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A Lindblomian perspective on customer complaint management policies

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ABSTRACT

This research reports the findings of an exploratory study on the everyday management of customer complaints in the French business-to-business sector. A web-based survey rendered 57 eligible responses from managers who deal with customer contacts on an everyday basis. A Lindblomian perspective is applied to analyze customer relationship management (CRM) systems and policies for managing customer complaints. Findings indicate that such systems do not influence how managers perceive their communication with customers. Furthermore, the findings demonstrate that a formal policy for managing customer complaints affects the adjustments that companies make in situations marked by difficulties in choosing solutions to a customer's problem and knowing what the outcomes will be.

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1. Introduction

In a seminal paper, Lindblom (1959) notes that "muddling through" is both a highly sophisticated form of problem solving and widely denounced as no method at all. Muddling through, or disjointed incrementalism, describes an exploratory process for solving problems in a step-by-step mode, according to the constraints set by the specific situation in which the problem occurs (Lindblom, 1959). Such muddling through approaches might also appear in companies' efforts to manage customer complaints, because managers often lack sufficient time to evaluate all alternative solutions and their consequences. Some good solutions also result without analysis; if customers are happy, managers have no reason to dig further into the problem. Therefore, not until customers complain is managers' problem-solving ability put to the test (e.g., Johnston and Mehra, 2002). This paper analyzes the role of policies in such situations, which are defined as guidelines, or rules that help managers to resolve conflicts (Mintzberg and Quinn 1992).

The quality of companies' customer relationships is tested in everyday customer relationship management (CRM) practice. This testing is apparent because every interaction with customers may involve unforeseen events, which make it difficult for companies to control quality. Both suppliers and customers recognize this issue, but the two parties might disagree on the causes of a problem and the appropriate solution (Bitner et al., 1994). Managing unforeseen events is critical, because customers who perceive inferior supplier performance are likely to signal their intentions to switch supplier (Gruber et al., 2006; Hansen et al., 1996; Zeithaml et al., 1996). For example, customers might complain directly to the supplier, engage in negative word-of-mouth communication, or take legal action (Gruber et al., 2006; Zeithaml et al., 1996). Consequently, suppliers must undertake complaint management efforts, including communication with complaining customers and attempts to restore customer satisfaction by rectifying mistakes or bringing products back into working order (e.g., Fornell and Wernerfelt, 1988). In turn, managing customer complaints demands an identification of the problem and the factors that cause that issue. To investigate the role of policies in this context, this study reports on the complaint management in 57 companies in the French business-to-business (B2B) sector.

The view on policies for the management of customer complaints in the context of companies' CRM activities draws upon Lindblom (1959, 1968), who suggests that a policy is sometimes a compromise among policy makers, none of whom had in mind the problem to which the policy is the solution. A policy might stem from an opportunity, not a problem, and other policies never involve agreement but nevertheless "just happen." Analyses of policy alternatives could be limited to those options that differ only marginally from the practiced policy (Lindblom, 1959), such that a policy for managing customer complaints might develop out of unanticipated problems and opportunities. A policy that "just happens" illustrates how managers adopt procedures that evolve into an informal policy, which later becomes a formal policy for dealing with customer complaints. With regard to the factors that influence policy making, Hirschman and Lindblom (1962) highlight that policies might adjust according to available means. A company's policy for managing customer complaints thus might reflect the resources available. Furthermore, a Lindblomian perspective on policies in the CRM context allows for a deeper analysis of the relationship between a policy and measures used to handle customer complaints when no best solution exists, and when it is difficult to identify what the outcomes of efforts to solve a problem will be.

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The purpose of this research is to examine the role of policies in dealing with customer complaints. Akin to studies by Homburg and Fürst (2005, 2007) and Johnston and Mehra (2002), this investigation analyzes customer complaints from the supplier's perspective, in an attempt to provide further insights into organizational responses and the guidelines that facilitate complaint management. Insights about the role of policies for managing customer complaints can inform the corrective measures that suppliers must adopt to follow standardized procedures (e.g., Johnston and Mehra, 2002). Homburg and Fürst (2005) demonstrate differences in complaint satisfaction when companies follow mechanistic (formal) guidelines versus organic (informal) procedures for complaint management. However, these authors do not examine how formal and informal policies might affect complaint management when all available solutions have drawbacks and decision makers cannot foresee the outcomes of their decision. The Lindblomian perspective in this paper sets out to close this gap. By analyzing how a policy affects complaint handling when managers experience uncertainty, this study contributes to the current body of knowledge on complaint management and offers findings of interest for academics and marketers who investigate the factors that affect companies' CRM.

The paper is structured as follows. The next section discusses existing literature to develop a framework of hypotheses that address CRM systems and the role of policies in companies' complaint management. The third section describes an online survey of firms in the French B2B sector. The fourth section presents the methods of analysis and this research's findings. This paper closes with a discussion of the results and some avenues for further enquiry.

