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Customer Orientation in Highly Relational Services

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Abstract

Purpose – The purpose of this article is to investigate the antecedents, importance, and consequences of the customer orientation of service employees (COSE) in highly relational services (HRS). This study challenges the traditional vision of COSE and its sole focus on transactional services. The paper also examines and confirms new outcomes of COSE. Then, a revised COSE model adapted to HRS is proposed.

Design/methodology/approach – The private banking (PB) service is chosen to represent a HRS setting. The qualitative study is comprised of 25 semi-structured interviews with PB practitioners. The results are analysed using NVivo 11.

Findings – This study confirms the validity of the construct. COSE is proven to have notable importance in HRS. Various dimensions of COSE have different grades of importance. New consequences are elicited for HRS, including trust, loyalty, and co-creation.

Practical implications – The results show that most private banking firms do not have standardised processes in place to measure COSE. This study proves how COSE can be used for

several purposes by practitioners as a means of customer relationship management and in co-creation strategies.

Originality/value – This study expands on the potential of the COSE construct by the use of HRS for the first time and introduces new consequences from the original COSE model.

Keywords – Customer orientation, service employees, COSE, co-creation, private banking, HRS

Paper type – Research paper

Introduction

Highly relational services (HRS) can be defined as the group of services which are delivered on a continuous basis, built upon an ongoing relationship, highly customised, and notably reliant on the service employee's judgement. This concept is based on the characterisation of services proposed by Lovelock (1983). Due to these mentioned characteristics, service employees, and the effect of their traits and behaviours on customers, are of particular importance in HRS (Ponder et al., 2016). However, as suggested by Ponder et al. (2016), although HRS is a strong representation of the kind of service that can contribute to an enhanced understanding of customer relationships, there is a need for studies on HRS and their employees' characteristics, including customer orientation (CO).

CO is the characteristic of a service employee that is able, and effectively acts, to identify, understand and satisfy the needs of his clients (Hennig-Thurau and Thurau, 2003). Saxe and Weitz (1982) presented the concept of CO for the first time, and many other studies have since investigated the characteristic. Indeed, it is considered an old construct in marketing (Kelley, 1992) and has been studied in the context of many product sectors (Deshpandé et al., 1993; Thomas et al., 2001; Hajjat, 2002; Pettijohn et al., 2002; Alhouti et al., 2014) and service sectors

(Kelley, 1992; Brown et al., 2002; Hennig-Thurau, 2004; Blocker et al., 2011; Ifie, 2014; Zebal and Saber, 2014).

The importance of CO is based on its numerous consequences and through its twofold applicability to the company and the employees (Mukerjee and Shaikh, 2018). These characteristics open multiple possibilities to the implementation of CO, particularly in the service sector. However, it is surprising that CO has never been empirically studied in a HRS context, as this particular setting could elicit a new, different conception of CO and its dimensions.

CO has recently regained notable importance (Baber et al., 2018; Bommaraju et al. 2019; Mukerjee and Shaikh, 2018; Park et al., 2018). This new interest is due to the tremendous challenges that the business environment where CO has been studied is facing nowadays, namely:

- The technological transformation and its integration with customers and employees (Ostrom et al., 2015).
- The incorporation of co-creation activities that require a new CO perspective (Payne et al., 2008).
- The new reforms affecting specific sectors, like banking (Zebal and Saber, 2014; Mukerjee and Shaikh, 2018) or the public sector (Rod and Ashill, 2009).

Therefore, combining the study of CO and HRS should address some of these challenges. This combined study should also help to understand how a traditional construct like CO can require a different conceptualisation when studied in a group of services with the specific characteristics of a HRS. Hennig-Thurau and Thurau (2003) have already attempted to provide this conceptualisation of CO for the service sector, and have defined customer orientation of service employees (COSE) as the trait of a service employee that facilitates the identification, understanding, and satisfaction of the customer's needs. The key interest of this conceptualisation has been in their focus on the service employee and the behavioural aspect of CO. However, the study failed to address COSE in an adequate research setting in which the employee has a crucial role specifically in the customer relationship, rather than the transaction.

In order to overcome this limitation, the purposes of this study are as follows: (1) to investigate the construct of CO in the context of HRS, (2) to identify several drawbacks of previous accepted CO models that prevented their use in HRS, and (3) to propose a model of CO incorporating the particularities of HRS. Consequently, this study has addressed the following research questions: (1) What is the consideration of COSE in HRS? (2) What is the importance and the role of the COSE dimensions in HRS? (3) What are the outcomes of COSE in HRS?

