Achieving Competitive Advantage in Financial Services through a Strategic Alignment of Relationship Marketing and Human Resource Management

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Dedications

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In memory of my beloved father

Dr. Emmanuel Giannakis

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Abstract

This thesis reviews the strategic alignment between Relationship Marketing (RM) and Human Resources Management (HRM) in practice, and notes that a product of this collaborative/competitive association is consensus on the critical importance of people (e.g. the relational sales-reps) in the implementation of successful relationship marketing strategies. In fact, the investigator in the present thesis explores - using extant literature and his qualitative research findings from five case studies - retail banks and twenty in-depth personal interviews of high-rank banking executives - the requirement of better strategic alignment of RM and HRM as the means of successfully implementing relational service-oriented business strategies in a B2C business context. That is - given the recasting of successful marketing in terms of services and relationships excellence, and the key role therefore played by service providers (e.g. the relational sales reps) it is necessary to bring ideas and concepts from RM and HRM together - without successfully "aligning" HR and Marketing strategy and implementation, services and relational quality will be impaired and therefore potential for competitive advantage lost.Therefore, the investigator explores the reasons how and why relational sales-reps play a critical role in effective RM implementation. In view of his conclusions, the investigator makes a contribution to relational oriented marketing theory by providing a strategic alignment idealized design which capitalizes on the Strategic Alignment Model as provided by Henderson and Venkatraman, (1993). Along the lines of the strategic alignment idealized design, RM and HRM and Line Sales management connect corporate effort and develop a substantiated corporate advantage into two different chronological phases. Thus, the first phase of the strategic alignment idealized design calls for integration of RM and HRM activities. In view of the investigators', research conclusions the effective implementation of RM strategies call for a first phase of RM and HRM integration which is based on an indisputable corporate relational marketing orientation within a clearly identifiable relational marketing infrastructure. This first phase develops along to a rational HRM orientation possessing a generic external focus. The second strategic alignment phase calls for systematic interaction in between the centrally located HRM services, the RM specialists, the Human Capital Chief Enabling Officer / Business Partner and the relational sales-reps in a B2C retail context. The research thesis also focuses on concluding an ideal set of relational sales-reps' roles, skills and competences as crucial in developing competitive relationship quality standards at the B2C points of sale. Finally and completing the set of the original research aims and objectives the investigator explores the process how and why through which HRM creates organizational value and boosts RM performance. In this respect, this thesis explores the interdepartmental role, skills and competences of the HR Business partner. The HR dot line manager with extended practical business intelligence and later the Human Capital Chief Enabling Officer role represents a significant connecting link placed in-between RM, HRM and Line Sales. The thesis concludes with an analysis of the parameters regarding the interface between RM and HRM and the potential for organizational competitive advantage accruing from better management of these key business areas.

Chapter 1

1.1. Introduction

The business world comprises today of competitive markets and demanding customers. This is even more the case in the financial services where the interaction between the customer and the sales-rep is becoming more intense and dynamic. Thus, relational financial services firms serving their strategic marketing scope are continuously improvising marketing strategies building up market shares, profitable business and enhanced customer portfolios. In this respect, *“increasing alignment with customers and alignment of Human Resources (HR) with the corporate strategy is the goal of many efforts for change“*(Cobb et al., 1998, pp. 32).

For many years, marketing’s focus aimed at acquiring customers, rather than retaining them (Schneider and Bowen, 1985). Saxe and Weitz (1982) originally developed the Selling Orientation-Customer Orientation (SOCO) scale as a measure of the degree to which salespeople engage in customer-oriented selling. They defined this scale as the degree to which salespeople practise the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs. According to their research findings, sales orientation occurs when salespeople are primarily engaged in selling activities that emphasize, “Getting the sale” (Boles et al., 2001; Schultz and Good, 2000). On the contrary, customer-oriented salespeople focus their efforts on understanding customer’s individual needs by helping them to identify alternatives, evaluate them, and select the best solution (Boles et al., 2001; Johnston and Marshall, 2005).

When marketing a service, the objectives should not only be to attract, but to then keep and maintain the customer - to develop a long-term relationship with them (Bitner et al., 1994; Cravens and Piercy, 1994; Grönroos, 1991; Gummesson, 1987). When selling a physical product, the costs of production can be offset by the purchase. With a service, the majority of costs are often incurred whilst ‘setting-up’ the service (Berry and Parasuraman, 1991; Booms and Bitner, 1981), for example; accountancy and banking. The implication of this is that a longer-term strategy, in conjunction with placing significant emphasis on customer retention would yield significant dividends (Berry, 1995; Payne and Richard, 1993; Parasuraman et al., 1991; Grönroos, 1990). Research and publications in financial services markets - amongst other services markets - has supported the practical necessity of relationally orientated marketing - more specifically Reichheld and Sasser, (1990) for credit cards, Storbacka, (1997), Gwin (1988), Perrien et al., (1993) in banking, and Crosby and Stephens, (1987) in insurance businesses.

1.1.2. The relational marketing approach

One of the most important recent trends in sales and sales research has been the recognition that the long-term key to success may lie in a relational approach to the buyer-seller interaction (cf. Dwyer et al., 1987). Traditionally, the emphasis in sales was on the close, with little thought being given to the means by which the sale was obtained, customer expectations of the sales process, or the likelihood that any particular buyer would be a source of future business.

As the marketplace is becoming more and more competitive and complex both in the number of competitors and the quality of their products, the transaction-based emphasis in sales is increasingly being replaced by a relationally focused approach which takes into account customer needs and wants, not only as they relate to the good or service being sold, but also in terms of the purchasing process and the buyerseller interaction (Keillor et. al., 2000). In a highly competitive environment, the ability to retain a substantial satisfied customer base represents a tremendous competitive advantage for any sales organization as a sales effort which emphasizes relationship building is one in which satisfied customers are more likely to be found (Kelley, 1992). Ingram (1990) for example, argues that if salespeople are to meet future challenges, they must “adopt the perspective of the true professional and employ a customer-oriented approach that employs truthful, non-manipulative tactics which satisfy the long-term needs of both the customer and the selling firm". Further, Swan and Nolan (1985) contend that firms are seeking out relationships with their customers and that salespeople are important in helping to build these relationships (Dwyer et al., 1987).

In the present thesis, the investigator explores - using extant literature and his research findings - the requirement of better strategic alignment of RM and HRM as the means of successfully implementing relational–service oriented business strategies. That is – given the recasting of successful marketing in terms of services and relationships excellence, and the key role therefore played by service providers (e.g. the sales reps) it is necessary to bring ideas and concepts from RM and HRM together – without successfully "aligning" HR and marketing strategy and implementation, services and relational quality will be impaired and therefore potential for competitive advantage lost.

1.1.3. The Marketing strategy implementation process

Strategy implementation has long been recognized as being critical for business success in both the strategic management literature (Carnall, 1986; Galbraith and Nathanson, 1978; Quinn, 1980, 2003, 2007) and the marketing literature (e.g. Bonoma, 1984a, b; Bonoma and Crittenden, 1988; Cespedes and Piercy, 1996; Piercy, 1989, 1997a, b, 1998a, b; Sashittal and Jassawalla, 2001). A strategy until implementation, it remains a plan and *certainly not* an operational reality. This specific observation led Gummesson (1974) to conclude that the ability and strength to execute a decision is more crucial for success than even the underlying analysis. Sashittal and Jassawalla (2001, pp. 51) distil two principal conceptualizations of implementation processes within the literature; *"implementation as either organizational change or as operational-level actions"*.

This thesis approach, falls under the organizational level change process. Thus, the investigator under this spectrum examines all relative stakeholders' involvement in the RM implementation process. A significant strategy implementation researcher, Bonoma (1984a, b) has presented marketing strategy optimum implementation as a *"useful, researchable and relevant research area for the marketing discipline"*.

Considerably, the optimum RM implementation process presents considerable scope for further inquiry for a number of reasons. First, a review of the pertinent literature is indicative of an undue bias toward formulation almost to the neglect of implementation (Piercy, 1989; Walker and Ruekert, 1987). Bonoma and Crittenden (1988) attribute this literature imbalance to a long-held, misguided assumption among both academics and practitioners that implementation inevitably supersedes formulation provided the plan displays analytical sophistication. Second, what empirical evidence overwhelmingly suggests that implementation in practice is fraught with difficulties and generally falls short of expectations (e.g. Nutt, 1983).

This is neatly captured by Meldrum (1996, pp. 30), who states, *"One of the concerns about marketing as a management discipline is the inability of organizations to put into practice the policies devised in its name".*

It is even interesting to note that poor strategy implementation is a long outstanding concern first brought to light by early writers (e.g. Barksdale and Darden, 1971; Felton, 1959) with Churchman (1975) aptly labeling it "the implementation problem". Therefore, the research interest in RM strategy implementation is fuelled not so much by the anticipated positive link between implementation effectiveness and enhanced business performance, but rather, more directly by such research which consistently reports a general incompetence on the part of businesses at implementing strategies such that the competitive advantages to be conferred via implementation capabilities are not being realized.

Sashittal and Jassawalla (2001) consolidate the main streams of research and observe that the literature is clustered around matching managerial characteristics with the strategy being implemented (e.g. Kerr and Jackofsky, 1989); tactics used by managers to influence participants (e.g. Nutt, 1989) and the association between organisation, strategy and implementation (e.g. Miller et al., 1988).

In concluding, academics have exploited the management of effective inter-departmental relations is one research avenue for its potential to enhance implementation efforts (e.g. Ruekert and Walker, 1987). Underpinning these studies is a key tenet of early organisational science studies (e.g. Fayol, 1949; Lawrence and Lorsch, 1967; March and Simon, 1958); that the attainment of organisational goals success necessarily depends on inter-functional co-ordination and departments working in concert. Thus, the logic behind the RM and HRM interface (e.g. an inter-functional coordination) becomes critical to explore in this doctoral thesis.

1.1.4. The logic behind the RM and HRM interface

A number of academics (Giles, 1991; Piercy, 1997a, b) underscore the relevance of investigating the RM and HRM interface by findings indicating that the people area is the greatest constraint to marketing strategy implementation. Further, Kotler (1991, pp. 71) asserts that *"the marketing department's effectiveness depends . . . on how well its personnel are selected, trained, directed, motivated, and evaluated".*

In business cases, due to the lack of functional synergy the HR function is developing HRM systems (training, reward, remuneration, development, and appraisal) in complete isolation of the line and similarly, marketing developing ambitious strategies independently of HRM with limited awareness of whether employees' skills and attitudes are commensurate with the implementation demands Gratton (1994).

Under this perspective the integration of the marketing and HR functions seems to represent the alignment of workforce capabilities with customer focused marketing strategies (Gratton, 1994; Piercy, 1997a, b). Glassman and McAfee (1992, pp. 52) advanced a strong argument for the study of this functional business dyad stating that: *"the major issue facing business today is how to integrate marketing and personnel more effectively . . . as they can no longer exist as separate entities".* They concluded that issues concerning employee performance and marketing's role in facilitating it are worthy of much additional research work. In a similar context, Piercy (1997a, pp. 97) "*has questioned the logic of one department managing employee issues of recruitment, training and so forth (HR) while another set of people independently collect customer feedback and oversee aspects of marketing strategies concerning customer service and customer satisfaction (marketing) when an obvious and iterative link exists between these issues".* Piercy (1997a), speculates tremendous corporate benefits in synergizing the two departmental efforts.

In practical terms, academics suggest that this synergy can be achieved via marketing and HR collaboration in developing job descriptions, screening candidates, designing training programmes (Glassman and McAfee, 1992; Kotler, 1991; Wind, 1981) and linking employee reward systems to customer satisfaction (Kohli and Jaworski, 1990). Without knowledge of even communication patterns between marketing and HRM, it is difficult to assess the potential of such an alignment process. That is, marketing success will be largely the result of successful management of people – customers outside the business, and sales-reps providing services within.

Consider the implications of Vargo and Lusch's position. Successful marketing strategy is principally concerned [at least in consumer markets] with developing and retaining competitive advantage through excellent services marketing. Most fundamentally, excellent services' marketing is based on services provision; service provision is based on service providers and the quality and ability of service providers is a function of HRM. When a firm's employees are happy, efficient, well trained and properly paid, its customers are more likely to be happy, too (Wells and Spinks, 1996). In short, successful implementation of relationship marketing strategies equally requires successful HRM systems, strategies and practices. Consequently, it is crucial for the justification of this thesis to claim that the strategic existence role of Marketing and HRM is to create benefit for the internal as well as the external corporate customers. Thus, the investigator explores the optimum cross-functional strategic organizational alignment of RM and HRM as the means of successfully implementing RM strategies.

Labovitz and Rosansky (1997, pp.5) defined alignment *"as both a noun and a verb – a state of being and a set of actions . . . alignment . . . refers to the integration of key systems and processes and responses to changes in the external environment"*. Beal and Yasai-Ardekani (2000, pp. 735) observed, "*The concept of alignment underlies the many contingency theories of strategy and organizations"*. Often the concept of alignment when used in business is referred to as strategic fit (Smaczny, 2001), strategic match (Mintzberg et al., 1998), or simply the interface between two things (Van der Zee and De Jong, 1999). In fact, Beal and Yasai-Ardekani, (2000, pp. 735) identified alignment as *"moderation, mediation, profile deviation, gestalts, co-variation, and matching".* A product of this collaborative/competitive association is consensus on the critical importance of HR (e.g. the sales-reps) in the effective implementation of an RM strategy. In this exact direction, the investigator has set the following research objectives and propositions (see section 1.1.5.) in exploring the strategic alignment in practice of RM and HRM in financial services.
The investigator having an extended marketing experience in the Greek and international financial services industry had the opportunity to manage numerous discrepancies at the implementation of relationship marketing strategies by sales-reps. Thus, being familiar with retail banking and the Greek financial services industry, the investigator views the developing South-East European financial services market as a field of growth and development potential. Greece, as one of the

oldest members of the EU-16 countries (Economic and Monetary Union – Euro zone), plays a significant role in the development of this banking market as it already maintains a large share of new Europe countries' (e.g. Rumania, Bulgaria, Serbia) retail banking business. More explicitly, this thesis aims at exploring the research objectives and propositions as indicated below:

1.1.5. The Research Objectives and Propositions

1) Explore the reasons why an RM focused financial services firm should strategically align RM and HRM

2) Explore the reasons ("how" and "why") relational sales-reps play a critical role in effective RM implementation

3) Explore the process ("how" and "why") through which HRM creates organizational value and boosts Relationship Marketing performance

Research Propositions

1. The strategic alignment of RM and HRM produces a competitive advantage for an RM focus financial services firm
2. The bidirectional flow of formal and informal communication between line management and sales-reps has a positive impact on the effective implementation of RM strategy
3. The sales-reps' role identification has a positive impact upon relationship quality between the buyer and the seller
4. The simultaneous pursuance of diversified marketing strategies results in disorientation of sales-reps
5. Innovative HRM systems, processes and practices are critical for effective RM strategy implementation
6. The effective integration and interaction of the business partner to line management generates sales-reps' affective commitment, trust and rapport

7. The practical, business intelligence of the business partner boosts sales-reps' affective commitment

In explicitly exploring the strategic alignment in practice of RM and HRM business activities in a retail business environment (B2C), this research study splits content into five major chapters and a number of subsections in each chapter, including the first as the introductory chapter.

1.2. The second chapter – Tackling the Previous Literature

The second chapter of this thesis reviews the literature that serves as the guiding light in developing sound argumentation over the three research objectives and propositions. More explicitly, it explores academic argumentation regarding relational exchanges and the RM paradigm in a Business to Customer (B2C) retail business environment. A part of it critically analyzes the academic work of Vargo and Lusch - the Service -Dominant (S-D) logic comparable and contrasted with the Goods – Dominant (G-D) logic and concludes that a successful service organisation is advised to have a focus on firm-customer relationships and therefore have relationship management at the heart of tactical marketing processes and strategic corporate philosophy.

The investigator further explores extant literature on the interface of RM with HRM in an RM focused services firm. Unfortunately, the amount of literature and research on the interaction between HRM and marketing functions is limited compared to that on other areas of marketing (e.g. buyer behaviour, customer relationship management and the interface between marketing and R&D or even marketing and sales).

Marketing and HRM are two functional areas that can contribute to organizational change programs. Marketing and HRM are uniquely positioned within an organization to deal with issues of market alignment (Cobb et. al, 1998). The role for strategic marketing is thus to gather, integrate and design winning marketing strategies for products and services in the marketplace and even to provide "intelligence development" (Deschamps and Nayak, 1995). A central and strategic function of a company's people (HRM) systems is to ensure alignment. As Becker et al., (1997) state, the “tangible evidence of an HR manager’s focus on the human capital elements of important business problems (e.g. those problems likely to impede growth, lower profitability, and diminish shareholder value) *is an internally coherent, externally aligned, and effectively implemented HRM system*” (emphasis added). The investigator further explored academic argumentation and critical analysis on the impact of HRM systems and best practices on RM implementation. Adding to the previous literature chapter, the investigator examined the sales-reps’ affective and behavioral commitment, trust and rapport as well as their empathetic, relational approach to RM strategy implementation process and even the development of alignment models crucial in the effective implementation of RM strategies.

Following the alignment process, the investigator also explored the academic reviews regarding HRM relevance of practices to superior marketing performance. Thus, a considerable number of academics have variously termed them as “best HRM practices” (Pfeffer, 1994, Theriou and Chatzoglou, (2008, 2009), “high performance work systems or practices” (Appelbaum and Batt, 1994), “high-investment practices” (Lawler, 1986), “high commitment practices” (Wood, 1996) and, finally, “higher productivity and product quality practices” (Ichniowski et al., 1997). All of these HRM terms highlight the increased improvement in employee decision-making and the improvement in employee motivation and commitment (Boxall and Purcell, 2003). Moreover and as Delaney and Huselid (1996), argue “*researchers still do not know how HRM practices affect organizational outcomes”.* Similarly, many authors (Becker and Gerhart, 1996; Wright and Sherman, 1999; Wright et al., 2005; McMahan et al., 1999; Delery and Shaw, 2001) have pointed out that there is a *“lack of understanding about the process (how and why) through which HRM creates organizational value and increases performance”.*
Best HRM practices are considered by some authors (e.g. Scarbrough and Carter, 2000; Robertson and Hammersley, 2000) to constitute the basic factors of knowledge management success. For Sveiby and Simons (2002, pp. 4) *“the trouble is that knowledge is not a discrete object and that the most valuable knowledge is embedded*

in people and so difficult to transfer outside the immediate context that it becomes a major competitive advantage".

In concluding, the investigator explored the corporate alignment models that have an significant impact upon his academic recommendations and contribution to literature. In this respect, the Strategic Alignment Model (SAM) which was developed by Henderson and Venkatraman, (1993) and Henderson et al., (1996) served as the conceptual model for an idealized design introduced by the investigator in chapter five. The idealized design served as a thread link between the RM and HRM alignment process. The basic assumption of the idealized design lied in the management's ability to achieve a "strategic fit" and "functional integration" (Venkatraman and Camillus, 1984) between the model's domains and the impact on the overall business success (Henderson et al., 1996).

1.3. The third chapter – Research Methodology

The third chapter of the thesis examined the rationale behind the selection of the inductive, qualitative case study research methodology in effectively satisfying the research objectives in the thesis. Conceptually, the rationale behind the selection of qualitative, case study research methodology was to gain insights into humanistic business issues, involving human resources behaviours, perceptions and values. Yin - major contributor to case study research methodology , (2003, pp. 14) defines case study research research as: *"An empirical enquiry that investigates a contemporary phenomenon within its real-life context ….when the boundaries between phenomenon and context are not clearly evident".* These specific research issues do not easily lend themselves to be examined by quantitative research methodologies. Therefore, the thesis research goal was to extract qualitative data useful in justifying relevant corporate stakeholders' perceptions and attitudes regarding the corporate alignment of RM and HRM in practice considering a selected number of financial services organizations operating in Greek and international business environment. In this direction, the investigator selected the case study research methodology, which usually tends to address research problems within the interpretivist paradigms rather than the positivist paradigm (Perry et al., 1999). In simple terminology, the research issue is 'how and why' instead of a 'what' or 'how should' problem. Moreover, the case study methodology can be explanatory theory-building research that incorporates and explains ideas from outside the situation of the case-extrinsic sort (Caarson et al., 2001). The investigator in fact, selected case studies as the phenomena themselves are fuzzy and indistinct and empirical work using the case study methodology will elicit new insights and derive generalisations for further testing. It also will help to explain *"how and why"* events unfold and give some insight into motivations as well as activities (Gummesson, 2000).

The case studies in fact provide a clearer understanding of complex issues raised by HRM and marketing interface as the information is obtained by discussing these issues with the participants (Strauss and Corbin, 1998), and this will provide a more comprehensive understanding of the issues and phenomena. Nonetheless, the investigator intends to cross-examine the present research outcomes by the adoption of quantitative techniques in the shortcoming future.

Following the multiple case studies research approach, the investigator explored a judgemental sample set of five retail-banking firms. Adopting an in-depth interview guide, the investigator interviewed twenty banking executives employed in the fields of marketing, HRM, Line sales and sales-reps. The respondents' contribution was critical to the accomplishment of the specific thesis. Moreover, the investigator had significant academic support from Dr. Thomas Rocco former provost of the Hellenic American University, initially appointed by Strathclyde University's marketing department as the external supervisor and Dr. Triant Flouris – present interim Provost of Hellenic American University. Numerous banking executives, business associates and colleagues strongly supported and contributed the investigator towards the entire research procedure implementation.

1.4. The fourth chapter – Research findings and early conclusions

The fourth chapter of the thesis explored the analysis, comparative research findings and early conclusions of the five empirical cases (see tables 11e, 12a and 12) in full accordance to the set research objectives and propositions (see section 1.1.5.) and extant literature. In each banking case, the investigator examined four higher-ranking business roles. All of the business roles were connected to the internal and external customers of each financial services organization and were interviewed by the investigator within their physical business environment.

1.5. The fifth chapter – Conclusions and Recommendations

The fifth chapter of the thesis covers the conclusions and academic recommendations. More specifically, the investigator in chapter five presents the concluding remarks on his three research objectives and the justification regarding the set research propositions. In this direction and as a contribution to academic theory the investigator suggests the HRM entrepreneurial – competence process that defines an ideal set of roles, skills and competences regarding relational sales-reps. Moreover, the investigator in chapter five presents an idealized strategic alignment design of RM and HRM business activities. This design reflects on a systematic, interdepartmental strategic approach towards an effective relationship marketing strategy implementation process. Therefore, the strategic orientation is to design the process through which two major business activities such as RM and HRM closely interrelated to the people element - the sales-reps - create organizational value and increase organisational performance. In fulfilling this specific research goal, the investigator explored extant literature in three major fields that is relationship marketing, HRM and Sales Management.

Finally, the author explored previous literature on strategic alignment models (e.g. the Strategic Alignment Model as developed by Henderson and Venkatraman, 1993) before concluding on the nature, dimensions and applicability of his proposed strategic alignment idealized design. Therefore, the suggested idealized design runs in two distinct stages – chronological phases. At the first stage, the integration of RM and HRM represents the strategic, systemic approach as the means of aligning RM and HRM in an RM oriented financial services firm. At the second stage, the investigator proposes the interaction element between line management (for example RM specialists, HR Business Partners and line Sales) as a prerequisite for the effective implementation of RM strategies in a B2C context. Moreover, in the fifth and last chapter of the thesis the investigator analyzed limitations and future research suggestions, in providing the space for further contribution to academia.

Chapter 2: Tackling the Previous Literature

Section A

2.1. Introduction

A literature review is a *"summary of a subject field that supports the identification of specific research questions"* (Rowley and Slack, 2004, pp. 31). In fact, the literature review in a thesis identifies and organizes the broad concepts under study in relevant literature. The investigator in his research study examined a range of different types of resources including academic and professional journal articles, books, web-based resources and corporate files. The APA format (2010, pp. 13) was used in the references of this thesis as a *"simple set of procedures, or style rules, which would codify the many components of scientific writing to increase the ease of reading comprehension…. uniform style helps a researcher to cull articles quickly for key points and findings. Rules of style in scientific writing encourage full disclosure of essential information and allow us to dispense with minor distractions"*.

The purpose of the literature review in an exploratory doctoral thesis is to explore the realism of the research propositions connected with an organizational alignment in practice of RM and HRM functions focusing to implement best relationship strategies by relational sales-reps. The investigator used the previous literature chapter as a thread to integrate the present to the past and provide reasonable critical analysis (argumentation), recommendations and conclusions on the subject under study. Truly, examiners read a literature review in a thesis context to assure themselves that the candidate has a clear understanding of the topic - including an awareness of the crucial issues, authors and previous research projects (Baker, 2000).

The research goal was to summarize academic argumentation regarding the subject fields under study. These are namely the evolution of the RM paradigm as an internationally acknowledged marketing philosophy in comparison and contrast to the transactional marketing theory, as well as the contribution of effective HRM practices in the creation of organizational value and increased performance in a retail business context. Moreover, previous literature in this thesis explored the significant role of sales-reps in the effective implementation of Relationship Marketing strategies and critically analyzed argumentation and debates over the use and value of corporate alignment models towards the development of an idealized alignment design of RM and HRM. The strategic scope of the investigator in examining previous literature in these academic fields was to lead the discussion seamlessly to the justification of research propositions. No doubt, from the review of earlier and recent academic work, it becomes possible to identify areas in which further research would be beneficial.

2.2. The evolution of the marketing concept

Marketing has been based for long on the management of demand, for example by advertising and promotion, and the management of price to stimulate demand, or by developing new and different products appealing to different segments of the market at different price points. One could say that it all started with Drucker's, (1954, pp. 36) comments on the marketing discipline, where he stated that *"marketing is the unique function of business [...] it is the whole business seen from the customer's point of view. Concern and responsibility for marketing must permeate all areas of the enterprise".* Hence, the need to return to the concept of marketing, in other words, to making the customer and innovation the focus for corporate planning and strategy (Deshpande, 1999).

McKitterick, (1957, pp. 78) added in the marketing conceptualization stating that: *"the principal task of the marketing function in a management concept is not so much to be skilful in making the customer do what suits the interests of the business as to be skilful in conceiving and then making the business do what suits the interests of the customer".* In fact, Keith, (1960) kicked off the early marketing revolution or the actual belief system of marketing. He documented the production and product orientation (1900-1930), the selling orientation (1930-1950), and finally the marketing orientation (1950 to present). Kotler and Levy, (1969) then set about broadening the marketing domain, stating that marketing is an all-pervasive activity. They suggested the redefinition of the words "product", "consumer" and "toolkit". Kotler, (1972) re-iterated the broadening debate and to this day there are still debates as to whether or not the marketing concept is applicable in the business world.

He broadened the academic discussion, bringing in a new customer concept definition. In Kotlers' view, (2003) there is a philosophical direction to an organization to move towards marketing orientation and thus amend its operational philosophy. The context will be customer orientation and one to one marketing integration. This philosophical direction strongly adheres to the RM paradigm principal constructs.

Conceptually, the determining philosophy behind the customer business concept according to Kotler (2003) is that the customer is at the centre of the focus of an organization that wishes to maintain a positive impact and results for a longer-term approach. It thus, becomes apparent that an organization that wishes to maintain a customer-centric focus should have a customer-driven mission, an effective and efficient customer satisfaction measuring system, an involvement of customers into product-service development through systematic mechanisms of questioning them and a customer-value driven behaviour.

Moreover, a customer-specific definition, as provided by Nwankwo, (1995), requires that the organization should have primarily clear, concrete ideas about customers and their immense needs. Organizations with a clear marketing and customer-centric orientation should be able to direct, satisfy and at the end of the day frame the customer's need. Nwankwo, (1995) further suggests that customers have rising expectations mainly due to communication and increased competition and customers characteristics underpinning the design of the product/market portfolio. In his opinion, organizations should have specific customer care objectives that would crystallize and communicate both customer and management aspirations. According to studies about business profitability, the development of customer orientation is also crucial (Donaldson, 1993; Narver and Slater, 1990), as well as a necessary antecedent of competitive advantage (Williamson, 1991) and eventually the starting point of a successful organization. Moreover, the creation of a superior customer value as an organization's competitive advantage is a key element for ensuring company's success (Higgins, 1998; Kordupleski and Laitamaki, 1997; Porter, 1996; Ravald and Grönroos, 1996).

Many researchers in the marketing field, have no argument stressing that the superior value of products/services delivered to customers, leads at one time to customer loyalty, the real driver of sound financial performance (Reicheld et al., 2000; Heskett et al., 1997).

Whether one finds popular marketing's phraseology seductive, repulsive or just vacuous, one cannot deny marketing's triumph out in the marketplace of ideas (Brown, 1995). Marketing's expansively broadening beam (Kotler and Levy, 1969; Hunt, 1976) has closed its ample flesh around practically every idea of commercial and organizational life (Hackley, 2001). In this regard, *"as a super ordinate principle embracing all human exchange, marketing becomes no less than a universalised synonym for organized human exchange"* (McCole, 2004, pp. 533).

2.3. Customer Orientation versus Sales Orientation

Organizations all over the world today have two broad marketing goals that are:

a) To satisfy customer needs, and
b) Provide an offering superior to those of their competitors (Bagozzi et al., 1998).
One basic understanding of the above statement is that organizations will continuously desire to develop a customer orientation in order to accomplish the two broad marketing goals. In this sense, a customer orientation business philosophy holds out that *"success will come to that organization which best determines the perceptions, needs, and wants of target markets and satisfies them through the design, communication, pricing and delivery of appropriate and competitively viable offerings"* (Andreasen and Kotler, 1996, pp. 41). Therefore, the result of becoming customer-oriented and achieving the two mentioned marketing goals is that customers will strongly perceive value in an organization is offering.

Customer orientation, which has been studied both at the organizational and individual worker levels, represents one of marketing's most celebrated concepts (Deshpande et al., 1993; Donavan et al., 2004; Henning-Thurau, 2004; Henning-Thurau, et al., 2002; Kohli and Jaworski, 1990; Narver and Slater, 1990).
At the organizational level, customer orientation is an integral component of a market orientation (Deshpande et al., 1993), which provides a unifying focus for the activities of an organization and serves as a vehicle for the implementation of the time-honored marketing concept as a business philosophy (Kohli and Jaworski,

1990). Therefore, in the synthesis of different market orientation approaches as presented by Lafferty and Hult (2001), there are five basic perspectives for conceiving market orientation as:

(1) Decision taking (Shapiro, 1988);
(2) Market intelligence (Kohli and Jaworski, 1990);
(3) Perspective based on behavioural culture (Narver and Slater, 1990);
(4) Strategic perspective (Ruekert, 1992; Webster, 1992); and
(5) Customer perspective (Deshpande *et* al., 1993).

Drawing from this last perspective, Deshpande et al., (1993, pp. 27) consider customer or market-orientation as part of an organisational culture and define it as *"the set of beliefs which place the customer's interests first, without excluding those of other publics such as owners, managers and employees with the aim of making the organisation profitable in the long term".* Consequently, "*customer orientation cannot be limited to processing information on customers' needs, but requires interfunctional mechanisms which impregnate that information and translate it into specific action.* In this sense, *"customer orientation must revolve around a set of values and beliefs which are deeply rooted in the organisational culture* (Saura et al., 2005, pp. 499). Although some studies maintain the terms market orientation and customer orientation as different concepts (Jones et al., 2003), some authors consider market orientation and customer orientation as interchangeable concepts (Shapiro, 1988; Nwankwo, 1995; Deshpande, 1999; Deshpande et al., 1993; Hartline et al., 2000) where the term "market" is the set of an organisation's actual and potential customers.

A firm's customer orientation is not only a potent path to business success, but also results in desirable employee outcomes (Henning-Thurau, 2004; Jaworski and Kohli, 1993). At the individual level, Brown et al., (2002, pp. 111) describes customer orientation as a personal resource of an employee and defines it as *"an employee's tendency or predisposition to meet customer needs in an on-the-job context".*
In this regard, "*customer orientation, as a personal resource, may serve as an antidote to the detrimental effects of job demands and can lead to delivery of*

superior customer service, especially when combined with organizational support" (Yavas and Babakus, 2009, pp.225).
Among others, customer-oriented employees' (e.g. in our case the sales-reps) exhibit strong concern for others' needs, optimism and cheerfulness. They also show low levels of nervousness and frustration during service encounters. An inherent customer orientation philosophy makes employees more capable of "serving with a smile", with less "emotional labor" or "acting" (Grandey, 2003). Perhaps more importantly, customer orientation positively influences an employee's job satisfaction and commitment (Donavan et al., 2004).
Saxe and Weitz (1982, pp. 344) conceptualized customer-oriented selling as the practise of the marketing concept at the individual sales-rep level, and defined customer-oriented selling as *" . . . the degree to which salespeople practise the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs"*. Comparatively, a sales orientation occurs when salespeople are primarily engaged in selling activities that emphasize, "Getting the sale" (Boles et al., 2001; Schultz and Good, 2000). According to Saxe and Weitz (1982), highly customer-oriented sales-reps avoid actions that might result in customer dissatisfaction, whereas sales oriented salespeople are less sensitive in this regard. They even suggested that two types of costs often incur while long-term benefits may accrue to practitioners of customer selling. First, sales personnel practicing customer-oriented selling would defer short-term returns for long-term dividends and, second, additional efforts are required of customer-oriented salespeople. Moreover, customer-oriented individuals have to engage in the often-difficult process of discovering their clients' needs (for example, their deeply hidden financial needs) and designing products and services (for example, product/service solutions) that provide an ultimate benefit to the buyer.
Sales-reps may fail to engage in customer-oriented selling, when they do not expect future transactions (e.g. a lack of long-term buyer-seller relationship opportunity) with the buyer. They mail even fail to engage in customer-oriented selling, when the size of the purchase is relatively small. Sales-reps may even fail to engage in customer-oriented selling when they do not know how and in some cases why to engage in customer-oriented selling; or when the salesperson does not feel that

customer-oriented selling will provide benefits commensurate with the incremental effort required (Saxe and Weitz, 1982). Salespeople are, therefore, likely to engage in customer-oriented selling when the benefits of developing a long-term relationship and the possible need to defer immediate sales in the interest of a larger payoff in the future outweigh the significant costs.

Extending the discussion from the customer-oriented selling to relationship-oriented selling Tzokas and Donaldson (2000, pp. 14) commented: "*The adoption and implementation of RM has though shifted attention from "closing" the singular sale to creating the necessary conditions for a long-term relationship between the firm and its customers that breeds successful sales encounters in the long-run".* In their academic view, salespeople exhibit a high level of relationship-orientated selling when they appreciate and value the relationship with their customers and take actions to develop, nurture and strengthen it. In contrast, a significant characteristic of a low level relationship-orientated selling remains the little attention to the buyer–seller relationship.

In traditional marketing models based entirely on the exchange theory perspective, the firm only creates value for customers at a plant or in the back office of a service firm, and embedded in a product. The company then distributes the product to its potential users - the customers. This means that marketing is preoccupied with the distribution of value, which has been pre-produced for future customers. This also means that value is the outcome of a production process (focus of the marketing programs), although marketing as a discipline has a responsibility for carrying out market research so that value-creating products are developed and distributed successfully in the market Grönroos (2007).

According though to the RM paradigm as indicated by Grönroos (2007, pp.27), "*Value for customers is created throughout the relationship by the customer, partly in interactions between the customer and the supplier or the service provider"*. Thus, a marketing reader may settle on the view that the focus of marketing function is value co-creation or even value formation, rather than value distribution as in the transactional era marketing as well as and the facilitation and support of a value creating process rather than simply distributing ready-made value to customers.

Most fundamentally, the exchange-based transaction marketing approach is based on the idea of mass, undifferentiated market approach where individual customers are rather anonymous. The focus within the transaction marketing is to make customers choose a particular product or service over a competing firm. *"This easily creates a sense of competition between the customer and the marketer, where the customer is seen as someone the marketer does something to, instead of does something for"* Grönroos (2007, pp.28).

Business practice exhorts customer and supplier services firms to seek close, collaborative relationships with each other (Copulsky and Wolf, 1990). This change in focus from value exchanges to value-creation relationships has led organizations to develop a more integrative approach to marketing, one in which other firms are not always competitors and rivals but are considered partners in providing value to the customer. Close cooperative and interdependent relationships are seen to be of greater value than purely transaction-based relationships (Kalwani and Narayandas, 1995). For these reasons and others, in 2004 the American Marketing Association (AMA) produced a customer-centric definition of marketing where the discipline was defined as *"an organisational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders"*. However, in 2007 AMA established the new definition of marketing where *"marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners, and society at large"*. The new definition - which has a definite relational impact on businesses - takes into account input from a broad cross-section of the Association membership. Marketing is thus regarded as an 'activity' instead of a 'function'. The new definition also positions marketing as providing long-term value rather than narrowly as an exchange of money (short-term) for the benefit of the shareholder/organization.

In their academic work, Vargo and Lusch (2004, 2006, 2008b, 2009) described the derivation of AMA definition, defending it [primarily] on the basis that a service rather than product-focused definition was a more natural and accurate reflection of the primacy of service concepts in contemporary marketing practice. In essence, Vargo and Lusch stated that the 'dominant logic' of marketing should be service-orientated. If, as Vargo and Lusch (2004; 2008b) suggest, marketing is evolving to a new dominant logic - a Service–Dominant (S-D) logic - that transcends Goods-Dominant (G-D) logic, it begs the question of whether there is a higher-order, S-D-logic - compatible, relationship conceptualization that transcends its traditional understanding.

Indeed, only a very slight squint at the Vargo and Lusch generated AMA definition of marketing is required to see clear links with commonly used definitions/conceptualizations of RM. For example, '*Relationship Marketing is to identify and establish, maintain and enhance and when necessary also to terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfillment of promises' (Grönroos* 1994a; Berry, 1983).

Vargo and Lusch (e.g. 2004, 2008a) have cited RM and, more generally, service marketing and Business to Business marketing (B2B) as foundational to S-D logic and its focus on the process of collaborative and reciprocal value creation.
As a central tenet of mainstream marketing, and therefore in the context of its G-D logic heritage, RM has become something of a temporal (e.g. long-term) extension of the customer orientation. It is generally conceptualized as developing and maintaining firm-customer interaction in order to profit from customer life time value – CLV (e.g. through multiple transactions - see Christopher et al., 2004), driven by relational norms (Heide and John, 1992) and "trust" and "commitment" (Morgan and Hunt, 1994). RM has also been suggested as a possible alternative to the exchange paradigm (e.g. Sheth and Parvatiyar, 2000), with relationships replacing transactions as being more representative of marketing activity (see Harker and Egan, 2006). Therefore, a successful service firm is advised to have a clear, undeniable focus on firm-customer relationships and therefore have relationship management at the heart of tactical marketing processes and strategic corporate philosophy. The implication then is that senior management must give great consideration as to what and to who is at the other end of the relationship to the customer.
Developing and maintaining long-term customer relationships is critical to business performance as success is often determined by the firm's ability to grow and maintain a loyal customer base (Verhoef, 2003; Collier and Bienstock, 2006). In

parallel, a distinct RM orientation implies that the focus of marketing is on retaining customers by maintaining and strengthening win-win quality relationships over time (Gronroos, 1990; Tzokas and Saren, 1996; Rajaobelina and Bergeron, 2009). Hennig-Thurau and Klee (1997, pp. 751) described relationship quality as a major outcome of the customer – firm relationship as "*the degree of appropriateness of a relationship to fulfill the needs of the customer associated with the relationship*". Ural (2007) recognizes this notion as a higher-order construct. Earlier, Crosby et al., (1990) and Dwyer et al., (1987) suggested that relationship quality consists of two dimensions: trust in the salesperson and satisfaction with the salesperson. However, a significant number of academics (Leuthesser, 1997; Dorsch et al., (1998) consider relationship commitment as the third dimension of relationship quality. Rajaobelina and Bergeron (2009) in a recent academic paper claim that a better-quality relationship accompanies internal as well as external greater satisfaction, trust, and commitment to the firm reflecting to an overall better performance.
Additionally, there seems to be an agreement on defining the relationship quality concept as a second-order factor of trust and satisfaction in the banking literature (Crosby et al., 1990; Wray et al., 1994; Wong et al., 2007). This is similar in different context such as restoration, airline relationship, hair salons (Shamdasani and Balakrishnan, 2000; Kim et al., 2006; Macintosh, 2007; Cheng et al., 2008).

Owing to the intangibility and complexity of the characteristics related to service delivery, it is important to manage adequately the relationships with customers in the financial services sector (Eisingerich and Bell, 2007; O'Loughlin et al., 2004; Shekhar and Gupta, 2008). Even though the clients may be affected by their relationship with the firm, they are even more affected by their interpersonal relationship (Palmatier et al., 2007). This approach implies that relationships are more likely to develop in situations where the customer comes in more frequent contact with the service provider (Bove and Johnson, 2000), where the service is continuously delivered over an extended period (Bennett, 1996; Berry 1995) and where the customer perceives the relationship to be important.
The RM paradigm therefore, focus on the process of planning, developing and nurturing a relationship climate that will promote a dialogue between a firm and its

customers which aims to imbue an understanding, confidence and respect of each others' capabilities and concerns when enacting their role in the market place and society (Tzokas and Sarren,1996).

In the present thesis, the investigator intended to explore - using extant literature - the requirement of better strategic alignment of RM and HRM as the means of successfully implementing relational – service oriented business strategies. That is - given the recasting of successful marketing in terms of services and relationships excellence, and the key role therefore played by service providers – the relational sales-reps - it is necessary to bring ideas and concepts from RM and HRM together - without successfully "aligning" HR and marketing strategy and implementation, services and relational quality will be impaired and therefore potential for competitive advantage lost.

In fact, RM has shifted attention from "closing" the singular sale to creating the necessary conditions for a long-term relationship between the firm and its customers that breeds successful sales encounters in the long-run (Tzokas and Donaldson, 2000). Previous literature suggests that technical expertise leads to customer trust (Doney and Cannon, 1997) and strengthens the relationship between the sales-rep's customer oriented attitude and behavior (Stock and Hoyer, 2005).
Meta-analytic research on RM though, indicates the critical role of the individual sales-rep's relationship with the customer in achieving positive sales outcomes (Palmatier et al., 2006). Crosby et al., (1990) further suggest that the key role of a sales-rep is to be a relationship manager at the same time that the role of salespeople has been perceived as crucial for the implementation (delivery) stage of the firm's operational marketing plans (Tzokas and Donaldson, 2000). In support, research demonstrates the benefits that a salesperson's relational emphasis can offer (Berry, 1995; Frankwick et al., 2001; Pelham, 2002). Given the dominant RM paradigm and the continuing emphasis on relationship selling in business practice, higher-performing salespeople view themselves more as sales consultants (relational focus), whereas lower performers will view themselves more as technical specialists (technical focus) Stewart et al., (2009). Ledingham et al., (2006) in their academic

work even describe elite salespeople as having "instinctual relationship-building skills".

2.4. The Transactional Marketing paradigm

The transactional marketing paradigm had its origins in a unique and highly specific business environment – that of the North American consumer goods markets of the 1950's. Originally, Borden (1964) was inspired to introduce the marketing mix concept, a list of twelve variables (product, price, branding, distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, fact finding and analysis) which the *"marketer would have to consider in any given situation. ...and would blend the various ingredients or the variables of the mix into an integrated marketing program"* (Grönroos, 1994b, pp. 350).

Although, the four Ps model as derived by McCarthy (1960) was considered the most well known model of marketing, a number of academics (Waterschoot and Van den Bulte, 1992; Gumesson 1987; Sheth et al., 1988) have criticized the theoretical foundations of the model.

It has been claimed that "*marketing has become overly tactical and that this tactical orientation has removed innovativeness from marketing and prevents marketing from being adaptive to change in the environment"* (Day and Montgomery, 1999, pp. 3).

The deviation from this specific business environment was greatest within the domains of Services Marketing and B2B marketing, albeit in very different ways (Mattsson, 1997). Transactional Marketing maintains one of the assumptions of its microeconomic/econometric origins in that the marketing mix is a tool used to help a company 'optimize' [maximize] its profit function (Waterschoot and Van den Bulte, 1992; Grönroos, 1991). The literature further indicates that marketing management in the transaction context, is concerned with the product itself and achieving organizational objectives that emphasize product profitability (Coviello et al., 1997; Webster, 1992). Under the transactional approach, marketing focuses on achieving profit maximization that revolves around the application of the firm's resources to markets, customers and products in the most efficient and cost effective manner. In managing a transactional approach, the planning frame is relatively small, aiming at acquiring revenues and growth through single sales.

According to Levitt (1983, pp. 87), *"the theory of supply and demand presumes that the work of the economic system is time discrete and bare of human interaction"* in so far as *"an instantaneous, disembodied sales transaction clears the market at the intersection of supply and demand".* Finally and as Webster (1992, pp. 6) comments, *"there is no need to consider people or social processes when the units of analysis are products, price, costs, firms and transactions".*

2.5. The Relationship Marketing paradigm

Understanding RM as a strategic marketing orientation requires distinguishing between the discrete transaction, which has a *"distinct beginning, short duration, and sharp ending by performance,"* and the relational exchange, which *"traces to previous agreements [and] ...is longer in duration, reflecting an ongoing process"* (Dwyer et al., 1987, pp. 13).

As a paradigm, RM is a recent marketing phenomenon. Sheth et al., (1988), in their review of the evolution of marketing schools of thought, mention the term only once, although Sheth is now a leader in the field of RM (Palmer et al., 2005; Sheth, 1995). A remarkable number of academic researchers have spent valuable time and effort in building theories and applications for RM as a paradigm in marketing (Donaldson and O'Toole, 2002; Grönroos, 1994a; Gummesson, 1996). Nevertheless, there is no commonly accepted theoretical background since there is no commonly accepted paradigm of RM. Recent academic publications (Grönroos, 2009, pp.352; Gummesson, 2007) highlight the fact that *"marketing function as a classical product management approach loses credibility and as it stands, is in decline in the business world".* In this respect, *"Marketing has become overly tactical meaning that this tactical orientation has removed innovativeness and prevents marketing from being adaptive to change in the environment"* (Day and Montgomery, 1999, pp. 3; Webster et al., 2005).

Relationship marketing (RM) thus, emerged as a basic need of marketing oriented organizations to adopt alternative marketing methodologies in tackling the issues of serving and retaining a satisfied customer for a long period. The same customer would build an attractive market share for the firm, hence who would create a steady frequency purchase base, and who would eventually bring profits to the firm.

The author in attempting to explore the ground of development for the RM paradigm spread in the academic marketing world could claim that relationships and networks have long been a subject of study in sociology and social psychology. In sociology and social psychology, the main concern of research is typically the role of relationships in the exchange behaviour of actors (individuals and groups) within a community (Eiriz and Wilson, 2004). The key concepts from this field for marketing theory are social network theory and social exchange theory (Cook and Emerson, 1984; Scott, 1991). Araujo and Easton, (1996) recognize them as major influences on understanding complex business networks in the context of marketing. Although, social exchange theory has its origins in the context of interpersonal relationships and social psychology, it can also be applied to organisational studies. However, when a firm is the "unit of analysis" the explanatory variables of social exchange theory (individual characteristics, situational constraints and process-related factors) have to be adapted to the object of study (Eiriz and Wilson, 2004).

This is the case in the present thesis where the judgmental sample set of the five banking firms represented the "units of analysis" and thus the explanatory variables of the social exchange theory (e.g. the interaction between the sales-reps and line managers) is adapted to the object of study, that is the alignment process of RM and HRM towards the effective implementation of RM strategies in practice. According to Graham (1988), process-related factors such as communication processes represent an important contribution of social exchange theory because they facilitate the understanding of relationship dynamics – methodological difficulties notwithstanding. Drawing on the "social exchange theory", Bagozzi (1975) pointed out that marketing might be conceptualised as involving different "types of exchanges" and associated "meanings" during the exchange process. The focus of attention throughout the short history of academic marketing has been more specifically on restricted utilitarian exchanges, a tendency that is also evident in the even shorter history of academic discussion of relationship marketing.

In economics now, perhaps the most influential contribution to the study of relationships has been that of Williamson (1975) whose work on understanding the economic rationality of relationships and networks has focused on transaction costs theory. Transaction costs include costs of negotiating, monitoring and enforcing contracts with external entities, costs of co-ordination, and the costs or risks of power imbalances and opportunistic behaviour between firms. Moreover, organisation sciences constitute another area of research that has made a crucial contribution to academic understanding regarding the impact of relationships and networks to the formation of sound marketing practices. According to Thorelli (1986) and Jarillo (1988), the emphasis of empirical research in this area was firstly on the analysis of networks in and amongst non-profit organisations, including public agencies (e.g. Provan and Milward, 1995).

Araujo and Easton (1996) noted that inter-organisational relationships and networks amongst non-profit organisations tend to emerge as a social system with the purpose of coordinating resources and solving complex social problems such as health care and welfare. The emphasis of this early research was on network design and ways to improve effectiveness and efficiency in the provision of public services (e.g. through coordination of resources), issues with significant implications for public policy making and so attracting the attention of scholars of political sciences.

Different research approaches (Payne, 1988; Coote, 1994) include the Nordic school of thought where the approaches to RM theory development are significant in the present thesis. In fact, within the network theory, it is the Nordic school of thought which invested in: a) interactive network theory b) the services marketing concept and c) the customer relationship economics. Fundamental to the Nordic school of thought is therefore, that marketing is a cross-functional process and not just the responsibility of those within the function (Grönroos and Gummesson, 1985).

This is a research orientation much appreciated by the investigator in the formation of his strategic alignment idealized design of RM and HRM in practice (see chapter five). According to Grönroos (1997), services and price represent the only remaining means of creating a competitive (differentiating) advantage. The management of relationships via the process rather than the conventional marketing mix is therefore the focus of an organization that wishes to develop a sustainable competitive advantage. Conceptually, the Nordic school of thought identifies three core distinct processes in the formation of a network theory. These are the interaction between the buyer and the seller (e.g. the financial services sales-rep and the customer), the constructive and developing dialogue between the two contributing parts and the value-adding process. More specifically, the dialogue between the sales-rep and the customer (e.g. a B2C retail approach) turns out as the necessary mean to support the successful establishment, maintenance and enhancement of the interaction process.

The management of the communication or dialogue encompasses all elements of the interaction such as sales activity, as well as mass and direct communications (Grönroos, 2000 as adopted by Palmer et al., 2005). Most fundamentally, the value-developing process in a relational focus financial sales-rep – customer encounter process is imperative, as the product is essentially service based and therefore intangible. Following the specific theory, the buyer perceives value as a crucial factor to the understanding of the value delivered by the interaction process; in this context, perceived value must at least be equal to the value that is sacrificed. The value developing process seeks the means to ensure that value is created and hence perceived to be delivered to the customer (Grönroos, 2000).

As indicated in table 1, the network interaction approach (Gumesson, 2011; Hougaard and Bjerre, 2003) has a focus on complex social processes and its relationship view is based on mutually interdependent clusters. Clearly, the network interaction approach (see table 1) entails as its marketing scope, the total value chain – a basis for the argumentation of this present thesis. As numerous academics (Becker and Gerhart, 1996; Wright and Sherman, 1999; McMahan et al., 1999; Delery and Shaw, 2001) have pointed out that, there is a lack of understanding about the process (how and why) through which HRM as a peoples' oriented function creates organizational value and increases organizational performance. This is an interdependent cluster that needs research attention.

The Anglo–Australian research theory deals with quality management, services marketing concepts and customer relationship economics. According to this theoretical approach, there is a strong assumption that traditional marketing is built upon quality and service, thereby enhanced to form a comprehensive approach to delivering increasing levels of value to customers in enduring relationships with the company (Christopher et al., 1991). The North-American theoretical schools

(Grönroos, 2011) deal with the organizational environment and the relationship between the manager and the buyer (Coote, 1994). According to this business approach, marketing management is fulfilled through the application of the marketing mix and positions the offering of an organization considering a specific target group. Conceptually, the prioritization of activities is based on market segmentation, targeting and positioning a brand within a competitive business environment. However, the relationship dimension is something extra, perhaps a tactical tool but not the focus of the marketing functions. In many cases, organisations consider the possibility of a parallel implementation of RM and Transactional Marketing. This is an amalgamation of marketing strategies that could result in misalignment and disorientation of relational focus sales-reps during the RM implementation process.

Table 1: Overview of the main relationship approaches

	The marketing management approach	**Transaction cost approach**	**Political economy approach**	**Network interaction approach**
Contributors	Borden, Kotler	Williamson	Arndt, Skytte	Hedaa, Hakanson, Gummesson
Focus	The marketer	Buying and selling parties	Systems of exchanges	Complex social processes
Relationship View	A tactical tool to build customer loyalty	A balance of economic risk / return calculations	A mix of dyadic forces	Mutually interdependent clusters
Marketing scope	Segmentation positioning	Contractual dominance	Single partner perspective	Total value chain
Intent	Normative: Planning and plan	Normative: Activity structuring	Descriptive: analytical framework	Descriptive: System behaviour

Source: Bruhn, (2003)

2.6. Definitions of Relationship Marketing

In order to discuss why the RM concept is so popular in research, it is vital to discuss a number of environmental factors that led organizations to consider the application (Mulki and Stock, 2003; Grönroos, 2000; Gummesson, 2002; Sheth, 1996; Sheth and Parvatiyar, 1995). These factors include among others the trends of organizations to be service oriented as a means of differentiation, the adoption of information technologies designed to provide adequate data information (e.g. CRM and CVM applications) and the somehow niche orientation of business firms.

One of the first academics to introduce RM as a modern approach to marketing was Berry (1981, 1983) who supported that RM deals with the attraction, maintenance, and the enhancement of customer relationships. She advocated a switch from a transactional approach, where marketing focuses on customer attraction, to a relational approach, where the attraction of new customers should be viewed only *"as an intermediate step in the marketing process"* (Berry and Gresham 1986, pp. 43). Nevertheless and despite the considerable academic research and practitioners' interest, RM may still be considered as an umbrella corporate philosophy with a number of related variations, instead of a thorough unified business concept that has defined objectives and strategies (Egan, 2004).

Harker (1999) in contributing to academia estimated twenty-eight substantial RM definitions that vary on issues and terminology. According to his research work, there are seven conceptual categories fundamental in defining RM. These conceptual categories were birth, development, maintenance, temporariness, interaction, outputs and emotional content. It is also significant to mention that academic research has been done to connect database marketing, customer relationship management (CRM), loyalty based marketing, one to one marketing, direct marketing to RM (Buttle, 1996). The connections of the various concepts and the linking to business reality is that RM may be even today considered as a rather vague approach to the business world, since marketing as a business theory is after all a theory that deals with plenty of relative and interconnecting issues and strategies.

A business practitioner could even claim that every organization that functions in any industry may adopt a number of RM strategies and tactics with a single focus in mind: To get a percentage return on revenues, long-term profitability and constantly increasing customer base.
Hougaard and Bjere (2003) even suggested that RM affects the organizations' behaviour with the purpose of establishing, maintaining and developing competitive and profitable customer relationship to the benefit of both parties. According to Gummesson (2003), RM is marketing activities based on interaction within networks of relationships (see table 1). A commonly accepted academic definition though is that: *the goal of RM is to identify, establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties involved are met by mutual exchange and fulfilment of promises* Grönroos (1990, 1994b). According to Christopher et al., (2004), RM emphasizes a relationship, rather than a transactional, approach to marketing. In their academic approach, RM understands the economics of customer retention and ensures the appropriate allocation of the right amount of money and other resources between the two major business tasks of retaining and attracting customers.

Within a retail banking setting, Walsh et al., (2004, pp. 469) defined RM "*as the activities carried out by banks in order to attract, interact with, and retain more profitable or high net-worth customers"*. Therefore, RM aims at increasing customer profitability while providing better services for customers. Several studies have empirically demonstrated a positive association between RM strategies and business performance (Naidu et al., 1999; Palmatier and Gopalakrishna, 2005).
In being attractive, RM strategies should enhance financial services customers' perceived benefits of engaging in relationships (O'Malley and Tynan, 2000). However, not all customers want to engage in relationships and, in fact, it has been suggested that close customer relationships in banking are rare, and that they are being further weakened by the increase in self-service technologies (O'Loughlin et al., 2004). An alternative was to look upon new technologies as relationship facilitators (Sweeney and Morrison, 2004) and to use them strategically in customer relationship management (Payne and Frow, 2005).

Hunt and Arnett (2003, 2006) in their academic model reviewed eight factors accountable for the RM paradigm launch and implementation success. It is therefore significant for the purpose and justification of this thesis that amongst these eight factors are the relational factors. In fact, the relational factors view suggests that the successful implementation of RM strategies results from certain aspects of the relationships that characterize successful relational exchanges between the retail sales-rep on the one side and the customer on the other.

In expanding the discussion Spekman et al., (2000, pp. 43) maintain that trust and commitment *"are the sine qua non of alliances, for without trust and commitment, there can be no alliance."* Truly, relationships, which are characterized by effective communication, shared values and keeping promises, generate inter-firm trust, which promotes cooperation (Grönroos, 1994; Morgan and Hunt, 1994; Sarkar et al., 2001). Effective cooperation, in turn, allows partners to combine their resources in ways that contribute to the development of competitive advantages (Madhok and Tallman, 1998). Therefore, the relational factors explanation of RM strategy success urges marketers to develop and nurture the characteristics of relationships that are associated with successful relational exchange, that is, trust, commitment, communication, keeping promises, shared values, and cooperation.

RM theory highlights the importance of personal interactions not just for individuals across firms but also for employees within firms. Therefore, RM focused strategy research investigates internal marketing factors. Internal marketing theorists emphasize that employee buy-in is crucial for RM-based strategy success. Indeed, as Arnett et al., (2002, pp. 87) maintain in their academic approach: *"To implement new marketing approaches successfully, it is often necessary to first alter the culture of an organization to help align employees' attitudes with the new strategy. In general, this necessitates the development of a service orientation within the firm, which, in turn, requires the development of good relationships among employees in the organization".* Finally, Grönroos (2000, pp. 330) stresses: *"Without good and well-functioning internal relationships, external customer relationships will not develop successfully"*.

As a significant contribution Kallol Das, (2009) conducted a bibliographic research - a content analysis regarding the RM theory. He researched a range of five online databases namely Blackwell Synergy, Emerald Full text, Oxford, Springer Link and Taylor and Francis to review the academic literature type on relationship marketing. Therefore, a useful finding in the specific content analysis was that only 209 papers had RM as the primary research topic. He produced a classification of previous RM literature into five mutually exclusive categories namely: objectives, defining constructs, instruments, industrial applications and issues. The specific model selected for classification of RM literature can be justified in light of the fact that RM literature has become a 'melting pot' of various theories and schools of thought indicating a clear lack of common understanding (Harker, 1999). There is ambiguity about what comes under RM (Lindgreen, 2001) mainly because *"contributors to the development of RM theory are extremely varied, both in terms of socio-political heritage and academic background"* (Harker, 1999, pp. 13). According to the findings of this content analysis, the majority of the research papers dwelt on defining constructs for all periods combined. Research papers connected with objectives had a steady decline, whereas the proportion of research papers connected to instruments has been steady. Finally, there has been significant research on the various implications of RM captured by 'issues' (e.g. cultural impact, gender).

The content analysis also proved that there has been limited research activity with regard to industry applications indicating that RM research has largely concentrated on theory building. Moreover, the specific study revealed that the decrease in proportion of conceptual papers over time indicates increasing need for empirical support felt amongst RM researchers. Hence, the value accumulated with the specific research thesis, since it focuses on effective RM strategies implementation process through the analysis of industry applications.

Table 2: Distribution of Research Papers by category and period

Category	1994-1997	1998-2001	2002-2006	Total
Objectives	3 (16.67)	5 (8.33)	11 (8.40)	19 (9.09)
Defining constructs	8 (44.44)	23 (38.33)	31 (23.66)	62 (29.67)
Instruments	3 (16.67)	12 (20.00)	27 (20.61)	42 (20.10)
Issues	2 (11.11)	13 (21.67)	45 (34.35)	60 (28.71)
Industry applications	2 (11.11)	7 (11.67)	17 (12.98)	26 (12.44)
Total	18 (100.00)	60 (100.00)	131 (100.00)	209 (100.00)

Source: Kallol Das, (2009) – Values in parentheses are in percentage

Table 3: Distribution of empirical research papers by research method

Research method	1994 -1997 (%)	1998 – 2001 (%)	2002 -2006 (%)	Total (%)
Survey	55.6	67.50	53.57	57.89
Panel Research	0.0	2.50	1.19	1.50.
Action Research	0.0	0.0	2.38	1.50
Case-Study Research	22.22	12.50	17.86	16.54
Qualitative Research	11.11	15.00	20.24	18.05
Experimental Research	11.11	2.50	1.19	2.26
Secondary Data Research	0.0	0.0	3.57	2.26
Total	100.00	100.00	100.00	**100.00**

Source: Kallol Das, (2009)

According to tables 2 and 3 and regarding the distribution of empirical research papers by research method, the majority of the empirical papers between 1994 and 2006, employed a survey research method (e.g. of a quantitative status) which coincides with the outcomes of previous studies. Numerous academic researchers used the case study research methodology - a combination of quantitative and qualitative data - to explore empirically contemporary phenomena in varying contexts. Clearly, the content analysis on RM previous literature research from 1994-2006, identifies a strong impetus towards the survey research (quantitative methods). However, there is developing potential for qualitative research methodologies focusing mostly on financial services, employing empirical industry applications.

2.7. The value of relationships

The investigator in effectively satisfying his set research objectives and propositions (see section 1.1.5.), builds his strategic idealized design of RM and HRM functions alignment in practice (see chapter five), based on strong and effective interpersonal as well as interdepartmental relationships – an integrated business approach. Conceptually, the building of relationships between two parties is important, adding significant quality to marketing transactions. Truly, real human exchange is much richer than market exchange (Mitchell, 2001). When people deal with people, they exchange feelings, ideas, opinions, information and insight. People in relationships apply means of bonding, ties of loyalty and feelings of obligation Mitchell, (2004). O'Malley and Tynan (2000) further position the exchange between organizations and customers as interpersonal relationships. Grönroos and Ravald (1996), suggest that the organization's offerings should be seen as a "value-carrier" in an effort to achieve a sustainable competitive advantage. Voss and Voss (1997) shared that this value was a key objective in the design and implementation of an effective and efficient RM program.

Gordon (1998) in his academic approach, views RM as an ongoing process of identifying and creating "new value" with individual customers and then sharing the value benefits with them, over the lifetime of the association. A relationship according to Buttle (1997), is thus the sum total of "meaning filled episodes" where relational partners co-produce value.

The value of developing a "total" long-term relationship with a customer has proved effective on the value perceived by the customer. In this direction, the service-dominant (S-D) logic expressed by Vargo and Lusch (2004) suggests service (in singular) as the core concept replacing both goods and services. In their view, a supplier offers a value proposition, but the value actualisation occurs in the usage and consumption process.

Drawing on Vargo and Lusch (2004) and their service–dominant logic, “*value is the outcome of co-creation between suppliers and customers”.* They even stated that the customer is always a co-producer who participates in value creation through co-production. However, because they considered production a concept that is not in accordance with a service logic (Vargo, 2008), they later replaced this statement with the expression *“customers are always co-creators of value*” (Vargo and Lusch, 2008). Grönroos (2008) and Ravald, (2010) in recent academic publications argue the specific service-dominant logic approach and ask for roles clarification of the different actors who participate in value creation on the ground *“that the knowledge on how value is created, by whom and for whom is scarce”.*

Vargo et al., (2008, pp. 146) acknowledging the issue claimed, *“The roles of producers and consumers in a goods-dominant logic are distinct, whereas they in a service-dominant logic perspective are not*”. In a recent article on the service-dominant logic, Vargo et al., (2008, pp.147) address this important feature of research on value creation as they suggest *“...each instance of value creation is unique to and can only be assessed from the perspective of an individual service system...”*

In full accordance with a service-dominant logic view, value is not created and delivered by the supplier, but emerges during usage in *the customer’s process of value creation* (Grönroos, 2006, 2008; Ballantyne and Varey, 2006; Gummesson, 2007).

Grönroos (2008) and Ravald (2010) further reframe the role of the supplier in the customer’s process of value creation and distinguish between value facilitation and value creation. In their opinion, a supplier produces resources as input into its customers’ processes of value creation. As this provision of resources is required for the customers’ value creation – there must be something for them to integrate and to create value out of – labelled as “value facilitation”. They added in the academic dialogue challenging that customers create value for themselves. In their conceptual framework, the supplier gets opportunities to influence the process of value creation during their interactions with customers, in the best case enhancing the level of value the customers create out of a service activity or a good. Thus, although the customer is the value creator, the supplier becomes a co-creator of value with its customers (Grönroos, 2008; Ravald, 2010). It inevitably becomes a necessity to focus in the following previous literature subsection on the root causes why to build an effective buyer–seller relationship, a fruitful interaction process between the seller and the buyer.

2.8. The interaction process in value creation

Interaction is a kind of a mutual or reciprocal action that occurs as two or more objects have an effect upon one another (http: //www.websters-dictionary-online.com.). In a business context, the supplier-customer interaction means that two or more parties are in contact with each other, and can take actions of some sort that influence the other party's process (Ravald, 2010). Most fundamentally, during a relationship the supplier connect with the customer in terms of coordinated interactions and hereby "*these distinct processes merge into one integrated process of joint value creation"* (Grönroos 2008, pp. 302). Therefore, the opportunities for joint value creation embedded in interactions have implications for value co-creation as well as for marketing. It is thus during a possibly unique interaction process, between the sales-rep and the customer in a financial services business setting that the sales-rep *"can actively and directly influence the customers' experiences and therefore also their value creation"* (of value-in-use) (Grönroos and Ravald, 2011, pp. 13).

Many efforts to develop and further implement RM programs give the initial angle that something is "done" to the consumer (Palmer, 2000). Consumers, on the other hand, are equally interested in building and sustaining relationships (Carlell, 1999). Barnes and Howlett (1998) suggest that two characteristics should be present for an exchange situation - an enduring business relationship:
1) The relationship is mutually (the buyer and the seller) perceived to exist and is acknowledged as such by both parties 2) The relationship goes beyond occasional contact and is recognized as having some special status. From a first glance, the existence of personal relationships between an organization and the customers that purchase their brands is less obvious.

By the end of the 90s, there was a growing concern in the markets that as well as a customer focus, an organization should be concerned with the range of developing business partnerships including the suppliers, internal customers, institutions and certainly intermediaries. The more successful an organization is in tying relationships to its structure (e.g. systems, processes) the less dependent is on individual employees and the higher the value of the structure capital (Gummesson, 2000). Berry's understanding of RM (1995, pp.242) stands on the means-end equation: *"in effect organizations must establish relationships with non-customer groups (the means) in order to establish relationships with customers (the end)".* The relationship behaviour of a supplier in terms of exchange, integration and interaction can therefore be based on any of the three marketing management philosophies:

- *Competitive:* What the customer gains, the firm loses. In this sense, controlling mechanisms (e.g. bureaucratic, regulatory banking policies) do not allow for building of long-term relationships between the supplier and the buyer.
- *Cooperative:* the firm and its customer work together to produce a win - win situation - a healthy long lasting relationship
- *Command:* make the customer dependent on the corporate brand offerings. The relationship goes beyond any doubts towards the phase of extinction.

In properly implementing RM strategies, a financial services organization should be continuously present in the goods/services markets, and consider that it is no longer feasible to plan, program and implement isolated mass marketing strategies without taking in consideration the customer or the Human Resources (e.g. the sales-reps) who would build, incorporate and constantly add value to the "buyer – seller relationship". This is a somehow unique opportunity; a rewarding interaction process between the two parts that generates value. In a long-term relationship, with the supplier, the benefit concept takes on a deeper meaning. The organization along with the supplier builds a long-term relationship based on discussion of common interest issues, define safety, credibility, and security, continuity that increase the trust and commitment for both parts and thereby support and encourage internal as well as external customer loyalty.

2.9. Strategic and tactical elements of a relationship strategy

The investigator in this thesis, aimed at exploring the reasons why an RM focused financial services firm, should strategically align RM and HRM (see section 1.1.5).

Pragmatically, the strategic alignment of RM and HRM functions represents the ground for developing a sustainable competitive advantage of a financial services organization and the “means” for the effective implementation of RM strategies at largely dispersed retail networks. Thus, in transforming an organizational status from a transaction-oriented firm to a value-oriented firm, three tactical elements of a relationship strategy could be included following Grönroos’s views (2007): a) Seek direct contacts with customers and other business partners, b) Build a database covering necessary information about customers, c) Develop a customer-centric service system. Grönroos adds (1996, 2007) significantly that there are also three easily distinguishable strategic requirements of a relationship strategy, a) The redefinition of the business scope as a service business and the key competitive element as service competition, b) the organisation is viewed from a process management perspective and not from a functionalistic perspective. This is an ongoing profitable relationship with customers, where customers look for value in the total service offering. In this direction, a services firm that designs and implements a process-based RM strategy demands a strong and efficient interdepartmental collaboration responsible for different elements of the service offering. Clearly, a process management approach is different from the functionalistic management approach in the sense that a functionalistic services firm allows for sub-optimization since every activity and corresponding department is oriented towards specialization, within departments than collaboration and cooperation between them. In a functionalistic management approach, the various functions do not necessarily direct their efforts towards the demands and expectations of the customers. This might create sub values – but not a total value in the service offering. c) The establishment of horizontal interdepartmental partnerships and networks to handle the undisrupted implementation of the service process as sustainability issue. This is a strong interdepartmental effort as acknowledged by Grönroos (2007) and Grönroos and Ravald, (2011) leading to organizational success and growth.

The core theme of all RM perspectives and definitions is focus on cooperative and collaborative relationships between the organization and its customers and / or marketing actors (e.g. the sales-reps). These relationships are by nature long-term since the short-term approach is much more opportunistic and describes a transactional business approach Sheth and Parvatiyar, (2000).

2.10. The traditional buyer - seller relationships

A relationship is composed by the sum of exchanges and contacts between supplier and consumer over time, via the regulating mechanisms in work and the parties intensions for the future based on mutual understanding (Hougaard and Bjerre, 2003): This is the classical dyad of marketing, a two-party relationship. As Gummesson (2003) suggests this is the parent type of RM. The depth of understanding between the parties, the types of regulating mechanisms and the motives and goals for future exchanges differ to a great degree. In Hakansson and Johanssons' (2001) views, relationships are part of a knowledge generating process. Peppers and Rogers (2000) suggested that relationships are built up on knowledge and propose that when customers communicate a personal, confidential issue to an organization, then it becomes the responsibility of the organization to record everything through the appropriate internal mechanisms (specific software, trained personnel) and customize the products/services to the benefit of the customer.
Is that the rationale that a financial services organization enhances and promotes financial bundles (product/services solutions) - through its sales–reps - in order to maintain a sustainable competitive status? (See section C of chapter two).

The more the customer is inclined to communicate information to the organization, the more valuable the customers become, provided the company continues to adopt its product/services to meet systematically the recorded customer needs. This is more the case in financial services marketing where the communication message should be direct in the sense that a banking services organization must for example inform the buyer what the service provision will do for him (special benefits). In this respect, the performance element of services is a substantial parameter of the success of the interaction between the buyer and the seller (Sherry, 1998).

The type of relationship that develops between a supplier and a customer builds upon the different amounts of motivational investment that buyers and sellers are prepared to commit to the relationship Dwyer et al., (1987). They hypothesize that there are four types of active relationships in addition to a non-exchange process. According to their research approach, they are the bilateral relationships, the seller-maintained relationships, the buyer-maintained relationships and finally the discrete exchanges. More analytically, in bilateral relationships, both parts of the mutual exchange process are motivated enough for various personal or impersonal reasons to support the relationship for common goals and measurable returns. Given this relationship frame between the buyer and the seller, caring for existing clientele is second to attracting new customers. However, it becomes a necessity today to retain your customer base and build a strong long-term relationship that will maintain a profitable business for the organization. The B2B approach and even the financial services market reflect on actual paradigms of two sides that it is a necessity to build an enhanced bilateral relationship. The discrete exchanges, on the other end are low involvement, purely transactional and with a different motivational approach.

2.11. The internal marketing concept and the part-time marketer

Internal marketing had its origins in total quality management (T.Q.M). "*The idea was that staff might find out how each employee contributes to the work of the other, in quality chains, with links though to the external customer"* (Christopher et al., 1991, pp. 77-80). The concept, rising from this distinction is that inter-functional staff teams might work on improving the everyday work processes in which they are involved. Conceptually, internal marketing may be identified as perhaps having a scope to deal with the philosophy and behaviour necessary for "mindful" management (Langer, 1989), which is committed to managing (Geneen and Moscow, 1986), and which has a will to manage (Bower, 1966).

The relationship between marketing and quality at a strategic level, (e.g. how to gain sustainable competitive advantage through a customer orientation), becomes clearer, but the problems encountered in implementation are a recurring theme. It is inevitable though that a number of management issues requiring strategic treatment (Lambert, 1995), can be treated with a broadened concept of internal marketing.

In brief, it could be thought that concepts as the retention of skilled (e.g. talented) sales-reps in an organization, by counteracting declining management standards and providing clear corporate and personal direction and the proper understanding and the need for quality for competitive service delivery in a changing economic, social, political, and technological environment. Moreover, a broadened concept of internal marketing could facilitate communication management with a clear strategy based on research and evaluation, personal skills and competencies development and responsibility; productivity through participation requiring leadership, processes and commitment from everybody (Lambert, 1995).

Christopher et al., (1991) observed that internal marketing is an important activity in developing a customer-focused organization. In his academic view, fundamental aims of internal marketing include the development of internal and external customer awareness and the removal of functional barriers of organizational effectiveness. Thus, looking at the employee as a valued customer is the focus of the discipline of internal marketing (Thomson, 1991). Kotler (1991) notes on the internal marketing conceptualization: Where you are thinking of your own employees as customers with needs to be satisfied so that they are enthusiastic: is that marketing's job? … or is it human resources?

