

IMPROVING ORGANIZATIONAL PERFORMANCE BY IMPLEMENTING CUSTOMER COMPLAINT MANAGEMENT THROUGH SEAM IN A CASE STUDY OF TRANSPORTATION SME IN VIETNAM

Anh Tu Nguyen, Thai Nguyen University

ABSTRACT

This study describes why and how a small-and-medium sized enterprise (SME) should implement customer complaint management via an action research methodology named socio economic approach to management (SEAM).

The action research project including two action plans (2015-2016 and 2017-2018) analyzes customer complaints, explore the causes of customer complaints from employees' viewpoints, put forward action plans, implement action plans and evaluate organizational performance in a case of Passenger Transport Company in Vietnam. The study develops customer complaint management framework by approaching from a strategic level, with aggregate complaint analysis, an organic perspective of exit-voice theory in combination with SEAM (a pragmatic oriented action research methodology) and holistic approach of People, Process and Technology.

The study standardizes the customer complaint management process, improves organizational performance and fosters the relationships between final consumers and service providers through customer complaint management process, employer and employees through SEAM, researcher and organizational actors (those researched) through SEAM.

These findings lead to develop stakeholder engagement trend of relationship marketing in which new knowledge is co-created by all relevant stakeholders such as customers, employees, researcher and top management.

Keywords: Organizational Performance, Customer Complaint Management, Socio-Economic Approach to Management (SEAM), Relationship Marketing, Small-and-Medium Sized Enterprise (SME).

INTRODUCTION

Complainants announce their reflections to attain certain objectives according to Kowalski (1996), while Day (1977) argues that dissatisfaction rooted in disconfirmed expectations is a precursor to complaining behavior. Stauss (2002) highlights the duplicity of complaint handling, pointing out, for example, that complaints can be harmful for firms, but if complainants are satisfied, they will display their positive post-complaining attitudes that are considered as the aim in order to recover from failure due to dissatisfaction.

Customer complaint management is approached from various angles as follows:

First, in the cognitive dissonance theory (Festinger et al., 1957), expectations are disconfirmed, resulting in a dissonance status called psychological discomfort. Cognitive dissonance may occur as a post-purchase phenomenon (Demirgüneş et al., 2017) or a pre-purchase situation (Koller et al., 2007).

Second, Hirschman's theory of exit, voice, and loyalty (Hirschman, 1970) states two approaches to resolving customer complaints in this theory, namely, organic and mechanistic. With regard to the organic approach, firms can alter their employees' behavior with respect to complaint handling by creating a supportive internal environment, mainly through motivational processes as well as by creating shared values and norms (Maxham et al., 2003). By adopting the mechanistic approach, firms can affect employee behavior by developing and installing formal organizational policies for complaint handling processes.

Third, with respect to system and relational approaches to relationship marketing, customer complaint management needs to be an integrated and holistic combination between People, Process and Technology – the three components of customer relationship management in relationship marketing. This combination is required for successful CRM outcomes (Bull, 2003; Chen et al, 2003; Mendoza et al., 2006; Rahimi and Gunlu, 2016). A well-implemented holistic approach of People, Process and Technology can support firms in their bid for relational commitment and consumer trust. Eid (2007) found a substantial positive effect of CRM usage on the effectiveness of relationships and marketing objectives.

Fourth, from a service quality perspective, customer complaints are a fact of organizational life. Service quality has a considerable impact on operating performance and customer satisfaction. Lapidus et al. (1994) proposed two customer complaint-handling techniques composed of individual complaint handling and aggregate complaint analysis. Johnston (2001) explained that individual complaints should be handled as soon as possible to make customers satisfied but Hsiao et al. (2016) criticized this approach in that it deals with the symptoms rather than the causes. On the other hand, they also approved of aggregate complaint analysis to determine strategic changes communicated to all employees and to improve service quality so as to reduce complaints as well as restore service success. However, most previous studies have focused on individual complaint-handling (Einwiller et al., 2015; Gelbrich et al., 2015).

The present study develops a system and relational approach to relationship marketing, dimensions of service quality, and an aggregate complaint analysis to consider CCM at strategic level with the integrated holistic combination of People, Process and Technology. As Arash (2014) shows major challenges to customer complaint handling include, for example, the lack of a systematic approach to complaints handling, non-recognition of the importance of customer complaints at strategic level, insufficient systems and processes for processing complaints, and a lack of non-financial measurement such as customer satisfaction and complaints. A holistic approach to the three components of CRM is consistent with the trend towards relationship marketing as well as multi-dimensions of organizational performance evaluation since customers, top management and frontline employees all join the process, providing useful information. At the same time, their participation can reduce resistance to organizational change linked to customer complaint management.

Theoretical Context

Current management researchers intend to explore influences of theories to practices (Kaplan, 1998). Theory can impact, even transform practice. Aim of this relationship is to understand and change phenomenon in organizations. *“Creating not, predicting is the most*

robust test of validity-actionability of action theory” (Kaplan, 1998). Methodology is considered as an intermediary to bridge theory and practices by experimentation, pragmatic new solutions (Cappelletti et al., 2009) or new innovations in order to test feasibility and properties of the innovations (Kaplan, 1998) as well as create inter-structuring between formal knowledge (theory) and professional knowledge (practice) (Kemmis & Taggart, 2000), resulting in collaborative and participative form of knowledge creation of action research. This study will explore two-way influences of new trends of relationship marketing to passenger transport business of SME through SEAM for understanding and changing phenomenon of customer complaint management.

Stakeholder Engagement within Customer Complaint Management Framework

Hsiao et al.’s (2016) research only determines issues involving the service process, improves the relationship between consumers and the company, but pays no attention to employee involvement and the role of technology as an enabler of CRM implementation (Hart et al., 2004), although employees’ acceptance plays an important part in CRM effectiveness (Eid, 2007). In other words, the internal environment or organic approach of exit-voice theory was not studied in their framework. In addition, their study hasn’t recognized the relationship between researchers and organizational actors.

