# The Importance Of Customer Satisfaction In

# Organisational Transformation:

## A Case Of A Dutch Temporary Employment Agency

Martijn Hesselink, Ton van der Wiele and Paul Boselie

ERIM REPORT SERIES RESEARCH IN MANAGEMENT				
ERIM Report Series reference number	ERS-2002-60-ORG			
Publication	2002			
Number of pages	24			
Email address corresponding author	vanderwiele@few.eur.nl			
Address	Erasmus Research Institute of Management (ERIM)			
	Rotterdam School of Management / Faculteit Bedrijfskunde			
	Rotterdam School of Economics / Faculteit Economische			
	Wetenschappen			
	Erasmus Universiteit Rotterdam			
	P.O.Box 1738			
	3000 DR Rotterdam, The Netherlands			
	Phone:	+31 10 408 1182		
	Fax:	+31 10 408 9640		
	Email:	info@erim.eur.nl		
	Internet:	www.erim.eur.nl		

Bibliographic data and classifications of all the ERIM reports are also available on the ERIM website: www.erim.eur.nl

## ERASMUS RESEARCH INSTITUTE OF MANAGEMENT

# REPORT SERIES RESEARCH IN MANAGEMENT

BIBLIOGRAPHIC DATA AND CLASSIFICATIONS				
Abstract	The volume of temporary labour has grown very fast during the last decades in Europe, as did the number of organizations with an intermediating role in relation to temporary (contingent) labour. All over the place there are small and large intermediaries trying to find the right persons for the vacant jobs in their portfolio. In the Netherlands this has lead to a more competitive market place for temporary employment agencies or flex companies and to the need to find new ways of developing competitive advantage.			
	A large temporary employment agency in the Netherlands, wants to develop "experience quality" in its services in Europe. This agency has introduced a service excellence programme building on the following chain of excellence: good leadership gives enthusiastic and motivated employees, which gives satisfied customers and delivers good business results. In this paper the way to implement this program will be outlined. Also some first results of the implementation of the program will be presented.			
	One of the interesting issues from a quality management perspective in relation to temporary employment agencies is the presence of two customer groups instead of just one. Besides the paying customers, who are hiring flex workers, there is another customer group, i.e. the flex workers (or contingent workers) themselves. What is the importance of flex workers, who are satisfied with their intermediary (flex company)? This is becoming more and more relevant as the agency aims at long-term relationships with its flex workers.			
	In the empirical part of this paper we will present the analysis of data over three years (1998, 1999, and 2000) on the satisfaction of flex workers in the context of the flex company's service excellence programme, as an example of the use of measurements in relation to the change process. The important issues related to the specific data of the flex workers' satisfaction surveys are:			
	(a) the relationships between perceived satisfaction of flex workers and possible behavioural consequences, like making complaints and making use of other flex companies; (b) the stability of factor constructs over time that identify the major dimensions of satisfaction of flex workers; and (c) the satisfaction dynamics over time.			

## ERASMUS RESEARCH INSTITUTE OF MANAGEMENT

# REPORT SERIES RESEARCH IN MANAGEMENT

Library of Congress	5001-6182	Business		
Classification	5546-5548.6	Office Organization and Management		
(LCC)	5548.7-5548.85	Industrial Psychology		
	HF 5549.5.T7	Training of employees		
Journal of Economic	М	Business Administration and Business Economics		
Literature	M 10	Business Administration: general		
(JEL)	L 2	Firm Objectives, Organization and Behaviour		
	M 12	Personnel management		
European Business Schools	85 A	Business General		
Library Group	100B	Organization Theory (general)		
(EBSLG)	240 B	Information Systems Management		
	120 P	Training – management development		
Gemeenschappelijke Onderwerpsontsluiting (GOO)				
Classification GOO	85.00	Bedrijfskunde, Organisatiekunde: algemeen		
	85.05	Management organisatie: algemeen		
	85.08	Organisatiesociologie, organisatiepsychologie		
	85.04	Onderwijs, beroepsuitoefening, organisaties		
Keywords GOO	onomie			
	Organisatieleer, informatietechnologie, prestatiebeoordeling			
	Uitzendbureaus, trainingscursussen, leiderschap, tevredenheid, organisatieverandering			
Free keywords	Leadership; Customer satisfaction; Organisational change; Temporary employment agencies			

# The importance of customer satisfaction in organisational transformation: a case of a Dutch temporary employment agency

Martijn Hesselink, Ton van der Wiele and Paul Boselie

### Abstract

The volume of temporary labour has grown very fast during the last decades in Europe, as did the number of organizations with an intermediating role in relation to temporary (contingent) labour. All over the place there are small and large intermediaries trying to find the right persons for the vacant jobs in their portfolio. In the Netherlands this has lead to a more competitive market place for temporary employment agencies or flex companies and to the need to find new ways of developing competitive advantage.

