

The value of customer satisfaction surveys for project-based organizations: symbolic, technical, or none

Jaakko Kujala ^{a,*}, Tuomas Ahola ^{a,1}

^a *Helsinki University of Technology, Department of Industrial Engineering and Management, P.O. Box 9500, FIN-02150 Espoo, Finland*

Abstract

In this paper a framework for assessing the role and value of collecting information related to customer satisfaction is presented. This paper aims to reduce the gap in the knowledge concerning the value and role of customer satisfaction surveys by using a theoretical background of institutional theory and a cognitive model of organizational culture. The framework is presented in the context of measuring customer satisfaction in a project-based organization. In the empirical part of the study, the value and role of implementing customer satisfaction surveys in two case organizations is analyzed. Based on these two cases, our research findings suggest that the use of customer satisfaction surveys does not create technical benefits in project-based organizations, but implies that these surveys, however, may provide some symbolic value.

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1. Introduction

Organizations, which are more efficient in providing value for customers, leading to higher customer satisfaction, are more likely to survive in a competitive situation [1]. High customer satisfaction has significant implications on financial performance, since a positively correlates with lower customer retention and the price that a customer is willing to pay for products and services [2]. The importance of customer satisfaction is emphasized in project-based business, where a customer often plays an integral role in the production process. A satisfied customer works together with the supplier to make a project successful and is often willing to make compromises.

One of the most commonly used method for gathering information regarding how the customers' needs

are satisfied by the supplying organization's products and services is the customer satisfaction survey. However, several researchers have identified significant challenges related to the implementation of customer satisfaction surveys (see e.g. [3–5]) and little evidence exists that demonstrates customer satisfaction surveys are effectively used in organizational decision-making processes [6]. Utilization of survey results tend to rely on statistical analysis of the data. In a project-based organization, there are significant challenges in acquiring any usable information from the surveys due to a small amount of customers, each having their own preferences [7]. Alternative methods for measuring customer satisfaction exist, but there is no theoretical framework, which organizations could use to select a proper measurement approach. In addition, the use of customer satisfaction surveys is strongly encouraged in quality management systems such as ISO 9001. This has lead into a situation in which many project-based organizations have implemented customer satisfaction surveys without really understanding whether they provide any value for the organization.

* Corresponding author. Tel.: +358 40 8391717.

E-mail addresses: jaakko.kujala@hut.fi (J. Kujala), tuomas.ahola@hut.fi (T. Ahola).

¹ Tel.: +358 40 588 1986.

The purpose of this paper is to create a framework, which can be used to assess the value provided by conducting customer satisfaction surveys for a project-based organization. This paper contributes to existing knowledge by discussing the symbolic value that customer satisfaction surveys may provide for an organization. In the empirical part of this paper, the value gained by two project-based organizations that have implemented customer satisfaction surveys, is analyzed.

1.1. Role and value of customer satisfaction measurement system

This research aims to contribute to existing knowledge by drawing mainly from two theoretical perspectives: institutional theory [8,9] and organizational culture [10]. These theoretical perspectives are combined to provide a theoretical framework, which is then used to analyze the role and impact of implementing customer satisfaction surveys in the context of two project-based organizations. We argue that these two theories, which have been largely neglected in earlier project research, can provide a novel perspective in analyzing the value of implementing customer satisfaction surveys in project-based organizations.

2. Construct development

It can be argued that the core objective for any group or organization is survival [10,11]. Ultimately the value of any management approach can be assessed as to whether it contributes to organizational survival. It can be primarily achieved by cost effectively providing customers with products and services that meet their needs and expectations. Management approaches that enable an organization to perform this task provide technical value. However, Mayer and Rowan [12] claimed that organizations may also increase their survival prospects by following the prevailing institutionalized practices of doing business. By following those practices they increase their legitimacy, thus providing symbolic value, which is independent of the efficiency of the acquired practices. Organizations, which fail to demonstrate their legitimacy by adopting commonly institutionalized practices, may not receive the necessary resources or are forced to demonstrate legitimacy by other more costly means [9].

Schein [10] complements the discussion about the value of management approaches by introducing two major sets of problems that all organizations must deal with in order to survive: adaptation within their environment and internal integration that permits the daily functioning of the organization. The role of any management approach can be determined by analyzing which one of these two issues it contributes to. The the-

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| Role and value gained | Technical | Institutionalize customer orientation as shared value, enable organization to focus on providing value for its customers | Scanning environment to receive information about customer requirements and expectations, and how well organization is able to meet them |
| | Symbolic | Demonstrate management commitment to shared value of satisfying customer needs Legitimate managerial actions, which are claimed to be based on survey information | Meeting external pressures to demonstrate organization commitment for providing value for customer Preferred practice in ISO 9001:2000 certification |
| | | Internal integration | External adaptation |
| Processes to ensure organizational survival | | | |

Fig. 1. The role and value of a customer satisfaction measurement system (modified from [7]).

oretical construct presented in Fig. 1 combines the value creation discussed in institutional theory with the processes of external adaptation and internal integration. The customer satisfaction survey is used as an example to illustrate the conceptual framework.

The role of a customer satisfaction measurement system to support internal integration relates to whether it provides symbolic value for management to lead the organization and legitimate its actions. Management has to follow internally accepted practices even if it does not always provide any direct technical value. Managerial actions that can be justified based on survey results are easier to accept in an organization having the shared value of customer-orientation. The role of customer satisfaction surveys in the technical-internal integration quadrant relates to whether it encourages an organization to focus on satisfying customer needs and expectations. In this role it is used to focus the efforts of the organization to meet customer expectations and requirements and to provide a common framework for organization members to discuss the issues that lead to high customer satisfaction. The value gained is technical in nature, as a survey in this role is used to increase the efficiency and effectiveness of the core technical task of an organization (see Figs. 2 and 3).

Related to the external adaptation, symbolic benefits can be achieved by complying with external pressures in order to demonstrate organization commitment for providing customer value. From a purely symbolic perspective, it is also a rather simple approach to meet the requirement of quality systems to measure customer satisfaction, thus saving money that that might have been spent on more costly methods of gathering information regarding

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