contradictory to the employee-oriented values of Express Service OC. It follows that although Express Service acknowledges the contribution of employees to the development of the organisation, the involvement of employees in significant decisions for the firm is still limited.
- 3) *the monitoring of activities of organisational participants.* The centralised OC of Express Service is based on a system of close hierarchical surveillance, evaluation and guidance of employees. For example, the organisation supports its operations by well-defined standards for control and devices of co-ordination such as the Job-Card.

Table 8-9 shows the link between artefacts espousing centralisation, behaviours espousing centralisation and the CRM Process. The results indicate that behaviours espousing centralisation hinder the practice of CRM. Particularly, top-down communication was perceived to be a disadvantage for the CRM process. This issue was acknowledged not only by organisational employees but also the management of Express Service. Both groups of stakeholders argued that rules and procedures-artefacts of a centralised OC- stimulated top-down communication, and reflected negatively on the information sub-processes of CRM and particularly the activities of information acquisition and dissemination.

The centralised decision making of Express Service appeared to raise concerns regarding the role of front-line employees in the customer value process and particularly in the customer-firm dialogue. In particular, the lack of autonomy is reflected on the discretionary behaviour of front-line people that largely determines customer's perception of service quality. Additionally, the use of mechanisms to monitor the activities of organisational members facilitated performance measurement of CRM. The Job-Card demonstrates the conformation of the fitters to the control devices set by the management in order to assess corporate performance.

Figure 8-10 indicates the effect of centralisation on the CRM process. It appears that assumptions espousing centralisation affected negatively the practice of CRM since they primarily promote the notion of consistency which *inhibits the flexibility and adaptability* of the organisation to characteristics of the changing customer base. The findings show that assumptions espousing centralisation were further translated into the values of stability and uniformity that facilitated CRM practice. As such, both values were assumed to facilitate CRM practice. In the artefact and behavioural levels of OC, it was evident that centralisation often had negative implication in CRM sub-processes and activities. The results indicate the centralisation has a complex effect on the practice of CRM. This stems from the mixed influence of OC elements on the CRM process.

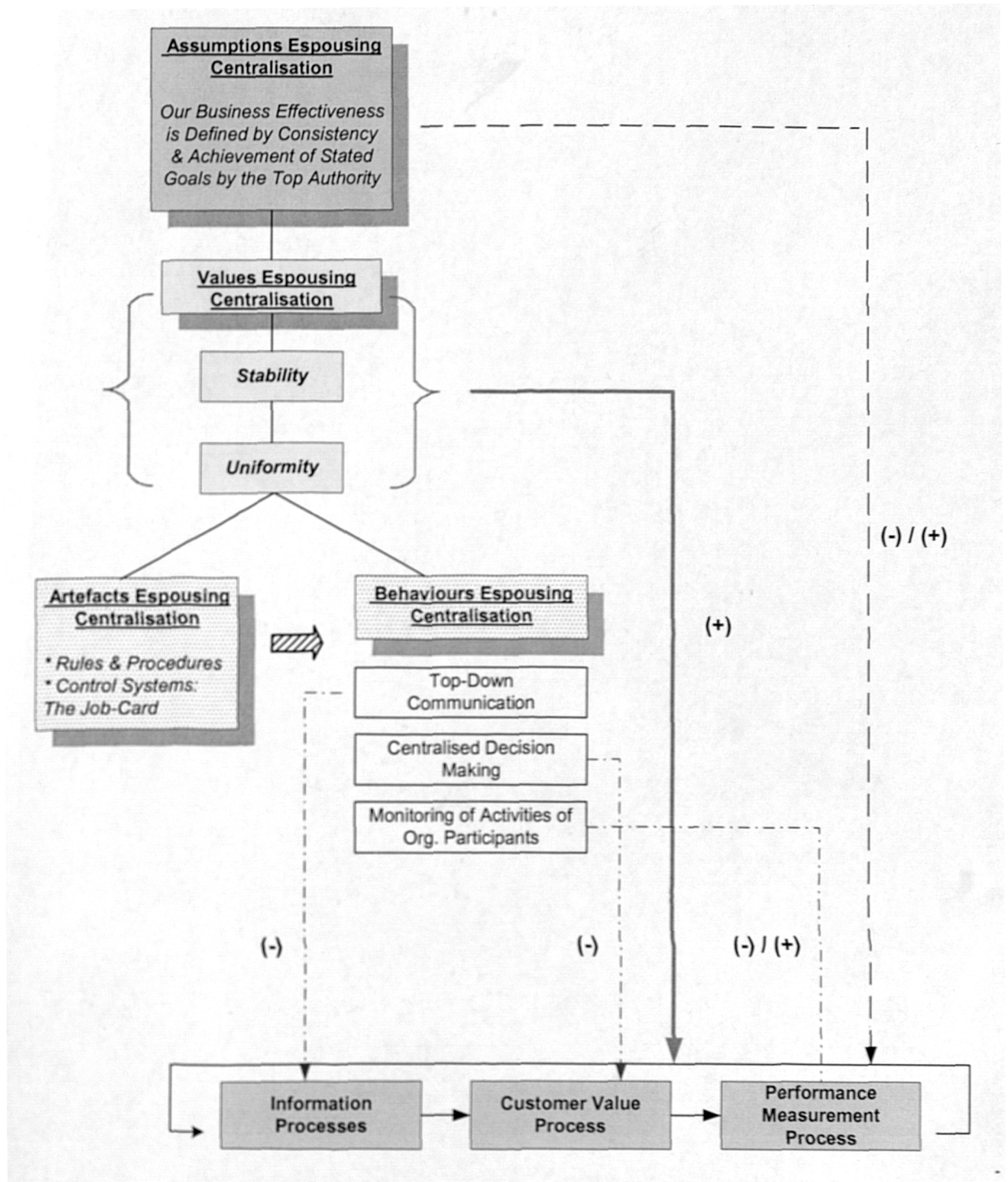
Table 8-9: OC Artefacts Espousing Centralisation, Behaviours Espousing Centralisation and the CRM Process

Artefacts Espousing Centralisation	Behaviours Espousing Centralisation	Illustrative Quotations	CRM Activities	CRM Sub-Processes
Rules & Procedures	Top-Down Communication	<p><i>“Previously most of our communication has been written based on procedures and rules. And what we tried to do is we tried to change that. So we were focussing on being fair and having to point out that there are certain obligations on people, we did write in a much more user-friendly manner, so it’s something they may well want read. I think our communication procedures were making difficult for us disseminate any type of information. I remember that sometimes we have difficulties in passing customer information to other parts of the business.”</i></p>	Information Dissemination	Information Processes
Rules & Procedures	Centralised Decision-Making	<p>(Development Manager, Express Service GB, tenure= 4 years)</p> <p><i>“Sometimes the top people centralise everything to an extent where people have absolutely no autonomy. They have no accountability. We’re not giving them the flexibility to do anything and they refer things up all the time. So for example in experiences with customers, they don’t feel they have the experience or the authority to be able to deal with a customer in the best way that they think is going to rectify the situation. So they just don’t deal with the customer and very often they have to pass it to a partner and then it escalates. These are cultural things. Things like the way we control the business, that impacts on the customer relationship, of course it does.”</i></p>	Delivery of the Value Proposition Relationship Value	Customer Value Process
		<p>(Training Manager, Express Service GB, tenure= 15 years)</p>		

Table 8-9: OC Artefacts Espousing Centralisation, Behaviours Espousing Centralisation and the CRM Process (cont'd)

Artefacts Espousing Centralisation	Behaviours Espousing Centralisation	Illustrative Quotations	CRM Activities	CRM Sub-Processes
Rules & Procedures	Centralised Decision-Making	<p><i>“Well there is a tendency for things to come down from up above and basically we don't get a say in what happens. Towards the end of last month they decided we were getting a new script and we hadn't even been consulted as to what would be in the script or anything like that. I personally felt annoyed about because it made feel that I did not have any responsibility in the process of relationship management and customer interaction.”</i></p>	Customer-Firm Dialogue	Customer Value Process
Control Systems: The Job-Card	Monitoring of Organisational Participants.	<p>(Call Centre Consultant, AUTOCLUB, tenure= 1 year)</p> <p><i>“Yeh... It took us almost a month to get used to the Job-Card. I guess that is a good way to look more professional. I think it way for me and for the lads to be monitored for our service delivery. All the lads complete the card and our performance in terms of delivering service to the customer is assessed. All this paper work helps in checking the complaints and customer service.”</i></p> <p>(Express Service Master Manager, tenure= 11 years)</p> <p><i>“So if you eliminate them then you've got rid of fifty percent of your complaints. So the Job Card when it's finished, the guy who did the job had to personally sign it and then the guy who checked to make sure if it was right, he had to sign it as well. So I thought if you were checking someone's job, if you were a fitter and you had to sign to say it was OK, you'd make sure it was right. We check all the Job Cards and thus check the performance of our people in delivering service.”</i></p> <p>(Regional Manager, Express Service GB, tenure= 19 years)</p>	Capture of Feedback from Service Delivery	Performance Measurement Process

Figure 8-10: The Effect of Centralisation on the CRM Process



Source: The author

8.6.5 Insights into Decentralisation

Decentralisation increases the involvement of people in the organisational functioning and therefore, promotes consensus on relational strategies, produces a common understanding of joint efforts targeting the customer, creates an atmosphere of shared effort and hence facilitates the smooth practice of CRM. Express Service has expanded by the entrepreneurial efforts of its founder and other organisational members. From its inception it has embraced the philosophies of customer orientation and employee orientation as constituent dimensions of its OC. However, Express Service often manifests elements of a centralised OC which seem to contradict both with the dimensions customer and employee orientation.

This contradiction in the OC elements has confused organisational participants who perceive Express Service as a dynamic but at the same time centralised OC and acknowledge the need to disseminate power to all member of the organisation. This confusion is illustrated in the words of the E-Commerce Development Manager:

“I would still say it's still very much a small business culture, even although it's actually a big business and has several hierarchies. I think that there is a general lack of bureaucracy in the organisation. I think there is a real 'get it done now' culture. Get on with it as long as you follow the guidelines and the rules then just go and do it. Therefore at all hierarchical levels, you have got more responsibility. I think it's also quite a tight management team as well, which is part of the culture. So summarising I would say, lack of bureaucracy, quite high energy – but also you have to follow the rules and procedures. See what happens and learn from it. To a certain extent, don't be too frightened by making mistakes. I think that comes with the culture. It's quick but a bit centralised decision-making. However, I think we should have in the future a more flat structured. This helps to access even easier the key people in the business. Certainly in my career, I've had access to people in the business where if I were to join a bank or something, I'd never see an executive or the group-managing director. I'd just never see them because they are so hierarchical. Here it is not so bad!”

(E-Commerce Development Manager, tenure= 10 years)

These few representative lines by E-Commerce Development Manager emphasise the multi-dimensionality of Express Service OC and illustrate vividly the co-existence of centralised and decentralised elements of OC. The findings indicate that Express Service accommodates multiple dimensions of OC which may include differing and contradicting elements such as contradicting assumptions, values and

artefacts. This confusion of OC elements may mark a significant change in the OC of the firm, or a change in the lifecycle of the organisation or simply demonstrate a conflict of sub-cultures.