A large temporary employment agency in the Netherlands, wants to develop "experience quality" in its services in Europe. This agency has introduced a service excellence programme building on the following chain of excellence: good leadership gives enthusiastic and motivated employees, which gives satisfied customers and delivers good business results. In this paper the way to implement this program will be outlined. Also some first results of the implementation of the program will be presented.

One of the interesting issues from a quality management perspective in relation to temporary employment agencies is the presence of two customer groups instead of just one. Besides the paying customers, who are hiring flex workers, there is another customer group, i.e. the flex workers (or contingent workers) themselves. What is the importance of flex workers, who are satisfied with their intermediary (flex company)? This is becoming more and more relevant as the agency aims at long-term relationships with its flex workers.

In the empirical part of this paper we will present the analysis of data over three years (1998, 1999, and 2000) on the satisfaction of flex workers in the context of the flex company's service excellence programme, as an example of the use of measurements in relation to the change process. The important issues related to the specific data of the flex workers' satisfaction surveys are: (a) the relationships between perceived satisfaction of flex workers and possible behavioural consequences, like making complaints and making use of other flex companies; (b) the stability of factor constructs over time that identify the major dimensions of satisfaction of flex workers; and (c) the satisfaction dynamics over time.

### Key words

Leadership; Customer satisfaction; Organisational change; Temporary employment agencies

### Introduction

#### **The Flex Company**

In 1977 the Dutch government, the existing labour unions and employers-associations set up a new temporary employment agency. The mission of the organisation was to help those people who were experiencing difficulties in finding a suitable job. The administrative and cultural heritage of this agency, based on feelings of social responsibility in terms of legitimacy and fairness, is deeply rooted in the organisation, even though there has been a turnaround 5 years ago towards a more market driven orientation and focus on efficiency and effectiveness.

In the early days, the core business was acting as intermediary for flex workers. Nowadays, the organisation offers a full-service package of products such as Recruitment & Selection, Long Term Detachments, Outplacement, Reintegration and several types of Training & Education. Recruitment and development are the central issues in their role of intermediary in a temporary work contract and their role of employee development centre. This management philosophy is recorded in its mission statement 'We Create Careers'. The flex company supports its long-term vision to add value to its two customer groups: (1) To the paying customers, who are the people who hire the flex workers, by supporting them to find capable flex workers and (2) to the flex workers, who are the people who are looking for temporary work, by giving the opportunity to get a suitable job.

#### The contingent labour market in the Netherlands: recent developments

Recent legal developments have had a major impact on the contingent labour market in the Netherlands. The new law on contingent labour of 1998, called the Wet Flexibiliteit en Zekerheid (Law of Flexibility and Security/Guaranty), affected the activities of intermediaries for flex workers. On the one hand, this law protects the interests of the flex workers by creating employment security. As a result of the law temporary employment agencies are now obliged to employ flex workers. On the other hand the law limits the room to manoeuvre for employers with respect to hiring the same flex workers on a continuous and long-term basis.

This resulted in a considerable increase in the number of staff employed by the intermediaries. The tight labour market is another important factor that affected contingent labour in the Netherlands. The relative amount of contingent work has declined in recent years as a result of the booming Dutch economy. One of the implications is a mismatch between vacancies to be fulfilled and the (temporary) unemployed people, available to fill them. These developments have made it necessary for the flex company to search for ways for creating sustained competitive advantage.

### The Service Excellence Program

When the Flex company made the decision to excel in service towards candidates and clients, the main question was how to implement such a service culture and behaviour. The starting point was searching for a benchmark organisation in order to determine the nature and essence of excellent service. In this way the rather abstract concept 'service' could be made more tangible for the organisation.

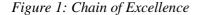
Worldwide Walt Disney Company is considered by many writers (e.g. Capodagli and Jackson, 1998), to be the world leader in the field of service management. Walt Disney Company has a special division, called the Disney Institute, which supports different organisations in creating and managing a culture of service. The flex company decided to engage the Disney Institute in the transformation process and to help with the first trainings of managers in their Service Excellence Program. The most important initial step was to formulate a new vision and mission-statement for the organisation, which had to be clear and unambiguous for all the employees of the flex company. According to Capodagli and Jackson (1998) the main condition to achieve service excellence is to have a clear organisational mission statement, which must be aimed for by every member of 'the cast' (a typical Disney label for their employees). Together with the development of the mission-statement, other company standards

and statements were developed, for example the four Service Standards (Accessibility, Reliability, Service Provision and Efficiency). These Service Standards are the building blocks of the framework of its Service Excellence Program.

Accessibility refers not only to physical accessibility, which is very important for a labour market intermediary, but also to openness to relevant actors (stakeholders involved). Reliability is related to mutual commitment, the involvement of the employees in the organisation and the degree of professionalism. Service Provision is the standard that includes the courtesy of employees, their pro-active role and the little extras in their way of working (e.g. be surprising to both candidates and customers). Efficiency concerns cost awareness, productivity and the structural improvement of the organisation. When all these guidelines had been developed, together with the core values and the leadership characteristics, everything was in ready for implementation of the Service Excellence Program.