Customer Complaint Management and Organizational Performance

In relationship marketing, researchers are interested in the mediation role of effective customer complaint management in the relationship between service quality and customer satisfaction, leading to improving organizational performance. Although there are many difficulties to prove impacts of consumer attitudes and their behaviors on financial performance through intervening role of customer loyalty (Yeung & Ennew, 2001), customer satisfaction is proved to be strongly positively correlated with business profitability. Moreover, in transport industry, functional and technical service quality and corporate image contribute to raise passenger satisfaction and loyalty, for example, “reasonable temperature of air conditioners, clean air in cars, comfortable travel, tranquil setting despite the presence of slight noise, clean and neat cars, spacious seats for passengers, comfortable waiting halls, on-time performance, and safe travel” (Yilmaz et al., 2017). Customer relationship management is estimated to positively impact customer satisfaction and then customer lifetime value in retail field (Kaul, 2017). CCM is an important component of customer relationship management. Yilmaz et al. (2015) explore the effects of customer response and organizational learning relating to complaint management on firm performance. Therefore, they suggest that researchers should integrate organizational learning into the complaint management conceptualization. Salim et al. (2017) illustrated a conceptual framework for service quality and the handling of customer complaints on customer loyalty in public sector banks in Jakarta. Luo et al. (2016) indicated the positive influence mechanism of complaints handling to customer satisfaction and loyalty in e-commerce context.

Many researchers have concluded that if a company implements customer complaint management, it will improve organizational performance (Arash, 2014; Faed et al., 2015; Yilmaz et al. 2015; Hsiao et al., 2016). Arash (2014) indicates implementing his comprehensive CCM system brings about high customer complaint management profitability. Faed et al. (2015) indicated that the relationship between customer complaint handling and firm performance

moderated by types of business (business to business, business to consumer, manufacturing, and service) with methodology of principle component and data envelopment analysis. Yilmaz et al. (2015) applied symmetric testing using hierarchical regression analysis of data obtained from complainants and firm managers to illustrate the joint effects of the two main paths on firm performance, independently from one another. Hsiao et al. (2016) assessed the effects of CCM solutions through customer satisfaction surveys, number of complaints and percentage of working time spent dealing with customer complaints. However, these measurements of organizational performance in their studies do not reflect the multi-dimensions of organizational performance.

Determining the Theoretical Gap

Almost previous studies of the authors such as (Hsiao, et al. 2016; Faed et al., 2015; Yilmaz et al., 2015) haven't designated the societal impact of academic researches through action research in relationship marketing. Therefore, this action research project develops the new trends of relationship marketing that accelerates all three relationships between final consumers and service providers, top management and frontline employees, researcher and organizational actors by SEAM methodology.

A Combination of SEAM Methodology and Customer Complaint Management

Henri Savall was the founder of socio-economic theory that is originated by collective and participative information system to solve organizational conflict (Savall, 1981). The qualimetric intervention approach was stemmed from this theory and had post-positivist philosophy of combining theoretical reasoning with experience-based evidence (Trochim et al., 2008). A pragmatic oriented organizational development method based on action research incubated the qualimetric intervention research is called SEAM that *"integrates more clearly political and methodological intentions than other forms of social inquiry"* (Kemmis et al., 2000).

A pragmatically oriented action research method (Cappelletti et al., 2009) or SEAM is the most consistent with the customer complaint management framework as explained below:

First, customer complaint management is developed by designing a phase-by-phase system eg., Arash (2014), Hsiao et al. (2016) in action research projects. However, there are no action research projects that describe the relationship between customer complaint management and organizational performance using SEAM. In addition, forty years after its development in France, SEAM has been applied mainly to Europe, North and South America in more than 1800 organizations in approximate 50 countries (Cappelletti et al., 2018). This case study of Vietnam extends the reach of SEAM to Asian countries.

Second, SEAM is a systematic approach to organizational change, adapted to the strategic level of customer complaint management. Savall (2003) describes its *"bio systemic"* base, SEAM integrates human resources and financial management by calculating the costs of the dysfunctions linked to a lack of quality management; integrates marketing, sales and strategy through the use of strategic vigilance indicators at every departmental level within the company; and integrates operations and production management with organizational development in a participative way by involving the actors in defining solutions for process improvements within the company according to a technological appropriation principle. Thus, SEAM is more appropriate with system and relational approach of relationship marketing as well as holistic approach of People, Process, and Technology combination and aggregate complaint analysis of CCM.

Third, SEAM clearly describes how data can be collected and analyzed from top management to frontline employees, and how dysfunctions formulated by interaction between organization structures and employee's behaviors can be determined. It thus supports an organic approach of exit-voice theory in the customer complaint management process, creating a supportive internal environment for new organizational change. SEAM is thus more suited to collecting context feature data than the methodology used in Hsiao et al.'s (2016) research.

Fourth, SEAM provides management tools such as time management, a competency grid, piloting logbook, an internal-external strategic action plan, a priority action plan and a periodically negotiable activity contract intended to *"assist company actors in orienting company strategy and changes toward the development of human potential, while at the same time, fostering the attainment of short-, medium- and long-term economic objectives"* (Cappelletti et al., 2009).

Fifth, in socio-economic evaluation, organizational performance is measured from qualitative, quantitative and financial data, not only on financial data or simple CCM results as presented in studies of Hsiao, Faed & Yilmaz. SEAM's great advantages are its *"renewed pedagogy of costs and a more dynamic evaluation of intangible investments and human capital"* as well as converting hidden costs into visible values and tangible performance (Cappelletti et al., 2018). In the present study, organizational performance is measured by economic performance, social performance, customer complaint management profitability and hidden costs. Economic performance and social performance are evaluated based on indicators by O'Connor et al (2008). Customer complaint management profitability is calculated based on the two models of Stauss (2004) & Gupta (2005), while hidden costs calculation is conducted according to the two models of SEAM and Lakshmi (1996).