Varey and Lewis (1999, pp. 941) further claim that, *"internal marketing is the relationship and knowledge management required for the "new organization"*. Grönroos adds a significant relational oriented perspective (2007, pp. 387): *"The internal market of employees is best motivated for service – mindedness and prepared for customer focused performance by an active, goal-oriented approach, where a variety of activities and processes is used internally in an active, marketing like and coordinated way. In this way, internal relationships between people in various departments and processes (e.g. sales-reps, internal support employees, team leaders, supervisors and managers) can best be enhanced and geared towards service-oriented management and implementation of external relationships with customers and other parties"*. However, Berry (1981) primarily advocated treating retail-banking employees as internal customers. In her approach, jobs were internal products offered to employees. The internal marketing task then was to improve the "job" products using marketing thinking in an effort to gain new insights. Moreover and always according to Berry (1981, 1983) organizations need employees who are particularly satisfied with their jobs (as products) in order to have satisfied customers. A founding father of the internal marketing concept, Ballantyne (1997, 2003) added as a point of discussion for the internal marketing concept its market-orientation. *"Overall customer service improvement would lead to better customer relationships, more retained customers and thereby complement the organization's marketing activities"* (Varey and Lewis, 2000, pp. 44).

The objective of internal marketing within the relationship marketing philosophy is therefore to create relationships between management and employees and between functions. Gumesson (2003) in his academic work claims that internal marketing is the application of marketing knowledge, which was developed for external marketing on the "internal market", that is, the employees. The employees can be viewed as an internal market and this market can be reached efficiently in order to prepare the personnel for external contacts; efficient internal marketing becomes an antecedent to efficient external marketing (Gumesson, 2003).
Grönroos (2007) argues on the internal marketing notion that the marketer should make sure that employees understand and accept external marketing programs and offerings before the launch to potential external customers. In his view, employees who have no marketing training and who do not consider themselves as appointed by administration to be involved in marketing, may have a negative view of marketing and not want to be involved in anything labelled marketing.

Since, the focus of the current thesis reflects as a subject matter on the RM and HRM alignment in practice, Rafiq and Ahmed (1993, 2000) argue that HRM and internal marketing is not the same thing although they have a lot in common. In their view, HRM offers tools that can be used in internal marketing, such as training, hiring, and career planning. At the same time, internal marketing offers guidance on how these and other tools should be used. Nevertheless, successful internal marketing activities start with competent and skilful employees' recruitment and selection Grönroos, (2007). Thus, the embracing of internal marketing within an organisational setting requires suitable employees' job analysis and descriptions reviews of particular aspects of job design, environmental setting, process flow and clearly defined employee skills and competencies (Ballantyne et al., 1995; Ballantyne and Varey, 2006).

Moreover, career planning, rewards systems and training as human resources tools are or (at least should be) used by the organization extensively. For example, training as a function is to be viewed as developing a holistic view of service strategy and of the total customer management or marketing process as well as the role of the employee in relation to the other stakeholders. Further, training develops and enhances favourable attitudes towards the service strategy, a customer focus and part time marketing performance and communication, sales and service skills among employees Grönroos, (2007).

As far as a financial services organization is concerned, internal marketing plays a vital role in the eyes of the external as well as its internal customer base (for example, the sales-reps of a retail bank branch). In their extended view of the concept, Rafiq and Ahmed (2000, pp. 449) state that *"internal marketing is a planned effort using a marketing-like approach to overcome organisational resistance to change and to align, motivate, and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies. The goal is to deliver customer satisfaction through a process of creating motivated and customer oriented employees".* Dunne and Barnes (2000, pp. 190-6) contend that *"a successful internal marketing initiative would serve both [the valued interests of] the organisation and the individual employee"* in a continuing process of *"transforming the whole organization into a customer-focused entity".*

Ballantyne (2003) one of the founding fathers of the concept, views the application of internal marketing, as a role that can significantly improve cross-functional flows of information and tap into experience-based personal knowledge from diverse sources – a cross-functional alignment based approach. He further, suggests that reviewing marketing intelligence with a broad range of employees in a creative way (for example accessing both their ideas and their experienced based 'know how'), would mean that new innovative directions might emerge; processes and procedures might get changed (new knowledge) in ways that enhance market performance.

The old organizational thinking was that only marketing, sales, and customer support people do marketing. However, in today's interconnected business world, the marketing department people are no longer the sole proprietors of customer interactions. The new thinking is that every employee must be customer-focused Kotler and Armstrong, (2006). Today, rather than assigning only sales and marketing people dealing and interacting with customers, organizations link departments in the cause of creating customer value (Kotler and Armstrong, 2006). Broadly speaking, the concept of the 'part-time marketer' was introduced in Gummesson's seminal paper (1991), which built on previously existing services marketing theory, and noted other research showing the critical significance of the service, production/delivery process in respect of customer opinion formation (Lehtinen, 1983). Gummesson (1991) stated that in the majority of the "moments of truth" that occur between a services firm and a customer, consumer perception is influenced much more by the interaction between customers and the staff members which they meet than by the usually marginal impact of the "marketing department" and other full-time marketers. Therefore, *"staff members are the people who will carry out marketing activities but, in contrast to the full-time marketers, they do not belong to the marketing or sales department"* (Gummesson, 1991, pp. 60). It is inevitable that the interaction required within service providers and marketing enforces a more direct approach (Grönroos, 1994). Therefore, the image and reputation of a services firm cannot solely be constructed through promotion and mass communication activities. The interaction between a consumer and the firm's reps or even the staff members will result in that consumer having a positive or negative perception of the company (Price et al., 1995; Cravens and Piercy, 1994).

Given the intangibility parameter of service "products", this perception turns to be of the utmost importance, for the consumer has little else by which to judge the firm beyond direct interaction with it (Ferguson, 1996a; Bitner et al., 1994).

The marketing effort of the Part-Time Marketers therefore, forms the bulk of the firm's marketing impact (Grönroos, 1996). In fact, the perception of the firm by the customer (Harker, 2004) is primarily governed in services markets by the Part-Time Marketers, *"often they are the only marketers around"* (Normann, 1983, pp. 26).

Internal marketing theorists emphasize that employee “buy in” is therefore crucial for RM based strategy success. As Arnett et al., (2002, pp. 87) maintain, *“To implement new marketing approaches successfully, it is often necessary to first alter the culture of an organization to help align employees’ attitudes with the new strategy”*.

In general, this necessitates the development of a strong service orientation within the firm, which, in turn, requires the development of good, solid relationships among employees in the organization. Grönroos, (2000, pp. 330) highlights on the impact of internal employee relationships: *“Without good and well-functioning internal relationships, external customer relationships will not develop successfully”*. Clearly then, there is significant overlap between Services Marketing and RM. Service firms in order to achieve considerable competitive advantage and, thereby, superior financial performance, should identify, develop, and nurture a relationship portfolio (Gummesson, 2002; Hunt and Derozier, 2004).

2.12 Relationship Marketing and Marketing Intelligence

“Market intelligence may contribute to collaboration as it can underpin cooperation and provides a structure for sharing information and improving communications”

LeMeunier-FitzHugh, and Piercy, (2010, pp. 287). In a B2B marketing approach, Hutt and Speh (1995, pp. 127) define marketing intelligence as *“a systematic process for generating the information needed to manage business marketing strategy effectively…marketing intelligence activities are thus focused on developing the research methodologies, data sources, and processing capabilities necessary to evoke this information in a form that supports marketing strategy development”.*
However, Evans and Schlacter (1985) noted that even when marketing intelligence is available, the company’s organizational structure and internal management processes might fail to facilitate prompt and meaningful market information exchange.
Many organizations have efficient marketing intelligence collection processes, but these may be based departmentally and are frequently not supported by a cross-departmental dissemination system (LeMeunier-FitzHugh and Piercy, 2006).
LeMeunier-FitzHugh, and Piercy, (2006, 2007a,b, 2010;) assumed in their research findings that the creation of an integrated marketing intelligence system may provide

organizations with a "soft target" for improving interdepartmental collaboration for example between sales and marketing by providing a framework for greater cooperation. This cooperation will provide meaningful feedback to both functions in improving collaboration. Cravens (1998) also suggested that marketing is in a unique position to liaise across departments to foster learning about markets and help to develop shared vision. Sales staffs are reliant on developing a learning orientation to allow them to respond appropriately to highly competitive environments and to develop customer relationships (Sujan et al., 1994). The critical factor is that both of these groups are experts in their fields and will benefit from sharing their expertise both of product and market knowledge.

Even though, the term Customer Relationship Management (CRM) is explicitly referred in the marketing academic literature, the principles behind its assumption do not. Numerous academics have conceptually tried to define CRM in an effort to clarify its strategic use and thus implementation in an RM context.

Gartner (2004, pp. 368) originally added a useful definition bringing into discussion the notion of strategy into a CRM corporate investment "*CRM is a business strategy designed to optimize profitability, revenue and customer satisfaction by organizing the enterprise around customer segments, fostering customer-centric behaviours and implementing customer-centric processes"*.

Jain (2005) proposed that profiling of the customer, ensuring satisfied employees and delivering superior value would help the cause of CRM. Most fundamentally, CRM is an organisational business tool, an RM corporate infrastructure sustaining the systematic implementation of RM strategies at the point of sale.

Hence, the sales-reps are the people that an organisation recruits, selects, trains and develops to incorporate CRM as a tool for "*efficiently and effectively increase the acquisition and retention of profitable customers by selectively initiating, building and maintaining appropriate relationships with them"* (Payne and Frow, 2006, pp. 136).

Increasingly, the adoption and implementation of customer relationship management is being viewed as strategic (Lambert, 2004; Payne and Frow, 2005; Zablah et al., 2005), process-oriented (Lambert, 2004; Payne and Frow, 2005; Zablah et al., 2005), cross-functional (Lambert, 2004; Payne and Frow, 2005; 2006), value-creating for buyer and seller (Lambert, 2004; Boulding et al., 2005; Payne and Frow, 2005), and a means of achieving superior financial performance (Lambert, 2004; Boulding et al., 2005; Bohling et al., 2006; Payne and Frow, 2005).

Conceptually, "*CRM has become a critical business process as a result of: competitive pressures; the need to achieve cost efficiency in order to be a low-cost, high-quality supplier; a recognition of the fact that customers are not equal in terms of their profitability; and, knowledge that customer retention can significantly affect profitability"* (Lambert, 2010, pp. 5).

There has been general consent that RM works most effectively *"when customers are highly involved in the good or service, there is an element of personal interaction, and customers are willing to engage in relationship building activities"* (O'Malley and Tynan, 2000, pp. 798). Hence, customer oriented information technology programmes that enhance the flow of information between the customer and a retail bank (e.g. this present thesis focus) increase the customers' positive feelings towards their financial service firm, thereby increasing satisfaction and loyalty (Barnes and Howlett, 1998).

Relationship marketing as a business paradigm can be appropriate for all customers of a bank; however, there may be certain banking customers to which this approach does not apply. In fact, most retail banks are characterized by having both profitable and unprofitable customers, where the former subsidize the latter (Zeithaml et al., 2001). Retaining the profitable customers has become increasingly difficult in a competitive environment where other financial institutions specialize in offering attractive services and prices to this lucrative segment. Since, investments across all customer segments will not yield similar returns (Zeithaml et al., 2001) RM is often directed only at the most profitable segments defined by, for example, income and wealth (Abratt and Russell, 1999). Towards such an effort, banks adopt technology integration as a method to focus on profitable customer segments. *"Segmenting customers based on the relative strengths of personal and functional connections with the brand / service increases both the information content of segment membership and the probability that members of different segments will behave differently in the marketplace"* (Story and Hess, 2006, pp. 406).

As noted by Anderson and Mittal (2000), customer relationship profitability arises through the acquisition and retention of high quality customers with low maintenance costs and high revenue. In this direction, CRM software has the potential to enable management to gather customer data quickly, identify the most valuable customers over time, and provide the customized products and services that should increase customer loyalty (Rigby et al., 2002). When it works, the costs to serve customers can be reduced making it easier to acquire more, similar customers. As identified in the Service-Dominant Logic of marketing, knowledge is the fundamental source of competitive advantage, the customer is a co-producer, and a service-centered view is customer oriented and relational (Lusch and Vargo, 2006).

In order to generate knowledge of the customer that will lead to the co-production of value, internal skills, activities and resources must be linked to those of the customer (Awuah, 2001). Therefore, for maximum results all business functions should be involved in the relationship. Investments in enterprise applications such as CRM systems have helped eliminate “islands” of automation, but have not truly helped achieve the vision of a complete cross-channel customer experience. Now, instead of islands of automation, companies must bridge continents to remove disconnected business processes that increase agent call handling times and decrease customer satisfaction (Dyche, 2001).

From a technology perspective, the promise of service-oriented architecture (SOA) enables contact centres to assemble customer service applications using components from both packaged and custom built applications that can be interconnected around a business process, breaking down silos and providing agility for future change management (Kingstone, 2006). The technology foundation (e.g. CRM systems) must therefore provide agility for process improvements because it is critical for sales-reps to implement an integrated, adaptable technology backbone that is service enabled and ensures a consistent, complete and dynamic view of the customer across the entire organization.

Section B

2.13. The logic behind marketing and HRM interface

Vargo and Lusch in their early academic work (2004, pp.283) defined services as *"the application of specialized competences (knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself"*.

Grönroos, adding to the discussion (2000, pp. 48) defined services as "*processes consisting of a series of activities where a number of different types of resources are used in direct interaction with a customer, so that a solution is found to a customer's problem".* If service means supporting customers' activities and processes, all types of solutions, consisting of goods, services or combinations of them and other elements are services for a firm's customers Grönroos (2006).

Iaccobucci, (2001) comments on intangibility as a distinct service characteristic, where the service encounter is often described as an interactive set of performance in which a provider produces an experiential process in which the consumer and the sales-rep engage in a communicative exchange. The communication message should be direct in the sense that a services firm must for example inform the buyer what the service provision will do for them (special benefits). In this respect, the performance element of services is a substantial parameter of the success of the interaction between the buyer and the seller (Sherry, 1998). However, no marketer can claim that the intangibility aspect has an impact on marketing strategy or market behaviour that separates goods from services Gummesson (2007).

The interdependence between marketing, HR, and operations—known as the Service Management Trinity (Lovelock, 1991) is important (Krohmer et al., 2002), especially given demands of the technologies employed in the production, delivery, and consumption of services. A widespread marketing idea is that services cannot be stored for later use, resold, or returned – the perish ability distinct characteristic. In other words, there is no services inventory. However, service providing organizations store service capacity since a banking firm for example is a store of financial knowledge and advice. Thus, a banking services firm represents a knowledge management provider and as such, the extant literature is to cover extensively issues on knowledge management. These properties of services take place simultaneously due to the intangible nature of service output, and therefore effective performance demands a coordinated and integrated approach to the interface functions of marketing and HR. The main responsibility of the marketing function is therefore to satisfy the long-term needs of the customer coalition (Wind, 1981), while the HR function seeks to secure the performance interests of employees (Gratton, 1994).

As Delaney and Huselid (1996) though argue, researchers still do not know how HRM practices affect organizational outcomes. Similarly, many authors (Becker and Gerhart, 1996; Wright and Sherman, 1999; McMahan et al., 1999; Delery and Shaw, 2001) have pointed out that there *is a lack of understanding about the process (how and why) through which HRM creates organizational value and increases performance.*

Findings underscore the relevance of investigating the RM and HRM interface, indicating that the people area is the greatest constraint to marketing strategy implementation (Giles, 1991; Piercy, 1997a, b). Kotler (1991, pp. 71) asserts that *"the marketing department's effectiveness depends . . . on how well its personnel are selected, trained, directed, motivated, and evaluated".* In business cases, due to the lack of functional synergy the HR function is sometimes developing HRM systems (training, reward, remuneration, development and appraisal) in complete isolation of the line and similarly, marketing developing ambitious strategies independently of HRM with limited awareness of whether employees' skills and attitudes are commensurate with the implementation demands Gratton (1994). Therefore, the integration of the marketing and HR functions is seen to represent the alignment of workforce capabilities with customer focused marketing strategies (Gratton, 1994; Piercy, 1997a, b).

Glassman and McAfee (1992, pp. 52) advanced a strong argument for the study of this dyad stating that: *"the major issue facing business today is how to integrate marketing and personnel more effectively . . . as they can no longer exist as separate entities".* They concluded that issues concerning employee performance and marketing's role in facilitating it are worthy of much additional work.

In a similar context, Piercy (1997a, pp. 97) "*has questioned the logic of one department managing employee issues of recruitment, training and so forth (HR) while another set of people independently collect customer feedback and oversee aspects of marketing strategies concerning customer service and customer satisfaction (marketing) when an obvious and iterative link exists between these issues".* He speculated tremendous benefits to be realized in synergizing the two departmental efforts. In practical terms, academics suggested that this synergy be achieved via marketing and HR collaboration in developing job descriptions, screening candidates, designing training programmes (Glassman and McAfee, 1992; Kotler, 1991; Wind, 1981) and linking employee reward systems to customer satisfaction (Kohli and Jaworski, 1990).

Without knowledge of even communication patterns between marketing and HRM, it is difficult to assess the potential of such an alignment process. That is, marketing success will be largely the result of successful management of people – customers outside the business, and sales-reps providing services within.

2.13.1. Service-Dominant logic versus Goods-Dominant logic

Through the concept of the service-dominant (S-D) logic (Vargo and Lusch 2004a; Lusch and Vargo 2006b), have made a constructive effort to turn what marketing experts have been dealing so far into a cautious synthesis. Their logic opened up an international dialogue on the output of marketing as value propositions rather than as goods or services. As Baker points out (2006, pp. 197-98): *"...the distinction between success and failure in competitive markets may be reduced to two basic issues, first, an understanding of customer needs, and, second, the ability to deliver added value..."*. When marketing a service, academics argues that the corporate strategic objectives should not only be to attract, but to keep and maintain the customer – to develop a long-term relationship with them (Bitner et al., 1994; Cravens and Piercy, 1994; Grönroos, 1991; Gummesson, 1987). According to Gummesson's (2002, pp. 68) and his services encounter model *"there is a dynamic, developing relationship and interaction between service providers and customers."* The specific model gives the marketing reader the so much needed focus to defend the fact that marketing is today all about an interaction between the seller and the buyer - in creating a value proposition. Unless an organization manages and develops effectively the skills and competencies of the sales-reps (e.g. the sellers) the effective and undisrupted implementation of any RM strategy will be at a considerable risk and competive advantage lost. Gummesson in a recent publication (2007, pp. 115) went a mile further and claimed that "*all marketing is about value propositions meaning that customers do not buy goods or services; they buy something that they perceive to be of value for them".*

It is becoming clear that we rely on one another through the voluntary exchange of applied skills and competences (Vargo & Lusch, 2004, 2008a). Consequently, one might think that the above quotation is contemporary; it is, however, from Plato's The Republic (360 BCE/1930), published over 2000 years ago. Despite a globally interdependent world, the simple truth behind Plato's words often seems to be missed: we are all similarly human beings serving each other, through exchange, for mutual wellbeing. At the end of the day, value only springs up in interaction with the customer and it does so in countless, individual ways. In this direction, the service-dominant (S-D) logic expressed by Vargo and Lusch (2004) suggests service (in the singular) as the core concept replacing both goods and services. In their view, a supplier offers a value proposition, but the value actualisation occurs in the usage and consumption process. Therefore, value is the outcome of co-creation between suppliers and customers (Vargo and Lusch, 2004). Moreover, the focus of services firms is shifting away from tangibles and toward intangibles, such as skills, information, and knowledge, and toward interactivity and connectivity and ongoing relationships. What need though to be addressed is "*how value emerges for customers and how through a sense-making process customers construct their experience of value of a service provider's participation in their activities and tasks"* (Heinonen et al., 2010, pp. 533). This is in line with for example Grönroos (2008b), Holbrook (2006), Penaloza and Venkatesh (2006), and Schembri (2006) who strongly emphasize the customer's perspective. Indeed, this could be the contribution of HRM as being the experts in peoples' management. In determining why consumers engage in relational exchanges with firms, the evolving, S-D logic *"implies that the goal is to customize offerings, to recognize that the consumer is* *always a co-producer, and to strive to maximize consumer involvement in the customization to better fit his or her needs"* (Vargo and Lusch, 2004, pp. 12). The conceptualizations of value and value creation are probably the most important tenets in S-D logic compared to G-D logic. Most pragmatically, in G-D logic, value is considered as a property of goods, created by the firm and distributed to "consumers", who destroy (consume) it.

In B2B marketing, the focus was more on the embeddedness of value creation in networks, stemming at least in part from the work by the Industrial Marketing and Purchasing (IMP) Group (e.g. Hakansson and Snehota, 1995) which began to replace the dyadic perspective. Likewise, interactivity and relationship (e.g. Gummesson, 2006) began to supersede the one-way flow models and to supplant the model of one entity acting on the other (Ulaga and Eggert, 2006; Ballantyne and Varey, 2008). Perhaps most directly, is the emergence of economic-actor-to-economic-actor perspective (e.g. Håkansson and Prenkert, 2004), replacing partially the producer–consumer perspective. In analyzing further a G-D orientation (see table four) and research stemming from IMP, it is significant to mention that B2B suppliers make investments in their major clients and this even includes R&D. Business-marketing scholars have been at the forefront of the shift from understanding exchange in terms of products to concepts of value (e.g., Moller, 2006; Lindgreen and Wynstra, 2005) and extending the sources of value creation to relationships and networks (e.g., Moller and Torronen, 2003; Tuli, Kohli, and Bharadwaj, 2007). This embedded nature-of-value-creation orientation implies interactivity, albeit somewhat differently from the service marketing focus.

Comparatively, in S-D logic, a firm cannot create value but can only offer value propositions and then collaboratively create value with the beneficiary. Thus, the service provided (directly or through a good) is only input into the value-creating activities of the customer. Before value can be realized, that input must be integrated with other resources, some of which are also obtained through the market and some of which are privately (e.g. personal, friends, family) or publicly (e.g. government) provided. Therefore, value creation is always a collaborative and interactive process that takes place in the context of a unique set of multiple exchange relationships though often somewhat tacitly and indirectly so, especially when service is provided through goods. Whether considered in terms of interactivity or reciprocity (see table four), when viewed from a value-creating orientation (S-D logic), as compared to an output-producing orientation (G-D logic), value emerges and unfolds over time, rather than being a discrete, production-consumption event. Vargo (2009) continues: it is through these joint, interactive, collaborative, unfolding and reciprocal roles in value co-creation that S-D logic conceptualizes relationship. Co-creation and service exchange imply a value-creating relationship or, more precisely, a complex web of value-creating relationships, rather than making relationship an option. This meaning of relationship as "*a service-centred view, is inherently customer-oriented and relational"*.

Table 4: The meanings and implications of relationship

	G-D Logic	S-D Logic
Meaning(s) of relationship	• Dyadic bonds represented by trust and commitment • Long-term patronage – repetitive transactions	• Reciprocal, service-for-service nature of exchange • Co-creation of value • Complex, networked structure of the market • Temporal, emergent nature of value creation • Contextual nature of value determination
Normative implications	• Manage customers (through communications, satisfaction, etc.) to maximize CLV	• Collaborate with customers to develop mutually beneficial value propositions • Co-create value through service-for-service exchange

Source: Vargo, (2009)

Heinonen et al., (2010), in their late publication contend that there is a need to adjust the academic approach on the actual roles of the seller and the buyer during the sales process. In fact, they proposed that there are unexploited opportunities in applying a Customer-Dominant (CD) marketing logic rather than a Service-Dominant logic. A CD marketing logic – not a subset of S-D but a different perspective - refers to a view that positions the customer in the center, rather than the service, the service provider/producer or the interaction or the system. This approach differs from traditional notions of customer orientation by shifting the viewpoint: instead of focusing on what companies are doing to create services that customers will prefer, Heinonen et al., (2010) suggest that the focus should be on what customers are doing with services and service to accomplish their own goals. The difference is subtle but important. A grounded approach in customer agency (Marsden and Littler, 1996) will allow companies to build a business on an in-depth insight into customers' activities, practices, experiences, and context. Such insights are then converted into concrete ways for companies to participate in and support the customer's processes (Grönroos, 2008a, and b) in terms of service offerings.

The primary issue is not the offering as such, whether it is seen as an outcome (physical good, service, solution) or a process (service interaction), or both, but rather the customer's life and tasks that the offering is elated to. Hence, the customer's logic should be the foundation of a CD marketing logic. Heinonen et al., (2010) conclude their CD marketing logic approach with a remark that worth attention for this present thesis focus: *"it is not the act of service alone, but customers' intentions as well as the resultant activities and experiences that should be the focus of marketers and service companies… Thus, the challenge of the service company becomes to manage onstage and backstage actions so that they support the network of customers' independently orchestrated activities"* Heinonen et al., (2010, pp. 535).

Consider the implications of Vargo and Lusch's (2004, 2008) as well as Heinonen et al., (2010) positions. Successful marketing strategy is principally concerned [at least in consumer markets] with developing and retaining competitive advantage through competitive services marketing. Most fundamentally, excellent services' marketing is based on services provision; service provision is based on service providers and the quality and ability of service providers is a major function of HRM. Therefore, when a firm's employees are happy, efficient, well trained and properly rewarded, its customers are more likely to be happy, too (Wells and Spinks, 1996). In short, successful marketing requires successful HRM systems, strategies and practices.

2.14. The Marketing-HRM interface

The extant literature regarding the marketing – HRM interface provides a number of process-based dimensions, as well as psycho social and behavioural outcomes, which are considered as attributable to the effective implementation of marketing strategies in services. However, there is limited extant literature on the empirical implementation of RM strategies, which is extended to the RM-HRM cross-functional interface. As this is the case, the investigator explored the marketing-HRM interface extant literature as developed by a number of academics (Chimhanzi, and Morgan, 2005; Chimhanzi, 2004; Gratton, 1994; Piercy, 1997a, b; Jaworski and Kohli, 1993; Glassman and McAfee 1992; Kohli and Jaworski, 1990; Giles, 1991; Zeithaml et al., 1985) over the years. This limited research exposure is indicative of the challenges presented in exploring the RM-HRM alignment process in practice – especially in the financial services business.

2.14.1. The process-based dimensions of marketing-HRM interface

Anderson’s (1982) constituency-based theory recognizes the coalitions of interest within the firm, inter-functional dependence and rivalry, as well as the resource dependence concepts of behavioral theories of the firm. Although the marketing-HR dyad has been widely championed in the normative, it has not been subjected to any vigorous empirical analysis. In this sense, the process-based dimensions reflect on previous literature that helps to grasp concepts so much needed towards the effective implementation of RM strategies.

2.14.1.1. Rewards systems

Conceptually, rewards systems **“***are used for their capacity to modify or sustain desirable psychosocial outcomes”* (Chimhanzi and Morgan, 2005, pp. 787). Within inter-functional settings, evidence suggests that a collaborative, responsive culture is fostered by systems that reward collective effort rather than individual functional contributions (Hutt, 1995). In the strategy literature, Nutt (1986) highlights the potential role for rewards to reinforce behaviours that enhance implementation prospects. Within the prescriptive marketing literature, “*reward systems have been posited as a complementary approach to the stimulation, better co-ordination and integration of marketing and other business functions”* (Wind, 1981, pp. 262).

Delaney and Huselid, (1996) noted the effectiveness of skilled employees will be limited if they are not motivated to perform their jobs. It is clear that both extrinsic as well as intrinsic motivation (e.g. Reio and Callahan, 2004) predict important organizational outcomes regarding sales-rep's job performance; yet, Ferguson, and Reio (2010) focus on employee's extrinsic motivation and its management as part of the HRM system. Chen and Hsieh, (2004) describe four types of extrinsic financial motivators for employees that can influence the success and competitive advantage of a company:

(1) Specific skill payment;
(2) Performance pay;
(3) Pay based on seniority; and
(4) Job-based pay

Skill-based pay is grounded in the work of Barney and Wright (1998) as competitive advantage comes from the company's specific skills, rather than general skills per se. Specific skill payment is directed to core employees, those who possess skills that are both valuable and unique, and is based on the number, types, and depth of special skills the employees possess. Empirically, Jaworski and Kohli (1993) have examined how reward systems (as part of motivation) may be used effectively to generate and sustain behaviours consistent with an organization's relationship marketing orientation to help a firm achieve its marketing and indeed broader strategic objectives. There is significant academic work into the use of reward systems in dyadic settings (e.g. Marketing and HRM). It suggests that collaborative behaviours can be encouraged through reward systems that reflect the concerns of both parties as rewards emphasizing the separate performance of each department tend to constrain co-operative activity (Crittenden, 1992; Hutt, 1995; Ruekert and Walker, 1987; Walton and Dutton, 1969; Wind and Robertson, 1983).

2.14.1.2. Informal integration or social orientation

Informal integration or social orientation "*refers to the extent to which members of an organization interact with others in social (non-work-related) settings*" (Chimhanzi and Morgan, 2005, pp. 788). Such interaction can provide the opportunity for managers and employees from different functions to better understand each other's personalities and preferences, and develop camaraderie and friendship, thereby reducing inter-functional rivalry (Ruekert and Walker, 1987; Maltz et al., 2001). The benefits of interaction are that, "*developing informal cross-*

functional networks reduces the language, thought-world, and physical barriers to integration" (Griffin and Hauser, 1996, pp. 22).

2.14.1.3. Organisational connectedness

Organisational connectedness is defined by Kohli and Jaworski (1990, pp. 9) as *"the degree of formal and informal direct contact among employees across departments, referring to the extent to which individuals across departments are directly connected or networked"*. Mathieu and Zajac, (1990) and Reichers, (1985) have extensively discussed the connectedness issue between organizations and employees in theory of organizational attachment, involvement and commitment.

O'Reilly and Chatman (1986) in fact, identified three independent foundations of employees' psychological attachment to an organization: a) compliance to secure specific extrinsic rewards (e.g. the monetary part), b) identification based on desire for affiliation (e.g. sense of belongingness and social acceptance), and c) internalisation which is predicated on congruence or similarity between individuals' and organizations' values. This very last foundation of an employees' psychological attachment to a firm, could be a large part of the best HR practices implementation process, as discussed in the following sections of the thesis.

Additionally, Hall and Schneider (1970) focused on value congruence elements of attachment as the base of normative commitment, claiming that individual predispositions (personal-organizational value congruence and generalised loyalty or duty attitudes) lead to the development of organizational commitment – a much appreciated by academics construct towards the implementation of RM strategies. Often departments in organizations communicate only on a business-constrained basis, so people do not get to know each other. Rispens et al., (2007, pp. 328), make a significant contribution to this issue claiming that: "*connectedness is the degree to which group members feel actively involved with the other group members".*

Making a step further in their academic work, Rispens et al., (2007) separated organizational connectedness into three distinct types namely: a) task connectedness in which members perceive them to be actively involved with one another as they accomplish their tasks. Group members communicate more with each other and ensure the cooperation and coordination of the tasks compared to less task connected groups (Crawford and Haaland, 1972). The increased interaction associated with high task connectedness causes both task and relationship conflict to have intensified effects (Jehn, 1995; Jehn and Bendersky, 2003).

b) Cognitive organisational connectedness that refers to the degree to which group members feel a bond such that they know which knowledge other members have and are actively involved in accessing and using that knowledge. Task and relationship conflict may both give rise to interpersonal aggression or accusations (Jehn, 1995; Simons and Peterson, 2000). In highly cognitively connected groups, these behaviours are less likely to prevail. When group members are highly cognitively connected, those group members have a shared understanding of their group and the group's work.

c) The affective type of organisational connectedness refers to individuals striving for belonging and social acceptance (Carvallo and Pelham, 2006). In the workplace, this need is often reflected in the existence of friendships among colleagues. If affective organisational connectedness in a group is high, Rispens et al., (2007) assume that the intra-group relationships are solid and do not directly break up if any conflict occurs.

In the operationalisation of the organizational connectedness construct, key academics (Jaworski and Kohli, 1993; Johnston and Bonoma, 1981) identified as its core aspects the motivation of each party to communicate, the accessibility of staff in each area, and a "common language" that allows for communication effectiveness. Empirically, Barclay (1991) and Anderson and Narus, (1990) found that connectedness, conceptualised in terms of dependence, lowered significantly dysfunctional conflict as it is in the mutual interest of partners to collaborate. Moreover, Deshpande and Zaltman (1982) established that connectedness facilitates interaction and exchange of information, while Menon et al., (1996, 1997) found interdepartmental connectedness to be important for product and service quality.

2.14.1.4. Communication issues

In the organisational science literature, communication is described as the basic mechanism for handling interdependencies between subsystems within an organisation (Rogers and Argarwala-Rogers, 1976). In fact, organisations are conceptualized as information processing entities that must receive, process, and transmit information for survival (Rochford and Rudelius, 1992).

Horizontal type of communication, which is, the lateral flow of communication occurring both within and between departments (Daft and Steers, 1986), has been highlighted for its crucial role in coordinating people and departments to facilitate the accomplishment of organizational goals (Jaworski and Kohli, 1993).

Moenaert and Souder (1990a, b), based on Van de Ven and Ferry's (1980) work, categorise communication media into two groupings: written and interpersonal. In a variation of this communication classification scheme, Lengel and Daft (1988) classify communication media according to their potential to transmit "rich" information. Rich information is viewed as that which allows for feedback, facial cues, language variety and personalisation (Lengel and Daft, 1988; Mintzberg et al., 1996). Interpersonal communication media satisfy these criteria with face-to-face conversation being the richest communication medium. Written communication, although considered "least rich", has its merits, notably, high credibility, validity, and comprehensibility (Moenaert and Souder, 1990a, b).

Academics conceptualized the issue of effective flow of communication referring to the formal as well as informal sharing of meaningful and timely information between a buyer and a seller, in an empathetic manner Grönroos (2000). Services are seen as processes, which are co-generated along with the consumer. In this sense, all contact-points between the consumer and the service organization are decisive moments "moments of truth" Grönroos (2000). Therefore*, "communication effectiveness is evaluated in terms of conversion of consumer attention to purchase action"*. (Harvey, 1997; Mogg and Enis, 1973, as quoted by Heinonen and Strandvik, 2005, pp. 186-187)

Truly, an effective flow of communication involves regular contact between the seller and the buyer. Contacting regularly creates a sense of closeness, familiarity and ease in relationships. Social bonds are then developed and in the process, an emotional level makes the relationship more resistant to intermittent failures (Bejou et al., 1998). The buyer (customer) is not likely to dissolve the relationship unless there is a serious breakdown of service and communication. Therefore, it becomes

apparent that the greater the communication effectiveness, the stronger the relationship commitment between the two parts, the buyer and the seller.
Most fundamentally, the same communication pattern condition also applies towards internal customers (e.g. flow of communication between line management and the sales-reps). Following the internal marketing concept, the *"internal relationships between people in various departments and processes (customer contact employees, internal support employees, team leaders, supervisors and managers) can best be enhanced and geared towards service-oriented management and implementation of external relationships with customers and other parties"* Grönroos (2007, pp. 387).

As a result, the interaction between a consumer and the sales-rep will result in that consumer having a positive or negative perception of the company (Price et al., 1995; Cravens and Piercy, 1994). Given the intangibility parameter of service "products", this perception turns to be of the utmost importance, for the consumer has little else by which to judge the firm beyond direct interaction with it (Ferguson, 1996a; Bitner et al., 1994).

2.14.1.5. Senior management and organizational support

A number of studies suggest that successful interactions between functional groups depend on the extent to which senior management actively supports the value of interactions between various functional groups (Dewsnapp and Jobber, 2000) and fosters "*shared appreciations of interdependencies"* (McCann and Galbraith, 1981, pp. 68). Yavas, and Babakus, (2010, pp. 223) go a step further in a recent paper regarding organizational support and define it: **"***as a set of enduring policies, practices, procedures and tools that diminish the demands of the job; and/or assist employees in achieving their work goals and stimulate their personal growth/development".*

Why would senior management of a financial services firm support interdepartmental cooperation between RM and HRM?

How could they systematically initiate such practices?

Such organisational support may be physical, psychological or social in nature and may be located at the organizational and task levels, in interpersonal/social relations and the organisation of work. Therefore, conceptualizing organizational support as a process-based dimension of marketing-HRM functional interface, it can be in the forms of employees' performance feedback, skill variety, autonomy, job security, training, salary, supervisory support, empowerment, team climate, rewards, career opportunities, servant leadership and service technology support (Babakus et al., 2003; Bakker, et al., 2003; Bakker, Demerouti, de Boer and Schaufeli, 2003; Ben-Zur and Yagil, 2005; Demerouti et al., 2001; Lewig and Dollard, 2003).

2.14.1.6. Knowledge management and HRM practices

Organisational support might be associated with the implementation of innovative HRM practices in knowledge management services firms (e.g. a bank, an insurance firm). Many researchers (e.g. Yahya and Goh, 2002; Thite, 2004; Gloet, 2006) have highlighted the significance of HRM in implementing knowledge management practices and the fact that people issues need to shift to centre stage in thinking about knowledge. More explicitly, Thite, (2004, pp. 28) as part of his academic work defines knowledge management as *…"creating, sharing, validating and utilising of both explicit and tacit forms of knowledge at the individual, group, organisational and community level through harnessing of people, process and technology for the benefit of those involved and affected by it"* . Moreover, Thite (2004, pp. 30) defines the meaning of the term knowledge worker commenting: "*if knowledge is defined as innovation and creativity applied to create or improve existing products/services, processes and markets, then by definition, every worker become a knowledge worker – that is to say an entrepreneur".* In this respect, best HRM practices are considered by some authors (e.g. Scarbrough and Carter, 2000; Robertson and Hammersley, 2000) to constitute the basic factors of knowledge management success. For Sveiby and Simons (2002, pp. 4) *"the trouble is that knowledge is not a discrete object and that the most valuable knowledge is embedded in people and so difficult to transfer outside the immediate context that it becomes a major competitive advantage"***.**

Flood et al., (2001) nonetheless argue that the most important element includes the personal nature of tacit knowledge, which requires the willingness, on the part of those employees who possess it, to share and communicate it. Therefore, it becomes vital that the success of any knowledge management initiative is likely to be critically dependent on having suitably motivated and highly committed people taking an active role in the learning process (Robertson and Hammersley, 2000; Storey and Quintas, 2001). In parallel, Scarbrough (2003, pp. 502) identified that HRM practices, as selection methods, compensation strategies and career systems, seem to **"***have an influence on the flows of knowledge which knowledge management is seeking to maximize".* Paradoxically, while the magnitude of these issues has been widely articulated, *human factors have yet to be fully examined* and the knowledge management literature has made only partial and limited use of HRM concepts and frameworks (Soliman and Spooner, 2000; Hislop, 2003).

According to Oltra (2005), individual human beings are the ultimate knowledge creators and bearers. Thus, the main purpose should be to increase their capability - through the development of their skills and competencies - as organizational knowledge enhancers and, as a result, the rigorous and strategic management of people must act as a trigger towards effective knowledge-leveraging processes. Summarizing the definitions adopted by (Senge, 1990; Mills and Friesen, 1992), the learning organization is one that adopts specific strategies, mechanisms and practices that encourage its members to learn continuously so that they can adapt to the changing business environment. As Argyris (1999) points out, the central idea behind the learning organization is broadly shared, since it includes the notions of adaptability, flexibility, avoidance of stability traps, experimentation, rethinking means and ends, realisation of human potential to learn in the service of business purposes and creation of human development. Besides, the learning services organization is conceptualised as the creation of the necessary infrastructure to accommodate the acquisition and use of knowledge, while the processes towards this end are described as organizational learning capability. This specific knowledge may be the prerequisite for the creation of sustainable competitive (and hence, corporate) advantage. According to Sinkoula et al., (1997), organizational learning capability is dependent on invisible assets as knowledge. Given the fact that those assets are embodied in people, HRM practices play a unique role in organizational learning (Jaw and Liu, 2003).

The learning organization attracts and retains the best talent by entering into a psychological contract with its employees that motivates them to generate knowledge

in return for nurturing and nourishing their professional skills (Thite, 2004). For Dertouzos et al., (1989) and Pettigrew and Whipp (1991), competitive advantage will ensue for an organisation that develops HR policies that promote continuous learning, teamwork, participation and flexibility; attributes that clearly exist within the best HRM practice spectrum. As Khandekar and Sharma (2005) note, the more identifiable HRM practices exist in an organisation, the stronger the learning capability of that organisation. For that reason, the best HRM practices are expected to enhance organisational performance (Huselid, 1995; Huselid et al., 1997; Huselid et al., 2005; Delery and Doty, 1996; Pfeffer, 1998; Guest et al., 2003) by promoting inimitable attributes in HR (Pfeffer, 1998; Redman and Wilkinson, 2001).
Those inimitable attributes are mainly the outcomes of the knowledge management and organizational learning processes (Hislop, 2003; Jaw and Liu, 2003; Khandekar and Sharma, 2005) and are mutually self-supporting (Pemberton and Stonehouse, 2000; Loermans, 2002; Gorelick and Tantawy-Monsou, 2005).

Theriou and Chatzoglou, (2009) and Loermans, (2002) yet claim that organizational learning constitutes the infrastructure of the organisational knowledge base creation, while knowledge management is concerned with all the necessary strategies to maintain and leverage it. These two processes lead to the production (creation) of knowledge-based assets, which, in turn, develop organizational competencies (Wang and Lo, 2003; Real et al., 2006; Nielsen, 2006) that could drive a services firm to superior and sustainable business performance (Caloghirou et al., 2004; Regan and Ghobadian, 2004).

2.14.2. Psycho social and behavioral outcomes

Relationship effectiveness encompasses collective understanding, which can only transpire when functional groups cooperate voluntarily (Kim and Mauborgne, 1998). Without this form of relationship, organizations find it difficult to construct collective wisdom and shared understanding. This in turn means that they are unable to construct a framework for working together in consensual terms to respond to the challenges that confront them (Kim and Mauborgne, 1998**).**

Procedural justice is the term given to an organizational situation in which personnel tend to exhibit high levels of voluntary cooperation when the strategic decision making processes are deemed fair and transparent (Chimhanzi and Morgan, 2005). Consequently, where procedures are perceived to be fair, relationships are usually considered effective. For instance, Thiabaut and Walker (1975) reported a positive relationship between judgments of procedural justice within an organization, and favorable attitudinal and behavioral consequences of outcome satisfaction. Given these conditions of effective inter-functional relations, it can be anticipated that both parties will tend to work together to facilitate effective marketing strategy implementation.

In contrast, conflictual relationships frustrate and block corporate achievements (Mukhopadhyay and Gupta, 1998). Menon et al., (1996, 1997) critically observe that conflict creates dysfunctional tensions between functions, damaging relations and affecting the productivity of the entire firm. In terms of outcomes, evidence points toward reduced levels of cooperation and coordination of marketing strategy activities, the absence of depth of communication, and infrequent contact between functional units (Hrebiniak and Joyce, 1984). Collectively, these can undermine the quality of marketing strategy in terms of implementation success (Ruekert and Walker, 1987).

Marketing strategy implementation has long been recognized as being critical for business success in both the strategic management literature (e.g. Carnall, 1986; Galbraith and Nathanson, 1978; Quinn, 1980, 2003, 2007) and the marketing literature (e.g. Bonoma, 1984a, b; Bonoma and Crittenden, 1988; Cespedes and Piercy, 1996; Piercy, 1989, 1997a, b, 1998a, b; Sashittal and Jassawalla, 2001). Essentially, until the implementation process a strategy remains a plan not an operational reality. This observation led Gummesson (1974) to conclude that the ability and strength to execute a decision is more crucial for success than even the underlying analysis. Sashittal and Jassawalla (2001, pp. 51) distil two principal conceptualizations of implementation processes within the literature; *"implementation as either organizational change or as operational-level actions"*. Bonoma (1984a, b) has presented marketing strategy optimum implementation as a *"useful, researchable and relevant research area for the marketing discipline"*.

Considerably, the optimum relationship marketing implementation process presents considerable scope for further inquiry for a number of reasons. First, a review of the pertinent literature is indicative of an undue bias toward formulation almost to the neglect of implementation (Noble, 1999; Noble and Mokwa, 1999; Piercy, 1989; Walker and Ruekert, 1987).
Bonoma and Crittenden (1988) attribute this literature imbalance to a long held, misguided assumption among both academics and practitioners that implementation inevitably supersedes formulation provided the plan displays analytical sophistication. Second, what empirical evidence there is overwhelmingly suggests that implementation in practice is fraught with difficulties and generally falls short of expectations (e.g. Nutt, 1983). This is neatly captured by Meldrum (1996, pp. 30), who states, *"One of the concerns about marketing as a management discipline is the inability of organizations to put into practice the policies devised in its name".*
It is interesting to note that poor implementation is a long outstanding concern first brought to light by early writers (e.g. Barksdale and Darden, 1971; Felton, 1959) with Churchman (1975) aptly labeling it "the implementation problem".

It would consequently appear that research fuels interest in marketing strategy implementation not so much by the anticipated positive link between implementation effectiveness and enhanced business performance. Rather there is interest by such type of research, which consistently reports a general incompetence on the part of businesses at implementing strategies such that the conferred competitive advantages via implementation capabilities are not being realized in the process. In this direction, Sashittal and Jassawalla (2001) consolidate the main streams of research and observe that the literature is clustered around matching managerial characteristics with the strategy being implemented (e.g. Kerr and Jackofsky, 1989); tactics used by managers to influence participants (e.g. Nutt, 1989) and the association between organisation, strategy and implementation (e.g. Miller et al., 1988). The management of effective inter-departmental relations is one avenue that has been exploited for its potential to enhance implementation efforts (e.g. Ruekert and Walker, 1987).

Underpinning these studies is a key tenet of early organisational science studies (e.g. Fayol, 1949; Lawrence and Lorsch, 1967; March and Simon, 1958); that the attainment of organizational goals success necessarily depends on inter-functional co-ordination and departments working in concert.

2.15. HRM: a critical function for corporate success

It was in the 1980s when original writers in the area of Human Resource Management (HRM), as Beer et al., (1984a, b) stressed that in the face of increasing international competition, organizations had to focus on the value of investments in human resources as a major source of competitive advantage.

Much later in the 1990s, the rise in the status of knowledge workers highlighted the focus on human resources as the key to organizational productivity (Fojt, 1995; Tovstiga, 1999). In fact, *"Knowledge workers are considered to be those workers who are involved in the acquisition, creation, packaging and application of knowledge"* (Davenport et al., 1996, pp. 54) and they represent the movement that organizations have made away from knowledge that is located in bodies and routines to knowledge that is located in brains, dialogue and symbols (Blackler, 1995).
Most fundamentally, the founding fathers of HRM were the Harvard School of Beer et al., (1984 a, b) who developed what Boxall (1992) calls in his academic work the *'Harvard framework'*. Further, in their academic approach, Fombrun et al., (1984), from the Michigan school in USA, developed the "matching model" where the organization's approach to its employees derived from and fitted the wider business strategy. They held that HR systems and the organization structure should be managed in a way that is congruent with organizational strategy (hence the name "matching model").
They further explained in their model that there is a human resource cycle, which consists of four generic processes or functions performed in all organizations:
1) Employees selection, which is matching available human resources to job posts.
2) Appraisal – performance management
3) Rewards: the reward system is one of the most under-utilized and mishandled managerial tools for driving organizational performance; it must reward short as well as long-term achievements, bearing in mind that business must perform in the present to succeed in the future

4) Employees development: developing systematically high quality employees (Armstrong, 2006 pp. 4)
Bach and Sisson (2000) used the term HRM to describe the best utilization of the organization's human resources in an effort to achieve organizational objectives and performance development. In their opinion, all line managers at every level must concern themselves with HRM. Most fundamentally, Human Resource Management (HRM) represents the business term to encompass the range of policies and practices used by 'modern' organizations in the management of employees (Purcell, 1995; Boxal et al., 2007). Armstrong (2000) views the function of HRM as more of a strategic and coherent approach to the management of an organization's most valued assets, the people working in an organization, who individually and collectively contribute to the achievement of its strategic and operational objectives.

In answering therefore, the research question, how and why HRM as a people oriented function creates organisational value and increases RM strategy performance, an investigator should explore extant literature on HR systems, processes and practices in adequately addressing relational sales-reps' ideal set of roles, skills and competences within a relational focus business environment (see Chapter five).

Clearly, individual employee skills are an integral part of the entire human resource system. Aaker (1989) suggests that for competitive advantage to be truly sustainable it needs to be based on the assets and skills possessed by the firm, and thus its employees. These skills may include reading, writing, math, computer and software knowledge, problem solving, critical thinking, and ability to participate in meetings, and report writing (Askov, 2000; Reio and Sutton, 2006). Aaker (1989) further suggests that in addition to the way, an organization competes and where the organization competes, the assets and skills of the business are the basis of competition and provide the foundation for sustainable competitive advantage. Moreover and according to the "resource-based view", (Barney, 1986) a services firm could develop a sustainable competitive advantage through creating value in a manner that is rare and difficult for competitors to imitate – investing in peoples' skills and competences.

The firms' human resources are therefore the invisible asset that creates value while embedded in the operational system in a manner that enhances firm ability to deal with a turbulent environment. This theoretical framework is practically based on the belief that the problems of historical personnel management can only be solved, when general managers of organizations develop a clear viewpoint of how they wish to see employees involved in and developed by the enterprise, and of what HRM policies and practices may achieve those goals. Therefore, without either a central organizational philosophy or a strategic vision, HRM is likely to remain a set of independent activities, each guided by its own practice tradition – more of an internal focus HR activities' spectrum (Armstrong, 2006).

Most recently in the 2000s, HRM finally became embedded within a business mindset (Boxall and Purcell, 2003), but by contrast, Human Resources Development (HRD) - as a focused activity of learning - continues to sit awkwardly in a tension field between the more established disciplines of business and education. This sense of conflict tends to dilute the identity of HRD as a strategic area of interest on both sides. Short (2009), claims that human resource development offerings turn marginal by top executives when education institutions and/or business organizations have to re-align strategies in order to cope with ever-changing market competition and demand.

In the recent years, workplace learning has been the first casualty of rationalisation, especially softer skill development programs (e.g. sales-reps negotiation and communication competencies), where an evaluation of the benefits has proved to be more illusive than straightforward practical skill-based training. Yet, even before the widespread uptake HRD in the mid 1980s, workplace training was seen as a sub-activity of HRM and training activities were organized within a wider personnel department (Buckley and Caple, 1990). As a result, the organization's commitment to learning and development was very much dependent on the personnel manager's enthusiasm.

2.16. The emergence of Human Resource Development (HRD)

It is possible to suggest that Human Resource Development (HRD) is a term created (by academics) to differentiate strategic and business-oriented learning and development activities from old-style training and development. The purposes of HRD as a developing concept in the literature can be defined as *"supporting and facilitating the learning of individuals, groups and organizations"* (McGoldrick et al., 2002, pp. 396, Bates et al., 2001).

However, U.S. researchers noted that the purpose of HRD is to enhance learning, human potential and high performance in work-related systems. This definition hints at the performance orientation. Thus, already it is possible to detect different discursive resources being employed to define this complex, dynamic and emerging range of activities, and the dichotomy between learning and performance.

There are even researchers who claim that HRD as the field of Human Resource Development defies definition and boundaries. As such, it is *"difficult to put into a box"* (Blake, 1995, pp. 22). Conceptually, a useful definition of Strategic Human Resources Development (SHRD) contained that: *"The strategic management of training, development and of management/ professional education interventions, so as to achieve the objectives of the organization while at the same time ensuring the full utilization of the knowledge in detail and skills of individual employees"* (Garavan, 1991, pp. 17). He highlights that the need for integration into business planning is critical for SHRD, as is a contribution to corporate goals and an awareness of the mission of the organization. He further stresses (2007) that HRD is viewed as a strategic lever in organizations because it is seen as a means of helping the organization to implement its business strategies. This work points towards "vertical integration", as described by those such as Guest (1987) and Storey (1992).

The present and rather demanding business environment much correlated with HR requires that *"HRD not only support the business strategies of organisations, but it assumes a pivotal role in the shaping of business strategy"* (Torraco and Swanson, 1995, pp. 11).

2.17. Peoples' critical set of competencies

The variables that pragmatically describe the HRM discipline in the business literature are according to Wright and Sherman, (1999); Wright and Snell, (1998) practices, skills and behaviour.

A review of the previous literature showed three main positions taken toward a definition of the term, competency. Competencies were thus defined as either: 1) observable performance (Boam and Sparrow, 1992) 2) the standard or quality of the outcome of the person's performance (Rutherford, 1995; Hager et al., 1994); or 3) the underlying attributes of a person (Boyatzis, 1982; Sternberg and Kolligian, 1990). The use of competencies in HRM is not something new, although the approach is still characterised by a certain confusion related to what competencies are, and how they should be measured (Shippmann et al., 2000). Difficulties with the operation and implementation of competency management systems are mostly related to the complex and lengthy process required for identifying the appropriate competencies for an organisation and for building the appropriate competency model Athey and Orth (1999). Another issue of concern is that the competencies defined most often end up as being backward looking rather than future-oriented with respect to strategy and organisational change (Torrington et al., 2002).

Competency models tend to focus on what managers currently do rather than what is needed to perform effectively in the future (Antonacopoulou and Fitzgerald, 1996), something that jeopardises the potential of competencies to act as levers for implementing change (Martone, 2003).

From a methodology point-of-view, the most common approach to competency modeling involves images of what jobholders do based on static job descriptions and identification of behaviours that distinguish outstanding from adequate performers (Cockerill et al., 1995). Then, the attributes, (e.g. high performance competencies), distinguishing outstanding from average job performance, are identified and measured. Finally, statistical analysis of the frequency of these competencies leads to a "model" of competencies demonstrated by outstanding performers.

This approach to competency management, which is analogous to job analysis, focuses on competencies of successful individuals rather than on competencies that are needed to support an organisation to meet its short- or long-term objectives

(Ledford, 1995). Moreover, the laborious procedures required in order to dig out, analyse, validate and then elaborate on job descriptions and other descriptive data related to the tasks and activities that compose jobs are time consuming and costly, especially in larger organisations (Athey and Orth, 1999).

In expanding the academic discussion regarding key peoples' identification of a desired set of skills and competences - following their roles and responsibilities - Cameron and Quinn, 1999 and Quinn et al.,(2003, 2007) produced the "competing values framework" as a contribution to the academic discussion.

This value-adding framework has served as the basis for the development of eight managerial leadership roles (see table 5) and twenty-four competences regarded as key for the effective and efficient employee/manager.

Table 5: The managerial leadership roles

Mentor Role	1. Understanding self and others 2. Communicating effectively 3. Developing Employees
Facilitator Role	1. Building teams 2. Using participative decision making 3. Managing Conflict
Monitor Role	1. Monitoring Individual Performance 2. Managing Collective Performance and processes 3. Analyzing information with critical thinking
Coordinator Role	1. Managing Projects 2. Designing work 3. Managing across functions
Director Role	1. Developing and Communicating a vision 2. Setting goal and objectives 3. Designing and Organising
Producer Role	1. Working Productively 2. Fostering a productive work environment 3. Managing time and stress
Broker Role	1. Building and maintaining a power base 2. Negotiating agreement and commitment 3. Presenting ideas
Innovator Role	1. Living with Change 2. Thinking creatively 3. Managing Change

Source: Quinn et al. (2007, pp. 21)

Quinn et al. (2007) defined them as "*competing values, since the criteria within the four models (see figure 2) seem at first to carry a conflicting message…. These criteria, values, and assumptions are at opposites in peoples' minds...however, it is possible –in fact-desirable, to perform effectively in the four opposing models simultaneously"* (Quinn et al., 2003, pp.13-14). In view, of the competing values framework, the investigator prescribed four HR performance models in defining the conceptual framework which should be considered as extant literature in developing a set of roles, skills and competencies for relational sales-reps (see sections 4.4.2., 5.3.2. and 5.4.1.). It should be mentioned that one of the three research goals in this thesis was the exploration of the reasons (how and why) relational sales-reps have a critical role in effective RM implementation. In this direction, the investigator conceptually developed the HRM entrepreneurial-competence process (see Chapter 5) as part of his contribution to academic theory. The goal was to produce an ideal set of relational sales-reps roles, skills and competencies which would substantially facilitate the effective RM strategy implementation process.

Drawing on the academic work of Cameron and Quinn, (1999), the human relations model is characterised by flexibility and internal focus (see figure 1). It emphasizes teamwork, and employee commitment through the development of a strong value system that promotes corporate identity. The main target of the specific model is to sustain high employees' morale based on friendly, almost family-like relations and employee support in personal and work issues. Good relations are according to the model a result of meritocracy, equal opportunities, participation and involvement. In this direction, motivation is based on empowerment, development and communication, and success is defined in terms of concern to people.

The open system model is characterised by flexibility and external focus – a relationship focus approach into human resources. Drawing on this model, it encourages innovative initiatives and development of novel services to the employees. The dominant culture fosters utilisation of employees' ideas, creativity, entrepreneurship and risk taking and aims at creating a vision of the organisation's future. The main HR responsibility is to follow environmental changes to be able to adapt to them by continuous improvement, acquisition of new resources and adoption of new processes and methods. Success is defined in terms of adaptability to change and flexibility.

The internal process model is characterised by control and internal focus. It is marked by close process and employee control, standardisation of and adherence to procedures, information management, maintenance of stability, and hierarchy. The model assumes job analysis, specific rules and regulations, and process improvement through methods such as re-engineering that facilitate the HR task. Given the internal process model predictability and process efficiency are criteria of success. This is a transactional type of HRM model.

Finally, the rational goal HRM model is characterised by control and external focus. Conceptually, the basic feature of this model is its attainment orientation. To attain this, HR as a business function emphasises planning, goal-setting, achievement of measurable goals and targets, productivity measurement and competitiveness.

In addition, the relation of the function with external stakeholders is of great importance. The main role of HRM is being a strategic partner by aligning its policies with business strategy. In this attempt, the tools that are available to the function are productivity and goal-achievement measurement, development of performance standards, and linking rewards to appraisal. Profitability, efficiency, productivity, fame and competitiveness are thus criteria of success.

Figure 1: The HR models

FLEXIBILITY

HUMAN RELATIONS MODEL	***OPEN SYSTEM MODEL***
HR Role: Employee champion *Means:* Responding to employee needs *Ends:* Cohesion, commitment, capability *Competencies*: Morale assessment, management development, systems improvement	*HR Role:* Change agent *Means:* Facilitating transformation *Ends:* Organisational renewal *Competencies*: Systems analysis, organisational change skills, consultation and facilitation
INTERNAL FOCUS	**EXTERNAL FOCUS**
HR Role: Administrative specialist *Means:* Reengineering processes *Ends:* Efficient infrastructure *Competencies*: Process improvement, customer relations, service needs assessment	*HR Role:* Strategic business partner *Means:* Aligning HR with business strategy *Ends:* Bottom line impacts *Competencies*: General business skills, strategic analysis, strategic leadership
INTERNAL PROCESS MODEL	***RATIONAL GOAL MODEL***

CONTROL

Source: Adopted from Cameron and Quinn (1999)

The external orientation of the HRM function in creating organisational value for the services firm is a key topic which is to be discussed regarding the RM and HRM alignment process in practice. Given extant literature, the external orientation of HRM is characterised by a combination of the open system and rational goal models (see figure 1).

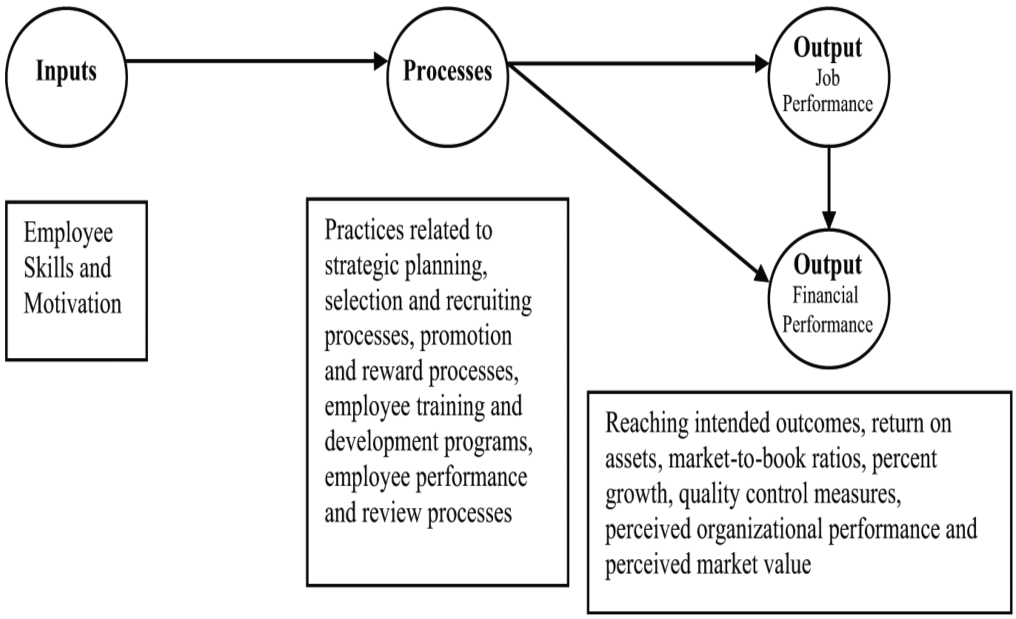
As was expected, Hart and Quinn (1993), in their study of leadership roles found a positive relationship between the role of vision setter (corresponding to the open system model) and business and organizational performance. Denison and Mishra (1995) in their academic study note that the organizational culture marked by flexibility, adaptability and external focus positively relates to sales growth and organizational performance. The same study shows that control and external focus positively link to profitability, sales growth and organisational performance.

2.18. The systems perspective of HR in services

When viewing organizations as systems (Rummler and Brache, 1995), the human resource inputs, processes (practices), and outputs should be considered leading to sustained competitive advantage (Lado and Wilson, 1994). Taking this systems perspective, Lado and Wilson, (1994) define a human resource system as a defined set of distinct, yet interrelated activities, functions, and processes that are directed at attracting, developing, and maintaining a firm’s human resources.

The organization’s human resource system is therefore the dynamic processes (e.g. recruitment and selection, performance appraisals, training, and compensation) that enable the firm to acquire, develop, and deploy its resources to achieve superior performance and ultimately a competitive advantage Ferguson and Reio, (2010).

Figure 2: The HR system



Source: Ferguson and Reio, (2010)

The proposed model (figure 2) has an academic basis in Barney's (1986, 1991) "resource-based view" of a firm is a compilation of the variables that individuals bring to the firm (e.g. skills, motivation) (Askov, 2000). Given the proposed model the firm's human resource processes (e.g. recruitment, selection, training, reward systems, performance management) are used to create and deliver products and services that lead ultimately to sustained competitive advantage (Huselid, 1995; Den Hartog and Verburg, 2004).

2.18.1. The Human Resources practices

Lado and Wilson (1994) define HR practices as a set of distinct yet interrelated activities, functions, and processes directed at attracting, developing, and maintaining a firm's human resources. These HR practices, often referred to as "high performance work practices" or "high involvement work practices" may include single HR practices or entire HR management systems. Examples of these practices include recruiting and selection processes, training and development, incentive compensation, grievance procedures, and job and organizational design (Delaney and Huselid, 1996; Huselid, 1995; Lado and Wilson, 1994; Lawson and Hepp, 2001).

Barney (1991) has described human resource practices as intangible sources of competitive advantage. Staffing selectivity, the human resource practice used to recruit and select qualified personnel, has revealed a positive relationship with firm performance. Terpstra and Rozell (1993) found, for example, that specific staffing practices such as identification of recruiting sources and the use of aptitude and ability tests had a positive relationship with profit margin, five-year average annual growth in profit, and five-year average annual sales growth.

The recruitment process within an organization follows a strategic projection analysis of the short and long-term HR needs. As a result, Schuler and Huber, (1992, pp. 20) define the recruitment process as the *"set of activities used to obtain a pool of qualified job applicants".* It is considered vital for a competitive organization to have established structures and processes (systems of employees recruitment and selection) in place in order to determine that the right applicant is selected out of a pool of many qualified people (Messmer, 2002).
To add to the above discussion, the selection and recruitment process becomes truly important for the financial services organization that has to develop skilful and talented employees to handle customers at the point of sale, the retailing branch outlet. Therefore, the role of the HRM specialists, is primarily to build recruitment and selection systems and further impose discipline in the selection process ensuring that the right candidates are selected by line management. It also becomes important to forecast recruitment needs and plan accordingly. The hiring process can take considerable time and effort and any decisions that are produced in a less methodological way produce disastrous results for the organization (Mulling, 2001). Marriott (2001) further indicates that as the global economy today has moved more to a service-information economy, the search for talented employees has become fiercer; recruitment and retention of the suitable employee may be the most pressing challenge of today's economies.

Researchers have demonstrated too that training and development practices and employee participation programs have a positive impact on firm performance. For example, increases in Michigan manufacturing firm's employee on-the-job training hours were associated with lasting reduction in scrap rates (Holzer et al., 1993; Glaveli and Koufidou, 2005). In this direction, Bartel (1994) reported that the presence of formal training programs for managers, and professional and technical employees, has a positive association with increases in labor productivity. Katz et al., (1985) also demonstrated a positive relationship between employee participation in training programs and production quantity and quality. In sum, the bulk of the literature suggests that single HR practices can positively influence firm productivity and performance.

Employee training and development were considered important, as a mean that would help services firms to overcome their skills and capability gap (Reeve, 1994) by keeping their sales-reps force up to date and adaptable (Pollitt, 1999). The beneficial effects of training-learning were expected in terms of skills, knowledge, cultural and role changes, attitudes, work behaviour in the work situation, homogenization and decrease of tensions and insecurities, motivation, commitment, (Lingg, 1996; Weaver, 1996). These specific training and development results were desirable in order to support organizational change.

Salaman and Mabey (1995) though, identify a range of eventual stakeholders in strategic training and development, each of which have different interests in, influence over and at the end of the day ownership of training and development activities and hence outcomes.

The traditional HRM approach refers on enhancing individual performance centred on the assessment of past performance and the allocation of reward (Walker, 1992). The traditional personnel issue was seen to lie in the interplay between the employee’s skills and competences and motivation – reward schemes. The issue here is to answer whether there is an interface – an alignment process between people-management practices and relationship marketing performance. Richardson and Thompson (1999) conclude that evidence indicates a positive relationship amongst innovative and sophisticated people-management practices and business performance, hence RM optimum implementation in a retail environment.

According to the resource-based view (Barney, 1986, 1991), the firm could develop sustained competitive advantage through creating value in a manner that is rare and difficult for competitors to imitate. Traditional sources of organizational competitive advantage, such as supply of natural resources, development of advanced technology and economics of scale have become increasingly easy to imitate.

The concept of HRM, as a strategic asset has considerable implications for this issue. HRM is an invisible asset that could create value when embedded in the operational system, in a manner that enhances firm's ability to deal with a turbulent environment. However, the question remains valid on the process *(how and why)* through which HRM creates organizational value and increases Relationship Marketing performance.

There are a number of academics arguing whether the performance effects of HR policies and practices are multiplicative rather than additive. A particular set of mutually reinforcing practices is likely to have more impact on the organization's performance than applying one practice in isolation. McDaffie (1995) suggests that the best bundle is dependent of the logic of each organization (organizational philosophy and culture) and Wright and Snell (1998) have pursued the link between HRM and organizational performance from a contingency or fit point of view. Nevertheless, the actual issue remains to understand better the processes that link these HR practices to business performance. As Purcell et al., (2000, pp.30) indicate: *"what remains unclear is what is actually happening in successful organizations to make this connection".*

2.19. Line management involvement in HRM

The involvement of line managers in HRM practices has always been noted in academic literature (Guest, 1987; Legge, 1995 a, b), but in recent years line management have been observed to play a more prominent role in HRM due to more HR work being "devolved" to them (Brewster and Larsen, 2000; Currie and Procter, 2001; Storey, 1992, 2001; Ulrich, 2001). Moreover, Storey (2001) details the costs and benefits of devolution initiatives at this time. *"The strategic thinking is that line management should engage in HR processes which span boundaries outside the organization",* where *"they have freedom to experiment rather than being excluded* *from decision making"* (Currie and Procter, 2001, pp. 57). Thus, HRM operational activities integration is the full integration of HRM activities within the organizational strategy; HRM policies that cohere; and the integration of HRM within line management activities (Guest, 2000). The integration of HRM operational activities into line management decision-making effectively encourages everyone in the organization to take full responsibility for HRM, and certainly not just the HR department. In this respect, all managers in modern economies are responsible for leading, managing people (Papalexandris and Panayotopoulou, 2004). *"Line managers are now expected to do more of their own HRM and can benefit from cross-training in HR processes"* (Mohrman and Lawler, 1998, pp. 443). Furthermore, line managers *"should lead the way in fully integrating HR into the company's real work"* (Ulrich, 1998, pp. 125).

This ensures that HRM is given a much more central position in any business decisions made at a strategic or operational level, and reminds decision-makers that an investment in human resources is a key organizational priority that results in a subsequent long-term competitive advantage. Further research in Europe, has shown that varying levels of partnership and integration exist, depending on the different HR activities and the overall culture of the organization (Larsen and Brewster, 2003). However, HR activities have traditionally been a part of a line manager's everyday job. In relatively small size firms (in terms of number of employees), the entrepreneur-manager must exercise daily HR operational activities as he/she depends heavily on the success of the human factor in implementing the strategies of the firm. The growth of the organization certifies the development of the HR department that provides special expertise over human factor issues to the organization. At a first glance, it seems that the key to organizational success lies in involving and inviting line management to participate in designing and implementing HR activities.

Brewester and Larsen (2000) in their effort to support why line managers participation in HR activities receives a broader attention in the organizations, focus on the need for a comprehensive approach to people management in cost-centred units, where decisions have to be made considerably fast and some times on the spot. In a cost or profit-centred organization, there is pressure to include human resource issues such as recruitment, selection, training and motivation, and commitment of the workforce in line management responsibilities. This is clearly the case, as the operating cost of the human resources is high and becomes an occasional burden for the gross profit margins of the organizations, (Brewster and Mayne, 1994). Truly, the strategic HRM integration is still to be realized in organizations (Beer, 1997; Storey, 2001). However, Thornhill and Saunders (1998) argue that in an organization where the specialist HR function was devolved to line managers, there was a failure to achieve effective and efficient HR management.

2.20. Developing the concept of the business partner

The HR function is expected to be both participating in strategically building the competitive organisation and to be responsible for implementing "the plan". In this way, HR has become central to business competitiveness and by combining the multiple roles; the HR function is strategic and operational, as well as process- and people-oriented Lemmergaard, (2009). In this direction and in the mid-1990s emerged the concept of business partnering as a solution to the multiple corporate needs and complex structures. The business partner role was one of a number of key HR roles, which the academic father of the concept Ulrich (1998) proposes in HR literature. The role was necessary for HR to transform into a "value-adding function" of organizations, a much-appreciated issue for the topic of the present thesis.

In essence, the role involves working closely with business leaders on strategy execution as well as in designing HR systems and processes that address strategic business issues (Ulrich, 1997).

Most fundamentally, commentators agree that today's HR needs to be much more business focused which in practice means being more customer-focused, cost efficient, innovative and structured to quickly respond to changing business priorities. Through this focus, HR is value adding due to its potential for creating organizational competitiveness (Ulrich, 1997; 1998). In fact, the adding of value by the HR is based on the creation of competitive advantage, which enables the organization to compete over time. Consequently, through building the internal competences required to apply the appropriate practices, the HR function ensures creation of essential organizational capabilities (Ulrich et al., 1995). By ensuring that the organisation “changes, learns, moves, and acts faster”, the HR function contributes to the bottom line (Ulrich, 1997, pp. 16),

In his original work Ulrich (1997) suggested that an organisation can categorise HR as playing either primarily strategic or operational roles whilst being concerned in the main with either the ‘processes’ of management or the ‘people’ issues in the organization. Thus, Ulrich (1997) defined four roles (see figure 3), which are dependent upon how much the HR professional is:

a) Strategic and Process oriented, aligning HR and business strategy: organizational diagnosis,

b) Strategic and People oriented, e.g. a change agent who is concerned with organizational transition and cultural change,

c) People and Operational oriented, e.g. an employee champion who focuses upon the commitment and competence of the employees, and finally

d) Process and Operational oriented, e.g. an administrative expert who is concerned with improving efficiency through understanding the processes and procedures related to HR.

Figure 3: The Four Roles of HR Professionals

Strategic Partner	Change Agent
Administrative Expert	Employee Champion

Source: Ulrich, (1997)

According to Caldwell (2003) an advisor or internal consultant role (aligned with the strategic partner role in Ulrich’s model) had allowed HR professionals to accommodate devolution of HR duties to the line management, whilst he asserted that the service provider or administrative expert role has continued to evolve in an effort to deliver administrative services more effectively. Clearly, the HR business partner role requires that the HR professional have a clear understanding of how HR fits with and supports the organization's mission and strategy as well as an understanding of basic business processes (Dyer, 1999).

Huselid et al., (1997) carried a research study, which indicated that HR managers might not be meeting the challenge of this new role. These academic researchers found that most HR managers were proficient in the delivery of professional HRM capabilities (or competencies) that relate to traditional technical activities.