The first step in the program was a leadership-driven training for top-managers at the Disney Institute in Florida. During this course, the managers were confronted with service excellence in practice. This 'see with your own eyes' - experience is extremely important in creating trust in the program. In Disney World, the managers experienced service excellence and its benefits, and how to gain a service excellence status. The leadership training for all the top managers is consistent with the nature of the 'change' program, based on a change in leadership style (Levy and Merry, 1986, p.58). Consequently the managers have the most important role in the organisation during the implementation. They are the persons who have to transfer and translate the ideas and implications of the program and of the concept of Service Excellence to their employees. Commitment of management is a necessary condition for a quality driven program such as the Service Excellence Program (see also Capodagli & Jackson, 1998; Prabhu & Robson, 2000; Maister, 2001). It is argued that when top management does not give priority to the implementation of the program, there is no reason for lower level employees to be committed to the ideals.

The principles of the management concept Walt Disney Company uses to achieve excellence in service and in the complete business are straightforward (Disney Institute, 2001). The strength is the way in which the management is consistent in following the concept and the way things are worked out in detail. The concept starts with the Chain of Excellence. Excellent leadership creates excellent employees. These employees provide excellent service to the customers, with whom the organisation wants to build a long-term relationship in order to create 'healthy' (financial) results.





The Chain of Excellence, see figure 1, is almost the same as the Disney Chain and can be summarised as follows:

Excellent leadership will be achieved through clear vision & mission statements and distinct role model behaviour of managers who are proud of their organisation and know what is expected of them.
Excellent employees will be developed through excellent leadership, recruitment and selection procedures, excellent education and training facilities and clear guidelines about what is expected of them.

- Satisfied flex workers will be created through excellent employees who see every flex worker as a VIP (very individual person), for whom every little detail is covered and for whom the employees carefully assess what the best service is in each specific situation.

- Satisfied customers will be created in a service experience that is excellent, through actions of satisfied flex workers and excellent employees who treat their customers as individuals for whom every little detail is covered and for whom the employees carefully assess what the best service would be in each specific situation.

- Satisfied customers who have become loyal will spread the word to others and will build long term relationships thus ensure excellent financial results (Heskett et al, 1992)

Although the supposed relations between the separate blocks in the chain seem logical and easy to understand, a lot of research (e.g. the relationship between a quality program and operational performance) has been undertaken during the last decades to prove those relations. When the actors in such a quality program are specified in relationship to the relevant blocks, like Walt Disney Company and the flex company did in their Chain of Excellence, it is possible to explore the relationships between the different blocks in a separate manner. The relationship between the first two blocks, which can be put in the field of Human Resource Management, and the last block (performance measurements) have been the subject of considerable study (e.g. Huselid (1995), Guest (1997), Arthur (1994) and Youndt et al. (1996). Although a positive relationship between these two theoretical concepts or particular parts of those concepts is presumed to exist, a direct linear relationship between Human Resource Activities and Operational Performance is hard to find. Nevertheless, the managers believe in their role as a leader and make sure that everything will be done to confirm these relationships.

Like the aforementioned relationship between Human Resource Management and Performance the relationship between Customer Satisfaction and Performance has similarly been the subject of considerable examination (Zeithaml (2000) provides a good overview of research undertaken in this area). This relationship has the same characteristics as the HRM-Performance relationship. Initially, the connection between the two abstracts appears to be clear, but empirical research gives mixed results evidence.

### **The Service Monitor**

A lot of different measurements exist in the flex company. To determine if the relevant items are measured following the Chain of Excellence, the flex company is developing a Service Monitor in cooperation with the Erasmus University Rotterdam. The objective of this monitor is to show the organisation periodically at what level the service provision is. The Erasmus research team is also examining possible relationships in the Chain (Van der Wiele et al., 2002) and is analysing the available data in a more thorough way (Boselie et al., 2001). One goal is to get an organisational dashboard on which the management can easily see the status of their division, region or branch. Another goal is to create a balanced and integrated overview of performance indicators that make clear what the most important issues in the change process are.

In the next paragraph the focus will be on empirical data related to quality perceptions of flex workers.