Last but not least, SEAM helps companies to achieve sustainable performance by meeting the needs of external stakeholders like customers, and internal actors (i.e. employees) led to short-term and long-term gains.

Therefore, embedding pragmatic oriented action research (SEAM) projects to implement customer complaint management will make customers satisfied, develop human capital, increase the company's sustainable performance as well as reinforce the relationship between researchers and those researched (Gummerus et al., 2017). The present study was conducted at an SME in passenger transport industry in Vietnam.

The intervention research began in August 2014 and ended in December 2018, once two action plans (2015-2016 and 2017-2018) had been completed.

Case Study Background

Kaynak (2006) observed that little attention has so far been devoted to service industries in developing countries even though they represent a sizeable portion of total economic activities. In 2011, the Prime Minister of Vietnam issued a declaration on a development strategy for the service sector in Vietnam until 2020. As a result, the service industry has recently experienced higher growth. Transport, logistics, finance, banking, trade, retail, tourism and telecommunication all grew at 6.8% from 2010 to 2017 and 7.03% in 2018, accounting for 41% of GDP in 2017 and 42.7% in 2018.

Over thirty years the transport industry in Vietnam has experienced significant reform. Multimodal intentions, linkages between different methods of transportation and efforts to upgrade the transport infrastructure have contributed to stepping up the service industry to be transport-led growth of service in Vietnam. At present, road transport is the most popular and

most widespread method of transport in Vietnam. The Vietnamese government has now issued 5 laws, decrees and circulars in this regard, approving the national and local strategy of road transport and creating a legal basis to strongly develop the industry.

SMEs have also developed significantly in recent years, accounting for 98% of total business numbers in Vietnam and contributing 50% of GDP, with 62% of new jobs.

The author therefore selected an SME in the passenger transport industry in Vietnam for an intervention case study because it has prominent attributes of a SME in developing countries, and faces challenges of the transport SME in the seriously competitive market.

The company in the case study was established in 2003 when it had 30 cars and 50 employees, providing taxis, intra-city buses, and inter-city buses. The company has experienced many challenges in delivering an inter-city bus service to passengers that is a flagship service which needs to be innovative if the company is to survive in the market.

The researcher used corporate social performance indicators written by O'Connor et al (2008) to diagnose problems such as considerably reduced profitability, low profitability of the flagship inter-city bus service, a high rate of turnover, dissatisfied employees, and no service innovation.

In terms of customer relationship management, the customers complain a lot about the service quality of the inter-city bus, particularly with regard to empathy, reliability, guarantee and responsiveness. They feel unsafe and angry because of the poor service operations, and consequently turned their back on the company, preferring other providers who are the company's competitors, and resulting in significant loss of profit for 5 years from 2010 to 2014.

This is why SEAM was used to highlight dysfunctions as well as hidden costs that formed the basis for action plans suggested to promote customer complaint management that combined sub-strategies in the period 2015-2018 for the flagship inter-city bus service that was in deep trouble with gradually declining profit. Customers were not satisfied with People, Process and Technology and a strategic change was needed to ensure the company's survival in this seriously competitive market.

METHODOLOGY

Research Objectives

The study has two specific research objectives, namely, to put forward a customer complaint management framework through SEAM in order to improve organizational performance for SMEs; to develop system and relational approach of relationship marketing by researching human relationships and process nature of marketing.

Research Questions

The study examines how an SME in Vietnam implements customer complaint management through SEAM in order to enhance its organizational performance and its relationships with customers, employees and researcher.

To this end, five sub-research questions are posed to develop a more refined analysis.

Sub research question 1: What do customers complain about?

Sub research question 2: How do employees view customer complaints?

Sub research question 3: How does an SME act to reduce customer complaints?

Sub research question 4: How does an SME implement strategic action plans?

Sub research question 5: How does an SME evaluate its organizational performance after resolving customer complaints?

Selection of Research Methodology Paradigm

From perspectives of management science paradigms, the author selects (1) an *interpretive* paradigm (i.e. subjectivist, constructivist, soft) (Mingers, 1984); (2) *constructivism* due to knowledge impacted by researcher's experiences; *abductive reasoning* due to starting research process with "*surprising facts*" devoted by explanations, then choosing the "*best*" explanation as well as combining both numerical and cognitive reasoning; (3) *pragmatic and participatory* action research methods referring to a research objective to improve the effectiveness of the organization's management; (4) applied research which aims to provide solutions to clients by combining the explicit statement of the explicative and prescriptive models.

According to Haddad et al. (2017), objectives of SEAM are "*to do research on contingent methods of organizational transformation*" and "*to help company actors in the field to design and implement adequate management models and tools in reference to predefined and specific problematic*". Therefore, they suggest that research practices as well as its tools are appropriate to the epistemological principles of SEAM including cognitive interactivity, contradictory inter-subjectivity and generic contingency shown in Figure 1.