8.7 Conclusions

Morgan (1986, p.131) defines OC as the 'active, living phenomenon through which people create and recreate the worlds in which they live'. He posits that OC is a complex phenomenon combining divergent perspectives of organisational life. The findings of the thesis provided empirical evidence on the view of OC as a complex and multi-dimensional construct (Detert et al, 2000; Hofstede et al, 1990; Lytle et al, 1995; Reynolds, 1986). Particularly, the OC of Express Service appeared to be a multi-faceted construct consisting of various dimensions. Among these, the dimensions of *customer orientation*, *employee orientation* and *centralisation* seemed to have a substantial effect on the CRM process.

In the presentation and analysis of the results the author analysed each dimension of the OC of Express Service in four distinguishable but interrelated components, namely assumptions, values, artefacts and behaviours. These elements constitute a multi-layer model of OC consisted of elements drawn by the work of Schein (1985) and Homburg and Pflesser (2000) (see figure 8-1, Chapter 8). Particularly, the researcher adopts Schein's (1985) model of the three components OC, namely *assumptions*, *values* and *artefacts*. *Assumptions* are the nucleus and the most cerebral level OC (Harris, 1998). In the organisational level, assumptions are commonly known to marketers as managerial representations (Day and Nedungadi, 1994) that is how executives make sense of the environments and events, or frames of reference which employees use to make sense of their environment. *Values* can be defined as conceptions, explicit or implicit, distinctive of a group (or individuals) which characterise the desirable and influence the selection of available modes, means, and ends for an action (Kluckhohn, 1951). *Artefacts* are visible elements of organisational culture like buildings, architecture, technology, office arrangements, language, rituals, dressing code, and documentation that are created by the organisation and have a symbolic. Schein's framework (1985) has been particular 'influential for analysing and intervening cultures in organisations' (Hatch, 1993, p.657).

Additionally the multi-layer model of the OC dimensions presented in this chapter incorporates the element of *behaviours* (cf. Homburg and Pflesser, 2000). The behavioural element has been central in the conceptualisation of the OC construct. For instance, Keesing (1974, p.15) defines culture as a system of 'socially transmitted behaviour patterns that serve to relate human communities to their ecological settings'. In the organisational context, it appears that behaviours demonstrate influence OC on the actions of people in daily functions and have important implications for marketing practice (cf. Wilson, 2001).

The findings of the study proposed that *customer orientation* facilitated the deployment of CRM initiatives in Express Service. In Express Service, a *customer-oriented* OC consisted of the four components of 1) underlying assumptions espousing customer orientation, 2) organisation-wide shared values supporting customer orientation, 3) perceptible artefacts of customer orientation, and 4) the customer-oriented behaviours.

Customer-oriented assumptions focused on the basic substance of OC i.e., *the customer being the heart of the business* (cf. Schein, 1985) and reflected on strategic aspects of the CRM process such as the launch of a new product or service and the formulation of human resource management practices (cf. Papadakis et al, 1998). Customer-oriented values represent a desirable set of conceptions that influence modes, means and ends of customer -oriented action (cf. Kluckhohn, 1951). In Express Service, the key organisational values supporting customer orientation may be classified in five general themes: honesty, willingness, commitment, empathy, and friendly predisposition. Customer-oriented values are broad in nature and had a positive overarching effect on the CRM process (cf. Shapiro, 1988) since they influenced aspects of information processes, customer value process and performance measurement process. As suggested above, the artefacts of an organisation are creations of the culture, being either verbal or physical (Deal and Kennedy, 1982; Denison, 1990). Customer-oriented artefacts are therefore a substantial element of Express Service OC, consisting of 1) the mission statement (Campbell and Tawadey, 1990), 2) stories (Boje, 2001; Gabriel, 2002; Martin et al, 1983), 3) business standards (Homburg and Pflesser, 2000), 4) information artefacts (Kohli and Jaworki, 1990) and 5) products. The symbolic meaning of customer-

oriented artefacts reflected on customer-oriented behaviours. Similar to Homburg and Pflesser (2000), this study indicated that the existence of customer-oriented artefacts was linked to customer-oriented behaviours. Customer-oriented behaviours pertain to organisational behavioural patterns that acknowledge the customer as the cornerstone of business (Hoekstra et al, 1999). In Express Service, customer-oriented behaviours entailed 1) the formulation of a customer-oriented value proposition (Prahalad and Ramaswamy, 2000; Webster, 1994), 2) the provision of excellent service to the customer (Norman and Ramirez, 1993), 3) the customer-firm value co-production (Wikström, 1996), 4) the appreciation of customer information (Nevis et al, 1995), 5) the promotion of customer-firm dialogue (Day 1999; Tzokas and Saren, 1998) and 6) the capture of customer feedback (Becker and Homburg, 1999). The findings suggested that customer-oriented behaviours are of significant value to the organisation since they deliver the benefits of the CRM to the firm and the customer. It follows that organisations that wish to succeed in CRM practice need to develop customer-oriented behaviours. Taking into consideration the link between customer-oriented artefacts and customer-oriented behaviours, the latter may be cultivated by establishing the appropriate customer-oriented organisational symbols.

The findings of the study proposed that *employee orientation* facilitated the deployment of CRM initiatives in Express Service. In Express Service, the employee-oriented OC emphasised the *importance of people in the organisation* and appreciate the needs of the human capital in the work environment and organisational setting (cf. Reynolds, 1986). This dimension of OC is also concerned with the importance attributed to collaboration and harmony among workers. Cooke and Hartman (1989) suggest that in employee-oriented OC employees are expected to be supportive to each other and interested in fulfilling each other's needs in the work environment. The employee-oriented OC in Express Service included the four components of 1) underlying assumptions espousing employee orientation, 2) organisation-wide shared values supporting employee orientation 3) perceptible artefacts of employee orientation, and 4) the employee-oriented behaviours.

Employee-oriented assumptions promoted a sense of community among organisational participants and enhanced feelings of connection (Casey 1999; Kunda, 1992). Additionally, employee-oriented assumptions reinforced the emphasis that

organisational participants demonstrated on meeting the customers' requirements. As such, employee-oriented assumptions appeared to support customer-oriented assumptions.

According to Cooke and Hartman (1989), employee-oriented cultures are manifested in values that focus on the fulfilment of the needs of organisational members. Express Service demonstrated its concern towards employees' needs by cultivating respect, trust and accountability in the work environment. In the context of CRM, respect was associated with the extent that employees are treated as important individuals and influenced positively the delivery of the value proposition through the provision of excellent service to the customer. Moreover, the effect of respect was evident on the definition of the value proposition since respect was instilled not only in employee relations but also in formulation and implementation of relational strategies with the customer base. Trust defined as a 'willingness to rely on an exchange partner to whom one has confidence, (Moorman et al, 1993, p.82) enhanced the relationship value between the firm and the customer and especially the emotional benefits that the customer experienced in his or her interaction with Express Service (cf. Gwinner et al, 1998; Morgan and Hunt, 1994; Ravald and Grönroos, 1996). Accountability reinforced the sense of responsibility and ownership of employees for their job. The findings indicated that the value of accountability was closely related to that of trust. Similarly, Grönroos (1994) points out that trust in a relationship may result from the accountability and expertise of the partners involved. The results showed that accountability motivated people to deliver the value proposition of Express Service to the customer. Furthermore, accountability encouraged employees to take the responsibility for their mistakes and omissions, and identify the areas of self-improvement. In that aspect, accountability facilitated the performance appraisal of the CRM process.

As stated by Gagliardi (1986), employee-oriented artefacts demonstrate the responsibility of the employer-organisation towards the human capital. In Express Service, employee-oriented artefacts involved 1) reward systems (Armstrong, 1996; Beardwell and Holden, 2001), 2) the corporate brand (Balmer and de Chernatony, 2001) 3) the career ladder, and 4) the Management Development Programme. Similarly to customer-oriented artefacts, the symbolic meaning of employee-oriented

artefacts was manifested on behaviours. In Express Service, employee-oriented behaviours pertained to 1) the deployment of a fair performance management system, 2) the development of trusting and open relationships with employees, and 3) the provision of opportunities for training and development. Thus employee-oriented behaviours concentrated on aspects of internal marketing and continuously encouraged, and enhanced an understanding of and an appreciation for the role of employees in the organisation (Berry et al, 1991; Grönroos, 1990). This is of high significance for service organisations since the interaction between customers and front-line personnel reflects on the quality perceptions and purchasing behaviours of consumers (Zeithaml et al, 1996). The findings showed that employee-oriented behaviours facilitated the practice of CRM since they motivated and enabled employees to perform better in the customer value process. Viewed in this light, the OC dimensions of customer orientation and employee orientation were interrelated and facilitated the CRM process.

Although Express Service demonstrated a high degree of customer and employee orientation at the same time it manifested a *centralised* OC which implied that those in key positions - individuals and groups - had a significant impact on the activities, decisions and programmes in the firm (Deshpande et al, 1993; Reynolds, 1986). In Express Service, a centralised OC involved 1) underlying assumptions espousing centralisation, 2) organisation-wide shared values supporting centralisation, 3) perceptible artefacts favouring centralisation, and 4) the behaviours espousing centralisation.

As far as organisational assumptions are concerned, the concepts of consistency and effectiveness were central to the operations of Express Service. According to Denison and Mishra, (1995), consistency requires individuals' conformity to the rules rather than voluntary participation and influences either positively or negatively effectiveness. The relevant literature points out that the terms consistency and effectiveness have multiple meanings (Quinn and Rohrbaugh, 1983) but in the context of this case study described customer-firm relationships and interactions. The mixed impact of consistency on effectiveness was evident in the findings. On the one hand, consistency promoted a coherent image of Express Service to customers, facilitated customer-firm relationships and had a positive