In this case, the strategic HRM capability levels supporting the HR business partner role were lower. Thus, HRM integration requires broad support from the various parts of the organization. With respect to the integration of HRM with organizational strategic decision-making processes, for example, it has been argued that representation on the Board of Directors or at the senior committee level is critical if HR managers are to have appropriate input into strategic decisions (Poole and Jenkins, 1997; Shipton and McAuley, 1993). Such representation has also been considered important in the development of internally consistent and strategically focused HRM practices. Effectively, HR managers need to be part of the strategic planning mechanism in order to match the internal fit between the HRM policy areas and the strategic business initiatives developed at the senior committee level. The greater the extent to which senior HR directors is able to influence the strategic decision-making process, the more likely it is that effective HRM policy design will be achieved (Poole and Jenkins, 1997). Briefing it up, the nature of the HR business-partnering role depends on a number of critical factors that affect the likelihood of success:

- The level, structure, number and talents of HR business partners
- Line managers' understanding of and capabilities in people management and the quality of relationships between HR and Line managers
- The existing roles and credibility of the HR function and the ability to develop and/or import the necessary managerial competencies for business partnering

- The state of development in the other activities of the HR function – if we fail the daily administration activities it is much too difficult to develop long term and strategic perspective on how people can best add to competitive advantage in the organization (CIPD, 2004).

Ulrich (1998) in the development of his research study notes that HR specialists as business partners integrate their activities closely with line management and ensure they serve a long-term strategic purpose having the capacity to identify business opportunities. That is to be able to see the broad picture (excellent business knowledge and top-notch interpersonal skills) and involve their role in achievement as indicated above the organization's objectives.

Business partners implement a whole range of things, depending on what is required and where their organization is standing now. Thus, an HR business partner must be able to diagnose and analyze business situations well, measure the hard outcomes, their own results (CIPD, 2004). In satisfying the above corporate goals, HR business partners need high levels of freedom and autonomy and the competence to publicize and sell themselves and the function effectively.

Despite being one of the most cited and used models among HR academics and practitioners (Antila, 2006), there is often an overlap across some of these specific four roles, especially in relation to 'role ambiguity' and 'role conflict'. Strategic partners may take on the role of change agents. Equally, HR practitioners in roles other than strategic partner adopt a strategic focus (Caldwell, 2003; CIPD, 2003, 2004). Ulrich and Beatty (2001) add to the discussion of the model applicability by introducing the concept of HR players instead of partners. In their most recent modification of the HR roles model, they introduce six roles (i.e. coach, architect, builder, facilitator, leader, and conscience) in the academic discussion. They argue that only the HR players who master these roles simultaneously truly add value and contribute to an organisation's ability to compete in a significantly expanded playing field. The premise of the HR role framework is that the HR function must perform all four (or six) roles in order to create an HR function that is a value-adding business partner for the firm (Ulrich, 1997).

The Chartered Institute of Personnel and Development (CIPD, 2008) researched the application of the business partner model in UK organisations and indicated that some have adopted "a three-legged stool" model when re-structuring their HR function. According to the specific CIPD survey (2008), these three areas include shared services – a single, often relatively large central business unit that handles all the routine 'transactional' services – such as recruitment and selection, payroll, absence monitoring and advice on simple employee relations issues – across the organization. Centres of excellence – usually small teams of HR experts with specialist knowledge of leading-edge HR solutions (e.g. reward learning, engagement and talent management). Strategic business partners – senior HR professionals working closely with business leaders influencing and steering strategy and implementation. This is an indication of the extended debate regarding the changing role of the HR in becoming more extrovert and business oriented.

2.20.1 Should a services firm embrace in business partnering?

The implementation of HR business partnering in service organizations is a question of when and how it will happen, not if it will happen at all (CIPD, 2004). Organisations ask HR people to add greater value, but still they want lower costs in producing significantly better financial performance. In addition, those two issues are the essence of HR business partnering. HR business professionals make significant contributions to a firm's strategy and certainly its implementation, while low-cost alternatives deliver routine HR services (Goodge, 2005).

Clearly, the development of HR business partnering for an organization means more than a considerable change in its strategies. It is a philosophical concept that is increasingly detained by organizations as a way of redefining both their organizational strategic structures and their agenda on people management and development. HR business partnering cannot by any means be an internal matter for the HR department. It is a business of all management involved in the development and growth of the organization and should be handled by all in the best possible way. HR business partnering gets along with the constituent part of what is already occurring in the organizations that face the difficult task of managing effectively the

HR-cycle embodying employees that would contribute to the organizations long-term objectives (CIPD, 2004).

Organizations need HR functions that can deliver skilled, creative, motivated, flexible and committed employees (CIPD, 2004; 2008). However, Wright et al., (2005) argued that HR managers viewed the role of the business partner as that of "trusted advisor" and "change agent". In the meantime, Ulrich and Brockbank (2005) argued that HR professionals provide a "value adding proposition" to help formulate winning strategies by focusing on the right decisions and emphasising what the business needs to do to achieve and maintain a competitive advantage.

The key objective of any organization is to remain profitable, ensure long-term viability by engaging in processes that ensure a competitive advantage, achievable through utilizing the unique resources that cannot be easily copied (Ulrich, 1997).

2.20.2. HRM – A service provider

Sales-reps accomplish the delivery of an organization's tangibles and experiences to customers in the services industry, therefore the interface of HRM and Marketing is conceptually as well as physically and psychologically very strong Bowen and Schneider, (1988). It could be a trap to believe that all good (and sometimes bad) things that happen for customers in a service business are a direct function of HR policies, practices and procedures. All business functions (e.g. operations, marketing, IT and finance) generally contribute to the success or failure of service businesses (Bowen and Schneider, 1988). In such a context, academics should consider a 'systems view' of service firm effectiveness. The systems view requires that all elements of the service system act in co-ordinated ways to produce service excellence (Grönroos, 1990; Schneider et al., 1993). There was an internal focus of the HR as a business function meeting the internal world of business. Would it be now the time to get an extrovert, external focus in aligning with business strategies and with RM in effectively attaining goals and performance accomplishments?

Someone could say that HR is considered an effective function when internally defined standards of employee effectiveness are enhanced by HRM practices. Typically this internal focus has been on sales-rep's performance, accuracy, reliability (of attendance usually so it is indexed as absenteeism or tardiness), or easily measured behaviours (such as talk time on the telephone for a customer service representative or number of cheques cashed by a branch teller) Schneider (1994). More specifically, in a retail network context (BTC) where role ambiguity and role conflict are relatively low, customers of those branches report they receive superior service. In a series of papers, (Schneider et al., 2002; Schneider et al., 1998) have substantiated the conclusion that the way employees experience their work organizations is reflected in the perceptions customers have of the service quality they receive.

2.21. Organisational alignment and business performance

Organizational alignment according to the Oxford's advanced learners dictionary (1958) is *"the arrangement in a straight line"/ "The adjustment of financial and Human Resources in an organization which will embed a competitive advantage for the organization that does not wish to remain static"*. Following Tichys' definition (1983, pp. 117) where the strategic task is "*to keep the organization internally aligned and aligned with its external environment"*. In parallel, *Labovitz* and Rosansky (1997, pp.5) define alignment *"as both a noun and a verb – a state of being and a set of actions . . . alignment . . . refers to the integration of key systems and processes and responses to changes in the external environment"*.

Beal and Yasai-Ardekani (2000, pp. 735) observe, "*The concept of alignment underlies the many contingency theories of strategy and organizations"*.
Often the concept of alignment when used in business is referred to as strategic fit (Smaczny, 2001), strategic match (Mintzberg et al., 1998), or simply the interface between two things (Van der Zee and De Jong, 1999). Beal and Yasai-Ardekani (2000, pp. 735) commented on the alignment process as *"moderation, mediation, profile deviation, gestalts, covariation, and matching".*

In recent years, the term "alignment" has grown in use – especially in the pro-HRM literature – as a descriptive idiom to symbolise a range of management driven processes towards the accomplishment of strategic goals; an arrangement of groups or forces in relation to one another (Short, 2008, 2009). However, what this definition fails to capture is the magic of alignment. These are all the extraordinary things that can be achieved when teams start to share the same sense of purpose. It is the degree of mutual support arising when team members buy into a common set of assumptions, the shared commitment derived from striving to achieve shared goals; the elegance that is the by-product of a team balanced in skills and competences (Burdett, 1994). Alignment is thus important in formulating strategies as well as in their implementation process. The administration of a services firm fosters an effective strategy implementation by aligning and adjusting key systems, processes, and decisions within the firm (Galbraith and Nathanson, 1978; Stonich, 1982; Kaplan, 2005). Moreover, alignment requires a shared understanding of organizational goals and objectives by managers at various levels and within various units of the organizational hierarchy. A firm's ability to seek and maintain a competitive advantage rests on its ability to acquire and deploy resources that are coherent with the organization's competitive needs (Porter, 1985, 1996).

Extant literature on strategic alignment differentiates between two types of organizational alignment that is: 1) the vertical type of organisational alignment referring to the configuration of strategies, objectives, action plans, and decisions throughout the various levels of the organization. In this type, strategic management is an iterative process that starts with the development of an overall strategy at the corporate level to guide the entire organization. Strategy implementation is effectively carried out in a bottom-up fashion, with an aim to make lower level decisions consistent with the decisions at the upper levels. When this consistency is achieved, vertical alignment has been realized (Kathuria and Porth, 2003).
2) Kathuria and Porth, (2003), further define the horizontal organizational alignment in terms of "cross-functional" and "intra-functional integration". The specific organizational alignment refers to the coordination of efforts across the organization and is primarily relevant to the lower levels in the strategy hierarchy. The process of horizontal alignment requires exchange and cooperation among various functional activities.

More explicitly, in cross-functional integration, horizontal organizational alignment connotes the consistency of decisions across functions so that activities and decisions across marketing, operations, HR, and other functions complement and support one another. Accordingly, an organization's management accomplishes intra-functional coordination through coherence across decision areas to achieve synergy within each function. Kathuria and Porth (2003), contend that for successful implementation, decisions within a function should be aligned vertically with that function's strategic objectives, as well as laterally across decision areas within a function.

Of the two types of organizational alignment – vertical and horizontal – it is clear that vertical alignment has received considerably more attention in the literature. This is because studies of vertical alignment are easier to conceptualize and allow researchers to study questions within their fields of functional expertise. Studies of the concept of horizontal alignments within organizations are less common in the literature but represent the present thesis empirical orientation. Does though organisational alignment affects business performance and how does that have an impact on actual performance measurements?

The performance measurements at the highest levels of a banking firm often vary from that at the lowest levels. At the top management levels, the corporate focus is strategic, the metrics are broad-based (e.g. Return on Investment, or market share percentage development). At the lowest implementation level, the performance metrics are more focused and specific (e.g. minimum sales-reps efficiencies desired yield rates / retail branch operational effectiveness and actual customer visits). *"The top management effort is linking these top-down management metrics is some form of translation mechanism, which converts the higher order metrics and their objectives through a series of cause-and-effect evaluations into progressively more detailed metrics and associated actions necessary to realize the desired outcomes at the levels above"* (Melnyk et. al, 2005, pp. 313).

At the highest management level, the performance measurement system integrates. In fact, it is the performance measurement system, which is thus responsible for coordinating metrics across the various functions and for aligning the metrics from the strategic (top management) to the operational levels.

The performance measurement system is ultimately responsible for maintaining alignment and coordination. Alignment deals with the maintenance of consistency between the strategic goals and metrics as plans are implemented and restated as they move from the strategic through the tactical and operational stages of the planning process. In general, marketing metric is a verifiable measure that consists of three elements:

1) The specific measure (what is being measured),

2) The standard (the numerical value that identifies the minimum threshold of performance, as captured by the measure, considered acceptable to management), and 3) the environment or context within which the activity or person being measured operates (Melnyk et. al., 2005). Metrics of performance therefore, fulfill the fundamental activities of measuring (evaluating how we are doing), educating (communicating what is important, how we intend to deliver value to our customers), and directing (flagging potential problems by the size of gaps between the metrics and the standards) (Melnyk et al., 2004).

Thus, the challenge faced by line management when developing or implementing marketing metrics is that of ensuring consistency between the customers' needs, the strategic objectives identified and implemented at the strategic/top management level and the objectives and actions being implemented in the execution system and in our case by the sales-reps at the front.

2.22. The Strategic Alignment Model

Henderson and Venkatraman (1993), in their academic work developed the Strategic Channel Alignment (SAM) model to describe the strategic choices that managers face when aligning the corporate business strategy and a function. The basic assumption of SAM is management's ability to achieve a "strategic fit" and "functional integration" (Venkatraman and Camillus, 1984) between the model's domains, has an impact on the overall business success (Henderson et al., 1996).

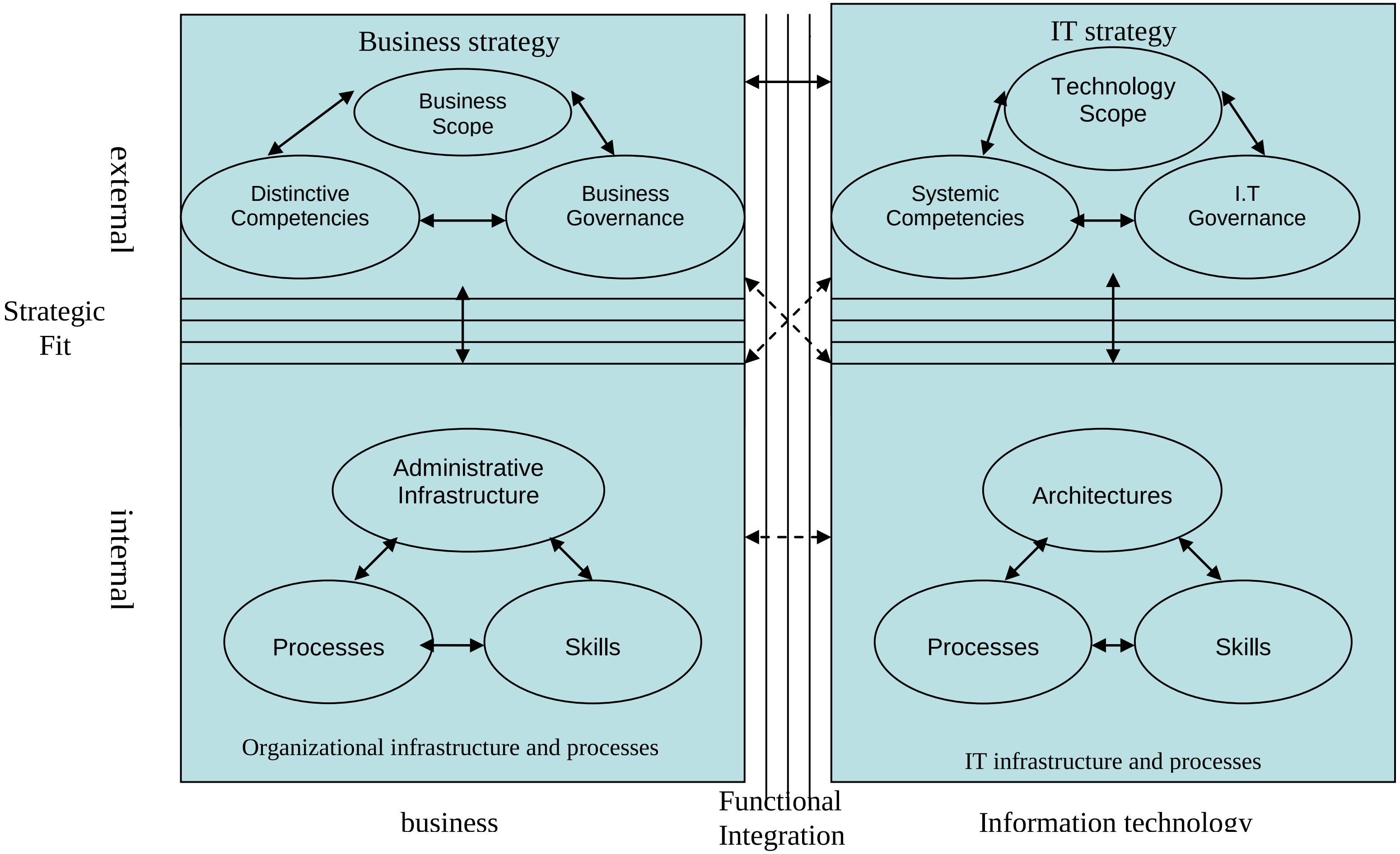
Given the model, the vertical linkage (strategic fit) is concerned with the external environment in which the firm competes and the internal environment in which the firm performs. The horizontal linkage denotes the functional integration between general business and a function (Papp, 1999, 2001).

SAM can be of value by guiding strategy formulation and implementation. It helps to prioritize decisions and resource allocation for ultimately achieving strategic alignment (Henderson et al., 1996). It helps to prioritize decisions and resource allocation for ultimately achieving strategic alignment (Henderson et al., 1996).

According to SAM, the main structural properties are that it distinguishes between an external and an internal perspective (represented by strategy and corporate infrastructure/processes) and the notion of alignment as a strategic fit and functional integration.

SAM conceptually represents the strategic alignment model serving as the framework for the HRM and RM alignment in a retail context. Given the SAM model (figure 4), the strategy of a firm is to be viewed in terms of the organization's positioning in its chosen marketplaces, and confined to external considerations Henderson and Venkatraman (1993). However, much of the material that is usually contained in the strategy is internal. More explicitly, the business scope (see SAM model) sets out the external boundaries of the organization, product and market sectors and segments to be addressed, the geographical limits and any other relevant constraints on the domain of operations of the organization. Corporate business governance defines the ways and means of addressing the chosen business areas (McDonald, 1994). The distinctive competencies relate to some organisational capabilities that make the business scope and governance real, actual and reflect the strengths of the organization as perceived by external markets – the customers Henderson and Venkatraman (1993). They also contend on the critical definition of the essential capabilities that the organization must have, or have access to, and not the *particular skills of individual employees*. This last part (e.g. the impact of specific skills and competencies of the relational sales-reps towards the RM strategy implementation process) deserves further research since the co creation of service represents a significant value adding process - Vargo and Lusch, 2004; Grönroos, 2011) – and reflects on the sustainability of a competitive advantage of a services firm.

Figure 4: The Strategic Alignment Model (SAM)



Source: Henderson and Venkatraman, (1993)

According to the SAM model (see figure 4), corporate business governance derives from business scope at the same time that corporate strategy depends on governance and competencies. Competencies derive from scope and depend on governance. In each case, the interdependencies are bi-directional (McDonald, 1994).
However, the notion of organizational alignment often takes a managerialist perspective overlooking the point that organizations frequently gain competitive advantage by pursuing several strategies at the same time making alignment difficult to quantify and define as a universal entity (Short 2008, 2009; Thompson, 1995). Consequently, confusion prevails and alignment degenerates into a management dream, or perception, rather than an achievable reality.

Under these specific circumstances, it becomes significant for the materialization of any plan to view the relationship between internal systems, human resources and external markets. Thus, market alignment is perhaps the key to ensure business growth, to create added customer value and increase customer retention in an organization. Achieving synchrony between the organization and its environment is a high priority for leaders of strategic change in many companies. A number of observers – theorists and researchers alike – have focused renewed attention on issues of alignment with customers and the marketplace (Burke and Borucki, 1995; Cespedes, 1995; Cobb and Olivier, 1995; Ulrich and Lake, 1990).

The investigator in this thesis intended to explore the implications of the strategic alignment process regarding the effective implementation of relationship marketing strategies by relational focus sales-reps in a B2C context - a large-scale interdepartmental alignment process. Truly, the research approach would be vague and incomplete if it did not explore the role of sales-reps in RM strategy implementation in a retail context - in many cases, the most precious asset of a financial services organization.

Section C

2.23. The role of sales-reps in RM strategy implementation

One of the most important recent trends in sales management and sales research has been the recognition that the long-term key to success may lie in a relational approach to the buyer-seller interaction (cf. Dwyer et al., 1987). Traditionally, the emphasis in sales literature was on the "getting the close", with little thought being given to the means (e.g. the value generating interaction process) by which the sale was obtained, customer expectations of the sales process, or the likelihood that any particular buyer would be a source of future business. As the marketplace is becoming more and more competitive in the number of competitors and the quality of their products/services, this transaction-based emphasis in sales is increasingly being replaced by a relationally focused approach. This approach takes into account customer needs and wants, not only as they relate to the sale of a good or service, but also in terms of the purchasing process and the buyer-seller interaction. In this direction, the buyer-seller exchange relationship has been a topic widely discussed in the marketing literature. Levitt (1983), one of the most distinguished academics comments positively on the increasing significance of the relationship development between the seller and the buyer even after the "sale is over" and the charisma of the seller to enhance and maintain the process. He adds significantly, "*due to the ongoing nature of services and the growing complexity of technology, the dynamics of the sales process will change. The seller's focus will need to shift from simply landing sales to ensuring buyer satisfaction after the purchase".* Thereafter, in his opinion, *"the relationship between the seller and the buyer seldom ends when a sale is made. Increasingly, the relationship intensifies after the sale and helps determine the buyer's choice the next time around. Such dynamics are found particularly within services dealt in a stream of transactions between the seller and the buyer – such as financial services, consulting".*

Ingram (1990, 2004) further argues that if salespeople are to meet future challenges, they must adopt the perspective of the true professional and employ a customer-oriented approach that employs truthful, non-manipulative tactics, which satisfy the long-term needs of both the customer and the selling firm. Swan and Nolan (1985) contend that firms are seeking out relationships with their customers and that salespeople are vital in helping to build these relationships (Dwyer et al., 1987).

Tzokas et al., (2001, pp. 206) in their academic work view the role of sales–reps in RM implementation as critical since for *"relationships to develop and flourish among buyers and sellers, honesty and authenticity are required from sales-reps manifested from spontaneity and impulse in the service encounter"*.Clearly, Sales Management needs to enhnace and develop a specific set of skills, roles and competences for relational focused sales-reps. In this respect, the contribution of HRM becomes critical for RM implementation.

2.23.1 The role of sales-reps in a retail banking environment

Regulatory, structural and technological factors have significantly changed the banking environment throughout the world (Angur et al., 1999). In a milieu becoming increasingly competitive, bank-marketing executives realize that creating and maintaining a loyal customer base is a key to their survival and success (Yavas et al., 1997). Accordingly, *"they design multi-pronged strategies to deliver quality service to customers and enhance customer satisfaction and loyalty"* Yavas, and Babakus, (2010, pp. 222). Such executives also recognize that no strategy aimed at satisfaction and retention of external customers can be considered complete unless it includes programs for reaching and winning over internal customers (e.g. the sales-reps) – which highlight the significant impact of sound HRM strategies (Schneider and White, 2004). Viewed particularly important in the retail-banking context are the sales-reps who, because of their boundary-spanning roles, play a crucial role in service delivery and building relationships with customers (Babakus et al., 2003).

Being direct participants in implementing the marketing concept (Brown et al., 2002), sales-reps' attitudes and behaviours towards customers determine customers' perceived service quality, satisfaction and emotional commitment to an organization (Henning-Thurau, 2004; Yoon et al., 2001). Sales-reps also have the capability; more than any other employees in a financial services organization, for returning aggrieved customers to a state of satisfaction after a service failure occurs (Yavas et al., 2004). Not surprisingly, bank executives view retention of motivated, satisfied and committed sales-reps' as imperative to business success as customer satisfaction and retention (Yavas et al., 1997).

Growth and development under the relational oriented business reality requires the development of sales-reps' specific abilities and behaviours (Tzokas and Donaldson, 2000). Based on their academic research, they conclude that salespeople need to shift attention towards *"conceptual, managerial abilities, in the past associated with the middle and top-level management of the firm. Moreover, they needed to change their mentality from selling products and services to supporting competitive advantage and career paths of their customers, and from simply capitalising upon product and service characteristics to promoting differentiators emanating from the existing and planned competencies and capabilities of their firm"*(Tzokas and Donaldson, 2000, pp. 14*).* Within the general context of RM, Rochford and Wortruba (1993) maintain that the new role of the sales-rep seems to be moving away from the traditional, aggressive and persuasive selling, to that of a Relationship Marketer (Crosby et al., 1990). This role is towards the assumption of long-lasting relationships with their clientele based on relational exchanges, mutual trust and commitment (Morgan and Hunt, 1994; Tzokas and Donaldson, 2000).

Conceptually, RM as a business philosophy predicates an undoubted familiarity, an empathetic business approach between the customer and the sales-rep representing at the service encounter the services firm. In this respect, retail-banking sales-reps have traditionally been considered as a vital link between the firm and its customers (Cravens et al., 1992), held responsible for communicating the firm's broad marketing messages and simultaneously transfer the demands of the customer to the firm headquarters. However, RM and Sales management literature indicates that advances in the theory of RM have not been followed by research on the new role of sales-reps and the demands made upon it by the long-term RM strategic approach (Tzokas et al., 2001).

Given that a financial services firm is a knowledge-based services organisation, the focus on the development of skills and competencies of sales-reps lies on learning - training as a critical part of the HRM practices (see section 2.14.1.6.). Recent research has found that on average nearly half of a sales-reps' time, both pre-and post-training is spent on acquiring product knowledge (Galea, 2002; Pelham, 2002). Critics have suggested that the extensive amount of time spent on learning about product information may come at the cost of developing customer relationship skills (Pelham, 2006). Yet, both relational and technical skills have each been linked to performance.

2.24. Sales-reps' role identification and performance

In the USA, companies spend more than $7 billion annually training salespeople to think and act in ways consistent with the organization's marketing strategy (Kotler and Armstrong, 2008).

Implicitly in the sales management literature (key in exploring arguments and theories useful to the research aim of this thesis), Stewart et al., (2009) have assumed that sales-reps primarily think of themselves as occupying a "sales" role. There is developing academic research though demonstrating varying levels of role ambiguity and clarity (Singh, 1998), coupled with empirical studies illustrating differences among levels of the selling and customer orientations of sales-reps (Periatt et al., 2004; Saxe and Weitz, 1982; Schwepker, 2003; Stock and Hoyer, 2005) suggests that people in sales may see themselves less homogeneously than assumed. The role identity is the way in which sales-reps define and view themselves in a given task role (Ashforth, 2000). For example, sales-reps may see themselves as taskmasters, or even field specialists. Each of these identities guides sales-reps' actions because people seek activities that are consistent with how they view themselves (Ashforth and Mael, 1989).

Why though would salespeople within an organization think of themselves as anything other than a traditional sales role?

Dutton et al., (1994) suggest that members of an organisation may have unique beliefs about their roles in the organization that may or may not match either the organization's belief of the role or the collective beliefs about the role. In the sales context for services, two natural identities emerge:

1 An identity as a sales consultant;

2 An identity as a technical specialist

A sales consultant is therefore a: *“salesperson who views their role as a relationship manager aiming to help customers with challenges across all dimensions of their business, with the goal of providing solutions and creating collaborative relationships”* Stewart et al., (2009, pp. 465). Such a Relationship Marketer specialist with focus on product/services solutions reflects a developing business-to-business (B2B) marketing trend. Following this significant trend, is the move away from the sale of individual products in favor of solutions, customized bundles of goods, services, and intellectual property (Cova and Salle, 2007; Tuli et al., 2007). Unlike individual products or traditional product/price bundles, *“solutions are idiosyncratic offerings that integrate a range of supplier capabilities and assets to address fundamental, often latent buyer needs”*. (Bonney and Williams, 2009, pp. 1032)

Ideally, goods-services solutions increase the value delivered to buyers, establish barriers to competitors within existing accounts, and create new growth opportunities via product and market extensions (Lane and Piercy, 2004). In this direction, solutions sales-reps must engage in a more challenging process of understanding a customer’s larger business and operating context, identifying an underlying problem, and articulating a potentially novel solution (Cerasale and Stone, 2004). It is significant that customer problems must be discovered - by the sales-reps - and made explicit in a time-consuming process that involves helping buyers articulate their problem and evaluate a range of potential response options (Cerasale and Stone, 2004; Moore, 2005).

Tuli et al.’s (2007) qualitative data support this notion that successful solutions selling entails accurately defining a problem and an associated solution within an individual customer’s account, an activity these researchers refer to as customer requirements definition). In short, the solutions sales model demands that salespeople become adept (skilful) resource managers in addition to their traditional roles of persuasion and promotion (Chonko and Jones, 2005). In parallel, Stewart et al., (2009, pp. 464) define as a: *“technical specialist a salesperson who relies on their particular product/service knowledge to solve customer problems”*.

In relying on their own technical skills, technical specialists may be more inclined to overlook the talent of other organizational members dispersed across the selling organization. In contrast, sales consultants see their role as solving customer problems regardless of where the needed expertise might be found. Further, the relational focus of sales consultants enables discovery of unmet customer needs and opportunities; whereas, the technical specialists' focus on current technical problems may limit the identification of ways in which to help customers in the long run Stewart et al., (2009).

Previous literature further suggests that technical expertise leads to customer trust (Doney and Cannon, 1997) and strengthens the relationship between the salesperson's customer-centric attitude and behaviour (Stock and Hoyer, 2005). Meta-analytic research though on RM indicates the critical role of the individual sales-rep's relationship with the customer in achieving positive sales outcomes (Palmatier et al., 2006). Crosby et al., (1990) suggest that the key role of a sales-rep is to be a "relationship manager". In support, academic research demonstrates the benefits that a sales-rep's relational emphasis can offer (Berry, 1995; Frankwick et al., 2001; Pelham, 2002).

Stewart et al., (2009, pp. 464) emphatically add in the discussion regarding the role identity of sales-reps: "*given the dominant RM paradigm and the continuing emphasis on relationship selling in business practice, higher-performing salespeople will view themselves more as sales consultants (relational focus), whereas lower performers will view themselves more as technical specialists (technical focus)".*

In the case that a services firm is relational oriented and has a strong human resources development culture it may well benefit from intentionally recruiting, selecting, training and developing people with more of a sales consultant role identity Stewart et al., (2009).

2.24.1 The cognitive characteristics of sales-reps

Researching the rationale, on how and why relational sales-reps play a critical role in effective RM strategy implementation, it is significant to acknowledge that people's management is more *"sensitive, personalised, context-dependent and cannot be managed through a set of predefined techniques"* (Thite, 2004, pp.30). Therefore, the previous literature regarding the cognitive characteristics of sales-reps add to the clarification of sales-rep's required skills and competencies, in addition to the literature regarding the eight managerial leadership roles and their key competencies as presented in the Quinn et al.'s, (2003, 2007) "value competencies framework" (see section 2.17.) . In fact, there was research into the cognitive characteristics of successful sales-reps that dates back to the mid-1980s. Weitz et al., (1986) argued that differences in the knowledge structures of sales-reps contribute to differences in individual performance. These broader and deeper knowledge structures give sales-reps the ability to adapt their selling approach to different customers (Sujan et al., 1994; Weitz et al., 1986).

This early cognitive-based work led to the introduction of script theory, a perspective that has come to dominate research into individual sales-rep cognition. Given this theory, adaptive sales-reps rely on sophisticated knowledge structures to alter their customer interaction during the sales process (Leong et al., 1989; Matsuo and Kusumi, 2002). Based on this notion, effective sales-reps first identify the type of customer and then recall specific selling scripts that relate to the customer type (Evans et al., 2000). On the contrary, relational sales-reps use more defined knowledge structures covering more diverse customer types, ultimately enabling them to deliver a sales message optimally aligned with the idiosyncrasies of the customer. While Wang and Netemeyer, (2004) draw from the ideation aspects of creative thinking to explain a sales-rep's performance, entrepreneurship research argues that ideation is a necessary, yet insufficient cognitive ability used by entrepreneurs. Conceptually, the cognitive-based sales management literature has added greatly to the understanding of the individual factors that influence sales-reps' effectiveness.

Yet, much of this work adopts a limited, or in many ways outdated, view of the sales process (e.g. value-adding interaction), especially as it relates to more complex business-to-business markets (Williams and Plouffe, 2007) or even the business-to-customer markets. There is a need to develop this literature regarding today's relational selling activity (e.g. value-adding interaction between the seller and the buyer in a retail context).

Bonney and Williams (2009) in their academic approach define a financial sales-rep's opportunity recognition as the cognitive process that individuals use to detect a misallocation of resources, define an associated customer problem, and develop a solution that generates value for the customer and indeed profit for the banking firm. Therefore, the sales-rep's opportunity recognition (SOR) reflects on a multi-dimensional, formative construct whereby all of its components are critical to its definition; the elimination of one or more of the dimensions results in an altogether different definition of a second-order construct (Jarvis et al., 2003; McGuinness and Morgan, 2005). The various dimensions used to define SOR were primarily identified by Bonney and Williams (2009) via a thorough review of several key sources of entrepreneurial cognition (e.g. Ardichvili et al., 2003; Baron and Ensley, 2006; Gaglio, 2004; Lumpkin and Lichtenstein, 2005; Mitchell et al., 2005).

The majority of literature on entrepreneurial cognition is rooted in the cognitive mechanisms of creative thinking (Ward, 2004). Thus, based on the foundational literature in entrepreneurial cognition, SOR is conceptualized as having three cognitive processes that collectively affect a sales-rep's ability to develop a solution that creates customer value and hence selling firm profit.

These cognitive processes comprise of awareness**,** defined as the perception of the elements in the environment within a volume of time and space, the comprehension of their meaning (Endsley, 1995). It is during comprehension, that the elements identified in the perception phase are combined together via divergent thought processes such as mental simulations, and combinative thinking, to form a meaningful picture of the environment (Baron and Ensley, 2006; Dutta and Crossan, 2005); and finally the projection of their status in the near future (Cooke et al., 2000). In summary, awareness represents a significant aspect of SOR and reflects on the sales-rep's perceptions of environmental elements, comprehensions of these elements, and projections of these elements going forward. Through this process, successful sales-reps are able to discern resource misallocations in the market in a particular group of customers or in an individual customer's operations that could be exploited (Kirzner, 1997).

The problem-solution discovery is the process of formulating potential responses (Bonney and Williamms, 2009). Here the processes are akin to the problem construction and problem-solving processes outlined in the cognitive literature on creative thinking (Mumford, 2001). According to this literature, a problem represents the goal and objectives of the solutions development effort (Reiter-Palmon et al.,

1997) since often, a customer does not understand nor acknowledge a fundamental operational issue, nor does he knows what is needed to resolve it (Cross and Sproull, 2004). The second aspect of the problem-solution discovery process involves the development of a set of responses for the respective problem representations a similar process to the problem construction process.

Finally, divergent thinking is often employed in both the problem finding and problem solving aspects of discovery. In divergent thinking, sales-reps may attempt to develop as many problem representations and responses as possible (Wang and Netemeyer, 2004). The stage of evaluation reflects on generating a broad range of means-ends relationships (ideas), but not a sufficient component of the opportunity recognition process (Mumford, 2001). Once these ideas are generated, they must be put through an evaluation process. Ultimately, the goal of this cognitive exercise is to identify the best means-end relationship that matches resources to customer and market conditions in order to generate a positive outcome (Ardichvili et al., 2003).

This involves convergent thought processes whereby the sales-rep seeks to identify the best solution using established criteria. They then attempt to determine the probability that a given solution can be realistically implemented while creating value for both the customer and the supplier (Brophy, 2001).

2.25. An empathic sales-rep

In understanding desired skills and competencies for a relational sales-rep in effectively implementing RM strategies, it would be insufficient not to research the state of "empathy" as most critical. Empathy is defined as the recognition and understanding of the states of mind, desires, and particularly emotions of others. It is the ability to put oneself into another's shoes, or experiencing the outlook or emotions of another being within oneself (Kohut, 1984; Hoffman, 1987; Eisenberg, 2002). Hoffman (1987) in particular, comments that empathy is an affective response more appropriate to someone else's situation than to one's own. An empathetic response from the sociological perspective need not be a close match with the affect experienced by the target, but can consist of any emotional reaction at least broadly compatible with the conditions facing the target. Parasuraman et al., (1988) further comment on empathy as the degree to which sales-reps display a "warm, considerate, and caring" attitude. In their constructive academic work, Carlozzi et al., (2002, pp.168) conclude on two broad definitions of "*empathy as feeling focused and empathy as a communicative process".* Within the cognitive-behavioural theory, (Beck et al., 1979) empathy is the process that fosters a collaborative alliance. Stotland (1969, pp.272) defines empathy as *"an observer's reacting emotionally because he perceives that another is experiencing or is about to experience an emotion".* Thus, Stotland (1969) specifically distinguishes affective empathy from cognitive processes related to accuracy. Further, Davis (1996) and Duan and Hill, (1996) consider empathy as a communication skill – much appreciated in the value-adding process between the buyer and the seller. However, Hackney (1978) argues that empathy is more an internal condition, a characteristic that depends on qualities intrinsic to one's personality rather than a communication skill.

Literature suggests that a sales-reps' role conflict should decrease to the extent that sales-reps do not care about the customer, that is, do not behave with emotional concern for the customer. Truly, there is emotional labor during the service encounter (Varca, 2009). The crisis could arrive when it is apparent that a sales-rep lacks enough decision authority to resolve a customer problem in a creative way. Placed in this situation, a sales-rep could help the customer by extending their personal authority and offering a novel solution. However, the sales-rep must then be concerned with the limits of company policy, hence the role conflict and experienced strain (Varca, 2009). The idea of emotional labor echoes throughout the literature on service encounters. Researchers have used terms such as identity, empathy, and personal concern to argue that the provision of quality service hinges on some sort of relational connection (a relational exchange) between the sales-rep and the customer.

This idea is basic to several theoretical models and makes intuitive sense (i.e. Ashforth and Humphrey, 1993). That is, sales-reps will provide quality service if they empathize about the customer. It would be difficult for a sales-rep to physically walk away from a customer during a service encounter but not so risky to "walk away" psychologically, causing dysfunctionality during the relationship building process. Indeed, a great part of the relationship approach that an organization through its sales-reps deliberately builds with the customer is the conscious development of the differentiating dimensions of empathy and trust. Empathy and trust are therefore a platform for effective understanding, communication and relationships between the buyer and the seller.

Overall, RM as a business philosophy is more humanistic: it is more favourable toward extensive and sometimes exhaustive dialogs with consumers. Thus, an answer to the development of a corporate sustainable competitive advantage and certainly an added-value approach is to be able to understand the other party position and inner feelings. Being able to step back and achieve a detachment from our own emotions, is essential for an effective, long-term, constructive relationship with the customer.

2.26. The dimensions of relationship marketing philosophy

If the reader was to understand the various dimensions of RM philosophy, the investigator could list a number of them and manage to see the contribution that each has in the development of a sound, long-term and profitable business relationship between the buyer and the seller. Bonding in that case is defined as the dimension of business relationship that results in two parties (the seller and the customer) acting in a unified manner towards a desired goal (Callaghan et al., 1995). The dimension of bonding, as it applies to RM, consists of the developing and enhancement of consumer and brand loyalty and as Levitt (1983) described a long-term relationship requires bonding to exist. Sheth (1996) further indicates that high customer satisfaction from better quality products with zero defects, more consistent availability and faster product delivery from the supplier will eventually allow the focal firm to pass similar benefits on to its customers. This long-term orientation is structural bonding, value bonding and reputation bonding. The results are that managers are more attuned to supply side systems and cost control, whereas value and reputation bonding are the result of integrating supplier value added benefits with the focal organization's marketing programs and customer requirements (Sheth, 1996).

Reciprocity is defined as the dimension of a business relationship that causes either party, of the two involved, in an exchange process to provide favours or make any kind of allowances for the other in return for similar favour or allowances at a later date in time (Callaghan et al.,1995). Reciprocity and bonding in a relationship are linked in that a reciprocal arrangement is at times indicative of a fruitful cooperation. Moorman et al. (1992) define trust as “a willingness to rely on an exchange partner in whom one has confidence.” As stated by Coulter and Coulter (2002, pp. 36), higher levels of trustworthiness lead to a higher level of co-operation, and lower levels of perceived risk and uncertainty, and vice-versa.

In the context of a banking relationship, since the relationship manager is the client’s point of contact with the bank, trust reflects the client’s strong belief in the honesty, truthfulness, justice, or power of relationship-managers (service representatives) to guide and solve the clients’ business issues. Trust therefore influences the quality of interactions and the commitment of the client to the relationship. In effect, trust underlies degree of reliance on the relationship manager (Gill et al., 2006; Lewicki et al., 1998; Morgan and Hunt, 1994). In turn, the need to rely on the service provider is critical in information-based relationships (for example, those that occur in banking). Most fundamentally, trust is a widely accepted basis for relationships (Grönroos, 1990; Andaleeb 1996; Moorman et al., 1992). In this sense, trust is seen as an important driver to both relationships and relationship enhancement in that it would appear to reduce risk perception more effectively than anything else is. It is effectively a fundamental relationship model building block (Wilson, 1995). As well as generating cooperative behaviour trust may, according to Rousseau et al., (1998) reduce harmful conflict, decrease transactional costs, promote adaptive organizational forms (e.g. network relationships), facilitate the rapid formation of ad-hoc groups and promote effective response to an organizational crisis.
From a client’s perspective, the depth of a banking relationship varies on two dimensions: from narrow (uses few services) to wide (uses many services) and from shallow (contact with people at the bank is perfunctory or cursory) to deep (client is “known” by people at the bank) Gill et al., (2006).
From a bank’s perspective, a relationship is more than impersonal and/or unemotional dealings with a customer; in that it is a connectedness based on emotion and empathy. Therefore, relationship banking is the antithesis of “transaction banking” (e.g. paying bills, depositing cash). Moriarty et al., (1983) describe relationship banking as increasing earnings by maximizing the profitability of the

total customer relationship over time, rather than by seeking to extract maximum profit from any individual product or transaction. To enhance the client relationships, one of the key elements of relationship banking reflects on the role of the relationship-manager (Moriarty et al., 1983). Relationship-managers at banks work with small business owners, not only as coordinators or facilitators, but also as quasi-ombudsmen representing the customers' interests (Sheedy, 1997). By encouraging the customers to use a broader range of bank services, relationship managers can extend the equity of both parties (e.g. the bank's equity and the small business owner's equity) in a developing business relationship.

In order to develop strong relationships with small business owners, it is very important for relationship managers at banks to build trust. In that regard, Ennew (1996) examined bank policies and relationship manager attitudes in the event of client financial difficulties and found that the quality of the overall relationship is based on "trust." Wilson in his academic work (1995) suggests that relationship commitment is central to RM philosophy and is the most commonly used dependent variable used in buyer-seller relationship studies. Conceptually, commitment implies the significance of the relationship to the parties involved and their strong desire to continue. Clearly, trust and commitment as basic concepts, appear inseparable in the RM theory. In fact, Spekman et al., (2000, pp. 43) maintain that trust and commitment *"are the sine qua non of alliances, for without trust and commitment, there can be no alliance."*

In this doctoral thesis, the investigator explores the effects of the strategic alignment idealized design of RM and HRM on the internal customers' (e.g. relevant corporate stakeholders) trust and commitment to the organizational goals accomplishment, vision and mission. Thus, happy and satisfied internal customers turn to loyal, corporate missionaries aiming at best satisfying the interests of the external customers creating an environment of sustainable competitive advantage for the financial services organization.

2.27. The affective and behavioural commitment

Blau and Boal (1987) initially defined organizational commitment as a psychological state in which an employee identifies with a particular organization and its particular desires and goals to maintain membership with the organization. In fact, Morgan and Hunt, (1994), Garbarino and Johnson, (1999), identified organizational commitment as one of the key mediating constructs in customer loyalty.

More explicitly, Morgan and Hunt in their academic work (1994) on relational exchanges strongly differentiated between affective and behavioural commitment. In their academic approach, affective commitment is an affective state of mind that refers to the feelings of fondness a partner has for another. It also refers to internalizing or identifying with a partner's values. According to other academics, affective commitment is distinguished from other forms of commitment such as normative commitment (commitment based on obligations), continuance commitment (commitment because of high switching or exit costs), and calculative commitment (commitment based on self-interest) (Bansal et al., 2004; Gilliland and Bello, 2002).

Services marketing studies have indicated a weak effect between customer satisfaction and affective commitment for consumers (Bansal et al., 2004; Bettencourt, 1997). Brown et al., (2005) argue that one reason for the specific weak effect may well be an interactive relationship between commitment and satisfaction particularly when customer samples include both relational/ high commitment and transactional/low commitment customers. Previous research has also indicated affective commitment may also affect customers' responses to service failures. Some research suggests that because of their strong emotional bonds, committed customers can experience feelings of betrayal by the firm (Mattila, 2004).

Other researchers maintain affective commitment leads customers to be more forgiving of service failures (Tax et al., 1998). Customers who have experienced these disappointing encounters may also have negative expectations and anticipate adverse consequences in future encounters. In marketing, the anticipation of adverse consequences and the perception of uncertain outcomes are termed "perceived risks" (Dowling and Staelin, 1994; Stone and Gronhaug, 1993).

In behavioural commitment, the partners cognitively evaluate what the benefits of continuing a relationship with another partner are and identify the worth of continuing to relate. All gains and costs add up in the process in balancing the relationship. Most fundamentally, the goal for an RM oriented firm is to create a state of relational / high commitment for its external as well as its internal customers (e.g. the sales-reps). Such an affective relational / high commitment also affects positively the organizational connectedness of an organization. Eventually, a higher level of organisational connectedness results in less number of dysfunctional conflicts and better and more effective team work.

2.28. Relationship quality in financial services

Academics consider relationship quality as an overall assessment of the strength of a relationship (Garbarino and Johnson, 1999; Smith, 1998) and capture the essence of relationship marketing (Ural, 2007). Hennig-Thurau and Klee (1997, pp. 751), in a customer-centric marketing concept orientation, consider relationship quality as the degree of appropriateness of a relationship to fulfill the needs of customers. Numerous academics define relationship quality as a bundle of intangible values resulting in an expected long-term relationship between related parties, which cannot be easily duplicated by competitors (Levitt, 1981; Fruchter and Sigue, 2005, Wong et al., 2007). Therefore, relationship quality plays a critical role in the study of long-term relationship maintenance (Finn, 2005).

The financial services sector (e.g. banking) is a competitive sector, which needs to strengthen the relationship with the clients in order to dissociate from the other companies. Sales-reps (e.g. relational sales-consultants, see section 2.23.) should now more than ever develop a good and sustainable relationship with their clients. Indeed, mutual benefits result from maintaining good relationships. From the customer's perspective, the positive benefits of relationship marketing can only be carried out if customers are willing to engage in long-term relationships (Gwinner et al., 1998). Thus, for financial services firms, since researchers have concluded that it is five times more expensive to acquire new customers than to keep existing ones (Athanassopoulou, 2006), the development of a strong and intimate interaction that will add value in the buyer-seller relationship can improve customer loyalty, which in turn leads to increased profits for the firm (Athanassopoulou, 2006).

Ural (2007), recognizes relationship quality as a higher order construct. Crosby et al., (1990) and Dwyer et al., (1987) suggest that the concept of relationship quality consists of two major dimensions: trust in the sales-rep and satisfaction with the sales-rep. Hennig-Thurau and Klee (1997), Leuthesser (1997) and Dorsch et al., (1998) further consider relationship commitment as the third dimension of relationship quality. (Rajaobelina and Bergeron, (2009) commend on “three distinct dimensions of relationship quality to explicate the construct and therefore assume that a better-quality relationship is accompanied by *greater satisfaction, trust, and commitment”*. The literature has brought trust as one of the main factors which play an important role in influencing a customer to develop and maintain relationship with the service provider (Liang and Wang, 2006; Shekhar and Gupta, 2008). Ndubisi (2007) considers trust to be a key determinant of the quality of buyer-seller relationships (Ndubisi, 2007).

Ganesan (1994) and Doney and Cannon (1997) contend that trust engulfs two dimensions: (1) objective credibility, defined as the belief that the other part has the expertise to perform the job; and (2) benevolence, defined as the belief that the other part has motives beneficial to the target when new conditions arise for which a commitment was not made. In addition, Liang and Wang (2006), regard satisfaction with the relationship as an important outcome of buyer–seller relationships (Liang and Wang, 2006). Nowadays, customer satisfaction still represents an imperative cornerstone for customer-oriented business practices across a multitude of companies operating in diverse industries (Szymanski and Henard, 2001) and can be considered the essence of success in our highly competitive business world (Jamal and Naser, 2002). More extensively, a number of academics define relationship satisfaction as a consumer’s affective state resulting from an overall appraisal of his or her relationship with a retailer (Crosby et al., 1990; Liang and Wang, 2006). Jap (2001) in his academic review further described relationship satisfaction as a positive affective state resulting from the appraisal of all aspects of a working relationship. Geyskens et al., (1999) conceptualized two dimensions of satisfaction: non-economic (e.g. communication skills, expertise) and economic (e.g. sales, return on investment). There is no consensus concerning the antecedents and the consequences of the relationship quality. Crosby et al., (1990, pp. 70) indicate that high-relationship quality *"means that the customer is able to rely on the sales-rep's integrity and has confidence in the salesperson's future performance because the level of past performance has been consistently satisfactory."* The investigator explored explicitly the antecedents of relationship quality in financial services in section 2.28.1.

Table 6: literature of relationship quality

Authors	Relationship Quality	Antecedents	Consequences	Context
Crosby et al., (1990)	Trust, Satisfaction	Similarity, expertise, relational selling	None	Whole Life Insurance policyholders in US
Morgan and Hunt (1994)	Commitment, Trust	Interfirm relationships, Effective communication	Inter-firm trust, Cooperation	Relationship quality standards improvement
Wray et al., (1994)	Trust, Satisfaction	Ethics, expertise, relationship duration, selling orientation, customer orientation	None	Financial Services
Smith (1998)	Trust, Commitment, Satisfaction	Relationship Duration	None	366 members of Purchasing Management Association of Canada
Shamsadani and Balakrishnan (2000)	Trust, Satisfaction	Expertise, customer knowledge, friendliness, similarity	Loyalty	325 Singaporean clients of hair salons
Lages et al., (2005)	Amount of information sharing, Communication, Quality, LT Orientation	Expertise	None	Relationship quality between the exporting firm and the importer (sample of 111 UK exporters)
Kim et al., (2006)	Trust, Satisfaction	Customer Orientation, Communication, relationship benefits	Commitment, loyalty, word of mouth	887 Dinner patrons at 21 luxury restaurants in Korea
Macintosh (2007)	Trust, Satisfaction	Customer Orientation, expertise	Word of mouth, loyalty	220 Canadian business travelers
Wong et al., (2007)	Trust, Satisfaction	Information sharing	Willingness to refer, anticipation of future interaction	207 consumers of financial services in Hong Kong
Cheng et al., (2008)	Trust, Satisfaction	Customer Orientation, expertise	Commitment, loyalty	Airline relationship quality

Source: Rajaobelina and Bergeron, (2009)

2.28.1. Antecedents of relationship quality in financial services firms

Following extant literature on relationship quality in financial services, Rajaobelina and Bergeron, 2009 (see table 6) asses the domain expertise by a service provider's level of knowledge and experience with regard to the focal product or service. Crosby et al., (1990) indicate, "A sales-rep's expertise reflects the identification of relevant competencies *associated with the goods or service transaction"*. In their study of insurance sales-rep-customer relationships, they find that an insurance salesperson's expertise has a significant effect on relationship quality. Experienced and knowledgeable employees can reduce customers' perceived uncertainty and anxiety, which may lead to higher customer satisfaction and trust. The level of expertise possessed by employees including knowledge, experience or skills relevant to a particular domain or activity is a vital determinant of relationship quality.

In the academic literature, customer knowledge has emerged in the past two decades in research on the quality of services and on relationship marketing.
In RM, customer knowledge has often been considered as a significant dimension of the force of the relationship between a service provider and its clients (Paulin et al., 2000). Therefore, knowing the customer is an essential component of the buyer-seller relationship. It is a determining element of the quality of a sound and efficient relationship (Blanchard et al., 2001) and it contributes to creating a unique and inimitable competitive advantage. Teas, (1988) observe that knowing the customer and understanding his /her situation influence the quality of the relationship.

Customer orientation as an antecedent of relationship quality is initially developed in personal selling management and is often regarded as a key indicator of the quality of buyer-seller relationships (Cheng et al., 2008). Brown et al., (2002) describe customer orientation as a personality variable that reflects the service sales-rep's disposition to meet customer needs. A pillar of a customer-orientation approach is that sales-reps must understand customers' needs, expectations, and concerns (Saxe and Weitz, 1982). Sales-reps that are customer-oriented are concerned with satisfying their needs better than would their competitors (Wray et al., 1994).

Bejou et al., (1996) in their academic approach use artificial neural network analysis to investigate the determinants of relationship quality and find that the degree of customer orientation has a significant impact on the customer's trust and satisfaction.

Customer orientation is the only antecedent, which has a significant impact on relationship quality for both sales-reps and customers. Consequently, sales-reps should have customer-oriented attitudes and behaviors. They should maintain their relationships with their clients by taking time to meet their needs and personalizing the offer. Therefore, customer-oriented employees should always keep their clients' interests in mind, take steps to clarify their needs and expectations, and engage in activities and behaviors to satisfy their needs in a helpful way.

The role of HRM as a business function in developing relationship quality for financial sales-reps is vital even from the recruitment and selection stage, where it is worthy to consider the employees' customer orientation aptitudes such as being empathic and relational (e.g. a sales consultant status instead of a technical skills sales-rep). In the process, HRM turns critical for training (e.g. learning systems) and sales-rep's performance development. Doing consulting simulations or being closely mentored can help sales-reps to improve their skills and competencies.

2.28.2. Consequences of relationship quality in financial services firms

Loyalty, purchase intention (anticipation of future interaction) for Wong et al., (2007) and word-of-mouth (sometimes defined as "willingness to refer") (see Table 6) are the most common consequences. Notwithstanding, commitment is sometimes cited. The purchase intention refers to the degree of perceptual conviction of a customer to repurchase a particular product (or service) or to repurchase any product (or service) at a particular organization. The essence of purchase intention encompasses concepts such as probabilities and expectations.

Kellerman (1987) identified purchase intention as an outcome goal of dyadic encounters. Given that the cost of retaining an existing customer is less expensive than prospecting for a new customer (Spreng et al., 1995), purchase intention is a very important consideration for businesses. The best predictor of the likelihood that a customer will seek future contact with a financial services provider is the quality of the relationship to date (Wong et al., 2007).

Finally, getting existing customers to provide referrals should be one of the effective ways to add new business (Collier and Bienstock, 2006). A referral from a customer can often open the gates and allow a sales-rep access to previously unreachable prospects. Huntley (2006) found that when the quality of relationship is high, customers are more willing to recommend the seller's offerings to colleagues and they purchase more from the seller. Maintaining high-quality relationships with customers appears to increase their willingness to provide referrals (Finn, 2005).

2.29. Conclusions

The second chapter of the thesis reviews and critically analyzes extant literature that serves as the guiding light in developing sound argumentation over the justification of the thesis research objectives and propositions (see section 1.1.5.). More explicitly, the second chapter of the thesis covers three distinct extant literature subsections underpinning academic argumentation regarding relational exchanges between the seller (e.g. the sales-rep) and the buyer, the RM and HRM interface in a B2C (retail) financial services environment. Therefore, in the first section the investigator examines extant literature on the evolution of the marketing concept, the RM paradigm and further business philosophy that is associated with the customer orientation versus sales orientation along with the value of business relationships.

In the second section, the investigator explored the logic behind marketing and HRM interface in justifying the focus of this thesis, which involves the RM and HRM alignment in practice in relational type financial retail services. In this direction, the investigator explores the process-based dimensions of marketing and HRM interface and the psychosocial and behavioural outcomes. The author in the second section of the previous literature chapter critically analyzes the academic work of Vargo and Lusch - the Service-Dominant (S-D) logic comparable and contrasted with the Goods–Dominant (G-D) logic. The investigator concludes that a successful financial services organisation is advised to have a focus on firm-customer relationships and therefore have relationship management at the heart of tactical marketing processes and strategic corporate philosophy. Moreover, the author in his second section of previous literature chapter produces an extensive reference, academic argumentation and critical analysis on the impact of HRM processes, systems and eventually practices on relationship marketing implementation. In this section, the author examines the roles, responsibilities of the HR business partner serving as a link, a possible key to effectiveness and efficiency of relational focused sales-reps. The second section further capitalizes on organisational alignment and business performance as the means and tools of corporate growth and development. Finally, in the second section of the previous literature, the author explores the strategic alignment model (SAM) and its contribution into effective cross-functional synergies.

Adding to previous literature, the investigator examines in his third section the relational focus sales-reps' role in RM strategy implementation. In this respect, the investigator explores relationship quality antecedents and consequences as well as the cognitive characteristics of sales-reps in a financial services business environment. The previous literature chapter concludes discussion with a critical analysis of the various dimensions of the RM philosophy (e.g. trust, satisfaction, commitment and empathy) along with their effect on the RM implementation process in a retail banking business environment.

Table 7: Chapter two list of contents

The RM paradigm and the value of relationships Section A	The Logic behind the RM and HRM interface Section B	The role of Sales-reps in RM strategy implementation Section C
The evolution of the marketing concept	The logic behind the RM and HRM interface The service dominant versus the goods dominant logic theory and debates	The role of sales-reps in a retail banking environment
Customer orientation versus Sales orientation The Transactional marketing paradigm The Relationship marketing paradigm Definitions of Relationship Marketing The value of relationships The interaction process in value creation	The Marketing and HRM interface The process-based dimensions of marketing-HRM interface Rewards systems Informal Integration or social orientation Organisational Connectedness Communication issues Senior management and organisational support Knowledge management and HRM practices The psycho social and behavioural outcomes of the marketing and HRM interface	Sales-rep's role identification and performance The cognitive characteristics of sales-reps An empathic sales-rep The Dimensions of Relationship Marketing philosophy The affective and behavioural commitment Relationship quality in financial services Antecedents and consequences of Relationship Quality in financial services
The traditional buyer-seller relationship Strategic and tactical elements of a relationship strategy Internal marketing and the Part-time marketer RM and market intelligence systems	HRM: a critical function for corporate success The emergence of HRD People's critical set of competencies The systems perspective of HR in services The HR practices Line management involvement into HRM	
	Developing the concept of the business partner Should a services firm embrace into business partnering?	
	Organisational alignment and business performance – The strategic alignment model	

Chapter 3: Thesis Methodology

3.1. Introduction – research objectives and propositions

This doctoral thesis research study aimed at exploring the critical realism of the research questions as indicated in section 1.1.5. More explicitly, chapter three dealing with the research methodology of the thesis, breaks into two major sections for reasons of coherence and line of argument. In this regard, the first section explains why the investigator selects case study research methodology as his preferred research design along the lines of critical realism (see sections 3.2., 3.2.1., 3.2.3., and 3.3.).

Conceptually, the investigator had the following alternatives: To test previously developed theory or to develop new theory?

If the first, this implies that positivism and a quantitative methodology should be used; if the second, then the adoption of a qualitative method and hence multiple case study research methodology would be more appropriate. In fact, the investigator using a multiple case study research methodology focuses on an empirical enquiry that explores a contemporary phenomenon, the interviewees' insights in a real-life context environment, the totality of each situation and the development of ideas through induction from data. This is exactly the rationale of the investigator behind the adoption of empirical, multiple case study research methodology for the present thesis.

Most fundamentally, the case study based qualitative research methodology tends to address research problems within the interpretivist paradigms rather than the positivist paradigm (Perry et al., 1999). Therefore, in simple terminology, the research issue is 'how and why' instead of a 'what' or 'how should' problem (see section 1.1.5.). Moreover, the investigator analyzes the limitations and debate on the selected research methodology (see section 3.4.). Further in section 3.3., the investigator explores the alternative scientific paradigms critical in understanding why and how the critical realism paradigm was appropriate for his ontological, epistemological and methodological assumptions.

The second section of Chapter three describes how the investigator implemented in a procedural methodological approach his multiple case study research approach (see table

10). More analytically, the investigator in section B develops his research implementation process focusing on choosing the banks and contacts within the banks under study, devising the Interview protocol, transcribing, coding and analyzing derived data.

Finally, the author completes the research methodology section - implementation phase listing all lessons learned from his research endeavors as well as what his advice would be to a successor on this project (see section 3.7.). Conceptually, the business goal of the strategic alignment process of RM and HRM business disciplines reflect on the optimum implementation of RM strategies by relational sales-reps at the retail points of sale.

In fact, the interaction between the customer and the sales-rep in the financial services industry is becoming more intense and dynamic than any other industry. Thus, financial services organizations are continuously improvising innovative marketing strategies incorporating advanced financial products / services in building up market shares, profitable business and enhanced customer portfolios. In this respect, increasing alignment with customers and alignment of human resources with the corporate marketing strategy is the goal of many efforts for change. As a result, it is crucial for the justification of this thesis to claim that the strategic existence role of Marketing and HRM is to create organisational value in practice for the internal as well as the external corporate customers. Clearly, the direct relationship between internal business systems, effective and efficient human resources employed and external markets are the means of building a sustainable corporate competitive advantage. Therefore, the first research objective explores the reasons why a RM focused financial services firm should strategically align relationship marketing and HRM. The second research objective explores the reasons how and why relational sales-reps contain a critical role in effective RM implementation. Finally, the third research objective explores the process how and why through which HRM creates organizational value and increases Relationship Marketing performance. The research questions as they appear suggested a need for the richness of data that qualitative multiple case studies are able to provide. This research approach can provide details of the processes that lead to the results, rather than focusing on the results themselves, and “get under the skin” (Gillham, 2000, pp. 11) of an organisation to explore the complex issues that are beyond the scope of quantitative approaches.

The investigator in successfully implementing the critical realism scientific paradigm ontological, epistemological and methodological assumptions originally set seven research propositions – see analysis and evaluation in Chapters four and five of the thesis:

1. The strategic alignment of RM and HRM produces a competitive advantage for an RM focus financial services firm
2. The bidirectional flow of formal and informal communication between line management and sales-reps has a positive impact on the effective implementation of RM strategy
3. The sales-reps' role identification has a positive impact upon relationship quality between the buyer and the seller
4. The simultaneous pursuance of diversified marketing strategies results in disorientation of sales-reps
5. Innovative HRM systems, processes and practices are critical for effective RM strategy implementation
6. The effective integration and interaction of the business partner to line management generates sales-reps' affective commitment, trust and rapport
7. The practical, business intelligence of the business partner boosts sales-reps' affective commitment

In effectively satisfying these research propositions, the investigator examined alternative research methodologies before finalizing on the qualitative, multiple case study research methodology. The investigator fully explains the reasons for his research design selection outcomes in sections 3.2., 3.2.1, 3.2.3., and 3.3.

Section A

3.2. Why to adopt case research methodology?

Conceptually, this thesis explores a research topic dealing with unknown variables and context (e.g. the strategic performance alignment of RM and HRM in practice) within a social environment, as is the case for competitive financial services firms. Therefore, the aim of such a qualitative research methodology is to produce insights rather than measure, to explore rather than pin-down. According to Yin, (2003, pp. 14) a case study analysis is "*an empirical enquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident" … and … "copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from prior development of theoretical propositions to guide data collection and analysis".*

On principle, Yin's definition focuses on the rationale behind the current adoption of case study as a research methodology. More explicitly, the investigator goes through a careful analysis of the various research designs before finalizing on the case research, the in-depth interviews and observation as means of obtaining rich field data to support the exploration of his research objectives as indicated in section 1.1.5.

3.2.1. Planning the research design – criteria of research selection

The investigator plans his research design approach following an initial pattern of research philosophy. On principle, the investigator adopts the following research design selection criteria:

- The case study research methodology represents *"an empirical enquiry that investigates a contemporary phenomenon within its real-life context*" (Yin, 2003, pp. 13-14). In this respect, case studies represent a multi research method – a portfolio of techniques, thus a challenging research approach for the present thesis,

- The author has significant comfort with the ontological, epistemological, axiological, rhetorical and methodological assumptions of the qualitative paradigm,
- The author has extended previous business training and professional experience in the financial services business,
- The investigator has specific writing, computer software analysis and library skills and competencies,
- The investigators' has substantial comfort with the lack of specific rules and procedures for conducting qualitative multiple case-studies research,
- Finally, the scope, nature and focus of the prevailing research objectives and propositions are indicative for the use of case study research methodology.

The investigator selected the case study research methodology for reasons explained in sections: 3.2., 3.2.1., 3.2.3. and 3.3.). However, it is useful for the thesis reader to understand the actual form of the present thesis investigation as well as the rejected remaining forms of qualitative research study approach.

3.2.2. Defining case research methodology

It is useful for the justification of this research methodology to provide academic definitions, arguments and generic characteristics regarding the actual use of the case study research methodology as a research design approach. Therefore, "*the case study research methodology is used as a qualitative research approach within a large number of disciplines, such as sociology, anthropology, history, psychology, law, medicine, education, political science, economics, urban planning, public administration, public policy, social work and management"* (Simons, 1996, pp. 227; Yin, 1994). Most fundamentally, *"case study as a research strategy often emerges as an obvious option for students – field investigators as well as other new researchers who are seeking to undertake a modest scale research project based on their workplace or the comparison of a limited number of organisations"* (Rowley, 2002, pp. 16). Stake (1995, pp. xi) views a *"case study as the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances"*. Merriam, (1988, pp. xiv) claims that *"the qualitative case study is an intensive, holistic description and analysis of a bounded phenomenon such as a program, an institution, a person, a process, or a social unit"* and finally Eisenhardt, (1989, pp. 534) observes that *"the case study is a research strategy which focuses on understanding the dynamics present within single settings"*.

Stake (2000), Merriam (1988), Eisenhardt (1989) and Eisenhardt and Martin's, (2000) definitions are rooted in a differentiated paradigmatic position. This paradigmatic posture is based on a relativistic ontology where it is further asserted that knowledge transformation and creation are made possible by the subjective and unique relationship that is emerging during the inquiry process between the inquirer and the inquired. This influences in the main 'what' a study is, how a study is organized, the relationship between the investigator and the investigated and typical study objects among others. The most challenging aspect of the application of case study research in this context is to lift the investigation from a descriptive account of 'what happens' to a piece of research that can lay claim to being a worthwhile, if modest addition to knowledge. Researchers methodologically use case studies because they pragmatically offer insights that might not be achieved with other approaches and this is exactly the rationale that the investigator adopted and sequentially implemented such a methodology for this thesis.

3.2.3. The characteristics of the case study research methodology

It would be useful for the sake of this research study to explore the generic characteristics behind the adoption of the case study research methodology. Therefore, the first generic characteristic is the case study research object itself. In this thesis, the research object relates to relevant stakeholders (e.g. line management and relational sales-reps) responsible to implement RM strategies at the B2C points of sale. In this context, the research object is best defined as the interpretations of the social actors' perception of a given phenomena (e.g. line management), or the meaning social actors (e.g. the relational sales-reps) attribute to phenomena (e.g. communication inefficiencies).

The second generic characteristic deals with the investigation of a contemporary business phenomenon (e.g. the strategic alignment of RM and HRM in practice) in a real life business context. The investigator genuinely and objectively adopts a case study research methodology since:

a) There is limited RM research activity with regard to empirical industry applications. More explicitly, RM previous literature has largely been concentrated on theory building and development of constructs, allowing space for considerable academic contribution, regarding RM implementation phase in a retail context.
b) The extant literature regarding the RM and HRM interface is limited allowing significant space for development.

Moreover, the investigator having business experience in the financial services industry had the unique opportunity during his business career to identify and manage interdepartmental problems regarding the cooperation between line management and sales-reps, communication inefficiencies with the front and issues of organizational connectedness.

RM and HRM are both business disciplines that have as common denominator the human resources, the relationship factor, trust, empathy and commitment. It would be significant to note that the investigator actually explored interpretations, perceptions, attitudes and behaviours of the social actors (e.g. relational sales-reps and line management) regarding the strategic alignment of RM and HRM disciplines. Moreover, the investigator explored the sales-reps' perceptions, understandings and difficulties within their natural environment (e.g. social actions and social structures) which is a factor much supported by Bonoma, 1985, pp. 204; Yin, 2003, pp. 13; Riege, 2003, pp. 80). Truly, "a *business perspective as being holistic when trying to understand and explain what happens and why it happens"* (Lincoln and Guba, 1985, pp. 376; Merriam, 1988, pp. xiv; Punch, 2005, pp. 145; Fisher, 2004, pp. 52; Yin, 2003, pp. 42-6; Patton, 2002, pp. 447; Stake, 2000, pp. 440).

It would be beneficial for the reader to make a parenthesis at this point and examine the academic debate and ambiguity regarding the 'unit of analysis' in the multiple case study research methodology. More explicitly, and according to Yin, (2003) and Patton, (2002, pp. 228-30), *"the unit of analysis is a central concept in connection with understanding, preparing and implementing a case-study".* Patton (2002, pp. 229) further suggests: *"the key issue in selecting and making decisions about appropriate unit of analysis is to decide what it is you want to be able to say something about at the end of the study"*. He continues by stressing that: *"there is no distinction between a case and a unit of analysis; the case-study is simply identical to the unit of analysis"* (Patton, 2002, pp. 447). However, Norberg in his academic work (2001, pp. 231) clearly distinguishes between a unit of analysis and a case study arguing that *"a unit of analysis defines what the case-study is focusing on (what the case is), such as an individual, a group, an organisation, a city, and so forth".* Miles and Huberman (1994, pp. 25) state that; *"the case is, in effect, your unit of analysis".*

The investigator in this thesis explored five empirical cases and twenty banking executives (e.g. relevant corporate stakeholders) belonging to all functions dealing around the internal and / or external customers of each bank (see tables: 11, 11a, 11b, 11c, 11d, and 11e). Thus, the investigator suggests that the prevailing methodological assumption is that each case study in the sample set represents a research framework – a subsequent unit of analysis. As far as the fourth generic characteristic, *"case studies are qualitative in nature and the objective can be descriptive, exploratory and/or explanatory, that is, they can be theory generating or contribute to modifications of theory"* (Eisenhardt, 1989, pp. 535; Miles and Huberman, 1994, pp. 17; Perry, 1998, pp. 788-91; Wesley et al., 1999; Healy and Perry, 2000). Finally, the investigator in Chapter 5 makes his recommendations and contributions to theory; however, he intends to develop this research effort by quantitative surveys that will enrich the generalisability issue.

The fifth generic characteristic, *"refers to the fact that the researcher has no control of crucial events evolving in the studied context (e.g. the controllability dimension)"* (Merriam, 1988, pp. 6-9; Amaratunga and Baldry, 2001, pp. 99; Yin, 2003, pp. 7-8). The investigator considering this generic characteristic decided to proceed with research including observation practices in a limited context though for confidentiality reasons. In this direction, the investigator included in his sample set a number of lower echelon employees (e.g. the sales-reps). The rationale was to obtain their insights over the significance of the alignment process of RM and HRM and the impact of alignment upon their daily business operations. He implemented all interviews regarding the sales-reps' perceptions in their physical working environment, the retail-branch. However, it is largely true that the researcher did not have any actual control of crucial events evolving in the studied context.

The sixth generic characteristic refers, *"the researcher applies numerous data sources in the search of understanding (e.g. triangulation dimension)"* (Bonoma, 1985, pp. 203; Merriam, 1988, pp. 16; Agranoff and Radin, 1991, pp.204; Parkhe, 1993, pp.259; Stake, 1995; Punch, 2005, pp. 145; Yin, 2003, pp. 97-101). The triangulation issue is the rationale behind a detailed crosschecking research approach. In accomplishing triangulation, the investigator interviewed the roles of line management (e.g. marketing and sales), HR specialists and sales-reps (see tables: 11, 11a, 11b, 11c).

The seventh generic characteristic contends, *'rich and contextual accounts are produced based on the case study (e.g. "thick" description dimension)"* (Guba and Lincoln, 1981, pp. 375; Lincoln and Guba, 1985; Parkhe, 1993, pp. 256; Morris and Wood, 1991; Amaratunga and Baldry, 2001, pp. 99; Patton, 2002, pp.46).

The richness of research data, including personal in depth-interviewees' insights, behaviours and attitudes was pragmatically the determining factor in the investigator's selection of the specific research methodology. Following the definitions and generic characteristics of the case study research methodology, the investigator examines in section 3.2.4 generalization, validity and reliability issues as lifting the investigation from a descriptive account of 'what happens' to a piece of research that can lay claim to being a worthwhile addition to knowledge (Rowley, 2002).

3.2.4. Generalization, validity and reliability in case study research

Business as a research topic is in constant flux and it is only partially predictable. A research method therefore must allow the study of change processes. The use of multiple data sources can provide the case study researcher with a richer set of data and promote the transferability of the study's findings (Lincoln and Guba, 1985; Yin, 1994, 2003).

The process of triangulation involves corroborating data from multiple perspectives to enhance the depth of understanding of a particular theme and to provide verification (Atkinson and Delamont, 2005). The use of triangulation in case study research has been subject to interpretation and misunderstanding (Atkinson and Delamont, 2005).

Silverman (2000, pp. 289) cautions, *"Simple-minded triangulation of data fails to do justice to the embedded, situated nature of accounts."* In addition, case study research can benefit from using multiple, embedded cases and this ads *"confidence to findings"* (Miles and Huberman, 1994, pp. 29). In fact, "*multiple case-studies allow for exploration, description and explanation within each case, as well as across the cases to help provide 'lessons learned' "* (Creswell, 1998, pp. 249).

Validity in its generic sense is of cardinal importance in case study research. According to Gummesson (2007), the generalisability issue closely relates to validity and academics define it as external validity. It can take place on many levels, from a narrow generalization within a limited substantive area to universal validity. In applied research and consulting, the interest is primarily in specific applications of research results. However, it is desirable and sometimes mandatory that academic research gives a contribution to science in general, albeit it may be a limited contribution.

The favourite of science is reliability. Others can replicate a study with high reliability and everyone should arrive at roughly the same result. This is usually not attainable when a researcher studies complex phenomena, especially when change is a major force as it is the case in the present thesis. Analytical generalization is the academic term dealing within a developed theory and is further used as a template with which we will compare the empirical results of the case-study analysis (Rowley, 2002). The greater the number of cases that show replication the greater the rigour with which a theory has been established. For case studies, the generalisability issue is determined by the actual strength of the context. The detail and depth of the description rendered by the case study permit an understanding of the empirical foundations of the theory (Hamel, 1993).