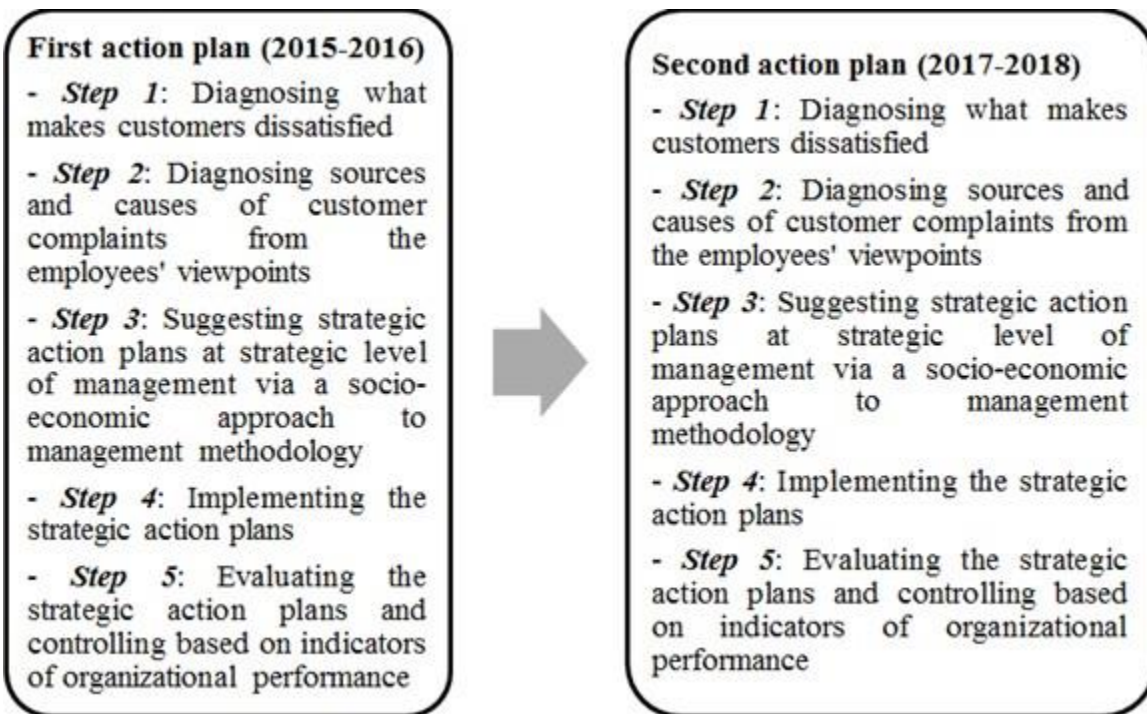


FIGURE 1
TWO RESEARCH CYCLES IMPLEMENTING CUSTOMER COMPLAINT MANAGEMENT VIA SEAM

The aim of this intervention research is to achieve better organizational performance and closer relationships with relevant actors. Before the intervention research took place, from 10 to 11 September 2014, the researcher trained managers using socio-economic tools related to time management, competencies and priority action planning.

Project leader is CEO of the company. Piloting group includes members of the Board of Directors (BOD). The focus group includes three sub-groups: (1) The plenary group pilots the

group that ensures coordination between the plenary group's work and that of the task forces, and examines and approves the solutions; (2) The core group comprises members of BOD and Heads of Departments who define major objectives/constraints that manage the search for solutions; (3) The task group is composed of Heads of Departments, experts and staff members who put forward opinions and potential solutions.

Management tools of SEAM are used such as Piloting logbooks, Periodically Negotiable Activity Contracts, Internal External Strategic Action Plan (IESAP), Priority Action Plan (PAP), and a Competency Grid (CG).

The First Action Plan of 2015-2016

Step 1: Diagnosing what makes customers dissatisfied

The purpose of the first step is to determine problems from outside, and to confirm them, explore the reasons for weaknesses which are considered as a basis for organizational change or a new strategy. From July to August of 2014 there were 30 interviews with customers in total. First of all, 10 passengers were interviewed openly; they were free to talk about their positive and negative opinions. After the first interview, the researcher mapped some research strands related to customer complaints. The researcher then conducted in-depth interviews with 20 customers.

Step 2: Diagnosing sources and causes of customer complaints from interviewing top management and employees in the case study

In this second step, the Horivert process was conducted with horizontal intervention research and vertical intervention research. At the end of the Horivert process, integrated horizontal and vertical intervention research was done to reduce any overlaps between top management's and employees' opinions.

As a result, among hundreds of ideas from top management and frontline employees, the author selected key pivotal ideas to be analyzed and coded into dysfunctions. These pivotal ideas were structures and behaviors taken from a socio-economic diagnostic of the organization, leading to categories being formed and then dysfunctions, formulating dysfunction baskets regarding hidden costs analysis. After doing horizontal and vertical research, the author compared and integrated them into a horizontal and vertical dysfunctions summary due to limited resources and time at the SME. The integrated dysfunction summary for the period 2015-2016 was approved by the Board of Directors with the plan to develop it into specific actions in the next step. Each dysfunction basket will conduct dysfunctions of SEAM by specific actions which represent critical success factors in the customer complaint management in Step 3.

Step 3: Suggesting strategic action plans at a strategic level of management through a socio-economic approach to management methodology

In the third step, the cooperative conception and development of innovative organizational solutions to SEAM was also applied to suggest specific actions in each dysfunction baskets in Table 1.

Table 1			
RECOMMENDATIONS FOR IMPROVEMENT AT THE END OF 2014			
Problems	Critical causes	Main solutions	Specific actions
<i>Empathy</i>	<i>People</i>		
Direct employees' behaviors and	- High turnover rate of frontline employees because of employee	Organizational learning other successful	- Learning about how to select departures and destinations (stations) in the Thai Nguyen – Ha Noi journey.

skills	dissatisfaction. - Direct employees are not trained and controlled by internal regulations	companies	- Learning about how to operate the service system with information technology. - Learning about how to directly interact with customers. - Learning how to manage drivers and other direct employees
		Reinforcing human resource	- New uniform for employees - Changing organizational chart - Training direct employees: communication skills - Facility upgrading such as accommodations, offices, parking areas - Developing outdoor and visiting activities. - Internal regulations - Diffusing Slogan: "Customers are paying salaries for us" to all employees - Training plan for line managers: management skills and communication skills
Reliability	Process	Main solutions	Specific actions
Service operations and customer service	- No service innovation in seriously competitive market. - Bad service operations - No good relationship with customers	Suggesting socially responsible corporate strategy: Diversification, product and market development	- Designing contents of new strategy - Suggesting functional level of strategic management: Offensive marketing strategy. - Designing limousine service replacing inter-city bus service.
Guarantee	Technology	Main solutions	Specific actions
Physical facilities and equipment	- Old and broken cars without tools and equipment on cars	Investment into new vehicles.	- Preparing capital to buy new cars - Buying 35 new cars-Limousine D-Car of Ford
	- No information technology	Investment into new information technology	- Booking hotline number - Fan page of the company - Responsiveness on these two communication tools

Step 4: Implementing the strategic action plans

In step 4, structured implementation of integrated horizontal and vertical improvement actions of SEAM is applied. Some SEAM techniques are used, such as internal – external strategic action plan (IESAP) and priority action plans (PAP).