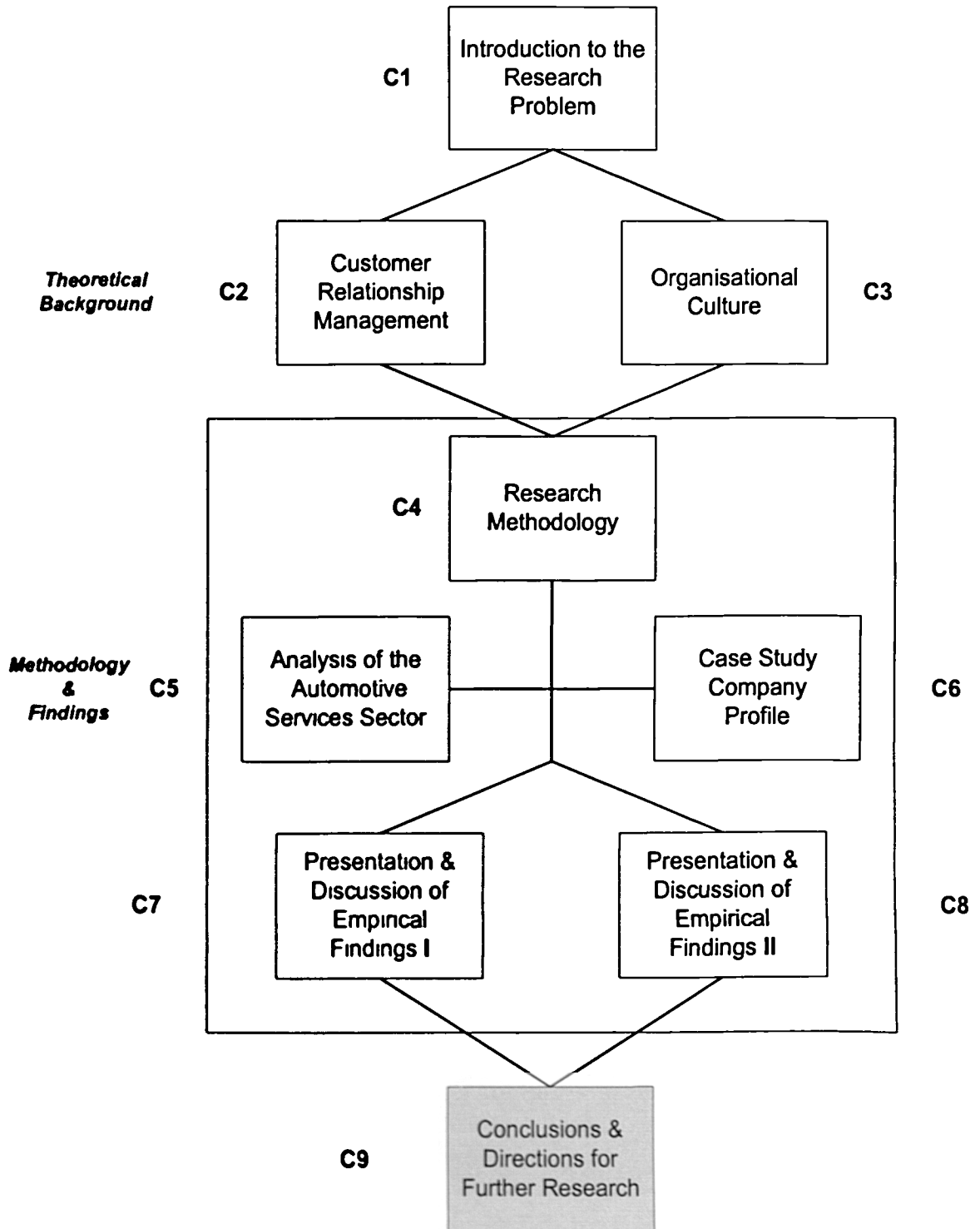
impact on effectiveness. On the other hand, consistency hindered the response of Express Service to customer needs and had a negative impact on effectiveness. Deeply embedded in the OC of Express Service were the values on stability and uniformity. Stability and uniformity promoted an internal balance in the organisation and had a positive effect on the CRM process. In accordance with the literature both values were perceived as desirable elements of a strong OC (Denison and Mishra, 1995) which empower employees, enhance customer relationships and drive the organisation towards superior performance.

In Express Service, artefacts espousing centralisation were 1) rules and procedures, and 2) the existence of control systems such as the job card. These artefacts were approached as forms of control by the management and were utilised to decrease ambiguity in internal and external environment of the firm (Ouchi, 1980). The artefacts espousing centralisation were associated with behaviours, namely: 1) the top-down communication (cf. Zeithaml et al, 1993), 2) the centralised decision-making (Martin, 1992) and c) the monitoring of activities of organisational members. The centralised OC of Express Service appeared to limit the role of employees in the CRM process and particularly in the customer-firm interaction. Similar to the findings of Harris and Ogbonna (2000), organisational members in the case study firm were lacking the capabilities to respond to customer enquiries and changing needs. This lack of autonomy reflected on the discretionary behaviour of front-line people that largely determines customer's perception of service quality. This point is often highlighted in relevant literature which assumes that autonomy is important as employees in service organisations should perceive control and flexibility in the delivery of customer value (Tax and Brown, 1998). It follows that behaviours espousing centralisation had a negative impact on the CRM.

Briefly, the findings of the thesis indicated that an OC which enhances customer orientation and employee orientation is extremely important for the practice of CRM. Developing an OC which focuses both on the internal and external customer appears to be a mean for enhancing the value delivered to the customer and CRM performance. In contrast, a centralised OC may inhibit CRM practice since it discourages employees from taking initiatives to serve the customer.

Chapter 9

Conclusions, Limitations and Directions for Further Research



9.1 Introduction

Chapter 9 brings the discussion of the thesis to an end by concentrating on the major findings of the research. It also presents the limitations and implications of the study, and the directions for further research.

Particularly, in section *9.2* of the chapter, the researcher summarises the findings based upon the three research objectives of the thesis. In section *9.3*, the researcher discusses the major theoretical and managerial implications of the study. Section *9.4*, illustrates the limitations of the study while section *9.5* presents a detailed research agenda grounded upon the findings of this case study.

9.2 Conclusions of the Empirical Findings

The research problem investigated in this study focused on the area of CRM. The purpose of this study was:

to explore the effect of OC on the practice of CRM with the aim to develop a greater understanding of how OC may facilitate or impede the practice of CRM.

This research purpose was further analysed into three research objectives, namely:

- 7) to identify employees' and managers' perceptions of CRM
- 8) to explore the practice of CRM and its constituents in the organisation, and
- 9) to explore the effect of OC on the practice of CRM.

In order to meet these research objectives the author has conducted an in-depth, longitudinal case study in a firm in the U.K. automotive services sector and particularly the fast-fit industry. The case study organisation was established in 1971 in Scotland and has been acknowledged as a best practice of CRM (Barrand, 2000; Darby, 2000). The duration of the case study presented in the thesis was 14 months. During that period, empirical data was collected through 36 detailed, in-depth interviews, archival data and observation.

The data collection activities culminated in the completion of a retrievable case study database containing the 150 pages of organised field notes; 36 audiotapes, 470 pages of single-spaced interview transcripts and other related documents such as

trade press and archival data. The analysis of the results was based on the content analysis technique and conducted by the means of NUD*IST (Non-numerical Unstructured Data Indexing, Searching and Theorizing) software index. The content analysis process initiated with the input of the verbal material to NUD*IST. Specifically, both interviews and field notes were transcribed and subsequently indexed using NUD*IST data management computer package. Archival data and company documents were used either to support or to disconfirm the material collected from the interviews and field notes.

In the remaining part of section 9.2, the researcher discusses briefly the main results of the study. The results correspond to each of the research objectives formulated in Chapter 1 and stated below.

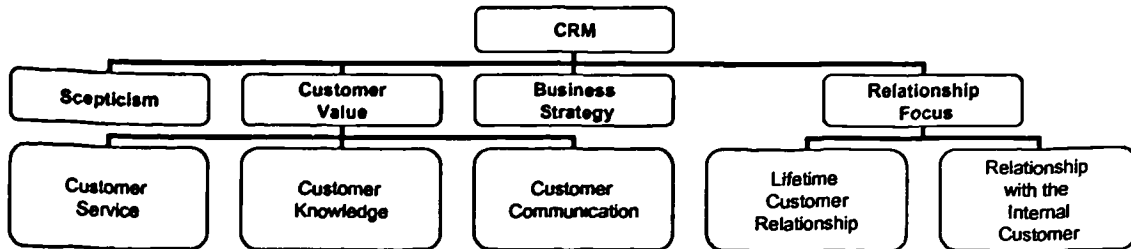
Objective 1: To identify employees' and managers' perceptions of CRM

The term Customer Relationship Management (CRM) has become part of the academic and business discourse during the last few years. The extant literature has emphasised that there appears to be a confusion regarding the meaning of the term CRM (Peppard, 2000; Peppers and Rogers, 2000; Winer, 2001; Zeithaml et al, 2001). This confusion seems to be associated with the variety of perceptions that organisations have on CRM (Woodcock and Starkey, 2001).

Similar to the relevant literature, the findings of this research indicated that employees and managers involved in the practice of CRM often misinterpret and confuse the meaning of CRM. The research findings demonstrated that organisational members have different perceptions regarding the meaning of the term CRM. Based on the findings of the thesis, employees' and managers' perceived CRM (Figure 9-1):

- 5) often with scepticism
- 6) as an activity relevant to customer value delivery
- 7) as a business strategy, and
- 8) as an activity focusing on the firm's relationship with stakeholders.

Figure 9-1: Employees' and Managers' Perceptions of CRM



Source: The author

1) CRM has been viewed with *scepticism* from the top management of the case study firm and primarily those involved in the planning of marketing activities such as marketing campaigns and communication, and customer service. The scepticism about CRM accounted for the lack of top management support on CRM. Top management support is a critical factor for the success of CRM initiatives since it traditionally plays a leading role in the initiation, implementation and evaluation of CRM efforts. It appears in the findings that the lack of top management support has caused delays in the launch of Premier II initiative. The results indicated that scepticism about CRM was primarily associated with a) the strategists' ignorance pertaining to the advantages and disadvantages of CRM initiatives, and b) the bad reputation of relational strategies caused by the malpractice of CRM or other customer-focused initiatives.

Referring to the first issue Colgate and Danaher (2000), suggest that in embarking on a relational strategy a firm should be aware of the benefits and drawbacks of such strategy. In the context of Express Service, the lack of understanding regarding CRM seems to be associated with the problems in Premier II. Additionally, the scepticism of the organisation on CRM was reinforced by the

difficulty to assess the outcome of CRM practice and evaluate its contribution to the performance of the firm.

The second reason for approaching CRM with scepticism relates to the customers' point of view of CRM initiatives. Although the underlying logic of CRM activities is mutual dialogue, interdependence and co-operation between the firm and the customer in practice, the role of customer in the relationship process is passive (Fournier et al, 1998). The findings showed that Express Service people expressed concerns regarding the passive role of the customer in the relationship process and perceived CRM as a practice for manipulating customers. If organisations gradually start to sympathise with their customers and understand that CRM malpractice is going to harm their business eventually then the deployment of relational strategies such as CRM may substantially improve and initiate a meaningful dialogue between the firm the customer.

2) On contrary to the group of organisational members who approached CRM with scepticism, a number of employees in the firm linked *CRM* to the provision of *customer value*. Although the provision of customer value is approached as the essence of CRM (Payne, 2002) many authors in the area of CRM seem to ignore that. These scholars rather than focusing on the firm's role to the delivery of superior customer value they focus solely on the value of the customer for the profitability of the firm. For instance, Furness (2001) and Reichheld (1993) focus on the economic value of the customer for the firm and the contribution of customer loyalty to firm's profitability.

The findings recognised the central issue of customer value delivery and its importance for the practice of CRM. This study further identified the drivers of customer value in a service organisation. These drivers, which are briefly discussed below are: *customer service*, *customer knowledge* and *customer communication* (cf. Zeithaml et al, 2001). Table 9-1 summarises the drivers of customer value and highlights the key issues associated with each value driver based on the research findings.

In the context of Express Service, customer service was a key differentiator of the organisation in the eyes of the customer and a determinant of the value delivered to the customer. Particularly, the concept of promise in relation to customer

service had a great importance for the practice of CRM in the organisation. These findings are in accordance with the extant literature which approaches customer service as a determinant of the value delivered to the customer (Woodruff, 1997). For example, Naumann (1995) define value as meeting or exceeding customers' expectations in product and service quality.