### The Importance of Flex Worker Satisfaction

One of the most interesting phenomena of flex companies is the presence of two customer groups. On the one hand there is the 'buyer' (paying customer), on the other hand there is the flex worker (or candidate) who wants to find a job. This second group, the flex worker-group, has become more and more important over the last years. First of all, economic changes caused market changes. In the past there were sufficient flex workers to fulfil vacant jobs. However, in more recent years, there are more vacant jobs than flex workers. This change asks for a different focus. From having the focus on the vacant jobs and therefore on the paying customer the focus of the intermediaries shifts to the flex worker, who are becoming scarce more and more. Secondly, also partly caused of economic changes, the role towards the flex workers is redefined. The new philosophy is to become a partner for flex workers in their long-term career. The changing approaches towards flex workers forced the flex company to broaden its measurement instruments to for example the need to measure the satisfaction of flex workers besides only measuring customer (= the company that hires the flex workers)

satisfaction. Flex workers' opinion about how they experience the service provision is becoming extremely important as one of the key drivers for building long term relationships.

We now have the satisfaction data of flex workers over a three-year period, which is unique because of its longitudinal research possibilities. By encoding the individual cases it is possible to compare the results on the individual level. In this paper the measurement methodology and the results of the analysis over three years (1998, 1999, and 2000) are presented.

### **Empirical Research**

### **Research Aim**

In the candidate satisfaction questionnaires two types of questions are embedded. The first are the perception questions about the service provision of the Flex company. Secondly, the list contains some questions about behavioural aspects like complaints and making use of other flex companies. One of the main objects of this paper is to relate the perceptions of the flex workers with their behaviour. Our premise is that perceived quality of the flex workers about the service provision of the temporary employment agency is negatively related with behavioural aspects like complaining or the extent to which other employment agencies are used.

#### **Empirical Data**

The Flex company is using a questionnaire survey to measure the satisfaction of their flex workers. Every month a random sample is drawn from the total file of flex workers. The flex workers who already had a satisfaction questionnaire that year are filtered out of the file. By using a unique code it is made possible to identify the respondent and to compare the results of individual respondents longitudinally. However, to guarantee the anonymity of the flex workers the results are never deducible for the individual branches. The data used for the analysis have the following structure in the questionnaires:

- 9 questions to be answered on a five-point scale concerning various satisfaction items;

- one question (yes/no) about having made complaints; furthermore three questions (on a five point scale) about the way the complaints have been handled and solved;
- one question (yes/no) about using other flex companies; connected to this question respondents are asked about the service provision of the other flex companies;
- a question on the overall satisfaction with the services offered by the Flex company.

The headquarters collects the questionnaires that are filled in, and the results are summarised once a year.

In order to say more about the various relationships that are mentioned in the hypotheses, the data about the satisfaction perception have been analysed through factor analysis. By using this technique it is possible to find underlying concepts or dimensions of flex worker satisfaction.

### Analysis of the data

In table 1 the various datasets are presented that have been used for analysis.

Type of sample Samples		Ν
One-year sample	1998 total amount of cases	10383
One-year sample	1999 total amount of cases	12402
One-year sample	2000 total amount of cases	8759
Two-year sample	same flex workers 1998 and 1999	876
Two-year sample	same flex workers 1999 and 2000	714
Three-year sample	same flex workers 1998, 1999 and 2000	97

Table 1: Samples Flex workers 1998, 1999 en 2000

Table 1 shows us large numbers of cases in each year. The combinations of data over two years (1998 & 1999 and 1999 & 2000) are still large enough to perform analyses on the long-term development of the perception of the flex workers. The combination of three years is relatively small (almost N=100), but still interesting to use.

### Descriptive statistics and analysis of the perceived satisfaction data

The mean scores on a five-point scale of the individual satisfaction items for the one-year samples are shown in figure 1.

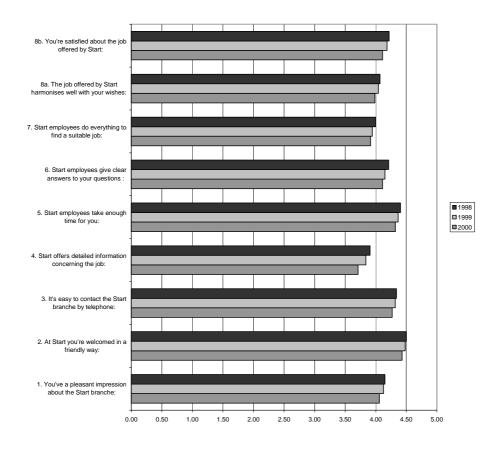


Figure 1: Mean scores on satisfaction items for the 2000, 1999 and 1998 sample

The data on the individual satisfaction items in general show that the scores are good to very good (scores are measured on a five point Likert scale from totally dissatisfied to totally satisfied). However, what also can be concluded is that over time the scores show the tendency to become lower. This might be a general tendency. Over time, respondents become more aware of the satisfaction issues and might become more critical towards the expected service quality. This is also found in the measurements of the American Consumer Satisfaction Index (see <a href="http://www.theacsi.org">http://www.theacsi.org</a>). The decline in the period 1998-2000 supports the need to start a Service Excellence Programme, a decision taken in 2000 in order to create a turnaround. However, it might take some time before the effects of SEP will become visible through the satisfaction data.