Step 5: Evaluating the strategic action plans and control based on organizational performance indicators

In step 5, interviews were again carried out with the team of directors and a small sample of managers and shop floor personnel, noting the viewpoints of different categories of actors in the principle of contradictory inter-subjectivity. In addition, questionnaires with the contents of what was implemented were distributed to customers and employees to understand whether they were satisfied or not. Organizational performance was measured by economic performance, social performance, customer complaint management profitability and hidden costs.

The Second Action Plan of 2017-2018

Steps in the second action plan were implemented in a similar way to those in the first action plan of 2015-2016. However, from 2015, the company began to use social media (Facebook) to interact with passengers directly. Therefore, data collection is different from the first step of the first action plan. On Facebook, the company asks questions about what makes passengers dissatisfied, and what the company should do to improve its service quality. 183 complaints were collected from Facebook and coded into problems of People, Process and

Technology that formed strands used in the interview protocol for top management and employees in Table 2.

Table 2 RECOMMENDATIONS FOR IMPROVEMENT AT THE END OF 2016			
Problems	Critical causes	Main solutions	Specific actions
Empathy	People		
Drivers are bad at mindset, responsibility, behaviors, attitudes, communication skills of drivers	<ul style="list-style-type: none"> - Not all employees joined previous training programs. - Almost employees who are complained by customers are newly recruited. 	Human resource management	<ul style="list-style-type: none"> - Training professional programs for frontline employees - Training program for middle-level managers: Management skills and Communication skills. - Suggesting rewarding policies/encouragement policies - Adding more internal regulations and promotion procedure - Suggesting internal communication procedure - Promoting labor union to create activities as well as pay attention to share with stressed employees
<ul style="list-style-type: none"> - Bad communication skills of Call center staffs - Bad behaviors of staffs in Hanoi branch 	New call – center staffs are newly recruited and haven't had experiences and skills.		
Reliability	Process	Main solutions	Specific actions
<ul style="list-style-type: none"> - Delays, wrong transit, wrong schedule - Improvement of service quality after receiving customer complaints - No clear information about service on the company's Facebook 	Service operations with lack regulations, procedure to provide service,	Commitment to improve service quality	Standardized process <ul style="list-style-type: none"> - Revising the process to provide on-time service. - Proposing a plan to organizational responsiveness on social media - Redesigning the work assignment for departments
Responsiveness	Process	Main solutions	Specific solutions
<ul style="list-style-type: none"> - No membership cards for loyalty customers, discounted monthly tickets. - Limousine cars are not good at shocks absorber and strut 	No marketing tools to make customers loyal to the company	Marketing policies <ul style="list-style-type: none"> - Customer interaction - Vehicle maintenance 	<ul style="list-style-type: none"> - Suggesting a membership policy. - Revising, uploading detailed information about all services on Facebook and responsiveness strategy - Vehicle maintenance procedure

Implementing CCM through SEAM in the Case study

First Action Plan of 2015-2016

Solutions for Improvement at the end of 2014: In order to improve the empathy dimension of service quality, the company needed to solve issues with its People through organizational learning and reinforcing human resources. The motivation arose from prior evidence that there is a positive relationship between organizational learning and operating performance pertaining to strategic decisions (Bergh et al., 2008). Organizational learning provides clues as to how to best implement a diversification program to enhance performance. Reinforcing human capital reflects a customer-focused corporate culture (Schein, 1992) in CCM implementation, improving the poor working environment and employees' stress levels (Hoffman, 2007; Linnenluecke et al., 2010) and improving the managerial capacity of mid-level managers (Toderi et al., 2015).

In addition, poor reliability of service operations and customer service was due to unavailable service innovation in a seriously competitive market and poor customer relationships, leading to a new corporate strategy (Porter et al., 1987), a new more offensive marketing strategy (Bolton et al., 1995) and a new inter-city bus limousine service (Bessant et al., 2015; Nada et al., 2015; Panou et al., 2015).

Furthermore, the guarantee dimension of the service quality was reflected in the physical facilities and equipment with poor technology. This was solved by investing in new vehicles (Plantinga et al., 2001; Schueth, 2003) and new information technology (Bessant et al., 2011; Davis, 1980).

Second Action Plan of 2017-2018

Solutions for Improvement at the end of 2016: Although the company implemented the first action plan and improved its organizational performance, it still needed to improve other aspects such as empathy, reliability and responsiveness. First, in terms of People, specific actions to improve the issues include training direct employees and managers (Jalal Hanaysha, 2016), labor policies (Lawler et al., 1992; Schuler et al., 1987), improving regulations (Kaplan et al., 2006; Sims, 1992) and internal communication (Baron, 2006; Dunmore, 2002). Secondly, from the perspective of process, the company has to be committed to improving its service quality (Morgan et al., 1994) through a defensive marketing strategy (Parasuraman et al., 1991), standardization process (Davenport, 1993; Guha et al., 1997), and organizational responsiveness on social media (Cho et al., 2002). Thirdly, in order to improve its service quality responsiveness, the company must develop new marketing policies (Buzzell et al., 1987; Hung et al., 2017; Weick et al., 2005).

RESULTS

Customer Complaint Management Profitability

According to Strauss's model of customer complaint management profitability calculation, return on customer complaint management fluctuated positively at 91.28% (2015), 57.48% (2016), 69.84% (2017) and 324.34% (2018). The ROI fluctuation came from a sales jump in the period 2017-2018. These successes are the outcome of continuous improvement by the steering team and all the company's employees.

According to Gupta's model of customer complaint management profitability calculation, at the end of 2016, the return on investment from intervention research projects was an impressive 50% and at the end of 2018, this indicator was 43.03%.

Thus, customer complaint management profitability indicators are very high, confirming the right actions of customer complaint handling.