According to Yin's model (1994, 2003) the investigator accomplishing a construct validity test, attempted multiple measures of the same phenomenon in a real-life context. More specifically, the investigator wrote five empirical cases incorporating the examination of four business roles per banking firm / case study (Triangulation effect). Thus, the aim of the research effort was towards establishing a substantial chain of evidence based on an interview guide from a number of informants. To this end, the investigator asked key informants to review a draft case study report.

Regarding the internal validity test, the researcher carried case study pattern matching as a means of data analysis and implementation. In accomplishing the external validity test, the investigator used replication logic in multiple case studies as a means of establishing the domain in which a study's findings can be generalized. In Yin's approach (1994), the sample selection should be dictated by replication logic instead of a statistical one. More precisely, each case study should be considered as an experiment in itself, subsequent sites being used to either confirm or refute previous findings. Case studies should therefore be selected if they are expected to yield similar results (*literal replication*) or on the contrary, completely opposite results (*theoretical replication*). Finally, assuming reliability criteria, the investigator used a case study protocol and a case study database demonstrating that the operations of a study - such as data collection procedures - can be eventually repeated by a successor - drawing similar results.

3.3. Why to adopt critical realism as a scientific research paradigm?

The investigator explored a number of alternative research paradigms before concluding on critical realism as the selected scientific paradigm. Is positivism the prevailing scientific paradigm for the specific doctoral thesis research propositions? The answer is negative, since a positivism view is inappropriate when approaching a social science phenomenon like marketing retail networks, which involve humans and their real-life experiences (Healy and Perry, 2000). Moreover, positivism argues that there is a real world that exists independently from the mind of the observers, whereas in the same time the realist paradigm epistemology holds that theoretical entities are real (Chalmers, 1999). Hard positivist ontology asserts that an objective reality is out there to be found and epistemologically this can be done with knowable degrees of certainty using objectively correct scientific methods (Carson et al., 2001; Neuman, 2003). The result is certain knowledge, even when bounded by probabilities of correctness.

The critical theory paradigm separates itself from functionalist / objective and interpretive / practical sciences through a critical epistemology that rejects the self-evident nature of reality and acknowledges the various ways in which reality is distorted. Ontologically speaking, there is a "Virtual" reality in critical theory shaped by social, economic, ethnic, political, cultural, and gender values, crystallized over time (Guba and Lincoln, 1994).

Thus, the critical theory paradigm defends the primacy of neither matter (materialism) nor consciousness (idealism), arguing that both epistemologies distort reality to the benefit, eventually, of some small group.

Critical theory attempts to place itself outside of philosophical structures and the confines of existing structures. Thus, the focus of critical theory is simply not to mirror "reality" as it is, which is what traditional theory seeks to do, but to change it – in Horkheimer's words the goal of critical theory is "*the emancipation of human beings from the circumstances that enslave them"* (1976, pp. 219). However dynamic such a research paradigm, it was not the intent of the researcher to adopt and implement such an approach.

Finally, the constructivism scientific paradigm holds that truth is a particular belief system held in a particular context. In fact, constructivism inquires about the ideologies and values that lie behind a finding so that reality actually consists of "multiple realities" that people have in their minds. Although, there is no direct access to "reality" the construction formed by an individual has to allow effective interaction with the environment if he or she is to operate effectively and indeed to survive. "*It seems rather likely that much of the construction may be inherited rather than formed afresh in each generation, though presumably features are formed or revised in response to changes in the environment"* (Andrew, 2004, pp. 1392). This is in fact consistent with the assertion that constructivist principles are relevant to education and sociology. It is also consistent with a view of the construction process as a generalisation of the devising of a scientific theory to fit a set of observations and its subsequent refinement as further observations are made. Researching this reality depends on interactions between interviewer and respondent, that is, the investigator has to be a *"passionate participant"* during his/her field work (Guba and Lincoln, 1994, pp. 112). Advocates of the constructivist view (Von Foerster and Poerksen, 2002), tend to overlook the relevance of traditional scientific method and the fact that theories are usually chosen for good reasons, or at least for reasons that seem good in a particular intellectual climate. The constructivist research view pragmatically provides a valuable reminder that scientific theories have no absolute validity, and the criteria for choosing among them are themselves subject to change.

The investigator finally selected for the implementation of his research study an inductive reasoning process approach, focusing primarily on qualitative enquiry. In fact, a qualitative enquiry often takes the form of a case study. A case study represents not so much a single qualitative method, as an approach to research. The following table 8, describes a three dimensional framework according to Guba and Lincoln (1994) regarding the categorization process of the prevailing four scientific paradigms. Consequently, the deductive or inductive parameters, the objective or subjective research approach and the commensurability issues provide a comparative focus that the investigator used extensively in gaining insights regarding management attitudes and predispositions and finally pursuing this thesis research.

Table 8: The three dimensional framework

Paradigm	**Deduction / Induction**	**Dimension Objective / Subjective**	**Commensurable / Incommensurable**
Positivism	Deduction	Objective	Commensurable
Critical Theory	Induction	Subjective	Commensurable
Constructivism	Induction	Subjective	Incommensurable
Realism	Induction	Objective	Commensurable

Source: Guba and Lincoln, 1994

Scientific research in marketing has historically emphasized deductive processes – in many cases, applying these processes quite prematurely, before an adequate understanding of the concepts operating has been developed (Deshpande, 1983; Bonoma, 1985). Deshpande (1983) criticizes marketing academics for being little involved in theory generation. Wells in his academic work (1993) presents a number of criticisms of research methodologies traditionally adopted in marketing including concerns about over-reliance on quantitative methods, a lack of richness in theorizing, a lack of theory testing in naturalistic settings, the continuance dominance of one shot investigations and certainly the use of correlation methods to imply causality.

According to Carson et al., (2001), Jean Lee, (1992), Healy and Perry, (2000), and Guba and Lincoln, (2000) each research paradigm maintains three specific elements that need our attention: *Ontology*, *Epistemology* and *Methodology.* In brief, ontology can be best defined as the 'reality' that researchers investigate whereas epistemology is the relationship between that reality and the investigator and methodology is the technique used by the investigator to investigate that specific reality (Perry et al., 1999).

Table 9: Four categories of research paradigms and their elements

Element	*Positivism*	*Critical theory*	*Constructivism*	*Realism*
Ontology	Reality is real and apprehensible	"Virtual" reality shaped by social, economic, ethnic, political, cultural, and gender values, crystallized over time	Multiple local and specific "constructed" realities	Reality is "real" but only imperfectly and probabilistically apprehensible
Epistemology	Objectivist: findings are true	Subjectivist: value mediated findings	Subjectivist: created findings	Modified objectivist: findings probably true
Methodologies	Verification of experiments / surveys: hypotheses, chiefly quantitative methods	Dialogic / dialectical: investigator a "transformative intellectual" who changes within which participants live the social world	Hermeneutical/dialectical: investigator is a passionate participant within the world being investigated	Case-studies / Convergent interviewing triangulation, interpretation of research issues and by some quantitative methods such as structural equation modeling

Source: Guba and Lincoln, (1994)

The critical realism scientific paradigm (see table 9) refers to any position supporting of an objectively knowable, mind-independent reality, whilst acknowledging the roles of perception and cognition. The realism scientific paradigm believes that there is a “real” world to discover even though it is only imperfectly apprehensible (Godfrey and Hill, 1995; Guba and Lincoln, 1994; Carson et al., 2001).

Ackroyd and Fleetwood (2004, pp. 11) in their academic work observe, “Apprehending *social reality is not easy, but plausibility and practical adequacy are better criteria than absolute truth. As our knowledge is bound up with our conceptions, it is necessary, fallible and imperfect.* Nevertheless, *“realists do want to hold that better and worse forms of knowledge exist and that there are reliable procedures for producing knowledge of things and events”.* They finally add on the realist perspective, *“To be a realist in the business world aims at a minimum degree to assert that many entities exist independently from the human beings and our investigation of them”* (Ackroyd and Fleetwood 2000, pp. 13). Truly, for realists, patterns of events are explained in terms of certain generative mechanisms (or causal powers), which are independent of the events they generate. Generative mechanisms reside in structures and endow them with particular causal capabilities. Generative mechanisms endure even when they are not acting, and act in their normal way even when the consequences of the law – like statements they give rise to are not realized, because of countervailing forces or the operation of other intervening mechanisms (Tsoukas, 1994).

Unlike other philosophies of science, realism focuses on ontology, which means how the ideas about the world are constituted. Through this philosophical prism, the social world including organizations is a product of human action and it exists only in and through human activity (Ackroyd and Fleetwood, 2000). What occurs in the social realm does so because it is part of, or implicated in causal sequences (sometimes described as causal mechanisms), which are constituted by the properties and tendencies of social groups, interactions between groups and their location or context. Therefore, for the social realist there are complex social processes (e.g. within a financial services organization as is our case) in which a number of groups and individuals are routinely involved and which cause outcomes. In this conceptual approach, the role of theory is to suggest what are generative processes, and the role of empirical research is to consider the evidence that proposes that a particular causal sequence might well be at work.

In marketing management, a research study could focus on phenomena such as typical marketing practices within an industry and in this thesis case the banking industry, with various perceptions triangulated by managers or lower echelon employees (e.g. the sales-reps).

The investigator carefully examined the major research paradigms before finalizing on the critical realism paradigm and case study research methodology, for epistemological, ontological and methodological assumptions. Critical realism as a philosophy of science, offers a series of valuable insights into the practice of social science and particularly into the place and role of methodology. Whereas the positivist and phenomenological approaches to social studies were largely build up following the abstract philosophy of positivism on the one hand and phenomenology on the other, this is not the case for realism (Ackroyd and Fleetwood, 2000, pp. 5). Academic writers as Max Weber, Emile Durkheim and George Simmel, acknowledge that social world is an interpreted world and that people produce the relationships between people, institutions and structures: that is they are socially constructed. The organizational structure has independent effects on employees' behaviour whatever management think about the matter. In addition, this is in our case the prevailing philosophy for the assumption of suggestions as they appear in the concluding Chapter 5.

3.4. Limitations and debate on multiple case study research

In an empirical study of the status of qualitative research in the management field, Cassell et al., (2006) found indications that qualitative research was often assessed by the wrong criteria (e.g. inappropriate procedural correctness) and inconsistent use of criteria. For scholars, though the task of genuine case study research is the provision of empirical data for analyses and conclusions; practitioners have to go further and make decisions, initiate action and achieve results. It is correct, as is often pointed out, that one or a few cases cannot answer the questions of how often, how much, and how many. Nevertheless, is it better to understand a phenomenon in depth than to know how often the not understood phenomenon occurs?

The investigator in his research thesis adopted the multiple cases research methodology in exploring interviewees' deep insights in conceptually understanding the RM and HRM strategic alignment phenomenon in depth (see research objectives section 1.1.5.).

The case study research can be explanatory theory-building research that incorporates and explains ideas from outside the situation of the case-extrinsic sort (Carson et al., 2001). While quantitative data often appear in case studies, qualitative data usually predominate. One aspect that characterises good case study research is the use of many different information sources to provide depth to the case (Creswell, 1998). It has been suggested that triangulation is fundamental to ensuring quality in case studies and greater use should be made of this practice (Beverland and Lindgreen, 2008; Stavros and Westberg, 2009). Academics have criticized the case research approach mainly around the question of validity. Specifically, there are accusations of case studies research of being subjective, lacking rigour and yielding non-generalizable findings across settings. More specifically, in terms of generalization, Yin (1984) points out that an investigator's goal is to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization). Acknowledging such a generic limitation, the investigator sought for generalizability from multiple cases analysis – comparing and contrasting outcomes in generalizing his theoretical approach (see Chapters four and five). Most proponents of the natural science approach view the use of random sampling as the key to asserting generalized findings. However, for case studies, random selection is neither necessary nor even preferable (Eisenhardt, 1989). Tackling the particular limitation, the investigator selected a non-probability, judgmental type of sampling methodology. In the specific sampling methodology, the investigator as an "expert" in financial services used his judgment to identify representative samples, as the sample size was too small to warrant random selection. Moreover, case studies are criticized for their lack of rigour due to the lack of standard methodical procedures or being just conceptual, useful at an exploratory stage only but not for proving anything, and offering journalism and "anecdotal evidence" with non-generalisable outcomes (Yin, 2003; Gummesson, 2007). In tackling the specific limitation, the investigator used a plethora of data-collection methods including personal observation – visiting a number of retail branches within the sample set, the twenty in-depth interviews, as well as research in archives and documents provided by the administrations of each firm under analysis. However, it is quite true that such an approach was time and effort consuming for the investigator. Nevertheless, the use of multiple data-collection methods provides stronger substantiation of constructs and hypotheses (Eisenhardt, 1989).

In the light of the case research limitations, the investigator dealt with numerous constraints during the field data collection process and managed to resolve most of them. More specifically, data accessibility was a serious constraint for confidentiality reasons, since the respondents had the business expert roles. Clearly, the business expert roles impact on how they speak and react to questions imposed by the interviewer. Moreover, the five banking firms which were finally selected by the investigator were strongly competing financial firms, with complex organizational structures.

In resolving this major sensitive data collection problem, the investigator formally reassured top management of the firms and the participating respondents that the use of derived data would only be for academic purposes and more specifically for the completion of the doctoral thesis at the University of Strathclyde (see invitation letter in the Appendix) - the confidentiality parameter. Because the three major job roles out of the total four roles under study in each case were at a top administrative level (the investigator included in his research approach lower echelon employees for triangulation reasons), there were considerable limitations of their time, accessibility and availability. The top financial firm's management executives were in many cases busy dealing with the global financial crisis issues. The credit crunch crisis that emerged in the financial services industry by mid 2007 was in fact a real burden in the implementation of the twenty in–depth interviews. However, the investigator managed to resolve the issue by follow-up practices and the support of his personal business and social network.

Another limitation was the fact that a number of Banks, which the investigator intended to include in his sample set, refused participation due to major transformational, organizational changes. The investigator could easily mention two specific examples: a) the Emporiki Bank administration rejected its participation in the research study due to a strategic acquisition by French Crédit-Agricole Bank. Consequently, the banks' administration refused to participate in the research study claiming transformational organizational change confidentiality; b) The Postal Savings Bank (a public sector

interest Deposit Bank connected with the Greek Post office chain of retail services network), refused participation due to top administration changes by mid 2007.
In the GENIKI Bank case, even if there was consensus from the HR director who was monitoring the interviews house - keeping, the Sales Director refused participation to the research study for personal reasons.

In summing up, the investigator in his effort to enhance rigour and validity in his thesis research study approached a number of banking services firms in understanding phenomena and answering critical research questions. Most fundamentally, the research goal was to gain insight into people's attitudes, behaviours, value systems, concerns, motivations, and aspirations. However, there were numerous limitations (e.g. time, accessibility and availability of top executives) in eliciting field data that the investigator managed to resolve with patience, understanding and repeated follow-up approaches.
Most fundamentally, the case study research is based upon the critical realism paradigm; although both critical theory and constructivism use case study research approaches (e.g. ethnographic approaches). For example, actors are defined relationships with others that are ever shifting and an event is only the sum of its parts and not a separate entity. Thus, the main objectives of the realism paradigm are to discover new relationships of realities, and build up an understanding of the meaning of experiences rather than verify predetermined hypotheses (Hunt, 1991).
In addition, realism is the preferred paradigm for case study research (Perry, 1998) for a number of reasons: First, case study research areas are usually contemporary and pre-paradigmatic, such as inter-organizational relationships and relationship marketing (Boing, 1994). Second, realism does not suffer from the limitations of relativism (Hunt, 1991) that constructivism and critical theory do, for realism is often characterized by some investigator objectivity – an external reality (Tsoukas, 1989) although various reality complexities make essential data triangulation. According to Hunt (1991) and marketing literature, positivism requires that only observable phenomena can and should be researched, so realism rather than positivism is a more appropriate epistemological guide for case study research. Given that, qualitative methods of field data collection normally predominate in case studies, it logically follows that they are held in somewhat

lower esteem. However, case studies confirming the propositions as set in section 1.1.5. of the present thesis, enhance confidence in the validity of the concepts and their relationships; case studies disconfirming the relationships can provide an opportunity to refine the theory. Richards (1993, pp. 40) suggested that *"both (prior theory and theory emerging from the data) are always involved, often simultaneously", and that "it is impossible to go theory-free into any study".*

3.4.1. Why to reject alternative qualitative research methods?

The investigator could eventually use other research methods in qualitative data selection process. However, he did not finally adopted them since case studies are useful in providing answers to 'how?' and 'why?' questions, and in this role can be used for exploratory, descriptive or explanatory research. More specifically, the researcher explored the possibility of adopting grounded theory research methodology. In fact, one of the most developed inductive research methods is that of grounded theory (Glaser and Strauss, 1967). In this methodology, the researcher starts with minimalist a priori constructs, inquires deeply into organisational behaviour and events and gradually tests and forms theoretical constructs. The "*researcher being able to develop theory through comparative method . . . looking at the same event or process in different settings or situations"* (Easterby-Smith et al., 1993, pp. 35). Sitter et al., (1997) further, state that grounded theory uses abstract concepts to describe and analyse a series of general phenomena, but based on practical experience. It is an interpretivist mode of enquiry, which has its roots in symbolic interactionism, and as such, language, gestures, expressions and actions are all considered primary to the experience. Morse (1994, pp. 25-6) extends this interpretation proposing that*: "a theory provides the best comprehensive, coherent and simplest model for linking diverse and unrelated facts in a useful and pragmatic way. It is a way of revealing the obvious, the implicit, the unrecognized and the unknown. Theorising is the process of constructing alternative explanations until a "best fit" that explains the data most simply is obtained. This involves asking questions of the data that will create links to established theory".*

Grounded theory, in contrast to theory obtained by logico-deductive methods is *"a theory which has been systematically obtained through "social" research and is grounded in data"* (Goulding, 1998, pp.1998).

Suffice to say that the justification of the thesis project was the need to realize insights and understandings of banking executives regarding the research questions however the extant literature review was also a necessary process to review academic arguments and models much useful in generating the research issues to be addressed by the multiple empirical cases.

The investigator examined and rejected the Focus Group research methodology. The focus group is a gathering of six to ten people carefully selected by researchers based on certain demographic, psychographic or other considerations and brought together to discuss various topics of interest at length. The limitations of focus groups are certainly interconnected with their strengths. Focus groups can produce data of great depth; however, it would be extremely hard for the investigator in the current doctoral thesis to collect banking executives of any rank at a given place for such a discussion.

The Ethnographic approach represents an observational approach that uses concepts and tools from other anthropology and other social science disciplines to provide deep understanding of how people live and work (Arnould and Epp, 2006). The goal is to immerse the researcher into peoples' lives to uncover unarticulated desires that might not surface in any other form of research (Arnould et al., 2006). The investigator explored the Ethnographic research and did not adopt it in the present thesis. The rationale behind the rejection issue is that the method largely involves observational issues biases – non-feasible due to corporate confidentiality reasons.

The Nominal group techniques, panel or expert opinion and Delphi studies are often used when consulting a team of experts on a particular subject – issue (Baines et al., 1999) in the hope that the holistic – aggregate view will approximate the true picture.

In concluding, such research methods are not valid for this thesis, since the investigator could not select and conclude on a group of banking experts – professionals to consult on a broad and generic issue as the RM and HRM alignment in practice, for practical as well as confidential issues.

Section B

3.5. The case study research implementation process

The second section of Chapter three describes how the investigator implemented in a procedural methodological approach the case study research methodology. More analytically, the investigator in section B of Chapter 3 develops the case study research implementation process. The author followed a specific implementation process (see table 10) that facilitates the reader in understanding the adopted research methodology and sets the ground for future researchers wishing to adopt and implement a similar research approach.

Table 10: Case study research implementation process

	Section
The multiple case study research procedures	3.5.1.
Choosing Banks Why the particular set of Banks?	3.5.2. 3.5.2.1.
Choosing contacts in each Bank	3.5.3.
Devising the interview protocol The interview format guide The in-depth interview	3.5.4. 3.5.4.1. 3.5.4.2.
Transcribing, coding and analyzing data	3.6.
Lessons learned / advice for next time	3.7.
Ethical considerations Concluding remarks	3.8. 3.9.

The investigator following his planned research approach adopted and implemented the following two qualitative means in exploring his research objectives (see section 1.1.5.). More explicitly, the researcher used the in-depth interviews approach (personal interviewing) a method which is in some sense most versatile. Under this method, the investigator questions an individual respondent on a one to one basis. Conceptually, "*personal interviewing is the most expensive method, is subject to interviewer bias and definitely requires more administrative planning and supervision*" (Kotler and Keller, 2009, pp. 141). The purpose of most qualitative interviewing is to derive interpretations, not facts or laws, from respondent talk (Gubrium and Holstein, 2002). *"Interviewing is one of the most common and powerful ways in which one tries to understand our fellow human beings"* (Denzin and Lincoln, 2000, pp. 645). The interview is presented as enabling a 'special insight' into lived experience (Atkinson and Delamont, 2005), and is an economical means, in the sense of time and money, of getting access to an 'issue'. *"The use of interviews can help you to gather valid and reliable data that are relevant to your research question(s) or objectives"* (Saunders, Lewis and Thornhill, 2003, pp. 245). Actually, the investigator planned, adopted and implemented a semi – structured, in-depth interview data collection methodology - in the context of multiple and embedded case studies. In total, the investigator collected 303 double-spaced pages data from twenty banking respondents, useful to explore interviewees' insights and perceptions within each case study frame.

Additionally, the investigator partly used Observation Methods. Such a research approach can give intriguing insights into internal customer behavior (for example the relational sales-reps). The investigator partly used this research approach, visiting retail branches, especially during the interviews with the retail network employees (sales-reps / retail Branch Managers). This is a significant data collection approach, though there are numerous biases. For example, the investigator should have invested considerable time and effort in visiting retail branches around the country to observe daily routine work of the sales-reps belonging to the five participating banking firms. However, such an approach would not be feasible unless there was corporate consent from each banking organization - an extremely hard issue to accomplish for confidentiality reasons.

3.5.1. The multiple case study research procedures

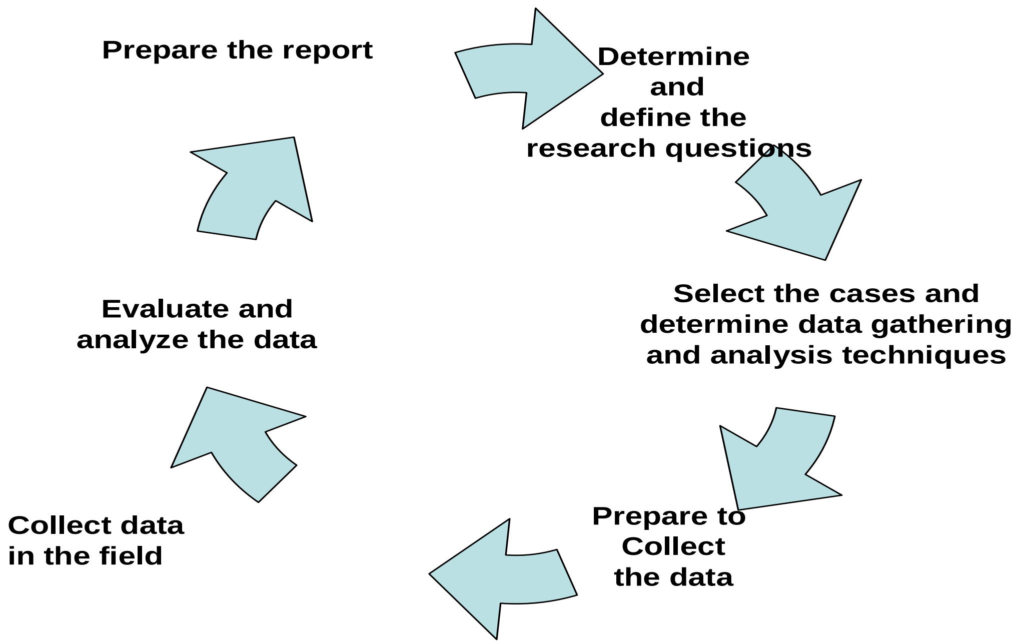
Many well-known case study researchers such as Stake, (1995) and Yin, (2003, 2006) have written about multiple case study research and suggested numerous techniques for organizing and conducting the specific research study in the most efficient and effective way. Clearly, the use of multiple data sources can provide the case study researcher with a richer set of data and promote the transferability of the study's findings (Lincoln and Guba, 1985; Yin, 1994). The process of triangulation involves corroborating data from multiple perspectives to enhance the depth of understanding of a particular theme and to provide verification (Atkinson and Delamont, 2005; Creswell, 1998).Therefore, this thesis research methodology draws upon their work and proposes six in total research steps (see figure 5). Consequently, and as the first step in the multiple cases research procedure, the investigator determined and defined the research questions and research propositions. The aim of the research study was to explore the critical realism of the indicated research propositions (see section 1.1.5.). At the second stage of the process, the investigator actually selected on a judgmental basis the multiple cases research in representing a larger pool of respondents. In this sense, data is assumed to represent data from the entire pool. The logic underlying in the use of the multiple cases is that each case study must be carefully selected so that it either:

a) Predicts similar results (literal replication)

b) Produces contrasting results but for predictable reasons (theoretical replication)

Therefore, an important step in all of these replication procedures is the development of a rich, theoretical framework that needs to state the conditions under which a particular phenomenon is likely to be found (a literal replication) as well as the conditions when it is not likely to be found - theoretical replication Yin, (1984). The two following stages involved the preparation and the actual data collection process. In this direction, the investigator used a case study protocol and an interview format–guide. As a developing part of the data collection process, the investigator mailed a direct invitation to HR Directors of the selected banks (see invitation letter in the Appendix). In some cases, the investigator repeated the data collection approach emailing a follow up e-mail.

Figure 5: Set of procedures in multiple cases research



Source: Yin, (2003)

3.5.2. Choosing the banks

The investigator approached in total eleven retail Banking firms operating within the Greek banking industry out of which a 'sample set' of five privately-owned Banks consented and actually participated in the research study. Consequently, the investigator at the first stage of the field research approached the banking organizations with a personalized invitation mail and a follow up e-mail. It has to be noted that the main recipient of the direct mail-out was the HR Director of each Bank, who acted as a "gatekeeper" of the research effort and coordinated who would participate in the in-depth interviews and when. The investigator adopted a number of criteria for the selection of the thesis 'sample set'. In section 3.5.2.1., the investigator answers why the particular set of banks was selected and why the sample set is five retail banking firms and twenty banking executives (e.g. relevant corporate stakeholders).

3.5.2.1. Why the particular set of banks?

The investigator selected a non-probability, judgmental type of sampling methodology. More explicitly, in the specific sampling methodology, the investigator as an "expert" in financial services used judgment to identify representative samples, as the sample size was too small to warrant random selection. Stake (2000, pp. 446) argues that for qualitative inquiry *"a purposive sample, building in variety and acknowledging opportunities for intensive study"* is appropriate. According to Aaker et al., (2000, pp. 379) there are situations where judgmental sampling is useful and advisable. *"First, there are times when probability sampling is either not feasible or prohibitively expensive".*

This is the case when the research study itself deals with the exploration of contemporary phenomena, as well as social actors' perceptions and motivations. The five cases were selected as the phenomena themselves are "fuzzy and indistinct and empirical work using the case study methodology would elicit new insights and derive generalisations for further testing". It also helps to explain how and why events unfold and give some insight into motivations as well as activities (Gummesson, 2000).

The case study research provide a clearer understanding of complex issues raised by RM and HRM interface as the information is obtained by discussing these issues with the participants and this will provides a more comprehensive understanding of the issues and phenomena. *"Second if the sample size is to be very small – say under 10 – a judgmental sample usually will be more reliable and representative than any other approach"* Aaker et al., (2000, pp. 379).

The major limitation regarding the selection of a judgmental sample lies on the issue that there is no actual way of quantifying the resulting bias and uncertainty.

The five finally selected sample set of retail Banks that took part in the research study were only private sector retail Banks. In light of the above, the investigator decided to select cases that represented their growth momentum (see Appendix 9) examining performance indicators as well as the level of organizational change and uncertainty in the firms' environment. The choice of performance is self-explanatory since it is the dependent variable in the theoretical framework. By selecting extreme cases, the aim is to amplify differences that may exist between types of cases, thereby making these differences easier to observe and understand for the reader. When comparing findings across homogeneous cases (e.g. pairs of high performers) similar results are expected (literal replication). In this thesis, there are two leading banking players and three small–medium banking players. On the other hand, when comparing finings across different types of cases (e.g. high performing firms versus low performing firms) it can be expected to find opposite results (theoretical replication). Therefore, the investigator grouped the sample selection criteria into the following:

The refusal of Greek State interest Banks to participate in the research for their own reasons, regardless of the investigator's determination and planned approach to include them in the research study sample. The financial crisis initiated and gradually developed exactly during the data collection process. This major impact incident prevented management of a number of Banks from participation and eventually disclosure of confidential information. It was also exactly at the time of the thesis data collection that major transformational changes in the Greek banking industry occurred through major privatization procedures and drastic reforms.

One of the determining factors regarding the actual selection of the specific sample set was their growth momentum (e.g. assets under management, loans and deposits development) over an extensive five-year period ranging from 2003 until the end of 2007. In this context, the investigator collected and carefully examined published financial statements (e.g. balance sheets, income statements) of the fifteen most competing Greek banking institutions – in terms of asset under management, market shares and growth potential - in considering growth and development momentum over the specific time. The goal was to reach a relative equilibrium number of selected cases between the large market players and the medium-small size banking players having full retail banking operations in the Greek Banking industry, a goal which was relatively accomplished (see Chapter four).

There was significant diversity in organizational culture. For example, the new Marfin Egnatia Bank scheme was the merge of three different smaller magnitude banks. The management of the newly formed banking entity had to rapidly incorporate three different corporate cultures into a new, competitive (large banking player) firm.

The strategic enhancement of differentiated HR practices (e.g. adoption of the business partner position, talent management practices) at a firm with a largely dispersed retail network – possibly a single-way for administration.

The sample set strategic and operational practices. For example, Eurobank EFG group is the perfect example of a market leader adopting a performance management strategy for growth, in order to offer increasing shareholder value.

The participating firms exhibited a strong international scope of business. In fact, three out of the five Banks in the sample set are subsidiaries of international Banks operating in both Greece and the European Union. For example, GENIKI Bank is a subsidiary of the French financial service giant – Société Générale – an acquisition that brought significant organizational changes to a local, traditional bank and Millennium Bank belongs to a Portuguese financial service giant.

The differentiated, competitive operational models indicative of their strategic approach to capture larger market shares and expand their growth and development within the Greek and international banking markets. In fact, the market development and growth of all five Banks in the sample set was a hard and sometimes extremely competitive issue. All five retail Banks - regardless of their size - had to respond to fierce competition by the state-owned Banks. This is a banking industry fact that especially during the global financial crisis created insecurity and increased percentage turnover among the human resources, employed at the retail networks.

In literal replications, an appropriate analogy derives from statistical studies as the selection of the criterion for establishing levels of significance (see, second question posed at the beginning of section 3.9.). Because of the higher criterion for establishing statistical significance, the greater certainty lies with the larger number of cases – that is multiplicity of experiments (Yin, 1984). Eisenhardt (1989, pp. 545) contends for a sample experiment between four and ten cases. *"While there is no ideal number of cases, a number between four and ten cases often works well. With fewer than four cases, it is often difficult to generate theory with much complexity, and its empirical grounding is likely to be unconvincing".* However, some academics advocated a minimum of two case studies for a PhD doctoral thesis, but the usual view is that "*four to six groups probably form a reasonable minimum for a serious project"* (Hedges, 1985, pp. 76-7). Turning

from the number of cases to the number of in-depth interviews, the PhD interviews would ideally involve about three interviews at different hierarchical levels (Perry, 1998).
In most of the five cases, the investigator managed such a number of in depth interviews. Finally, the investigator did not have to undertake traveling out of Athens or incur any other expenses that could delay or even impose constraints on the data generation and analysis. In concluding the rationale behind the selection of the sample set, a brief profile of the five firms helps the reader to understand the impact of the selection process in the multiple cases studies analysis and evaluation and proceed to the research findings at chapter four.

3.5.2.2. Eurobank EFG group

The Bank, a member of EFG Bank, headquartered in Geneva, was established in 1990 as "Euro merchant Bank" aiming at providing mainly investment services. Eurobank EFG is currently a European banking organisation that concurrently employs over 23,000 people and offers its products and services both through its network of 1,500 branches and points of sale as well as through alternative distribution channels (Annual report, 2009).
In the wider area of Southeastern and Central Europe, Eurobank EFG group ranks among the top Banks in all countries where it has an established presence, namely Bulgaria, Romania, Ukraine, Turkey and Serbia. In Greece, the banking group is an indisputable market leader in consumer lending, mutual fund management, investment banking, equity brokerage and life insurance. It is also the largest lender to small businesses in the country and among the largest lenders to large domestic corporations of the private sector. The Bank has a strategic orientation of a multi-channel, transactional business approach with an embedded sales-oriented business philosophy; however, respondents perceived that the banking firm equally implements well parallel RM strategies.
The financial services firm has traditionally maintained the development of innovative financial products as a competitive advantage parallel to a product-centric, strategic marketing approach. In fully justifying this organizational strategic goal, the Bank is structurally organized around a number of competitive, product-centric business units.
A corporate strategic marketing department has a framing, coordinating role within the marketing organisational structure. In this strategic direction, the Bank aims for full

utilization of alternative distribution networks, active and integrated cross selling and access to European markets through strategic alliances with the broader banking group. The Bank strategically boosts investments in operational and market intelligence systems, investing training and support on sales-reps' relationship quality to the customer. Sales reps were though considered as technical specialists focusing on banking rules and regulations than relationship building.

In sustaining its parallel to the sales-orientation RM strategies, administration launched the services of a supporting marketing service unit – the retail network-marketing department. Interviewees considered the departmental activities as responsible for the effective implementation of RM strategies at the broadly and geographically dispersed retail network.

The rationale behind the launch and development of retail network-marketing as well as the HR dot line manager (an HR-business partner status) was the intense corporate need for effective bidirectional flow of communication between headquarters (e.g. product management) and the extended, geographically dispersed retail network (e.g. the sales-reps). These two major strategic infrastructural changes aimed at getting closer to the external as well as the internal customers/ markets of the banking services firm. Clearly, management wanted to satisfy a strategic corporate need for alignment of HRM and line management.

Administration is contextually following a shift in its strategic orientation. Thus, it focuses the firm as a total value-generating operation towards external as well as internal customers. The corporate strategic intention was to align internally critical functions such as marketing and HRM, creating a sense of customer-centric organisational culture.

3.5.2.3. Marfin Egnatia Bank

This is a new banking entity formed by a huge overseas investment effort of the Dubai Investment group. The new banking entity emerged during 2007 with the successful completion of the functional and legal merger by absorption of three existing financial partners: Marfin Investment Bank, Egnatia Bank and Laiki Bank Hellas. The new Banking legal entity is a subsidiary of Marfin Popular Bank a Cyprus-based banking group. The Bank at this current stage of corporate development is mainly aiming at attracting customers by a *'challenger'* corporate communication message. This is a financially healthy, strong market player with a plainly transactional orientation much similar to Eurobank EFG group. The Bank pursuing the inception and implementation of its strategic business model in the Greek banking market, focused on the following sectors of corporate strategic growth and development: 1) Introduction of a complete product portfolio with centrally located product factories in an effort to compete on all grounds as a Universal Bank, 2) Improvement of the product/service delivery mechanism. In this direction, administration perceived the imperative need to build a competitive edge, cultivating an enhanced sales culture of its sales force (e.g. a relational approach).

3) Introduction and management of committed sales reps for B2B banking,

4) Improvement (through massive investment) of market intelligence systems – organisational support - efficiencies by introducing instant credit and automated facilities, 5) Focus on human resources (e.g. the sales reps) development of key skills and competencies in order to systematically deliver cross-selling synergies to external markets (an internal market service quality approach),

6) Strategically position the Bank as a customer-centric, demand-driven 'citizens' brand" that could generate a sustainable competitive advantage (Marfin-Popular Bank investors' presentation, 2007).

The Bank contextually adopting a total value-generating operation for both internal and external customers added an SHR-partner role as a vital integrating link in an effort to align business functions, create a sense of customer-centric business environment and enhance a strong market alignment. The specific business role serving the organization's bidirectional perceptual approach of strategic and operational HR issues operated as an integrated link smoothly facilitating change over daily banking strategies and efficient operations in a geographically extended retail branch network.

3.5.2.4. GENIKI Bank

GENIKI Bank was a traditional Greek Bank initially appealing to the Greek Armed Forces financial needs. The French financial giant Société Générale Group, one of the largest financial groups in the E.U, acquired the Bank in 2006 with more than 90,000 employees, and 16 million customers worldwide. The very distinctive nature of GENIKI Bank is a substantive contribution to the research study objectives and propositions. Most fundamentally, a locally based, traditional Greek Banking firm managed to accomplish the re-positioning of the organization as a competitive banking firm within a fragmented Greek banking industry. Within this strategic direction, the Bank adopted a combination of RM and transactional marketing strategies aiming at the fulfilment of a number of strategic objectives: a) grow its market share in the major product categories, b) improve its profitability, and c) incorporate effectively internal strategic changes.

Consequently, this corporate strategic philosophy is endorsed in the banking firm by the use of goal-setting performance management methodologies (e.g. a systematic sales-rep balanced scorecard performance management application was designed and implemented by management at the time of the research). In such a contextual business development, the Bank implemented drastic changes and reforms in its operational retail network structure decentralizing its back-office operations, establishing, and maintaining the role of the relationship marketers (e.g. sales-reps serving as a communication and coordination links in-between customers and the head offices) as focal, linking points. This specific drastic, transformational change was designed and implemented by strategic marketing for each separate cluster of banking business with a clear view of RM strategies implementation at the point of sale. The creation of such an RM role at the retail network was parallel to HR departmental change. A traditional personnel department was modified to a modern, upgraded HRM function in facilitating the flow of effective, bidirectional undisrupted communication amongst the relationship marketers and the centrally located marketing, sales and operation services at the Bank. In this direction, a business partners' role (e.g. in the specific bank the role was defined as Professional Performance Advisor – PPA) was suggested as an upgraded status role inherited from the parent company in France. The launch of the PPA role aimed at facilitating the career path development of relationship marketers as the means of building and sustaining a specific set of skills and competencies and answering the how and why HRM creates organizational value and increases RM performance. The adopted HR role emerged as a need for interaction and communication between higher management and the sales-reps following the complex structural changes and reforms that created an organisational shock.

3.5.2.5. Proton Bank

Proton Bank is the business case of a small but market-driven banking services organisation whose management decided to assume and implement customer-centric marketing practices as a means of effectively competing larger banking organizations in the Greek financial services market. The firm's competitive advantage was *speed and flexibility* in operational decision-making. Sales management resembled a comprehensive strategic and operational role being present wherever possible to plan and monitor sales-goals fulfilment, planning marketing activities and new product development and in a number of cases the realization of HR activities regarding retail network sales-reps. These were too many responsibilities for sales management, which consequently felt overloaded. In this direction, the Bank management decided to launch a direct-sales operational model adding value to the enhancement and maintenance of long-term, profitable business relationships with prospective customers. As part of this operational model, a sales rep is called to perform out-of-office, direct contacts with prospective customers bringing new banking business to the retail branch - a hard but inevitable business alternative. Management made such a decision due to the following assumptions: a) The Bank had just assumed business in a retail context and was still in the process of assuming drastic reforms incorporating cultures and business systems, b) There was harsh competition from big market players limiting product-centric management opportunities for competitive differentiation. In that sense, interviewees acknowledged that their only anticipated strategic model approach was niche banking in a retail context. They adopted a strategic penetration of pre-selected, targeted small banking markets with relatively high profitability potential, c) There was insufficient corporate brand awareness since the Bank had not so far communicated its product-services to the broader Greek public, d) There was insufficient (at the time) corporate infrastructure in IT software applications and systems to support large-scale banking operations.

The organization being small in size and structure provided concrete interdepartmental and interpersonal lines of communication in-between line management and employees, ensuring flexibility in business matters, fast decision-making and high standards of practical intelligence. Moreover, all interviewees considered the interdepartmental alignment as the key competitive advantage (see chapter four) leading to external and internal customer satisfaction.

3.5.2.6. Millennium Bank

Millennium Bank is a relatively new banking institution in the country. The Bank launched retail business in the Greek banking market in September 2000, under the corporate brand name 'Nova-Bank', with a limited retail network of forty-five retail branches. By January 2005, Millennium Bank group with headquarters in Lisbon acquired the Greek part of the Bank Portugal Millennium Bank, Annul Report (2008).

By November 2006 a milestone date for the international group, the Bank announced its full integration with the Millennium Bank group and its new corporate brand name – Millennium Bank was launched with a heavy communication campaign into the Greek financial services market.
The Bank's strategic priorities included the implementation of a thorough strategic growth and development program called "Archimedes". Through the adoption and implementation of the 'Archimedes' expansion program, the Bank aimed at reinforcing capabilities for a continuous, profitable growth in the Greek Banking market through a dynamic – "neighbourhood type" retail network distribution.
The Bank, a dynamic banking player in this country, is characterized by its relationship, customer-focused operational model. The organisation philosophically adopts and implements an enhanced customer value approach through its relational oriented retail sales-reps. Finally, the bank is systematically implementing RM strategies and as such, the investigator considers it as a financial services firm model for the justification of his research objectives and propositions.

3.5.3. Choosing contacts in each Bank

The Director of the HR department of each retail Bank served as a 'gatekeeper' since the investigator had limited familiarity with each Bank's operational policies, rules and procedures. As soon as, the ‘gatekeeper’ on behalf of administration consented to participate in the research study, top management appointed the four higher-ranking executives for the research purposes. In this direction, the investigators’ strategic intent was to interview four job roles in each firm, which were connected either to the external or internal customers of each Bank. The investigator selected purposefully to interview lower echelon staff based in their physical working environment – the retail branch (e.g. the sales–reps) in gaining their perceptual views and insights on discrepancies, as well as the actual implementation of RM strategies at the points of sale. All interviewees expressed their personal views and perceptions on the research questions freely. There was direct equivalency of job-roles across banking organizations. However, the larger banking players pragmatically defined the “rules of the game” in developing competitive organizational structures. For example, Eurobank EFG group and Marfin Egnatia Bank had almost similar organizational structures, assigned job roles and responsibilities, since for example the role of the business partner was apparent in both banking firms. Finally, the large percentage of interviewees had significant personal business experience across organizational cultures/roles, an encouraging event over accumulated knowledge and learning. The investigator in tables 11 (a, b, c) explicitly presents the demographics, job posts and ranking status of all twenty executives who were involved in the research study.

Table 11: Interviewees’ Demographics Data

Bank	Number of interviewees	Gender	Field data interview pages
EFG Eurobank	5	Males: 2 Females: 3	59
Marfin Egnatia Bank	3	Male: 2 Female: 1	47
Geniki Bank	3	Male: 2 Female: 1	43
Millennium Bank	5	Male: 2 Female: 3	86
Proton Bank	4	Male: 3 Female: 1	68
Total	**20**	**Males: 11** **Females: 9**	**303**

According to table 11 and the demographic data of the 20 higher-ranking interviewees, there was an almost equal representation of male (11) and female (9) respondents.

Table 11a: Interviewees' job posts

Role at the Bank	Eurobank EFG Bank	Marfin Egnatia Bank	GENIKI Bank	Millennium Bank	Proton Bank	Totals
Marketing Directors	1	1	1	1	1	**5**
Sales Director	1	1		1	1	**4**
Branch manager / sales-reps	1		1	1	1	**4**
HR Directors / Business Partner	2	1	1	2	1	**7**
Totals	**5**	**3**	**3**	**5**	**4**	**20**

The investigator indicating the rationale behind the selection of the specific job roles was to initiate discussion, explore human resources insights, attitudes, behaviours and perceptions regarding the thesis research objectives and triangulate all four interviewees' answers for reasons of validity and reliability.

Unfortunately, reality was not always the case in this thesis. The investigator fully accomplished the job-role selection target in a number of participating Banks. However, in some cases the "gatekeeper" appointed differentiated job roles, upon judgment and employees' subsequent participation availability. Moreover, and according to interviewees ranking status (as defined by the "gatekeeper"), 55 per cent of the total number of interviewees were considered by their organizations to be top management employees, 35 per cent were equally defined to be middle management and the remaining 10 per cent of participants were defined by their organizations as lower echelon employees.

Table 11b: Interviewees' Ranking Status

Position at the Bank	Eurobank EFG	Marfin Egnatia Bank	GENIKI Bank	Millennium Bank	Proton Bank	**Totals**
Lower Management	1		1			**2**
Middle Management	2	1	1	2	2	**7**
Top Management	2	2	1	3	2	**11**
Totals:	**5**	**3**	**3**	**5**	**4**	**20**

The investigator adopted a research procedure plan as suggested by Stake, (1995) and Yin, (2003, 2006). Following this plan (figure 5), the thesis research procedure included six clearly identified research stages. The last two stages of the multiple case study research procedure included the evaluation and analysis of the data and report writing (see Chapters four and five). Clearly, the six stages of the multiple case study research approach need to be distinct and separate from each other in allowing future researchers to accommodate similar research procedures if they were adopting a similar research methodology.

3.5.4. Devising the Interview protocol

The investigator adopted and finally implemented a case study research as the means of obtaining real-life context data regarding the corporate strategic alignment of RM and HRM in practice in a B2C real life context. In this direction, the investigator drafted a case study protocol (see Appendix 6) that provided a framework of understanding and communication between the investigator and the interviewees.

In fact, the case study protocol facilitated the standardized writing of all five case studies, the flow of all twenty in-depth interviews and data analysis and evaluation (see chapters four and five). Consequently, the case study protocol guide sustained a triangulation effort of data sources and different perspectives on the same data set (theory triangulation). In this direction and with respect to the multiple sources of evidence, there were three major sources used in doing case studies for the accomplishment of data triangulation (convergence): documentation, archival records, in-depth interviews, direct observations, participant observation, and physical artifacts (Yin, 2003). The researcher explains their actual use below:

- Documentation. This was documentary supporting documentation evidence extensively used in all five cases. In fact, documentary evidence advantages are that they are stable, unobtrusive and exact. However, in a number of Banks, access to internal documents was a considerable constraint due to corporate confidentiality, rules and regulations. Thus, the usual documents extensively used in all five cases included: web pages from the corporate web pages, investor reports, flyers and brochures along with various internal documents and corporate marketing departmental power-point presentations.
- The investigator used extensively archival records in all five cases. They have more or less the same advantages as documentation plus the fact that they are quite precise and quantitative. In providing examples, the investigator used the management annual financial reports (e.g. balance sheets, income statements) collected by their websites and administration.
- The investigator used in-depth personal interviews and partial observation in collecting primary data regarding the justification of the research objectives of this thesis. Their advantages are that they are targeted and insightful, representing interviewees' ideas and perceptions on the subject issues. Generically, their disadvantages include bias due to constructed interview-guide questions, response bias and inaccuracies due to poor recall and reflexivity. The investigator controlled these disadvantages using an interview-guide, approved by the University marketing department, as well as audio recording for accurate transcriptions of interviews.

In addition, the investigator conducted research in each case study in the form of four semi-structured, in-depth interviews, for each executive job role. As previously mentioned, there was an interview format guide (see Appendix 6a) for all respondents. The investigator based all four in-depth interviews in each case study towards on the exploration of the set research objectives (see section 1.1.5.).
In total, the investigator conducted twenty in-depth interviews, which were audio-recorded, upon the consent of each individual participant. The investigator transcribed and translated into English the content of each in-depth interview, since the original language of communication was the Greek language. In fact, a qualified British origin proofreader fully edited the translation (as well as the entire thesis structure and syntax).

Finally, the investigator carried out as part of this thesis, direct observations at various retail branches of the participating set of Banks, visiting numerous retail branches, communicated with sales-reps and recorded their reactions, perceptions and attitudes over the implementation of RM strategies, the application of HRM practices and their part of the job.

3.5.4.1. The Interview format guide

"With qualitative research interviews the investigator tries to understand something from the subjects' point of view and to uncover the meaning of their experiences. Interviews allow people to convey to others a situation from their own perspective and in their own words" (Kvale, 1996, pp. 133-135). Therefore, the interview format guide (see Appendix 6) set out a framework of the communication that took place between the interviewer and the interviewee pragmatically drawing impetus from the research questions. As far as, the prompting structure of each in-depth interview is concerned, the investigator used a 'funneling' process of questioning during the interviews, which contained the following format:

a) At the initial stage of each interview, the investigator used introducing questions. He generally asked respondents about their bank as a competing organization as well as their departmental roles and responsibilities within the organizational context. These questions led to issues that were more specific by addressing narrowed questions in the process (Minichiello et al., 1990).

b) Follow – up questions. This was direct questioning regarding what was said at the first stage (e.g. repeating significant words that the interviewee has just used)

c) Probing and specifying questions. The investigator interviewed the respondents based on the research objectives specified from the early steps of the thesis.

d) Concluding or summary questions formed the end of the in-depth interview and helped both the investigator and interviewee to conclude on the communication outcomes.

The interview format guide assisted considerably the investigator and the interviewee to understand as much as possible from the subject point of view and uncover the meaning of their experiences, perceptions and attitudes.

3.5.4.2. The in-depth interview

As previously discussed, the present field research approach was largely based on in depth personal interviews as a means of collecting rich and contextual data. If we were to define an in depth interview then we could easily say that is a dialogue between a skilled interviewer and an interviewee. Its goal is to elicit rich, detailed material that can be used in analysis (Lofland and Lofland, 1995). The dynamics of interviewing are similar to a guided conversation. The interviewer becomes an attentive listener who shapes the process into a familiar and comfortable form of social engagement - a conversation - and the quality of the information obtained is largely dependent on the interviewer's skills and personality (Patton, 1990). In contrast to a good conversation, however, an in depth interview is not intended to be a two-way form of communication and sharing. In answering the question though why an in depth interview as data generation approach, there are specific circumstances for which they are particularly appropriate. In fact, in depth interviews are appropriate for a complex subject matter, detailed information sought, busy, high-status respondents and highly sensitive subject matter.

All these circumstances represent the current situation in this thesis research study. However, when in-depth interviews are being considered as a field data collection technique, it is important to keep several potential pitfalls or problems in mind. There may be substantial variation in the interview setting. Interviews generally take place in a wide range of settings. This limits the interviewer's control over the environment. The interviewer may have to contend with disruptions and other problems that may inhibit the acquisition of information and limit the comparability of interviews. The solution to this issue was the audio recording of the entire in depth interview, always with the consent of the respondent. Another issue was theoretically the large gap between the respondent's knowledge and that of the interviewer. This specific issue was limited since the investigator had a rich experience in the financial services industry field for numerous years.

In concluding, the use of interviews as a data collection method begins with the assumption that the participants' perspectives are meaningful, knowable, and able to be made explicit, and that their perspectives affect the success of the research project. An interview, rather than a paper and pencil survey, is selected when interpersonal contact is important and when opportunities for follow up of interesting comments are desired.

3.6. Transcribing, coding and analyzing data

The analysis of the field and secondary data collected for each case was the fifth stage of the multiple research case study research procedure (see figure 5). In this direction, the investigator covered a comparative and contrasting field research outcomes analysis in Chapter four of the thesis. He manages his conclusions and recommendations in the fifth and final Chapter. Most fundamentally, the investigator accomplished the evaluation part of all five empirical cases following the justification of every research objective and the research propositions adopting a pattern of four consistent, major themes – research findings (see section 4.1.1. tables 12 and 12a).

According to Yin (1984), the founding father of the case study research methodology, there are two major data analysis strategies: a) relying on theoretical propositions where the researcher follows the theoretical propositions that lead to the empirical case study. The original objectives and design of the case study research methodology are presumably based on such propositions, which in the process reflect the research questions (see Appendix 6a), reviews of the literature and new insights, and b) developing a descriptive framework for organizing the case study.

The present thesis focuses on the first major data analysis process, relying on theoretical propositions as provided by extant literature (see Chapter 2 and section 4.1.1.). These propositions shaped the data collection plan and provided the priorities for the implementation of analytic strategies. Theoretical propositions about causal relations – answers to how and why questions – as set by research objectives (see section 1.1.5.). Therefore, the investigator adhered to the following major principles – stages of multiple cases analysis producing:

1) A comparative and contrasting data analysis making use of all the relevant evidence derived during the field research process. In this respect, the investigator considered major rival interpretations, and explored each of them in turn.

2) The analysis addressed the most significant aspect of each case study out of the sample set – driven by the investigators' theoretical research objectives and propositions.

3) The analysis drew on the researchers' prior expert knowledge in the area of the case study, but in an unbiased and objective manner (Rowley, 2002).

In fact, single case study analysis always precedes cross case analysis (Miles and Huberman, 1994) as it has clearly been the case in this thesis. However, it is during cross case analysis where the investigator can most clearly display analytical capabilities and escape the 'mindless' description of many cases.

In fact, the investigator explored five empirical cases incorporating and managing data from a number of interviewees, corporate archives and observation practices. One aspect that characterises good case study research is the use of many different information sources to provide depth to the case (Creswell, 1998). Triangulation is fundamental to ensuring quality in case studies and greater use should be made of this practice (Beverland and Lindgreen, 2008). According to literature, the pattern-matching logic represents a dominant mode of a case study analysis (Yin, 1984; 2003). In Trochim's views (1989), such logic compares an empirically based pattern with a predicted one. If the patterns coincide, results can help a case study analysis strengthen its internal validity. The patterns may be related to the dependent or independent variables of study. The dependent variables pattern may be derived from one of the more potent quasi-experimental research designs, labelled a *" non equivalent, dependent variables design"* (Cook and Campbell, 1979, pp.118). This design assumes that a quasi-experiment may have multiple dependent variables – a variety of research outcomes. If, for each research outcome, the initially predicted values have been found, and at the same time alternative 'patterns' of predicted values have not been found, strong causal inferences can be made. The second type of pattern matching logic is for independent variables. Several cases may be known to have had a certain type of outcome. The researcher focused on how and why this outcome occurred in each case. Such an analysis requires the development of rival theoretical propositions, articulated in operational terms (Yin, 1984). Each involves a pattern of independent variables that is mutually exclusive: if one explanation is to be valid, then the others cannot be.

Conceptually, the investigator adopted the pattern matching logic in analyzing and evaluating all five cases towards the justification of his theoretical research questions and propositions. In fact, to explain a phenomenon is to stipulate a set of causal links about it (see table 12). Such links may be complex and difficult to measure in any precise manner. Therefore, the investigator adopted the explanation theory building process following a set of procedural steps: a) Making initial theoretical propositions based on extant literature b) Comparing and contrasting findings of the research study against such propositions c) Revising theoretical propositions, providing subsequent conclusions and recommendations. Briefly, the gradual building of an explanation as part of case study analysis process is somehow similar to the process of refining ideas, in which an important parameter is to entertain other rival explanations.

In accomplishing such an iterative process, the investigator adopted constant reference to the original purpose of the inquiry, as provided by his research objectives. As a first stage, he created a *case study protocol* (indicating what data were to be collected) and established a *case study database* for each case. This last part was towards the storage of collected field data, archived records and observation remarks in providing availability for inspection and adopting a chain of evidence in a chronological order.

The investigator aiming at justifying his thesis research objectives grouped interviewees' comments around each expert business role, assuming a set of research questions which was initially approved by the University of Strathclyde marketing department (see Appendix 6a). Typically, a case study database includes a multitude of different evidence from different sources. Rowley, (2002) claims that data analysis of this rich resource is based on examining, categorising and tabulating evidence to assess whether the evidence supports or otherwise the initial research questions of the study (see section 1.1.5.).

In a chronological sequence, this evaluation activity was carried immediately after the completion of each in-depth interview provided the support of the N-Vivo software. The author used during his interviews probes to obtain elaborated responses, without being overzealous and pressing participants for a response. Clearly, the direction, depth and detail of the in-depth interview were constantly monitored by the author. Moving from one topic to the next was the interviewer's responsibility, and interviews proceed more smoothly if the respondent is signaled that the topic is going to change. The author did this by prompting the respondents and by using the respondent's own words to link a previous response with the next question (Hunt and Eadie, 1987). The flexibility of the qualitative semi-structured in-depth interview is what makes it attractive as a research method (Bryman, 2004). The investigator selected the qualitative semi-structured in-depth interview because it allowed him to have a list of questions and specific topic areas to be covered, but due to their flexible nature, it also gave the respondents flexibility in their replies. This was important when establishing respondents' intentions and interpretations because they gave their own individual responses, but the key questions and topic areas enabled coherent interview transcripts, which were further analyzed.

Table 11c: List of interviewees - Indexing

Bank	Business Roles	Code	Key Literature Sources Author	Previous literature context
Eurobank EFG	HR dot Line Manager (HR Business partner)	EUR/HR1	Yin, R. K. (1984; 1994; 2003),	Multiple cases coding
	HR Central Sales–Reps Recruitment and Selection Expert	EUR/HR 2	Miles and Huberman, (1994)	Multiple cases coding
	Retail Network Marketing Director	EUR/MK1	Stavros, C. and Westberg, K. (2009)	Triangulation and multiple cases to advance RM theory
	Assistant General Manager Line Sales	EUR/SAL1	Strauss, A. and Corbin, J. (1990; 1998)	Basics of qualitative reaserch
	Sales–Rep	EUR/SAL 2	Atkinson, P. and Delamont, S. (2005)	Analytic perspectives in qualitative research

GENIKI	Performance Appraisal Advisor (HR business partner)	GEN/HR3	Silverman, D. (2000)	Doing Qualitative Research
	Strategic Marketing Director	GEN/MK2	Stake, R.E. (1995; 2000)	The Art of Case Study Research
	Sales–Rep	GEN/SAL3	Denzin, N.K. and Lincoln, Y.S (2000)	Qualitative Research coding process
Marfin Egnatia	HR Officer (HR business Partner)	MAR/HR4	Tesch,(1990)	Qualitative Research: Analysis Types and Software Tools
	Retail Network Marketing Manager	MAR/MK3	Gillham, B. (2000)	Case Study Research Methods
	Line Sales Development Manager	MAR/SAL 4	Perry, C. (1998)	Processes of case study methodology for postgraduate research in marketing
Millennium	HR Director	MIL/HR5	QSR International, 2007, NVivo 8	Qualitative research software
	Marketing and CVM Director	MIL/MK4	Bonoma, T. (1985)	Case research in marketing
	Quality Manager Director	MIL/HR6	Eisenhardt, K.M. (1989)	Theory building from cases
	Line Sales Manager	MIL/SAL5		
	Sales–Rep (Retail Branch Manager)	MIL/SAL6		
Proton	HR Director	PROT/HR7		
	Marketing Director	PROT/MK5		
	Line Sales Manager	PROT/SAL7		
	Sales-Rep (Retail Branch Manager)	PROT/SAL8		
Totals		**20 Respondents**		

Table 11 d: The codification of cases

Firms	**Firm A**	**Firm B**	**Firm C**	**Firm D**	**Firm E**
	Eurobank EFG	Marfin Egnatia Bank	GENIKI Bank	Proton Bank	Millennium Bank

Therefore, the investigator in tables 11 a, b, c, d and e provides this thesis reader with his codification practices regarding field data, the previous academic literature that was explored in the process and the twenty interviewees' demographics (e.g. their gender, actual job posts and ranking status in their organizations).

More specifically, in tables 11c and 11d the investigator provides the indexing - frame of reference, that will be fully elaborated in chapter four – all five empirical cases analysis and evaluation (see tables 12 and 12a).The investigator in table 11e below, produces a connecting line between the three research objectives (see section 1.1.5.), the corresponding research questions (see Appendix 6a), the four major themes – research findings (see tables, 12 and 12a - extant literature) and the research dimensions corresponding to the four major and consistent themes (see table 12). Most fundamentally, table 11e binds the whole thesis together - hence its criticality. It is the keystone of the data analysis.

The generally accepted approaches to start coding in qualitative research analysis include the following methodologies: 1) A-priori codes which can be identified from a range of sources including previous research or theory. The a-priori codes reflect on research or evaluation questions from the investigator's interview schedule. 2) Grounded codes emerging from the data where the investigator puts aside his prejudices, presuppositions and previous knowledge of the subject area and concentrates on finding new themes in data.

Most fundamentally, the investigator used a-priori coding based on extant literature. Thus, coding as a distinct process elaborated from the set of the research questions and propositions that each role out of the four banking executives effectively answered during field data collection. This specific data analysis methodology creates a number of references in regards to each research question containing data input from all interviewees – a constant compare and contrast process. Strauss and Corbin (1990) devote a chapter called *'Techniques for Enhancing Theoretical Sensitivity'* to examining some of the ways they recommend qualitative analysts might use to ensure that they look carefully at the data and explore all its dimensions (Strauss and Corbin, 1990 pp.75-95). This includes systematic comparisons and far out comparisons. In the former, the author thinks about all the ways in which some phenomenon has been found in the data can vary and be treated and seen differently by people.

In providing the thesis reader with two indicative coding process examples, the investigator following extant literature explored the corporate strategic orientation research dimension – as part of the organizational focus (e.g. first major theme – research findings). The rationale was towards exploring the reasons why an RM focused financial services firm should strategically align RM and HRM (e.g. see research question 1). Based on this specific rationale, the investigator translated, transcribed and created all components of the project – twenty different primary source materials - as separate audio interviews looking at all the answers of each role-interviewee to each research question (see Appendix 6a Q2, Q3, and Q4). It is significant to mention that the author went over several times over his transcripts before concluding on the quotes and the content analysis, based on his expertise as well as his observations generated during the interviews. The investigator in this first stage recorded (e.g. annotating critical points on each interview) his and the respondents' comments, gestures and actions as these may have conveyed meanings that may have had advanced or impeded the interview. In fact, a number of codes, both linguistic and nonverbal are shared by the participants to permit the encoding and interpretation of messages. The social roles assumed by the participants can impact on how they speak to one another. Interactional goals relate to the motivation of the participants for engaging in the interview. For instance, the interviewee must also get something from the interview.

At a second stage, the investigator went over again his transcripts and started concluding on the sample quotes, having constant reference on the research objectives, the four major themes – research findings and research dimensions (see table 11e).

In another similar example (see Appendix 1-5), the author carried exactly the same coding process going over the responses of interviewees regarding the research questions 24 and 25 (see Appendix 6a). As part of this analysis process, the author cross-examined interviewees' perspectives and insights (e.g. considering their ranking status and position at their banking firms) in disclosing corporate strategic orientation. This exact procedure was repeated for several times during the multiple case studies evaluation and analysis.

Table 11e: Connecting Research Questions / Major Themes / Research Dimensions

Research Objective 1: Explore the reasons why an RM focused financial services firm should strategically align RM and HRM		
Research Questions (Appendix 6a)	**Major Themes - Research Findings**	**Research Dimensions**
Q2, Q3, Q4 Q4, Q5, Q6, Q8, Q9, Q10 Q1, Q2, Q3, Q4, Q5, Q7, Q8, Q9, Q10, Q11, Q12, Q13, Q14, Q15, Q16, Q24, Q25 Q7, Q21 Q2, Q6, Q13, Q16, Q21	**Organizational Focus**	Strategic orientation Performance management Marketing and HRM structure Knowledge management Learning organization
Q17, Q18, Q19, Q20, Q21, Q22 Q17, Q18, Q19, Q26, Q27, Q28	**Organizational connectedness**	Communication flow Conflict
Q10, Q11, Q13, Q14, Q15, Q16, Q24 Q10, Q11, Q13, Q14, Q15, Q24 Q10, Q11, Q13, Q14, Q15, Q24 Q1, Q2, Q3	**Sales-reps' relationship quality to the buyer**	Sales-rep's role identification Client Knowledge (B2C) Expertise Gender issues
Q2, Q4, Q8, Q12, Q18 Q2, Q12, Q19, Q21 Q2, Q12, Q20 Q1, Q2, Q12, Q23, Q26 Q1, Q2, Q12, Q23, Q22, Q26 Q1, Q2, Q12, Q23, Q22, Q26, Q28 Q4, Q5, Q6	**HRM practices in creating organizational value**	Sales-reps' recruitment & selection systems Sales-reps training & development systems Sales-reps reward systems HR Business Partner status Practical intelligence Relationship to line management Market Intelligence Systems

Research Objective 2: Explore the reasons how and why relational sales-reps play a critical role in effective RM implementation		
Q10, Q11, Q13, Q14, Q15, Q16, Q24 Q10, Q11, Q13, Q14, Q15, Q24 Q10, Q11, Q13, Q14, Q15, Q24 Q1, Q2, Q3	**Sales-reps' relationship quality to the buyer**	Sales-rep's role identification Client Knowledge (B2C) Expertise Gender issues
Q2, Q4, Q8, Q12, Q18 Q2, Q12, Q19, Q21 Q2, Q12, Q20 Q1, Q2, Q12, Q23, Q26 Q1, Q2, Q12, Q23, Q22, Q26 Q1, Q2, Q12, Q23, Q22, Q26, Q28 Q4, Q5, Q6	**HRM practices in creating organizational value**	Sales-reps' recruitment & selection systems Sales-reps training & development systems Sales-reps reward systems HR Business Partner status Practical intelligence Relationship to line management Market Intelligence Systems
Research Objective 3: Explore the process how and why through which HRM creates organizational value and boosts RM performance		
Q2, Q4, Q8, Q12, Q18 Q2, Q12, Q19, Q21 Q2, Q12, Q20 Q1, Q2, Q12, Q23, Q26 Q1, Q2, Q12, Q23, Q22, Q26 Q1, Q2, Q12, Q23, Q22, Q26, Q28 Q4, Q5, Q6	**HRM practices in creating organizational value**	Sales-reps' recruitment and selection systems Sales-reps training and development systems Sales-reps reward systems HR Business Partner status Practical intelligence Relationship to line management Market Intelligence Systems

Truly, coding as part of the multiple cases data analysis process assisted the investigator to make an original contribution to the RM and HRM disciplines and equally to the strategic alignment theoretical models. Generally, it is a rule-based procedure where a code, usually numeric, is assigned to each possible response to each question (see tables 11a, b, c, d and e). However, it has to be noted that for qualitative researchers, coding is not a separate task that precedes data analysis; it is the process by which data are analysed (Miles and Huberman, 1994; Strauss and Corbin, 1990; 1998). Thus, coding is an intellectually demanding task that involves the identification of categories, defining and refining them as well as the boundaries between them (Tesch, 1990).

3.7. Lessons learned / advice for next time

The investigator in his research thesis carefully adopted and implemented the multiple cases research methodology in exploring interviewees' deep insights in conceptually understanding the RM and HRM strategic alignment phenomenon in depth (see research objectives section 1.1.5.) *"Excellence in case study research requires skills to access data and to analyze and interpret documents, interviews, observations and experiences"* Gummesson (2007, pp. 228). The investigator sought for generalizability from multiple cases analysis – comparing and contrasting outcomes in generalizing his theoretical idealized designs.

The investigator selected a non-probability, judgmental type of sampling methodology in a specific industry (e.g. the financial services industry). In the specific sampling methodology, the investigator as an "expert" in financial services used his judgment to identify representative samples, as the sample size was too small to warrant random selection. The investigator selected only privately – owned banking firms. In future, it would be interesting to include in his sample set a state – owned bank to compare and contrast relevant stakeholders' perceptions and insights.

Case studies are criticized for their lack of rigour due to the lack of standard methodical procedures. In tackling the issue, the investigator used a plethora of data-collection methods including personal observation – visiting a number of retail branches within the sample set, the twenty in-depth interviews, as well as research in archives and corporate documents. This was a definite hard research approach, however with a remarkable compensation. In fact, enriched participant observation practices would definitely add to the research findings - providing context and identifying commonalities across cases. Data accessibility was a serious constraint for confidentiality reasons, since the respondents had the business expert roles. Clearly, the business expert roles impact on how they speak and react to questions imposed by the interviewer. Moreover, the five banking firms which were finally selected by the investigator were strongly competing financial firms, with complex organizational structures. Because the three major job roles out of the total four roles under study in each case were at a top administrative level (the investigator included in his research approach lower echelon employees for triangulation reasons), there were considerable limitations of their time, accessibility and availability. The author managed to resolve these issues by repeated follow-up practices, engaging in many cases his professional and social network.

3.8. Ethical considerations

The investigator abiding to the code of practice on investigation of Strathclyde University obtained informed consent from all banking services organizations and the executives who participated in the field research study. The consent form was initiated addressing a direct personalized mail to HR Directors (previously indicated as 'gatekeepers') of the Banks under study. The HR managers representing the selected banking organizations are responsible for the representation of the firm to external investigators. There was a clear explanation of the nature, format and objectives of the doctoral academic research, in the formal communication letter, which was prepared with the contribution and supervision of the marketing department at the Strathclyde University. Furthermore, the investigator fully explained in the invitation to the research mail that the participation of each firm would be voluntary and the Bank could withdraw from the study at any point in time. The mail clearly indicated that no confidential information would be sought without the Bank's prior consent. Thus, the initial introduction of research objectives and means letter mailed out to organizations is included in the Appendix. In many cases, there was an exchange of e-mails regarding the verification of appointments. For example, at the Proton Bank case study the investigator received written approval by the Chief Executive Officer of the banking firm that simultaneously acknowledged the names and ranking of officers who would participate in the research study. The entire set of the twenty in-depth interviews (e.g. there is available a separate codebook for each interview, for each role) was fully audio-recorded and are available upon any request. The investigator at the time of personal in-depth interview recording obtained full consent of each participant.

3.9. Concluding remarks

The investigator aimed to justify research objectives and propositions and explore the realism of the thesis research propositions (see section 1.1.5.). Towards the accomplishment of his research study, he planned, adopted and finally implemented an inductive, qualitative case study research methodology binding to the critical realism methodological, ontological and epistemological assumptions. Thus, this thesis examined five banking services organizations in the Greek financial services industry. The research goal effort was at disclosing human resources insights, values, behaviours and attitudes towards the effective implementation of RM strategies by relational sales-reps at the retail point of sale (B2C). In this direction, the investigator applied the multiple cases research methodology as the means of combining qualitative and quantitative data in empirical industry applications. Moreover, and as part of each case study, the investigator conducted four in depth interviews, with four different executives – roles. All of the business roles examined in each case study were connected to the internal and external markets (e.g. relevant corporate stakeholders) of each organization under study. The investigator analyzes his research findings – early conclusions in Chapter 4 and his conclusions and academic recommendations in Chapter 5 of the thesis.

Chapter 4: Research findings – initial conclusions

4.1. Introduction

The investigator in the present thesis explored the strategic alignment in practice of RM and HRM in a relational oriented financial services firm. In order to accomplish the thesis objectives (see section 1.1.5.), the investigator adopted an inductive, multiple case study research methodology (see section 3.2.), examining a sample set of five private retail Banks. Given research methodology literature (see sections: 3.2., 3.2.1, 3.3.), there are six sources of evidence commonly used in doing cases as a research methodology, including documentation, archival records, interviews, direct observations, participant observation, and physical artifacts. According to Yin (2003), a number of sources of evidence are required for the accomplishment of data triangulation (convergence). In light of the above, the investigator actually maintained in his field work all six information sources in delivering the analysis and evaluation of the sample set.

The organisations and interviewees provided all secondary and primary data (documentation, archival records and in-depth interviews) in full confidentiality and for the reasons of the specific academic research project only. In regards to a chronological development of the thesis, the investigator commenced his thesis by November 2005 submitting the research topic, objectives and suggested methodology to the University of Strathclyde, department of marketing. Consequently, 2006 was fully devoted to literature review writing. The investigator initiated and accomplished the literature review in parallel to the preparation for his field research.

The investigator devoted the first six months of 2007 to the preparation, mailing and follow-up of the research invitation to the HR departments of the financial services organizations belonging into the sample set. Clearly, the investigator selected his sample set on a judgemental basis out of the entire population group (see Appendix 6d) based on his previous business experience and analysis of corporate financial documentation (for example: balance sheets, income statements). Before finalizing the deliberately selected sample, the investigator examined the financial statements of fifteen Greek and international Banks (see Appendix 6b). As the investigator wished to include a Greek state-interest Bank in the sample set, he approached three Greek state–interest Banks namely the National Bank of Greece, the Postal Savings Bank and Alpha Bank. Both the National Bank of Greece and Alpha Bank refused participation due to major transformational changes and drastic operational reforms in progress. It was most likely the timing - the initiation of the global financial crisis during the data collection process - that also prevented Postal Savings Banks' management from disclosing confidential, corporate information. In fact, the investigator selected the sample set of the five cases with an intention to reflect the external validity and rigour of the research questions and propositions. Thus, the sample set only belongs in the Greek retail banking private sector and entails full operations within the Greek and the international banking industry.

The administrative staff of the marketing department at the University of Strathclyde assisted the investigator in the preparation of a direct mail parchment to the banking organizations of the sample set. In July 2007, the investigator initiated the primary data collection process in financial services firms that had their headquarters in Athens, Greece. GENIKI Bank and Eurobank EFG were the first two organizations that consented to the direct mail–invitation to the research study.

As previously indicated, the investigator fully maintained the multiple case study research methodology during his field data collection process. Following this process, he first met with the HR Directors of the selected Banks who served as "gatekeepers" to simultaneously discuss research logistics and initiate the first interview - the HR Director being one of the critical business roles under study. Following this initial ice-breaking interview, the five HR Directors introduced the investigator to the remaining three participating business executives: the line sales manager, the marketing director and a sales-rep/branch manager. Clearly, the investigator considered interviews with lower echelon staff members (e.g. the sales-reps) significant for gaining their subsequent perceptions and attitudes over the research questions (see Appendix 6a).