The factor analysis on the nine items related to the perception of the respondents is stable over time, with a two-factor solution:

- Factor 1, which can be defined as 'Service Quality'. This factor covers the following items from the questionnaire: 1. The impression you get of the Flex company office; 2. Friendliness;
  3. Accessibility by telephone; 4. Information about the job offered: 5. The time employees make available; 6. Clarity of information; 7. Trust in the effort employees makes to help you in a job (Cronbach α =0.88 (1998), =0.88 (1999), =0.88 (2000)).
- Factor 2, which can be defined as 'Matching Quality'. This factor covers the following items from the questionnaire: 1. Trust in the efforts employees make to help you in a job; 2. Fit between the job offered and your wants; 3. Satisfaction with the job offered (Cronbach α=0.82 (1998), =0.83 (1999), =0.82 (2000)).

Matching Quality can be defined by the technical quality as defined by Grönroos (1984). It is the quality of the match between the flex worker and the job. Service Quality is very much alike the functional quality of Grönroos (1984) and is concerned with the way the service is provided and more specifically deals with the perceived quality about the interaction between employees of the organisation and the flex workers. The difference between the various factor solutions, comparing the one and two year samples, is very small. Even the factor loadings of the various items are almost the same during the two years! One item (question 7) has high factor loadings on Matching Quality and Service Quality. Therefore, this item has been used as part of the factor score for both of the factors.

Factor analysis for the three-year sample does not result in the same factor solutions. Some shifts are visible in the factor loadings from one to another year. There is also a difference between these solutions and the one and two year factor solutions. Looking at the number of cases in the three-year sample (N < 100) it is possible that the sample is too small and is not representative for the whole population for the three years. The sample is just about 1% of all the respondents in each year. Furthermore, this sample has the specific characteristic that the flex workers who are in the sample are working for the Flex company for more than three years. This, in fact, is more an exception than a common situation. Table 2 summarises the results of two-factor solution on the various samples in terms of the factor loadings of the items on the two factors.

(N = approximately 10000)	1998 s	ample	1999 s	ample	2000 s	ample			
Factor:	1	2	1	2	1	2			
1. You've a pleasant impression about the branch:	0,72	0,25	0,72	0,25	0,73	0,25			
2. You are welcomed in a friendly way:	0,79	0,22	0,79	0,21	0,80	0,20			
3. It is easy to contact the branch by telephone:	0,72	0,13	0,67	0,15	0,66	0,15			
4. Detailed information concerning the job is offered:	0,62	0,40	0,63	0,34	0,59	0,44			
5. Employees take enough time for you:	0,79	0,28	0,80	0,27	0,80	0,26			
6. Employees give clear answers to your questions:	0,76	0,29	0,76	0,26	0,75	0,29			
7. Employees do everything to find a suitable job:	0,46	0,62	0,48	0,61	0,53	0,57			
8a. The job offered harmonises well with your wishes:	0,20	0,89	0,22	0,89	0,21	0,90			
8b. You're satisfied with the job offered:	0,23	0,87	0,23	0,89	0,24	0,88			
(N = approximately 1000)	19	-		99	199	-	200		
	(9899s		(9899s	(9899sample)		(9900sample)		(9900sample)	
	1	2	1	2	1	2	1	2	
1. You've a pleasant impression about the branch:	0,74	0,16		0,28	0,73	0,24	0,69	0,38	
2. You are welcomed in a friendly way:	0,79	0,23	0,81	0,21	0,74	0,25	0,79	0,34	
3. It is easy to contact the branch by telephone:	0,74		0,71	0,16	0,61	0,17	0,73		
4. Detailed information concerning the job is offered:	0,64	0,39	0,68	0,36	0,70	0,21	0,53	0,52	
5. Employees take enough time for you:	0,80	0,27	0,82	0,25	0,82	0,17	0,78	0,37	
6. Employees give clear answers to your questions:	0,75	0,33	0,75	0,30	0,79	0,16	0,75	0,33	
7. Employees do everything to find a suitable job:	0,40	0,64	0,42	0,67	0,61	0,43	0,40	0,68	
8a. The job offered harmonises well with your wishes:	0,12	0,89	0,22	0,88	0,22	0,91	0,21	0,88	
8b. You're satisfied with the job offered:	0,21	0,86	0,22	0,87	0,25	0,90	0,25	0,86	
(N = approximately 100)		1998		1999		2000			
	(989900		(989900sample)		(989900samp		le)		
	1	2	1	2	2	1			
1. You've a pleasant impression about the branch:	0,75	0,25	0,82	0,23	0,58	0,53			
2. You are welcomed in a friendly way:	0,80	0,15	0,54	0,41	0,84	0,31			
3. It is easy to contact the branch by telephone:	0,89		0,73		0,78	0,13			
4. Detailed information concerning the job is offered:	0,71	0,35	0,72	0,36	0,36	0,79			
5. Employees take enough time for you:	0,84	0,19	- ,	0,20	0,81	0,42			
6. Employees give clear answers to your questions:	0,77	0,32	0,77	0,18	0,70	0,50			
7. Employees do everything to find a suitable job:	0,42	0,74		0,35	0,25	0,82			
8a. The job offered harmonises well with your wishes:		0,90	0,19	0,89	0,25	0,83			
8b. You're satisfied with the job offered:	0,23	0,85	0,20	0,90	0,32	0,84			
Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization.									