With reference to *customer knowledge*, clearly, the collection and use of information about the customer has always been critical to marketing activities and linked to customer value (Deshpande and Parasuraman, 1986, Kotler, 1997; Slater and Narver, 2000). Slater (1997) proposes that an organisation's ability to continuously generate knowledge about customers' expressed and latent needs and how to satisfy these needs, is essential for it to continuously create superior customer value. Similarly, the thesis acknowledged that customer knowledge is a foundation of CRM since it enables organisation to gain competitive advantage by developing products and services according to customers' requirements.

In the context of CRM, the generation of customer knowledge has been facilitated by the development of customer databases (Abbott et al, 2001; Rylas et al, 2000). As demonstrated in the findings, the application of customer databases for business purposes raises issues regarding information privacy and the need for organisations to act upon customer data. In other words, it is of high importance for firms to link constantly the information acquired from the consumer to value offering activities taking into consideration that consumers might not always feel comfortable with personal information disclosure to companies, (Cespedes and Piercy, 1996). Thus, according to the findings, a central issue in CRM practice appears to be the use of the acquired data to create superior customer value.

As far as *customer communication* is concerned, the findings suggest that a basic principal of CRM is the use of communication messages pertinent to the profile of each customer. However, contemporary approaches to marketing such as relationship marketing, often fail to include the communication process as a critical dimension of relationship building (Duncan and Moriarty, 1998; Grönroos, 2000). In many cases, companies have not adopted a process for efficiently and effectively managing all their interactivity with customers and other stakeholders (Day, 1994). However, the findings illustrated the importance of customer communication for

relationship management. Particular, the findings showed that CRM enables the integration of customer-firm dialogue across different channels of interaction into a well co-ordinated communication strategy reflected upon the value delivered to the customer and the management of customer relationships.

3) Although, many organisational members in Express Service linked CRM to successful corporate performance and the achievement of organisational goals, and competitive advantage, still there seemed to be a lack of strategic focus concerning the practice of CRM in the organisation. The lack of strategic focus of CRM initiatives has been a recurrent theme in the relevant literature and the most usual reason for the failure of CRM projects (Lemon et al, 2002; Peppard, 2000; Plakoyiannaki and Tzokas, 2002; Reinartz and Kumar, 2000).

The findings of this case study indicated that strategy is a key component of CRM practices. The researcher has outlined and discussed in detail (Chapter 7, paragraph 7.2.3) *the strategic characteristics of CRM which have been substantially ignored in the emerging literature. The strategic features of CRM involve a) the high degree of resource commitment linked to CRM initiatives, b) the contribution of CRM to organisational learning, c) the organisation-wide character of CRM activities and d) the contribution of CRM practice to the achievement of competitive advantage* (cf. Papadakis and Barwise, 1998). Additionally, the thesis has put forward a resource-based approach to CRM strategy. Particularly, the findings showed that three organisational resources are central to CRM practice and the delivery of benefits to the customers through value offerings, namely the customers, the firm and the firm's resources (know-how, technology, employees). The first element of a CRM strategy is the firm namely Express Service which designs and organises the CRM practice through a central management team. The second element of a CRM strategy pertains to the customers who are treated on an individual basis. The third element of a CRM strategy refers to the firm's resources which together with the core products and services fulfil the customer's needs, desires and expectations. However, as discussed in the conclusion, the most important company resource for CRM practice appears to be the employees who represent the firm to the customers and delivery customer value.

Table 9-1: Customer Value (CV) and CRM

CV Determinants	Key References		Central Issues Emerging from the Thesis
	CV literature	CRM literature	
Customer Service	Berry & Parasuraman, 1993; Crosby, Evans & Cowles, 1990, Grönroos, 1990; Parasuraman, Berry & Zeithaml, 1991	Lemon, White & Winer, 2001; Tax & Brown, 1998; Zeithaml, Rust and Lemon, 2001	<ul style="list-style-type: none"> ▶ CRM is an <i>organisation-wide process</i> which supports <i>value creation through the facilitation of customer service activities</i> ▶ The concept of promise is <i>central</i> to CRM, customer service and value creation
Customer Knowledge	Slater & Narver, 2000; Parasuraman and Grewal 2000; Wikstrom, 1996; Woodruff, 2000	Abbott, Stone & Buttle, 2001; Anton, 2000; Peppard, 2000	<ul style="list-style-type: none"> ▶ CRM is an organisation wide process which supports <i>value creation through the facilitation of customer knowledge activities</i> ▶ Customer knowledge links to the <i>delivery of enhanced customer value</i> ▶ Customer knowledge facilitates <i>value co-production</i> ▶ Databases facilitate the <i>generation of customer knowledge</i> ▶ Firms should act upon data to <i>produce customer value</i> ▶ Privacy issues regarding the <i>willingness of the customer to disclosure data to the firm</i>
Customer Communication	Duncan & Moriarty, 1998; Gilly & Wolfenbarger, 1998; Grönroos, 2000; Ravald & Grönroos, 1996; Tzokas & Saren, 1998	Meltzer, 2001; Swift, 2001; Winer, 2001	<ul style="list-style-type: none"> ▶ CRM is an organisation wide process which supports <i>value creation through the facilitation of customer communication activities</i> ▶ CRM emphasis the <i>importance of communication on customer relationship</i> ▶ Communication is <i>critical to customer value generation</i> ▶ CRM provides <i>integration and consistency to communication efforts</i> ▶ Importance of <i>feedback for two-way communication</i> ▶ CRM facilitates <i>communication to internal & external audiences</i>

Source: The author

4) Based on the evidence drawn from Express Service, CRM focuses the competencies of the organisation on the management of long-term relationships with customers and aims primarily at creating customer value in order to increase corporate profitability. The findings propose that both the external customer i.e., consumer and the internal customer, namely the employee are associated with the relational aspect of CRM.

In terms of the external customer, the principal issue that emerged from the case study was the significance of the development of lifetime relationships with customers for the survival of the organisation in the market environment. The relevant literature to CRM has demonstrated the link between CRM and the pursuit of long-term relationships between the firm and the customer (Jain and Singh, 2002; Reinartz and Kumar, 2000). Indeed, the development of long-term customer relationships is the purpose of CRM practice. For instance, an increasing number of organisations are focusing on CRM activities for the achievement of long-term relationships between the firm and the customers, and subsequently for the achievement of higher profitability and growth (Reichheld and Scheffer, 2000; Reichheld and Teal, 1996). Despite the importance of CRM for the firm's survival, the findings demonstrated an inability of the firm to capitalise on customer relationships. As it is discussed in the following section, Express Service appeared to have problems with the estimation of intangible assets such as customer relationships.

As far as the internal customer is concerned, the results suggested that CRM activities seem to be of relevance to the management of the relationship between the firm and employees and facilitated the deployment of HRM practices. As such, this case study contributes an additional issue to the understanding of CRM which is related to the practice of CRM for internal marketing purposes. Taking into consideration the importance of employees for the success of CRM, internal marketing schemes may substantially improve the performance of the CRM initiatives.

To sum up, as far as the first research objective is concerned, the case study findings illustrated that four notions are linked to the employees' and managers' understanding of CRM. These are: *skepticism*, *customer value*, *strategy* and

customer relationships. These key notions illustrate that CRM is a multi-faceted concept that may be perceived differently from organisational members according to their experiences and understanding of the business. The position or job title of the respondents was not associated with the perceptions of CRM they had. In other words, the perceptions of CRM in terms of customer value, strategy and customer relationships were shared among a variety of organisational participants regardless their position in Express Service. However, only the top management team of the organisation expressed skepticism about CRM.

Despite the differing perceptions of CRM, almost all the interview respondents seemed to agree on the view of CRM as an organisation-wide process that contributes to customer value creation. The second research objective of the thesis elaborates on the view of CRM as a process which has emerged from the first section of the findings.

Objective 2: To explore the practice of CRM and its constituents in the organisation

The results of this case study advanced a view of CRM as an organisation-wide process that contributes to the creation and delivery of superior value to the customer. The approach of CRM as an organisational process is *compatible* to the position of Payne (2002) and Srivastava et al (1999) who perceive CRM as core business activity that contributes to value creation. The findings suggested a detailed view of the CRM process which is constituted of three sub-processes, namely the *information processes*, the *customer value processes* and the *performance measurement process*. Subsequently, each of these three processes is comprised of activities. Table 9-2 provides a brief description of the CRM sub-processes and activities which are discussed in the following part of this section.

Information Processes: The findings of the case study suggested three information sub-processes of CRM. These are namely, *information acquisition*, *information dissemination and information use*. Acquisition is the process of gathering primary and secondary information from internal and external sources and bringing these data within the boundaries of the organisation. This research put forward the link among information acquisition, customer communication and CRM. As demonstrated in the findings, information acquisition facilitates the dialogue

between the firm and the customer as it provides the means to better understand the customer.

Information dissemination relates to the degree that information is circulated among organisational participants. The findings suggested that information dissemination holds an important role in the complain recovery process since it enables employees to follow the resolution of customer complaints and decide whether this resolution met customers initial enquiries. As such, information dissemination enhanced the breadth of organisational learning and thus customer learning, taking into consideration that when information is broadly distributed in the organisation, more varied sources of information exist, making retrieval of information easier and learning more likely to occur.

Although effective information dissemination is vital since it offers a basis for co-ordinated action by different departments (Kohli and Jaworski, 1990), it appeared to be a source of difficulties for Express Service. Reflecting upon the findings, Express Service needs to improve the process of information dissemination for its survival. This is because the lack of information dissemination influenced negatively customer-firm interactions and internal communications.

Information use consists of direct and indirect activities that demonstrate the response of the firm based on the acquired information (Kohli and Jaworski, 1990). Direct use refers to the application of information for decision-making purposes and the implementation of marketing strategies. Indirect use mainly pertains to behaviours that refer to the way organisations elaborate and evaluate information for strategic related actions (Workman, 1993). The findings emphasised the importance of indirect use of information for CRM practice. It appears that, for the Premier II initiative to succeed, Express Service people should be able to understand the 'new' symbolic value of information which was not properly instilled in their daily routine during the testing period of the programme.

Customer Value Process: The findings showed that the second group of processes relevant to CRM are the customer value activities. The constituents of the customer value process in Express Service are the *definition, development* and *delivery* of the value proposition. Viewed in this light, the customer value process in Express Service resembles to that proposed by Webster (1997). Webster (1997)

underlined that the value proposition has become the primary organising force for business and proposed a list of *value creating* activities, in order to demonstrate the contribution of marketing in the customer value process.

As far as the definition of the value proposition is concerned, the majority of the respondents suggested that the value proposition embraces ideas relevant to the Express Service brand and the value that the firm offers to the customer through service and prices. Viewed in this light, the findings of the thesis illustrated that corporate and service brands acted as relationship levers that cultivated trust between the firm and the customer and facilitated CRM practice.

Following the definition of the value proposition is the process of development of the value proposition which includes the creation of products and services in order to meet customer needs and the articulation of pricing strategies for the value offerings. In the context of CRM, what seems to be important in the development of the value proposition is the incorporation of the voice of the customer in the development of new products and services. This process is entitled in the relevant literature value co-production (Wikström, 1996). Although, the applicability of value co-production has been debated in the literature, this case study provides preliminary empirical evidence in that direction.

In Express Service, value delivery comprised of all these activities involved in delivering the product-service attributes that are considered necessary to create customer delight and to maintain ongoing relationships with the customers. According to the findings, customer delight referred to satisfaction levels beyond mere fulfilment that generated a pleasant surprise for the customer. Thus, the term 'customer delight' appears to be central in the customer value process of service organisations and dependent on emotion in the consumer's response to the consumption of service.