The rationale behind the design of the group of respondents in each case study was to triangulate answers of people directly or indirectly connected with the internal or the external customers of each Bank in the sample set. In most cases, the interviewees assigned by the administration of each Bank were positive and encouraging of the

research purpose. However, there were interviewees who refused participation for personal reasons (e.g. the GENIKI Bank line sales manager).
It was during 2008 and 2009 that the investigator transcribed the twenty audio recordings and translated all primary data into English. As mentioned earlier, the investigator enriched his field data with documentation from corporate sources, archives and personal observation. The years of 2009, 2010 and 2011 were devoted to writing and assimilation of the thesis documentation.

Chapter four's, introductory section provides the reader with a standardized research approach (see tables 11e, 12 and 12a). Conceptually, the structure and sequence of field research findings-primary conclusions reflects on the planned analysis and evaluation of the proposed research objectives and propositions as indicated within the first introductory chapter of the thesis (see section 1.1.5.).
Harrison, (2002, pp. 158) suggests that case studies are appropriate when the *"theory base is comparatively weak and the environment under study is messy"*. The literature review as developed in Chapter two reveals that this was the case in the subject area – the interface of RM and HRM (see section 2.13.). Therefore, the investigator selected the five empirical cases to clarify the linkages of the various elements influencing collaboration between HRM and RM business disciplines. In fact, the amount of literature and research on the interaction between marketing and HRM is limited compared to that on other areas of marketing (e.g. customer relationship management and the interface between marketing and R&D).
The selection of these five cases is also significant as the phenomena themselves are fuzzy and indistinct. Based on empirical work, the multiple case study research methodology elicits new insights and derives generalisations for further testing (see section 3.2.). The empirical work also helps to explain "how" and "why" events unfold and give some insight into actors' motivations as well as activities (Gummesson, 2000). Moreover, the extant literature as described in the three sub-sections of Chapter two does not provide an established business framework for the marketing and HRM interface. The sample set of the five empirical cases provide a broader understanding of complex issues raised by the RM and HRM interface since the investigator derives information by

discussing these issues with the participants (Strauss and Corbin, 1998). This provides a more comprehensive understanding of the issues and phenomena under study (see section 1.1.5).

4.1.1. The four major themes – research findings

The investigator compared and contrasted data from the five empirical cases with the goal of identifying four common and consistent themes ("theoretical saturation" - Glaser and Strauss, 1967) and derives his analysis, conclusions and recommendations on the set three research objectives. These four common and consistent themes reflect on previous literature, research questions, and research findings. The investigator focuses on enabling the marketing reader to gain an understanding regarding the dynamics present within single settings and thus develop a conceptual business framework for the RM and HRM interface (Eisenhardt, 1989). Most fundamentally, the investigator presents his four major themes – research findings and his initial conclusions in tables 12 and 12a and a coding frame – indices for data management reasons (see tables 11c, 11d and 11e).

Table 12a: The four major themes – research findings / research objectives

Research objectives	Major themes – research findings
1) Explore the reasons why an RM focused financial services firm should strategically align RM and HRM	The organisational focus The organisational connectedness The sales-reps' relationship quality to the buyer The HRM practices in creating organisational value
2) Explore the reasons how and why relational sales-reps play a critical role in effective RM implementation	The organisational connectedness The sales-reps' relationship quality to the buyer The HRM practices in creating organisational value
3) Explore the process how and why through which HRM creates organizational value and boosts Relationship Marketing performance	The HRM practices in creating organisational value

More explicitly, the first research objective represented the basis of the thesis research findings analysis and evaluation. As such, the investigator explored the reasons why an RM focused financial services firm should strategically align RM and HRM business functions.

Truly, all four major themes – research findings as they appear in tables 12 and 12a apply to the justification of the first research objective. As such, the investigator analyzed and evaluated them in Chapter four, providing space for his conclusions, recommendations and contribution to literature in Chapter five.

The investigator used the second research objective as the means to explore the reasons how and why relational sales-reps play a critical role in effective RM implementation. Conceptually, the analysis and evaluation of the second, third and fourth major themes contribute to the justification of this second thesis research objective.

Finally, the investigator justifying his third research objective explored the processes, systems and practices - how and why - through which HRM creates organizational value and increases RM performance. The investigator used the fourth major theme – research findings towards the justification of his third research objective.

Table 12: Field research findings

Resources	Firm A	Firm B	Firm C	Firm D	Firm E
1) Organisational Focus					
Strategic orientation	Strong sales focus with Parallel RM practices	Strong sales focus with Parallel RM practices	Relational orientation	Developing RM	Strong relational orientation
Performance management	Fully applicable	Fully applicable	Low practices	Low practices	Fully applicable
Marketing and HRM structure	Product management in distinct business units, Retail network marketing Coordinating strategic marketing unit Central HRM, full application of Business partner	Product management in distinct business units Retail network marketing Central HRM, full application of Business partner	Strategic marketing, Operational Marketing Central HRM, Limited, however developing application of Business partner	Line sales Central HRM	Product management in business units, Strategic marketing unit Central HRM
Knowledge management	Yes, sales–reps' (technical skills), some long-term learning	Yes, sales–reps' development of technical skills	Yes, sales–reps' (technical skills), evidence of relational competencies	Yes, sales–reps' development of technical and relational skills and competencies	Yes, sales–reps' development of technical and relational skills and competencies
Learning organization	Yes, high regulatory and procedural environment	Yes, high regulatory and procedural environment	Yes, high regulatory and procedural environment	Yes, high regulatory and procedural environment	Yes, high regulatory and procedural environment
Market Intelligence Systems	Evidence of developing market intelligence systems and analysis, low sharing	Evidence of developing market intelligence systems and analysis	Evidence of developing market intelligence systems and analysis, partial sharing	Lack of adequate market intelligence systems	Excellent market intelligence systems, information analyzed and systematically shared
2) Organisational Connectedness	Moderate task	Moderate task	Moderate cognitive	High affective	High cognitive
Communication flow	Insufficiently bidirectional	Developing bidirectional due to corporate merge	Stronger informal type, developing bidirectional flow	Stronger informal type, undisrupted due to corporate size	Undisrupted communication due to high cognitive status
Conflict	Moderate, task dysfunctional	Moderate, task dysfunctional	Low, task dysfunctional	Low, task dysfunctional	Low, task dysfunctional
3) Sales-reps' Relationship Quality to the buyer					

Sales-rep's role identification	Technical specialist product/service focused	Technical specialist product/service focused	Sales consultant identity (relational focused)	Sales consultant identity (relational focused)	Sales consultant identity (relational focused)
Client Knowledge (BTC)	Developing by the use of personal banking and market intelligence systems	Developing by the use of market intelligence systems	Limited client knowledge	Limited client knowledge	Excellent – adequate market intelligence systems in place
Expertise	Yes	Yes	Yes	Developing	Developing
Gender issues	No evidence	No evidence	No evidence	Some evidence	Some evidence
4) HRM's role in creating organizational value					
Sales-reps' recruitment and selection systems	Alignment of HRM and Sales	Alignment of HRM and Sales	Alignment of HRM and Sales	Alignment of HRM and Sales	Alignment of HRM and Sales
Sales-reps training and development systems	Learning is supported (technical skills)	Learning is supported (technical skills)	Learning is supported (technical skills)	Learning environment (parallel technical and relational skills)	Learning is supported (parallel technical and relational skills)
Sales-reps reward systems	Yes, Line sales decide	Yes, Line sales decide	Yes, Line sales decide	Yes, Line sales decide	Yes, Line sales decide
Business Partner status	HR dot line manager sitting in all sales meetings, partner in strategy execution, employee champion	Business partner interacts with both line and sales-reps' portfolio / Employee champion and change agent	Professional path advisors / administrative expert and employee champion	N/A Central HRM services	N/A Central HRM services Developing
Practical intelligence	Largely extended	Developing	Developing	None	None
Relationship to line management	Dotted to retail line management and HRM	Belongs to a separate team of the central HRM	Direct	Team work	Team work

4.2. Organisational focus

In exploring the first research objective of the thesis (see section 1.1.5.), the investigator examined whether the strategic orientation of the five banking firms was critical to the justification of the underlying principle that an RM focused financial services firm should strategically align RM and HRM business functions towards an effective implementation of its RM strategies.

In this direction, the investigator explored organisational focus as well as all the other three major themes (as presented in tables 12, 12a) in a retail (B2C) context. Truly, the business scope of a relational financial services organization included the effective and efficient implementation of RM strategies by skilful and competent sales-reps. Drawing on this, the investigator examined the links between organisational focus (e.g. strategic orientation, marketing and HRM structures, systems and processes) and the effective and efficient implementation of RM strategies by sales-reps. Finally, the first theme field research findings explored whether knowledge management practices in a relational focused firm contribute towards the development of a learning organization provided the design and application of marketing intelligence systems (see section 2.14.1.6).

4.2.1. Strategic orientation and performance management systems

Retail banks have been contending with changes in the external environment that have included regulatory, technological and changing consumer dynamics (Hughes, 2001; Melewar and Bains, 2002). Because of these external forces, the nature of marketing activity within the financial services sector has altered (Lee, 2002; Paulin et al., 2000). This has resulted in banks becoming increasingly engaged in relationship marketing activity in order to achieve certain strategic objectives - such as retaining valuable customers and providing a superior service for high net-worth clients (Storbacka, 1997). On the other hand, financial services organisations are continuing to engage in more transaction-orientated activities in an effort to recruit from the mass market (Zeithaml and Bitner, 1996) and effectively service customers who may not warrant or want a relationship approach (Storbacka, 1997).

Therefore, contemporary retail-bank marketing activity can involve a mix of both transaction and RM objectives, with banking organisations having to balance both approaches in an effort to achieve sometimes-diverse objectives (Berry, 1995; Carson et al., 2004). In recent times, there has been a growing recognition that, in practice, transaction and relationship marketing activities may be used side by side (in an effort to achieve miscellaneous objectives). Because of the relative newness of this realization however, few researchers (apart from Brodie et al., 1997; Coviello et al., 1997, 2002) have gone that step further to consider the managerial and implementation challenges involved in engaging in both types of marketing activity concurrently.

Organisations A and B were engaged in a strong sales orientation (e.g. a transactional marketing approach) parallel to the implementation of partial RM activities. In fact, these were the two major banking firms that actively participated in the research study. They were clearly competing for larger market shares, profit maximization and increased customer portfolios. In fulfilling these quantitative goals, their management adopted demanding performance management systems. Comparatively, organisation E (a relational financial services firm) also engaged in performance management systems, aiming to strengthen its position in the Greek banking market. Nevertheless, organization E incorporated in its daily operations a definite RM strategic orientation aiming at sustaining a competitive advantage in the market.

In recent years, many banking organisations have been busy implementing new or improved performance management systems. Recent research shows that the regular use of these systems (e.g. the balanced scorecard as initiated by Kaplan and Norton, 1996; Kaplan, 2005) leads to better organisational results (Ahn, 2001; Ittner et al., 2003; Lawson et al., 2005; de Waal et al., 2004).

A future research question is whether this positive effect on organisational results (as recorded in previous research) has a similar positive effect upon all relevant, corporate stakeholders involved in the implementation of RM strategies (e.g. the sales-reps).

The actual and systematic implementation of performance management systems in three banking firms of the sample set imposed considerable stress and anxiety to sales-reps who struggled for the accomplishment of their daily sales-quotas.

> Area sales management presses us aggressively for individual performance results, almost on a daily basis. There is too much focus on quantitative goals accomplishment rather than the goal of continuous professional development of the sales-rep's skills and competencies, [EUR/SAL2].

Therefore, in order to be successful, a firm strives for organisational fitness. Beer, (2003) and Voelpel et al., (2004) defined oganisational fitness as the ability of an organisation to adapt and survive in the ever-changing business environment. In their views, companies accomplish their strategic goals through natural evolution, purposeful change and continuous learning. However, to obtain organisational fitness, an organisation needs a clear and explicit management concept, which is formulated by its most senior management (Bossert, 1993). Such a management concept is the basis for long-term development of the organisational strategy.

The assistant GM of Customer-Service in organisation A, being a member of top management, perceived transactional marketing strategic orientation as a unique strategic management concept alternative. He felt the need to justify his perceptual reasoning and added:

> The RM strategic approach is more of a fashion today. This Bank could easily differentiate since it strategically focuses on effectively serving and supporting great volumes of customer transactions and simultaneously bringing in new customer business. However, in such a business reality, it is hard to build and develop a personalized business relationship with our existing customer base….I believe that we manage well both transactional and relationship marketing applications and practices, [EUR/ SAL1].

At a seminal speech in Athens, on January 2009, the same person clearly indicated a corporate, strategic shift towards the adoption of an RM focus approach, seriously considering customer mistrust and concerns over the effectiveness of the banking system in the country. The newly formed organisation B brought a 'challenger' banking profile to the Greek and South-Eastern European financial services environment, employing a product-centric, transactional strategic orientation with parallel relationship marketing applications. However, the administration of organisation B seemed eager to shift to a future customer-centric strategy.

Organisation B entered the retail banking market adopting stressful and demanding performance management systems. Opposing this approach, the Retail Network-Marketing Director of the same firm argued that a relationship marketing oriented strategy would be an alternative and viable business solution for his firm. He observed that the adoption, design and implementation of RM strategies would require a talented, well-trained and efficient labour force and added that:

> MAR/MK3: The implementation of an effective RM strategy is more of marketing desire today than a business reality […] we may define some customer clusters as identifiable, recognizable customer segments but in my opinion, they are simply mass markets.

The investigator researching the viability of parallel implementation of relationship marketing and transactional marketing strategies in an organization compared and contrasted the strategic orientation practices in organisations A and B. In fact, there were clear research findings indicating that line management in both firms did not allow the sales-reps' responsibility (or some kind of reward) for managing physical evidence activities. Rather, their role was primarily based on sales management practices (e.g. accomplishing stressful sales-quotas). Such an emphasis on sales management meant that sales-reps had little time, motivation or interest in ensuring that the physical surroundings of the retail branch were appropriate for the needs of individual customers. The Sales-rep (organisation A) commented:

> The way that I have perceived my business role is to be able to know my customer well. I cannot unfortunately claim today that I have achieved such a success […] *The personal banking service* is a process that requires a personalized business approach with a specially designated area to serve exceptionally well our existing and sometimes prospective clientele.. The retail branch serves numerous customers per day who come to the retail branch for transactional purposes… The assumption of personal banking involves privacy, closed-door policy and a personal, direct line. It is rather distracting communicating to a customer and all phones of the retail branch ringing at the same time, [EUR/SAL 2].

Regarding the process management issues, there were research findings indicating that because of the hierarchical, bureaucratic nature of organisation A structure, sales-reps were hampered in disclosing and then meeting the financial needs of individual relationship customers through the process. For example, sales-reps at the front had to wait while decisions were being processed through the hierarchy and, in some cases, had problems accessing those in the head office when they needed to get decisions approved.

In organisations A, B and C there was clear evidence of structural reforms and organisational changes, modifying existing business processes.

For example, following the acquisition, line management in organisation C shifted attention towards a relational strategic orientation. They perceived process management as being a considerable part of the duties of the “relationship manager” (e.g. a retail context sales-rep with exceptional communication, coordination and negotiation competences). The Relationship Manager of organisation C commented on his duties regarding process management:

> A full banking operation at a branch provides management with complete control of any business case regarding processes, fast decision-making and instant implementation. In cases where more than two central departments interfere, the organization would face coordination, communication issues and last but not least perceptual issues. The practical effort is to work proactively in order to manage defective-handling customer issues, [GEN/SAL3].

Regarding the relational strategic orientation shift and his interference with the back-office employees, he emphasised:

> My role is to prepare and hand-in banking transaction orders to central back office employees responsible for accomplishing the customer’s assigned job. This is a thoroughly differentiated, tailor-made, customer focused approach compared to past banking practices, [GEN/SAL3].

The newly adopted, customer-centric operational model of organisation C required the development of a broad range of relationship marketers’ skills and competencies (see Appendix 11). They included sufficient business expertise in effective customer handling, leadership, negotiation and effective bidirectional communication towards both cooperating parties – the customer and the headquarters employees in the back. In fact, a relationship marketer within a customer-centric, retail operational model needed to invest time and effort in understanding a customer’s financial needs, and place accurate banking orders with centrally based operational departments. The Relationship Marketer described his newly assigned role:

> I am now a connecting link between the banking organization and the customer. In a sense, I represent the customer to the Bank. In my opinion, this is a strongly competitive differentiation issue in the Greek banking industry, [GEN/SAL3].

In addition, he emphasised:

> We are currently more outgoing in our behavioural approach, more customer-centric. It is just now that we have the full responsibility for the administration of our customer's finances. If anything goes wrong during the transaction with each customer, it is our job to immediately jump in and correct it. We have to support our customers…In fact, a sales-rep has to value each customer accordingly and anticipate the long - term returns of the relationship, [GEN/SAL3].

Sales management, while engaged in transactional marketing implementation, pragmatically aimed at generating larger sales volumes and customer base development, whereas relationship marketing aimed at identifying, establishing, maintaining and enhancing relationships with customers and other parties at a profit so that the objectives of the parties involved are met. Within a retail banking setting, Walsh et al., (2004, pp. 469) defined RM as the *"activities carried out by banks in order to attract, interact with, and retain more profitable or high net-worth customers".* The sales-rep of organization A argued that implementation of RM and transactional marketing work in parallel.

> We are applying partial RM practices through the sales process at the retail branch. However, we could sell more and better to customers that we have already developed financial and social bonds and gained a developing business relationship, commitment and loyalty to the bank. By that, I simply mean that we should invest time and effort to develop a long–standing, personalized business relationship with our customers. It is essential in my point of view to know as much as possible about my customers' problems, needs and subsequently their financial plans, [EUR/SAL 2].
>
> In order to fulfill your goal setting, you have to "get the sale done" - short perspective - which is obviously the wrong way. In order to accomplish your personal quantitative business goals, you might reach a point to advise your prospective buyer in the wrong way, which would probably result in a wrong investment result, which would probably lead to the termination of your business relationship with the prospective buyer. Do we want to win a battle and gain an extra reward and temporary clientele or invest in a long, profitable business relationship with our clientele?
> I do not really know, [EUR/SAL2].

On the same issue, another sales-rep (organization E) observed:

> We have to find the golden line. The one side of the coin is that management has allocated a demanding quota sales goal meaning that I have to shoot straight on target (due to tough competition) every single living soul in contributing to the corporate profitability ratios. The other side of the coin is also challenging since I need to establish, maintain and enhance a long-lasting relationship with my customers. In the case that I would sell short to my customers, I would not possibly present, educate and support my customers on every aspect detail of the financial product offering. There are good possibilities that the product offering might not even be suitable to the customers' financial needs, [MIL/SAL6].

In addition, the same Sales-rep wondered:

> What if responding to my demanding sales quota goals, I did not pay too much attention to discover and analyze the customers' financial needs. The customer purchased the product, simply because I told him to do it. The customer exhibited trust and commitment to me and I did not equally respond. There is no actual relationship and it was my fault. The optimum solution to the sales quota fulfillment is the right combination - sell a lot and correct, because I want the customer to return and stay with us for long. However, we should avoid contradiction over these two issues, [MIL/SAL6].

Therefore, a banking firm pursuing simultaneously diversified marketing strategies results in sales-reps' disorientation (see section 1.1.5.). Most fundamentally, the simultaneous implementation of RM and Transaction marketing developed an erroneous managerialist belief, since there was continuous, stress-generating pressure on sales-reps to accomplish short-term sales quotas. In this respect, sales-reps were puzzled by conflicting marketing strategies and finally end up pursuing the short-term sales goals to avoid significant pressure from line sales management.

All three remaining banking firms (organisations C, D and E) were relationship marketing oriented. For these three banking firms, the effective implementation of relationship marketing strategies had an unquestionable strategic fit to the corporate scope, the corporate strategy and distinctive human resources skills and competencies.

For example, line management in organisation E launched operations in a transactional marketing pattern. However, in the following years, the Bank developed its corporate philosophy and values and turned into a customer-focused financial services firm.

> Interviewer: Why would you adopt relationship management as a method of approaching new customers?
>
> [MIL/MK4]: Now, there is a distinct group of eight commercial banks that strategically perceive banking business in a similar way. This group of competitive commercial banks applies a similar strategic philosophy to attract a larger market share and profitability ratios (growth and development) adopting a relationship management approach to business. Part of it is in my way of understanding the relationship marketing approach. Relationship marketing is a part of the corporate strategic focus into business. Our bank is a relationship-focused bank.

There was consensus from all interviewees of organisation E. The line sales manager expressed a similar opinion regarding RM strategic orientation:

> [MIL/SAL5]: RM reflects the current Millennium banking philosophy. RM is our corporate goal. I am interested in a profitable, long-term relationship with our customers. It is only a long-term Bank–customer relationship, which will bring increased volumes of sales to the bank. I am not interested in selling off today at any cost (simply to accomplish my sales goal) and this is a great part of my daily communication to the area managers and the branch managers, under my supervision. A sales-rep should endorse the RM philosophy over its effective implementation at the point of sale.

The HR Director also expressed a broader and more generic view on the corporate orientation:

> [MIL/HR5] Our banking business philosophy, which extends from back-office to sales-reps, is customer-centric and sales oriented largely. This is our organizational culture that prevails in most of our business activities.

The Marketing and CVM Director in organisation E observed that the Bank–customer relationship is the actual turnout, the conclusion of the corporate business effort.

> In order to accomplish a business relationship with a customer, we should have as an RM focused organization a set of distinctive criteria, characteristics in place […] we need to provide our prospective financial service buyers with a strong determining

> perceptual factor of being qualitative, diverse and at the end of the day a differentiated banking organization, [MIL/MK 4].

All interviewees in organisation E agreed on the clarification of the distinctive features that add to their competitive advantage status, “I could be better, I could be faster, I could be cheaper, and I could be more innovative. In products produced, services provided, and the human resources to deliver them to existing and potential customers”. In addition, the Retail Branch Manager expressed a holistic view of the corporate competing factors that made a difference to their competition, admitting, “It is all a matter of marketing and interpersonal relationships” [MIL/SAL6].

Organisation E, according to interviewees’ responses, was thus able to provide existing as well as prospective customers with the following distinct relational factors:

a) Tailor-made, personalized, fast and reliable customer service leading to a long-term profitable business relationship for both parties

b) Adequately trained sales-reps/entrepreneurs who would listen to the customers’ financial needs and provide them with financial solutions (product/services solutions bundling);

c) A small, flexible neighbourhood type retail branch network, where customers meet with educated, young people who were willing and able to provide them with expert banking services and,

d) A set of competitive product/services.

In concluding, this set of four distinct relational exchange factors benefited both the customer and the sales-rep, and made a difference to a relational services organization.

Administration of organisation C (a local and traditional type of Bank), following acquisition by Société Générale Bank, strategically shifted attention towards a competitive status banking firm. With this approach, line management adopted a mixed strategic marketing orientation, which borrowed ingredients from both transactional and relationship marketing philosophies. Their administration inherited the particular strategic orientation model from the parent organization in France. The Bank was among the top ten Banks in Greece with a market share in the major product categories ranging between three and five percentage points. Significantly, the Marketing and CVM Director of organisation C indicated, “The strategic orientation changed after the acquisition to mix the good parts of both organizations”. However, the Bank’s diversified strategic marketing goal was to extend focus by repositioning its corporate brand and its corporate image towards a customer-centric organization, providing excellence in customer service with products/services fitting customers’ financial needs [GEN/MK2].

In this direction, the Bank modified the structure of its back office. The management goal was centralized back offices aiming at achieving homogeneous management quality and operations and efficient monitoring and control.

The strategic shift of organisation C to a customer-centric status had a strong impact upon the change of the traditional sales-rep’s role, to that of a “relationship marketer”. According to all three interviewees in organisation C, this specific job assignment was identified by line management as being that of a “banking consultant” (see section 2.3.). The shift created a strong opportunity for an all-inclusive interdepartmental alignment of HR, sales and marketing leading to effective implementation of the RM strategies by sales-reps.

The sales-reps of organisation C perceived the change of their role as a cultural shock. They had to abandon the traditional, habitual way of doing transactional business and shift to a more creative and dynamic consulting role, placed as a connecting link in between the customers and the Bank.

The Marketing and CVM Director in organisation C contended that the corporate strategic orientation and structural change was a dynamic business approach. Given the new relational operational model, a strategic marketing unit – created by line management - defined competitive marketing systems, processes and best HRM practices that best served the markets.

> We have recently segmented our relationship marketers according to our banks’ strategic model. We now employ relationship marketers for business and professionals as well as relationship marketers for individual private customers, for standard customers, for core customers and for affluent customers, [GEN/MK2].

The Marketing and CVM Director in organisation C observed that "line management perceived the adopted relational strategic model as containing a pattern of human resources growth and development which differentiated the firm from their competition".

He fully justified his rationale commenting, "Given our relational model of operations, the customers of the bank have the opportunity to discuss their financial needs with the relationship marketer. Relationship marketers are fully available in explicitly serving their banking products portfolio", [GEN/MK2].

This was a strategic orientation shift towards customer retention by the adoption of cross-selling and up-selling marketing practices. Moreover, the strategic goal of administration was to emphasize the relational strategic model implementation phase, incorporating learning and development organisational support.

The HR Professional Performance Advisor (e.g. a business partner role) in organisation C commented on the relationship marketers' perceptions and reactions regarding the organizational changes:

> They are today more eager, positive after an initial first hard year and certainly less reluctant to adopt the new way of doing business in our Bank. All of the sudden, new terms rushed in their lives such as product portfolio and segmentation variables, Relationship management and the new branch profile–image along with the new operating procedures. The Bank *had to shift to a fully customer-centric organization* providing excellence in customer service and products that would fit customer's financial needs. It is true that our current strategic orientation is customer satisfaction and this is the case, regardless if we belong to the HR or the retail branch network, [GEN/HR3].

Given the market-driven status of organisation D, the Regional Sales Manager also considered the adoption and implementation of a relationship marketing strategy, along with speed and flexibility parameters largely attributable to a small-size organization, as competitive advantages of his Bank.

> I consider RM strategy as the most effective customer-centric methodology. I am not negotiating at all the warm, caring customer relationship approach that we currently employ in our organization, [PROT/SAL 7].

Organisation D represented the business case of a small but market-driven banking services organization, whose management decided to assume and implement customer-centric marketing practices as a means of effectively competing with larger banking organizations. The Regional Sales Manager acknowledged that there was a constant global banking industry evolution into product offerings. Marketing people spent considerable time and effort in developing new products/services and modifying existing ones to accomplish their sales goals. In his opinion, the competitive advantage of any banking organization was to establish and maintain a long-term business relationship with the customer. In fact, all interviewees in organisation D observed that the firm's competitive advantages were speed and flexibility in operational decision-making, mainly due to its small size.

Drawing an initial conclusion, the strategic orientation of the firms that were included in the sample set represented a major issue of debate between the various relevant, corporate stakeholders. Most interviewees recognized the industry / market need for a holistic transformation to RM practices but they were not yet ready – somehow they were reluctant - to shift direction and abandon the transactional – performance management systems and practices to RM strategic implementation.

All of them wanted to accomplish organizational fitness and remain competitive in the market. However, for some firms (e.g. the two transactional oriented firms) the strategic implementation of RM as a corporate scope was not a clear purpose of development. Therefore, line management in the two major banking firms of the sample set assumed parallel transactional and RM strategies. However, the simultaneous implementation of RM and Transaction marketing developed an erroneous managerialist belief, since there was continuous, stress-generating pressure on sales-reps to accomplish short-term sales quotas. In this respect, sales-reps were puzzled by conflicting marketing strategies and finally end up pursuing the short-term sales goals to avoid significant pressure from line management. On the other hand, there were three relational firms in the sample set that shifted their corporate attention and focused entirely on RM strategies and implementation practices, investing significantly on their sales-force skills and competencies. This is an issue that will be further discussed in section 5.5., tables 13 and 14.

4.2.2. Marketing structures and practices

The investigator conceptualizing the significance of marketing towards the justification of the RM and HRM strategic alignment process produced a perceptual map positioning marketing in each banking firm. He accomplished the perceptual map based on interviewees' testimonies, perceptions and acquired knowledge through observation practices. In this direction, the investigator defined the perceptual map as "marketing practices" adopting Sheths' (2006) positioning marketing practices approach. Therefore and according to the marketing practices, the vertical axis of the map positioned marketing on one side regarding the corporate functionality and on the other side with the business unit functionality. The use of the specific two axis phraseology is primarily to detect the level of strategic and operational placement of marketing as a business function or an activity – see AMA definition, 2007 (section 2.2.) within each banks' corporate philosophy. Similarly, on the horizontal axis of the perceptual map, respondents positioned marketing regarding the variability in between line and staff functions. The specific phrasing indicates levels of authority and power of the marketing discipline within the organizational structure.

Figure 7: Marketing practices

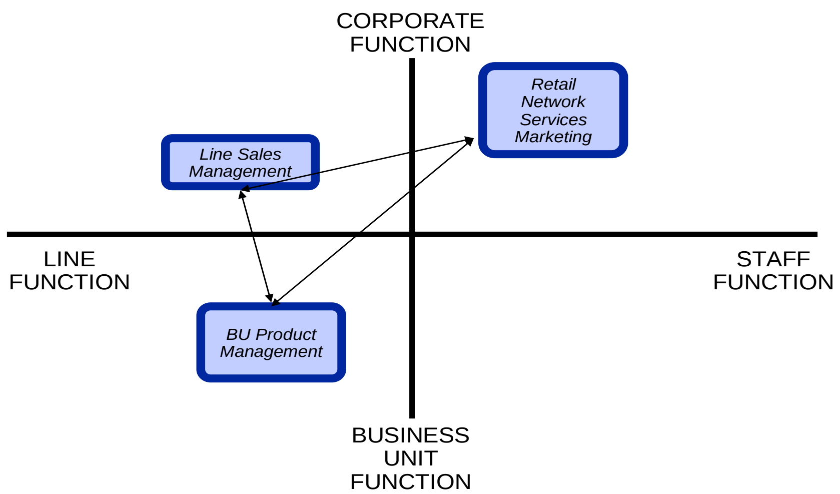
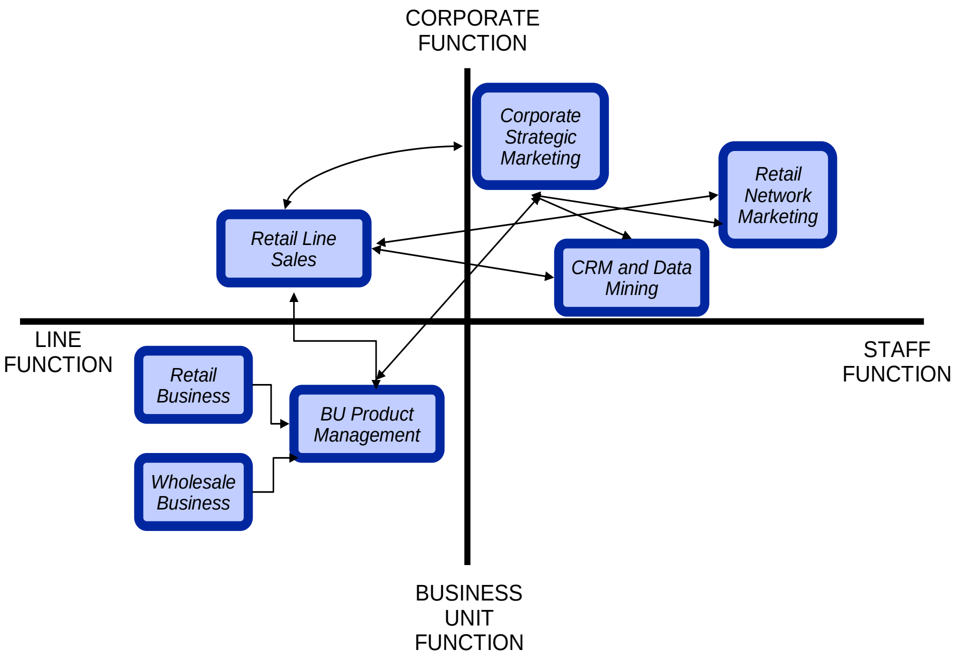


Figure 7a: Marketing practices



Source: as adopted by Sheth, (2006)

Given the strategic positioning of marketing (perceptual map is derived by organisation A empirical case study) the investigator extracts useful research findings that conceptualize the marketing (relational or transactional) and later HRM structures impacting on strategic orientation, value generation and interdepartmental alignment potential. Most fundamentally, the investigator observed significant resemblances amongst organisations A and B (the transactional financial services firms) regarding perceived significance of marketing infrastructure and hence strategic orientation.

Given this perceptual map (see figures 7 and 7a), respondents' acknowledged that marketing in transactional organisations A and B was product-centric incorporated in distinct business units. Therefore, a marketing department that only belonged to the specific product unit supported the operations of every different product-business unit. Clearly, the corporate marketing effort in these two firms aimed at generating customer demand for specific products/services through planning, programming and implementation of mass, communication and promotion strategies – a classic, traditional four to six Ps brand management approach. Further and always according to the specific perceptual map, there was a corporate-staff strategic marketing unit in both organizations A and B.

This was thoroughly encouraging, since interdepartmental coordination and marketing alignment reflected equally on marketing structures linked to strategic orientation. Clearly, the scope of strategic marketing unit was to coordinate the banking marketing effort. Thus, their scope was to provide product marketing management with the strategic framework guidelines, as well as enhancing the corporate communication strategy. Simultaneously, the strategic marketing unit experts administered CRM and CVM data mining applications and practices (e.g. market intelligence systems), target customer analysis and multidimensional segmentation.

> This is practically a large-scale interdepartmental marketing alignment, [EUR/MK1].

In organizations A and B, administration authorized line sales management to work with data analysis and implementation parts of the CRM system into sales action. Sales and marketing departments are usually structured and managed as two independent departments in larger organizations, although smaller organizations may have a single department with integrated goals (LeMeunier-FitzHugh and Piercy, 2008). Critically, there is some doubt that sales and marketing personnel appreciate the need to work together, sometimes puzzled by a lack of understanding about each other's role. Homburg and Jensen (2007) suggest that sales staff (e.g. line sales management and sales-reps) should play the role of customers' advocate, while marketing promote the interests of products/brand. This could result in enhanced market performance as each side strives to improve its position. Certainly, an organization adopting a customer-centric orientation should strive to improve internal relationships to satisfy customer needs (Biemans and Brencic, 2007).

Most significantly, line management in organizations A and B recognized the immense need for active, integrated marketing activities at the retail (B2C) points of sale. Therefore, they launched a retail network-marketing department (a staff business function) as a product marketing support department.

> For the retail network-marketing department the product is the retail branch. In addition, obviously every little issue that is around and about the retail branch marketing. The corporate strategic marketing department is the safeguard off the entire corporate communication strategy, [EUR/MK1].

> Our job role as marketers is that of the provision of expert marketing services to the sales – the retail network, [MAR/MK3].

One of the many priorities of the retail network-marketing department in organizations A and B was therefore to support the provision of personalized, tailor-made, services to existing clientele through a personal banking line of service. This was in fact a first attempt to tackle systematic, customer-centric, prospecting methodology. Given the personal banking line of service, the customer was considered by line management as a "profit centre", for the banks. However, LINE management of the two large banking players was skeptical over a large scale adoption and implementation of RM as a corporate business philosophy. They felt that their approach to the Greek and international financial markets was more of a combination of Transaction and RM strategies. They based their rationale on their accumulated perceptions regarding the Greek market growth rates.

> The more mature a banking organization is the more complex structures and marketing methodologies. In case that a market moves up, then you do not have much of a strategic alternative but to apply solid brand management to tackle the competition. However, in case that the market growth rates are shrinking and there are signs of maturity, then we should initiate RM as a differentiated marketing philosophy, [EUR/SAL1].

The Marketing Director in organization B observed:

> The Greek banking market is not yet saturated. There is business potential for market growth and expansion, which still guides us to invest into a mass strategic marketing approach. Our organization should soon direct effort towards an applied RM philosophy, [MAR/MK3].

A careful observer could remark that the design and development of the retail network-marketing department enacted partial RM implementation at the retail points of sale. However, the design and placement of the new marketing scheme was vague and thus incomplete, even at the two large banking firms that initiated such an effort. As a result, the two large banking firms marginally accomplished the systemic implementation of RM strategies. In this context, the retail network-marketing experts were plain facilitators and not actual decision-makers. Nevertheless, the scope of business of the retail network-marketing department aimed at:

a) The materialization of corporate core business values, priorities and strategies,

b) The design, planning and implementation of tailor-made activities at any retail branch or bundle of retail branches in the same geographical area,

c) The administration, facilitation and supervision of the retail branch efficient sales forecast, the retail branch operational effectiveness and the development of systematic customer visits and

d) The analysis of sales-reps' performance

In fact, the top management of organisations A and B, launched and developed the retail network-marketing unit on the rationale that - the satisfaction of 1) consistency and reliability of communication messages at the points of sale, 2) harmonized, undisrupted flow of bidirectional communication between all publics involved in marketing and 3) materialization of organizational connectedness – links to corporate sustainability and competitive advantage.

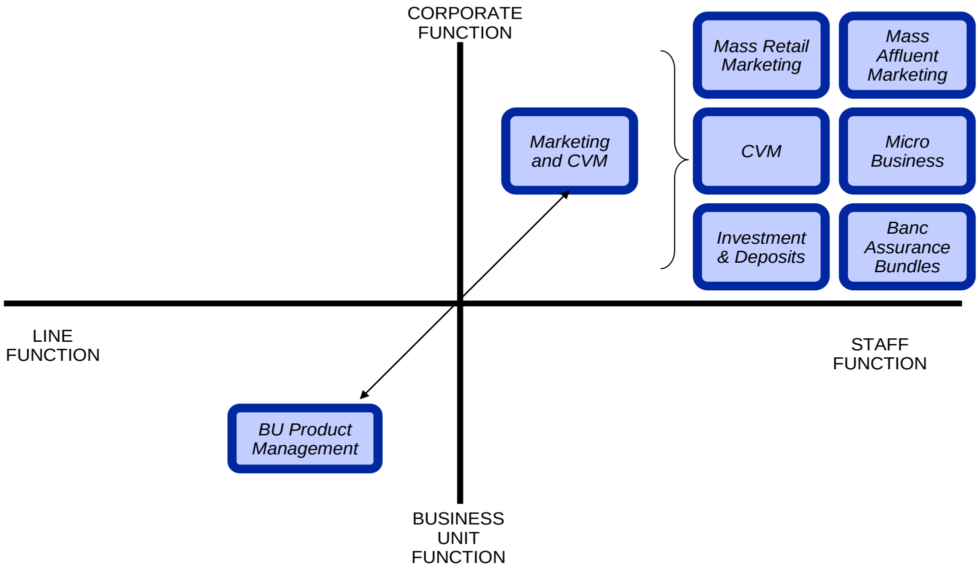
<u>4.2.2.1. The relationship-marketing experience</u>

Three banking firms (organisations C, D and E) in the sample set philosophically adopted and strategically implemented RM strategies. In all these three cases, interviewees perceived marketing as a strong criterion of their organizational growth and corporate success. Moreover, all interviewees in these three firms perceived that relationship marketing strategy design and implementation was a sustainable competitive advantage in comparison to the two large banking players. They had in fact to initiate and develop sound RM strategies to tackle the market niches – since pricing was by no means a competitive issue for them. However, only organization E fully endorsed and systematically implemented RM strategic orientation within its marketing infrastructure. In this case, management of organization E instilled RM as a pragmatic business philosophy (see figure 8).

In parallel, line management of organization E valued high the contribution of human resources (e.g. the sales-reps) towards an effective and efficient implementation of its strategic orientation. In this case, the integration and interaction of RM and HRM seemed by interviewees as plainly logical, corporate strategic orientation.

In comparison to the transactional oriented firms (organisations A and B) that focused on product-centric infrastructure, the administration of organisation E focused entirely on customer-centric strategic orientation. In this direction, they designed their corporate marketing infrastructure creating large customer segments-business. They strategically considered these major customer-segments business as key for the growth and development of the firm's profitability (see figure 8). Moreover, it is clear that the Bank equally followed, as the remaining banks a business unit - product management approach. However, and according to the interviewees' perceptions, product management fully aligned to the centrally located marketing and CVM department. In the Marketing and CVM director's opinion, there was a direct, almost perfect match between the adoption and implementation of strategic orientation and the retail marketing unit infrastructure. In such an active, innovative organizational setting, a marketer could not be by definition product-centric but largely customer-centric. Otherwise, a gap of interdepartmental understanding and effective communication could elaborate, [MIK/MK5].

Figure 8: Relationship Marketing Practices



Source: as adopted by Sheth, (2006)

Drawing on figure eight, marketing and CVM specialists in organisation E aimed at primarily understanding and then conceptualizing existing customers segments' financial needs. Marketing in this direction, would match financial needs of specific customer segments with a bundle, a new product/service financial solution. Truly, such a relational marketing approach represented a differentiated strategic orientation to transactional marketing, since it linked marketing infrastructure to strategic marketing orientation (see section 4.2.1.).

Thus, the role of sales-reps (as one of the key factors of a coordinated interaction) in a relational financial services firm becomes critical for joint value creation between the customer and the buyer. Most fundamentally, during a relationship the supplier connect with the customer in terms of coordinated interactions and hereby "*these distinct processes merge into one integrated process of joint value creation*" (Grönroos 2008, pp. 302). Therefore, the opportunities for joint value creation embedded in interactions have implications for value co-creation as well as for marketing. Thus, during a possibly unique interaction process between the sales-rep and the customer in a financial services business setting, the sales-rep *"can actively and directly influence the customers' experiences and therefore also their value creation"* (of value-in-use) (Grönroos and Ravald, 2011, pp. 13).

> This Bank views the relationship with their customers through the scope of innovation, speed, and product that are no longer just products, but banking integrated solutions. Moreover, we eventually define RM through the prism of innovation, speed and simplicity in customer service, [MIL/MK 4].

Ideally, solutions increase the value delivered to buyers, establish barriers to competitors within existing accounts, and create new growth opportunities via product and market extensions (Lane and Piercy, 2004). The solutions sales model requires that sales-reps invest more time and effort in identifying a customer problem and then configuring available resources in a manner that addresses the focal problem (Dhar et al., 2004).

Beyond simply communicating product attributes and 'getting the sale', solutions sales-reps must engage in a more challenging process of understanding a prospect's larger business and operating context, identifying an underlying customer problem, and articulating a potentially novel solution (Cerasale and Stone, 2004).

Interestingly, this insight into a customer's business goes well beyond simply understanding the types of products or services the customer requires. It rather constitutes a much broader awareness of a customer's internal processes, significant market events, and the customer's position within the market as well as an accurate projection of where both the market and customer are heading in the future (Cova and Salle, 2007). Thus, like entrepreneurs, successful solutions sales-reps must be sensitive to changes in customer and market patterns. Moreover, in the product customization and integration stage of solution selling, a sales-rep must work to align resources from within a customer's organization with a supplier's resources in a way that yields a solution to the focal problem (Tuli et al., 2007).

Considering all of the above parameters, the right marketing mix ingredients were according to the Marketing and CVM Director of organisation E, talented, skilful, competent employees, highly advanced CVM systems (e.g. market intelligence) and predefined business processes, [MIL/MK4].

It is remarkable to note that organisation E launched operations in a transactional marketing pattern. However, in the following years, the Bank developed its corporate philosophy and values and shifted focus into a customer-centric financial services firm. Following this customer-centric philosophy and upon the first contact encounter moments between the seller and the prospective buyer, a systematic and tailored sequence selling process took place aiming at high customer involvement over the building and development of a valuable banking relationship between the two parties-the customer and the Bank. In this direction, the marketing and CVM management of organisation E has set a number of relationship-marketing key performance indicators (KPIs) in monitoring the successful implementation of this strategic effort. The marketing management of organisation E established relationship marketing-KPIs in the context of the existing customer-Bank relationship life cycle, as well as the criteria for the determination of profitability and the nature of the product/service offering solution bundle. Thus, and as part of the new-customer acquisition implementation phase, marketing management of organisation E launched a fully customer-centric operational methodology to be implemented exactly at the point of sale. Consequently, a skilled and competent sales-rep during the transaction service encounter uses a sophisticated MIS software application to determine a prospective customer’s financial needs.

The goal was to provide the customer with a product/service financial solution (a product - solution bundle) based on clearly defined needs on relational segmentation variables predefined by the marketing department. Clearly, this is a one-to-one relational exchange between the buyer and the seller defining the actual scope of business of the banking organization.

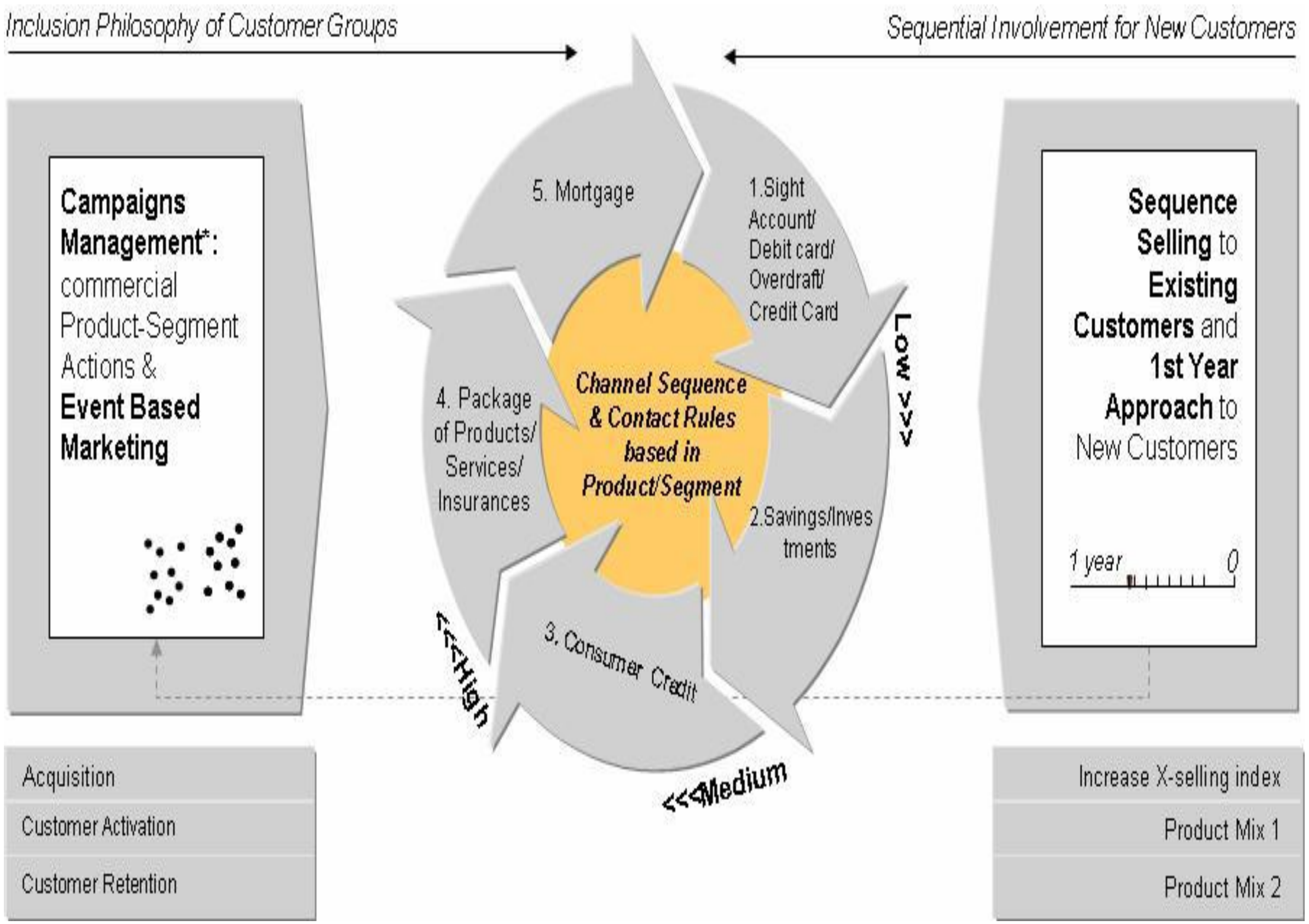
The role of the sales-reps during the relational exchange is of key importance for the materialization of a campaign plan. The sales-rep in organisation E defined the first phase of the new-customer acquisition methodology as a ‘Push-over-Pull process’; an advanced CRM software application providing the ground for tailor-made customer handling.

> The ‘Push-over-Pull’ software application provides our people at the front with the customers’ standing ‘share of wallet’ along with the remaining range of products fitting their segmented profiles, [MIL/SAL6].

Following the first three months of new-customer acquisition, the marketing and CVM specialists applied a welcome and relationship building process, enhancing and maintaining the newly formed business relationship between the customer and the Bank. Drawing on the plan (see figure 9 and appendix 10), the marketing and CVM experts in organisation E used behavioural segmentation (e.g. segmentation based on the action potential and/or first purchase potential) tackling potential cross selling – up selling and relationship building activities. This was a first-year “expanding the core banking business approach”.

Most significantly, line management based their business approach on two major strategic relational orientation principles. The first underpinned the inclusion philosophy of customer groups and the second the sequential involvement for new customers. According to this inclusion process philosophy of customer groups, marketing and CVM specialists maintained and supported three stages of the RM implementation process. Thus, during the first stage of RM implementation process, sales-reps managed customer acquisition. In this stage a sales-rep, communicates during the encounter process a product/service solution following a careful examination of a customer’s financial needs. In fact, this is the beginning of the buyer-seller relationship. Following the inclusion philosophy, marketing in alignment with sales proceeds to customer activation (e.g. increase share of wallet business), adopting series of direct marketing campaigns and event management (see figure 10). However, the ultimate goal of the relational selling approach is customer retention incorporating the co-creation and co-development of values between the buyer and the seller that would create bonding ties to last for a long period. Line management of organisation E expressed their satisfaction over the implementation of RM strategies and the direct consequences upon their profitability and growth indices.

Figure 9: Expanding the core banking business



Source: Millennium Bank, corporate records (2008)

In explicitly developing the second part of the customer groups' inclusion philosophy, Marketing and CVM specialists in organisation E, implemented systematic sales commercial cycles (adopting and implementing campaign management practices, see figure 10) for segmented customer groups sharing similar characteristics/financial needs.

The specific relational strategic orientation was towards the adoption of behavioural type of segmentation (see Appendix 10). Therefore, marketing and CVM specialists approached newly acquired customer segments applying own-distribution channels, avoiding the use of indifferent telemarketing practices. These own distribution channels included among others, the contact management centre and the sales-reps in monitoring and refining the appropriate pipeline.

Towards an effective relationship marketing strategy implementation in practice, the marketing and customer value management (CVM) specialists in extended alignment with line sales (see Appendix 4) followed up with a second wave of segmentation criteria in the second phase – customer retention–economic performance (e.g. existing customers).

According to the RM plans in organisation E, the segmentation criteria of the second wave varied on satisfaction potential, customer retention potential and success potential. As part of this approach, marketing forwarded lists of prospective customer to sales-reps who would participate in the implementation process using the 'Contact Master System' of the Bank – an upgraded CVM system.

The sales-reps of any given retail branch of the organisation implemented both waves of the campaign management approach. This was a definite customer-centric approach (e.g. value development and one to one buyer and seller interaction) since it preassumed that a customer, who initiated business with specific sales-reps, needed to listen of new products/services from them only. Given this parameter, sales-reps would direct communication to targeted groups of customers, following behavioural or sometimes relational segmentation criteria. The customers who were actually approached by sales-reps were recorded in the "Contact Master System" serving the purpose of report generation and feedback for the next commercial cycle sales activity.

Drawing on a relational oriented services firm, as the means of building a sustainable competitive advantage in the financial services industry, the need for segmentation based on customer's commitment, trust and loyalty becomes increasingly significant. "*Segmenting customers based on the relative strengths of personal and functional connections with the brand / service increases both the information content of segment membership and the probability that members of different segments will behave differently in the marketplace"* (Story and Hess, 2006, pp. 406). These active researchers in the RM field, invested in trust-based commitment model – on the design and implementation of RM focused segmentation variables. According to this model, there are two dimensional measurements mentioned, the functional and the personal. The functional dimension focuses on satisfaction and the basic utility of consumption – a transactional approach. Given the Story and Hess (2006) model, personal connections result from beliefs and feelings that go beyond basic product functions. Customers may enhance personal connections by incorporating brands into their self-concept and deriving pleasure from relational experiences. The more an organization shifts towards an RM focus, the more the need for effective customer segmentation variables beyond the traditional marketing segmentation variables (e.g. psychographic, demographic, geographic variables).

In appraising the effectiveness and efficiency of the existing operational system, the Marketing and CVM Director in organisation E, used a sales performance, measurement system defined as the "total branch achievement ratio". The Retail Branch Manager in organisation E, noted on the sales control and monitoring process:

> The "total branch achievement ratio" is a systematic sales performance, measurement procedure directly connected with cross selling relationship building activities and effective telecommunication sales, [MIL/SAL6].

Comparatively, in organisation, C the Marketing and CVM Director presented a targeted activity directed towards the Greek Air Force men and women. He noted on the application of segmentation and targeting variables,

> We are using propensity probability models in our RM approach. That is we try to estimate the probability that a customer would purchase a given product/service. This is a data mining statistical

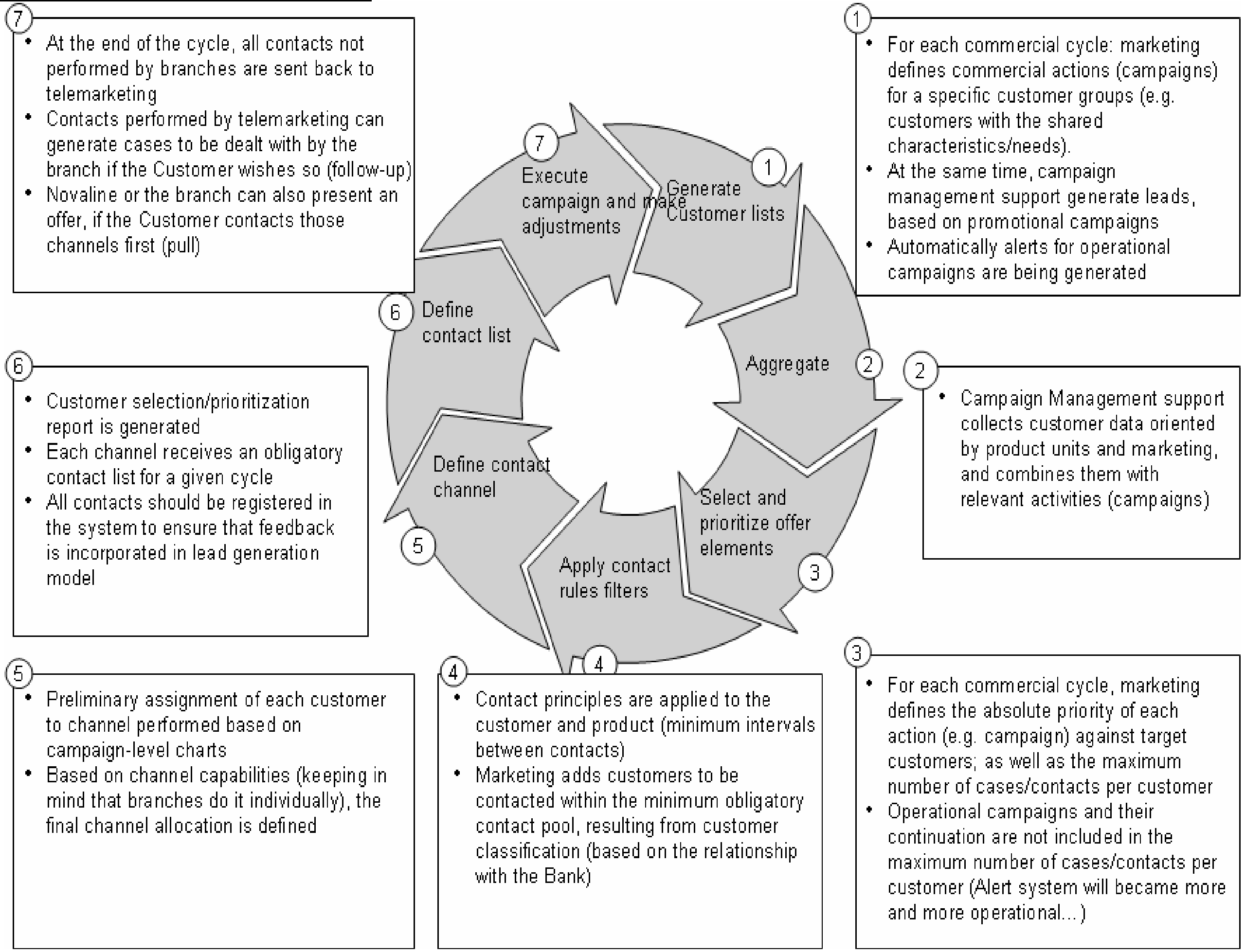
> model that gives us customer inclinations and purchasing behavioral trends, [GEN/MK2].

It should be noted that a number of internal groups in organisation E (e.g. marketing and CVM, line sales) synergistically worked in the implementation phase of every marketing campaign devoted to a new product/service financial solution offering. Comparatively, the Marketing Director in organization D observed regarding their application of relationship marketing philosophies:

> The adoption and implementation of systematic RM provides a competitive advantage to our Bank versus the big players within the Greek banking market [PROT/MK5].

In concluding, a relational marketing approach represents a differentiated strategic orientation to transactional marketing, since it links marketing infrastructure to strategic marketing orientation. Thus, the role of relational sales-reps (as one of the key factors of a coordinated interaction) in a relational financial services firm becomes critical for joint value creation between the customer and the buyer.

Figure 10: The campaign management process



Source: Millennium Bank, corporate records (2008)

4.2.3. HRM structures and practices

The investigator in examining the significance of HRM, as a value-creating process for a relational services organization, highlighted as part of his field research findings a strategic shift of HRM from the transactional, internal process model towards an external orientation of HRM. This is characterised by a combination of the open system and rational goal models (see figure 1) providing an interdepartmental linking, facilitator, and advisory functional HRM role status.

Interviewees in organisations A and B, perceived the HR key assignment task as about being able to network and influence, trade and negotiate with various organizational publics. Clearly, such a strategic shift of the HRM structure towards a more interactive external type of orientation facilitates strategic thoughts for an effective alignment of RM and HRM in a relational oriented services firm.

Hart and Quinn (1993), in their study of leadership roles found a positive relationship between the role of vision setter (corresponding to the open system model) and business and organizational performance. Denison and Mishra (1995) in their academic study note that the organizational culture marked by flexibility, adaptability and external focus positively relates to sales growth and organizational performance. The same study shows that control and external focus positively link to profitability, sales growth and organizational performance.

In organization, B the investigator observed the existence of two HR units framing the HRM structure - orientation. The first was a centrally located, administrative HRM unit that employed HR specialists on labour recruitment and selection, training and development. However, in organization B there was a second HR unit which was defined by line management as the “office of business partners”.

Administration launched the specific HRM unit in dealing with Strategic Human Resource Development (S-HRD) issues and employing an extrovert, linking, interacting role in between line management and the sales-reps.

All interviewees in organizations A and B perceived HRM as an externally oriented function aiming at synergies - linking sales-reps and the line management (see Appendix 5). Most profoundly, this was an indication that HRM in the specific firms had a differentiated role, leading towards interdepartmental alignment with line as the means of accomplishing corporate strategic objectives. The Business Partner of organization B commented strongly on the HRM differentiated role:

> We do not want any longer faceless, meaningless HR activities within an office-closed business environment. We should get involved with the line business, be out in the market side by side with the functional line business units, [MAR/HR4].

She further emphasized on her critical role assumption:

> The established HR officer role claims for interpersonal relationships and communication with the heads of the line. In this particular HR, setting the HR officer role is a connecting, integrating link between the HR and the departmental heads. In fact, this job role goes a step ahead and gets more involved, cooperates with the sales-reps themselves, [MAR/HR4].

In organisations A, B and C the investigator had the opportunity to interview the appointed business partners and obtain their insights and perceptions regarding their task assignments. In these firms, the business partner was a newly appointed HR officer, serving as a link, a facilitator in between sales management, the retail network-marketing and HRM. It is significant that line management / interviewees even in the two larger banking firms (where the stakes of power and authority were high) perceived positively the appointments of the HR business partners.

There is much discourse in literature about who exactly the key stakeholders are in the HR strategic partner model. Some of the contemporary writers focus on the internal or micro aspect; others focus on both external and internal, macro and micro. Ulrich and Brockbank (2005) identify external stakeholders as investors and customers and internal stakeholders as line and employees. Ulrich, (1997) defines them as senior and line management, Garavan (2007) identifies the key stakeholders as the owners/investors, employees, internal and external customers, and finally Peterson (2008) defines key stakeholders as top management, line, HRM and employees.

Previous literature further defines a key stakeholder as anyone that derives value or satisfaction from HRD outcomes or deliverables (Garavan, 2007; Peterson, 2008, Wright et al., 2005; Ulrich and Brockbank, 2005). Deliverables are though only possible as long as alliances with key stakeholders exist to support the organizational objectives. These strategic partnerships are heavily reliant on the organizational dimensions and capacity (Peterson, 2008), capability and ability (Ulrich and Brockbank, 2005) and organizational structure and culture (Garavan, 2007). The investigator considers the academic approach of Ulrich and Brockbank (2005) and Garavan (2007) as closer to his conceptual alignment framework (see chapter five).

In this respect, the key stakeholders in the HR strategic partner model are line (Sales, HRM and Marketing) being the internal customers linking to the external customers. External customers are the ones who will conceptually derive value and satisfaction from a strategic RM and HRM alignment application.

Following field research findings, all interviewees in organisations A, B and C perceived the strategic launch and development of the HR business partner as a positive organisational change aiming at fulfilling the critical for success HRM gap in-between line organizational publics and the sales-reps. Thus, the rationale behind the design, adoption and implementation of the business partnering linking scheme was the strategic corporate intent of organizations A, B and C:

1. To facilitate the flow of harmonized, undisrupted bidirectional communication and enhance consistency and reliability between sales-reps, the sales management and marketing
2. To manage and further improve organizational connectedness issues between line and the sales-reps
3. To develop the effective implementation of RM strategies at the points of sale through the corporate investment in people

However, it remained unclear based on the research findings whether the HR business partners should in the future become strategic business partners to provide a ‘Value Proposition’ to the various internal market employees/ publics or remain as "trusted advisers" to be viewed by senior managers as valued "servants of power" (Wright, 2008).

Truly, the evolution of the HR business partner role in the financial services industry represents a challenging research issue for the investigator that attempts to provide a framework of development in his current thesis (see section 5.5.1.).

Clearly, and as a major part of a strategic corporate change (e.g. a firm that adopts and implements a relational strategic orientation, maintaining open – out – of the office marketing and HR infrastructures) an HR business partner gets strongly involved in the corporate communication space where interaction and dialogues occur between different functional managers and knowledge workers.

Following the launch and development of the HR business partner role, line had to cooperate with them over critical retail HRM issues (see Appendix 1 and 5) such as:

A) The recruitment and selection of skilful, competent sales-reps whose orientation would be on the implementation of RM strategies at the point of sale.

The Marketing and CVM Director in organization E observed:

> The Greek banking market is fragmented. There is significant competition concerning the selection, recruitment and placement of human talents. […] You simply cannot find the right people to do the job. Moreover, that affects the development of a firm's operational practices in the market, [MIL/MK4].

The Marketing Director in organization D noted on the same topic:

> One of our basic values is hire people for attitude and train them for skills. The desired attitude of new recruits is that of caring people and outgoing employees capable of enhancing and maintaining a long-term, profitable business relationship with our customers…It is a very different concept if the organization is sales oriented. You would then need much more aggressive employees who do not really care what will happen with the customer after the finalization of the sale. […] Our product–service solutions might not match the customers' needs, but you will know Mr. Customer that I cared for you; this is a fully interactive model, [PROT/MK5].

B) The design and implementation of joint, intuitive reward schemes in motivating sales-reps. However, the hard part of the matter was the qualitative contribution of sales-reps' daily work output, a particularly hard to measure issue for organizations that adopted and implemented performance management systems.

> Our performance management system combines the appraisal of quantifiable criteria, such as performance against targets, with modern performance management approaches that assess the skills, or competencies, demonstrated by each employee during their work. The aim is to enhance overall performance through personal improvement, [EUR/SAL1].

However, the Sales-rep in organization A contradicted the above statement***:***

> We do not have a clear financial motive. The reasoning is that my personal quantitative goal setting is not in my opinion either realistic or achievable (always considering the market conditions that we are daily performing). Congruent goal setting does not exist in our bank, [EUR/SAL2].

C) Interviewees considered training of sales-reps as an undisputable source of inherent learning and development. However, in most banking firms, training was product-centric, or even operations focused, due to the satisfaction of the regulatory parts of the sales-rep task assignments.

> We focus on providing our sales-reps with corporate, systematic training over attitudinal, customer caring issues… the sales-reps' soft skills development is a clear goal to accomplish. However, we have internal line management resistance on such issues in the bank, [EUR/SAL1].

Truly, a transactional organization (e.g. organizations A and B) focused on regulatory – technical knowledge whereas relational oriented organizations (e.g. organizations C, D and E) focused on the development of specific skills and competencies, in parallel to regulatory learning (see sections 2.23., 2.23.1. and 5.4.1.).

D) The management of sales-reps' evaluation and performance development is one of the key, sometimes conflicting issues of the synergistic activity between Line and the HR business partners.

> The sales-reps performance development methodology is based on the 'Job Family Scheme' which assists employees from all levels to advance within a 'Job Family', or even within a 'Relative Family', depending on the knowledge, experience, skills, and competencies they possess, or have acquired during their professional career. On this basis, the bank constructs their career development, assessment, as well as remuneration and benefit performance management systems, [EUR/HR1].

Moreover and according to the HR Business Partner in organization B:

> We receive rotation requests direct from our sales-reps. With the creation of the SHR-partner role, we provided a direct communication line to our labour force. People are now free to talk and communicate impressions and perceptions on internal policies and infrastructure development issues. People are free to suggest operational changes. Therefore, we acquire a confidential rapport on the line business unit internal function, [MAR/HR4].

The Assistant GM Customer Service in organization A, observed on the corporate performance appraisals and the contribution of the business partner role:

> The business partner and his team are able to critically comment on the sales-reps' performance appraisals, since they know upfront most of our retail network people and are thus able to recommend series of corrective actions for their performance improvement. There could not be any other way that the HR department centrally placed at the bank could operationally work directly with our people at the retail branch network, [EUR/SAL1].

The Business Partner in organization C observed on their application of sales-reps' performance appraisal**:**

> We have incorporated within the performance appraisal a number of qualitative input criteria. We produce an evaluation score adding quantitative and qualitative criteria effectiveness. The performance appraisal is ranking on a scale to provide for extra effectiveness reward. The HR role is to safeguard the process. Our role as business partners is to ensure while visiting Line Managers that everything runs smoothly in the evaluation process, or even blemish any problems and advice for immediate correction, [GEN/HR3].

Moreover, in the two large banking organizations (A and B), Human Resource Development (HRD) practice gained significant consent by administration (see section 2.16). These two firms adopted such a direction due to a strategic HR orientation calling for the development and enhancement of knowledge management practices (see section 2.14.1.6.). In this respect, the administration of organizations A and B designed expert training schemes that upgrade knowledge workers' skills and competencies in their assigned tasks. They further enhanced multiplicity and complexity of assigned sales-reps' business tasks clearly upgrading the front-line employee job post. They finally acknowledged scarcity of competent and skilful human resources to take over higher positions at the geographically dispersed retail network. HR and line management also identified an immense need for sales-reps' intrinsic type of motivation (e.g. non-financial monetary rewards) in tackling stagnation in financial reward schemes. However, in organisations D and E, interviewees perceived HR as performing a traditional business role. This was the role of a non-personalized, centrally located staff unit dealing with the administration of the HR-cycle.

In concluding, HRM as a business function received considerable attention from all interviewees that recognized the immense need for skilful and competent sales-reps to perform above standards within the retailing outlet (e.g. a peoples' management perspective). Moreover, the HRM infrastructures parallel to that of the marketing reflected the corporate strategic orientation and had a strong impact upon organizational fitness.

4.2.3.1. The HR role of line management

For many years, there has been immense speculation about the advisability of devolving HRM issues to line (Hall and Torrington, 1998; Ulrich, 1998; Gratton et al., 1999). Sisson and Storey, (2000) argue on the one hand, that HR resides properly with the people directly responsible for supervising staff whose primary purpose is to manufacture products, sell goods and equipment or provides a public or customer service. While there might be problems ensuring that these line managers have sufficient knowledge and skills to supervise staff effectively and consistently, these individuals are in the best position to adopt the most appropriate HR styles and practices. On the other hand, there are claims that effective HRM cannot be delivered by line managers whose primary responsibilities lie elsewhere, namely in meeting service or production goals, and who have scant regard for learning how to find ways to get the best out of their staff. Following this assumption, academics argue that line managers are bound to need continuous and systematic support and training from HR specialists to ensure that they do not make mistakes that can be costly later (Earnshaw et al., 2000; Renwick, 2000; Marchington and Wilkinson, 2002).

The investigator advises that it would be more fruitful for the effectiveness and efficiency of a relational focused services firm to identify how line managers and HR specialists systematically work together in a developing a viable and developing business partnership (see section 2.19.).

In all five cases, sales management got involved in the entire sales-reps' HR-cycle process (see Appendix 5). However, they paid little attention to the human resources career development having an unsustainable fear of losing sales-reps - their performance contributors. According to interviewees, the sales-reps' HR-cycle was largely perceived by line management as an HR territory. However, the final decision-making in sales-reps' HR-cycle was a privilege of line sales leaving the logistics part to HR and very little to marketing, which was distant from human resources decisions. Clearly, in all five banks, marketing had no critical say over sales-reps' recruitment and selection, training and development regardless that sales-reps would be the people who would implement the corporate marketing strategies. In both transaction and RM focused banking firms, line sales management represented the dominant power with extended authority over the retail network activities. In this context, sales management were monitoring sales-reps' HR-cycle issues, thus assuming largely the role of HR specialists.

Truly, many of the criticisms concerning the lack of contribution by HR specialists to organizational performance have come from line management. This broadly takes one or more of four forms. Firstly, line considers HR specialists as out of touch with commercial realities, unable to comprehend the nature of the business, its customers, or its corporate goals. The allegation of line is that HR specialists base their decisions on principles that have little relevance for competitive prospects. In their words, HR specialists do not know how to practically run a business and produce competitive decision-making.

Secondly, line perceives HR specialists constraining their autonomy to make decisions that they feel are in the best interests of the business. Line is particularly frustrated by legal constraints or complains about having to negotiate and consult with union representatives. The third major criticism is that *"HR specialists are unresponsive and slow to act, always wanting to check options thoroughly rather than pursuing a series of actions and not worrying about the consequences until later"* (Cunningham and Hyman, 1999, pp.17). Finally, line criticize HR specialists for promulgating policies that may be fine in theory but hard to put into effect, or inappropriate for their particular workplace. What is though the truth behind all these

allegations of line to HR and how can an organization find a solution for an optimum cooperation (e.g. an effective alignment) between HR and line management?
The HR function is caught in a cleft stick, criticized both for being too interventionist and too remote. The solution to the optimum cooperation between line and HR could be an alignment process as expressed in the recommendations part of chapter five.

In this context, line should accept HR specialists as "HR business partners" with an equal share of responsibility over HR and business decision-making. As Ulrich (1998, pp. 129) notes, "*to be truly tied to business outcomes*, *HR needs to join forces with operating managers to systematically assess the impact and importance of initiatives".* Such an underlying notion is likely to include a significant role for training and developing line. It is though simplistic to assume that human resources management should be undertaken either by line managers or by the HR function, but instead we need to establish how tasks can be combined or divided up between managers (Ulrich, 1998; Renwick, 2000; Marchington and Wilkinson, 2002).

4.2.3.2. Knowledge management and learning

Respondents positively contended on the impact of effective HR-cycle on RM strategies' effective and efficient implementation. More explicitly, the recruitment and selection methodologies ensured that skilful and competent sales-reps have all the necessary relational credentials. The sequential training and development process as defined by Blanchard and Thacker (2007, pp. 6-9) determines the 'why' and 'how' training support is required.

The sales-reps' training and development systems and processes in organisations A, B, D and E aimed at creating and enhancing a learning environment. In fact, a learning organization attracts and retains the best talent by entering into a psychological contract with its employees that motivates them to generate knowledge in return for nurturing and nourishing their professional skills (Thite, 2004). This was pragmatically the case for organizations A, B, D and E that made a significant effort regarding sales-reps' continuous learning. For Dertouzos et al. (1989) and Pettigrew and Whipp (1991), competitive advantage will ensue for an organisation that develops HR policies that promote continuous learning, teamwork, participation and flexibility; attributes that clearly exist within the "best HRM practice spectrum".

Most fundamentally, organisation D represents an empirical example of a relational services firm that initiated and implemented knowledge management practices as a means of gaining a sustainable competitive advantage. In this direction, the administration of organization D, prioritized sales-reps' learning in streaming adequately trained and supported sales-reps at the points of sale. However, line management considered the direct sales prospecting - out of the retail branch - as a required task assignment for sales-reps. This strategic approach had an adverse effect on employees' retention, job satisfaction and performance. The 'how to train' a banking sales-rep becoming an aggressive out of the retail branch sales-rep, was a complex and demanding learning task to accomplish for HR, marketing and line sales management. Line management of organisation B equally applied a similar out of the retail branch, extrovert-selling activity. The Line Sales Development Manager of organisation B noted on their training practices:

> The optimum customer prospecting scenario – our target goal - would be to have a "small business officer / product champion" working out of the retail branch for the entire day. He should freely promote the product/ services of the bank to prospective customers. He should not bother at all with any other operational activity at the retail branch. Unfortunately, our sales consultants are still not self confident, secure to be devoted to such a customer prospecting project, [MAR/SAL4].