2. Background

2.1. Complaint management in the context of customer relationship management

In the B2B sector, the adaptation of sellers' decision-making structures to their problem-solving experiences can affect the overall buyer–seller relationship and the surrounding atmosphere (Barclay, 1992; Håkansson and Wootz, 1979). An analysis of the potential link between CRM systems and interactions in connection with complaint management might, therefore, shed light onto which arrangements facilitate problem solving when decision makers react promptly to emerging problems and difficulties (Hirschman and Lindblom, 1962). To enable prompt reactions, formal customer complaint management procedures must incorporate practices for dealing with unforeseen problems. Although this is a well-known fact, earlier studies report that approximately half of all complaining customers are dissatisfied with complaint handling (Homburg and Fürst, 2005). However, events causing dissatisfaction occur in all relationships. Even firms in successful partnerships acknowledge that disagreements are inevitable (Anderson and Narus, 1990; Johnston and Mehra, 2002). Consequently, companies must train personnel to be sensitive to “trouble spots” and assign appropriate authority to those who can expedite resolutions before conflicts escalate (Anderson and Narus, 1990). The complaints that a company actually receives often represent only the “tip of the iceberg” of many more unhappy customers who need similar resolutions (Johnston and Mehra, 2002).

To deal with the abovementioned problems, many companies have, over the past decades, made substantial investments into customer relationship management (CRM) projects to achieve higher customer loyalty (Langerak and Verhoef, 2003). In spite of this development, there is no agreed definition of CRM in the research literature (Richard et al., 2007). Clearly, CRM means different things to different people (Winer, 2001; Wright et al., 2002)—from narrowly defined functional (analytical and operational) and technical tactics (e.g., Goodhue et al., 2002; Ling and Yen, 2001) to broad business philosophies and strategic perspectives (Day, 2003). Despite such confusion, CRM emerged as a popular buzzword at the turn of the millennium (Gummesson, 2004; Storbacka and Lehtinen, 2000). In particular, CRM projects gained popularity by promising tools to shape the interactions between a company and customers so that they would maximize the current and lifetime value of business relationships (Rajagopal and Sanchez, 2005; Richard et al., 2007). However, the failure rate of CRM projects has been high (Langerak and Verhoef, 2003, McLaughlin, 2010). In fact, several reports suggest that CRM projects have, in some cases, even damaged existing customer relationships (Davids, 1999; Reinartz et al., 2004; Richards et al., 2007; Rigby et al., 2002). Uncovering which factors explain these high failure rates is thus a critical research goal.

Gummesson (2004) suggests that although the Internet and other technology-based tools are essential to CRM applications, the imminent risk remains that such tools overwhelm the minds of executives, such that technology-centric CRM systems neglect the human side of communications. This risk illustrates the importance of procedures for managing customer complaints. Although many companies stress the provision of consistently high quality in interactions with customers, organizational structures and service delivery systems virtually guarantee failure in reaching this goal (Yavas and Shemwell, 1997). Barriers within organizations can thus prevent the implementation of effective complaint management procedures (Homburg and Fürst, 2007).

Accordingly, regarding CRM systems merely as software applications represents a false view (Gummesson, 2004; Langerak and Verhoef, 2003; Lassar et al., 2008; McLaughlin, 2010). Information technologies (IT) might facilitate the processing of customer information, but the CRM system is useless unless managers know how to deal with the information such systems generate. A readiness to act is particularly important if recorded events indicate problems in customer relationships. As Bartikowski and Braunmüller (2006) note, CRM failures more often reflect poor organizational and marketing alignment than IT problems. The high rates of CRM system failure (e.g., Langerak and Verhoef, 2003) and the detrimental impacts on customer relationships (Reinartz et al., 2004; Richard et al., 2007; Rigby et al., 2002) in turn should affect managers' views of their effectiveness for supporting relationships with customers.

This list of shortcomings is not unique to CRM systems; similar concerns emerge in any area in which decision makers implicitly trust the accuracy of sophisticated analytical tools. As Lindblom (1959, 1979) notes, the inherent incompleteness of any analyses means that decision makers need step-by-step approaches that proceed toward solutions to specific problems as they arise. Such approaches may be particularly important for the everyday management of customer complaints. Although several studies highlight the importance of aligning organizations' various departments to undertake CRM implementation, very little research considers the managerial tools that facilitate control over such activities. Insights into these tools could avoid the harmful effects of a singular focus on technology-based (electronic) eCRM for relationships with customers (Gummesson, 2004). According to Gummesson (2004), functional CRM demands better management of the human input, or *h*CRM. Thus, technology cannot replace people for managing unforeseen events or customer complaints. Furthermore, as Hirschman and Lindblom (1962) note, a sophisticated analytical system depends on not only the capacity to process data but also on inputs from other components in the system. Considering the importance of people's problem-solving skills, it is suggested that the human factor reduces differences between companies with computerized CRM systems and those without such systems when communicating with customers who experience problems. Therefore,

H1. *Companies with computerized CRM systems do not differ from those without such systems in their communications with customers who experience problems.*

2.2. Policies and adjustments for dealing with customers' complaints

Because a CRM system depends on people who know how to act in customer complaint situations, the effective management of customer

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