The findings, pointed out two additional themes relevant to the customer value process. These are: 1) the role of the marketing channels as value creating elements, and 2) the relationship value generated by the customer-firm dialogue. With reference to the first theme, CRM redefines the role of marketing channels as value creating elements. The findings showed that channels influenced the value delivered to the customer and were considered effective if they can meet customers'

needs and generate revenue for the firm. Concerning the second theme, the case study findings provided some preliminary insights on the relational aspect of value generated from the dialogue between the firm and the customer (cf. Ravald and Grönroos, 1996). In other words, Express Service concentrated on developing the emotional benefits that customers experienced in the CRM process by cultivating a continuous customer-firm dialogue.

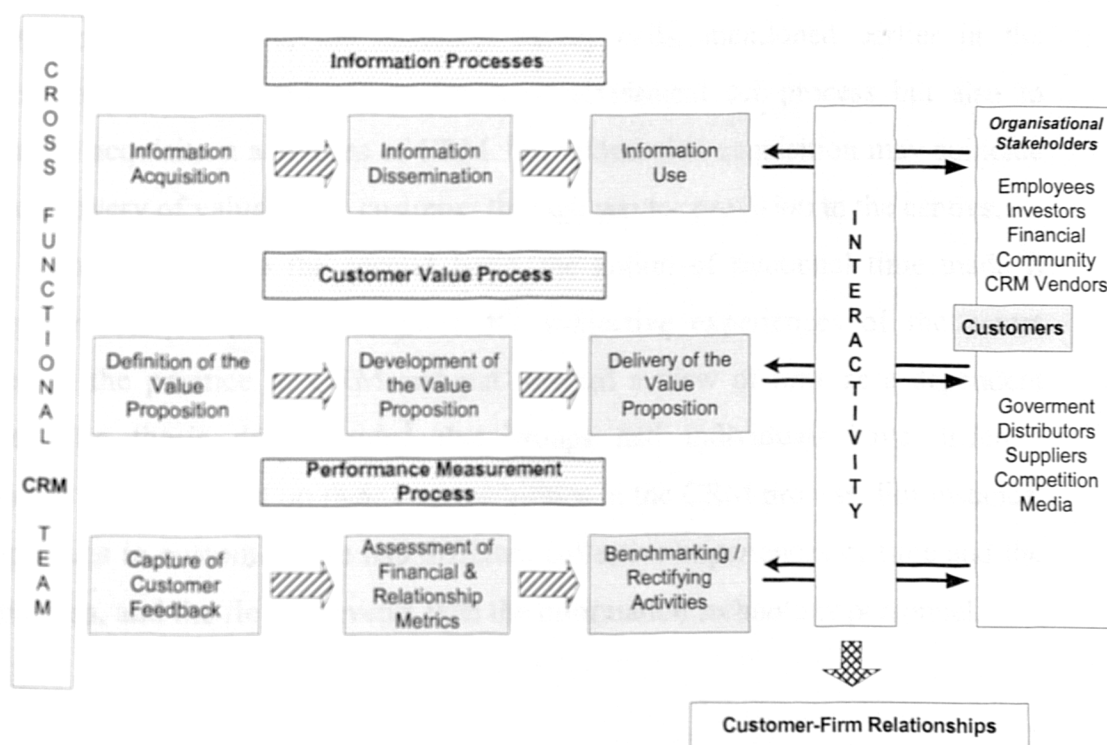
Performance Measurement Process: The findings showed that the third set of activities in relation to CRM is the performance measurement process. Pettigrew (1997) suggests that organisational processes are related to outcomes. As such, the justification of the CRM process rests on future performance. Performance measurement was the most problematic area in the CRM process. The case study proposed that CRM practice generates both tangible and intangible assets. The former are associated with financial measures such as sales, profits and return on investment. The latter link to aspects of customer relationships such as customer retention, customer value and customer loyalty and they are difficult to quantify and measure. Although, Express Service made some well co-ordinated attempts towards customer satisfaction measurement it appeared to be incapable of operationalising measures of customer loyalty and retention. This was due to the lack of 1) a co-ordinated strategy and 2) commitment of the organisation towards such initiative.

The inability of an organisation to engage its people to the measurement of performance outcomes may threaten its future survival (Porter, 1985). Consequently, the measurement of CRM performance is an issue that Express Service should address in the future. Particularly, it seems to be essential for Express Service to 1) develop measures capable of capturing the performance of intangible assets and 2) integrate the relational and financial measures in order to assess the impact of CRM on corporate performance. In this direction, the implementation of a balanced scorecard approach to the performance measurement of CRM may assist to integrate the different perspectives of the CRM process.

To sum up, CRM is a cross-functional process which seeks to focus on potentially millions of individual customers simultaneously as such, it seems to be unwieldy to implement it without a systematic approach. The practice of CRM facilitates interactivity between the firm and organisational stakeholders and is based

on a cross-functional team comprised of frontline employees, regional and division managers, and the top management. Figure 9-2 provides a holistic model for CRM based on the findings of this case study. The holistic framework of CRM proposed in figure 9-2 assists the conceptualisation of the notion of CRM and clarifies its relevance within the organisation. Additionally, it demonstrates the link of CRM to other organisational stakeholders such as employees and suppliers, and offers a strategic perspective to the management of customer relationships. It should be highlighted that the CRM sub-processes and activities depicted in figure 9-2 are supported by a cross-functional CRM team which aims at creating and delivering enhanced value to the customer base.

Figure 9-2: A Model of CRM



Source: The author

The researcher's conceptualisation of the CRM process appears to be distinctive since it was based on a gradual understanding of the CRM process over a

long period of time. This case study attempted to incorporate the temporal factor in developing an understanding of the CRM process. The notion of relational time which has been elaborated in detail in the research methodology chapter of the thesis contributed additional insights into: 1) the discontinuities and overlaps of the CRM process, and 2) the subjective experiences of the organisational members involved in the practice of CRM process.

Relating to the first issue the few existing models of CRM conceptualise this activity as a linear and predictable pattern on a simple, orderly or progressive path. The findings of this case study proposed that CRM is a dynamic process consisting of dynamic sub-processes. Rather than being linear, incremental and progressive, the CRM process is characterised by discontinuities. Additionally, as the findings illustrated the boundaries between CRM sub-processes activities are often difficult to distinguish i.e., the sub-processes and activities in the CRM process may be overlapping. For instance, the customer survey calls, mentioned earlier in the findings, contribute not only to performance assessment sub-process but also to information acquisition activities of CRM. Or, information acquisition may coincide with the delivery of value to the customer through service provision in the centres.

With reference to the second issue, the notion of relational time made it feasible for the researcher to explore the subjective experiences of the actors involved in the practice of CRM and put forward a view of time as a dependent variable. The thesis demonstrated that groups and individuals have different experiences of time based on their responsibilities in the CRM process. For instance, the employees in customer care had different collective experiences of time and the CRM process, and the flow of events than the information technology personnel.

Table 9-2: CRM Process, Sub-Processes and Activities

CRM Process		
CRM Sub-Processes	Description of CRM Sub-Processes	CRM Activities
<i>Information Processes</i>	This CRM Sub-process is concerned with the acquisition of primarily customer information from all customer contact points through formal/informal mechanisms; the formal/informal dissemination of information across functions and levels of hierarchy; and the use of information to develop customer profiles and target the value offering of the organisation	<ul style="list-style-type: none"> ▶ Information Acquisition ▶ Information Dissemination ▶ Information Use
<i>Customer Value Process</i>	This CRM Sub-process is concerned with defining and transforming the value proposition into products and services that deliver value to the customer. It is initiated with the definition of the value proposition which articulates the offering of the firm and concentrates on the fulfillment of customer needs during the lifetime of the client's relationship with the firm; it continues with the development of the value proposition i.e., the translation of the value proposition into products and service and concludes with the delivery of the value offering to the customer. As far as the delivery of customer value is concerned, CRM practice stresses the role of marketing channels as value creating elements.	<ul style="list-style-type: none"> ▶ Definition of the Value Proposition ▶ Development of the Value Proposition ▶ Delivery of the Value Proposition
<i>Performance Measurement Process</i>	This CRM Sub-process ensures that the organisation's strategic aims in terms of CRM are being delivered according to the stipulated benchmarks and that a basis for future improvement is established. It is associated with the measurement of financial metrics (ex. sales, profits and ROI) and relationship outcomes, (such as customer retention and satisfaction) the comparison of the results with the prearranged benchmarks and hence the initiation of improvement actions.	<ul style="list-style-type: none"> ▶ Measurement of Financial Metrics ▶ Measurement of Relationship Outcomes ▶ Comparison of CRM Performance with Benchmarks ▶ Improvement initiatives (if necessary)

Source: The author

Objective 3: To explore the effect of OC on the practice of CRM

The findings of the thesis provide empirical evidence on the view of OC as a complex and multi-dimensional construct (cf. Detert et al, 2000; Hofstede et al, 1990; Lytle et al, 1995; Reynolds, 1986). Particularly, the OC of Express Service appeared to be a multi-faceted construct consisting of various dimensions. Among these, the dimensions of *customer orientation*, *employee orientation* and *centralisation* seemed to have a substantial effect on the CRM process.

Each of the dimensions of the OC of Express Service was analysed in four distinguishable but interrelated components, namely assumptions, values, artefacts and behaviours.

The findings of the study proposed that *customer orientation* facilitated the deployment of CRM initiatives in Express Service. It follows that is beneficial for organisations to cultivate a customer-oriented OC with the purpose of implementing CRM. Particularly, the findings suggested that a customer-oriented OC is one in which the customer's interests always comes first, ahead of those of the owners, the management and employees. In Express Service, a *customer-oriented* OC consisted of the four components of 1) underlying assumptions espousing customer orientation, 2) organisation-wide shared values supporting customer orientation 3) perceptible artefacts of customer orientation, and 4) the customer-oriented behaviours.

Customer-oriented assumptions focused on the basic substance of OC i.e., *the customer being the heart of the business* and reflected on strategic aspects of the CRM process such as the launch of a new product or service and to the formulation of human resource management practices. Customer-oriented values represented a desirable set of conceptions that influence modes, means and ends of customer - oriented action (cf. Kluckhohn, 1951). In Express Service, the key organisational values supporting customer orientation may be classified in five general themes: honesty, willingness, commitment, empathy, and friendly predisposition. The development of customer-oriented values appears to be significant for CRM since these values have a positive overarching effect on the CRM process i.e., they influenced aspects of information processes, customer value process and performance measurement process. Customer-oriented artefacts were substantial elements of Express Service OC, consisting of 1) the mission statement, 2) stories 3)

business standards, 4) information artefacts and 5) products. The symbolic meaning of customer-oriented artefacts reflected on customer-oriented behaviours. Customer-oriented behaviours pertain to organisational behavioural patterns that acknowledge the customer as the cornerstone of business (Hoekstra et al, 1999). In Express Service, customer-oriented behaviours entailed 1) the formulation of a customer-oriented value proposition, 2) the provision of excellent service to the customer, 3) the customer-firm value co-production, 4) the appreciation of customer information, 5) the promotion of customer-firm dialogue, and 6) the capture of customer feedback (Becker and Homburg, 1999). The findings suggested that customer-oriented behaviours are of significant value to the organisation since they deliver the benefits of the CRM to the firm and the customer. Thus, the development of customer-oriented behaviours appears to be a priority for organisations that practice CRM. In order to achieve that the organisation attempted to identify appropriate symbols (customer-oriented artefacts) that will motivate the desired behaviours.