He concluded on their organizational learning practices and support to the sales-reps:

> We have lately established a sales coaching unit. The unit is staffed with experienced sales consultants already belonging to the retail branches network. They have been trained to become expert retail sales network trainers. They practice on the job training at the various retail branches as well as with role playing scenarios. This is in my opinion, the only way to run training services and workshops. The trainers should be one of them, [MAR/SAL4].

In organisation D, the sales-reps' training and support systems were organised to run based in two major parts. The first major part would deal with on-the-job training as provided by the retail branch manager and experienced peers at the point of sale. The second part would be the in-class training provided by both administrative employees and external experienced trainers. All interviewees and more explicitly the HR Director observed that management placed special emphasis on training for the development of skills and competencies of sales-reps and hence for organizational effectiveness.

> Our role is to change the sales-reps' pattern of behaviour in accommodating a clear sales consulting approach, [PROT/HR7].

Moreover, he added meaningfully on the role of training in shaping a sales-rep pattern of behaviour:

> In our banking philosophy, the sales-rep is not a traditional sales-rep but more of a banking services consultant. They should be able to listen and realize the customers' financial needs. They should care for the customers' well-being, provide adequate service and hence build a profitable long-term business relationship, [PROT/HR7].

The HR Director of organisation D contended that the corporate strategic orientation shapes and enables the relational sales-reps' distinctive capabilities and performance anatomy.

> Our HR goal is to reach a human resources development status where there is considerable integration of talent management activities at a high alignment stage with our corporate strategy, [PROT/HR7].

The Retail Branch Manager of organisation D claimed that the ideal sales-rep's profile maintains a behaviouralistic, charismatic approach to customers. Comparatively, the Line Development Sales Manager of organisation B had a similar understanding attributing sales-reps' performance success to a distinct behavioral approach to a prospective buyer.
In his views, a sales-rep' success is based on a number of important dimensions such as their internal job satisfaction, their expectations, their loyalty and commitment to the organization.

> It is not simple to determine the bundle of success determining factors. I would call it an overall positive psychology, [MAR/SAL4].

In the Retail Branch Managers' (organisation D) understanding, the sales-rep role incorporates a frame of distinct skills and competencies including living daily with change, thinking and acting creatively, negotiating agreements with customers, teamwork and participation. It is imperative that, a sales-rep has an effective formal and informal flow of communication with line management and produces results. Such an outline of competencies has to do with their personality, their attributes that form their exclusive personality.

> This is a gift and I am not confident at all that we will achieve a genuine frame of developing competencies through a talent management program, expert training seminars and workshops, [PROT/SAL8].

However, for the Line Sales Development Manager in organisation D the behaviouralistic approach was obscure as he observed on their role:

> We are constantly searching for aggressive account officers since their job description calls for sales action out of the retail branch, [PROT/SAL7].

According to all four interviewees of organisation D, there were three formal learning stages attributable to sales-reps' skills and competences development. According to these learning systems, HR specialists implemented the first stage of organisational learning contribution effort. Consequently, the first learning stage consisted of the design and implementation of a systematic talent management program, aiming at attracting, developing and retaining the best professionals in the financial services industry in the country.

This was an interesting observation since organisation D was a small, relational oriented financial services firm. Retail branch management implemented the second learning contribution effort by on-the-job training. Finally, line management implemented the third and final learning contribution. Their role included the monitoring of sales management practices, motivation and training support of sales-reps. Learning should establish horizontal information exchanges that can create knowledge across the organization in order to improve customer satisfaction and competitiveness (Ingram, 2004).

Organization D exhibited aspects of organizational learning as best practice was shared with other divisions and marketing information was disseminated throughout the organization. This type of interaction may promote the development of a common language and allow learning across boundaries (Carlile, 2004). The creation of learning facilitates the collaboration between two diverse and specialist groups to the organization's benefit. According to all four interviewees, organisation D decided to adopt such knowledge management practices due to extended turnover rates of its sales-reps force. Management attributed the turnover to lack of competitive financial incentives, reduced job security, reduced opportunities for career development and sources of dysfunctional conflict in between line and sales-reps. The HR Director in organisation D viewed motivation and reward of sales-reps, through the prism of a talent management program involving personal career development.

> We do not consider bonus-schemes as reward, motivation tools for our sales-reps. A strong motivation scheme is their professional development, their structured career pathway. In fact, the financial and promotion rewards for talented sales-reps' follows their systematic career development [PROT/HR7].

It is finally the performance appraisal (evaluation) and rewards HR systems ensuring that sales-reps are working towards the accomplishment of organizational goals. Finally, given the research findings, marketing intelligence systems contributed to interdepartmental collaboration as they can underpin cooperation and provide a structure for sharing valuable data and improving formal as well as informal type of communications. Therefore, information needed to be integrated and disseminated back to sales, marketing and HRM to facilitate the organization's adaptation to changing environments and contribute to RM strategies implementation effectiveness.

4.2.4. Marketing intelligence practices

Given field research findings and extant literature (see section 2.12.) marketing intelligence systems contribute to interdepartmental collaboration as they can underpin cooperation and provide a structure for sharing valuable data and improving communications. Therefore, information needs to be integrated and disseminated back to sales, marketing and HRM to facilitate the organization's adaptation to changing environments and contribute to RM strategies effectiveness. However, Evans and Schlacter (1985) noted that in many cases, even when market intelligence is available, the company's organizational structure and internal management processes might fail to facilitate prompt and meaningful market information exchange. Thus, creating an integrated market intelligence system may provide organizations with a "soft target" for improving collaboration between sales, marketing and HRM by providing a framework for greater cooperation.

Nevertheless, in organisations A and B, there was clear evidence of developing CRM systems and analysis (as part of market intelligence system); however, there was significant low sharing amongst the various departments and the employees at the front. The Assistant GM Customer Service in organization A, noted on the use of CRM systems by the sales-reps:

> Sales-reps are not yet using our suggested course of action. The use of CRM is somewhat limited. It is though encouraging that the use of the segmented customer lists, the suggested marketing activities are constantly improving, developing. Yes, there is an improvement of the specific business process, since its development. However, there is still plenty of work in order that people at the retail branches use systematically and hence effectively our entire suggested course of customer management course of action [EUR/SAL1].

There was an excellent use of CRM systems in the relational-oriented banking firms of the sample set. Especially, in organization E sales, marketing and HRM experts fully cooperated towards internal as well as external information analysis and sharing of data.

Thus, an observer may conclude that interdepartmental alignment may create a learning environment for the sales-reps. Moreover, a shared vision by stakeholders guides learning organizations on creating internally superior value for customers. Cravens (1998) suggested that marketing is in a unique position to liaise across departments to foster learning about markets and customers and help to develop shared vision. Sales staffs are also reliant on developing a learning orientation to allow them to respond appropriately to highly competitive environments and to develop customer relationships (Sujan et al., 1994). Moreover, learning should establish horizontal information exchanges that can create knowledge across the organization in order to improve customer satisfaction and competitiveness (Ingram, 2004). In fact, line management in organization E exhibited aspects of organizational learning as best practice. The organization disseminated information throughout the organization. This type of interaction may promote the development of a common language and allow learning across boundaries (Carlile, 2004). The creation of learning facilitates the alignment between two diverse and specialist groups to the organization’s benefit.

In concluding, the investigator suggests upon his initial set of field research findings – organizational focus - that the effective implementation of relationship marketing strategies by retail, relational focused sales-reps is utterly connected to an undisrupted, business relationship between interdepartmental people oriented functions - such as HRM and RM. This interdepartmental relationship is linked to strategic orientation and relational, extrovert infrastructure (marketing and HRM). The investigator also claims, given his research findings, that an organisation in being effective (e.g. in terms of strategic performance) needs to be thoroughly RM focused. Therefore, the parallel implementation of RM and transactional marketing strategies results in disorientation of the sales-reps that exhibit strong signs of role conflict. Thus, a clearly defined strategic orientation has a definite impact on the effective relationship marketing implementation. Moreover, respondents critically commented on the impact of best HRM practices on RM strategies effective and efficient implementation. The recruitment and selection methodologies ensured that skilful and competent sales-reps have all the necessary relational credentials. The sequential training and development process as defined by Blanchard and Thacker (2007, pp. 6-9) determines the 'why' and 'how' training support is required. The performance appraisal (evaluation) and rewards HR systems ensure that sales-reps are working towards the accomplishment of organizational goals.

Drawing also on field research findings (see table 12), marketing intelligence systems contribute to interdepartmental collaboration as they can underpin cooperation and provide a structure for sharing valuable data and improving communications. Therefore, information needs to be integrated and disseminated back to sales, marketing and HRM to facilitate the organization's adaptation to changing environments and contribute to RM strategies implementation effectiveness. Therefore, the investigator concludes that the strategic alignment of RM and HRM produces a sustainable competitive advantage for an RM focus financial services firm (see section 1.1.5.).

4.3. Organisational connectedness issues – a relational practice

Justifying the first and second research objectives of the thesis and based on extant literature (see 2.14.1.3.), the investigator explored in the five empirical cases the impact of organisational connectedness, as well as the effective flow of bidirectional communication (formal and informal) between the various relevant corporate publics (see section 2.14.1.4).

Morgan (1995) clarifies conceptual ambiguity by expressing that connectedness may be seen as the degree of communication co-operation between departments, and communication as the frequency and effectiveness of information flows through defined, appropriate media. They are therefore (communication and connectedness) representing two different dimensions of the level, process and context of communication co-ordination and information sharing between sub-units (Morgan, 1995, pp. 213). Most significantly, Kohli and Jaworski (1990, pp. 9) defined interdepartmental organisational connectedness as "*the degree of formal and informal direct contact among employees across departments, referring to the extent to which individuals across departments are directly connected or networked"*.

In the operationalisation of this construct, Jaworski and Kohli (1993) identified its core aspects as the motivation of each party to communicate, the accessibility of staff in each area, and a "common language" that allows for communication effectiveness. This definition is reminiscent of and appears to be an elaboration of an earlier definition advanced by Johnston and Bonoma (1981).

In a study examining the interaction patterns of members involved in the buying centre, Johnston and Bonoma (1981, pp. 147) conceived of connectedness as *"the degree to which members of the buying centre are linked with each other by directed communications"*. Empirically, Barclay (1991) and Anderson and Narus (1990) found that connectedness, conceptualised in terms of dependence, lowered dysfunctional conflict and improved bidirectional flow of informal type of communication as it is in the mutual interest of partners to collaborate. Deshpande and Zaltman (1982) established that connectedness facilitates interaction and exchange of information, while Menon et al., (1997) found interdepartmental connectedness to be important for product and service quality. No doubt, a major issue for the research scope of this thesis.

Conceptually and following extant literature and his field research findings, the greater the interdepartmental connectedness, the more effective is relationship marketing strategy implementation.

Nevertheless, what do research findings tell us about optimum organizational connectedness? How organizational connectedness can positively affect relationship quality between the buyer and the seller?

The relevant corporate stakeholders in organisations A and B (e.g. sales-reps and line management) were characterized by moderate, task organizational connectedness. This is a relatively explainable issue since both Banking firms were transactional oriented aiming strategically for larger market shares and increased sales volumes. For example, organization B emerged from a coalition of three smaller Banks. The newly emerged banking scheme incorporated largely differentiated organizational cultures and business philosophies allowing considerable space for moderate, task organizational connectedness between the members of relevant groups involved. According to Rispens et al. (2007, pp. 328), "*connectedness is the degree to which group members feel actively involved with the other group members".* Moreover, within the task type of organizational connectedness, members perceive them to be actively involved with one another, *only during their tasks accomplishment process*. This type of interaction allows both task and relationship conflict to have effects on employees' performance – an issue quite apparent in the operational practices of the two major Banking firms of the sample.

On the contrary, in the three relational oriented banking firms (organizations C, D and E), the investigator observed the similar groups of people characterized by cognitive and affective types of organizational connectedness. More specifically, corporate interviewees perceived organization E as maintaining a high cognitive organizational type of connectedness. Most profoundly, in highly cognitively connected groups, line management and sales-reps share a mutually beneficial understanding and active involvement of their group and their task assignments. Line management members and sales-reps in organisation E were therefore able to understand, communicate and interact effectively in an informal basis with no major trouble, adding to significant corporate advantage.

4.3.1. Effective communication improves organisational connectedness

Drawing on extant literature, informal type of communications allow connection over issues that are of mutual interest (Dawes and Massey, 2005), whereas formal communications including meetings, reports and e-mails, may be used to set direction, clarify roles and summarize events. The investigator notes that increasing the volume of communications between inter-functional areas does not necessarily improve joint working because it could overload the participants (Child, 1985; Pugh, 1979).

Moreover and based on sales management literature (Jobber and Lancaster, 2006), the informal type of communication is the best motivator for sales-reps at the front who feel alone and sometimes neglected by administration. This was a straight forward remark by the Sales-rep of organization A. Thus, the improvement of the informal type of bidirectional communication represents one of the goals of HRM systems, processes and practices in bridging the gap between line management and the sales-reps at the front. Therefore, one way to improve communication without reducing its effectiveness is to establish bidirectional, informal type of communications that facilitate information transfers, leading to a shared vision and information sharing (Dawes and Massey, 2005). This type of two-way communication can lead to higher levels of collaboration as it requires the parties to provide feedback and engage in discussion (Lapierre and Henault, 1996).

The initiation and development of the correct frequency and type of communication between interdepartmental groups is an effective way of improving collaboration between HRM, marketing and sales – thus increasing organizational effectiveness, thus increasing organizational fitness.

In organisation C, the interdepartmental relationships were somewhat complicated, due to major organizational reforms and structural changes. In this respect, the organizational connectedness status was moderate cognitive. It is significant to mention that the strategic management effort in organisation C was to shift employee groups towards low task, organizational connectedness. The French origin management aimed at gaining sales-reps’ commitment over the systematic attainment of sales goals quotas – a corporate goal which was neglected under previous management. This was one of the main reasons behind the adoption and implementation of a systematic balanced scorecard management system.

Organisation D was a typical example of high affective type of organizational connectedness (see Rispens et al., 2007). In case that, affective connectedness in a group is high, the intra-group relationships are solid and do not directly break up if conflict occurs during the cooperation. The Regional Sales Manager in organisation D observed:

"Interdepartmental alignment is our key competitive advantage", [PROT/SAL7].

Following discussions with the interviewees and observation practices, the investigator concludes that each banking firm in the sample set incorporated a type of organizational connectedness in gaining sales-reps' trust and rapport as well behavioural commitment and loyalty. If this is the case, how does interdepartmental, horizontal communication influences positively organizational connectedness?

In the organisational science literature, Rogers and Argarwala-Rogers, (1976) describe communication as the basic mechanism for handling interdependencies between subsystems within an organisation. In fact, Rochford and Rudelius, (1992) conceptualise organisations as information processing entities that must receive, process, and transmit information for survival. Daft and Steers, (1986) highlight horizontal communication (the lateral flow of communication occurring both within and between departments), for its crucial role in co-ordinating people and departments to facilitate the attainment of organizational goals (Jaworski and Kohli, 1993). Written communication, although considered "least rich", has its merits, notably, high credibility, validity, and comprehensibility (Moenaert and Souder, 1990a, b). Within the innovation literature, interpersonal communication between marketing and other functions is associated with the effective performance of teams (Griffin and Hauser, 1992, 1996). Specifically, high frequency and informality of communication are even more effective under conditions of high environmental uncertainty (Gupta and Govindarajan, 1991).
The interviewees of organization A, perceived the flow of communication to be insufficiently frequent and bidirectional mainly due to the largely geographically dispersed retail network and the developing business processes of the financial services firm. The lack of bidirectional, informal type of communication was the

reason behind the initiation and development of the HR business partner role in both transactional type organisations A and B. Both of these firms adopted the role in filling informal communication gaps between sales-reps and the line. More specifically, in organization B, interviewees perceived an imperative need for bidirectional flow of communication.

Most significantly, the lack of bidirectional informal type of communication between the various stakeholders dealing with the customers was causing moderate dysfunctional task-based tension. This tension resulted in sales-reps' reduced job satisfaction, decreased loyalty and commitment. Comparatively, the similar groups in the relational oriented firms (organisations C, D and E), did not face similar type of problems mainly due to the cognitive and affective type of organisational connectedness (see Rispens et al., 2007). Therefore, organisation E had undisrupted flow of informal type of communication in between line management and the sales-reps due to the high cognitive structure of the firm. The interviewees in organisation D, perceived a high affective type of organizational connectedness leading to strong, informal as well as formal type of communication. The affective type of organizational connectedness caused low, task dysfunctional type of interdepartmental as well as interpersonal conflicts.

The investigator questioned all twenty respondents, regarding the application or not of internal marketing mechanisms (see section 2.11.) in their organisations. The relationship between marketing and quality at a strategic level, (e.g. how to gain sustainable competitive advantage through a customer orientation), becomes clearer, but the problems encountered in implementation are a recurring theme. It is inevitable though that a number of management issues requiring strategic treatment (Lambert, 1995), can be treated with a broadened concept of internal marketing.

In brief, it could be thought that concepts as the retention of skilled (e.g. talented) sales-reps in an organization, by counteracting declining management standards and providing clear corporate and personal direction and the proper understanding and the need for quality for competitive service delivery in a changing economic, social, political, and technological environment.

Not surprisingly, organisation E incorporated a formal employee satisfaction survey. The use of such a survey assisted sales-reps for example, to record disfunctionalities and reduce causes of conflict with line management. In this direction, management of organisation E established a quality management department, adhering to relationship quality standards. The Quality Manager in organisation E clarified that her job role was:

> An inter–functional knowledge exchange process between our quality department and all channels that promote and communicate the product/service offerings of the bank… we run a different survey almost every other month. For example, we conducted a late survey that included the sales-reps' satisfaction measurement regarding processes, communication as well as the core services provided by the HR department, [MIL/HR6].

In addition, she noted on the internal employees' satisfaction implementation process:

> In an internal customer satisfaction survey, we include questions concerning the functional service provision – i.e. accountability for employees' problems resolution (organizational processes and procedures) interdepartmental communication issues, and many others, [MIL/HR6].

Concluding her thought, she brought numerous examples, that communication by sales-reps' received serious consideration by the marketing and CVM department of the firm.

> "Marketing communication provided created a sense of vagueness and incompleteness to our customers"…"marketing communication was not accomplished in a timely fashion". There were complaints on the launch of a new credit card. She further explained the remark: The bank processed a communication campaign in the national press over the weekend and promotion material designed to facilitate and support the sale of the new product just arrived to the network employees' by Monday at noon. This is an operational malfunction, since sales-reps did not have the chance to receive formal communication about the new product and notify it to prospective customers by Monday morning, [MIL/HR6].

In concluding, none of the transactional oriented firms of the sample set applied internal marketing practices. This is an issue which received criticism by the sales-reps and reduced their trust and commitment to their scope and strategic objectives' accomplishment.

4.3.2. Organisational connectedness reduces dysfunctional conflict

Conflict has been defined in the organisational science literature as the “collision of actors” (Katz and Kahn, 1978) and “tension between two or more social entities – individuals, groups or larger organisations - which arises from incompatibility of actual or desired responses” (Gaski, 1984).

In marketing literature, Menon et al., (1996) conceptualize conflict as “dysfunctional, task-based tension between department, which manifests in the form of ‘turf battles’ and ‘destructive self-serving efforts’ which are both counter to collaboration (Morgan and Piercy, 1998). Conflict can in fact lower co-operation and the co-ordination of marketing strategy activities, effectively undermining the quality of marketing strategy in terms of both planning and implementation (Menon et al., 1997; Ruekert and Walker, 1987). Numerous academics such as Souder, (1981), Weinrauch and Anderson, (1982) found conflict to result in reduced inter-functional performance as it results in the absence of depth of communication and infrequency of contact between functional units (Menon et al., 1997). Following extant literature, the greater the degree of interdepartmental conflict, the lower the effectiveness of marketing strategy implementation.

However, what is ultimately, the optimum organizational connectedness solution for a financial services firm that focuses on the implementation of effective RM strategies at the retail (B2C) points of sale?

There was enough evidence based on the research findings that the transactional organizations (A and B) experienced moderate, dysfunctional task conflict in between line management, the sales-reps and the back-office employees. In most cases, this was an outcome of complicated, bureaucratic business processes and strict regulation practices that prevail in banking environments.

A relational oriented financial services firm when philosophically embedded a cognitive or even affective organisational type of connectedness (e.g. a customer-centric approach), encapsulated effective teamwork, growth and development. In this sense, satisfied sales-reps’ essentially meant satisfied customers.

This was the absolute effect of a warm and caring internal business environment, where the bidirectional flow of informal as well as formal types of communication prevail at all organisational levels (see pp. 20 research propositions).

In this sense, the integration and interaction of RM and HRM turns so critical for the well-being and development of the major relevant, corporate stakeholders of a financial services organization.

4.4. Sales-reps' relationship quality to the buyer

The third major theme of the field research findings corresponds to the justification of the first as well as the second research objectives (see tables 12 and 12a). More extensively, the second research objective explores the reasons "how" and "why" relational sales-reps contain a critical role in effective RM strategy implementation.

The findings regarding the empirical case of organization D, are indicative on the impact that relational sales-reps have towards an effective RM strategy implementation and moreover on the "*degree of appropriateness of a relationship to fulfill the needs of the customer associated with the relationship"* Hennig-Thurau and Klee (1997, pp. 751). Most fundamentally, line management of organisation D (e.g. a relational services firm) incorporated all these critical RM success parameters that define relationship quality as a bundle of intangible values resulting in an expected long-term relationship between related parties (Levitt, 1981; Zineldin, 2000; Fruchter and Sigue, 2005). Researchers such as Crosby et al. (1990) and Dwyer et al. (1987) suggest that relationship quality consists of two dimensions: trust in the salesperson and satisfaction with the salesperson. Hennig-Thurau and Klee (1997), Leuthesser (1997) and Dorsch et al., (1998) further consider relationship commitment as the third dimension of relationship quality.

The investigator interviewed in organization D a Retail Branch Manager. The retail branch was located in downtown, central Athens – in a rather affluent area. She expressed her feelings and enthusiasm concerning her relational task assignments and commented on the assumption of her sales role:

> I have always enjoyed my work. I invested private time and effort building up business relationships with my clientele, since my early career beginning in this industry. In case you manage to earn the

> customer's trust, esteem, confidence, you will never loose it. Nobody knew my previous employer Omega bank. But everybody in this area knew me from my previous banking employer Societe-General Bank, [PROT/SAL8].

Every conceptual model of service organizations in the past twenty years has recognized that sales-reps significantly influence the customer experience (e.g. Czepiel et al., 1985; Gronroos, 2000; Schneider and Bowen, 1984; Thomas, 1978; Zeithaml and Bitner, 2000). The Retail Branch Manager in organization D contended on the parameters that influence the "customer experience" in her retail branch:

> It is clear to me that if we feel well in our daily operational routines, we will manage to be self confident and ambitious. The prospective customer will be the first to notice. My positive attitudinal behavior will produce noteworthy performance results for the bank…Reliability is a strong criterion of an effective business relationship. The positive word of mouth of our existing or prospecting customers is our most expensive communication campaign. We might not conclude the business case. Our qualitative customer approach, our care to satisfy their financial needs will definitely have a positive impact on our business relationship, [PROT/SAL8].

Organisations D and B were the only two financial services firms in the sample set that applied an extrovert operational model ("out of the retail branch" new-customer acquisition). Drawing on this, line sales management instructed sales-reps to prospect for new customers "out of the retail branch". This was a direct sales (prospecting) approach that carried positive as well as negative implications for sales-reps.

The positive part of the model was that sales-reps developed their own customer portfolios, enhanced customer loyalty and commitment and gained from positive word of mouth. In this direction, management trained them for strong entrepreneurial skills in effectively handling markets, competition and customer portfolios (see section 5.4.1.). The negative part of the model was the initiation of role conflict. Such a role conflict prevails when line management instructs the same sales-rep to parallel perform regulated, technical back office operations in the retail branch. However, the Retail Branch Manager in organization D, perceived the RM implementation process as a unique, emotional, spontaneous, incremental customer approach.

> The building of a relationship commences at the drug store that you would for example go to buy aspirin tablets. Your original "Hi, Good Morning, How are you" initiates the brake of the ice between the two parts and the beginning of a business relationship. This is a daily operational routine for me. In my opinion, there is always a sense of closeness, cooperation between the agent and the customer that intrigues a successful business relationship, [PROT/SAL8].

Numerous academics have examined over the time customer perceptions of sales-reps' performance, management practices and sales-reps performance, personality and service providers, sales-reps' work attitudes, and sales-reps' work skills and competences (e.g. Anderson, 1977; Bitner et al., 1990; Hartline and Ferrell, 1996; Hurley, 1998; Singh, 2000; Singh et al., 1996; Varca, 2004). Therefore, two decades of empirical research clearly indicate that sales-reps do experience role conflict and that there are negative consequences for the organization, the sales-rep and the customer due to this stressor.

At the organizational level, role conflict has been associated with reduced work performance and work quality (i.e. Churchill et al., 1974; Singh, 2000; Varca, 1999). In addition, the human consequences of role stress are increased burnout, lowered job satisfaction, and reduced commitment to work (i.e. Singh et al., 1994; Singh et al., 1996).

It is interesting and somewhat ironical, but literature suggests that role conflict should decrease to the extent that sales-reps do not care about the customer, that is, do not behave with emotional concern for the customer – a view that contradicts RM initiation and development in an empathetic manner.

The idea of emotional labor echoes throughout the literature on service encounters. Researchers have used terms such as identity, empathy, and personal concern to argue that the provision of quality service hinges on some sort of relational connection (a relational exchange) between the sales-rep and a customer.

This idea is basic to several theoretical models and makes intuitive sense (i.e. Ashforth and Humphrey, 1993; Bitner et al., 1990). That is, sales-reps will provide quality service if they care about the customer – if they are empathetic.

Nevertheless, it would be difficult for a sales-rep to physically walk away from a customer during a service encounter but not so risky to "walk away" psychologically. Any emotional distance between oneself and the source of stress should be associated with diminished role conflict. In other words, the lack of emotional labor during service encounters could result in reduced psychological pain in the form of lowered role stress. This is a powerful negative reinforcement paradigm (Varca, 2010). Moreover, Varca (2010) in a recent academic work suggests that service quality relies on an emotional attachment between the customer and a sales-rep.

The Sales Development Manager of organization B contended on the emotional attachment positively observing that trying to build a effective buyer–seller relationship requires a serious personal investment into effective communication and joint problem solving, [MAR/SAL4]. However, low role conflict scores were associated in literature (Varca, 2010) with emotional detachment, not attachment. Stress was low for sales-reps who were disengaged from the customer hence the paradox for service providers and the need for line management to attention. Would the RM and HRM alignment process facilitate emotional attachment and reduce role conflict? The answer might well be positive in the sense that HR as a business function would be extrovert adopting for example, the rational and open HRM model practices – as indicated by previous literature (see figure 1).

The ultimate scope of a horizontal, interdepartmental cooperation of HR, line sales and marketing would be to enhance sales-reps' role clarity, problem understanding and immediate corrective action. In this respect, the relational role of sales-reps should be encouraged by line management and not discouraged in any sense.

Nevertheless, two immediate conclusions flow from the field research findings. First, there is a positive relationship between emotionally identifying with the customer during service encounters and reports of role stress – especially under a performance management system. Second, the job tasks defined as emotional empathy are simultaneously central to relationship quality and a source of job stress.

Given previous literature, (see sections 2.23., 2.24. and 2.25.) the apparent identification of the business role elements of a financial sales-rep has critical impact on relationship marketing effective implementation and the relationship itself. Moreover, the business experience of the sales-rep, the considerable client knowledge (through the adoption and use of interactive market intelligence systems) and the minimization of sales-rep's role dysfunctional task-conflicts are all critical parameters for a relational oriented sales-rep to implement relationship marketing business accordingly. Significantly, the investigator disclosed in his research findings a new element attributing to the relationship quality between a sales-rep and the customer – the gender issues – that needs further research analysis.

4.4.1. Empathy and trust contribute to relationship quality

Sales and marketing are meant to be part of the same function, marketing. However, sales management strategies in the past were oriented towards higher effectiveness and efficiency during the service encounter process. This approach changed with the development and implementation of sound RM strategies from relational oriented firms. Truly, relationship marketing has shifted attention from "closing" the singular sale to creating the necessary conditions for a long-term relationship between the firm and its customers that breeds successful sales encounters in the long run (Tzokas and Donaldson, 2000). RM has in fact shifted attention from closing the singular sale to creating the necessary empathetic business environment that would create the necessary preconditions for a fruitful long-term business relationship.

Conceptually, a great part of the relationship approach that an organization consciously builds with the customer is the conscious development of the differentiating dimensions of empathy and trust. Empathy and trust are a platform for effective understanding, bidirectional flow of effective communication and thus relationship quality. Creating trust and rapport as a strategic orientation helps an organization to direct prudent and evocative communication. Establishing trust is more about listening and understanding – not necessarily agreeing on issues within a buyer-seller business relationship. The issue is listening to the customer without judging; that is acknowledging the customer's viewpoint, a different approach from a transactional way of doing business.

The shift of attention renders obsolete many of the sales management practices and the sales philosophy and culture that have driven the development of the sales management field for decades. In the process, the relational financial services organization builds a methodology to deliver the product/service solution to the target customer in the desired way. It is difficult and rarely appropriate to try to convince the customer to do what the organization desires. This is especially the case when there are plenty of competitive offers that dilute the organization's communication messages. Instead, an organization must work with the customers collaboratively to enable them to see what they want and in the process build the methodology to see the ways to achieve it. "*The field sales-force of a firm has always been at the intersection between the firm and its customers and a prime communication vehicle between the two"* (Tzokas et al, 2001, pp. 198). Most fundamentally, sales people exhibit a high level of relationship orientated selling when they appreciate and value the relationship with their customers and take actions to develop, nurture and strengthen it. In contrast, low level of relationship orientated selling is characterized by little attention to the relationship (Tzokas and Donaldson, 2000). The investigator takes the opportunity to add to existing literature, providing a differentiated approach of relationship marketing, reflecting on an empathetic sales approach that on principle governs a competitive business orientation.

Relationship Marketing is thus *a set of empathetic marketing activities aimed to develop communication effectiveness, trust, commitment, satisfaction between the target and the agent.*

Interviewees in all five empirical cases considered the role of relational sales-reps as crucial in the implementation of effective RM strategies at the point of sale (see pp. 20 research propositions). Overall, RM is more humanistic: it is more favourable toward dialogs with consumers. In fact, the sales-reps' task assignment was considered by the management of all five organizations as low ranking, somewhat averagely rewarded, stressful but simultaneously extremely demanding business position. This job post carried the weight and significance of a middle-management role and the wages and rank position of a low echelon employee.

4.4.2. The retail branch operational continuum

In determining how relational sales-reps contain a critical role towards the implementation of effective RM strategies, the investigator produced a retail branch operational continuum. Given the respondents' perceptions, the design of the retail branch operational continuum represents a vehicle towards the development of a relational retail operational design (see figure 13) The development of the relational retail operational design (see section 5.3., figure 13) at a second stage facilitates the effective RM implementation process. In this respect, the impact of the retail branch operational continuum turns critical for the levels (e.g. standards) of relationship quality between the relational sales-reps and the customers.

The investigator defines the retail branch operational continuum as a strategic retail framework, entailing human resources' synergies and interpersonal relationships governing a financial services retail channel of distribution. The design and development of a sound and effective retail branch operational continuum, represents a major strategic decision and hence a strategic competitive advantage.

According to all twenty interviewees, their retail branch operational continuum reflected on: a) justification of mission, vision and scope of a financial services firm, b) line management systems, processes and practices in effectively accomplishing performance objectives, c) marketing and HRM infrastructures, d) the strategic orientation of a financial services organization and d) the integrated human resources alignment in a retail business context.

Drawing on interviewees' responses (see figure 11), on the one side of transactional retail branch operational continuum (based on the testimonies of executives employed in the two transactional firms), technical sales-reps are serving existing and prospective customers and on the other side of the continuum, Line Sales management, the HR dot Line Manager (e.g. a HR business partner position) and his team, and the various marketing units are placed to support the sales-reps. Within such a retail operational continuum, a transactional services firm employs product consultants (e.g. sales-reps) to serve exclusively each product-business unit of the Bank and customer service officers that have a holistic business view - an initial buffer - upon customers' access to a retail branch. Consequently, the customer service officers' role was to instigate an initial discussion with the customers and simultaneously guide them to the product consultant. The Assistant GM Customer Service in organisation A, observed on the marketing strategies and their retail branch operational continuum:

> In our Bank, Marketing drives employees, since they have a structured predefined sales action to accomplish based on corporate strategic marketing objectives … consumer presentation at the service encounter needs to both spur and support customer engagement and action, [EUR/SAL1].

The relational retail branch continuum (see figure 12) defines sales-reps' roles and line management contribution regarding the implementation of relational marketing strategies. Thus, the relational approach dictated the design and development of a retail branch operational continuum with a few, yet skilled and competent sales-reps that would sell product/service solutions (bundles), adopting a relational (e.g. empathetic) business approach (see figure 12). Given the product/service solutions selling process (bundles), sales-reps must be able to link resources (both current and potential) of their respective firms to inefficiencies in a customer's operations. This process parallels to the cognitive processes that entrepreneurs use to develop responses to market dynamics. Finally, product/services solutions sellers must provide economic value to the selling firm above that possible by offering standardized products or services (Dhar et al., 2004; Sawhney, 2006).

Conceptually, the investigator suggests based upon his suggested relational operational continuum and relational operational design (see section 5.3. and figure 13) that affective or cognitive types of interdepartmental relations frame a new age business perspective. Therefore, the investigator views the customer-centric strategic orientation (see section 2.3.) based on a different angle, that of a relational perspective.

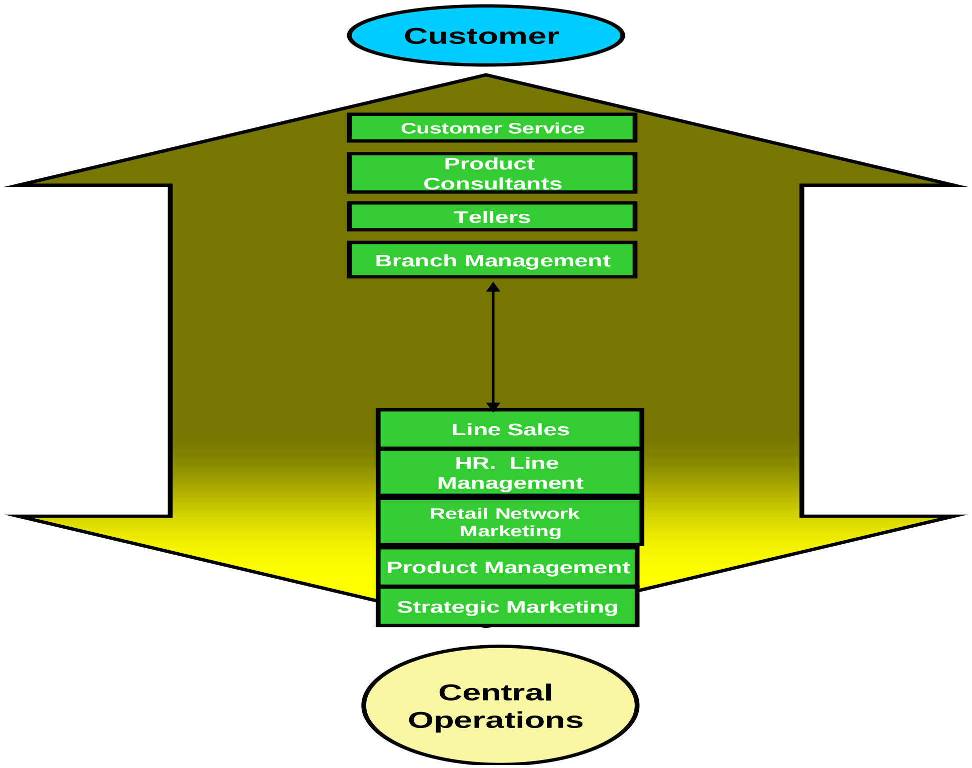
One of the key challenges in service management has been the notion that customers are the ultimate judges of the service firm's performance. Central concepts such as perceived service quality, perceived service value and customer satisfaction have dominated for many years the service management literature (Zeithaml, 1988; Parasuraman et al., 1988). From a managerial perspective, the key has been to integrate the customer in the service production process. Even if interactivity between the buyer and the seller has been considered essential (Vargo and Lusch, 2004, 2006, 2008b), it has been implicitly been interactively dominated by the service firm and based on exchange value (e.g. the G-D logic). In contrast, the S-D logic invests on co-creation of value by the service provider.

The investigator focuses on co-creation and co-development of value between the buyer and the seller (Vargo and Lusch, 2004, 2008) and considers that a relational financial services firms' culture and business philosophy strongly reflect on the RM, HRM and Sales organisational alignment. Thus, the ultimate scope of the interdepartmental, integrated cooperation is to create value for internal as well as external customers through value-in-use. Contrasted with exchange value, value-in-use has been seen as a process in which value emerges rather than is delivered (Gummesson, 2007; Grönroos, 2006).

In fact, value creation has been linked in literature to an interactive process (Grönroos 2008a, Vargo and Lusch, 2008b) either by direct or indirect interaction. Thus, the prerequisite for co-creation and co-development of value at the point of sale is the strategic alignment of RM, HRM and line sales. *"Service has been defined to the service provider's interest and way of seeing service"* (Heinonen et al., 2010, pp. 541). However, several researchers active in RM have suggested that the customer should been seen as an active participant in the market system (Stewart and Pavlou, 2002; Beckett and Nayak, 2008).

For example, research indicates that the customer's mood, understanding and frame of interpretation influence the experienced outcome of a service encounter (White, 2006). From the customer's point of view, service episodes and encounters are only parts of an ongoing flow of interrelated experiences and sense-making (Verhoef et al., 2009). These researchers propose that customer experience is based on the totality of the situation, which extends far beyond the actual purchase activity. These are the customer’s experiences of value. The customer’s experiences of value represent a future research topic for the investigator in matching long-term and context-bound relating (Heinonen et al., 2010).

Figure 11: Transactional retail branch operational continuum



In an effort to compete effectively, organisations C, D and E (e.g. the relational oriented firms) adopted centrally located, back office operations. The rationale behind the adoption by their line management of centrally located back office operations was:

> "1) Reduction of expenses,
>
> 2) Effective monitoring and control of regulated banking transactions,
>
> 3) Shift of sales-reps' orientation towards a customer-centric approach,
>
> 4) Incorporate an entrepreneurial-relational business approach".

In adopting centrally located back office operations, line management of a relational firm aimed at maintaining cost-effective synergies at the back, meaning huge expertise in their banking operations. According to participating interviewees of organisation E, this is a definite one-way strategic approach, meaning that the adoption and implementation of centralized back-office operations defines the strategic commercial course of action for a banking services firm. The Marketing and CVM Director in organisation E brought an example regarding the credit-score risk process.

> MIL/MK4: In case, that credit-risk control process is centrally located, line management could certainly turn the boat upon judgment, with no major trouble. What would be the impact of 300 points of sales applying variable credit-risk control practices? This is at least a confusing issue.

In fact, the HR Director in organisation E was largely positive towards the centralization of back-office operations in the bank. He continued explaining:

> MIL/HR5: This is a never-ending corporate conflict. The business will always be at conflict with the centre that produces the decision-making. The more this interdepartmental gap is reduced, the better the corporate outcomes.
>
> MIL/HR5: All that a sales-rep desires is to accomplish the sales task assignment. The sale encounter with each customer represents an impressive exchange of values, ideas, emotions. It may even turn to extremely emotional scenery where sales-reps need to exhibit steadiness in their sales views, patience or even broader understanding at the same time. Unlikely, employees at the back do not see the customer.

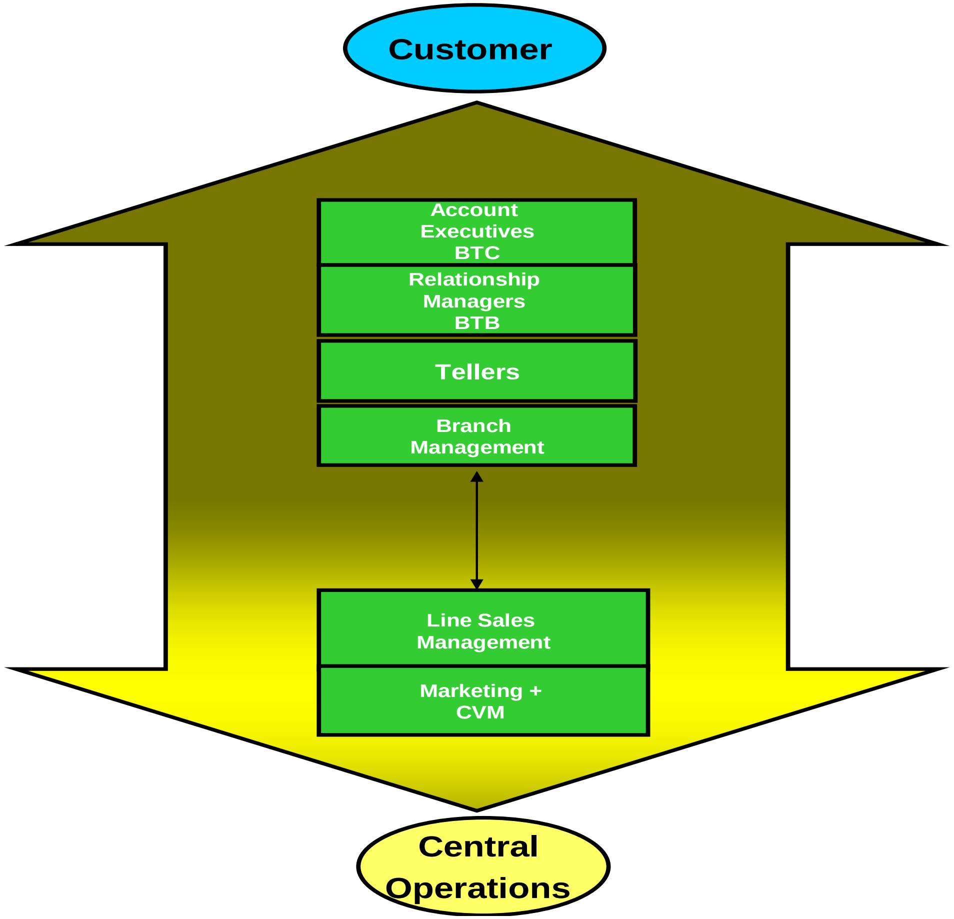
> MIL/HR5: For example, the credit-risk scoring process reflects the credit policy of the Bank. Management cannot really avoid interdepartmental conflicts. The existence of an open-channel, which will ensure the undisrupted flow of communication between sales-reps who sell to external customers and the back-office employees empowered to decide on the implementation of the core sale, would definitely facilitate the process and reduce conflict.

Indicatively, the centralization aspect of back office operations involved issues of intra-departmental coordination and reduction of dysfunctional task and relationship conflicts. The Relationship Marketer in organization C observed regarding their back office decentralization practices:

> The number of employees in a retail branch today is minimal due to a cost reduction policy of the Bank. On the other hand, in the case that a bank performs back office activities within the branch from the start until the end, then a relationship marketer would be in complete control of the business case. Where more than two departments interfere, there are coordination issues, communication issues and last but not least perceptual issues. The answer is to work proactively in managing defective handling customer issues. Communication is my working tool, [GEN/SAL3].

In contrast, the two transactional oriented firms, (organisations A and B) adopted decentralized back office operations (see figure 11). Truly, decentralized operations meant that back office work was to a marginal extent implemented by the sales-reps, within the retail branch, taking precious time off their commercialization practices and causing significant role task conflicts.

Figure 12: Relational retail branch operational continuum



4.4.3. Gender issues affect relationship quality

In organizations D and E only, two female interviewees raised contradicting gender issues regarding the interaction of buyer and seller that represent challenging future research topics. More explicitly, the sales director of organization E observed with considerable emphasis that most of her sales-reps are females, an issue that has positive as well as negative effects on corporate operations (see Appendix 7).

Comparatively, in organisation A (see Appendix 8) the investigator observed a similar type of situation; however the respondents made no significant comments.

Female sales-reps entail strong communication skills by nature. Thus, they can enhance relationship quality as they more effective and efficient in attracting and retaining customers in a relational banking context. However, female sales-reps (while absolute majority in a services firm) can cause interpersonal, interdepartmental conflicts that may create operational dysfunction. Thus, it becomes priority for line management to work on the minimization of similar sources of interpersonal conflicts that may reduce job performance and affect the buyer-customer relationship. She explicitly contended on the issue:

> It certainly worth your attention, that we have many female employees in our bank. I believe that this is a serious gender issue. We have today in our bank very few men that would like to work in a retail bank branch. Thus, the majority of retail sales-reps that approach the bank for recruitment purposes are women…. I guess that women do not really bother to start their business career in a Bank from plainly a zero point. This is my only comment on the matter even if in the process we have women starting their graduate business studies; proceed with their weddings and in due course have their delivery / childbirth. All of these issues create problems and operational dysfunction, [MIL/SAL5].

She further noted with significance on the role of female sales-reps in the relational organization:

> I consider the impact of having female sales-reps as generally positive. They are courteous, tolerant with the external customer and persistent in the accomplishment of their sales performance goals. In fact, female sales-reps can manage better communication and approach a customer with good outcomes potential. My only concerns

> are that we have a number of interpersonal conflicts at the bank….It is true though that the majority of all employees working at the bank are women both at the headquarters and the retail network. I participate as regional sales director of the bank in numerous recruitment and selection panels. Most of the candidates are women. It could easily be a ratio of 5 to 1. You definitely want to have men (in order to avoid the previously mentioned problems) in the sales group. This is a rather uncomfortable issue, [MIL/SAL5].

The Retail Branch Manager in organization D contended on the female majority at the retail network:

> We should have had more male employees in our branch for reasons of effective communication to female prospective customers [PROT/SAL8].

The investigator believes that the gender factor is critical towards the effective accomplishment of RM strategies. However, it would be useful to research in the future topics as: Does the gender of the sales-rep critically affect a customer in his decision-making during the sales prospecting and sales close process? More explicitly, does opposite sex (between the buyer and the seller) play a significant role in closing the sale and hence create an adding value parameter in a relationship?

Even more, does opposite sex selling equally affects customer attraction as well as customer retention?

In concluding, the assigned roles of sales-reps varied considerably regarding transactional and relational banking players. In the transactional business environment (organizations A and B), sales-reps had an exceptionally heavy daily workload (back and front office duties) allowing little or eventually no space for interaction and value-creation effort with existing or prospective customers. Comparatively, in the relational business environment (organizations C, D and E) the retail branch operational continuum called for few, yet skilled and competent sales-reps who would perform commercial activities only. Moreover, the investigator's research findings indicated that such a demanding daily workload creates grievances and concerns over sales-reps' career development. This is exactly the point where the alignment of marketing and HR brings symmetry and harmonization of activities.

4.5. The role of HRM in creating organizational value

The fourth theme of the field research findings – initial conclusions (see table 12), reflects on the justification of the third research objective of the thesis (see table 12a). In this section, the investigator explored the process of "how" and "why" through which HRM creates organizational value and boosts Relationship Marketing performance. Consequently, the investigator used in this approach the fourth major and consistent theme (see tables 12 and 12a) of the empirical research findings – based on the interviewees' perceptions and insights. Research combining two or more major business disciplines, is regrettably rare in the academic world. Most significantly, the goal of this section was to investigate how and why a people's oriented function, such as HRM would create value for a relational services organization.

Vargo and Lusch (2006, 2008b) in their academic work present a conception of value co-creation that includes two major components: the co-production component, involving the participation of the customer in the creation of the core offering, and the co-creation of a value component, which represents a drastic departure from G-D logic. In G-D logic, they view value as something that is added to products in the production process and at the point of exchange is captured by value-in-exchange (e.g. price). The S-D logic, however argues that value can only be created with and determined by the user in the 'consumption' process and through use or what is referred to as value-in-use. Vargo and Lusch, (2006, pp. 44) point out clearly: *"The customer is always a co-creator of value".* Moreover, co-creation and service exchange imply a value creating relationship or, more precisely, a complex web of value-creating relationships. Having made the case that the full, real implementation of RM and achievement of relational strategy goals requires an appraisal of how and why people are managed the next step is to consider extant HR literature (see sections 2.15.–2.20.).

Thus, attempting a first approach regarding the contribution of HRM to the creation of organizational value and effective relationship marketing performance, the investigator assumes that without a well-trained and well-prepared labor force, businesses lose the ability to compete both nationally and internationally, resulting in decreased economic success (Tomaka, 2001). Therefore, employees must possess a wide variety of technical and interpersonal workplace skills and competencies that allow them to work with advanced technologies and function optimally in current high performing organizations (Combs et al., 2006; Fernandez, 2001).

According to Guest, (2000) HRM is a philosophy that appeals to managements striving to increase competitive advantage and appreciating that in order to do this they must invest in human resources, as well as in new technology. In parallel, Legge (1995a, pp. 35; 1995b, pp. 66-7) suggests, "*Effective HRM is seen necessarily to involve a focus upon fostering employee motivation, commitment and development".*

Numerous academics further acknowledge the significance of HRM to the accomplishment of corporate, strategic aims. In addition, innovative HRM practices create a work environment that emphasizes employee development, through practices such as training, participation and communication, and the importance of having innovative, flexible, committed employees who are valued resources (Beer et al., 1984a; 1984b; Boxall, 1992; Guest, 1997).

It is therefore vital for an organisation's HR department to proceed carefully with key personnel issues – incorporating innovative HRM systems, processes and practices such as the selection and recruitment of suitable sales-reps (e.g. relational), training and developing them and certainly periodically evaluating their actual job performance based on strategic and hence, operational objectives.

The investigator, as part of his field research findings chapter cross-examined the significance of innovative HRM systems, processes and practices regarding the RM and HRM strategic alignment process (see pp. 20 research propositions, appendices 1, 2, 3, 5). In this direction, he highlighted the strategic shift of HR from the personnel, transactional role status towards an interdepartmental linking, facilitator, advisory role status (e.g. a rational, open HR model, see figure 1).

Respondents in organisations A and B, perceived the HR key assignment task as about being able to network and influence, trade and negotiate with various organizational publics. Clearly, such a strategic shift of HRM practices towards a more interactive role facilitates any strategic thought for an effective alignment of RM and HRM disciplines.

For the purpose of comparing and contrasting research findings of the five empirical cases, the investigator adopted a similar approach as in the previous three major themes of the research findings chapter.

Most pragmatically, line management in three out of the five firms (organisations A, B and C) applied innovative HRM systems, processes and practices in building up organisational value in their operational practices. In organisation A, (a transactional firm) HRM operates, as a strategic partner to line as far as the fulfilment of the corporate goals. Administration embedded such an HR philosophy in the form of two major contributors: a) the centrally located HR officers-consultants to line management and b) the appointment and development of the HR dot Line Manager as an “on-line integrated HR role” between line management and HRM. More specifically, organisation A employs more than 23,000 employees in its internationally expanded financial group (Eurobank annual report, 2009), exhibiting a steady increase in human resources numbers over previous years. In effectively performing its HR strategies, the organization has a central HR function employing 90 HR specialists. The corporate structure hierarchically divides HR into distinct sections, including recruitment and selection of new employees, training and professional development.

4.5.1. The strategic role of the Business Partner

Towards the accomplishment of the strategic integration of line and HRM, its administration launched an intermediate strategic role that of the HR dot Line Manager (e.g. a business partner role with extended practical intelligence).
This was a business role that emerged into business operations due to an immense need for facilitation, effective flow of bidirectional communication and coordination issues between the sales-reps and line management. The administration of organisation A defined the role of the HR business partner as “dotted” since the position retained a dual reporting relationship to both the HRM and the General Line Retail Network Director. This was practically signifying the importance of the development and enhancement of the role within the organizational structure.
Line management in organisation A applied a matrix type of structure - a hybrid form of organization in which functional and divisional forms overlap. In a matrix

form of organisational structure, there is a dual rather a single line of command. Moreover, in a matrix type of organisational structure, decision-making is decentralized to a level where information is processed properly and relevant business knowledge is applied. With decisions delegated to appropriate levels, higher management layers are not overloaded with operational decisions. In addition, employees learn the collaborative skills needed to function in an environment, which is characterized by frequent meetings and more informal interactions (Kolodny, 1981). In parallel, researchers claim that there are considerable disadvantages of the matrix type of organizational structure. They lie mostly in the confusion which could arise because people do not have a single superior to whom they feel primary responsibility (accountability issues) and the design can mislead people in the sense that everyone must be consulted for every decision (Kolodny, 1981).

The HR dot Line Manager observed on the use and practicality of the dual reporting system:

> The HR dot Line management dual reporting system facilitates most our strategic integration with HRM and Line Sales, [EUR/HR1].

Consequently, line management effectively identified the roles of the HR partner working at the central headquarters of the Bank and the HR dot Line manager. According to the HR dot Line manager his identified role was to effectively cooperate on the one side with the sales-reps' regarding their entire HR-cycle issues and on the other side with the centrally-located HR specialists over recruitment and selection, training and development as well as performance evaluation. These three organizational forces build an effective interdepartmental alignment - implying a value-added process for all stakeholders.

The investigator interviewed respondents in organisation A regarding the rationale behind the launch and development of the HR dot Line managers' role. Moreover, he questioned respondents whether the launch of such a role proved an effective administrative decision, towards the alignment of HRM to marketing and sales. Conceptually, the development of the business partner role meant more than a change in the corporate human resources practices. It is a philosophical concept that is increasingly featured by organizations as a way of redefining both their organizational strategic structures and their agenda on peoples' management and development. Therefore, business partnering represents the business of all management involved in the development and growth of the organization and should be handled by all in the best possible way. Conceptually, the Strategic Human Resource Development (SHRD) and the strategic partner model (Francis and Keegan, 2006; McCracken and Wallace, 2000; Peterson, 2008; Ulrich, 1997; Ulrich and Brockbank, 2005) identify a multi-layered and complex relationship between the various corporate actors. They are senior management, line and employees that align the goals of the organization resulting in a cohesive organizational strategy in the fight to stay competitive. The launch and development of the HR dot Line manager in organisation A was in the view of the large, complex in structure and largely dispersed banking organization.

This fact alone initiated management concerns regarding the accomplishment of effective task organizational connectedness and incidents of disrupted flow of bidirectional communication between line and the sales-reps. Moreover, a significant number of critical HR activities for the sales-reps - currently implemented by the HR dot Line manager and his team - were in the past implemented by line sales management. The Retail Network-Marketing Director in organisation A observed:

> A large number of HR activities were not scientifically worked out and prioritized under the previous status. People should have a clear career development path always depending upon their priorities and job descriptions. Moreover, a Line Sales manager definitely prioritizes first the quantitative sales goal fulfilment, [EUR/MK1].

The appointment of the HR dot Line manager and his team was the resolution much required in the process. His appointment was an organizational strategic decision aiming to fulfil the gap of administering effectively the sales-reps. The General Manager of organisation A equally supported the launch and implementation of the HR dot Line Manager's role in the group, claiming that a smoothly run banking services organization cannot function without systematic intra disciplinary alignment.

> The HR specialists and more particularly the team of the HR dot Line manager get strongly involved in the communication space where interaction and dialogues occur between different functional managers. In my understanding, the HR function is all about being

> able to network and influence, trade and negotiate with various corporate publics, [EUR/SAL1].

The prevailing organizational culture and business philosophy of the banking firm is plainly transactional oriented. In this context, the alignment of HRM and marketing was limited, if non-existent.

> Marketing is not getting involved with HR issues (e.g. the recruitment and selection process of sales-reps). There should be conformity and consent in between the business, meaning line sales and HRM, [EUR/HR1].

However, the Retail Network-Marketing Director commented positively on the corporate alignment approach between the retail network-marketing experts, the central HR services and more pragmatically with the HR dot Line manager and his team.

> Since the HR dot Line manager and his team also work with the same group of people, we inevitably have to produce a synergistic, collaborative output. We have repeatedly worked side by side in implementing marketing ideas at the point of sale, [EUR/MK1].

She emphatically added on the alignment process:

> We can now initiate synergies amongst the new HR dot line manager and our retail network-marketing department. These interdepartmental synergies can strongly facilitate the flow of bilateral communication of corporate values between the sales-reps, the HR and network marketing departments, [EUR/MK1].

However, the investigator clearly identified a large-scale alignment in between line sales and HRM.

> Interviewer: Can you identify an alignment in between line sales and HRM?
>
> EUR/HR1: We are fully cooperating with Line sales, and the retail branch network employees. To be more specific, I only talk and cooperate with the line sales management.
>
> EUR/SAL1: The HR dot line manager officially belongs to HR department but he has a dotted reporting relationship with the Retail Branch Network General Manager. He participates in all of our weekly, monthly status update for the entire spectrum of HR issues applying to the retail sales-reps. We need his contextual professional HR advice on a number of businesses, as well as operational issues.
>
> Interviewer: How is the HR dot line manager facilitating the alignment process of HR with Line sales and why?

> EUR/ SAL1: Line management at the Bank acknowledges that the HR dot line manager effectively facilitated a number of significant HRM procedures at the Bank.

In fact, the Assistant GM Customer Service of organisation A had a positive attitude towards the integral role of the HR dot line Manager. In addition, he explained the rationale behind his strong perception on the contribution of the HR dot Line Manager:

> EUR/ SAL1: Following the initiation of the HR dot Line manager role, line sales management started having a common interdepartmental strategic, as well as operational approach into HRM issues. Clearly, every line manager should have an HR view in all business aspects. Parallel to that every business partner should have an extended practical intelligence of business matters. It is a bilateral perceptual approach of strategic and operational HR issues. We need such an interdepartmental HR view of business issues. This is because line view strategic and operational HR issues only in their point of view. The HR dot line manager got strongly involved in the communication space, being literally on-line with line management. In this contextual approach, the HR dot Line manager becomes our HRM voice.

> EUR/ SAL1: However, the role has a regular interdisciplinary relationship, serving as a link between the HRM and Line Sales management. He listens to sales-reps' issues, conflicts, concerns, opportunities and he is responsible for suggesting and implementing alternative solutions. I could easily say that he has the needed practical intelligence involving every angle of the business – "he has his feet on the street". There is no other way. A centrally located HR specialist cannot directly cooperate with labour force employed at the retail branches.

In organisation, B (a transactional oriented firm) the investigator observed the existence of two HR departments framing the corporate HRM strategy. In this specific organisation, there was a clear administrative HR with appointed HR experts on sales-reps' recruitment and selection, training and development. Respondents defined the second HR department as "the office of business partners" dealing with Strategic Human Resource Development (S-HRD) issues and a linking, facilitator role between line and the sales-reps. This is a clear indication that HRM in the specific financial firm had a differentiated role, leading towards interdepartmental, cross-functional alignment.

Comparatively, in organisations C, D and E, interviewees perceived the role of HR as performing a traditional, internal role. This was the role of a non-personalized, centrally located staff unit dealing with the administration of the sales-reps' HR-cycle. However, the relational oriented firms (organization E) invested money, time and effort in applying internal marketing practices (e.g. systematic research on sales-reps' satisfaction) and talent management programs (e.g. organinisations C, D and E). These three firms recognized an organizational need to upgrade human resources standards. In this direction, management invested in relational human resources at the front as the means of enhancing a sustainable competitive advantage.

In organisations, B and C the investigator had the opportunity to interview the appointed business partners and obtain their insights and perceptions regarding their task assignments as well as their apprehension towards their organizational systems. In these banking firms, the business partner was a newly appointed HR officer, serving as a link, a facilitator in between line and the central HR services. Line management in the two larger banking firms (where the stakes of power and authority are high) perceived positively the appointments of the business partners. In fact, they all acknowledged the new role as critical in the effective implementation of RM strategies at the point of sale.

Moreover, in the two large banking organizations, Human Resource Development (HRD) practices gained significant consent by administration. Line adopted such a strategic direction on human resources due to the following parameters:

a) The design, development and implementation of relational training schemes upgrading knowledge workers' (e.g. the financial sales-reps) skills and competencies in their assigned tasks

b) The multiplicity and complexity of assigned sales-reps' business tasks

c) The scarcity of competent and skilful sales-reps on the one hand and business partners on the other to take over new higher positions at the geographically dispersed retail network

d) The developing sales-reps' turnover percentage rates

e) An identified need for sales-reps' intrinsic motivation in tackling stagnation over financial reward schemes

On principle, all interviewees in the three banks (A, B and C) that applied the role perceived the strategic launch and development of the business partner as a positive organizational change aiming at fulfilling the critical for success HRM gap in-between line organizational publics and the sales-reps. Consequently, the rationale of line behind the design, adoption and implementation of the business partner-linking scheme was to facilitate the flow of harmonized, undisrupted bilateral communication and enhance the consistency and reliability between line management and the sales-reps. Their original aim upon the initiation of the business partners was to upgrade the level of organizational connectedness. However, it remained unclear based on the field research findings whether the business partners should in the future become strategic business partners to provide a 'Value Proposition' to the various internal market employees/ publics or remain as "trusted advisers" to be viewed by senior managers as valued "servants of power" (Wright, 2008). This could develop as a future research topic.

4.5.2. Sales-reps' recruitment and selection systems

The sales-reps' recruitment and selection process represents the beginning of a long-term and mutually beneficial relationship for both management and employees, since human resources play a critical role in the growth and continuous success of an organisation.

It is worth mentioning that organisations A, D and E processed the design and implementation of a special selection and development program of young talented professionals aiming at attracting promising executives with superior academic qualifications. More specifically, organisation A follows sales-reps' recruitment and selection process on predetermined criteria, corresponding to the internal corporate values and vision. These criteria are appraised using modern psychometric methods and structured interviews, designed to produce a documented outline of the applicants' profiles. Moreover and as a corporate policy, organisation A employs new recruits in front-line business units, (e.g. retail branches and business centres). In aligning hiring practices throughout the banking group, subsidiaries in Greece and

New-Europe have been implementing similar recruitment and selection methodologies and procedures albeit adjusted to their specific requirements. In organizations A, B and C line management conducts recruitment practices adopting panel interviews with the active participation of business partners and line management. Following these HRM practices, the Selection and Development Manager of central HRM services in organization A:

> The management applies a recruitment mix that includes both external selection criteria and internal employee engagement. Our banking effort focuses on the following criteria of recruitment and selection: a) Build the employer - branding strategy b) Engage the business – complete market knowledge c) Strive for talent development programs d) Enhance a career development plan to complement performance review, [EUR/HR2].

The HR dot Line Manager of organisation A, noted on the effectiveness of their recruitment and selection systems:

> The sales-reps' turnover rate varies between seven and nine per cent. Nevertheless, the newcomers' turnover rates are well below four per cent.

However, organisations A and B have not run any sales-reps' satisfaction surveys, regarding peoples' perceptions of their internal working environment, their daily routines and working conditions at the retail branch network. This was an issue which was raised a number of times by the sales-rep interviewed in the process. Comparatively, management of the relational services firms (organisations D and E) had incorporated in their HR systems systemic sales-reps' satisfaction surveys - front line employees' qualitative attributes. Line marketing and sales management considers strongly satisfaction data analysis (as provided by the quality department) in modifying rewards, and make sure that corrective actions and elimination of sources of dysfunctional conflict are completed in due time.

4.5.3. Sales-reps' training and development systems

The sales-reps' training and development systems and processes in organisations A, B and E aimed at developing a learning environment. In fact, a learning organization attracts and retains the best talent by entering into a psychological contract with its employees that motivates them to generate knowledge in return for nurturing and nourishing their professional skills (Thite, 2004). This was pragmatically the case for organizations A, B and E that made a significant effort regarding sales-reps' continuous learning. For Dertouzos et al. (1989) and Pettigrew and Whipp (1991), competitive advantage will ensue for an organisation that develops HR policies that promote continuous learning, teamwork, participation and flexibility; attributes that clearly exist within the "best HRM practice spectrum".

Numerous academics emphasize the relationship between organizational learning and HRM (e.g. Bennett, 1998; Marchinton and Wilkinson, 2003; Jaw and Liu, 2003; Khandekar and Sharma, 2005). Goh (1998) defined these strategies, mechanisms and practices as the "learning capability" of the organisation. Ulrich et al. (1993) also used the term "learning capability" to refer to "building and diffusing learning capability". Moreover, Pemberton and Stonehouse (2000) argue that the creation of knowledge through learning processes is seen to be critical to the development of capabilities. The impact of organisational learning capability on the development of organizational competence is also evident throughout the literature. As Chaston et al., (1999) noted organizational learning functions as an antecedent of organizational competence. It brings employees and other resources together; firms develop the processes, on which capabilities are built, and employees continuously apply their knowledge and skills to operational or strategic problems, hence a deeper knowledge base is developed, which will also enhance capabilities. Wang and Lo (2003) added to this view by reporting that competence building and upgrading can only be achieved by organizational learning.

Organisations A, B and E worked intensively on predefined sales-reps' building and upgrading of a specific set of relational skills and competences. Regarding the training implementation process, sales-reps are systematically trained either in-class by internal or external trainers or through e-learning blackboard electronic establishments or finally on the job from the product business unit developers. Remarkably, the HR dot Line manager expressed his awareness regarding the increased sales-reps' training needs. Moreover, the management of organisation A attached great importance to the performance management-measurement system and to this end, implemented an HR system focusing on the assessment of sales-reps' personal contribution to the accomplishment of corporate goals.

Thus, the performance measurement system combines the appraisal of quantifiable criteria, such as performance against targets, with performance management approaches assessing the skills, or competencies, demonstrated by each employee during their work. The systems' ultimate aim and effort is to enhance employees' overall performance through personal improvement (Eurobank HR department records, 2007).

4.5.4. The sales-reps' reward systems

In organisations A and B evaluation documents were linked to merit bonuses, promotions, task assignment, transfers, training and development (e.g. upon training needs analysis) - a blend of extrinsic and intrinsic rewards. Significantly, in all five firms, line sales management and HRM jointly developed the design and implementation of rewards systems.

According to line management of organisations A and B, the corporate compensation and benefits systems were developed aiming at attracting, employing and retaining experienced individuals who posses the skills and attitudes that maximize both individual and overall job performance. Moreover, line sales management along with the business partners in both firms developed and implemented evaluation methods, policies and procedures ensuring meritocracy in internal transfers. Delaney and Huselid (1996) noted the effectiveness of skilled employees will be limited if they are not motivated to perform their jobs (see section 2.14.1.1).
Jobber and Lancaster (2007, pp. 401) contend in a recent publication, *"the confidence and motivation of sales-reps are being constantly worn down by the inevitable rejections they suffer from buyers as part of everyday activities…this is compounded by the fact that sales-rep and supervisor are normally geographically separated, so the sales-rep may feel isolated or even neglected unless management pays particular attention to its motivational strategies which take account of their needs"*.
It is clear that extrinsic as well as intrinsic types of motivation (e.g. Reio and Callahan, 2004), predict important organizational outcomes like job performance. However, the sales-rep of organisation A expressed concerns about the implementation of her task assignments and the extra reward schemes. She raised a

number of issues that revealed stress and anxiety in fulfilling the daily goal setting in order to capitalize on the extra reward at the occasional expense of a long-term, profitable business relationship with the prospective buyer.

> In accomplishing your personal quantitative business goals, you might reach a point where you advise your prospective buyer in the wrong way, which would probably result in a wrong investment result, which would probably lead to the termination of your business relationship with the prospective buyer. Do we want to win a battle and gain an extra reward and a temporary clientele or invest in a long, profitable business relationship with our clientele? I do not really know, [EUR/SAL2].

Job performance (especially in a relational marketing context) is an area of interest for researchers and employers and may very well be the most important construct in human resource studies (Reio and Wiswell, 2000). Consistent with a systems perspective of human resources (Lado and Wilson, 1994), job performance may be considered an outcome of human resource inputs and organizational processes. Thus, job performance may be a key indicator of the effectiveness of the HR system and may influence firm performance. In fact, job performance has been defined as the value an organization can expect from discrete behaviors performed by employees (e.g. the sales-reps) over time (Motowidlo et al., 1997). Further, Motowidlo et al., (1997) suggested several assumptions including the idea that job performance is behavioural, episodic, evaluative, and multidimensional. Clearly, these researchers distinguish between behaviour and performance, suggesting that behaviour is what people do and performance is the anticipated organizational value of what people do.

Borman and Motowidlo (1993) distinguished the difference between two types of job performance: Task performance and contextual performance. In their academic work, task performance includes items that are typically on a job description and involve the transformation of materials into goods and services such as sales. Contextual performance is defined as behaviors that support the broad organizational, social, and psychological environment of the organization in contrast to behaviors that support the organization’s technical core (Borman and Motowidlo, 1993). Demonstrating the utility of studying job performance bi-dimensionally, Reio and Wiswell (2000) found that employee motivation (curiosity) and socialization-related learning processes significantly and positively predicts both types of job performance. *“Effective* *motivation requires a deep understanding of sales-reps as individuals, their personalities and value systems"* (Jobber and Lancaster, 2007, pp. 402). Hence, an understanding of motivation lies in the relationship between needs, drives and goals. Therefore, the basic process involves needs (deprivations) which set drives in motion (deprivations with directions) to accomplish goals Maslow (1943). Improving motivation is important to sales success, as research has shown that high levels of motivation lead to increased sensitivity, a more adaptive selling approach and enhancement of relationships (Holmes and Srivastava, 2002). Hence, the need for design, development and effective implementation of innovative HR systems, processes and practices in a relational oriented services firm. Hence, the needs for functional RM and HRM integration at a first stage of the alignment process (see idealized design chapter five). At a latter stage of the alignment process of RM and HRM, functions systematically interact, following the design and development of innovative HRM. The ultimate goal of the effort remains the optimum implementation of RM strategies by relational sales-reps.

4.5.5. The relationship between Line management and the business partner

The evolution of the business partner role in the financial services industry represents a challenging research issue for the investigator attempting to provide a framework of interdisciplinary theory development in his thesis. Truly, and as a major part of a strategic corporate change, the HR business partner got strongly involved in the corporate communication space where interaction and dialogues occur between different functional, line managers and knowledge workers. Conceptually, in answering the question of who is hierarchically responsible for the effective implementation of HRM in a services firm, a reasonable set of alternatives were elaborated by Ulrich (1997, pp. 235-236) in his academic work.

- Is it the line management that is responsible for team administration?
- Is it the central HRM experts?
- Is it the newly formed business partner?
- Is it outsourcing HRM firms?

The answer is that *"Line managers are the ones primarily responsible for both their human resources outcomes and the processes within a firm"* Ulrich (1997, pp. 235-236). They have the power and position of authority to lead, coordinate, monitor and evaluate their team business performance in effectively achieving their organizational goals. However, the continuous strive for organizational sustainable competitive presence in the market, the complexity of organizational structures (e.g. the matrix structure of organization A), the developing recruitment and selection demands for skilful and competent employees, the immense need for effective performance training and certainly the performance evaluation factors have driven organizations to consider business partnering as a transformational change parameter. Thus, the imperative skills and competencies for HR professionals include:

1. The strategic and operational knowledge of core line business meaning extended practical intelligence
2. The full knowledge of HRM systems, processes and practices

However, the management of an organization incorporating the role of the business partner would possibly face at a maturity stage a considerable risk.

It is the risk of divorcing the people-orientation (knowledge and implementation of HRM strategies) from the HR role, as the focus is on facilitation of fulfilment of organizational objectives (e.g. strategic and operational knowledge of business and processes orientation). Therefore, is the knowledge of business (practical intelligence factor) a determining competence factor for the business success of the business partner role? Should business partners focus on the human resources performance development avoiding expanding their role in view of conflicts and corporate resistance?

The investigator actually explored the partnership between line management, the HR business partners and sales-reps. For the HR business partner, the ultimate goal of such a mutually beneficial partnership was to listen to sales-reps' problems, suggestions and generate fast decision-making and practical intelligence in business matters.

According to research findings in organizations A, B and C the HR business partner role was launched by line management and further implemented as a strong element of organizational change and transformation process. It is thus becoming critical to mention a few common characteristics in all three cases:

- The three banking firms were large in size, geographically extended and employing a culturally diverse (due to mergers and acquisitions) distribution network
- The three banking firms were characterized by their line management as transactional, marginally engaging in RM practices - implementing performance management systems
- Despite the high organizational investment in CRM and CVM systems infrastructure, the sales–reps distribution network in organizations A and B used in part or not at all the corporate IT infrastructure in building a long-term RM prospective customer approach. The rationale behind the limited use of the IT infrastructure was line sales urge for performance results, building market shares and volumes
- The flow of bidirectional effective communication and organizational connectedness towards both external as well as internal markets varied considerably. In many cases sales-reps felt excluded, trapped due to being away from the corporate authority system
- There was a recorded need for re-engineering regarding the facilitation and improvement of the decision-making processes of banking operational issues
- All three business partners systematically cooperated with internal markets. In this direction, they equally divided sales-reps as “HR-portfolios” meeting regularly with them in examining attitudes, behaviours and internal feelings.
- All three business partners were practically ‘on line’ with Line management decision-making processes, representing valuable interdepartmental business links

More analytically, the HR dot line Manager of organization A described his perceived role as that of a vital, integrating link. He cooperated on the one side with the centrally employed HRM experts over the facilitation and fast decision-making regarding the design and implementation of the sales-reps’ HR–cycle. On the other side, the HR dot line manager cooperated with line regarding the effectiveness of the distribution network as well as their development within the organisation. It is remarkable that the specific business partner had for practical intelligence issues a dual reporting system (the dotted line reporting) which facilitated strategic integration with central HR and Line.