Economic Performance at the End of 2014, 2016 and 2018

After implementing customer complaint management from an economic performance perspective, the company reduced its Risk of failure of customers, Risk of failure of machinery and Risk of failure of labor. In addition, the company's competitiveness gradually increased through higher average wages, higher corporate income taxes paid and higher revenue from new branches of the company.

Also, Profitability, Productivity, Total revenue and Total production for each flagship type of business grew year on year. Two of reasons for this growth were the organizational change with innovation investment in a new so-called limousine inter-city bus service and rewards (incentives) for good employees.

Social Performance at the End of 2014, 2016 and 2018

While the first action plan period focused on economic performance, it also contributed to improving social performance. From 2016 to 2018, the employee satisfaction index rose due to better human resource management, for example, increased number of training programs/hours of training, number of trained employees, and professional development. The customer-oriented corporate culture was developed by increasing the Means developed within the company to prevent exclusion such as Not allowed to drink alcohol, drugs and other stimulants, Comply with traffic law of the government, Comply with the company's regulations, Customers are right in every case, Customers pay our salaries, and Meet all customer demands. The company consequently reduced the number of accidents and turnover rates.

Hidden Costs

The cost of absenteeism at the end of 2016 was VND 3294 million. The economic impact of employee turnover was VND 260 million. Quality defects cost VND 216 million. The direct productivity gap resulted in a total cost of VND 108 million. In comparison with the hidden costs calculation at the end of 2014, these indicators had decreased, proving the positive impact of customer complaint management implementation on hidden costs.

At the end of 2018, the economic impact of employees' bad behavior was VND 2436 million, a considerable reduction compared to the VND 3294 million in 2016. Employee turnover cost a total of VND 195 million, less than the VND 260 million in 2016. Quality defects cost at total of VND 144 million, below that of VND 216 million in 2016. The economic impact of the direct productivity gap cost a total of VND 46 million, much lower than that of 2016 (VND 108 million).

According to Lakshmi's model, the company reduced the number of lost customers and lost revenue from 3430 customers-VND 8232 billion in 2016 to 1996 customers-VND 47904 billion in 2018.

Therefore, by analyzing the hidden costs, the company defended its success of the first action plan (2015-2016) with a large reduction in the negative economic impact of employees'

bad behavior, employee turnover, quality defects, direct productivity gap, lost customers and lost revenue.

DISCUSSION

SEAM is preferred to other types of action research aligned with customer complaint management due to five advantages, namely, superiority of socio-economic diagnostic, strength of maintenance or the extension phase of SEAM (the second action plan in 2017-2018), reinforcement of structured actions to organizational performance, similarity between the socio-economic evaluation and organizational performance, and employee motivation in organization change. The CCM framework gave a clear service innovation strategy based on Tidd & Bessant's innovation process model (2011). The combination of CCM and SEAM leads to increase effectiveness of marketing management through organizational performance; reinforce system approach of relationship marketing through composing all relevant actors and process nature of marketing (Sheth et al., 1988); and pushing relational approach of marketing through long-term focus, humanism consideration, quality of customer interaction and internal marketing within the company (Gronroos, 1990). In sum, the combination between "bio systemic" base of SEAM and system, relational approaches of relationship marketing strengthens positive relationship between marketing theory and business practice through action research methodology.

CONCLUSION

Theoretical Contribution

This research expands SEAM process in an important content of marketing management that is customer complaint management by advancing knowledge on the process for which complaints management impacts positively organizational performance via SEAM. Therefore, this study is expected to enrich the relationship marketing from organic approach of exit – voice theory.

In addition, relationship marketing is more developed by adding how to accelerate customers, employees and researchers to implement relationship marketing strategy (Gummesson, 1987); developing Parasuraman's (1991) opinions about understanding customer satisfaction through market research and continuous flow of information into the business and customer database (Peterson and Wang, 1993) through direct information system (i.e. booking hotline number and Facebook); applying SEAM into relationship marketing; and raising up the societal impacts of academic research to managerial practices through finding out how to promote the relationship between passengers and transport service provider, top management and frontline employees, intervener-researcher and organizational actors (Gummerus et al, 2017).

Extended SEAM with Starting Point of Customer Complaint Analysis

SEAM has four stages but mainly beginning at internal stakeholders' opinions such as top management and employees, not paying attention to external stakeholders like customers. This study proposes the extended SEAM with five stages began with an analysis of customer complaints. The results of this stage suggest service innovation from external stakeholders' points of view (customers). So, SEAM helps the company to match external needs with internal management.

Comprehensive Evaluation of Organizational Performance

In previous studies, organizational performance is often evaluated by financially centered economic performance. So, based on measurement like that, organizational performance could not reflect multi – dimensions of management containing human and all related activities, resulting in hidden revenue and costs which cannot be seen in financial statements. It's the reason why the author suggests the above four indicators measured by both exhibited and hidden numbers and words.

Managerial Implications

If an SME implements this research model, it can achieve outcomes that not only affect service quality, but also overall quality by simultaneously developing structural and behavioral quality, including service quality, functioning quality and management quality. Adopting the CCM framework via SEAM supports the SME to increase organizational performance.

Limits and Constraints of the Study

The present study has several limitations as follows:

First, it only focuses on aggregate complaint analysis and does not cover all aspects of customer complaint management such as individual complaint handling.

Second, the relationship between customer complaint management and SEAM was explored mainly from an organic approach of exit-voice theory and did not cover a mechanistic approach of this theory.

Recommendations for Future Research

In the future, other researchers can develop customer complaint management frameworks by investigating mechanistic views and making suggestions pertaining to quality of process guidelines, quality of behavioral guidelines and quality of outcome guidelines. Otherwise, further empirical testing in other service domains is recommended to confirm the validity of the method proposed.