The findings of the study proposed that *employee orientation* facilitated the deployment of CRM initiatives in Express Service. Viewed in this light, the success of CRM initiatives is closely linked to the appreciation that the organisation demonstrates towards its people. In Express Service, the employee-oriented OC emphasised the importance of people in the organisation and concentrated on the needs of the human capital in the work environment and organisational setting. The employee-oriented OC in Express Service included the four components of 1) underlying assumptions espousing employee orientation, 2) organisation-wide shared values supporting employee orientation, 3) perceptible artefacts of employee orientation, and 4) the employee-oriented behaviours.

Employee-oriented assumptions promoted a sense of community among organisational participants and enhanced feelings of connection (cf. Casey 1999; Kunda, 1992). Additionally, employee-oriented assumptions reinforced the emphasis that organisational participants demonstrated on meeting the customers' requirements. As such, employee-oriented assumptions appeared to support customer-oriented assumptions. The synergy of customer and employee orientation was demonstrated in the fact that organisational members identified with focus of Express Service to provide value to the customer.

The employee-oriented values in Express Service demonstrated a concern towards employees' needs by cultivating respect, trust and accountability in the work environment. According to the findings, these values were reinforced in the Express Service since they promoted excellence in the delivery of the value proposition and customer-firm interaction. Particularly, the value of respect had positive implications to CRM practice since it was associated with the extent that employees are treated as important individuals and influenced positively the delivery of the value proposition through the provision of excellent service to the customer. Moreover, the effect of respect was evident on the definition of the value proposition since respect was instilled not only in employee relations but also in formulation and implementation of relational strategies with the customer base. The value of trust defined as a 'willingness to rely on an exchange partner to whom one has confidence, (Moorman et al, 1993, p.82) enhanced the relationship value between the firm and the customer and especially the emotional benefits that the customer experienced in his or her interaction with Express Service. Accountability reinforced the sense of responsibility and ownership of employees for their job. The results showed that accountability motivated people to deliver the value proposition of Express Service to the customer. Furthermore, accountability encouraged employees to take the responsibility for their mistakes and omissions, and identify the areas of self-improvement. In that aspect, accountability facilitated the performance appraisal in the CRM process.

According to Gagliardi (1986), employee-oriented artefacts demonstrate the responsibility of the employer-organisation towards the human capital. In Express Service, employee-oriented artefacts involved 1) reward systems, 2) the corporate brand, 3) the career ladder, and 4) the Management Development Programme. Similarly to customer-oriented artefacts, the symbolic meaning of employee-oriented artefacts was manifested on behaviours. In Express Service, employee-oriented behaviours pertained to 1) the deployment of a fair performance management system, 2) the development of trusting and open relationships with employees, and 3) the provision of opportunities for training and development. Thus, employee-oriented behaviours facilitated the CRM process by concentrating on aspects of internal marketing and continuously encouraged, and enhanced an understanding of and an

appreciation for the role of employees in the organisation. This is of high significance for service organisations since the interaction between customers and front-line personnel reflects on the quality perceptions and purchasing behaviours of consumers. Additionally, the findings showed that employee-oriented behaviours facilitated the practice of CRM since they motivated and enabled employees to perform better in the customer value process. Viewed in this light, the OC dimensions of customer orientation and employee orientation were interrelated and facilitated the CRM process.

The dimension of employee orientation underlined the importance of internal marketing for CRM practice and, getting and retaining customer-conscious employees. It appears that every organisation has an internal market of employees, which first has to be successfully taken care of in order for CRM to flourish. Unless, this is done properly, the success of CRM in the external markets might be jeopardised.

Although Express Service demonstrated a high degree of customer and employee orientation at the same time it manifested a *centralised* OC which implied that those in key positions -individuals and groups - had a significant impact on the activities, decisions and programmes in the firm (Deshpande et al, 1993; Reynolds, 1986). In Express Service, a centralised OC involved 1) underlying assumptions espousing centralisation, 2) organisation-wide shared values supporting centralisation, 3) perceptible artefacts favouring centralisation, and 4) the behaviours espousing centralisation.

As far as organisational assumptions are concerned, the concepts of effectiveness were central to the operations of Express Service. According to Denison and Mishra, (1995), consistency requires individuals' conformity to the rules rather than voluntary participation and influences either positively or negatively effectiveness. The assumptions of consistency and effectiveness influenced both positively and negatively the CRM process. On the one hand, consistency promoted a coherent image of Express Service to customers, facilitated customer-firm relationships and had a positive impact on effectiveness. On the other hand, consistency hindered the response of Express Service to customer needs and had a negative impact on effectiveness. It follows that centralised cultures should try to

eliminate the negative effects of consistency and effectiveness in order to enhance CRM practice. Deeply embedded in the OC of Express Service were the values on stability and uniformity. Stability and uniformity promoted an internal balance in the organisation and had a positive effect on the CRM process. This is because stability and uniformity were perceived as desirable elements of a strong Express Service OC which empowers employees, enhances customer relationships and drives the organisation towards superior performance.

In Express Service, artefacts espousing centralisation were 1) rules and procedures, and 2) the existence of control systems such as the job card. These artefacts were approached as forms of control by the management and were utilised to decrease ambiguity in internal and external environment of the firm (cf. Ouchi, 1980). The artefacts espousing centralisation were associated with corresponding behaviours, namely: 1) the top-down communication, 2) the centralised decision-making and c) the monitoring of activities of organisational members. The centralised OC of Express Service underestimated the role of employees in the CRM process and particularly in the customer-firm dialogue. The findings demonstrated that front-line people felt that they were lacking the capabilities to respond to customer enquiries and changing needs. This lack of autonomy reflected on the discretionary behaviour of front-line people that largely determines customer's perception of service quality. It follows that behaviours espousing centralisation had a negative impact on the CRM. Thus, successful CRM practice requires autonomy for employees to assume responsibility of their actions and have flexibility to make decisions in the delivery of customer value.

To sum up, the findings of the thesis indicated an OC which enhances customer orientation and employee orientation is extremely important for the practice of CRM. As such, organisation should instil trust and respect not only in customer relationships but also in the relationships with their employees. Developing an OC which focuses both on the internal and external customer appears to be the way for enhancing CRM performance needed for the implementation of relational strategies. In contrast, a centralised OC may inhibit CRM practice since it minimises the involvement of people in the delivery of customer value. Consequently, centralised organisations that practice CRM should redress the balance of

responsibility allocation in the organisation and encourage employees to take up initiatives for servicing the customer.

9.3 Implications of the Study

This research bears implications for both theory and managerial practice. Previous empirical research in the context of relationship marketing and CRM has made explicit the importance of OC for the implementation of relational strategies (Perrien and Ricard, 1999; Sheth et al, 2000). This case study also offers empirical findings regarding the impact of OC on the organisational process of CRM. Moreover, it outlines how distinctive layers of OC influence the practice of CRM. To the best of the researcher's knowledge, such a systematic endeavour to approach the interaction of CRM and OC is among the pioneering studies in the extant literature. It further enlightens the CRM phenomenon, its value and significance to the firm and the customer. It also stresses the difficulties associated with the effective implementation of CRM within the organisation. Researchers can delve into these issues and grasp the CRM notion more holistically.

Besides being theoretically insightful, this study has several important managerial implications. *First*, it offers insights relevant to employees' and managers' perceptions of CRM. As stated by Hart et al (2002), the existing research on CRM has paid insufficient attention on how organisational participants perceive this notion. The research findings provide managers guidance for developing a CRM philosophy in the organisation (Plakoyiannaki and Tzokas, 2002). *Second*, this case study puts forward a conceptual framework of the CRM process which may be used as a roadmap to navigate CRM practice. *Third*, it provides managers with a detailed understanding of what drives behaviours related to CRM in organisations. The multi-layer model of OC suggests that specific behaviours that facilitate the practice of CRM are based on values, assumptions and the appropriate artefacts. *Third*, it highlights the importance of internal customers for the successful deployment of CRM initiatives. This is illustrated in the fact that management should create, continuously encourage, and enhance an understanding of and an appreciation for the roles of the employees in the organisation (Grönroos, 1990) and particularly the CRM process (Srivastava et al, 1999). *Fourth*, it suggests that managers should acknowledge the importance of artefacts in the organisation. The empirical findings

showed that customer-oriented and employee-oriented artefacts stimulated the successful practice of CRM. Moreover, artefacts espousing centralisation influenced the existence of behaviours espousing and reflected on aspects of the CRM process.

To sum up, it has often been suggested in the literature that OC drives the success of CRM (Fletcher, 1999). This study illuminates the effect of OC on the CRM process and demonstrates how managers could cultivate an OC that enables successful CRM practice. In short, the research findings suggest that managers should devote effort and time on understanding their employees (Schein, 1992) in order to deliver the benefits of CRM to the firm and the customer.

9.4 Limitations of the Study

One limitation of this research is associated with its exploratory nature. Since this study has been among the seminal research endeavours to explore the effect of OC on the CRM process, no definite conclusions can be drawn regarding the causality of relationships outlined in figures 8-4, 8-9, and 8-11. Although longitudinal case studies seem to improve the understanding of the dynamics of the CRM and OC (cf. Avital, 2000; Pettigrew et al, 2001; Van de Ven, 1992), still the results exhibit a low extent of generalisability that impede the articulation of normative conclusions (cf. Eisenhardt, 1989; Pettigrew, 1997; Yin, 1989).

A potential limitation of this research is the use of a single case study to explore the issue under investigation. Dyer and Wilkins (1991) argue that a single case study is the optimal form of case study method because it offers deep understanding to the features and intricacies of the investigating phenomena, and to the particular organisational context that these phenomena occur. Consequently, a single case study method may substantially facilitate the purpose of theory building. The information gleaned from a single case study approach may potentially be enriched by the replication of the study in other organisations and the comparison of cross-case studies findings (Miles and Huberman, 1994).

Another limitation of this study is related to the use of the automotive services sector as the industry context for the research. The selection of this sector is considered to be also a potential strength of this research since to the best of the researcher's knowledge, no other empirical study has concentrated on CRM practice in automotive services sector and especially in the fast-fit industry (Cap Gemini,

1999). Yet, the transfer of the study in another industry setting seems to be of an early priority in order to build a substantial understanding on the practice of CRM.

9.5 Directions for Further Research

The limitations in this study may be used to articulate directions for further research. The exploratory nature of this research is associated with low generalisability. Indeed, further research should be conducted to provide additional evidence on the three research objectives in other industries and national contexts. Additionally, the selection and in-depth study of firms that have failed in the practice of CRM may contribute significantly in our understanding of this notion, the constituents of CRM practice and the effect of OC on CRM initiatives. However, it should be noted that the identification and access into such organisations seems to be a difficult task. The following section presents specific directions for further research which are based on the study's empirical findings and objectives.