The HR Business Partner employed in organization B was clearly appointed by management to serve: a) the purpose of the interdepartmental and interpersonal cooperation, b) the enhancement of fast decision-making regarding the entire spectrum of sales-reps' HR-cycle issues and c) the incorporation of practical intelligence in a culturally diverse banking firm. The goal of this cooperation was to: a) bridge the flow of effective bidirectional, interdepartmental and interpersonal communication between marketing, line sales and sales-reps and b) Improve organizational connectedness issues between line management and the sales-reps. In addition the Business Partner commented on her role:

> We aim to provide the HR department with a new clear profile and identity. We do not want any longer faceless, meaningless HR activities within an office-closed business environment. We get involved with the line business, be out in the market side by side with the functional line business units [MAR/HR4].
>
> We have been placed to operate as HR specialists at the center of line managers' operational business routines [MAR/HR4].

Interviewer: Why to adopt and develop a business partner role within your organization?

> The creation of the business partner role is a strategic interdepartmental business synergy for the accomplishment of future growth and development. Our job role is an undisputedly brand new channel of internal, interdepartmental communication [MAR/HR4].

Organisation C incorporated a similar HR business partner role within its HR infrastructure. The local, traditional banking firm which was acquired by the French financial services giant Société Générale Group had every strategic reason to move fast and incorporate such a business role in the HR infrastructure. The rationale was the incorporation of a large number of strategic changes and reforms and a shift towards a customer–centric business philosophy. According to the Professional Path Advisor (PPA) in the bank:

> We are a customer-oriented organization both internally and externally. This is our current organizational philosophy. Being a customer-centric organisation, leads to excellence in customer service and products that fit customer financial needs. Our strategic focus is the customer satisfaction. This is our goal regardless if we belong to the HR department or to the retail branch network [GEN/HR3].

Interviewer: Can you briefly talk about your role as a Professional Path Advisor (PPA)?

> The Professional Path Management is an integrated HR role. We have equally divided HR as concrete "business - portfolios". It is exactly like being our selves relationship marketers. Our goal as PPAs is to understand relationship marketers' perceptions over their task assignments, their strong and weak points and what particular weak points they consider important to improve in the short future. That is their first path of action. The alternative path is their perceived business future, their tomorrow in the bank [GEN/HR3].

Line perceived in organisations A, B and C the business partner role as that of a facilitator, interdepartmental link between HR and line management.

The role of the business partner (as referred in literature by Ulrich, 2002) is defined in organization A as an HR dot Line Manager, in organization B as HR-Partner / officer and in organization C as a Professional Path Advisor (PPA).

The three roles were similar with the exception of the HR dot Line Manager, who had a clear line power and authorization status. The remaining two business partner roles were still under development. The HR Business Partner in organization A, observed on their assigned HR duties and practices:

> I and my team functioning as links cooperate on the one side with the central HR-experts, partners over recruitment and selection, HRD and evaluation issues resembling to a great extent the role of HR consultants. On the other side, we are working with Line and sales-reps. This is a most effective facilitation process since it capitalizes on the one to one business relationship, [EUR/HR1].

The HR Business Partner in organization B also observed regarding her role:

> The effective alignment of HR with marketing is exactly our goal. This is exactly what we are trying to accomplish in our organization. We are currently exploring the potential of an effective partnership between the Bank's "business partners" the business partner and the Relationship Marketer. Our notion of understanding is that we already contain an outstanding business relationship with the line management [MAR/HR5].

Moreover, the PPA in organization C, observed on line managements' perceptions regarding her role at the Bank:

> We are line managements' 'right hand' handling interpersonal problems, conflicts of cooperation, and performance development issues of sales-reps […] The same way that we should get trained into line business, equally line managers should be trained into HR issues. The HR people are not usually aware of explicit business applications and practices, [GEN/HR3].

As for the other side of the partnership, what were the perceptions of line management regarding the key task assignments of the business partners?

The Retail Network-Marketing Director in organization A commented on the effective cooperation between the two parts – line management and the business partners:

> The close cooperation in between HRM and marketing is of an ultimate importance to a banking services organization. The HR specialists administer the entire network human resources and the network marketing specialists develop the RM marketing applications and practices for them in a subsequent effort to implement the corporate goals. We are practically together. There couldn't be anything else than a close cooperation between the business partner and the network marketing department. This is a business need that has long been originated by the operational development of the bank, [EUR/MK1].

The Line Sales Development Director in organization B contended on the role of the business partner in his Bank:

> The HR-partner is a mini psychologist. Their job role is to communicate directly to sales-reps and realize whether the person placed originally at the job post wants to: a) Serve the banks' interests from the specific job post b) Has been effectively recruited and selected as the right person for the right job. However, the business partner upon the completion of communication with the sales-rep would formally update line on the discussion outcomes. It is not up to the business partner to decide alone on sales-reps' job rotation or modification of their existing career path issues. It is though the business partner who is able to realize through the use of impressive interpersonal skills the quality attributes of a sales-rep and manage to provide line management with reliable feedback on the employees' developing personality, [MAR/SAL4].

In concluding, a relational oriented firm fosters organizational learning and innovative knowledge management practices as the means for accomplishing RM strategies. This was a predominant case in all three relational financial services firms.

The prevailing assumption was that a relational services firm clearly employs relational sales–reps that maintain a critical set of skills and competencies in effectively implementing RM strategies at the points of sale. Hence, the role of innovative HRM systems, processes and practices is to add organisational value in fully accomplishing its strategic objectives.

4.6. Concluding Remarks

The investigator designed and implemented multiple cases empirical research approach (see sections: 3.2., 3.2.1., 3.4.) in gaining the subsequent interviewees' perceptions and attitudes regarding a contemporary business phenomenon – the corporate strategic alignment of RM and HRM in a relational B2C business environment. Towards the accomplishment of this effort, the investigator compared and contrasted relevant interviewees' testimonies in five privately – owned Banking organizations, eliciting their responses based on "four organizational themes" (see tables 12 and 12a). The ultimate goal of the investigator was the justification of his three research objectives (see section 1.1.5.) and research propositions. In this respect, the investigator produced his initial conclusions based on his research questions (see Appendix 6a, extant literature and his research findings (see four themes – chapter four, tables 11e, 12a and 12).

In 2007 the American Marketing Association (AMA) produced a customer-centric definition of marketing where the discipline was defined as *"the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large".* The new definition takes into account input from a broad cross-section of the Association membership, and clarifies that Marketing is regarded as an 'activity' instead of a 'function'. The new definition positions marketing as a broader activity in a company/organization, and not just a department. Moreover, the new definition also positions marketing as providing long term value rather than narrowly as an exchange of money (short-term) for the benefit of the shareholder/organization. This is a definite relational approach that justifies the challenging tone of the specific research as undertaken in this thesis.

Vargo and Lusch (2004a; 2008b) – as key movers of the AMA - suggest marketing is evolving to a new dominant logic – one in which relationships and services hold primacy over products. Both services marketing and RM make the case that the people responsible for service provision are of very significant importance in respect to successful implementation of marketing strategy and therefore to the success of the organization – the organizational fitness in the market. Crucially, transactional marketing takes little account of the role sales-reps can play in developing and maintaining relationships over time. People working for the firm are what the customer trusts or does not trust. It's the people and not the abstract form of the firm, who learn about the customers and whom the customers learn about the firm through. It is the people from whom the customer expects and gives loyalty, trust and commitment (Harker, 2004).

It can be argued therefore, that a successful financial services organisation should have a clear RM focus – and not an amalgamation of transactional and RM practices, that results in misorientation of sales-reps.

Relationship management which will be placed by line management at the heart of tactical marketing processes and strategic orientation, adopting and implementing Relational oriented marketing infrastructures. However, marketing success will be to a great extent the result of successful management of people – in our case the relational type sales-reps. Consider the implications of Vargo and Lusch's position. Successful marketing strategy is principally concerned with developing and retaining competitive advantage through excellent services marketing. Most fundamentally, excellent services' marketing is based on services provision; service provision and quality is based on service providers and the skills and competences of service providers largely depend on the interdepartmental, bidirectional cooperation of RM and HRM.

In short, the successful implementation of RM strategies requires the adoption and implementation of out-of-the office, innovative HR systems, processes and practices. Without successfully "aligning" RM and HRM, services and relational quality will be impaired and therefore potential for competitive advantage lost. Most fundamentally, without adaptation in HR, “true” RM strategy cannot be designed or applied.

The investigator in Chapter five presents his conclusions and academic recommendations on how to turn into reality the RM and HRM strategic alignment process – presenting a sequential, procedural approach – see the introductory section 5.1.

Chapter Five: Conclusions and Recommendations

5.1. Introduction

The business world today is primarily comprised of competitive markets and demanding customers. Under these circumstances, it becomes crucial to view integrated relationships between internal business systems, effectively developed human resources (e.g. relational sales-reps' roles, skills and competences) and external competitive markets. The direct contact between a relational sales-rep and the buyer and the need to integrate the customer (as a co-producer, a co-creator of a value proposition, according to Vargo and Lusch's (2004a, 2008b, 2009) marketing literature are the grounds for employing retail network units – always in proximity to the customer.

The investigator genuinely and objectively, adopted and implemented case study research methodology - a qualitative research approach, instead of a descriptive research approach - since there has been limited RM research activity regarding empirical industry applications. In brief, the investigator in this Chapter presents his conclusions out of his field research findings - extant literature and eventually his contribution to academic theory. Pragmatically, this Chapter follows the justification of the three set research objectives and research propositions (see section 1.1.5.) as presented in Chapter four. Therefore, the investigator based on his field research findings as clearly presented in tables 12 and 12a concludes and recommends a sequential, procedural inter-disciplinary business RM and HRM alignment process directly related to a relational oriented financial services firm which is described as follows:

1) Retail financial services organizations based on their organizational focus (see table 12) fully adopt, design and implement a relational strategic approach into markets, incorporating an undeniable RM infrastructure within their organizational course of action. In this respect, their line management sets the ground for bridging communication and connectedness difficulties

between headquarters and the retail sales-reps, maintaining relationship quality – as a sustainable competitive advantage in a B2C retail context.

2) At a second stage, retail financial services organizations move across a <u>relational retail branch operational continuum</u> (see section 4.4.2. and figure 12 – data derived from interviewees – field work) maintaining close links with internal and external publics. The goal for line management (see section 2.8.) is to enhance and advance the interaction process in value creation – as described by Vargo and Lusch (2004, 2008, and 2009).
   Most fundamentally, during a buyer – seller relationship the supplier connects with the customer in terms of coordinated interactions and hereby "*these distinct processes merge into one integrated process of joint value creation"* (Grönroos 2008, pp. 302). Therefore, the opportunities for joint value creation embedded in interactions have implications for value co-creation as well as for marketing. It is thus during a possibly unique interaction process, between the relational sales-rep and the customer in a financial services business setting that the sales-rep *"can actively and directly influence the customers' experiences and therefore also their value creation"* (of value-in-use) (Grönroos and Ravald, 2011, pp. 13).
3) At a third stage, retail financial services organizations fully adopt and implement a <u>relational retail operational design</u> (see figure 13 – data derived from interviewees – field work) that links effectively internal to external publics aligning line sales management, RM and HRM. Through a discussion with the interviewees (see sections 4.2.1., 4.2.2., 4.2.2.1., 4.2.3., 4.4.2., 4.5., 4.5.1., Appendix 11) and extant literature (e.g. Quinn et al., 2007) the investigator concluded on the sales-reps' roles, skills and competences that would strategically fit in such a relational retail operational design. More explicitly, in a relational focus financial services organisation RM and HRM in full coordination and alignment with the HR Business partner (e.g. the HR dot line manager) and the central HRM services jointly establish an ideal set of relational sales-rep roles' skills and competences (see table 13 – data derived from interviewees, field work, and extant literature). This ideal set of

relational sales-reps' roles, skills and behavioral competences is significant in ensuring optimum relationship quality standards at the retail points of sale. It thus includes an analysis of: a) Entrepreneurial skills and competences, b) Ideal set of relational sales-reps' roles, skills and competences and c) Ideal set of relational sales-reps' technical skills (e.g. sales-force employed in the banking industry).

Given that a financial services firm is a knowledge-based services organisation (see section 2.14.1.6.) the focus on human resources development becomes of an uppermost significance for line management. Therefore, line management of a financial services organization depends on a few, yet skilled and competent relational sales-reps (see sections 2.17., 4.2.3.2., 4.5., 4.5.2., 4.5.3.) to implement effectively RM strategies at the retail points of sale. In this respect, the recruitment, selection, training and development of relational sales-reps - talents turns critical parts regarding best HRM practices (see sections 2.14.1.6., 4.5., 4.5.1, 4.5.2., 4.5.3., 4.5.4., 4.5.5.). The investigator in Chapter five suggests that line management in a strategic alignment process to HRM, measures (e.g. through the use of multi-rater evaluation schemes) and develops sales-reps' skills and competences adopting expert learning – training programs (see sections 2.18.1., 4. 2.3.).
Through a discussion with the interviewees, the adoption of technical skills (see table 13) alone is a much needed prerequisite for a sales-rep performing business in a transactional oriented firm (see sections 2.4., 4.2.1.). However, the investigator followed the leadership model of Quinn et al., (2007) and upon his field research findings designed the ideal set of relational sales-rep's roles, skills and competences (see tables 13 and 14). Thus, a relational sales-rep in effectively accomplishing corporate, strategic goals needs to ensure effective implementation of all six major functional roles and eleven competences (see tables 12, 13 and 14). Most fundamentally, the career development of a relational sales-rep is extended far and beyond the satisfaction of these skills and competences. However, they are indicative for best HRM practices - recruitment, selection, training and development (see section 4.5.). Thereafter, a relational financial services firm capitalizes on the roles, skills and competences of the producer, mentor and empathiser for newly recruited

sales-reps (up to two years business experience). However, all six roles and associated skills and competences are essential for experienced sales-reps. Moreover, the investigator suggests that there is a predefined set of technical skills required for an eligible relational financial sales-rep. This is precisely the role of HRM (through recruitment, selection and learning practices) cooperating with RM in creating organizational value (see section 4.5.) and boosting Relationship Marketing strategies performance (the optimum implementation and a justification of the first, second and third research objectives).

Briefly, relational sales-reps act as entrepreneurs and business consultants incorporating value for both the organization and the customers, since their course of action has a dual orientation: the corporate and the retail branch target goals accomplishment.

4) Further developing his contribution to academic literature, the investigator produced a systematic, procedural strategic alignment of RM and HRM business disciplines (see section 2.22.). The strategic alignment idealized design (see section 2.22., figure 4, 14 and 15) answers the "how" part of the research questions under study.

This academic contribution is maintained by the recommendation of a strategic alignment idealized design (see section 5.5.) which is based on a financial service firm's ability and adaptability to accomplish a 'strategic fit' and 'functional integration' in two different chronological stages. In this context, the strategic alignment idealized design capitalizes on the Strategic Alignment Model (see Henderson and Venkatraman, 1993) in sequence to the retail branch operational continuum, the relational operational design and the HRM entrepreneurial – competence process. In fact, the RM and HRM strategic alignment idealized design has a strong impact upon the effective implementation of RM strategies at the points of sale. Conceptually, the investigator suggests that the strategic alignment idealized design develops in two distinct phases:

a) The first phase called for *functional integration* of HRM and marketing

b) The second phase called for a *systematic interaction* in between the Human Capital Chief Enabling Officer (e.g. an HR business partner position – see section 4.5.1.) and the relational sales-reps. The chronological distance between the planning, programming and implementation of the two RM and HRM alignment phases varies depending on the corporate life cycle, the stage of maturity of the firm, the complexity of functions and business roles and the determination of administration to invest in a customer-centric business approach (see section 2.3.).

Drawing upon extant literature (see sections 2.22., 2.23.) and research findings (see sections 4.4., 4.4.1., 4.4.2.) the author produces a strategic RM and HRM alignment idealized design (see figures 14 and 15). In this design, the vertical linkage (strategic fit) concern the external business environment in which the financial services firm competes and equally the internal environment in which the firm operates. The horizontal linkage in integration denotes the RM-HRM interdepartmental integration in an RM focused firm. As a result, integration takes into consideration a relational strategic orientation, marketing and HR systems and processes, as well as corporate infrastructures in accomplishing best RM strategies.

The second phase of the design extends to retail sales-reps and RM implementation practices. Therefore and for reasons of simplicity, phase B denotes *systematic interaction.* The investigator makes the following assumptions during systematic interaction:

a) Service (singular) represents the core business concept for the relational financial services firm replacing goods and services. According to the prevailing S-D logic theory of Vargo and Lusch (2004, 2006, and 2008), the *"focus of organizations is shifting away from tangibles and toward intangibles, such as skills, information, and knowledge, and toward interactivity and connectivity and ongoing relationships".*

b) The ultimate goal of administration of a relational financial services firm is to create and maintain a sustainable competitive advantage through relationship development with all relative corporate stakeholders. The investigator suggests that the accomplishment of this strategic objective might be the outcome of value generation sustained by the effective implementation of RM and HRM strategies. Value creation is a collaborative and interactive process that takes place in the context of a unique set of multiple exchange relationships, between the seller and the buyer though often somewhat tacitly and indirectly.

The investigator concludes on a number of value creation parameters such as:

1) The design of an ideal set of relational sales reps' roles, skills and competences that reflects strongly on the effective implementation of RM strategies at the retail point of sale.
2) The adoption and systematic implementation of innovative HRM systems processes and practices. In this respect, HRM is decisive for corporate success and growth, whether a firm invests in human resources or not. The investigator views the strategic orientation of a relational services firm in terms of its positioning in the selected marketplace, and confined to external considerations.

Clearly, a relational financial services firm has an indisputable RM focus as its corporate positioning in the market. This is not an amalgamation of transactional and partial relationship-marketing strategies in order to avoid sales-reps disorientation, but a distinctively identified RM oriented business strategy. Thus, the strategic RM and HRM alignment process calls for a decisive external part, matching corporate governance and the distinctive sales-reps' skills and competencies as critical in the implementation of an effective RM strategy.

5.2. First research objective – conclusions and recommendations

The investigator considered as a challenging research issue, why and how an RM focused financial services firm should strategically align RM and HRM business disciplines. This is explicitly the first research objective of this thesis.

The answer to this research question actually entails research evidence from all four major and consistent themes (research findings) as they were presented in tables 12 and 12a and analyzed in Chapter four. Conceptually, the first research question is an "umbrella" type of research question. This is explained by the fact that RM and HRM are business disciplines that have as common denominator the human resources, the relationship factor, trust, empathy and commitment (see sections 2.5., 2.6., 2.15., 2.16.). It would be significant to note at the introductory stage of this Chapter that the investigator actually explored interpretations, perceptions, attitudes and behaviours of the social actors regarding a contemporary phenomenon, the strategic alignment of RM and HRM in a relational financial services firm, in a real life context (see section 3.2.).

The investigator also considered as a challenging research issue a valid academic argumentation regarding Relationship Marketing implementation effectiveness in financial services firms. In fact, marketing strategy implementation has long been recognized as being critical for business success in both the strategic management literature (e.g. Carnall, 1986; Galbraith and Nathanson, 1978; Quinn, 1980, 2003, 2007) and the marketing literature (e.g. Bonoma, 1984a, b; Bonoma and Crittenden, 1988; Cespedes and Piercy, 1996; Piercy, 1989, 1997a, b, 1998a, b; Sashittal and Jassawalla, 2001). Essentially, until the implementation process a strategy remains a plan not an operational reality. This observation led Gummesson (1974) to conclude that the ability and strength to execute a decision is more crucial for success than even the underlying analysis. Sashittal and Jassawalla (2001, pp. 51) distil two principal conceptualizations of implementation processes within the literature; *"implementation as either organizational change or as operational-level actions"*. Bonoma (1984a, b) has presented marketing strategy optimum implementation as a *"useful, researchable and relevant research area for the marketing discipline".*

Considerably, the optimum relationship marketing implementation process presented considerable scope for further inquiry for a number of reasons. First, a review of the pertinent literature is indicative of an undue bias toward formulation almost to the neglect of implementation (Noble, 1999; Noble and Mokwa, 1999; Piercy, 1989; Walker and Ruekert, 1987). Bonoma and Crittenden (1988) attribute this literature imbalance to a long-held, misguided assumption among both academics and practitioners that implementation inevitably supersedes formulation provided the plan displays analytical sophistication. Second, what empirical evidence there is overwhelmingly suggests that implementation in practice is fraught with difficulties and generally falls short of expectations (e.g. Nutt, 1983). This is neatly captured by Meldrum (1996, pp. 30), who states, *"One of the concerns about marketing as a management discipline is the inability of organizations to put into practice the policies devised in its name".* It is interesting to note that poor implementation is a long outstanding concern first brought to light by early writers (e.g. Barksdale and Darden, 1971; Felton, 1959) with Churchman (1975) aptly labeling it "the implementation problem".

It would consequently appear that research fuels interest in marketing strategy implementation not so much by the anticipated positive link between implementation effectiveness and enhanced business performance. Rather there is interest by such type of research, which consistently reports a general incompetence on the part of businesses at implementing strategies such that the conferred competitive advantages via implementation capabilities are not being realized in the process. In this direction, Sashittal and Jassawalla (2001) consolidate the main streams of research and observe that the literature is clustered around matching managerial characteristics with the strategy being implemented (e.g. Kerr and Jackofsky, 1989); tactics used by managers to influence participants (e.g. Nutt, 1989) and the association between organisation, strategy and implementation (e.g. Miller et al., 1988).

The management of effective inter-departmental relations is one avenue that has been exploited for its potential to enhance implementation efforts (e.g. Ruekert and Walker, 1987). Underpinning these studies is a key tenet of early organisational science studies (e.g. Fayol, 1949; Lawrence and Lorsch, 1967; March and Simon, 1958); that the attainment of organizational goals success necessarily depends on inter-functional co-ordination and departments working in concert.

Truly, such a valid academic debate enhances the logic behind the marketing and HRM interface (see section 2.13.). Findings also underscore the relevance of investigating the RM and HRM interface, indicating that the people area is the greatest constraint to marketing strategy implementation (Giles, 1991; Piercy, 1997a, b). Kotler (1991, pp. 71) asserts that *“the marketing department’s effectiveness depends . . . on how well its personnel are selected, trained, directed, motivated, and evaluated”.*

In business cases, due to the lack of functional synergy the HR function is sometimes developing HRM systems (training, reward, remuneration, development and appraisal) in complete isolation of the line and similarly, marketing developing ambitious strategies independently of HRM with limited awareness of whether employees’ skills and attitudes are commensurate with the implementation demands Gratton (1994). Therefore, the integration of the marketing and HR functions is seen to represent the alignment of workforce capabilities with customer focused marketing strategies (Gratton, 1994; Piercy, 1997a, b).

While we are talking about workforce capabilities and for the sake of this thesis' research questions, the investigator explored the contribution of sales-reps towards the successful implementation of RM strategies. Clearly, the contribution of relational type sales-reps is largely responsible for corporate success, growth and development – a customer-centric model of corporate development (see sections 2.3., 2.23, 2.23.1., 2.24. and 4.4., 4.4.1., 4.4.2.). In fact, the sales-reps are the people who implement RM strategies at the points of sale. The sales-reps are the people who contribute with their exceptional performance to the sustainable competitive advantage of an organization. The sales-reps are the people responsible for building and sustaining a profitable, business relationship, communicating tailor-made to the customer's financial needs product/service solutions (bundles) for a long period.

Therefore, it is RM and HRM who should align their strategies and operational practices in effectively implementing RM at a largely dispersed distribution channel network.

Following the comments of interviewees belonging in the two major transactional firms under study, marketing reflects on an expensive, mass, pull communication strategy (see sections 2.3, 2.4., 4.2.1., 4.2.2.). According to such a framework of marketing activities, sales-reps are customer service officers, responsible for serving the incoming customers well.
This is not the prevailing marketing scenario for a relational oriented services firm (see sections 2.5., 4.2.1.). Organisations C, D and E were relationship marketing oriented financial services firms. For these three banking firms, the effective implementation of relationship marketing strategies had an unquestionable strategic fit to the corporate scope, the corporate strategy and distinctive human resources skills and competencies. More explicitly, the marketing goal for a relational oriented firm was to generate long term, profitable sales and retain existing customers. This was a definite push marketing strategy, requiring skilled, talented sales-reps, whose role is to attract and retain valuable customers in a retail branch. Thus, a relational services firm requires carefully recruited and selected, trained and developed sales-

reps to implement their RM strategies at the B2C point of sale. In this respect, the role of HRM turns extremely critical for corporate success.

Both HR and marketing literature (see Chapter 2) have multiple applications of words like loyalty, commitment, trust and long-termism. Both marketing and HR functions have a similar strategic orientation – that is to serve best customers (e.g. internal and external). This may be largely explained by a similarity in intent – flexibility, adaptability – and the acknowledgement that both RM and HRM writers desire that their disciplines form a corporate wide philosophy/culture as a set of systems, processes and practices. Better, that they form important components of organisational culture together. In case, that we accept the key role that sales-reps play (e.g. linking complex organisational processes) in facilitating services and relationships with external groups then it seems absurd to not also accept that the recruitment and selection, training, development, retention, rewarding and management of these are also important, especially when research already exists demonstrating that a happy workforce helps to cause happy customers (see section 4.2.3.). In case, we argue that concepts like loyalty, affective commitment, trust and rapport are of critical importance in understanding successful long-term interactions between parties then it seems irrational to ignore a vast literature-resource in which these concepts have been highly developed and considered over decades. Moreover, if a financial services organization intends to build and maintain strong relationships with its external customers, it seems certain that a key means of doing this will be by applying innovative HR systems, processes and practices (see section 2.18.1., 4.2.3., 4.5.1.).

A fundamental change in what is regarded as successful implementation of relationship marketing strategies requires equally fundamental re-examination of the impact and interfaces of marketing on other business processes (e.g. line sales and HRM). The strategic RM and HRM alignment process therefore, called for a decisive interference linking corporate governance practices and the development of a relational set of sales-reps' roles, skills and competencies (see HRM entrepreneurial-competence process – sections 4.4.,5.4.1., Appendix 11). In this direction, corporate governance defines the means of addressing the chosen business areas. The distinctive human resources' skills and competencies strongly relate to the organizational capabilities (e.g. a knowledge management practice) that make the corporate strategy and governance real (see section 2.14.1.6.).

The investigator defines organizational competencies as the essential resources of an organization in fully accomplishing its strategic objectives. Organisational competences thus, include the tangible, intangible and human resources elements. More explicitly, the tangible resources are the physical (retail network) and financial capacity (growth momentum) of a services firm, whereas the intangible resources include among others the positive reputation of a financial services firm. As such, the investigator examined them in section 5.5.

5.2.1. The impact of strategic direction and structures on RM - HRM alignment

The investigator suggests upon his research findings that the effective implementation of relationship marketing strategies by retail sales-reps in a B2C context is utterly connected to an undisrupted, business relationship between interdepartmental functions - such as HRM and RM. Such an optimum interdepartmental relationship is linked to systems infrastructure (marketing and HRM) and strategic orientation (see section 4.2.). In concluding, the strategic orientation of the firms in the sample set represented a major issue of debate between the various corporate stakeholders. Interviewees recognized the industry / market need for a holistic transformation to RM practices but they were not yet ready to shift direction and abandon the transactional – performance management systems and practices. Therefore, line management in the two major banking firms of the sample set assumed parallel transactional and RM strategies. On the other hand, there were three relational firms in the sample set that shifted their corporate attention and focused entirely on RM strategies and implementation practices, investing significantly on their sales-force advancement of skills and competencies.

The investigator may also claim, given his research findings (see tables 12 and 12a), that an organisation in being effective needs to be thoroughly focused. A banking firm which is pursuing simultaneously diversified marketing strategies results in sales-reps' misalignment and disorientation. The sales-reps in such a business environment exhibit considerable signs of interpersonal as well as interdepartmental dysfunctional-task based conflict, resulting in demotivation, alienation and lack of commitment. Most fundamentally, the simultaneous implementation of RM and Transaction marketing strategies developed to an erroneous managerialist belief, since there was continuous, stress-generating pressure to sales-reps for short-term sales quotas accomplishments (e.g. given the implementation of demanding performance management systems – see section 4.2.1.). In this respect, sales-reps were puzzled by conflicting marketing strategies and finally end-up pursuing the short-term goals in avoiding pressure by line sales management.

Thus, a clearly defined strategic orientation has a definite impact on the effective relationship marketing implementation. In fact, all interviewees perceived the strategic orientation as critical to the design; adoption and effective implementation of RM strategy (see section 4.2.).

<u>5.2.2. The impact of RM and HRM alignment on organisational connectedness</u>

The employees' groups of interest in transactional type organisations A and B (e.g. sales-reps and line management) were characterized by moderate, task organizational connectedness (see sections 2.14.1.2., 2.14.1.3., 2.14.1.4. and 4.3., 4.3.1., 4.3.2.). This is a relatively explainable issue since both banking firms were transactional oriented aiming strategically for larger market shares and increased sales volumes. On the contrary, in the three relational oriented banking firms (organizations C, D and E), the investigator observed the similar groups of people characterized by cognitive and affective types of organizational connectedness. Most profoundly, in highly cognitively connected groups, line management and sales-reps shared a mutually beneficial understanding and active involvement of their group and their task assignments (see section 4.3.2., 2.14.1.3, 2.14.1.4.). Line management members and sales-reps in organisation E were therefore able to understand, communicate and interact effectively in an informal basis with no major trouble. According to extant literature, informal type of communications allow connection over issues that are of mutual interest (Dawes and Massey, 2005), whereas formal communications including meetings, reports and e-mails, may be used to set direction, clarify roles and summarize events. The investigator notes that increasing the volume of communications between inter-functional areas does not necessarily improve joint working because it could overload the participants (Child, 1985; Pugh, 1979). Based on sales management literature (Jobber and Lancaster, 2006) the informal type of communication is the best motivator for sales-reps at the front who feel alone and sometimes neglected by administration.

Therefore, the improvement of the informal type of bidirectional communication represents the main goal of HRM systems, processes and practices in bridging the gap between line management and the sales-reps in a retail B2C context.
The initiation and development of the correct frequency and type of communication between interdepartmental groups is an effective way of improving collaboration between HRM, marketing and sales – thus increasing organizational effectiveness (see section 2.14.1.4.). In fact, the lack of bidirectional informal type of communication was the reason – the internal corporate need behind the initiation and development of the business partner role in both organisations A and B.
Both firms adopted the specific role in filling informal communication gaps between sales-reps and line management. Most significantly, the lack of bidirectional informal type of communication between the various stakeholders dealing with the customers was causing moderate dysfunctional task-based tension (see section 4.3.2.). This tension resulted in sales-reps' reduced job satisfaction, decreased loyalty and commitment. According to literature, dysfunctional conflict (Dawes and Massey, 2005) leads to poor organizational linkages, lack of understanding and trust. Comparatively, the similar groups in the relational oriented firms did not face similar type of problems mainly due to the cognitive and affective type of organisational connectedness.

In concluding with the first research objective, the investigator explored why and how a relational oriented financial services firm should align RM and HRM business disciplines. Most profoundly, the strategic corporate orientation, the marketing and HRM infrastructures facilitate and improve RM implementation at the points of sale reducing dysfunctional conflicts between the back office employees and the front. This resulted in cognitive and affective types of organizational connectedness and maintenance of a developing bidirectional informal type of communication.

5.3. Second research objective – conclusions and recommendations

The investigator used the second research objective to explore the reasons how and why relational sales-reps contain a critical role in effective RM strategy implementation. Explicitly, as Bank – marketing executives recognized, no strategy aimed at satisfaction and retention of external customers can be considered complete unless it includes programs for reaching and winning over internal customers (e.g. the sales-reps) – which highlight the significant impact of sound HRM strategies (Schneider and White, 2004). Viewed particularly important in the retail-banking context are the sales-reps who, because of their boundary-spanning roles, play a crucial role in service delivery and building relationships with customers (Babakus et al., 2003). Being direct participants in implementing the marketing concept (Brown et al., 2002), sales-reps' attitudes and behaviours towards customers determine customers' perceived service quality, satisfaction and emotional commitment to an organization (Henning-Thurau, 2004; Yoon et al., 2001). Sales-reps also have the capability, more than any other employees in a financial services organization, for returning aggrieved customers to a state of satisfaction after a service failure occurs (Yavas et al., 2004). Not surprisingly, bank executives view retention of motivated, satisfied and committed sales-reps' as imperative to business success as customer satisfaction and retention (Yavas et al., 1997).

Previous literature further suggests that technical expertise leads to customer trust (Doney and Cannon, 1997) and strengthens the relationship between the salesperson's customer-centric attitude and behaviour (Stock and Hoyer, 2005). Meta-analytic research though on RM indicates the critical role of the individual sales-rep's relationship with the customer in achieving positive sales outcomes (Palmatier et al., 2006). Crosby et al., (1990) suggest that the key role of a sales-rep is to be a "relationship manager". In support, academic research demonstrates the benefits that a sales-rep's relational emphasis can offer (Berry, 1995; Frankwick et al., 2001; Pelham, 2002). Stewart et al., (2009, pp. 464) emphatically add in the discussion regarding the role identity of sales-reps: "*given the dominant RM paradigm and the continuing emphasis on relationship selling in business practice, higher-performing salespeople will view themselves more as sales consultants (relational focus), whereas lower performers will view themselves more as technical* *specialists (technical focus)".* In the case that a services firm is relational oriented and has a strong human resources development culture it may well benefit from intentionally recruiting, selecting, training and developing people with more of a sales consultant role identity Stewart et al., (2009).

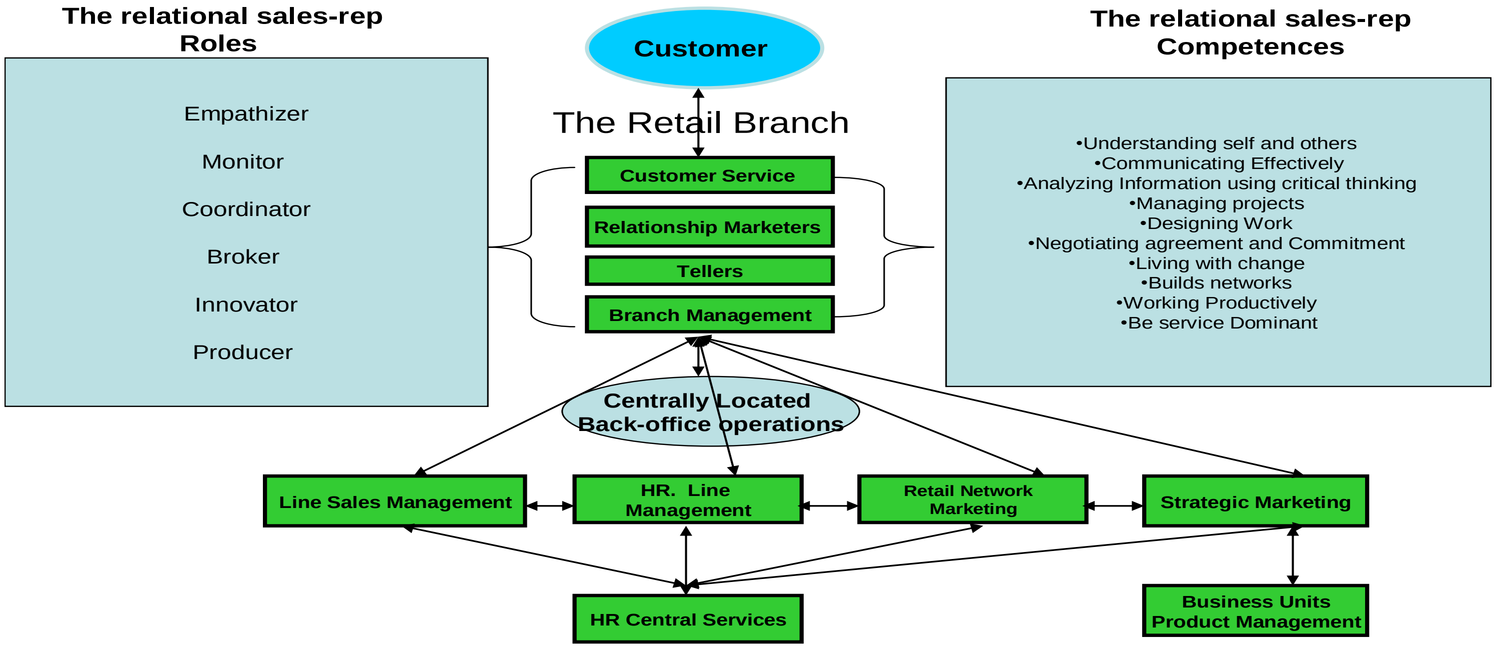
Drawing on the design of the retail branch operational continuum (see figures 11 and 12) which was based on interviewees' testimonies, the investigator conceptually suggested that the design of an adequate and competent internal market of sales-reps represents a generic stage of RM and HRM interdepartmental alignment process. In this direction, the investigator suggested that the relational retail operational design (see figure 13) provides a business framework that the various relevant corporate stakeholders could find space for interdepartmental, horizontal cooperation and development. Conceptually, the investigator defined the design of the relational retail operational design leading to a relational oriented process which in turn leads to management of effective relationship quality between the buyer and the seller (see sections 2.28., 2.28.1 and 2.28.2. and section 4.4.).

More explicitly, the retail relational operational design (figure 13) reflects on a systemic interdepartmental cooperation and bidirectional communication process. Such a systemic process defines the roles, skills and competencies of relational sales-reps towards both the internal as well as external markets. In fact, this is a systemic process that also defines the interdepartmental cooperation between line sales, marketing and HRM. Finally, it is a process that clarifies the retail operational design of a relational oriented firm (e.g. the direct impact of corporate strategic orientation).

Following the initiation for such a systemic retail relational operational approach, sales-reps being free of back-office, bureaucratic type of operations and therefore free of dysfunctional task-role conflicts have as a direct goal to build and retain long-term, empathetic, quality relationships with their customers.

Empathy according to literature (see sections 2.25., 4.4.1) is the recognition and understanding of the states of mind, desires, and particularly emotions of others. Given, the relational retail operational design, the internal market of sales-reps frames an instilled RM-focus philosophy; starting from top management and ending to the last employee of the financial services organization (see section 2.14.1.5.).

Figure 13: Relational retail operational design



Following the relational operational retail design, all relevant corporate stakeholders equally, contribute towards the sustainability of the RM paradigm (see section 2.5.). Grönroos being one of the pioneers of RM (2007, pp. 387) states about the internal markets of employees: "*It is best motivated for service- mindedness and prepared for customer-focused performance by an active, goal-oriented approach, where a variety of activities and processes is used internally in an active, marketing like and coordinated way. In this way, internal relationships between people in various departments and processes (customer-contact employees, internal support employees, team leaders, supervisors and managers) can best be enhanced and geared towards service-oriented management and implementation of external relationships with customers and other parties*".

5.3.1. The talent management experience

Given the design and implementation of the relational retail operational design, the demanding and somewhat stressing performance management systems much apparent in transactional oriented firms are replaced by organizationally instilled talent management strategies. In this direction, the development of employees' skills and competencies become the business goal of line management and HRM. Although, a number of the banking organizations began to recognize the important role that talent management plays in their success, growth and development it was the relational oriented firms (C, D and E) that strategically and systematically managed human talents strategies in developing roles, skills and competencies of their sales-force. Most fundamentally, the CIPD (2007) study of talent management in UK claims that talent management requires HR professionals to understand how they define talent, whom they regard as 'the talented employee' and what their typical background might be. However, many firms prefer to formulate their own meaning of talent rather than accept a universal or prescribed definition. Thus, they tend to have different talent targets. Iles et al., (2009) categorize human talent, as valuable, rare, and hard-to-imitate, specific prescriptions regard talented employees are unclear. An influential perspective on talent management defining process closely allied with the identification of "key positions" (e.g. the sales-reps) in the organization (Huselid et al., 2005).

The starting point of a talent management strategy is to identify critical task assignments (for example: the identified relational sales-reps' roles, skills and predominant behavioral competences). As an effective business and marketing strategy requires differentiating a firm's competitive advantage in ways that create value for customers, an effective HR practice also requires labour force differentiation. For example, in the case of organisation C, management transformed the traditional sales-rep job post to that of a "Relationship Marketer" with differentiated duties - a predefined set of roles, skills and competencies. Clearly, the bank needed talents to perform effectively the RM strategy implementation process. In this context, such a position should have had communication, coordination, broker, and negotiation skills – the actual profile of a talented person. Such a perspective is often linked to emerging perspectives on "employer branding" (e.g. Martin and Hetrick, 2006; Barrow and Mosely, 2005). This is to describe how firms market their offerings to potential and existing employees, communicate with them and maintain their loyalty to the "employer brand". It thus includes a set of attributes and qualities that makes an organization distinctive, promises a particular kind of employment experience and appeals to those people who will thrive and perform best in its culture (CIPD, 2009).

Therefore, in setting a platform for talent management, Cheese at al. (2008, pp. 11) observed five talent imperatives emerging as critical to sustained business success:

1) Talent is a strategic issue, and a human capital strategy is an intrinsic part of any business strategy. The two large banking players (organizations A and B) realized the value and critical worth of talent management applied strategies in an effective "push marketing strategy" in their retail networks. However, they were still away from incorporating talent management as a strategic HR orientation. In fact, a careful observer would doubt the adoption and implementation of a talent management strategic HR approach in a transactional focus firm. However, it is the relational firm, which considers human resources as critical to marketing strategies effectiveness. For example, the HR Director of organisation D noted:

> Every banking organization has a classic, traditional difficulty over the recruitment and selection of suitable retail sales-reps. The sales-reps working either with private customers or with corporations should have specific personality attributes following the operational model of our organization, [PROT/HR7].

2) Diversity is a firms' biggest asset. This practically means that a firm has the strategic ability to attract, work with and retain diverse human talents. Conceptually, such a corporate strategic direction means that a services organization has adopted exceptional HRD practices, investing in peoples' development as a strategic competitive advantage. The investigator observed just two cases (organisations B and E) that adopted and developed such talent management practices.

3) Learning and skills development represents one of the most important capabilities for the talent – powered firms. In fact, three out of five banking firms (the relational oriented firms) that invested in human asset learning and skills development. This is because the firm's competitive advantage would equally mean advancement of the existing labour force in skills and competencies.

4) Employees' commitment is the mystery ingredient that can transform business performance (see sections 2.23.1.and 2.24.1). This is a valid business assumption since the investigator revealed that the more loyal and committed the human talents, the more they are engaged to the cause and yet turn to be more productive. However, how employee commitment can be a true business assumption when an organization adopts and implements stressing performance management systems? This is a challenging future research indication.

5) Nurturing and developing human talent represents the concern of all at a service organization. Someone may even say that the internal marketing philosophy as presented in the previous literature chapter becomes the prevailing business strategy incorporating the internal service quality (e.g. employee selection and development) to external service quality and value development. The HR people represent the key enablers in this process however this is also the job of line who should take action in nurturing, developing and equally appraising human talents.

In concluding, it is the relational firm, which would invest high in talent management practices and sustain a competitive advantage based on the human asset capital. On the contrary, the transactional oriented firms consider a human resources investment (e.g. talent management practices) as somewhat obscure and partial thus generating problems in the organizational structure.

5.3.2. The relational operational retail design – a value generating process

Gummesson (2007, pp. 115) in his academic work claims, *"There is no such thing as goods marketing"* stating emphatically that *"all marketing is about value-propositions meaning that customers do not buy goods or services; they buy something that they perceive to be of value for them. At the end of the day, value only springs up in interaction with the customer and it does so in countless, individual ways".* Vargo and Lusch (2004, 2006, and 2008) and their service-dominant (S-D) logic suggest service (in singular) as the core concept replacing both goods and services. Under the S-D logic, a supplier offers a value proposition (see section 2.13.1.)

In determining why consumers engage in relational exchanges with firms, the evolving, S-D logic implies that *"the goal is to customize offerings, to recognize that the consumer is always a co-producer, and to strive to maximize consumer involvement in the customization to better fit his or her needs"* (Vargo and Lusch, 2004, pp. 12). Moreover and according to the prevailing S-D logic theory, the focus of organizations is shifting away from tangibles and toward intangibles, such as skills, information, and knowledge, and toward interactivity and connectivity and ongoing relationships (see section 2.13.1.). This is exactly the prevailing case in the relational retail operational design, where a relational focus sales-rep is carefully examining customers' needs and sells a product/service solution (bundle) in a B2C business environment. In the product customization and integration stage of solution selling, a salesperson must work to align resources from within a customer's organization with a supplier's resources in a way that yields a solution to the focal problem (Tuli et al., 2007). In short, the solutions sales model demands that sales people become adept resource managers in addition to their traditional roles of persuasion and promotion (Chonko and Jones, 2005)."*Like entrepreneurs, solutions sales representatives must be able to link resources (both current and potential resources) of their respective firms to inefficiencies in a customer's operation"* (Bonney and Williams, 2008, pp. 1034). However and always according to the S-D logic (see section 2.13.1.), the financial services firm cannot create value but can only offer value propositions and then collaboratively create value with the beneficiary. Thus, the service provided (directly or through a good) is only input into the value-creating activities of the customer.

The investigator argues on principle with this specific statement of Vargo and Lusch on S-D logic, even if the specific logic theory applies to the philosophical framework of a relational oriented organization. The investigator thus believes that the ultimate goal of the administration of an organization in effectively implementing RM strategies is to create an indisputable, sustainable competitive advantage (SCA) by having a clear strategic RM and HRM focus. In fact, organisations can accomplish a sustainable competitive advantage incorporating a holistic value generation approach enhanced by a strong RM and HR focus.

Only recently, organisational theorists have come to acknowledge the importance of human resources' competencies, capabilities, and skills as the sources of Sustainable Competitive Advantage (SCA) (Ellinger et al., 2002). Following the resource based view, firms acquire critical human resources and then establish HR systems to enhance the potential of these human resources that are most difficult to imitate (Paauwe and Boselie, 2002; Jackson et al., 2004). According to Lengnick-Hall (1990), the concept of achieving SCA through HRM is based on the rationale that competitive advantage is the essence of competitive strategy. It encompasses HR capabilities, resource, relationship and decisions that permit an organisation to capitalise on opportunities in the market place and to avoid threats to its desired positions. The strategic alignment of RM and HRM (see section 5.5.), thus offers a sustainable competitive advantage to an organization that considers value creation as a collaborative and interactive process that takes place in the context of a unique set of multiple exchange relationships though often somewhat tacitly and indirectly. Vargo (2009, pp. 375) continues: *"it is through these joint, interactive, collaborative, unfolding and reciprocal roles in value co-creation that S-D logic conceptualizes relationship. Co-creation and service exchange imply a value-creating relationship or, more precisely, a complex web of value-creating relationships, rather than making relationship an option. This meaning of relationship as "a service-centred view, is inherently customer oriented and relational"*.

In a transactional-focus retail operational design, the G-D logic as defined by Vargo and Lusch (2004, 2006, 2008 and 2009) is apparent. Pragmatically, in G-D logic, value is considered as a property of goods, created by the firm and distributed to "consumers," who destroy (consume) it. This is a thoroughly output-producing orientation. The role of sales-reps at the transactional operational design is to create sales output based on stressing and demanding sales quotas (see sections 2.3. and 2.4. and 4.2.1.). Line sales management is prevailing as the authority power and the role of marketing is marginal and advisory. This is especially the case in complex, mature organizations that want fast short-term performance results that would easily satisfy the shareholders' financial interests.

The sales-reps in the relational retail operational design are responsible for the implementation of highly regulated banking transactions in the presence of the customer with no mistakes in effectively delivering quality customer service. Moreover, part of their roles and responsibilities involved the harmonic cooperation and communication with back office employees and in a number of cases the coordination of the activities of various headquarters offices always in benefit of the external customer. In every case, their professional role was that of an owner of numerous banking roles, a linking point of reference between the following organizational publics:

a) The central back-office operations, demanding the effective implementation of heavily regulated banking transactions in the presence of the customer

b) The line management demanding the fulfillment of product sales quotas responding to higher administration allocation of corporate sales goals

c) Each product-marketing expert demanding the effective promotion and communication of their product mixes

d) The retail network marketing specialists demanding sales-reps' behavioural commitment and active participation

In highlighting the significance of skilled and competent sales-reps towards the corporate goals fulfillment and hence, the implementation of RM strategies at the point of sale, the Marketing Director of organization A observed:

> The more we develop in numbers, the more we require talented people for our organization. Moreover, the more complicated our organizational structure gets, the more imperative a closer cooperation between HRM and marketing. For example, in the case that our strategic plans for the next three years set a revised target of 200 – 300 new retail branches, that also means 1,200 new sales-reps communicating a common, consistent form of language to every public. The issue in principle is to produce and develop talented people who will implement RM strategies at the point of sale. Therefore, the adoption, design and implementation of RM as a pragmatic business philosophy require in my opinion a talented, well-trained and efficient labour force, [EUR/MK1].

Most profoundly, this last respondent's remark was the connecting link in the design and implementation of the relational oriented retail operational design aiming at the alignment of RM and HRM business practices. The corporate goal remains the creation of a sustainable competitive advantage through a systematic internal value development process.

Satisfied sales-reps mean satisfied customers. This is an optimum result for quality-based relationships between the buyer and the seller.

5.4. Third research objective – conclusions and recommendations

The investigator following the justification of his third research objective explored the process how and why through which HRM creates organizational value and boosts Relationship Marketing performance. As Delaney and Huselid (1996), argue researchers still do not know how HRM practices affect organizational outcomes. Similarly, many authors (Becker and Gerhart, 1996; Wright and Sherman, 1999; Wright et al., 2005; McMahan et al., 1999; Delery and Shaw, 2001) have pointed out that there is a lack of understanding about the process (how and why) through which HRM creates organizational value and increases performance.

Attempting a first approach regarding the contribution of HRM to the creation of organizational value and effective relationship marketing performance, the investigator assumed that without a well-trained and well-prepared labour force, businesses lose the ability to compete both nationally and internationally. This results in decreased economic success (Tomaka, 2001). Therefore, sales-reps must possess a wide variety of technical and interpersonal workplace skills and competencies which

will allow them to work with advanced technologies and function optimally in current high performing organizations (Combs et al., 2006; Fernandez, 2001) – see tables 13, 14.
Numerous academics acknowledge the significance of HRM to the accomplishment of corporate, strategic goals. In addition, innovative HRM practices create a work environment that emphasizes employee development, through practices such as training, participation and communication, and the importance of having innovative, flexible, committed employees who are valued resources (Beer et al., 1984a; 1984b; Boxall, 1992; Guest, 1997). It is therefore vital for an organisation's HR department to proceed carefully with key personnel issues – incorporating systems, processes and practices such as the selection and recruitment of suitable sales-reps (e.g. relational focus), training and developing them and certainly periodically evaluating their actual job performance based on strategic and hence, operational objectives.
Drawing on extant literature and his thesis field research findings (see sections 2.24., 2.24.1, 2.25. and 4.4.2., Appendix 11) the investigator suggested the development of a HRM entrepreneurial – competence process that materializes on how and why HRM as a business function creates organizational value and increases RM performance at the points of sale – thus justifying the third and final research objective.

This is a procedural and interdepartmental, horizontal process involving numerous stakeholders, from top management to sales-reps of a financial services firm. The HRM entrepreneurial – competence process therefore conceptualizes upon the strategic orientation of a financial firm (e.g. a relational orientation) as well as marketing, sales and HRM infrastructures (see research question, section 1.1.5.).
It also reflects on a financial services organization that wishes to focus and compete based on differentiated HRM practices and empathetic sales-reps whose critical role is to implement effectively RM strategies. Therefore, in accomplishing its strategic orientation objectives, line management designs, implements and monitors closely a relational strategic orientation that links internal business systems, processes and practices to the market needs (see section 4.2.1.).

The reader should keep in mind that the ultimate scope of a relational financial services firm is to create a value adding process for the customer during the RM implementation process. In this direction, line management designs, implements and monitors closely a relational HRM model - an external HR functional focus in fulfilling its vision, mission and target goals (see sections 4.2.3., 2. 17, 2.18. and figure 1).

The financial services organization maintains such a large extent organizational change in a developing interdepartmental alignment to RM and sales as a distinct course of action. Accordingly, HRM splits into a three legged-stool, facilitating the implementation process of best HR practices. Administration ensures involvement of line directors in the design, implementation and monitor of best HRM practices (see sections 2.19. and 4.2.3.1). In the process, central HR specialists in alignment to business partners (see sections 4.5. and 2.20. and figure 3) implement and monitor all corporate HR–cycle activities. More specifically and according to the HRM entrepreneurial – competence process, the investigator suggests that centrally located HR specialists perform the following HR activities:

1. They plan, program, implement and monitor closely relational sales-reps' recruitment and selection systems ensuring that the relational financial services organization selects the right person, for the right position.
2. They develop an intranet learning center, applying knowledge management practices and turn the financial services firm into a learning organization,
3. They develop, implement and monitor career-oriented sales-reps' development systems. For example, the 360 degrees or the Six-Sigma are career-oriented evaluation programs suitable in providing a relational sales-reps' intrinsic motivation and career prospects. Therefore, *"feedback from multiple sources or 360 degrees feedback is a performance appraisal approach that relies on the input of an employee's superiors, colleagues, subordinates, sometimes customers, suppliers and/or spouses"* (Yukl and Lepsinger, 1995, pp. 45). Jones and Bearley (1996) refer to 360

degrees feedback as the practice of gathering and processing multi-rater assessments on individuals and feeding back the results to the recipients. Hoffman (1995, p. 82) explains that 360 degrees feedback is an approach that gathers behavioural observations from many layers within the organisation and includes self-assessment.

4. They plan, program and implement joint – with relationship marketing specialists reward schemes – empowering sales-reps to focus on developing relationship quality with their customer-portfolios and not just benefit on quantitative performance goals accomplishment (see section 2.14.1.1.).

In addition to centrally located HR specialists, business partners perform an interacting business role cooperating with line management and the sales-reps (see sections 4.5.1., 5.5, 5.5.1 and sections 2.5., 2.20., 2.20.1., 2.22.). Following this innovative HRM process, business partners split sales-reps in geographical and/or demographic basis into distinct HR portfolios and manage them on a personalized basis. Adopting such an HR relational approach (see figure 1), relationship marketing specialists closely cooperate with business partners regarding the optimum implementation of RM strategies by the sales-reps at the B2C points of sale.

The strategic goal is enhancing relationship quality between the buyer and the seller. Most fundamentally, central HR specialists in cooperation with business partners and RM specialists plan, program and initiate talent development activities in adopting a specific set of entrepreneurial, technical skills and competencies for relational sales-reps. Conceptually, such an organizational change can only turn true, if top administration supports the strategic alignment of RM and HRM (see section 2.14.1.5.)

<u>5.4.1. The ideal set of relational sales-reps' skills and competencies</u>

Drawing on discussions between the HRM and marketing interviewees, there was a clear debate regarding the development of an ideal set of relational sales-reps' roles, skills and competencies. This was explicitly discussed by all interviewees in all five business cases – even in the two transactional focused firms. In fact, there was an obvious need for competent, skilful employees at the front. However, a financial services firm in implementing a strategic relational orientation as indicated in theory (see section 2.3.) also needs to establish and monitor closely an ideal set of relational sales-reps' roles, skills and competencies – being part of the HRM entrepreneurial – competence process.

Given the conceptual ambiguity associated with competencies, there is a lack of consensus regarding their definition (Shippmann et al., 2000). Building on key contributions in the field of HRM (e.g. McClelland, 1973; Boyatzis, 1982; Ulrich et al., 1995; Blancero et al., 1996), a holistic definition of the individual-based competency arises as the knowledge, skills and abilities that underlie effective or successful job performance, which are observable, measurable, and distinguish superior from average performance (Catano, 1998). Therefore, the concept of competency lies at the heart of HRM, providing a basis for horizontal integration of key HR activities, such as selection, performance assessment, training, career development, and reward management, as well as vertical integration with organizational strategy, values, business processes and performance outcomes among others. As such, it consists of a coherent approach to the management of people (Armstrong, 2001), and places HRM as a core contributor to building and sustaining competitive advantage (Lawler, 2005), by bridging individual career development and organizational strategy (Lievens et al., 2004).

In this context, HRM processes need to be *"centered on the flexible and dynamic deployment of employees' competencies, rather than on task-related and pre-defined sets of qualifications, as traditionally has been the case"* (Soderquist et al., 2010, pp. 326). Competency-based HRM: (1) is human-centered and concentrates on how objectives are met or how work is accomplished successfully, rather than on what is accomplished (Shippmann et al., 2000);
(2) Seeks to identify those competencies that will enable long-term organizational fit with evolving business conditions, rather than achieving a short-term task match (Green, 1999; Clardy, 2007);
(3) Provides a specification of the individual level competencies that are core and common for an occupational group executing a range of jobs, rather than describing

what is required for executing the specific tasks that make up a specific job, (Shippmann et al., 2000);

(4) Allows behavioral traits to be integrated in HRM models, rather than focusing merely on technical skills (Jordan and Cartwright, 1998);

(5) Enables assessing individuals ex-ante against requirements and responsibilities other than those currently held, and activating potential skills and behavioral traits, rather than evaluating the performance in executing specific tasks ex-post (Catano, 1998).

In fact, managerial competencies cover the entire spectrum of managerial responsibilities and can be classified into five basic categories, commonly presented in the Organizational Behaviour literature: planning, organizing, controlling, motivating, and coordinating (Quinn and Hilmer, 1994; Parry, 1996). According also to previous literature, managerial competencies can be generic, (e.g. relevant for any managerial job, or organization-specific), and they relate to self-management and relations management (Goleman et al., 2002). Competencies as behaviors define the manners desirable when exercising a specific job, and focus mainly on how people do their job (Soderquist et al., 2010). Therefore, competencies as behaviour end up defining and evaluating individual behaviour such as creativity, initiative, persistence in problem solving, discipline, assertiveness, and empathy (Rowe, 1995). Competencies as behaviors also entail all the person-oriented competencies, which are also referred to as meta-competencies (Nordhaug, 1998), and which encompass interpersonal aptitudes such as the ability to communicate and to cooperate with others. Therefore, the design of the ideal set of relational sales-reps' roles, skills and competencies is towards the justification of the thesis second and third research objectives. The establishment of the ideal set is critically significant in ensuring optimum relationship quality standards at the retail points of sale and includes the analysis of:

1) Relational sales-reps entrepreneurial set of skills
2) Relational sales-reps' ideal set of roles, skills and competences
3) Relational financial sales-reps ideal set of technical skills

Given that a financial services firm is a knowledge-based services organisation, the focus on the development of skills and competencies of sales-reps (e.g. advancing the intellectual resources of knowledge workers) lies precisely on recruitment and learning - training as critical parts of HRM practices (see section 2.14.1.6.).
Critics have suggested that the extensive amount of time spent on learning about product information may come at the cost of developing customer relationship skills (Pelham, 2006). Previous literature also suggests that technical expertise leads to customer trust (Doney and Cannon, 1997) and strengthens the relationship between the salesperson's customer-oriented attitude and behavior (Stock and Hoyer, 2005). However, meta-analytic research on relationship marketing indicates the critical role of the individual salesperson's relationship with the customer in achieving positive sales outcomes (Palmatier et al., 2006). In support, recent research demonstrates the benefits that a salesperson's relational emphasis can offer (Frankwick et al., 2001; Pelham, 2002). Drawing also on previous literature, entrepreneurship - which can be enacted by an individual, a group of people involved in a process, or a network of companies – brings about social change (Hjorth et al., 2003, pp. 105). As Gartner (1990, pp. 28) puts it: *"Entrepreneurship is a very complex idea . . . What we must all be concerned about is making sure that when we talk about entrepreneurship we recognize that it has many different meanings attached to it . . . [Because] if many different meanings for entrepreneurship exist, then it behooves us to make sure that others know what we are talking about".* Entrepreneurship has also had a great impact on the development of society and will perhaps have an even greater impact in the future (translated from Landstrom, 2000, pp. 13). Entrepreneurship seems to be what gets the fixed and settled to move again, and it is the individual who makes such change possible. To Hjorth and Johannissons (2000) entrepreneurship appears as a process of creation. Remarkably, effective entrepreneurs are more likely than others to systematically plan and monitor network activities [as well as to] undertake actions towards increasing their network density and diversity. In other words, a real entrepreneur is a networker.

The investigator suggested that line management in order that a relational sales-rep effectively accomplishes RM strategies, should at least in the beginning fit in a

combination of predefined roles, skills and competences. In the process, line management in cooperation to HRM, measures (e.g. through the use of multi-rater evaluation schemes) and develops skills and competences adopting expert learning programs. Most significantly, the adoption of a set of technical skills (see table 13) alone is a prerequisite for a financial sales-rep performing business in a transactional oriented firm.
The investigator followed the leadership model of Quinn et al. (2007) and his research findings in designing the ideal set of relational sales-rep's roles, skills and competences (see tables 13, 14 and Appendix 11). Thus, a relational sales-rep in fully accomplishing corporate strategic goals needs to ensure effective implementation of all six major functional roles and eleven competences as presented in tables 13 and 14. Most fundamentally, the career development of a relational sales-rep is extended far and beyond the satisfaction of these skills and competences. However, they are indicative for best HRM practices - recruitment, selection and training.

Relational financial services firms (see sections 4.4.2. and 5.3.2.) capitalize on the roles, skills and competences of the producer, mentor and empathiser for new sales-reps (up to two years business experience). However, all six roles and associated skills and competences are essential for experienced sales-reps. Moreover, the investigator suggests that there is a predefined set of technical skills required for an eligible relational financial sales-rep.

This is precisely the role of HRM (through recruitment and learning practices) in cooperating with RM. Clearly, the role of HRM is in creating organizational value and boost Relationship Marketing strategies performance. Nevertheless, a future research question could be whether HRM can train people how to develop entrepreneurial skills and competences.

In concluding, sales-reps act as entrepreneurs incorporating value for both the organisation and the customers, since their course of action has a dual orientation: the corporate and the retail branch target goals accomplishment.

Table 13: Ideal set of roles, skills and competences of relational sales-reps

Relational strategic orientation	Roles	Competences	Skills
	Empathiser	Understanding self and others Communicating effectively	Explores and manages customer's financial needs displaying a caring attitude Is empathetic working towards customers' trust, affective commitment and loyalty Invests into relationship quality with the customer Communicates effectively product solutions bundles, based on customer's financial needs Ensures prompt, productive customer service through any communication means (including email, phone, fax or even personal contact communication in and out of the retail branch) Invests in a profitable, long-term business relationship with the customer
	Monitor	Analyzing information using critical thinking	Exploits business opportunities Incorporates the use market intelligence systems in daily operations
	Coordinator	Managing projects Designing work	Meet deadlines working in teams Suggests systems changes adopting a customer-centric approach - technological change initiator
	Broker	Negotiating agreement and commitment	Negotiates effectively internally and externally
	Innovator	Living with Change Builds networks	Incorporates changes fast Is a networker

Corporate target goals accomplishment	Producer	Working productively	Enhances accomplishment of corporate vision, mission and strategic goals Knows internal operational rules and regulations, financial goods/ services', the competition Aligns personal, operational practices to corporate strategies and operational practices Actively aims for the accomplishment of corporate, retail branch goals Monitors closely the accomplishment of the revenue and profit goals of the retail branch Aims for profit and sales maximization systematically implementing corporate RM strategies
		Be Service dominant	Is service dominant working towards co creation of service with customers

Table 14: Relational Sales-Reps ideal set of technical skills

Technical skills	Relational Sales – Reps
Knowledge of financial services Money-Markets Capital-Markets Investments	Yes
Knowledge of banking products/services Loans Deposits Mutual funds Financial derivatives	Yes
Information technology – organizational support Operational systems Organisational market intelligence systems	Yes

5.4.1.1. The role of empathiser

Such a business role is critical to the creation of an empathetic business environment. Empathy and trust represent a platform for effective understanding, communication and relationships between the buyer and the seller. Moorman et al. (1992) define trust as "*a willingness to rely on an exchange partner in whom one has confidence.*" As stated by Coulter and Coulter (2002, pp. 36), higher levels of trustworthiness lead to a higher level of co-operation, and lower levels of perceived risk and uncertainty, and vice-versa.

In the context of a banking relationship, since the sales-rep is the client's point of contact with the bank, trust reflects to the client's strong belief in the honesty, truthfulness, justice, or power of sales-reps to guide and solve the clients' business issues. Trust therefore, influences the quality of interactions and the commitment of the client to the relationship. In effect, trust underlies degree of reliance on the sales-rep (Gill et al., 2006; Lewicki et al., 1998; Morgan and Hunt, 1994). In turn, the need to rely on the service provider is critical in information-based relationships (for example, those that occur in banking). Most fundamentally, trust is a widely accepted basis for relationships (Grönroos, 1990; Andaleeb 1996; Moorman et al., 1992). In this sense, trust is seen as an important driver to both relationships and relationship enhancement in that it would appear to reduce risk perception more effectively than anything else is. It is effectively a fundamental relationship model building block (Wilson, 1995). In parallel, empathy is defined as the recognition and understanding of the states of mind, desires, and particularly emotions of others. It is the ability to put oneself into another's shoes, or experiencing the outlook or emotions of another being within oneself (Kohut, 1984; Hoffman, 1987; Eisenberg, 2002).

Hoffman (1987) in particular, comments that empathy is an affective response more appropriate to someone else's situation than to one's own. An empathetic response from the sociological perspective need not be a close match with the affect experienced by the target, but can consist of any emotional reaction at least broadly compatible with the conditions facing the target. Parasuraman et al., (1988) further comment on empathy as the degree to which sales-reps display a "warm, considerate, and caring" attitude. Considering previous literature and research findings (see sections 2.25, 4.4.1. 4.4.), the investigator suggested two major competences for the relational sales-rep closely associated with the role of empathiser.

Understanding self and others

Understanding yourself is sometimes referred in previous literature to as self-awareness (Shipper and Dillard, 2000). Goleman's (2000) work on emotional intelligence provides three-dimensions of self-awareness: emotional awareness, self-assessment and self-confidence. Emotional awareness, involves recognizing peoples' emotions and how they might equally affect them and others (Quinn et al., 2007).

Self-assessment involves knowing your limits and being open to corrective action and finally self-confidence refers to an employees' self worth and capabilities. Truly, a self-confident sales-rep is a reliable resource for the development of relationship quality (see sections 2.28., 2.28.1 and 2.28.2. and 4.4., 4.4.1.). In fact, the ability of understanding others (e.g. the customers) refers to an empathetic, caring attitude of a sales-rep. Following the first suggested competence, a relational sales-rep should ideally show effective signs of the following set of skills:

1. Explore and manage customer's financial needs, displaying a warm and caring attitude

2. Invest considerable time and effort into the development of relationship quality with the customer

3. Is empathetic working towards the enhancement of customers’ trust, affective commitment to the organisation and repeated purchase loyalty (e.g. building increased % share of wallet).

Communicating in an empathetic manner

Academics conceptualized the issue of effective flow of communication referring to the formal as well as informal sharing of meaningful and timely information between a buyer and a seller, in an *empathetic manner* Grönroos (2000). Services are seen as processes, which are co-generated along with the consumer. In this sense, all contact-points between the consumer and the service organization are decisive moments “moments of truth” Grönroos (2000). Therefore*, “communication effectiveness is evaluated in terms of conversion of consumer attention to purchase action”*. (Harvey, 1997; Mogg and Enis, 1973, as quoted by Heinonen and Strandvik, 2005, pp. 186-187

An effective flow of bidirectional interpersonal and interdepartmental communication involves regular contact – interaction between the seller and the buyer as well as between the sales-rep and the various relevant corporate stakeholders. Contacting regularly creates a sense of closeness, familiarity and ease in relationships. Social bonds are then developed and in the process, an emotional level makes the relationship more resistant to intermittent failures (Bejou et al., 1998). The buyer (customer) is not likely to dissolve the relationship unless there is a serious breakdown of service and communication. Therefore, it becomes apparent that the greater the communication effectiveness, the stronger the relationship commitment between the two parts, the buyer and the seller. Following the application of the second competence, a relational sales-rep should ideally show effective signs of the following set of skills:

1. Communicates effectively product / services solutions bundles, based on examination and analysis of customer’s financial needs,
2. Ensures prompt, productive customer service through any communication means (e.g. including email, phone, fax or even personal contact communication in and out of the retail branch),
3. Invests in a profitable, long-term relationship with the customer.

5.4.1.2. The role of Monitor

Monitoring is an essential role for a relational sales-rep, ensuring the critical analysis of information (e.g. market intelligence systems – see sections 4.2.4. and 2.12.). The financial services firm with a relational strategic orientation (see section 2.3.) has as a major objective, the use of CRM and CVM systems in effectively managing the marketing concept approach (see AMA, 2007 definition of marketing – section 2.2.). Therefore, the specific business role is justified by the following competence:

Analyzing information in critical thinking

The sales-rep needs to critically manage and analyze customers' information in reducing data overload. The goal for the relational sales-rep is the exploitation of business opportunities – a traditional entrepreneurial skill. Such a task assignment can only be accomplished if the sales-rep is a critical thinker, eliminating non-profitable business relationships and investing precious time and effort to the development and enhancement of valuable business relationships- customers.

5.4.1.3. The role of coordinator

The investigator views this relational sales-rep role as significant for the career development of sales people, since performance becomes an outcome of more than one person. It is thus significant to coordinate functions towards customer satisfaction and relationship quality. Such a business role would thus require a set of competencies in management and design of projects.

Managing Projects

Coordination implies a systemic, procedural business approach in managing projects.

A definite team work player, the relational sales-rep needs to accomplish task assignments in due time (e.g. meeting deadlines) in favour of relationship quality standards resulting in customer satisfaction and retention. Therefore, in financial services organisations that focus on relational strategic orientation sales-reps do not practice any other business activity but exclusively working with customers at the retail branch (see suggested retail branch operational continuum and relational operational model). Significantly, they perform the role of cooperation and interdepartmental alignment with centrally located back offices/ operations in providing customers with high quality services.

Designing work

Drawing on this competence and within the coordinator business role, the relational sales-rep suggests current systems' changes adopting a customer-centric operational approach. The sales-rep being aware of systemic dysfunctionalities becomes a technological change initiator and suggests structural modifications.

5.4.1.4. The role of Broker

The investigator views this role equally important for a qualitative business relationship between a buyer and a seller of financial solutions. The role involves the element of negotiation and commitment building during a buyer – seller interaction process. According to Gummesson's (2002, pp. 68) and his services encounter model *"there is a dynamic, developing relationship and interaction between service providers and customers"*. The model gives the marketing reader the so much needed focus to defend the fact that marketing is today all about an interaction between the seller and the buyer - in creating a value proposition. Unless an organization manages and develops effectively the skills and competencies of sales-reps (e.g. the sellers), the effective and undisrupted implementation of any RM strategy will be at a risk. At the end of the day, value only springs up in interaction with the customer and it does so in countless, individual ways. In this direction, the service-dominant (S-D) logic expressed by Vargo and Lusch (2004) suggests service (in the singular) as the core concept replacing both goods and services. In their view, a supplier offers a value proposition, but the value actualisation occurs in the usage and consumption process. Therefore, value is the outcome of co-creation between suppliers and customers (Vargo and Lusch, 2004).

Negotiating agreement and commitment

The evolving, S-D logic *"implies that the goal is to customize offerings, to recognize that the consumer is always a co-producer, and to strive to maximize consumer involvement in the customization to better fit his or her needs"* (Vargo and Lusch, 2004, pp. 12). Such a customization process will be achievable when the relational sales-rep is competent enough to negotiate effectively on behalf of his customers.

One of the constructs of RM is to ensure affective commitment. This is an outcome of the specific competence, since the sales-rep is skilful to negotiate effectively internally and externally and perception a reality for the customer.

Commitment in general has been identified as one of the key mediating constructs in customer loyalty (Morgan and Hunt, 1994; Garbarino and Johnson, 1999). Commitment can be defined as "*an enduring desire to maintain a valued relationship*" (Moorman et al., 1992, pp. 316). Previous research has shown significant differences in trust and commitment between loyal and transactional customers (Garbarino and Johnson, 1999), yet prior studies in organizational buying and sales literature have heavily focused on cognitive commitment. A plethora of literature on marketing channel behavior suggests that affective and calculative commitments are stable attitudes but they arise from different motivations for maintaining a relationship (Greyskens et al., 1996). An affectively committed channel member desires to continue its relationship because it likes the partner whereas calculative commitment refers to the need to maintain a relationship in face of high switching costs. Fournier's (1998, pp. 363) study of consumer brand relationships indicates that affective grounding is at the core of all strong brand relationships. The investigator acknowledges the significance of the relational sales-rep in the development of affective grounding, ensuring commitment. Viewing the commitment construct internally, Blau and Boal (1987) define organisational commitment as a psychological state in which an employee identifies with a particular firm and its goals and desires to maintain membership within the organization. Organisational commitment should be considered as a sbond or linking between the organization and the employee. Mowday et al., (1982, pp. 27) talk about the affective orientation; Commitment is considered as an affective or emotional attachment to the organization. They identified affective organisational commitment as *"the relative strength of an individual's with and involvement in the particular organization"*. In this direction, the role of HRM is of outmost importance in generating a stable and rewarding business environment that will ensure retention and motivation.

5.4.1.5. The role of innovator

The investigator included the role of innovator as significant for the profiler of the relational sales-rep simply because it reflects on individuals that view business in their own unique, perceptual approach. Clearly, a relational sales-rep should "think out of the box", be in other words creative and adaptive to operational changes.

