

The case of customer recruitment processes: Dynamic evolution of CRM resource networks

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Abstract

This study is borne from a concern that organisations continue to invest significantly in CRM systems that are redundant by the time they are launched. This is because these systems are designed for stable environments. This paper examines ways in which CRM resource networks can be designed to be adaptive on a continuous basis. Drawing conclusions from the literature review, we define the theoretical focus of this study at the "intersection" of three theories and propose a conceptual model describing the phenomenon of interest. We use as our unit of analysis customer recruitment processes, which are a subset of CRM systems. Based on an in-depth case study we found seven principles to guide organisations develop customer recruitment processes that are designed for change. We expand on the conceptual model by linking together these seven empirically derived principles so that design issues influenced by stakeholders, social networks and resources are better understood. This study is of value to scholars because it uses, for the first time, three theories, stakeholder, resource based theory and social network theory, to study resource networks in customer recruitment processes. It's of value to practitioners because it provides direction for management action.

“Summary statement of contribution”

This paper contributes to the field of marketing management by bringing together three theories in a conceptual model to examine and understand the principles that enable organisations to design customer recruitment processes, which are a subset of CRM systems that are designed to change and adapt in response to changing stakeholders' expectations.

Key words

Customer Recruitment Processes, CRM, Case Study, Stakeholder Theory, Resource based Theory, Social Network Theory

Introduction

This paper addresses the problem that Customer Recruitment Processes (CRPs) are designed for stability; whereas, they should be designed to change in response to environmental turbulence. Our motivation for this research is driven by our concern that organisations invest significantly in Customer Relationship Management systems that are redundant by the time they are launched (Kale, 2004, Songini,2002). Moreover, once they are launched they become inflexible and unresponsive to changes in competitive environments. Over time, organisations' CRM systems hinder customer acquisition activities and become ineffective (Blattberg et al., 2001; Ang & Buttle, 2006; Buttle 2004).

CRP is that subset of Customer Relationship Management (CRM) which deals with the acquisition, development and retention of relationships and learning about customers' expectations through ongoing transactions with the organisation (Plakoyiannaki, 2005). We concur with Harrigan, Ramsey, & Ibbotson's view that "CRM can be thought of, at a fundamental level, as managing customer relationships" (2011, p. 504). According to Levitt (1986), customers are assets that need to be acquired before they can be managed for profit. Customer retention is an important business objective to grow market size; and although customer recruitment and retention are interdependent, CRPs extend to tactics such as to establish and control market segments when launching a new product or service.

It is widely accepted that CRM technologies provide business solutions to support customer acquisition. Using CRM for sharing information, knowledge, customer data, accounts data, marketing data and inventory data enables relevant departments within an organisation to market, sell and service customers more effectively (Chen & Popovich, 2003; O'Malley & Mitussis, 2002). Adopting a customer centric culture is an important requirement for CRM systems to improve performance (Kale, 2004; Karakostas et al., 2005). Our study reveals that CRPs draw on the legacy of complex resources (such as people, premises and technology) to

match an organisation's capabilities with decisions to identify, qualify and acquire new customers. In order to change CRPs, organisations implement transformation programmes that mobilise resources, re-align form and function and redistribute process inputs and outputs to deliver an improved performance.

Deriving competitive advantage through CRPs is challenging because budgets and resources are held by different departments. Marketing Departments rarely have overall control of CRPs. The problem is exacerbated with IT-enabled CRM. Whilst CRM technologies can assist in defining CRPs, an estimated 60% to 80% continue to experience costly disruptive failure (Kale, 2004, Plakoyiannaki, 2005; Preslan & Keltz, 2003).

In this paper, we enquire about the effects of CRP resource networks designed for stability. Specifically, we examine the design considerations required to move from a stable to a dynamic state and the effects on organisations where resource networks are misaligned with stakeholders' expectations. We argue that CRPs need to adapt rapidly and continuously to stakeholders' expectations in turbulent operating environments. Extending Lawler and Worley (2006), we define CRPs as forms of adaptive systems that are built to change through deliberate design. Such systems have the ability to change their own behavior or functionality because they detect changes in operating conditions (Logie-MacIver & Piacentini, 2010). These properties implicitly presuppose that CRPs are open systems with inputs, interdependent resources and feedback loops to capture responses and produce an outcome (cf. Ackoff, 1971). Our work explains that CRP resources need to be designed deliberately to adapt to continual change in a given environment in order to develop dynamic capabilities (Zollo & Winter, 1998). The notion of deliberate design dates back to the pioneering work of Burns & Stalker (1961). The premise is that an optimal organisational structure fits a given operating contingency such as size, uncertainty and technology or, it matches the rate of environmental change. More recent scholars argue that traditional

designs for control (span, authority, compartmentalisation), and specialisation (role and task function definition) are less important than flexibility in reconfiguration, speed of response and integration capabilities (Ashkenas et al., 1995; McMillan, 2006).