9.5.1 Employees' and Managers' Perceptions of CRM

As far as the first research objective is concerned, i.e. *to identify employees' and managers' perceptions of CRM*, further research may build upon the findings of this case study and seek to validate these findings to a larger scale. Particularly, a questionnaire survey using themes from the extant case study result, namely the relational focus, the strategic aspects and the value creating dimensions of CRM, could investigate the key themes related to CRM and facilitate the development of a widely accepted definition of this notion.

9.5.2 The constituents of CRM Practice

Regarding the second research objective, i.e. *to explore the practice of CRM and its constituents in the organisation*, future studies may test the framework of the CRM process generated from the thesis in other firms. It appears that an empirical validation of this framework can provide insights considering the universal character and applicability of the CRM process and activities in other organisation.

The recurring issue linked to the CRM processes and activities, namely the generation of customer value, serves to continually identify, realize and develop the benefits of CRM practice (Payne, 2001). Viewed in this light, future research may also concentrate on the specific sub-process and activities in the CRM process. The research evidence presented in table 9-3 below is built upon the findings of the

thesis. As such, it attempts to rectify current deficiencies in CRM theory and practice, and to provide directions towards a clear understanding of the CRM process. The research agenda presented in table 9-3 corresponds to the three major CRM sub-process namely, the *information processes* the *customer value process* and the *performance measurement process*.

In accordance with the *information processes*, technological artefacts have been treated as the essence of CRM practice. In this context, it would be interesting to engage in research with the purpose of understanding the information process of CRM and the factors that drive the adoption and successful implementation of databases (Micheaux and Gayet, 2001).

With respect to the *customer value process*, Woodruff (1997) states that existing research on customer value fails to capture the richness and complexity of the process of value creation. He suggests that further scrutiny on the customer value process may assist organisations to optimise the value delivered to customer. Webster (1997) cites that further research is required for marketing scholars to understand the customer value process and clearly conceptualise the definition, development of deliver of the value proposition. There is a considerable debate regarding the efficiency and effectiveness of *performance measurement of CRM initiatives* (Srivastava et al, 1998; Srivastava et al, 1999). It became clear from the findings that the assessment of CRM performance is a complex endeavour since it requires the estimation of relational and non-relational measures for organisation-wide CRM processes and activities. Therefore, it appears to be critical to focus on the development of integrated measures to assess the performance of CRM practice.

Table 9-3: A Research Agenda on the CRM Process

Potential Themes for Future Research	Questions to be Answered
Information Processes	
<ul style="list-style-type: none"> ✓ to understand the factors that drive the adoption and successful implementation of databases in the organisation ✓ to understand the relationship between information process in the context of CRM 	<ul style="list-style-type: none"> ▶ What are the determinants for database use? ▶ What is the relationship between (customer) information acquisition and use? ▶ Does the acquisition and use of (customer) information lead to higher levels of customer satisfaction and improved firm performance? ▶ Is there a relationship between information use and performance? ▶ Is the extent of information use related to superior customer value delivery and enhanced corporate performance?
Customer Value Process	
<ul style="list-style-type: none"> ✓ to understand the definition of the value proposition in the context of CRM 	<ul style="list-style-type: none"> ▶ What happens during the customer value process? ▶ How customers' desired value changes over time? ▶ How do customers perceive the value proposition of the firm?
<ul style="list-style-type: none"> ✓ to understand the development of the value proposition in the context of CRM 	<ul style="list-style-type: none"> ▶ How customer preferences are translated into business processes such as R&D and supply chain management? ▶ What is the association of CRM with such processes?
<ul style="list-style-type: none"> ✓ to understand the delivery of the value proposition 	<ul style="list-style-type: none"> ▶ What is the role of front-line and service personnel, salespeople, distributors and other participants in delivering the value proposition? ▶ How do supply chain capabilities and logistics contribute in the delivery of the value proposition? ▶ How well do customers think that the organisation delivers the value proposition? ▶ What is the role and impact of marketing channels in customer value delivery?

Table 9-3: A Research Agenda on the CRM Process

Potential Themes for Future Research	Questions to be Answered
Performance Measurement Process	
✓ to understand the performance measurement of CRM initiatives	<ul style="list-style-type: none"> ▶ What are the appropriate performance measures for assessing the success of CRM initiatives? ▶ How does the relative importance of these measures change as organisational goals, focus, management priorities, service/products, technology enablers' etc. undergo a transformation? ▶ How could firms operationalise customer relationship measurement? ▶ How measures are integrated to reflect a holistic view of the CRM system? ▶ How do firms ensure the implementation and commitment of the desired set of performance measures? ▶ How is customer feedback incorporated into the activities of the firm?

Source: The author

9.5.3 Time and the CRM Process

Further research in the area of CRM may explore the contribution of temporal factors to the understanding of the CRM process. Although relationships are dynamic phenomena that occur in a temporal context (Easton and Araujo, 1994), the time dimension has received little attention in the area of CRM. The adoption of the temporal lens seems to be an imperative in CRM studies. Further research on CRM may explore the temporal characteristics of the CRM sub-process and activities illustrated in figure 7-12. The three constructs integrally linked to the CRM process, namely the information processes (Hall, 1983; Moorman, 1995), the customer value process (Parasuraman, 1997; Webster, 1997; Woodruff, 1997) and the performance measurement process (Venkatraman and Ramanujam, 1986) are dynamic notions that incorporate multiple dimensions of the time concept. Moreover, future empirical studies that investigate the antecedents and consequences of relationship participants' subjective experiences of time in the context of CRM may be valuable in order to comprehend and develop the concept of relational time. For instance, the case study findings indicate that the members of the firm appear to have different temporal orientations dependent on their involvement in the CRM process (cf. Van de Ven and

Huber, 1990; Van de Ven and Poole, 1995). These orientations of organisational members may be compared to the time perceptions and recollections of their customers in order to investigate the effectiveness of the CRM process to meet customers' needs and expectations (Zellmer-Bruhn et al, 2001). Furthermore, in the context of CRM, a fruitful avenue for investigation would be the study of CRM and relevant relationships on a longitudinal basis. Longitudinal studies focusing on the relationship process are particularly lacking in contemporary marketing literature (Sheth, 2000).

9.5.4 The effect of OC on the CRM Process

The findings of this research suggest that customer orientation and employee orientation significantly facilitate the deployment of CRM initiatives. In relation to the effect of centralisation on the CRM process, the results of this study appear to be more complicated. Therefore, further research could investigate the influence of centralised cultures on aspects of the CRM process.

This study has underlined the impact of OC artefacts on the existence of OC behaviours and hence on the CRM process. Yet, artefacts have not been considered in marketing and OC literature in great detail (Homburg and Pflesser, 2000). Additional research in the context of CRM and OC might be useful to explore and develop parsimonious measures of organisational artefacts while making distinction across different layers of OC.

On a more general level, the researcher suggests that additional research on the interface of CRM and OC may test the applicability of the empirical findings of this case study in a sample of organisations. Viewed in this light, the proposition presented in table 9-4 may facilitate this research effort. Based on the recommendations of Eisehardt and Bourgeois (1988) and Eisenhardt (1989), the propositions shown in the table 9-4 are grounded on the empirical findings of the case study and can be further analysed in specific research hypotheses.

Table 9-4: Research Propositions Generated from the Findings of this Study

Customer Orientation	
P1	The presence of <i>customer-oriented assumptions</i> has a positive impact on the <i>strategic aspects</i> of the CRM process
P2	The presence of <i>customer-oriented assumptions</i> has a positive impact on the presence of <i>customer-oriented values</i>
P3	The presence of <i>customer-oriented values</i> has a positive impact on a) the <i>information processes</i> b) the <i>customer value process</i> , and c) the <i>performance measurement process</i>
P4	The presence of <i>customer-oriented artefacts</i> has a positive impact on the presence of <i>customer-oriented behaviours</i>
P5	The presence of <i>customer-oriented behaviours</i> has a positive impact on a) the <i>information processes</i> b) the <i>customer value process</i> , and c) the <i>performance measurement process</i>
Employee Orientation	
P6	The presence of <i>employee-oriented assumptions</i> has a positive impact on the presence of <i>customer-oriented assumptions</i>
P7	The presence of <i>employee-oriented assumptions</i> has a positive impact on the presence of <i>employee-oriented values</i>
P8	The presence of <i>employee-oriented values</i> has a positive indirect impact on a) the <i>customer value process</i> , and b) the <i>performance measurement process</i> , mediated positively by employee related variables
P9	The presence of <i>employee-oriented artefacts</i> has a positive impact on the presence of <i>employee-oriented behaviours</i>
P10	The presence of <i>employee-oriented behaviours</i> has a positive impact on a) the <i>customer value process</i> , and b) the <i>performance measurement process</i> , mediated positively by employee related variables
Centralisation	
P11	The presence of <i>assumptions espousing centralisation</i> has a mixed impact on the CRM process
P12	The presence of <i>values espousing centralisation</i> has a positive impact on a) the <i>information processes</i> b) the <i>customer value process</i> , and c) the <i>performance measurement process</i>
P13	The presence of <i>artefacts espousing centralisation</i> has a positive impact on the presence of <i>behaviours espousing centralisation</i>
P14	The presence of <i>behaviours espousing centralisation</i> has a mixed impact on a) the <i>information processes</i> b) the <i>customer value process</i> , and c) the <i>performance measurement process</i>

Source: The author

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Appendix A

A.1 The Roots of Qualitative Research

Qualitative research is associated with diverse methods employed in social sciences. In traditional quantitatively oriented writings, qualitative research is often treated as a relatively minor methodology to be used, if at all, at early or exploratory stages. In this respect, qualitative research can be used to familiarise oneself with a setting before sampling methods and quantitative methods are applied. However, qualitative research has a long distinguished history as a primary method of data collection in social sciences and anthropology (Denzin and Lincoln, 1994). For instance, the “School of Chicago” in the 1920s and 1930s established the role of qualitative inquiry for the study of human communities. At the same period of time anthropologists such as Malinowski (1944) provided the outlines of a qualitative fieldwork method, wherein the observer went to a specific foreign setting to capture the habits of another society and culture.

The development of qualitative research has been grounded on the assumption that the study of human beings is fundamentally different from other scientific inquiries, for example agricultural and pure natural sciences. Strike (1978, p. 28) argues that:

“Human beings can be understood in a manner that other objects of study cannot. Men have purposes and emotions, they make plans, construct cultures, and hold certain values, plans, and purposes influence their behavior. In short, human beings live in a world, which has “meaning” to them, and, because their behavior has meaning, human actions are intelligible in ways that the behavior of nonhuman objects is not. As such, the study of human behavior is unique and does not comply to predetermined rules thus it can not be measured.”

Consequently, the philosophical underpinnings of qualitative methods emphasise the importance of understanding the *meaning* of human behaviour within the social-cultural context of social interaction. According to Patton (1988), this pertains to an *empathetic* understanding based on subjective experience, and understanding the link between personal perception and behaviour.

As such, qualitative data were also crucial in developing early perspectives like the human relations school (Mayo, 1933; Roethlisberger 1968) and institutional theory (Selznick, 1975). However, qualitative methods were often portrayed as primitive tools compared with modern, scientific, and quantitative methods like survey research, analysis of archival data and experiments. By the late 1970s, interest in qualitative inquiry began to grow. A growing number of organisational researchers argued that qualitative methods were well suited for theory building and writing rich descriptions. And some argued that quantitative research was often so fraught with investigator bias, sampling error, and measurement error that it was not more scientific than qualitative evaluations (Sutton, 1997). The special issue of the *Administrative Science Quarterly* (1979) on qualitative methods marked and helped facilitate this increased legitimacy (Van Maanen, 1988). It encouraged researchers to reconsider qualitative approach for the study of social phenomena.