Living with Change

The specific competence reveals that a relational sales-rep adopts changes fast and is able to assume responsibilities faster and in a more reliable way than a back office employee. This is indeed an assumption that reflects on marketing as a business discipline. Is an innovative sales-rep a talented employee? Future research will show whether innovation could be further developed or it is a generic characteristic, connected to an individual's personality.

Building networks

This is one more competence that traditionally reflects on entrepreneurship. A person that constantly builds networks is not happy at all with the everyday operational activities. He wants to progress fast and can accomplish such a task goal building networks of friends, colleagues and associates. Such a sales rep works on word of mouth approach depending on exceptional work for the continuation and expansion of his networks. This is the true sense of RM since network development has been considered as a major construct in the RM theory.

5.4.1.6. The role of producer

The investigator views the specific role as key in the accomplishment of the corporate objectives of a relational financial firm. This is one of the major roles of the ideal set, since it deals with performance accomplishment standards. The investigator observed performance management practices even in the relational firms of his sample set. It is thus significant to include the role in the ideal set and explore skills and competences.

Working productively

The sales–rep enhances as a basic skill the accomplishment of corporate vision, mission and strategic goals. He knows internal operational rules and regulations, financial goods/ services, and the competition. He aligns personal, operational practices to corporate strategies and operational practices while actively aiming for the accomplishment of corporate as well as the retail branch goals. The relational sales-rep monitors closely the accomplishment of the revenue and profit goals of the retail branch and aims for profit and sales maximization systematically implementing corporate RM strategies at the points of sale.

Service Dominant

The producer role, under the RM perspective is apparently service dominant and not goods dominant, aiming for co creation of value and co development of service with their customer portfolio. Co creation and co development of service, in practice means that the sales-rep has invested time and emotional effort in understanding customers, their financial needs. Eventually, the outcome of an optimum business relationship between the sales-rep and customer is profits maximization for both parts. Both parts need to ensure a win-win situation. Then the role of the producer - sales-rep becomes service dominant – ensuring financial education and support of the customer.

McVictor and Hamilton (2007), performed series of focus groups regarding the definition of the term ‘bank’ for Greek financial consumers. The findings indicated a shift from the traditional ‘bank – status symbol’ to that of a “bank – business corporation that sells financial products for profit, revenue generation”.
Intently, a number of Greek financial customers expressed their dissatisfaction over numerous incidents that occurred during their service encounter process with banking organizations. Thus, in their perceptual approach a banking organisation embodies a) Security and respect for peoples’ investments since the bank serves as a safeguarding mechanism for financial security b) An advisory role, safeguarding the well-being of a financial system.
However and according to the focus group findings, a banking organization is a faceless, somehow distant type of services organisation. Greek customers are not always able to comprehend a bank’s business communication since they believe that the banking organization has full control of the customer-bank relationship. This

finding pragmatically indicates customer anxiety over the customer-bank relationship. (McVictor and Hamilton research study for Laiki Bank (2007).

Relationship quality and customer satisfaction are brought together into the concept of value co-creation. The sales-reps of a relational oriented services firm are responsible for creating a value proposition, which is increasingly dependent on input from customers. Customers perceive value in their own idiosyncratic way that may have an impact on their retention and loyalty. According to the service-dominant logic (Vargo and Lusch, 2004a; Lusch and Vargo, 2006; Gronroos, 2007; Gummesson, 2007a) suppliers and customers are co-creators of service or value.

Being direct participants in implementing the marketing concept (Brown et al., 2002), sales-reps' attitudes and behaviours towards customers determine customers' perceived service quality, satisfaction and emotional commitment to an organization (Henning-Thurau, 2004; Yoon et al., 2001). Sales-reps have the capability more than any other employees in a financial services organization, for returning aggrieved customers to a state of satisfaction after a service failure occurs (Yavas et al., 2004). Not surprisingly, bank executives viewed the retention of motivated, satisfied and committed sales-reps' as imperative to business success as customer satisfaction and retention (Yavas et al., 1997).

5.5. The Strategic Alignment of RM and HRM

Labovitz and Rosansky (1997, pp.5) define alignment *"as both a noun and a verb – a state of being and a set of actions . . . alignment . . . refers to the integration of key systems and processes and responses to changes in the external environment"*. Beal and Yasai-Ardekani (2000, pp. 735) observe, "*The concept of alignment underlies the many contingency theories of strategy and organizations"*. Often the concept of alignment when used in business is referred to as strategic fit (Smaczny, 2001), strategic match (Mintzberg et al., 1998), or simply the interface between two things (Van der Zee and De Jong, 1999). In fact, Beal and Yasai-Ardekani (2000, pp. 735) commented on the alignment process as *"moderation, mediation, profile deviation, gestalts, covariation, and matching".*

Thus, a product of this collaborative/competitive association is consensus on the critical importance of people in the implementation of an effective RM strategy.

In recent years, the term ‘alignment’ has grown in use – especially in the pro-HRM literature – as a descriptive idiom to symbolise a range of management driven processes towards the accomplishment of strategic goals. This is an arrangement of groups or forces in relation to one another (Short, 2008, 2009). However, what this definition fails to capture is the magic of alignment. These are all the extraordinary things that can be achieved when teams start to share the same sense of purpose. It is the degree of mutual support arising when team members buy into a common set of assumptions, the shared commitment derived from striving to achieve shared goals; the elegance that is the by-product of a team balanced in skills and competences (Burdett, 1994).

Alignment is thus important in formulating relationship-marketing strategies as well as in their implementation process – an issue that the investigator noted as challenging for his research efforts. Truly, RM and HRM might be considered on adjacent paths to a common destination (e.g. value development) and that explanations and understanding of human actions, interactions, hierarchy, power, negotiation, learning and development will be of increasing relevance and significance to marketing management.

The investigator adopted the case study research methodology (empirical industry applications, see sections 3.2., 3.2.1. and 3.2.3.) in tackling a contemporary business phenomenon – that is the RM and HRM strategic alignment within a relational financial services organization. He cross examined his research findings (see tables 11e, 12, 12a) with existing literature, and recommends a systematic RM and HRM integration and interaction process - an idealized design in an RM focused financial services firm. It seems certain that drawing on ideas like those discussed with the HR interviewees (people from outside the marketing domain) is a means to efficiently and effectively impelling the development of services and relational orientated marketing strategies.

Most pragmatically, the investigator suggests that the strategic RM and HRM alignment idealized design – as an academic contribution - has its basis on a financial service firm's ability and adaptability to accomplish a 'strategic fit' and 'functional integration' in two different chronological stages. In this context, the strategic alignment idealized design capitalizes on the Strategic Alignment Model (Henderson and Venkatraman, 1993) in parallel to the retail branch operational continuum, the relational operational design and the HRM entrepreneurial – competence process as presented earlier.

Conceptually, the investigator suggests that the strategic RM and HRM alignment idealized design develops in two distinct phases:

- The first alignment phase calls for *functional integration* of RM and HRM
- The second alignment phase calls for a *systematic interaction process* in between the centrally located HRM, the RM specialists, Line Sales, the Human Capital Chief Enabling Officer and the relational sales-reps in a B2C retail context.

Most significantly, the chronological distance between the planning, programming and implementation of the two distinct RM and HRM alignment phases varies depends on:

a) The corporate life cycle,

b) The stage of maturity of the firm and line management,

c) The complexity of corporate functions,

d) The complexity of relevant stakeholder roles,

e) The determination of line management (e.g. organizational support) to invest in a customer-centric business approach.

Drawing on the suggested strategic alignment idealized designs (see figures 14 and 15), the vertical linkage (strategic fit) concerns the external business environment in which the firm competes and equally the internal environment in which the firm operates. The horizontal linkage in integration phase denotes the RM and HRM interdepartmental integration in an RM focused firm. As a result, integration takes into consideration a relational strategic orientation, marketing and HRM systems and processes, as well as infrastructures in accomplishing best RM strategies (see sections 2.3., 4.2.1., 4.2.2., 4.2.3.).

The investigator further suggests that the second phase of the strategic alignment design extends to relational sales-reps and RM implementation practices. Therefore and for reasons of simplicity, phase B denotes *systematic interaction.*

The investigator views the strategic orientation of a relational services firm in terms of its positioning in the selected marketplace, and confined to external considerations. A relational financial services firm has an indisputable RM focus as its corporate positioning in the market. Clearly, this is not an amalgamation of transactional and partial relationship-marketing strategies in order to avoid sales-reps disorientation, but a distinctively identified RM oriented business strategy.

Thus, the strategic RM and HRM alignment process calls for a decisive external part, matching corporate governance and the distinctive sales-reps' skills and competencies as critical in the implementation of a sound RM strategy.

Moreover, marketing and HRM infrastructures (see section 4.2.2.) reflect on the design and implementation of the corporate strategy (see section 4.2.1.) of a relational financial services firm. They thus define the competitive advantage of an organization considering the industry key success factors. Much of the material contained within the strategic business orientation is internal including the various processes, the human resources skills and competencies, and the needed infrastructures in effectively implementing RM strategies at the points of sale. The distinctive sales-reps' skills and competencies relate to the organizational capabilities that make the strategy and governance real reflecting the strengths of the organization as perceived by customers.

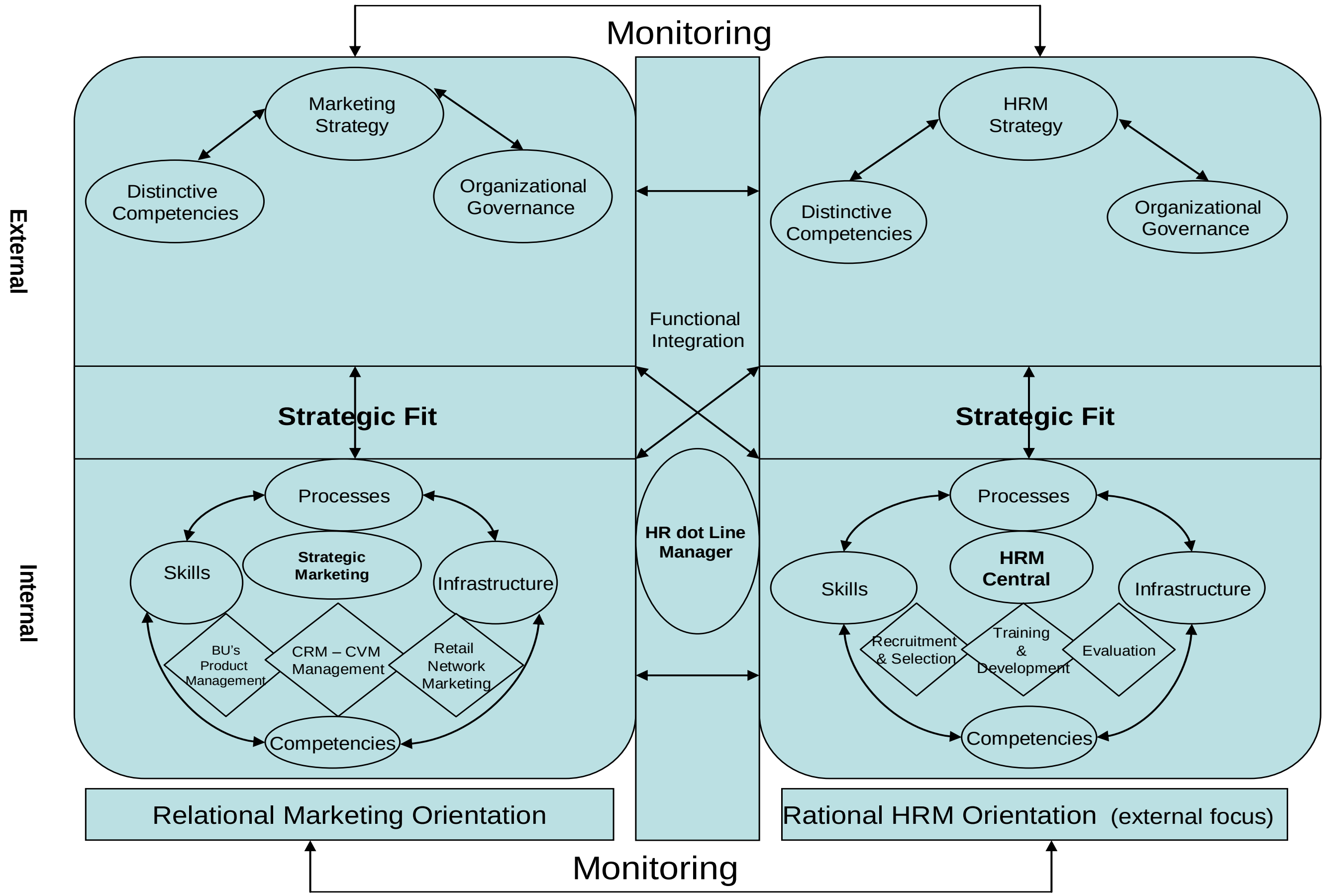
The investigator further defined distinctive organizational competencies as the essential resources of an organization in accomplishing its set goals. The organizational competencies include the tangible, intangible and human capital resources. The tangible resources are the physical (e.g. retail sales-reps) and financial capacity (e.g. growth momentum) of a services firm whereas the intangible resources include among others the positive reputation of a firm. In this direction, a financial services firm can attract and retain talented, skilful employees (e.g. sales-reps) proving to the markets that line management is able and willing to be a "good place" to wok for an ambitious, top-notch employee.

Given the first integration stage, a strategic marketing unit coordinates the corporate marketing effort in a relational financial services firm. The organizational scope of the strategic marketing unit is to provide product marketing management with the strategic framework guidelines, as well as enhancing the corporate communication strategy. It is a demanding marketing role, therefore central in the strategic alignment idealized design framework. Simultaneously, the strategic marketing unit would administer CRM and CVM data mining applications and practices, target customer analysis and multidimensional segmentation – including the relationship based segmentation strategies (see section 4.2.4.). The corporate marketing effort, during the integration process incorporates product management and the retail network-marketing unit. As explicitly presented in section 4.2.2., line management of the two transactional financial firms (A and B) developed the specific retail network marketing unit as the so much needed relationship marketing solution.

At the first integration stage of the strategic alignment idealized design, the investigator suggests the development of an HR dot Line manager business position (e.g. an HR business partner role) in managing procedural changes regarding RM and HRM integration (see sections 2.20., 2.20.1., 4.2.3.).

This is a business partner role whose role is to facilitate the smooth functional and systematic integration of RM and HRM. Drawing on previous literature and thesis research findings (see sections 2.20., figure 3 & sections 2.20.1. and 4.5.1), the effective integration and interaction of the business partner to line management actually generates sales-reps' affective commitment, trust and rapport. Therefore, the role of the HR dot Line manager during the integration stage is to act as an interdepartmental link (e.g. having a dotted line of reporting) between HR and line management. In this respect, the practical, business intelligence of the HR dot line manager boosts sales-reps' affective commitment to the organisation, justifying that satisfied employees mean satisfied customers.

<u>Figure 14: Phase A - integration</u>



In the integration stage of the strategic alignment idealized design, the HR business partners' role is characterized as equally strategic and operational. In this context, he is based at the central corporate headquarters. The role is largely strategic in the sense that he plans, programs and implements a set of internally consistent policies and practices to ensure that sales-reps contribute in achieving strategic business objectives. Moreover, the role is largely operational since he splits sales-reps split into distinct human portfolios in cooperation with line management. In this direction, the business partner has the critical role to accomplish specific HR key performance indicators regarding qualitative and quantitative performance of the members of each human portfolio. Most fundamentally, the business partner serves as a functional integrator between RM and HRM. Thus, during integration, the role would systematically perform the following functions:

- Cooperate with the line heads on all human resource grounds (smooth and effective implementation of the HR-cycle). Obviously, the ultimate business objective is the implementation of effective RM strategies at the retail network points of sale.
- Cooperate systematically with the central HRM services on the smooth and effective implementation of the HR-cycle.
- Provide social support and socially engage with the sales-reps employed at the retail network.
- Cooperate with marketing units (for example product management, the retail network-marketing), enhancing and enlarging organizational connectedness.
- Create proximity between line management and the sales-reps.
- Create a new and effective channel of interdepartmental flow of bidirectional informal communication pattern.

Drawing on this application, sales-reps would be free to suggest operational systemic changes, impressions and perceptions on internal policies, infrastructure development issues, and product modifications. Conceptually, the business partner role during integration is defined as HR dot line manager. His role is somehow

differentiated from literature since it has increased line management responsibilities (practical intelligence) and is reporting in a dotted line to both the Retail Network Director and the HR Director. More analytically, the dotted line of reporting implies that the HR dot line manager is practically on-line with line heads, sitting and participating in regular HR and retail network-marketing meetings. The investigator suggested that the HR dot line manager be fully employed in the various corporate strategic and operational marketing departments (e.g. product management) for a realistic amount of time, say for at least one year.
The rationale behind this rotation is that the HR dot line manager needs to gain considerable marketing expertise at the strategic and operational marketing levels. Otherwise, the role would elaborate to a staff, facilitator position – a humble servant of line managements' wishes, which is far from being critical to corporate wishes. Moreover, the HR dot line managers' contribution in the implementation of RM strategies at the point of sale would be limited and relatively weakened.
At a more mature corporate stage, the HR dot line manager is fully integrated into a coordinating strategic marketing department. For an effective and smooth flow of marketing activities, the coordinating strategic marketing department should also incorporate the CRM and CVM (e.g. marketing intelligence) administration.
The aim for such an organizational restructure is to accomplish all of the above suggestions in a services firm with a definite relational strategic orientation. Furthermore, the role of the HR dot line manager is advised to be transformed to that of a HCCEO dotted (as far as recording and reporting procedures) to the Retail Network Director and the Strategic Marketing Director at the second phase of the organizational alignment model.

In the second phase of the strategic alignment idealized design (see figure 15), the functional integration develops to *systematic interaction process*. Equally as in the previous phase, systematic interaction expands in sequel with exactly the same impetus to the relational sales-reps.

The strategic goal effort of the alignment of RM and HRM in the second phase is the smooth implementation of RM strategies at the point of sale. How can we define systematic interaction during RM and HRM strategic alignment? The business partner in organisation B comments:

> We aim to provide HR with a new clear profile and identity. We do not want any longer faceless, meaningless HR activities within an office-closed business environment. We should get involved with the line business, be out in the market side by side with the functional line business units. This job role goes a step ahead and gets more involved, cooperates with the employees themselves working at specific line business units. We communicate openly as well with the core of the business unit, the employees and not just with their line management, as the case was up to now [MAR/HR4].

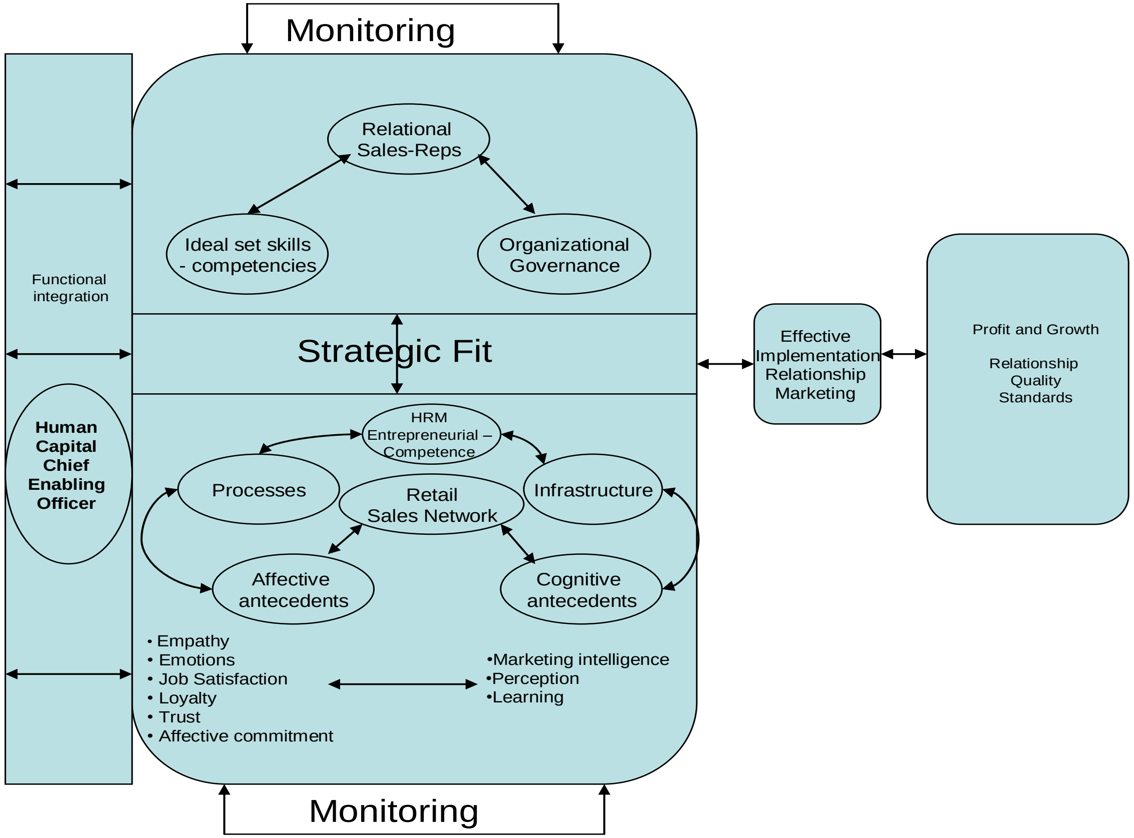
As such, a relational financial services firm aims to accomplish the following goals during the systematic interaction process – phase two of the idealized design:

1. Facilitate the flow of harmonized and undisrupted bilateral communication between line management and sales-reps. The goal is clearly to enhance consistency and reliability of communication messages (formal as well as informal) between line management and the sales-reps,
2. Improve organizational connectedness between line management and sales-reps,
3. Develop the effective implementation of RM strategies at the points of sale, through corporate investment in people,
4. Improve decision-making enforceability.

An analysis of extant RM literature (see sections 2.5, 2.6. and 2.7.) reveals that RM paradigm was about seven major issues: relationship creation, development, maintenance, perceived benefits, long-termism, interaction and emotional content. According to Harker, (1999, pp.16) *"An organisation engaged in pro-actively creating, developing and maintaining committed, interactive exchanges with selected customers [partners] over-time is engaged in Relationship Marketing".*

In effectively implementing the above assumptions with the internal as well as the external customers of an organization, the strategic RM and HRM idealized design passes to the systematic implementation of interaction between the various relevant stakeholders as presented in figure 15 – Phase B.

Figure 15: Phase B – Interaction



Who interacts with whom during the systematic interaction phase B of the strategic RM and HRM alignment idealized design?

Given the initiation and application of the first integration stage, RM and HRM have established open and bidirectional interdepartmental communication and cooperation channels. In fact, the outcome of the systematic interaction process is to develop organisational connectedness and bridge communication gaps between line sales, marketing and HRM. Following the plan, relational sales-reps who are held responsible to implement RM strategies at dispersed points of sale meet and interact with: a) the line sales b) the retail-network marketing specialists and c) the HCCEO d) the HR specialists – headquerters.

The organisational practice is systematic interaction and encouragement of informal communication to reveal and cure dysfunctionalities and hence improve relationship quality standards in a B2C retail context.

The investigator suggests based on extant literature and his research findings (see sections 2.17, 2.23., 2.23.1., 4.3., 4.4.2., 5.4.1.) that relational sales-reps should possess an ideal set of roles, skills and competences (see tables 13, 14). Therefore, this is a major contribution of HRM in interaction and joint design approach to line management in ensuring the predefinition of relational sales-reps roles, skills and competences. The investigator defined this ideal set as HRM entrepreneurial–competences (see section 5.4.1.). Most profoundly, a relational sales-rep should have a combination of entrepreneurial, relational and technical skills in fulfilling relational strategic orientation objectives (see tables 13 and 14).

During the systematic interaction process, the role that was initially defined as HR dot line manager in phase A of the idealized design changes to that of a *Human Capital Chief Enabling Officer (HCCEO).* Thus, during the systematic interaction process the HCCEO and team systematically interact on a one to one basis with the sales-reps and the line heads in managing effectively the affective and cognitive antecedents of sales-reps. In fact, there was research into the cognitive characteristics of successful sales-reps that dates back to the mid-1980s. Weitz et al., (1986) argued that differences in the knowledge structures of sales-reps contribute to differences in individual performance. These broader and deeper knowledge structures give sales-reps the ability to adapt their selling approach to different customers (Sujan et al., 1994; Weitz et al., 1986). Relational sales-reps for example, use more defined knowledge structures covering more diverse customer types, ultimately enabling them to deliver a sales message optimally aligned with the idiosyncrasies of the customer. While Wang and Netemeyer, (2004) draw from the ideation aspects of creative thinking to explain a sales-rep's performance, entrepreneurship research argues that ideation is a necessary, yet insufficient cognitive ability used by entrepreneurs. Conceptually, the cognitive-based sales management literature has added greatly to the understanding of the individual factors that influence sales-reps' effectiveness.

The strategic goal during the systematic interaction process is to confirm that satisfied employees essentially mean satisfied customers. More specifically, the HCCEO goal - effort is to improve sales-reps' affective commitment to the organization. The two interacting parts cognitively evaluate the benefits of continuing the business relationship and the rationale behind the continuation.

The affective commitment as an affective state of mind refers to the feelings of fondness a partner has for another. It also refers to internalising or identifying with a partner's values. That is exactly the job of the HCCEO. Following a systematic interaction process between the HCCEO on one side and the relational sales-reps on the other, the impact of affective commitment of sales-reps to the services organization is:

1. Strong signs of trust for line management. Their trust to line management in turn communicates positive emotions to their customers who in turn exhibit strong signs of empathy and understanding thus reducing apathy and inertia.
2. Longer stay in business. The immediate business effect of the strategic alignment idealized design is reduction of talented employees' churn rate percentages. A sales-rep observed, "Why would I leave a Bank that cares for my well-being and future development?" [MIL/SAL6]. Consequently, the affective business-employee relationship lasts for longer and the employee exhibits signs of loyalty. In this context, loyal employees become active

(involved). This criterion of involvement produces a firms' sustainable competitive advantage and a strong buyer-seller relationship quality.

3. Committed sales-reps turn to advocates of the financial services firm, facilitating the role of new recruits' recruitment and selection process. A financial services firm that is characterized by its internal publics as a 'good place to work' attracts talented, skilful and competent employees able and willing to sustain the implementation of RM strategies at the points of sale.
4. Committed sales-reps who have a positive perception regarding their future career development exhibit strong potential for learning and development within their organizations disregarding competition offers.

5.5.1. The essential skills of the HCCEO

The essential skills of the integrating human resources role at the second phase of the plan are that of an 'enabler', 'a social entrepreneur'. The business role refers extensively to a corporate innovator, a transcendent personality in the sense of the transformation, disruption of the existing organizational balances toward the effectiveness of the recommended strategic alignment idealized design. Inspired by the works of Bakker et al., (2004), Halbesleben and Buckley (2004), and

Lytle et al., (1998), Yavas and Babakus, (2010) define organizational support as a set of enduring policies, practices, procedures and tools that: diminish the demands of the job; and/or assist employees in achieving their work goals and stimulate their personal growth/development. Such support may be physical, psychological or social in nature and may be located at the organizational and task levels, in interpersonal/social relations and the organization of work. Organizational support, for example the development of the HCCEO job role as an intermediate link between RM and HRM, can be in the forms of performance feedback, skill variety, autonomy, job security, training, salary, supervisory support, empowerment, team climate, rewards, career opportunities, servant leadership and service technology support (Babakus et al., 2003; Bakker et al., 2003; Baker, Demerouti, de Boer and Schaufeli 2003; Ben-Zur and Yagil, 2005; Lewig and Dollard, 2003; Lytle et al., 1998; Maslach, 2005; Wilk and Moynihan, 2005).

Conceptually, the role of HCCEO defines an organizational actor who propels social change through interaction. The sales-reps interaction process – best HRM practices implementation with 'feet on the street' – represents one of the most significant changes. The rationale is that HR management should listen to employees on a one-to-one basis (the hard, however the only way) in order to recommend to line management the adjustment of systems and procedures dealing with human beings effectiveness and efficiency. Therefore, the role fully enhances responsibilities at social networks, persistent in the pursuit of their visions. In fact, the role can advance through social influence meaning systematic change, the performance capacity of a bounded type of society as that of a services organization, obviously through networks. Equally, as an entrepreneur would change the face of a given business, a "social entrepreneur" would act as a change agent for the corporate society, seizing opportunities others miss, improving systems and inventing new approaches to internal-societal issues. They are mission driven, strategic, and resourceful and results oriented. This is pragmatically the role of a translator of relationship marketing strategy into practice.

5.5.2. Is RM and HRM alignment a feasible business alternative?

The success of the RM and HRM strategic alignment idealized design largely depends on the organizational desire to proceed to significant change management practices (e.g. incorporate strategic alignment as the means of developing a sustainable competitive advantage) and frame the HCCEO roles' decision-making authority and enforceability.

The HCCEO will fail his mission, unless top management is convinced that an RM-focused firm requires investment into human resources as the means of implementing its RM strategies at the broadly dispersed points of sale. For example, it would be disastrous for the morale and motivation of sales-reps, if decisions on their career advancement were stuck in corporate bureaucracy. Management should thus protect and support the strategic alignment process as a means of strategically positioning itself in the market.

Another constraint to the enforcement of the strategic alignment idealized design is the change resistance of line sales people. It reflects entirely on a customer-centric approach investing in human resources’ knowledge, skills and competences.
Line sales in the majority of the case studies were so far performing the bulk of HR activities. However, they never prioritized in human resources issues such as knowledge, skills and experience development. Their goal was to accomplish their sales goals quotas and press towards the satisfaction in this direction. Line Sales managers facing considerable time constraints due to the corporate sales demands are often unwilling to participate in change-oriented efforts. For example, in the firms under study there was considerable resistance from line sales management when business partners introduced differentiated performance assessment tools.
Line sales managers often consider HRM practices as time confusing and bureaucratic. Meyer (1991) maintains that most managers see performance appraisal as an onerous and distasteful chore that has to be carried out. Lawler et al., (1984) suggest that managers dislike the performance appraisal so much that, without administrative pressure to perform it, they will not carry out appraisals with subordinates at all. Administration should tackle line management resistance by involvement, teamwork and effective informal communication in between the various functions of the organisation.
A final drawback was to actually recruit and select talented, skilful employees to perform the role of the HCCEO. This HR role combines significant talents.
Conclusively, critical questions on the new corporate role could be:
What is the origin of such an HR role regarding education, business experiences, skills and competencies?
Can an industry or business education provide such employees or are they too charismatic – e.g. too hard to find, train and develop?

In fact, the investigator does not talk about a CEO position in a financial services organization. However, the specific corporate HRM role should exhibit strong leadership, mentoring, communication and coordination competencies able to communicate and socially interact with various corporate publics. Conceptually, the Human Capital Chief Enabling Officer is an HR focused, talented employee with practical intelligence in the corporate business matters.

5.5.2.1. Theoretical contributions

The investigator in exploring his thesis research aims and objectives (see section 1.1.5.) develops his academic contribution in a strategic as well as operational cross-disciplinary business environment, that of RM, HRM and Line Sales. In this direction, the investigator concludes on his theoretical contribution elaborating on the exploration of RM, HRM and Sales Management extant literature (see table 12b) and his field research findings (see Chapter 4) accruing from 5 Banks – empirical case studies and 20 in-depth interviews with high-rank and lower echelon (e.g. relational sales-reps) banking executives.

Conceptually, the investigator capitalizes on the following existing theories (see table 12b) in providing his contribution to academia:

a) The Strategic alignment model as originally developed by Henderson and Venkatraman, (1993),

b) The Service-Dominant versus Goods –Dominant Logic theories as defined and developed by Vargo and Lusch (2004, 2008a, 2009, 2011),

c) The Marketing – HRM interface. The current academic contribution to the interface of RM-HRM business disciplines is extremely limited if nonexistent,

d) Reforming Marketing practice – theory developed by Jagdish Sheth, (2006),

e) The organizational connectedness issues as developed by Kohli and Jaworski (1990) and Rispens et al. (2007) impact of RM and HRM alignment on organizational connectedness,

f) The development of the role of the business partner (Ulrich, 1997) as part of the contribution of HRM to organizational value development,

g) The roles, skills and competences of relational oriented sales-reps regarding the effective and efficient RM strategies' implementation in a B2C context – see the managerial leadership roles as provided by Quinn et al., (2007, 2008), the Relational Retail Branch Operational Continuum (See section 4.4.2., figure: 12) and the Relational Retail Operational Design (See section: 5.3.2., figure 13).

h) Relationship quality in financial services (see table 6)

Thereafter, following extant literature and his field research findings analysis, the investigator concludes on his contribution to academic theory as presented in brief at table 12b. He elaborates his academic contribution introducing a strategic alignment idealized design (see figures 13, 14 and 15) for a financial service firm with a relational orientation and indisputable RM infrastructure. The strategic alignment RM and HRM idealized design reinforces the ability and adaptability of a financial services firm to accomplish a 'strategic fit' and 'functional integration' in two different chronological stages – the functional RM and HRM integration and the systematic RM, HRM and Line Sales interaction process. Moreover, and based on the academic work of Rispens et al., (2007), the investigator concludes on the impact of RM and HRM strategic alignment on organizational connectedness

(See sections 4.3., 5.2.2.).

Towards the effective design and implementation of the strategic alignment idealized design, the role of the HR dot Line Manager / Chief Human Capital Executive Officer (CHCEO) turns to that of great significance. The investigator elaborates on the specific HRM role as decisive in the rationalization of HRM business activity in organizational value development. Clearly, the fundamental skills of the CHCEO at the second phase of the strategic alignment idealized design are that of an 'enabler', 'a social entrepreneur'. The business role refers extensively to a corporate innovator, a transcendent personality in the sense of the transformation, disruption of the existing organizational balances toward the effectiveness of the recommended strategic alignment idealized design. Furthermore, the investigator elaborates on the roles, skills and competences of relational sales-reps regarding effective and efficient RM Implementation. In this direction, the investigator considered primarily the academic work as derived by Tzokas et al. (2001) and equally the managerial leadership roles theoretical framework as provided by Quinn et al., (2007, 2008).

Consequently, and based on theory and field research findings (see tables: 11e 12, and12a) the investigator develops the Relational Retail Operational Design (see section**:** 5.3.2., figure 13) as a concrete framework of a Service-Dominant retail operational infrastructure. Drawing on the design of the Relational Branch

Operational Continuum (see figures 11 and 12), the investigator conceptually suggests that the design of an adequate and competent internal market of talented sales-reps represents a generic stage of RM and HRM interdepartmental alignment process. Clearly, the Relational Retail Operational Design (see figure 13) provides a business framework that the various relevant corporate stakeholders could find space for interdepartmental, horizontal cooperation, improved bi directional communication and optimum development – reflecting on the practical use of this research study – thesis. Conceptually, the investigator defines the design of the relational retail operational design leading to a relational-oriented process which in turn leads to management of effective relationship quality between the buyer and the seller within a financial services organization (see sections 2.28., 2.28.1 and 2.28.2. and section 4.4.).

In concluding with his academic contribution, the investigator proposes the HRM-entrepreneurial competence process where he builds and incorporates the roles, skills and competences of relational financial sales-reps (see tables: 13, 14). The investigator proposes that line management (e.g. line sales and marketing experts) in order that a relational sales-rep effectively accomplishes RM strategies, should fit in a combination of pre-defined roles, skills and competences: a) Entrepreneurial skills and competences, b) Ideal set of relational sales-reps' roles, skills and competences and c) Ideal set of relational sales-reps' technical skills (e.g. sales-force employed in the banking industry).

In the process, line management in cooperation to HRM, measures (e.g. through the use of multi-rater evaluation schemes) and develops talented sales-reps' skills and competences adopting expert learning programs. Most significantly, the adoption of a set of technical skills (see table 13) alone is a prerequisite for a financial sales-rep performing business in a transactional oriented firm. Thus, a relational sales-rep in fully accomplishing corporate strategic goals needs to ensure effective implementation of all six major functional roles and eleven competences (see tables 13 and 14). Most fundamentally, the career development of a relational sales-rep in financial services firms is extended far and beyond the satisfaction of these skills and competences. However, they are indicative for best HRM practices - recruitment, selection, training and development towards the optimum implementation of best RM strategies in a B2C context.

<u>Table 12b: Theoretical Contributions</u>

Existing Theory	Thesis Theoretical Contribution
A) Strategic Alignment Model (SAM) by Henderson and Venkatraman (1993) See sections: 2.21, 2.22 , figure 4 **B) Service – Dominant logic implementation in services** Vargo and Lusch (2004, 2008, 2009, 2011) See sections: 2.13., 2.13.1. **C) The Marketing – HRM interface** Chimhanzi, and Morgan, 2005; Chimhanzi, 2004; Gratton, 1994; Piercy, 1997a, b; Jaworski and Kohli, 1993; Kohli and Jaworski, 1990; Giles, 1991; Zeithaml et al., 1985 Bonoma, T. V. and Crittenden, V. L. (1988), Theriou and Chatzoglou (2009) See sections: 2.14., 2.14.1., 2.14.2., 2.14.1.1., 2.14.1.2. 2.14.1.3., 2.14.1.4., 2.14.1.5., 2.14.1.6, 2.15. **D) Reforming Marketing Practice** Sheth, J.N. (2006) See section: 4.2.2. **E) Organizational connectedness issues –** Kohli and Jaworski (1990) and Rispens et al. (2007) **F) Developing the role of a Business Partner** Ulrich (1997) See figure 3, Chartered Institute Personnel Development (2004): D. Brown, R., Caldwel, K., White, H., Atkinson, T., Tansley, P. P. Goodge, M., E. See sections: 2.19., 2.20., 2.20.1, 2.20.2.	**Strategic Alignment Idealized Design – Phase I / Integration** See section: 5.5. , figure 14 **Strategic Alignment Idealized Design - Phase II / Systematic Interaction Process** See section: 5.5. , figure 15 **Positioning Marketing Practices** See sections: 4.2., 4.2.1., 4.2.2. , 4.2.2.1 figures 7, 7a **The impact of RM and HRM alignment on organizational connectedness** See sections 4.3., 5.2.2. **The HR dot Line Manager /** **The Human Capital Chief Executive Officer** (HCCEO) See sections: 4.2.3., 4.2.3.1, 5.5.1.

G) The roles of relational sales-reps in RM Implementation Morgan and Hunt (1994) Tzokas, N., and Donaldson, B. (2000) Tzokas, N., Saren, M. And Kiziridis, P. (2001), Yavas et al., (2010), Varca (2009), Carlozzi, A.F., Bull, K. and Stein, L.B., Ray, K. Barnes, L. (2002) Hackney, H. (1978), Quinn et al., (2007, 2008), table 5.	**The Relational Retail Branch Operational Continuum** See sections: 4.3., 4.4.2., figure: 12 **The Relational Retail Operational Design** See sections**:** 5.3.2., figure 13 **The HRM-Entrepreneurial Competence Process -** Ideal set of Relational Sales-Reps roles, skills and competences in a financial services firm See sections: 4.5., 4.5.1., 4.5.2., 4.5.3., 4.5.4, 4.5.5., 5.4.1., 5.4.1.1., 5.4.1.2., 5.4.1.3., 5.4.1.4., 5.4.1.5., 5.4.1.6. , tables 13, 14
H) Relationship quality Stewart et al., 2009, Yavas and Babakus, 2010, Babakus et al., 2003 See sections: 2.23, 2.23.1., 2.24., 2.24.1., 2.25., table 6 –literature on relationship quality	**Sales-Reps' relationship quality to the financial buyer** See sections: 4.4., 4.4.1., 4.4.2., 4.4.3.

5.6. Limitations

This thesis research study has provided useful signposts and the bases for further research. However, it contains a number of limitations that may reduce its effectiveness. A limitation of this work is that it was based on five case studies (a judgmental type of sample – see section 3.2.) and twenty interviewees that, despite the investigators' efforts, may only provide some information about the RM and HRM interface and may lack generalizability. However, additional studies may be carried out with a number of organizations to confirm or refute these qualitative findings and a quantitative study will be utilized to confirm generalizability in due time. In the light of the case study research limitations, the investigator considered numerous constraints during the data collection process (see sections 3.2., 3.4.). Consequently, the data accessibility was a constraint for confidentiality reasons, since we are talking about competing financial firms.

The investigator formally assured the firms and respondents that the use of data would only be for academic purposes and more specifically for the completion of the doctoral thesis at the University of Strathclyde. Because the three major job roles out of the total four roles under study in each case study were at a top administration level, there were considerable limitations of their time, accessibility and availability.

The top management executives were in many cases extremely busy dealing with financial crisis issues (see sections 3.2.1., 3.4.). The credit crunch crisis that emerged in the financial services industry by mid 2007 was in fact a real burden in the implementation of the in–depth interviews. However, the investigator managed to resolve the issue by follow-up practices and his personal business and social network.

There were a number of Banks, which the investigator intended to include in the sample set; however, they refused participation due to major transformational, organizational changes during 2007. The investigator could easily mention two specific examples: a) the Emporiki Bank administration rejected its participation in the research study due to a strategic acquisition by French Crédit-Agricole Bank. Consequently, the banks' administration refused to participate in the research study claiming transformational organizational change confidentiality; b) The Postal Savings Bank (a public sector interest Deposit Bank connected with the Greek Post office chain of retail services network), refused participation due to top administration changes by mid 2007.

In the GENIKI Bank case, even if there was consensus from the HR director who monitored the house keeping processes, the line sales director refused participation to the research study for personal reasons. In summing up, the investigator in his effort to enhance rigour and validity in his thesis research approached a number of banking services firms in understanding phenomena and answering critical research questions. Most fundamentally, the research goal was to gain insight into people's attitudes, behaviours, value systems, concerns, motivations, and aspirations. The investigator adopted in his research effort a critical realism approach. Clearly, the critical realism scientific paradigm (see table 9) refers to any position supporting of an objectively knowable, mind-independent reality, whilst acknowledging the roles of perception and cognition. The realism scientific paradigm believes that there is a "real" world to discover even though it is only imperfectly apprehensible (Godfrey and Hill, 1995; Guba and Lincoln, 1994; Carson et al., 2001). The richness of research data, including personal in depth-interviewees' insights, behaviours and attitudes was pragmatically the determining, major factor in the investigator's selection of the specific research methodology. However, there were numerous limitations (e.g. time, accessibility and availability of top executives) in eliciting data. The investigator used derived data in developing the multiple cases research findings (see Chapter 4), tackled such limitations with patience, and repeated follow-up approaches.

5.7. Future Research

This research indicates that strategic orientation and a positive senior management attitude towards RM and HRM interface plays a direct and critical role in influencing the internal factors, which in turn may create greater collaboration between HRM and marketing. Management attitudes towards coordination may also influence the creation of an appropriate interdepartmental culture.

Future research could possibly exist towards the implementation of the RM-HRM idealized design in other industry sectors, such as telecommunications, insurance public sector and largely on the fast moving goods industries. Furthermore, it would be significant to test quantitatively a larger sample of HRM, Sales and Marketing Directors over a number of issues that the current research already examined applying a qualitative case study research approach.

The investigator also intends to examine in a future research study, the perceptions of a larger sample of respondents from various corporate functions (e.g. IT, Finance, Marketing) regarding the evolution of the business partner role in the financial services industry. Thus, the contribution of the HCCEO (e.g. the Business Partner status) in the effective, smooth flow of business within various industry sectors represents a challenging research issue for the investigator.

There are more future research concentrations that the investigator considers significant as parts of the present thesis. A future research concentration will deal with the developing role of the sales-reps as implementers of RM strategies in the fast moving consumer goods, clearly a B2B approach. In this direction, the investigator intends to examine the effectiveness of category management (e.g. trade marketing applications) as the means for developing a sustainable competitive advantage for fast moving consumer goods firms. Consequently, this future research study will capitalize on RM and HRM strategic alignment in effectively building tailor made RM in the largely competitive retail marketing industry.

Trying to build an effective buyer–seller relationship requires a serious personal investment into effective communication and joint problem solving. However, low role conflict scores were associated in literature with emotional detachment, not attachment. Stress was low for sales-reps who were disengaged from the customer hence the paradox for service providers and the need for line management to attention. Would the RM and HRM alignment process facilitate emotional attachment and reduce role conflict?

The investigator believes that the gender factor is critical towards the effective accomplishment of RM strategies. However, it would be useful to research in the future topics as: Does the gender of the sales-rep critically affect a customer in his decision-making during the sales prospecting and sales close process? More explicitly, does opposite sex (between the buyer and the seller) play a significant role in closing the sale and hence create an adding value parameter in a relationship?

Even more, does opposite sex selling equally affects customer attraction as well as customer retention?

Finally, the investigator intends to use quantitative statistics and a larger sample set of interviewees regarding the feasibility of parallel implementation of RM and transactional marketing. The argumentation follows the assumption that an organization which is pursuing simultaneously diversified marketing strategies results in misalignment and disorientation of sales-reps regarding an optimum RM and HRM alignment process.

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Glossary

AMA: American Marketing Association

B2B: Business to Business marketing

B2C: Business to Customers marketing (retail)

CSR: Case study research methodology

CRM: Customer Relationship Management

CLV: Customer Lifetime Value; term as adopted by Christopher et al., (2004)

CVM: Customer Value Management

CPV: Customer Perceived Value

G-D logic: Goods-Dominant logic; Term as defined by Vargo and Lusch (2004).

EU–16: Economic and Monetary Union – Euro zone

HR: Human Resources

HRM: Human Resources Management; The range of policies, systems and practices used by 'modern' organizations in the management of employees

HRD: Human Resources Development; Strategic and business-oriented learning and development activities of human reources

HR dot line manager; A business partner role that has both HR and line reporting responsibilities

New Europe countries: Set of countries that joined the E.U. over 2005-2010, for example Bulgaria, Rumania Serbia, Poland, Turkey, Ukraine and Cyprus.

RM: Relationship Marketing; A definition adopted is "to identify and establish, maintain and enhance and when necessary also to terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfilment of promises". (Grönroos 1994a, b; Berry, 1983; Brodie et al., 1997)

SAM: Strategic Alignment Model as developed by Henderson and Venkatraman (1993)

SCA: Sustainable Competitive Advantage

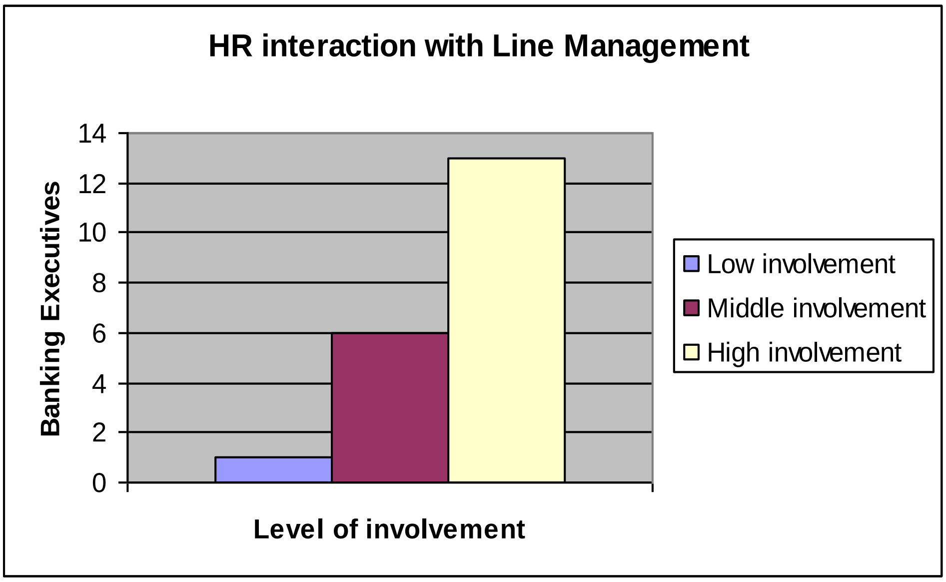
S-D logic: Service-Dominant logic as defined by Vargo and Lusch (2004)

SHRM: Strategic Human Resources Management is a process of linking HR practices to business strategy

SHRD: Strategic Human Resources Development; The strategic management of training, development and of management/professional education interventions.
SHR-partner: a business partner HR role necessary for HR to transform into a ‘value adding function’ of organizations. In essence, the role involves working closely with senior business leaders on strategy execution, in particular designing HR systems and processes that address strategic business issues.
SOA: Service-oriented software architecture
SOCO: Selling Orientation – Customer Orientation; This is a measure of the degree to which salespeople engage in customer-oriented selling by Saxe and Weitz (1982).
SOR: sales-rep’s opportunity recognition.
T.Q.M: Total Quality Management

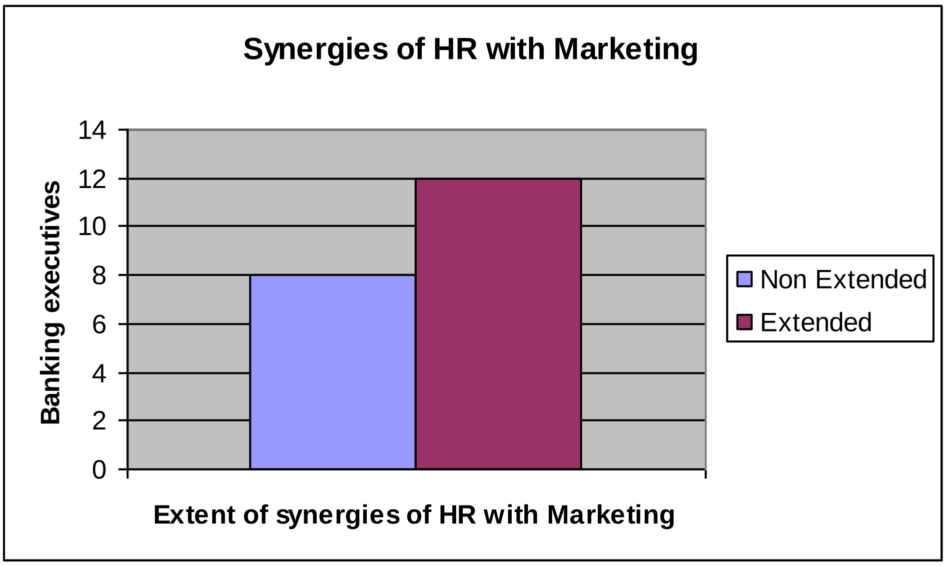
Appendices

Figure 1: HR interaction with line management



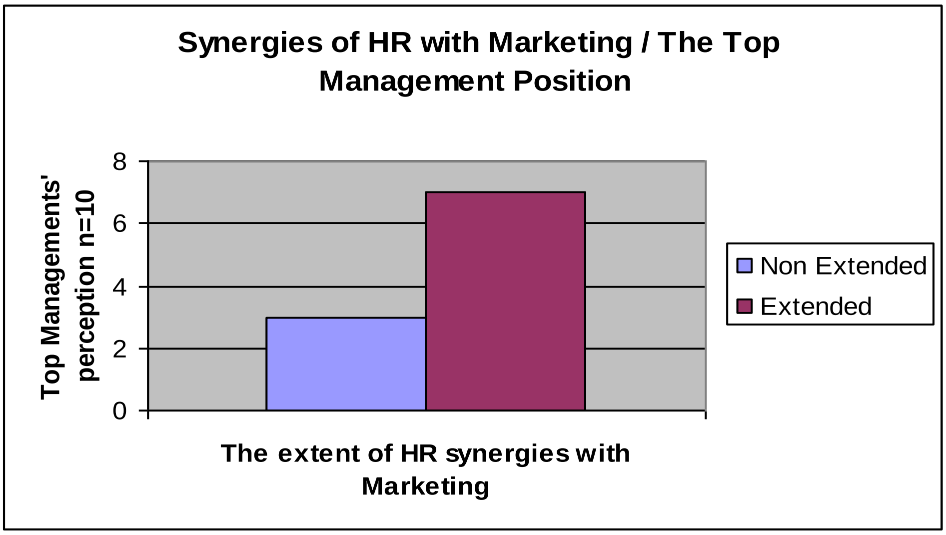
Source: Analysis of field research findings (2008-2009)

Figure 2: Synergies of HR with marketing



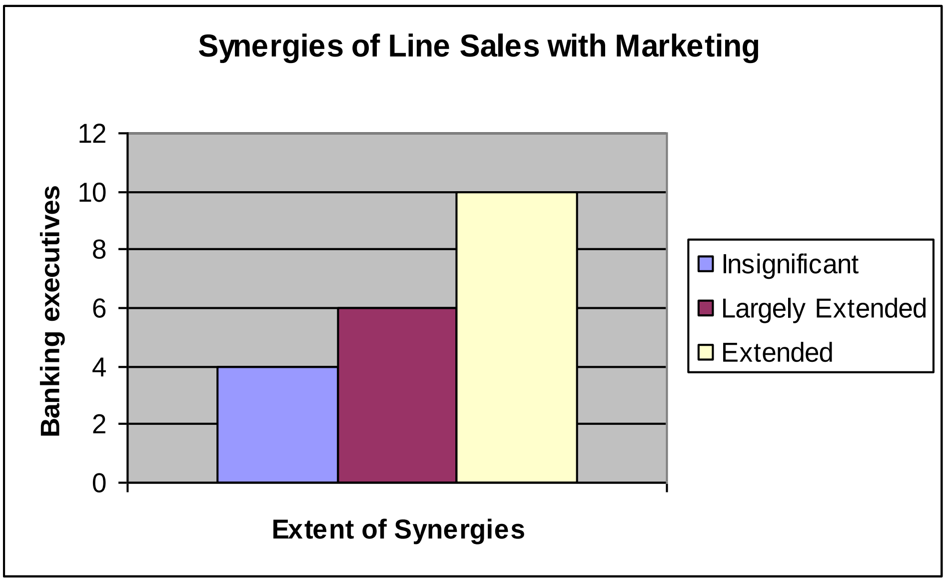
Source: Analysis of field research findings (2008-2009)

Figure 3: Synergies of HR with Marketing / the top management positions



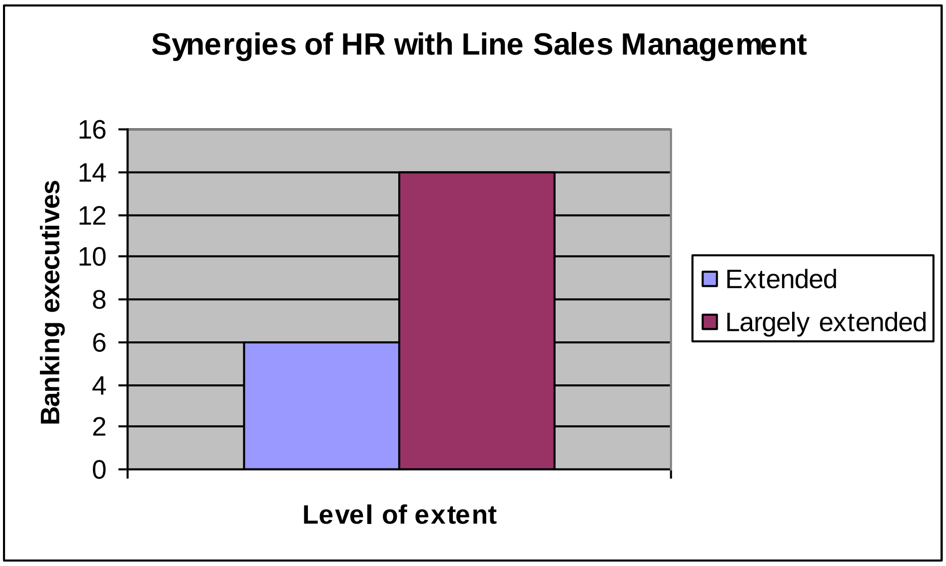
Source: Analysis of field research findings (2008-2009)

Figure 4: Synergies of Line Sales with Marketing



Source: Analysis of field research findings (2008-2009)

Figure 5: Synergies of HR with Line Sales Management



Source: Analysis of field research findings (2008-2009)

University of Strathclyde

Dear Mr. Parnis,

Athens, 02 July 2007

I am conducting a field research study in the Greek retail banking industry as part of the formal submission of my PhD thesis at the University of Strathclyde in Glasgow, UK.
My PhD research study deals primarily with the following research issues:

- To identify the **importance** of the retail Bank's HRM executives as "business partners" of the marketing department in the implementation of relationship marketing activities.
- To **explore the degree** to which the partnership between the Bank's "business partners" (HRM executive and Relationship marketer), generate fast decision-making and practical intelligence in business matters of the retail Bank.
- To **investigate** whether the "HRM business partner" has concrete roles and responsibilities in line management – full knowledge of the organization's functional activities.
- As a consequence of the application of the "HRM business partner concept", **to explore** the degree to which: Relationship marketing is a *set of empathetic marketing activities* aiming to develop communication effectiveness, trust, commitment, satisfaction and efficiency between the target customer and the agent

I intend to use the following qualitative research tools in my research study:

1. 4 in depth personal interviews with key members of your Bank. Out of the executives selected, one is going to be an HRM executive, the other a strategic marketing executive of your Bank, the third an account executive in a retail branch and the last a sales network executive.
2. A case study analysis of the Bank, which is going to help me as a researcher to collect valuable information about the bank, employees and systems adopted.

As you understand your cooperation is absolutely voluntary and the Bank may withdraw from the study at any time. No confidential information will be sought without the Bank's prior consent. The information you provide in response to, or in connection with the study is and will be provided to the researcher and will be entirely for academic reasons only.

Sincerely yours

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INVESTOR IN PEOPLE

Appendix 6: The case study protocol

a) The organisational profile - performance over the years

- The Bank’s mission, vision, values and organizational culture
- The Bank’s organizational strategic objectives
- The Strategic Business Model of each Bank
- The Bank’s strategic competitive advantage
- The Bank’s Retail Branch Operational Continuum.
- The organizational charts (marketing, HR and the retail networks’ administration)

b) The marketing discipline within the organizational structure

- Position and strategic significance of marketing as a business function in each Bank.
- Relationship Marketing versus Transactional Marketing strategies and operational tactics in each Bank
- The retail network structure of each banking organization as part of the strategic business model
- The role and responsibilities of Retail Network Marketing in each Bank.

c) The HRM discipline within the organizational structure.

- Position and strategic significance of the HRM discipline in each Bank
- The HR–cycle design and implementation (recruitment, selection, training, evaluation and development) of sales-reps in each Bank
- The business partner role and responsibilities / strategic significance in each Bank

d) The interdepartmental issues between line management and retail network employees.

- The existing HRM – RM – Line Sales strategic alignment practices
- The HR support of a banks’ marketing activities at the point of sale
- The sales-reps skills and competences

6a) the Interview format guide

	Questions
1	What is your role and responsibilities at the Bank?
2	What is the strategic significance of your department at the Bank?
3	Why would a customer select your Bank?
4	How does your Bank perform Marketing / HRM strategically - operationally?
5	Has your organization changed marketing practices over the last three years? Why in your opinion?
6	Have business processes been improved at the Bank?
7	What types of marketing you consider most appropriate for the accomplishment of Banks' strategic and operational objectives?
8	Why RM as a method of approaching customers?
9	Why in your opinion the selected marketing methodology is successful / non successful?
10	How does your Bank approach targeted customers - cross selling?
11	Retention or acquisition of customers and why?
12	Does your organization apply Personnel versus HRM at the Bank?
13	How in your opinion HR supports marketing - sales at the Bank?
14	How in your opinion can HR support sales-reps building relationships with customers?
15	How in your opinion, sales-reps cooperate with marketing?
16	How in your opinion, Line sales cooperate with marketing?
17	How does employee turnover affect the Banks' internal communication strategy?
18	How HR recruits and selects sales-reps for RM purposes?
19	How HR appraises and develops sales-reps?
20	How HR motivates and rewards sales-reps in implementing RM at the point of sale?

21	How HR trains and develops sales-reps in implementing RM at the point of sale?
22	To what extent does the organization adopts internal marketing tools?
23	What is the HR Business partner (if any) interaction with line management?
24	What is the extent of alignment of HR with line sales and why?
25	What is the extent of alignment of HR with marketing and why?
26	To what extent HR adopts Internal marketing tools
27	Does your firm runs systematically employee satisfaction surveys?
28	How and why line management gets involved in the HR Cycle?

6b) The Banking industry in Greece

National Bank of Greece –
http://www.nbg.gr/en

EFG EUROBANK ERGASIAS S.A.
http://www.eurobank.gr/online/home/index.aspx?lang=en

ALPHA BANK S.A.
http://www.alpha.gr/page/default.asp?id=4&la=2

PIRAEUS BANK S.A.
http://www.piraeusbank.gr/echome.asp?lang=2

EMPORIKI BANK OF GREECE S.A.
http://www.emporiki.gr/cbgen/gr/cbg_index.jsp

Emporiki Bank

AGRICULTURAL BANK OF GREECE S.A.
http://www.atebank.gr/english

ATEbank

GREEK POSTAL SAVINGS BANK
http://ttbank.gr/pages/en.php

POSTBANK

MARFIN EGNATIA BANK S.A.
http://www.marfinegnatiabank.gr/marfinegnatia/hpendefault.aspx

MARFIN EGNATIA BANK

BANK OF CYPRUS PUBLIC COMPANY LTD
http://www.bankofcyprus.gr/default.asp?lang=en

Τράπεζα Κύπρου

CITIBANK INTERNATIONAL plc
http://www.citibank.com/greece/consumer/en

citibank

MILLENNIUM BANK S.A.
http://www.millenniumbank.gr/millenniumvb/millenniumen/home_en

Millennium bank

GENERAL BANK OF GREECE S.A.
http://www.geniki.gr/default.asp?lang=EN

GENIKI Bank

ATTICA BANK S.A.
http://www.atticabank.gr/index.asp?a_id=326

attica bank

HSBC BANK plc
http://www.hsbc.gr/en

HSBC

ASPIS BANK S.A.
http://www.aspisbank.gr/category/english/128

PROBANK S.A.
https://www.probank.gr/index_en.php

PROTON BANK S.A.
https://www.proton.gr/inc/session_lang.php?lid=2

BAYERISCHE HYPO UND VEREINSBANK AG
http://www.hypovereinsbank.gr

ABN - AMRO BANK N.V.
http://www.abnamro.com

FBB - FIRST BUSINESS BANK S.A.
http://www.fbbank.gr/104/article/english/104/74

HELLENIC BANK PUBLIC COMPANY LTD
http://www.hellenicbank.gr/en

BNP PARIBAS
http://www.bnpparibas.gr

Source: Hellenic Bank Association, July 2009

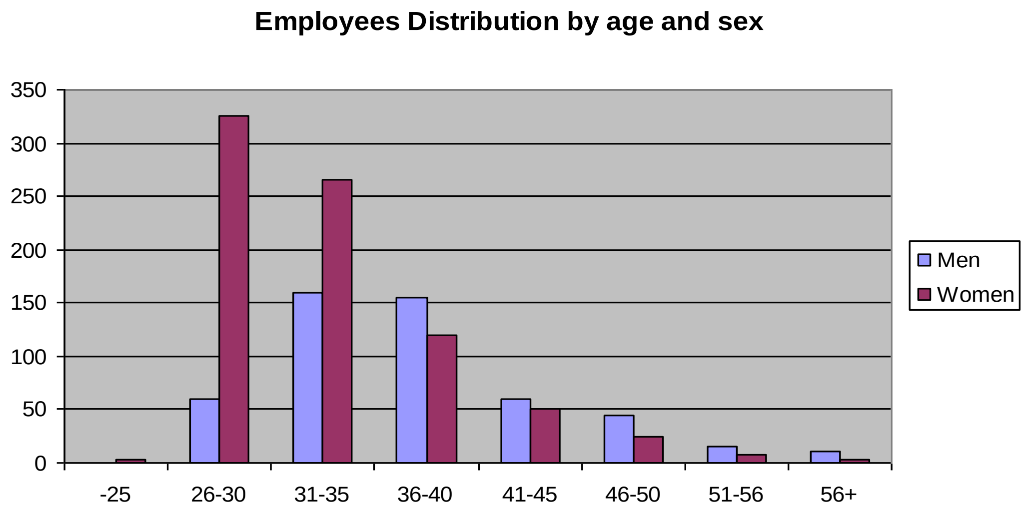
6c) Banks approached by the investigator with no success

1. **National Bank of Greece (State Bank)**
2. **Bank of Piraeus (Private Bank)**
3. **Bank of Cyprus (Private Bank)**
4. **Postal Savings Bank (State Bank)**
5. **Alpha Bank (Semi state Bank)**
6. **Emporiki Bank (Private Bank)**

6d) Banks approached by the investigator with success

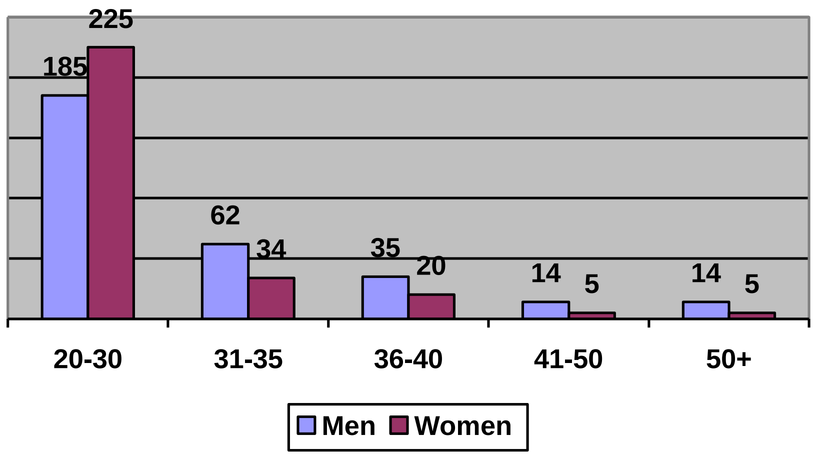
1. **EFG Eurobank Group**
2. **Millennium Bank**
3. **Geniki Bank**
4. **Marfin Egnatia Bank (MIG GROUP)**
5. **Proton Bank**

7) Employees' distribution by age and sex



Source: Millennium Bank Corporate records, 2008

8) New Recruits distribution by age and sex



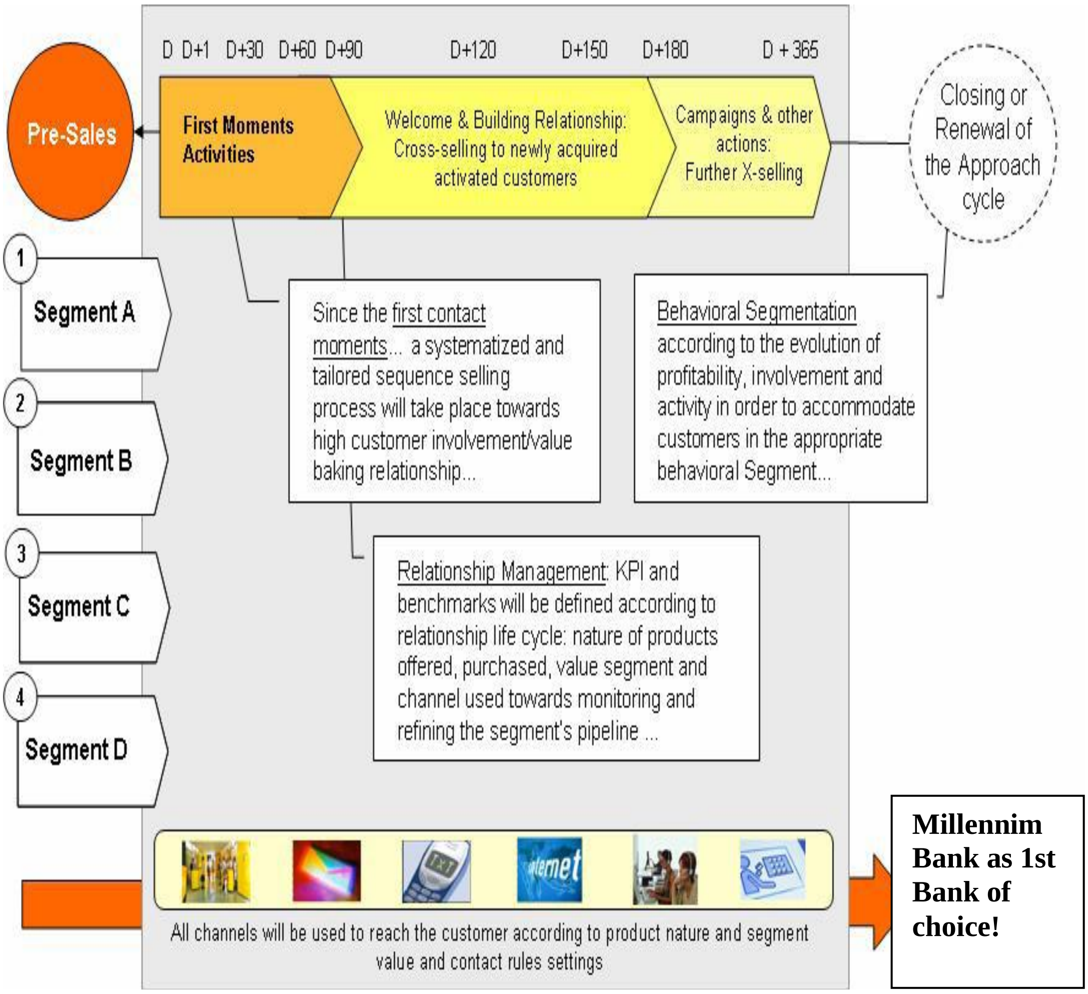
Source: Eurobank HR records, (2006)

9) The Greek Banking Industry Balance Sheet highlights 30.09.2007

		30.09.2007		30.09.2007		30.09.2007		30.09.2007
	(€ million)		(€ million)		(€ million)		(€ million)	
Bank	**Assets**	**Rank**	**Deposits**	**Rank**	**Loans**	**Rank**	**Total Equity**	**Rank**
NBG	84,250	1	57,394	1	50,397	1	6,209	1
Eurobank EFG	63,295	2	32,366	2	42,118	2	4,433	2
Alpha Bank	51,244	3	32,342	3	39,375	3	3,094	4
Bank of Piraeus	40,420	4	20,184	4	27,744	4	3,101	3
Emporiki Bank	25,983	5	17,653	6	18,477	5	890	6
A.T.E	22,370	6	19,194	5	14,274	6	1,409	5
Postal Savings Bank	13,053	7	11,149	7	5,806	7	771	7
GENIKI Bank	4,048	8	2,765	8	3,236	8	101	11
Attica Bank	3,553	9	2,652	9	2,493	9	314	9
Aspis Bank	2,635	10	1,996	10	2,119	10	180	10
Proton Bank	2,257	11	1,428	11	1,333	11	384	8
Bank of Cyprus	29,761	n/a	23,482	n/a	17,418	n/a	1,922	n/a
Marfin Popular Bank	29,131	n/a	21,079	n/a	16,474	n/a	3,361	n/a

Source: Deloitte Business Solutions research study “highlights of the Greek banking sector, September 2007”, published and consolidated financial statements under IFRS.

10) Newly acquired customers: 1st year behavioural segmentation



Source: Millennium Bank corporate records, (2008)

Appendix 11: Job Description of a Relationship Manager (Sales-Rep)

Mission

The Relationship Manager (RM) directly reports to the retail branch manager. It is part of their role and responsibilities to manage and develop the existing portfolio of customers. The RM´s business effort is based on the following major values:

- Provision of quality services to the business customer
- Effectiveness and Performance development
- Risk management and control
- Profit maximization

The relationship manager contributes to the retail branches´ accomplishment of commercial goals. He works towards the adoption, maintenance and development of prospective as well as existing clientele.

Job roles / Responsibilities

Commercial focus

- The RM welcomes existing and prospective customers to the retail branch. His job is to ensure prompt, productive for both parts and kind customer service through any communication means – including email, phone, fax or even personal contact communication.
- The RM effectively and efficiently promotes all GENIKI Bank currently offered financial goods and services.
- The RM closely monitors the achievement of his increased revenues goals and makes a considerable effort to systematically widen his existing customer portfolio. His job responsibilities include the systematic development of cross and up selling goods and services effort.
- The RM closely monitors and upgrades his existing customer portfolio financial needs and ensures that his customers get by all bank departments and employees high quality banking services.
- The relationship manager manages and develops the prospective customers' financial goods and services product portfolio.
- The RM justifies the full adoption and use of all sales tools – marketing applications and practices provided by the bank in an effort to closely monitor the accomplishment of the revenue and profit goals of the retail branch.
- The RM enhances and maintains the scale of his existing and prospective customer relationships in an effort to accomplish the revenues target. Towards the accomplishment of this effort, the RM plans, programs and implements sales meetings in and out of the retail branch with prospective customers
- The RM analyzes his existing customer portfolio with a direct goal to constantly improve prospective sales
- The RM promotes the banks´ financial goods and services to customers and the colleague-employees working in the organization.
- The RM is pragmatically the only link between a customer and the bank

- The RM closely cooperates and reports to the retail branch manager in regards to his existing and prospective customer clientele.

Banking operations

The relationship manager for SMEs manages and is fully aware of all financial goods and services of this specific business unit, including current and deposit accounts, loans of any kind, credit cards, asset management, mutual funds, stocks, insurance coverage and leasing.

Supervision and control procedures

The relationship manager closely monitors that all banking operations are closely connected to the prescribed policies (rules and regulations) and procedures of the bank. The relationship manager closely supervises and controls on a daily basis financial risks, liabilities and subsequent losses of the bank

Commitment on credit

The RM has an approved corporate jurisdiction to approve banking operations and transactions. The RM is thus fully responsible to produce competitive, substantiated credit quotes for the SMEs. The RM in that case would serve as a link between the Banks´ central headquarters employees and the customer

Source: GENIKI Bank central HR department, 2007