Such research would significantly contribute to the existing literature as it would use a research setting that demands the highest levels of employee engagement and participation (Morales Mediano and Ruiz-Alba, 2018). Moreover, it would also help to explore those consequences of CO that would definitively help to distinguish a service company from its competitors to create a sustainable competitive advantage (Appiah-Adu et al., 2001).

Hence, investigating CO of a company's employees will help not only the HRS companies themselves, but would also be useful for all service companies that could use HRS as a model to tackle the demands that front-line employees face.

The introduction presents the research background and justification, together with the article structure. Then, the literature review focuses on the different conceptualisations of CO and offers a series of research questions. Third, this study proposes a methodological approach based on a specific research setting. Next, the article brings the results from the qualitative study based on the contributions of 25 practitioners from a HRS. Following this, the article discusses the results and presents several remarkable findings. The article closes with the contributions, potential future research avenues, and limitations.

Literature Review and Research Questions

CO was first conceptualised and measured by Saxe and Weitz (1982). According to their initial study, CO encompasses the willingness of companies to apply the marketing concept to satisfy customers' needs and for the development of mutually beneficial long-term relationships. Since

then, relevant authors have thoroughly studied this construct (Narver and Slater, 1990; Deshpandé et al., 1993; Singh and Koshy, 2012). Although CO is a mature concept in marketing (Kelley, 1992), it has gained recent interest amongst academics (Singh and Koshy, 2012; Morales Mediano and Ruiz-Alba, 2018). However, the current literature about the CO construct still has gaps, and missing is research that examines the most relevant CO models for different needs.

The answer to this gap in research will likely depend on the purpose and the subject of the research, and the originality and validity of the chosen CO model. For instance, the selling orientation - customer orientation (SOCO) model developed by Saxe and Weitz (1982) has been extensively used, as it was the first to be published, however, its main limitation lies on the fact that it was tested only on salespeople and not their customers. Additionally, the model was tested only on product-based companies and not on service companies. The former limitation was confirmed and overcome by Deshpandé et al. (1993) who worked with dyads of customers and sales executives in order to assess their level of CO. The latter was investigated by Kelley (1992), who adapted the SOCO scale to the service sector.

Another limitation of previous models, as highlighted by Blocker et al. (2011), is in regard to the lack of differentiation between proactive and reactive CO. The importance of proactivity in CO was already mentioned by Hennig-Thurau and Thurau (2003). According to this study, a proactive attitude is one of the key social skills an employee must possess to be customer-oriented. However, this study did not imply that there are two categories of CO.

One last limitation found in many studies is the application of a CO model to a context for which it was not originally designed. An example of this is the study of Hennig-Thurau (2004), in which the conceptualisation of COSE developed by Hennig-Thurau and Thurau (2003) was investigated in the settings of transactional services: media retailers and travel agencies. Similarly, Mukerjee and Shaikh (2003) applied the model from Blocker et al. (2011), originally developed for a business-to-business (B2B) environment, to a business-to-consumer (B2C) setting like retail banking with insufficient adaptation of the measurement scale.

After a thorough revision of the most accepted definitions of CO and the different variations, in this study COSE is defined as the characteristic of a service employee that (1) has the capacity and skill to identify, understand, and satisfy the needs of their clients, and (2) acts to that end (Hennig-Thurau and Thurau, 2003). This definition was adopted because CO is considered to be a behavioural construct, to be developed and applied by the employee, not the organisation.

Despite the importance of CO and the comprehensive nature of the model for service employees, it is surprising that COSE has been only studied in transactional settings (Kim, 2009; Kang and Hyun, 2012), and never in a HRS setting. Based on Lovelock (1983), this study considers a transactional service as one where a certain level of tangibility is attained, where there is a relationship with the customer, and where there is a limited supply. In contrast, the tangibility of the service is lower in a HRS as the primary focus is not on the product, but instead on the service and the relationship. As a result, the employee-customer relationship is much closer in a HRS than in a transactional service environment. Additionally, because of the implications of the service employees, a personal level of judgment is crucial. Furthermore, because of the personal nature of the service and the level of customisation required, the method of service delivery will vary according to the customer's needs. Therefore, in order to investigate COSE and to prevent the limitations of previous studies, a first research question (RQ) is proposed:

RQ1: What is the consideration of COSE in HRS?