Table 2: Factor loadings of the satisfaction items for all samples

One of the main reasons for the unstable factor solution in case of the three-year sample might be the fact that the number of respondents is low (N=79). With all the other samples (N>800) the same factor solution is found again and again, indicating that factor solutions can be stable over time, although many authors have difficulties in finding this empirical evidence for this (Huselid, 1995). For the two factors, service quality and matching quality, the mean score values are shown in figures 2 and 3 for the various samples.

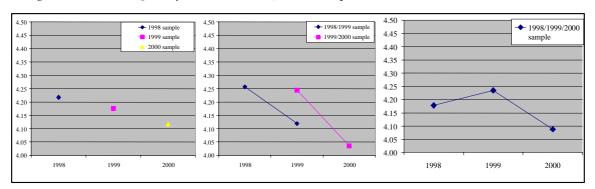
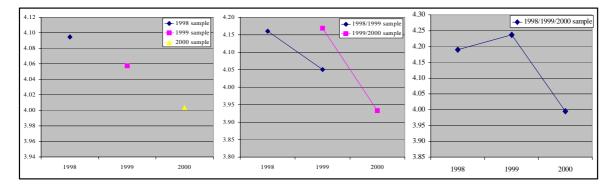


Figure 2: Service Quality, mean scores for all samples

Figure 3: Matching Quality, mean scores for all samples



It can be concluded from figures 2 and 3 that the scores on a five point Likert scale reveal a tendency to decline over time. Something has to be added to turn this decline. The Flex Company has chosen to pay more attention to the overall experiences of customers and flex workers in their relationship with the Flex company. The core process and the results of that core process have to lead to Matching

Quality. Flex workers will perceive Service Quality based on the relational aspects of the service delivered by the Flex company. The Flex company wants to add 'Experience Quality' based on attention given to emotional aspects of the service relationship and of the total experiences of the interaction with the Flex company (Pine and Gilmore, 1999).

#### The relationship between perceived satisfaction and behavioural aspects

Measuring satisfaction is one thing, it is of course even more important to measure the consequences customer groups give to their satisfaction or dissatisfaction in terms of their behaviour. In the questionnaire that has been used, two variables represent aspects of behaviour: the extent to which customer groups complaint, and the extent to which they make use of competitors to get the service they are looking for. The data on complaints is summarized in table 4.

#### Table 4: Complaints and complaints handling

	Percentage of respondents that complain	Speed of solving complaints *	Satisfaction with solving complaints *	Are the same problems coming back more often *
1998 sample	13%	3.38	3.53	2.58
1999 sample	14%	3.32	3.48	2.63
2000 sample	16%	2.90	3.18	2.94

\* Score on five-point scale; from low to high speed, from low satisfaction to high satisfaction, and from not coming back to coming back very often.

We see the same pattern as in the perception scores mentioned above. With all the items, the respondents show a tendency to become less satisfied. The number of complaints has increased and the way the flex company is dealing with the complaints is perceived as becoming worse over the years.

The fact that the flex workers, who are part of the sample for the second or for the third time, appear to complain, more than flex workers who are for the first time in the sample is remarkable. The perceived quality of the way the Flex company deals with the complaints is also lower for this group. A possible explanation for this phenomenon can be the adjusted (higher) expectations of the flex workers after the first year or after the first measurement. Another explanation can be the fact that they get used to the

questionnaire and therefore give opinions from another perspective or a better understanding of the subject covered by the questions. A more serious problem might be that the complaints are not solved, as has been the case with the complaints about the payments to the flex workers. The problems related to those payments could not be solved directly, because a new system had to be developed and implemented, which took quite some time.

In a market where the flex worker becomes more important, even more important than the paying customer, it is interesting to know to what extend they show loyalty towards the organisation and whether or not they deal with other organisations. These items can tell us something about the actual behaviour of the flex workers and can even have a forecasting character. The scores on these behavioural aspects are summarised in table 5.