REFERENCES

- Arash, S. (2014). Customer Complaints Management and Empowerment. 4th International Management Conference, p. 14.
- Baron, A. (2006). Aligning Internal Employee Communication with Business Strategy. In T. Gillis, The IABC Handbook of Organizational Communication: a Guide to internal communication, public relations, marketing and leadership. San Francisco: Jossey-Bass.
- Bergh, D.D., & Lim, E. N.K. (2008). Learning how to restructure: absorptive capacity and improvisation views of restructuring actions and performance. *Strategic Management Journal*, 29 (6): 593 - 616.
- Bessant, J., & Tidd, J. (2011). Innovation and entrepreneurship. Chichester: John Wiley.
- Bessant, J., & Tidd, J. (2015). Innovation and Entrepreneurship. Wiley.
- Buzzell, R., & Gale, B. (1987). The PIMS Principles: Linking Strategy and Performance. New York: Free Press.
- Cappelletti, L., & Baker, C. (2009). Developing Human Capital through a Pragmatic Oriented Action Research Project: A French Case Study. *Action Research, Sage Publications*, 1-22.
- Cappelletti, L., Voyant, O., Savall, H., & Noguera, F. (2018). 40 Years of Socio-Economic Approach of Management (SEAM): What we know and where we go? AOM Annual Meeting, (p. 11756). Chicago.

- Cho, Y., Im, I., Hiltz, R., & Fjermestad, J. (2002). The effects of post - purchase evaluation factors on online vs. offline customer complaining behavior: Implications for customer loyalty. *Advances in Consumer Research*, Vol. 29 / 319.
- Davenport, T.H. (1993). *Process innovation reengineering work through information technology*. Boston, Massachusetts: Harvard Business School Press.
- Davis, F.J. (1980). A technology acceptance model for empirically testing new end - user information systems: theory and results.
- Day, R. (1977). Extending the concept of consumer satisfaction. *Advances in Consumer Research*, Vol. 4 No. 1, pp. 149-54.
- Demirgüneş, B.K., & Avcilar, M.Y. (2017). The Effect of Cognitive Dissonance on External Information Search and consumer complaint responses. *International Journal of Business Administration*, (8), 2; 2017.
- Dunmore, M. (2002). *Inside-out Marketing: How to Create an Internal Marketing Strategy*. London: Kogan Page Limited.
- Eid, R. (2007). Towards a successful CRM implementation in banks: an integrated model. *The service industries journal*, Vol. 27 No. 8, pp. 1021-1039.
- Einwiller, S., & Steilen, S. (2015). Handling complaints on social network sites—An analysis of complaints and complaint responses on Facebook and Twitter pages of large US companies. *Public relations review*, 41(2), 195–204.
- Faed, A., Chang, E., Saberi, M., Hussain, O., & Azadeh, A. (2015). Intelligent customer complaint handling utilising principal component and data envelopment analysis. *Applied Soft Computing*, 17 pages.
- Festinger, L. (1957). *A theory of cognitive dissonance*. Evanstone, IL: Row, Peterson.
- Gelbrich, K., Gäthke, J., & Grégoire, Y. (2015). How much compensation should a firm offer for a flawed service? An examination of the nonlinear effects of compensation on satisfaction. *Journal of Service Research*, 18(1), 107-123.
- Guha, S., Grover, V., Kettinger, W., & Teng, J. (1997). Business process change and organizational performance: exploring an antecedent model. *Journal of Management Information Systems*, 14(1), 119-154.
- Gummerus, J., Koskull, C. v., & Kowalkowski, C. (2017). Relationship marketing: Past, present and future. *Journal of services marketing*, (31) Issue 1.
- Gupta, S., & Donald, R. (2005). *Managing customers as investments*. Philadelphia: Wharton School Publishing.
- Haddad, P. E., Bonnet, M., & Tabchoury, P. (2017). The socio economic approach to management: methodological positioning. *Academy of Management Annual Meeting Proceedings*.
- Hart, S., Hogg, G., & Banerjee, M. (2004). Does the level of experience have an effect on CRM programs? Exploratory research findings. *Industrial Marketing Management*, 33, 549-60.
- Hirschman, A. (1970). *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*. Cambridge: MA: Harvard University Press. ISBN 0-674-27660-4.
- Hoffman, A. J. (2007). The importance of fit between individual values and organisational culture in the greening of industry. *Business strategy and the environment*, 2(4): 10-18.
- Hsiao, Y.-H., Chen, L.-F., Choy, Y., & Su, C.-T. (2016). A novel framework for customer complaint management. *The service industries Journal*, 13(14), 675-698.
- Hung, H.-C., Chung, C.-Y., Wu, M.-C., & Shen, W.-L. (2017). A membership pricing policy to facilitate service scale - expansion. *The Service Industries Journal*, (37), 3-4.
- Jalal, H. (2016). Examining the Effects of Employee Empowerment, Teamwork, and Employee Training on Organizational Commitment. *Procedia - Social and Behavioral Sciences*, 229:298-306.
- Johnston, R. (2001). Linking complaint management to profit. *International Journal of Service Industry Management*, 12(1), 60-69.
- Kaplan, A. (1964). *The conduct of inquiry*. San Francisco: Chandler.
- Kaplan, D.M., & Ferris, G.R. (2006). Fairness Perceptions of Employee Promotion Systems: A Two-Study Investigation of Antecedents and Mediators. *Journal of Applied Social Psychology*, 31(6):1204 - 1222.
- Kaplan, R. (1998). Innovation Action Research: Creating New Management Theory and Practice. *Journal of Management Accounting Research*, 10: 89-118.
- Kaul, D. (2017). Customer relationship management (CRM), customer satisfaction and customer lifetime value in retail. *Review of professional management*, 15(2), 55-60.
- Kaynak, E. (2006). Service industries in developing countries: A conceptual framework and analytical insights. *The service industries Journal*, 1-4.
- Kemmis, S., & McTaggart, R. (2000). Participatory action research. In *Handbook of qualitative research*. Thousand Oaks, CA: Denzin and Lincoln Eds., Sage.