According to Hennig-Thurau (2004), COSE consists of four equally important dimensions in relation to service employees, listed as follows: 1) technical skills, 2) social skills, 3) motivation and 4) decision-making authority. Technical skills and social skills are the knowledge and capacities required from an employee to effectively respond to customers' demands. Motivation refers to the personal incentive that the service employee has, and decision-making authority is the perceived freedom the employees may experience in order to fulfil the customer's needs (Hennig-Thurau and Thurau, 2003). As COSE has only been tested in transactional services, it would be appropriate to assess the relative importance of these four dimensions when the COSE conceptualization is translated to a HRS setting in which the front-line employee has a more

important role. To illustrate this, it would be reasonable to question if, in a HRS setting, the employee's social skills required for the establishment of the relationship with the customer gains importance as the employee-customer relationship increases in importance. Conversely, if the judgment of the employee is critical in HRS, should not the technical skills and autonomy of the employee be of higher importance than the other COSE dimensions? Hence, a second RQ is proposed:

RQ2: What is the importance and the role of the COSE dimensions in HRS?

Finally, due to the lack of previous studies regarding HRS, only hypothetical and potential outcomes of COSE can be identified in the literature, provided previous studies are contextualised in transactional services. In order to confirm the transferability of these studies to the HRS setting, it is necessary to explore the consequences of COSE that apply to a HRS context. The last RQ expresses this need, as follows:

RQ3: What are the outcomes of COSE in HRS?

Methodology

To answer the aforementioned research questions, a qualitative methodology is chosen due to the nature of the study that aims at understanding how COSE is perceived by practitioners in a HRS (Yin, 2014).

Private banking (PB) is chosen as the HRS research setting for this study as it is a context where CO and employee-customer relationships are intrinsic to the services provided, and are critical factors for survival of the firms. In fact, the PB business is key for the European financial services industry, as it concentrates 39% of the assets of the industry (J.P. Morgan and Oliver Wyman, 2014). Morales Mediano and Ruiz-Alba (2018) defined PB as the set of services and products offered to people with investible assets over €500,000. According to this study, PB is a front-

runner in HRS because of the high involvement of employees and their level of judgement, as well as the personal, long-lasting relationships with the customers.

A first version of the interview protocol was presented to two academics, who suggested minor amendments, and was tested in three pilot interviews with PB professionals. The final design was a semi-structured interview with 15 questions about COSE that were divided in three parts, listed as follows:

- Part One: An exploration into how the front-line employees should act and whether or not COSE is considered a foremost characteristic of the employees.
- Part Two: In regard to the COSE antecedents, participants were required to qualitatively rate the importance of each of the four different dimensions of COSE identified by Hennig-Thurau (2004).
- Part Three: A focus on the COSE consequences and to explore the interviewees' understanding of COSE as a relevant aspect of HRS employees.

Regarding the sample of participants, the aim was to collect as many cases as possible in order to cover a series of specific criteria related to the addressed content (Flick, 2010). Based on this, 83 potential participants were identified using information from two sources: an open and a business-oriented social networking internet site (LinkedIn, n.d.), and a closed alumni database of a top globally ranked business school (IESE, n.d.). The practitioners were then approached through a contact person and were invited to participate in the study. As stated by Patton (2002), in qualitative research, no rules about sample sizing are applicable, as this will be determined by the criteria of the researcher in terms of the aim of the research, usability, credibility, and available time and resources. In total, 25 PB practitioners took part in the interviews. Participants had on average 17 years of professional experience in PB, holding positions ranging from senior private banker to CEO. The firms in the sample represented almost 70% of the market share in Spain, measured as a percentage of the total assets under management (Pinto, 2015).

A total of 23 of interviews were recorded with explicit verbal authorisation of each participant. In the other two interviews, written notes were taken immediately after the interview. Once a careful check and corrections were done, the net content of the 25 interviews (excluding questions) was over 130,000 words.

The data was coded and analysed using NVivo 11 software. Coding the information was done to identify the pieces of text from the interviews transcriptions that had a special meaning to the corresponding research question. Upon an initial viewing of the text, explicit meanings are very often identified directly, other meanings associated with new codes are difficult to identify and extract, and thus more complex reasoning and connections of the text fragments in the source are also needed. Also, as some new codes may appear in one of the last sources analysed, it is necessary to frequently refer to the text already revised and re-read to see if segments belonging to the new code exist. Such difficulty is what makes codification an iterative process.

Two researchers participated in the coding process. The process was divided in three stages. The first phase consisted of defining the main codes. These main codes were directly associated to the questions contained in the interview protocol, so they were aimed at extracting explicit information. Using these codes, the text was then coded for the first time. In this process both researchers identified new codes that were associated to more implicit or inferred information. In the second phase, the researchers brought these potential new codes together and agreed upon a set list to use. Finally, in the third phase, this new list of codes were applied to the data. In total, the researchers used 66 codes. From this 66, 27 were main codes, and 39 were secondary codes.