 Table 5: Use of competitors and quality perception of the Flex company in comparison to those other flex
 companies

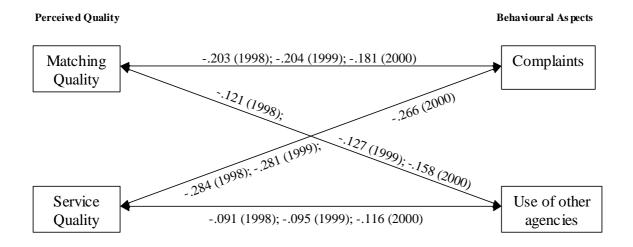
	Percentage of respondents that are also using other flex companies	Quality perception of total service delivery compared to others *
1998 sample	52%	3.62
1999 sample	48%	3.56
2000 sample	45%	3.50

\* Score on five-point scale; from low quality to high quality of the total service compared to other flex companies

The problem with the data on the extent to which respondents make use of other flex companies in same period is that this figure might be influenced by the economic situation. In recent years the number of available flex workers is much lower than the number of available vacancies, almost in every business sector. Therefore, flex workers do not have the need to go to other flex companies to find a job. The decline in the satisfaction with the Flex Company compared to other flex companies is again an indication that customer demands are changing and new strategies have to be developed by the Flex Company to strengthen its competitive advantage.

The relationship between perceived satisfaction and behavioural aspects has been analysed by means of correlation between matching quality and service quality on the one hand, and making complaints and the extent to which flex workers make use of other employment agencies on the other hand. In figure 4 the correlations are summarised. All correlation coefficients are significant at the 0.01 level.

### Figure 4: Correlation between perceived quality and behaviour



### Summary

In this paper we described the case of the Flex Company and how this organisation has developed its strategy for the future. In many companies it is no longer possible to create sustained competitive advantage through the quality of the product or the basic service delivery. A 'customer focus' approach added aspects to the quality scene that have to do with the relationship with customers and other relational aspects. But even these types of quality aspects can be copied easily between competitors. A more recent approach can be found in the way Walt Disney Company is managing customer satisfaction, through creating a quality experience for the customer, by focusing on emotional aspects of quality. The implementation of an organisational change and development through a leadership approach, with Disney as the benchmark, is not an easy task and will take some years for an organisation to implement successfully. In relation to this long-term change process it is important to have measurements for monitoring customer satisfaction and customer behaviour. In this paper an example has been given of one type of measurement, e.g. the measurement of flex worker satisfaction.

The main findings of the analysis of the flex worker satisfaction data are that it is possible to identify the major constructs in the satisfaction data, being 'Matching Quality' and 'Service Quality', with the factor solution being stable over the three years. The mean scores on these factors (as well the mean scores on the underlying satisfaction items) show the tendency to decline over time. The Service Excellence Program, commencing in 2000, will have to change that trend.

Behavioural aspects of the flex workers have been measured through the frequency of making complaints and the extent of making use of other employment agencies. All indicators related to complaints show less satisfaction of the flex workers over the three-year period. Although the number of flex workers that make use of another employment agency is going down (from 52% in 1998 to 45% in 2000) the trend in the quality perception of the total service delivery compared to other flex companies is negative. Our data show that there is a significant correlation between the perceived satisfaction and the behavioural aspects.

These data clearly support the need for the implementation of its Service Excellence Program, in order to create a turnaround. However, there will be a time gap between the start of that change program and the changing perception of flex workers.

Some of the problems coming out of the analysis at this stage are:

- What are the issues that are important in relation to the quality perception of customers? Do we know what customers find important or do we think we know? Do we really ask customers what they find important and if so, what kind of underlying factors can we identify?
- Do we have measurements before the change process started? It will be important to show the effects on ongoing measurements.
- What is the time gap between the decision to start a change process and the effects of that change process on the perception of the customer? Quite often it will take some time before customers will even notice the changes that have been made in the organisation.
- The measurements of the quality perception of the customers will not only be influenced by the quality of the service delivery and the quality of the organisation that delivers the service, however, many other factors will influence those measurements like: what competitors do or do not do, how the general economic situation is perceived by customers etc.

The analysis of the customer satisfaction data in this paper shows some of these problems. From an academic point of view it is interesting to pursue those measurements and study the questions indicated above. From a practical point of view, it is sometimes more difficult to indicate the value of those analyses, because it seems that all have to do with the past instead of the future.

#### References

- Arthur J.B. (1994) Effects of Human Resource Systems on Manufacturing Performance and Turnover, *Academy* of Management Journal, 3(37), 670-87.
- Boselie P., Hesselink M., Paauwe J., and Wiele A. van der (2001) *Employee perception on commitment oriented work systems: Effects on trust and perceived job security*, ERIM Report Series Research in Management, ERS-2001-02-ORG, January.

Capodagli B., and Jackson L. (1998) The Disney Way, McGraw-Hill, New York.

Disney Institute (2001) Be our guest; perfecting the art of customer service, Disney Enterprise Inc, New York.