- Koller, M., & Salzberger, T. (2007). Cognitive dissonance as a relevant construct throughout the decision-making and consumption process-An empirical investigation related to a package tour. *Journal of Customer Behavior*, 6, 217-227.
- Kowalski, R. (1996). Complaints and complaining: functions, antecedents, and consequences. *Psychological Bulletin*, 119 (2): 179-96.
- Lakshmi, T., & Rao, T.J. (1996). Measuring and reporting the cost of quality. *Production and Inventory Management Journal*, Second Quarter, pp. 1-7.
- Lapidus, R., & Schibrowsky, J. (1994). Aggregate complaint analysis: A procedure for developing customer service satisfaction. *Journal of Services Marketing*, 8(4), 50-60.
- Lawler, E., & Cohen, S. (1992). Designing Pay Systems for Teams. *ACA Journal*, 1 (1), 1992, pp. 6-19.
- Linnenluecke, M., & Griffiths, A. (2010). Corporate sustainability and organizational culture. *Journal of World Business*, 45, pp.357-366.
- Luo, H., Han, X., Yu, Y., & Wang, S. (2016). An empirical study on the effect of consumer complaints handling on consumer loyalty. 13th International Conference on Service systems and service management, pp 1-6.
- Maxham III, J., & Netemeyer, R. (2003). Firms Reap What They Sow: the Effects of Shared Values and Perceived Organizational Justice on Customers' Evaluations of Complaint Handling. *Journal of Marketing*, 67, 46-62.
- Mingers, J. (1984). Subjectivism and soft systems methodology - A critique. *Journal of Applied systems analysis*, Volume 11.
- Morgan, R., & Hunt, S. (1994). The commitment-trust theory of relationship marketing. *Journal of marketing*, Vol. 58, No. 3, pp. 20-38.
- Nada, N., & Ali, Z. (2015). Service value creation capability model to assess the service innovation capability in SMEs. 7th Industrial Product-Service Systems Conference - PSS, industry transformation for sustainability and business (pp. Procedia CIRP (30) 390-395. Elsevier B.V.
- O'Connor, Martin-Spangenberg, & Joachim, H. (2008). A methodology for CSR reporting: assuring a representative diversity of indicators across stakeholders, scales, sites and performance issues. *Journal of Cleaner Production*, 16: 1399-1415.
- Panou, K., Kapros, S., & Polydoropoulou, A. (2015). How service bundling can increase the competitiveness of low market share transportation services. *Research in Transportation Economics*, 49, June 2015, Pages 22-35.
- Parasuraman, A., Berry, L., & Zeithaml, V. (1991). Refinement and reassessment of the SERVQUAL scale. *Journal of Retailing*, 67(1), 39-48.
- Plantinga, A., & Scholtens, B. (2001). Socially Responsible Investing and Management Style of Mutual Funds in the Euronext Stock Markets. Research Report 01E17, University of Groningen, Systems Organisations and Management Research Institute.
- Porter, M.E. (1987). From competitive advantage to corporate strategy. *Harvard Business Review*.
- Salim, A., Setiawan, M., & Rohman, F. (2017). How to build satisfaction and customer loyalty with a focus on complaints handling (Review of the scientific literature). *Journal of finance and banking review*, 2(2), p. 28-33.
- Savall, H., & Buono, A.F. (2007). Socio-Economic Intervention in Organizations: The Intervener-Researcher and the SEAM Approach to Organizational Analysis. Information Age Publishing.
- Savall, H. (1975). Enrichir le travail humain : l'évaluation économique. Dunod.
- Savall, H. (1981). Work & people. An Economic Evaluation of Job-Enrichment. New York: Oxford University Press.
- Savall, H. (2003). An updated presentation of the socio economic management model. *Journal of Organizational Change Management*, 16(1), 33-48.
- Savall, H. (2003). An updated presentation of the socio - economic management model. *Journal of Organizational Change Management*, Vol. 16 No. 1, 2003.
- Schein, E. (1992). *Organizational Culture and Leadership* (2nd ed.). San Francisco: Jossey Bass.
- Schuth, S. (2003). Socially Responsible Investing in the United States. *Journal of Business Ethics*, 43: 189-194.
- Schuler, R., & Jackson, S. (1987). Linking competitive strategies and human resource management practices. *Academy of management executive*, 1 (3): 207-219.
- Sims, R.R. (1992). The Challenge of Ethical Behavior in Organizations. *Journal of Business Ethics*, 11, No. 7 (Jul., 1992), pp. 505-513.
- Stauss, B. (2002). The dimensions of complaint satisfaction: process and outcome complaint satisfaction versus cold fact and warm act complaint satisfaction. *Managing service quality*, 12:3, pp. 173-83.
- Stauss, B., & Schoeler, A. (2004). Complaint management profitability: what do complaint managers know? *Managing Service Quality: An International Journal*, Vol. 14 Issue: 2/3, pp.147-156.

- Stone-Romero, E. F. (1994). Construct validity issues in organizational behavior research. In J. Greenberg, *Organizational behavior: The state of the science* (pp. 155-179). Hillsdale, NJ: Erlbaum.
- Toderi, S., Gaggia, A., Balducci, C., & Sarchielli, G. (2015). Reducing psychosocial risks through supervisors' development: A contribution for a brief version of the "Stress Management Competency Indicator Tool". *Science of The Total Environment*, 345-351.
- Trochim, W., & Donnelly, J. (2008). *The Research Methods Knowledge Base*. Mason, Ohio, USA: Cengage Learning.
- Weick, K., Sutcliffe, K., & Obstfeld, D. (2005). Organizing and the process of sensemaking. *Organization science*, 16(4), 409-421.
- Yilmaz, C., Varnali, K., & Kasnakoglu, B.T. (2015). How do firms benefit from customer complaints? *Journal of Business Research*, DOI: 10.1016/j.jbusres.2015.08.038.
- Yilmaz, V., & Ari, E. (2017). The effects of service quality, image and customer satisfaction on customer complaints and loyalty in high speed rail service in Turkey: a proposal of the structural equation model. *Transportmetrica A: Transport science*, 13(1), 67-90.