Results and discussions

RQ1: What is the consideration of COSE in HRS?

The high importance of COSE within HRS was confirmed. This is the first time that the construct of COSE has been empirically studied in the context of HRS. Confirming its importance was

crucial in order to validate the relevance of the study. Such importance is supported by several aspects emerging from both the literature review and the findings extracted from the interviews. The table in the Appendix presents the details of the results related to the relevance of COSE in HRS.

HRS, like PB, is a kind of particular service (Lovelock, 1983). The customers and their needs are the primary focus of these services and are also the foundations for the creation of a customised service, as explicitly mentioned by one participant: “This is about satisfying all the needs of our customers by a multiple offering adjusted to their needs”. Additionally, the special characteristics of this type of HRS have been validated by the results of the interviews. In the words of one participant: “This is a special service because our bankers have an enormous responsibility as they are managing the wealth of our customers”.

Secondly, COSE was identified as a key characteristic for HRS firms for differentiation of their offerings. Such an aspect is highlighted by the majority of academics who primarily study HRS settings (Lassar et al., 2000; Horn and Rudolf, 2012), and also by other sources in the industry (McKinsey & Company, 2015) as well as the practitioners who partook in the study, as was seen in the interviews. An example from one participant is shown in the following: “Where the differentiation come from? From the way you serve your customers and that is customer orientation”.

The third aspect that show the importance of COSE to HRS is the relationship that is established by only one contact employee through the service. The findings highlighted how the PB business centred on relationship between the private banker and the customer. The strength and efficiency of the relationship will determine the long-term sustainability of the relationship, and therefore, that of the business.

RQ2: What is the importance and the role of the COSE dimensions in HRS?

As outlined before, there are four dimensions of COSE: technical skills, social skills, motivation, and decision-making authority (Hennig-Thurau, 2004). The participants ranked these factors in

terms of importance. Social skills was ranked in the top position, followed by technical skills, then motivation, and lastly, decision-making authority. The participants therefore did not consider all the dimensions to be of equal importance, and a number of practitioners even outlined some dimensions as potentially negative if not managed appropriately. The table in the Appendix presents the results related to the COSE dimensions in HRS.

Henning-Thurau (2004) assumed and proved that all of these dimensions exert an equal influence on the outcomes of COSE in a group of transactional services. No other researcher has questioned this conclusion since, nor have they attempted to assess whether the weight of each dimension is equal in a HRS setting. In this study, it has been identified that the four dimensions do not have the same consideration. It is for this reason that studying the different antecedents of COSE is crucial to identify those that should be stressed and taken into special consideration in relation to the specific particularities of HRS.

Amongst the four dimensions, social skills stood out as the most important characteristic and are perceived as a gatekeeper for the rest of the COSE skills. As stated in the results of the interviews, “Social skills are the key. There cannot be someone serving a customer without having social skills”. Therefore, a HRS employee possessing minimal social skills will not have the chance to establish a relationship with the customer. In other words, HRS employees are given the opportunity to serve a customer because of their social skills, above all.

Hennig-Thurau and Thurau (2003) defined social skills to concern the perspective-taking capacity of employees. The participants matched this conception with the identification of empathy as an important requisite for HRS employees; “the employee must be empathic to capture the customer’s concerns, needs and messages”. Hence, in the context of PB, it is the empathising process of the employee that allows them to take heed of the customers’ perspective, such as their specific needs concerning different investment services, their technical knowledge regarding financial instruments, or even their personal and family situations. As Marín (2005) expressed, the private banker is the only employee in the firm that must have global knowledge of the customer and be aware of all information regarding any personal, sensitive, or confidential details.

Additionally, Hennig-Thurau and Thurau (2003) assumed that three factors are part of the employee's personality: extroversion, agreeableness, and adjustment. During the interviews, extroversion, together with sociability, were directly mentioned as a requisite for the employee to possess adequate social skills: "you must be an extrovert person". Extroversion allows the private banker to establish an appropriate rapport with current and potential customers. Regarding agreeableness, it was incorporated by the interviewees into the communication and listening skills of the employee: "the important thing is listening, when you listen someone, he relaxes and then communicates better". These two qualities allow the private banker to maintain cordial communication with the customer, avoiding any type of confrontation. PB customers tend to be highly demanding and maintaining smooth communication with them is essential. Although adjustment was not explicitly mentioned, several participants referred to proactivity as a necessary personal trait of private bankers as it facilitates anticipation, and therefore allows the private banker to manage potentially conflicting situations.

