

University of Strathclyde

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Suggested Project Title:

Balanced Orientation: Aligning employees' resources and capabilities to the needs of Internal & External Stakeholders to improve market performance

Suggested Project Summary:

To improve market share and profitability, service organisations rely on offering superior customer experience and value. To achieve this, they have to develop a customer oriented culture and values to guide the delivery of their service.

However, it is well established that in addition to the customer market, companies need to be competitive in the employee market, satisfying employees' needs; particularly in services, because employees are pivotal to the customer experience and delight, the key antecedent to market share and profitability gains. Internal politics, customer fear or corporate culture are just few of the barriers the literature reports as deterrents of the employees and the service organisation ability to deliver a delightful service experience for the customer.

Thus, an orientation towards the internal (employee) market is equally important to the orientation towards the external (customer) market in achieving differentiation through customer satisfaction and improving market share and profits. Companies that achieve both are considered to have achieved a "balanced" orientation, excel in meeting the needs of their customers and reap the rewards in the marketplace.

Surprisingly, the empirical evidence of the barriers and challenges service organisations have to overcome and achieve such a balanced orientation have not been empirically addressed. As a result, it is impossible to provide hard-based advice to service organisations on the process and the systems they need to put in play to become balanced oriented; such consultation persistently draws on previous anecdotal experience but what worked for one company will not necessarily work for all.

Two reasons explain this picture. The hesitation various academics have to explore the bridges between the Marketing and the Human-Resource Management disciplines as they fail to see the benefits from such interdisciplinary research. The other is the lack of skill to develop and implement the appropriate (hierarchical) multi-level research design that will produce the required data and subsequently analyse them.

Specifically, a three-level design is the most appropriate approach to generate the data required to address this problem. This entails collecting data from a branch/unit manager, his/her direct supervisees and the branch/unit's customers. Managers report on the degree to which the branch/unit pursues both a market and an internal-market orientation, as well as the obstacles/challenges they see in this pursuit. They also report on the actual performance (sales revenue and profits). Supervisees report on key aspects of an internal-marketing strategy (empowerment, participative decision-making etc.) and job-satisfaction as well as on their approach and customer service behaviour. They also report on their view of the obstacles/challenges they have in implementing a balanced orientation. Finally, customers report on their satisfaction, loyalty intention and share-of-wallet with the specific provider, covering financial and non-financial aspects of performance. In total, we need to collect a minimum of 50:250:1,250 questionnaires from each level respectively, (50 units, 5 supervisees/unit and 25 customers/unit). A HSEM analysis, (Prof. Gounaris has repeatedly employed such designs in his studies) will allow to model the data and provide the required empirical evidence to help service organisations become more "balanced oriented."

Collaboration Sought for the Project:

The hierarchical research design structure is very demanding in terms of the structural rules that apply. The 1:5 rule per level (as a minimum) must be observed to ensure the analysis conforms with the specifications for such designs. We thus seek a collaborator who is willing to help with the data collection effort (without necessarily sharing any sensitive personal data for employees or customers) and, at the same time has the size to meet the requirements of the Hierarchical research design. What we basically need is a collaborator who is willing to collaborate in administering the dissemination and collection of the questionnaires we will develop.

Benefit to the Industry Sponsor:

1. Non disclosure agreement for five years (or longer if desired), excluding anonymous publications in scientific journals.
2. Proprietary rights (for the same period) to the findings and implications of the study.
3. Customised, action-based, report of policies and systems that will improve the collaborator's "balanced orientation" and enhance customer experience.
4. Improve competitiveness and thus entrench and strengthen the company's competitive position within the existing markets and existing target customers.
5. Consequently, improved sales revenues and profits without the risk of investing in new markets or developing new services.
6. As a result, develop a stronger financial position, compared to competition, that will enable either strengthening the company's stock value or will allow to increase the company's ability to invest in other riskier (new services development or enter new markets) strategic choices for the future.

Published or Private?:

Yes