- Grönroos, C. (1984) A service quality model and its marketing implications, *European Journal of Marketing*, 18(4), 36-44.
- Guest, D.E. (1997) Human Resource Management and Performance: A Review and Research Agenda, *The International Journal of Human Resource Management*, 8(3-6), 263-76.
- Harvard Business Review (2000) Over verandering (On Change), Thema (Harvard Business School Press).
- Heskett J.L., Sasser W.E., and Schlesinger L.A. (1992) The service profit chain, The Free Press, New York.
- Huselid, M.A. (1995) The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance, *Academy of Management Journal*, 3(38), 635-72.
- Levy A. and Merry U. (1986) Organisational transformation; approaches, strategies, and theories, Praeger, New York.
- Maister D.H. (2001) Practice what you preach, The Free Press, New York.
- Pine B.J. II, and Gilmore J.H. (1999) The Experience Economy, Harvard Business School Press, Boston.
- Prabhu, V.B. and Robson, A. (2000) Achieving service excellence measuring the impact of leadership and senior manager commitment, *Managing Service Quality*, 10(5), 307-17.
- Wiele A. van der, Boselie P.B., and Hesselink M. (2002) Empirical evidence for the relationship between customer satisfaction and business performance, *Managing Service Quality*, 12 (3) (forthcoming)
- Youndt, M.A., Snell, S.A., Dean , J.W. Jr. and Lepak, D.P. (1996) Human resource management, manufacturing strategy, and firm performance, *Academy of Management Journal*, 39(4), 836-66.
- Zeithaml V.A. (2000) Service quality, profitability, and the economic worth of customers: What we know and what we need to learn, *Journal of the Academy of Marketing Science*, 28(1), 67-85.

### Publications in the ERIM Report Series Research\* in Management

ERIM Research Program: "Organizing for Performance"

#### 2002

*Trust and Formal Control in Interorganizational Relationships* Rosalinde Klein Woolthuis, Bas Hillebrand & Bart Nooteboom ERS-2002-13-ORG

*Entrepreneurship in China: institutions, organisational idendity and survival. Empirical results from two provinces.* Barbara Krug & Hans Hendrischke ERS-2002-14-ORG

Managing Interactions between Technological and Stylistic Innovation in the Media Industries. Insights from the Introduction of eBook Technology in the Publishing Industry Tanja S. Schweizer ERS-2002-16-ORG

Investment Appraisal Process in the Banking & Finance Industry Mehari Mekonnen Akalu & Rodney Turner ERS-2002-17-ORG

A Balanced Theory of Sourcing, Collaboration and Networks Bart Nooteboom ERS-2002-24-ORG

*Governance and Competence: How can they be combined?* Bart Nooteboom ERS-2002-25-ORG

ISO 9000 series certification over time: What have we learnt? Ton van der Wiele & Alan Brown ERS-2002-30-ORG

*Measures of Pleasures: Cross-Cultural Studies and the European Integration* Slawomir Magala ERS-2002-32-ORG

Adding Shareholders Value through Project Performance Measurement, Monitoring & Control: A critical review Mehari Mekonnen Akalu & Rodney Turner ERS-2002-38-ORG

Web based organizing and the management of human resources Jaap Paauwe, Rolf Visser & Roger Williams ERS-2002-39-ORG

ERIM Research Programs:

ORG Organizing for Performance

STR Strategy and Entrepreneurship

<sup>\*</sup> A complete overview of the ERIM Report Series Research in Management: <u>http://www.ers.erim.eur.nl</u>

LIS Business Processes, Logistics and Information Systems

MKT Marketing

F&A Finance and Accounting

Challenging (Strategic) Human Resource Management Theory: Integration of Resource-based Approaches and New Institutionalism Jaap Paauwe & Paul Boselie ERS-2002-40-ORG

Human Resource Management, Institutionalisation and Organisational Performance: a Comparison of Hospitals, Hotels and Local Government Paul Boselie, Jaap Paauwe & Ray Richardson ERS-2002-41-ORG

The added value of corporate brands: when do organizational associations affect product evaluations? Guido Berens, Cees B.M. van Riel & Gerrit H. van Bruggen ERS-2002-43-ORG

High Performance Work Systems: "Research on Research" and the Stability of Factors over Time Paul Boselie & Ton van der Wiele ERS-2002-44-ORG

Diversification and Corporate Governance George W. Hendrikse & Aswin A..C..J. Van Oijen ERS-2002-48-ORG

*Governance Structure, Product Diversification, and Performance* Aswin A. Van Oijen & George W. Hendrikse ERS-2002-51-ORG

Internationalization Of Management Buyouts: Firm Strategies And Venture Capitalist Contribution Mike Wright, Andy Lockett, Paul Westhead, Hans Bruining ERS-2002-58-ORG

*The Importance Of Customer Satisfaction In Organisational Transformation: A Case Of A Dutch Temporary Employment Agency* Martijn Hesselink, Ton van der Wiele and Paul Boselie ERS-2002-60-ORG

A Study On The Applicability Of SERVQUAL Dimensions For Web Sites Jos van Iwaarden, Ton van der Wiele ERS-2002-61-ORG