Moreover, social skills are something inherent to the personality of each person, and acquiring social skills is considered to be more difficult than learning technical skills. Several participants expressed how crucial it is for private bankers to demonstrate a good level of social skills before being hired: "people skills are innate, so you better find them in your team before hiring it". This difficulty when recruiting new employees was highlighted by some of the non-academic sources (IEAF, 2006). Now, it can be confirmed that when hiring private bankers, social skills should be prioritised over technical skills.

Technical skills were deemed important by the participants, but not as much as social skills. This is because technical skills were seen to be talents that can be mastered: "you can learn your technical skills, but not the others". Nevertheless, a certain level of technical skill should exist, and this makes the possession of technical skills a characteristic of HRS employees, rather than a differentiating quality. In the particular case of PB, these skills may be endorsed by a recognised professional certification.

Hennig-Thurau and Thurau (2003) proposed that technical skills are primarily supported by the general and specific knowledge of the employees and their experience. This is reinforced in this study by the higher complexity of PB products/services, the heterogeneity of the customers, and the risk associated with the type of service (Marín, 2005). Moreover, the technical skills are also upheld by the professional experience of the employee. Indeed, experience in the sector is strongly important, in particular in the recruitment of private bankers, as expressed by IEAF (2006) and highlighted in the interviews: “when you know the basics, the rest is training you gain with your experience”.

However, if the private banker does not have sufficient technical skills, then these can be taught through a continuous learning program. This circumstance was commonly found in firms for which the practitioners worked: “There must be a continuous learning. The employee has to be up to date about markets and investment products”. In particular, participation in a continuous learning program implies that the employee possesses adequate learning orientation (Hennig-Thurau and Thurau, 2003).

Motivation was placed in third position because it is in the inherent characteristics and attitudes of the private bankers to be motivated by their profession. It is also the firm that has to facilitate the self-motivation of the employee by providing adequate resources and incentives: “if my bank does not provide me any motivation, I will not provide a good service to my customer”.

Therefore, even if the private banker has the skills to be effectively customer oriented and is willing to behave as such, the firm may still influence their motivation. According to the different participants in the qualitative survey, firms can work with each one of the aspects as identified by Vroom (1967):

1. Through the service model and the organisational culture: “we motivate through our business model”. Hence, motivation is generated from the top executives and penetrates through the middle management down to the employee. This would impact on consequence valence.

2. By the mean of the resources provided by the firm to the private banker: “you must provide your employee with the adequate tools to be motivated” to therefore increase the probability of a customer-oriented behaviour.
3. With the definition of remuneration models that align the interest of the private banker with that of the customer in the short-term and long-term, the decisions and recommendations from the former are those that are exactly needed by the latter. As said by the participants: “the economic motivation has to be fair and aligned with your bank and customers”. Such an initiative drives reward expectancy.

Nevertheless, employees also have a role here. Hennig-Thurau (2004) pointed out that the consequence valence and probability of customer-oriented behaviour is also based on the employees' self-assessment of both. As highlighted during the interviews, the greatest motivation of a private banker is their willingness to serve the customer and to do a good job; “motivation comes from the employee's vocation for this profession”. Likewise, a private banker with a high level of motivation to act customer oriented is capable of maintaining an adequate attitude in difficult circumstances to continuously providing a positive image, which ultimately results in a better perception of the service.

The last dimension of COSE, the decision-making authority, was found to generate significant controversy amongst the participants as employees “have two types of decisions; regarding the investment strategy, and regarding the level of service”. Hennig-Thurau (2004) proved that the customer-oriented employee enjoys a high level of autonomy when making decisions that directly affect the customer. However, differences between all of the services tested so far and PB are evident as mentioned before.

According to some participants, mainly those whose firms have a more restrictive culture, a level of control is needed due to the impact on the service outcome that any employee's decisions may have: “you cannot take your own decisions regarding the investment strategy, otherwise situation would be chaotic”. In these firms, there is concern related to how the private banker is able to calibrate such a level of COSE. An excess of COSE can inadvertently misalign the interests of

the firm with those of the customer-employee dyad. Conversely, participants from firms with a less rigid model and a flatter organisation claimed that any limitation on the type of actions carried by the bankers would negatively affect their level of COSE because “the employee has to act independently, and only by doing so, the banker is able to be customer oriented.”

There was, however, a higher level of agreement on how the employees attend to their customers and the level of service thus provided. Only the front-line employee, who has direct contact with the customer, is able to know whether or not the customer is being served adequately.

RQ3: What are the outcomes of COSE in HRS?

The table in the Appendix presents the results related to the outcomes of COSE in HRS.