A.2 Defining Qualitative Research

Denzin and Lincoln (1994, p. 2) define qualitative research as:

“... multimethod in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study in their natural settings, attempting to make sense or interpret phenomena in terms of the meanings people bring into them. Qualitative research involves the collection and use of a variety of empirical material – case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts – that describe routine and problematic moments and meaning in individuals’ lives.”

Creswell’s (1994, p. 15) definition of qualitative research relies less on the sources of information that distinguish qualitative research from other methodologies:

“Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in the natural setting.”

Whereas the definition proposed from Denzin and Lincoln (1994) is grounded upon the interpretive and naturalistic character of qualitative research, the definition

proposed by Creswell concentrates on the ‘*complex, holistic picture*’ that takes the researcher to multiple dimensions of the problem or issue under investigation. Regardless the way authors approach qualitative inquiry they seem to agree in that *the researchers engaged in qualitative undertake their inquiry in natural settings, where data collection is mainly based on words and pictures, and analysis of results is done inductively*. Table A-1 shows the characteristics of qualitative research.

Table A-1: Characteristics of Qualitative Research

Characteristics of Qualitative Inquiry	Authors				
	Denzin & Lincoln (1994)	Creswell (1994)	Bogdan (1992)	Eisner (2001)	Merriam (1988)
Natural Setting (field focus) as a source of data	Yes	----	Yes	Yes	Yes
Researcher as an instrument of data collection	Yes	----	Yes	Yes	Yes
Data collected as words and pictures	Yes	Yes	Yes	----	Yes
Outcome as a process rather than a product	----	Yes	Yes	----	Yes
Analysis of data inductively, attention to particulars	----	Yes	Yes	Yes	Yes
Focus on participant perspectives & their meanings	Yes	Yes	Yes	Yes	Yes
Use of expressive language	----	----	----	Yes	----
Use of multiple empirical materials	Yes	Yes			
Emphasis on holistic Picture		Yes			

Source: The author

Several authors define qualitative inquiry by comparing to quantitative inquiry. However, sometimes the distinction between these two methods is not always clear. A review of relevant literature (Bryman, 1989; Creswell, 1994; Denzin and Lincoln, 1994) has pointed out a number of key characteristics that can be usefully compared with quantitative research to permit the distinction of most qualitative approaches.

- 1) Quantitative studies tend to give little attention to the context. For instance, the study of organisations researchers might take into consideration variables that represent a sample of organisations (e.g. routines, formalisation, technology, size etc) but they do not experience the organisation by themselves. In qualitative inquiry, the researcher becomes an insider in the organisation.
- 2) Qualitative research tends to be more dynamic and deals with processes (Bryman, 1989; Creswell, 1994; Patton, 1988; Perry, 1998) while quantitative research frequently entails static analysis of relationships among variables are explored (Avital, 2000).
- 3) Qualitative research is characterised by an absence of structure, which implies a further noteworthy feature: *flexibility*. Qualitative studies are more flexible to changes comparing with quantitative inquiries which involve a rigorous preparation of a framework within which data is to be collected. For instance, Smircich (1983) conducted a case in order to explore the OC of an insurance organization and entered the research site with little prior theoretical orientation. The lack of structure in qualitative evaluations enables the researcher to capitalise on chance remarks and unexpected events that propel a new line of investigation.
- 4) Qualitative inquiries combine several sources of data collection. These may vary from unstructured interviews, participant observation and secondary data such as documentation, archival data and press publications (Yin, 1989). Such additional material provide a number of benefits, namely a) the selection of data on matters which can not be directly observed, b) the cross-analysis of information picked from different resources and c) the validation of the researcher's interpretation on the subjects perspectives (Denzin, 1978). Contrary to qualitative inquiry, quantitative studies tend to use a single data source.

- 5) In quantitative studies, the social reality is viewed as independent from the actors that enact on it contrary to qualitative research which approaches reality in association with the actors.
- 6) The proximity of the researcher in the investigation phenomena is another differentiator between qualitative and quantitative inquiry. Both qualitative and quantitative researchers are concerned with the individuals' point of view. However, it is suggested that qualitative investigators get closer to the actor's perspective through detailed interviewing and observation (Sutton, 1997). Whereas quantitative researchers are seldom able to capture the subjects' perspective because they have to rely primarily on inferential empirical materials.
- 7) Qualitative researchers are more likely compared with quantitative scholars to confront the 'constraints of the every day social world' (Denzin and Lincoln, 1994, p. 5). Qualitative investigators see the world in action and embed their findings in it. Quantitative researchers seldom study this world directly. According to Denzin and Lincoln (1994), quantitative investigators seek a nomothetic or *etic* science based on probabilities derived from the study of large numbers of randomly selected cases. These kinds of statements stand above and outside the constraints of every day life. Qualitative researchers are committed to an *emic*, idiographic and case-based position, which directs their attention to the specificity of particular cases.
- 8) Qualitative researchers believe that rich descriptions of the social world are valuable, whereas quantitative researchers frequently are less concerned with detailed narrations of reality.

Tables A-2 reviews some perceived differences and characteristics between qualitative and quantitative research with the purpose of providing the reader with an understanding of advantages and disadvantages of both approaches to research design.

Table A-2: Comparison between the Characteristics of Qualitative and Quantitative research

Quantitative Research	Qualitative Research
<ul style="list-style-type: none"> ● Purpose: to explain social life ● Nomothetic: interested in establishing law-like statements, causes, consequences, etc. ● Aims at theory testing ● Employs an objective approach ● Etiological: <i>why</i> things happen ● Static: lack of time orientation ● Research process is predetermined ● Researcher is distant from the subject of the study ● Particularistic: focus on elements, variables ● Employs random sampling ● Employs high levels of measurement ● Employs a deductive approach ● Seeks the facts or causes of social phenomena without advocating subjective interpretation ● Outcome-oriented ● Reliability is critical: 'hard' and replicable data ● Value neutral and value-free inquiry 	<ul style="list-style-type: none"> ● Purpose: to understand social life ● Idiographic: describes reality as it is ● Aims at theory building ● Employs a subjective approach ● Interpretative: <i>how</i> things happen ● Dynamic: incorporates time ● Research process is largely flexible ● Researcher is close to the subject of the study ● Holistic: focus on multiple aspects of reality ● Employs theoretical sampling ● Employs low level of measurement ● Employs an inductive approach ● Concerned with understanding human behaviour from the actor's frame of reference ● Process-oriented ● Validity is critical: 'real', 'rich' and 'deep' data ● Value-bound inquiry

Sources: Adapted from Deshpande (1983) and Sarantakos (1998)

A.3 Strengths and Weaknesses of Qualitative Research

Qualitative research has both strengths and weaknesses. These relate to the *nature* of qualitative research, its *focus* on the study of people, social systems and processes, and *interested* in the experiences of everyday life and their interpretation. Table 4-12 points out the strong and weak points of the qualitative tradition.

Table A-3: Strengths and Weaknesses of Qualitative Research

Strengths	<ul style="list-style-type: none">➤ Researching people in natural settings➤ Stressing interpretations and meanings➤ Achieving a deeper understanding of the respondent's world➤ Humanising research process by raising the role of the researcher➤ Allowing higher flexibility➤ Presenting a more realistic view of the world
Weaknesses	<ul style="list-style-type: none">➤ Problems of reliability caused by extreme subjectivity➤ Risk of collecting meaningless and useless information➤ Time-consuming➤ Problems of representativeness and generalisability of findings➤ Problems of objectivity➤ Problems of ethics (entering the personal sphere of subjects)

Source: The author

A.4 Qualitative Methods and OC Research

Advocates of qualitative methods have taken several positions to support the use of qualitative inquiry in studies of OC. For example, Louis (1983) and Smircich (1983) have pointed out that OC reflects on the social construction of reality which is unique to each member of a social unit. This uniqueness makes it hard for standardised measures to explore the construct of OC. By the same token, Schein

(1992) asserts that the use of quantitative research in the study of OC renders a narrow focus to this social phenomenon.

The construct of OC has become almost inextricably linked to qualitative research for a number of reasons outlined below.

- 1) Role of the Unconscious. The logic for the use of the qualitative tradition in OC research is largely determined on the presumed inaccessibility, depth, and unconscious quality of OC. Some elements of OC are defined as layers of cognitions of organisational participants and lie in the sphere of unawareness (Schein, 1992). Assumptions of OC can be deeply embedded in the mind of organisational members and it is difficult for researcher to bring into light using quantitative approaches (Weick, 1985). Schein (1992) asserts that only a complex interactive process of joint inquiry between the researcher and organisational members may contribute in uncovering these fundamental assumptions.
- 2) Organisation uniqueness. Another issue supporting the choice for qualitative methods is the possible uniqueness of a firm's OC so that an outsider cannot form a priori measures and quantitative instrumentation (Rousseau, 1990). This argument stems from the notion of OC as a highly subjective process, which is manifested in the values, beliefs, symbols and behavioural elements.
- 3) Ethics. Schein (1984) proposes that researchers who apply a survey or questionnaire to the study of OC seem to behave unethically. He argues that aggregated categories misrepresent the respondents' views of OC. Externally derived categorisations need not to conform to the organisation members' worldview.

To sum up, proponents of qualitative methods suggest that OC is most appropriately assessed by qualitative approaches to research design for the following reasons (Rousseau, 1990):

- The fundamental content of OC is unconscious and highly subjective.
- Interactive probing is required to access otherwise inaccessible and unconscious aspects of OC.

- Each OC is idiosyncratic and unique and requires non-standardised assessments.
- Categorisation of OC scales on an a priori basis by researchers may misrepresent the experiences of respondents of the firm's OC.

A.5 Growing Interest in Qualitative Research

It is often proposed by marketing researchers that the interest in qualitative research will steadily increase in the coming years. This belief is based on a number of factors, which are briefly discussed below (Ruyter and Scholl, 1998).

- **Information explosion as a result of the advances information technology.**
Due to technological advances, there is an increasing amount of qualitative market information available to organisations. For instance, retailers can forward real-time information on product turnover directly to suppliers via Electronic Data Interchange (EDI) applications. Moreover, the use of electronic payments as well as loyalty marketing motives such as frequent flyer programs has increased the quantity on information available to organisations. Marketers, therefore turn to qualitative data to explore the behavioural pattern and profile of their customers and partner and gain insight to the changing environment.
- **More emphasis on share of the customer instead market share.** Many companies in their effort to become market or customer-oriented do their utmost to know their customers well. As such, organizations develop databases containing qualitative data regarding the customers' behaviour, preferences and lifestyle in order to enhance and manage the relationship with the customer. Qualitative research is especially suited to provide this type of information.
- **Marketing cycles are becoming shorter and this requires flexible research.** In competitive and rapidly changing markets, companies have to be proactive to the needs and wants of the customer base. Qualitative methods are dynamic and enable marketers to reach the flexibility and decision speed that is need in high competitive environments (Sheth and Sisodia, 1999).