Knights et al. (2001) confirmed that trust is an inherent and key characteristic of financial services. In the case of HRS, trust is built on the relationship between the employee and the customer, and CO is a necessary characteristic for that relationship to exist. According to the results of the interviews, “this is a business of trust, and to gain it you need some social skills”. Therefore, trust is generated by the social skills of the employee, in particular their empathy, honesty and integrity. By the combination of these three personal traits, the customer tends to be more open to disclose personal and financial information required by the private banker to provide a satisfactory service.

Moreover, trust is considered to be of particular importance because a lack of trust can generate a serious problem to place the continuity of the firm at risk. Such potential impact and relevance is due to the twofold perspective that trust is as a result of COSE in terms of the customer’s trust in the private banker and the customer’s trust in the firm. Such a characteristic is consistent with the findings offered by Tyler and Stanley (2007) for the B2B financial service setting. However, this study demonstrated that trust in the banker and trust in the firm are not necessarily connected. This potential lack of alignment between the interests of the employee and the interests of the firm also exists in HRS and is a main concern for PB institutions: “you need the customers to trust in you and to do so you must offer what is best for them, not for your bank”. Private bankers admit that even if the risk of misalignment of interest exists, it is only the level of COSE of the

private banker that can develop the customers' trust in them: "The trust the bank gains is that the employee gains, and it is only possible through his customer orientation". Therefore, this trust will ultimately develop the customer's trust in the firm, provided that there is an adequate alignment of interests between the firm, the private banker, and the customer.

The importance of the dichotomy between the employee and the firm was also noted in the case of loyalty being another consequence of COSE in HRS, as seen in the results of the interviews: "if I am not customer oriented, my service will be of bad quality, and my customer will not stay loyal to me". The capacity of the private banker to maintain customer loyalty when moving to a different firm is a factor that determines his or her value as a prospective employee. Conversely, customer loyalty to the firm will help to retain a customer, even if a customer's private banker leaves the firm. Therefore, a positive correlation between loyalty to the private banker and loyalty to the firm is not a requisite.

However, according to the professionals interviewed, the concept of loyalty is not only in reference to maintaining an attachment to a firm or a private banker, but is also about retaining the banker as the customer's preferred option to manage his or her assets, under the assumption that "wealthy customers hold investment positions in two or more different banks", as also stated by some authors (Thomas et al., 1990; Baglolle, 2004). Practitioners asserted that the reason for a customer to do so is that "they can continuously check which bank performs better". Consequently, private bankers with higher technical skills will potentially offer a better service, and hence develop increased loyalty from the customer.

Additionally, the private banker's CO and personal behaviour has a notable role in developing customer loyalty. Indeed, according to Dick and Basu (1994), the loyalty of the customer to the employee tends to be more affective, whereas the loyalty to the firm is less affective and more cognitive in nature.

In relation to the last elicited consequence of COSE, Vargo and Lusch (2004) stated that an enterprise's function is somehow limited to proposing paths used to create value in collaboration

with the customers, and they cannot create value by themselves alone. Value co-creation is a joint activity carried out by customers and companies with the aim to create value for both parties (Prahalad and Ramaswamy, 2000; Vargo and Lusch, 2004).

According to the participants of the interviews, value co-creation in HRS has to be supported by the employees' capabilities in terms of "technical knowledge", "people skills", and the "motivation to collaborate and establish the appropriate dialogue with the customer". Therefore, the companies' processes and actions should be oriented to create a suitable environment where the customers can deploy their co-creator capacity.

As said by one participant: "you must read the customer and be oriented to what he looks for, and based on that, delineate the path you will walk together". Hence, co-creating opportunities are drawn from changing the traditional CO perspective (where processes are designed without the customer implication) to an approach where customer's processes are the lead in designing the firm's processes (Payne et al., 2008). Therefore, as identified in this study, customer needs guide a HRS employee's actions above anything else.

Conclusion and future research

This research incorporates independent and original contributions to the present knowledge. These contributions are expected to expand the marketing field and to act as a guide for managers in regard to the implications of COSE in a HRS context.

The most relevant contribution to the academia is in the disclosure of the importance of COSE in HRS. This is accompanied by the discovery of the necessary transformation proposed for COSE itself. When using the COSE model to further develop the study of HRS, it is imperative to align not only the theory and the construct dimensions, but also the outcomes. According to the first research question, this alignment will provide the COSE model with the greatest opportunity for improvement. Despite the numerous articles about COSE, there has been no previous research that examines the reasons that make COSE an important characteristic of HRS employees.

A breakthrough managerial contribution is made in the proposition of a practical framework that allow HRS firms to work alongside their employees with the following aims:

1. To measure and improve employee levels of COSE by focusing on the four dimensions and using them as parameters to assess employees and identify specific training needs.
2. To distinguish the adequate traits in order to identify the best front-line employees for various tasks. The previous assessment should help HRS companies to identify employees with, for instance, strong technical skills and weak social skills who would therefore be better suited for back-office roles rather than front-line positions.
3. To align the company business goals with those of COSE, and therefore with the management of both employees and companies. By being customer oriented, companies and employees will align their interests in favour of the customer to differentiate themselves from the competition and to achieve better results in the long term.

Therefore, the mastery of such a framework will be of benefit to all parties involved – the customers, the employees, and the firms.

This article offers significant opportunities for further investigation, derived from the literature review and the findings made regarding the COSE model. This research avenue would be a series of research propositions based on this study and the adaptation of the conceptual model proposed by Morales Mediano and Ruiz-Alba (2018) (see Figure 1). These propositions and the corresponding model are a remarkable improvement of previous studies that examine COSE as they consider the new consequences of trust, loyalty, and co-creation, and therefore would be of high interest for the academia in future research.

[FIGURE 1]

This model suggests some research propositions (RP) that originate from the answers to the research questions of this study:

- RP1: COSE of the front-line employee has a direct and positive impact on customer trust in the HRS employee.

- RP2: COSE of the front-line employee has a direct and positive impact on customer loyalty to the HRS employee.
- RP3: COSE of the front-line employee has a direct and positive impact on value co-creation in HRS.

The adapted COSE model with new consequences should elicit improved responses to the expected outcomes of COSE in a HRS setting, as is the PB service. This new model makes the present study generalisable and allows it to be used as a tool to measure, and eventually improve, COSE.

It would be convenient to quantitatively validate these propositions in a way that allows for the numerical calibration of the importance of each factor that comprises COSE and its consequences: trust, loyalty, and value co-creation.

Further research could confirm the validity to complete the proposed model. This could be achieved by conducting a similar research in a different sector from the group of HRS. Another interesting replication of the study would be to apply the same research to a different country with a different market configuration to that of the Spanish market in order to investigate if the conception and application of COSE is somehow influenced by the market environment.

Despite all the efforts that have been undertaken, as with any research there are a few limitations that should be acknowledged. According to Lincoln and Guba (1985), credibility, transferability, dependability, and conformability are the four pillars of trustworthiness in any qualitative research.

Credibility has been addressed by the size and saturation of the collected data and in the thorough literature review from industry reports and academic research. This allowed the researchers of this study to triangulate and support any findings and to guarantee that all of the possible viewpoints were elicited. Additionally, the fact that PB was defined as one of the most representative HRS settings makes the conclusions transferable to other settings where the

importance of the relationship should be lower. Likewise, having provided the standardised definition of the PB service, certain generalisations to other geographies should be accepted.

In order to overcome dependability and conformability, special care was taken to design and document the research procedure. The deduced structured procedure and self-demand to prevent improvisation were essential to confine any errors or bias from the researchers, and to ensure neutrality between the researchers and the participants (Kvale, 1994).

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Appendix

Table 1

Results and quotes related to RQ1: What is the consideration of COSE in HRS?	
Main ideas	Participants' responses
As a personal service, COSE is very important in HRS and PB, even to the extent that customers should be the main thought of the employee.	<i>Customer orientation is very important. Ours is pure customer orientation, [...] we are completely focused on the customer. Our work is service, service, and service.</i>
COSE works as a differentiation strategy. In other words, the level of COSE attained by the private banker is what distinguishes them from their competitors.	<i>Customer orientation is crucial. [...] provided that nowadays there is limited product differentiation, unless you are customer-oriented, or offer a differentiated service [...], you have too few possibilities to generate recurrent revenue.</i>
COSE is essential to establish an adequate rapport with the customer. The most customer-oriented employees are better listeners, display greater attention to detail, and have a superior knowledge about the customers' needs, even if not expressed.	<i>Customer orientation is the most important characteristic because you have to be very close to the customers, know them very well, and understand their particular circumstances in order to offer a solution to their financial needs.</i>
Results and quotes related to RQ2: What is the importance and the role of the COSE dimensions in HRS?	
Main ideas	Participants' responses
Social skills are the most important factor of COSE. The social skills involved in the commercial processes related to HRS are those that influence the CO level of the employee. Two main elements were identified as part of social skills: (1) the ability to empathize with the customer's point of view, and (2) the personality of the employee that facilitates the socialisation process, including proactivity, communication and listening skills, and extroversion.	<i>This business is about empathy [...] An empathic person is able to put him or herself in the customer's position, to generate the interest of the customer and to identify their problems. The problem with the lack of proactivity is when a banker delays communicating. Then bad things happen to the customer... What factors determine your customer orientation? Knowing [your customer] and being a good listener.</i>
Technical skills are in regard to the range and complexity of products that require the customer-oriented employee to: (1) possess reasonable technical knowledge, which may be achieved by specialisation training, and (2) to attend to continuous-learning activities. Moreover, this complexity means companies must seek out specialised professionals in order to support the front-line employee in specific matters. Additionally, with greater technical skills, front-line employees may improve their explanation of the service and their adaptation to the customers' knowledge.	<i>You need, of course, basic training on financial mathematics, econometrics, as well as on humanities. But there must be continuous learning too. You must be an up-to-date person about both financial markets and investment products. Having technical skills allows you to provide solutions to the customer's needs. This allows you to understand the overall situation of a customer. If you don't have that technical knowledge, then your solutions will be incomplete or not optimal.</i>
Motivation is in relation to the challenges employees in front-line positions face due to the relationship with customers and responsibility for sensitive issues. This requires a consistent motivation of employees to continuously be customer oriented. Motivation should be an inherent characteristic of private bankers. However, the firm is the main responsible for the employees' motivation.	<i>The private banker profession is very frustrating [...]. You must be very motivated and have a high tolerance to frustration. If the employee is not motivated, then things will not work. So, in our firm, we must wonder how we can motivate our people. To be customer oriented, the first thing is liking your profession very much. [...] The greatest motivation is your willingness to do a good job.</i>

Motivation is determined by the self-incentive of the private banker of their own customer orientation, which is seen as intrinsic motivation; the employee's skills and the resources that support customer orientation in turn lead to employee satisfaction from being adequately rewarded when displaying customer-oriented behaviour.

Customer orientation comes from the top management and from putting the means in place to adequately apply your customer orientation. To motivate your people, you need a good salary and incentive scheme, a good training plan, and a well-defined and objective progression plan.

Decision-making authority caused some controversy among the interviewees. Some believed that decision authority had a positive impact on COSE, while others thought the opposite. This effect could occur when suggesting investment strategies or products that are unsuitable for the customer, and this is why there are banks that limit this authority. The organisational structure and culture and the employee's self-perception about the decision authority are the two key factors of the employee's decision-making authority.

Some employees are not allowed to be independent. First, because the firm they work for has different interests, and second, because the business model is more rigid. If we talk about allowing the private banker to decide whom to visit, such as when and how to serve the customer, then there is no problem. There the banker has all of the decision-making authority.

Results and quotes related to RQ3: What are the outcomes of COSE in HRS?

Main ideas

The private banking business is, by definition, a trust-based service. It is an appropriate CO that ultimately generates more trust, which in turn has a knock-on effect on better service, and consequently, results in a closer, longer-lasting employee-customer relationship. Conversely, a lack of trust can damage a company significantly. Some of the respondents referred to the recent information available about profitable banks that failed because of a breach of trust.

Due to the combination of social and technical skills, COSE is considered to be critical when adjusting the service according to each specific customer. Attaining a higher level of customisation will ultimately strengthen the relationship between the banker and the customer, and consequently deepen the level of customer loyalty. This loyalty is proven when the customer uses the services from two firms, is in contact simultaneously with two bankers, and also when an employee leaves a firm and tries to retain a customer by moving the account to the new firm.

The adaptation of the service can be only reached through the participation of the customer alongside the service execution, as described by the participants. Therefore, customer value co-creation is produced when the employee has a certain level of customer orientation.

Participants' responses

In the end, this is a trust business. To gain the trust of your customer, you have to prove that you are customer-oriented. There are moments when it is not about the annual return that you offer to your customer, it is 100% about trust. You end up treating the customer as a friend, as someone that you really take care of, and you want the best for them.

In this service, when you have lost trust, which is crucial, you have lost everything.

This is about serving your customer constantly in a clear and transparent way. A satisfied customer, with whom you have been involved with and worked with for years in a personalised manner, generally is a loyal customer. Wealthier customers commonly work with two entities, so then they can constantly evaluate both. Thus, making the level of customer orientation determine the bank in which the customer will hold the greatest amount of assets.

The customer has to be part of the value creation process. The customer is the most important piece of the puzzle. [...] Advising the customer is your function in the value creation. However, the customer has to participate in the strategy construction, decision and execution. To engage the customer in the value creation, customer orientation is critical.