The unit of analysis for this study is the CRP network of resources rather than individual resource units such as people or technology or premises. We contend that changing any one CRP resource in the network is insufficient to improve the organisation's performance through CRM systems. Instead, it is changes to the network of resource relationships that is critical to improving performance. Indeed, sustainable CRP resource networks are able to recast relationships between resources to satisfy stakeholders' changing expectations or, where new stakeholders are introduced, to meet new expectations.

The paper is constructed as follows. The next section poses fundamental questions that flow from a review of the scholarly literature. The section that follows sets out the case study methodology used to address these questions. We then elaborate the case study findings in the findings and discussion section, which addresses the questions by setting out our empirical responses for design considerations and, effects on CRPs that change and adapt continuously. The next section highlights our contributions and implications for practitioners. The final section summarises our conclusions, reports the limitations of this study and sets directions for future work.

Scholarly Literature

We have reviewed the academic literature in two interrelated parts. The first is to establish a theoretical perspective from which to study customer retention processes. We find, all too often, studies in the academic literature that fail to make clear the theoretical vantage point being adopted by the researchers. We argue that theories are a way of seeing and not seeing a phenomenon; therefore, the selection of the theoretical lens being used is important for this

and, we assert, other empirically-based studies. The second is to explicate critically the theories that we used as the basis for this study. We highlight the blind spots that each theory created for this study and ways in which we overcame these drawbacks.

Theoretical Perspectives

Our study pays attention to actionable knowledge, which is grounded in theory (Van de Ven & Johnson 2006; Weick, 1995) in order to examine the phenomenon of CRPs and establish empirical evidence more clearly. The study is theory-oriented to the extent that it examines different dimensions of CRP, namely networks, stakeholders and resources. As part of this literature review and case study design, it is necessary to establish relevant theoretical perspectives before an attempt is made to collect or analyse CRP data. We located this study of CRP at the intersection of three theories, stakeholder, resource and social network, in order to express fundamental requirements such as case study design, data collection and analysis.

We argue that current research on CRP and CRM is largely *atheoretic* (cf. Chan & Reich, 2007) and we suggest that building a theoretical perspective as something missing from many of the study approaches. The use of intersecting theories or theory elements is not a new one. See, for example, Dittrich (2006) and Ngosi & Braganza (2009) whose work applies theoretical lenses with intersecting elements to allow ‘embedded units’ to be analysed within a single case design and provides a framework for case selection, defining research questions, data collection and data analysis. The principle of using intersecting theories has been established by scholars in a range of disciplines and topics. Chan & Reich (2007) intersect stakeholder and resource based theories to underpin studies in IT alignment research, to highlight drivers of alignment and to justify various approaches adopted and outcomes expected when alignment is achieved. Scholars have used intersecting theories to study board accountability (Huse, 2005; Pfeffer & Salancik, 1978; Westphal & Zajac, 1998); IT

standardization vendor partnerships (Chellappa & Sharif, 2002); and sustainable development and competitive sustainability (Rodriguez et al., 2002). These scholars have applied combinations of stakeholder, resource-based and social network theories to examine the complexities of different organisation dynamics. The three intersecting theories we selected for this study are *descriptive theories* (Gregor, 2006; Teece et al., 1997) that have elements or principles (Table 4) that can be combined. They enable researchers to enquire about a phenomenon and classify specific dimensions found in the data collected or discrete observations. Our focus is on resources, social networks and stakeholders; therefore, a critique of CRP and CRM is beyond the scope of this literature review. The CRP, as a subset of CRM, represents the embedded unit of analysis. Thus, we turn to the theoretical constructs in literature to draw insights into the dynamic evolution of CRPs.

We examined several theories and concluded that a single theory was insufficient because each theoretical lens has limitations in its underpinning principles. For instance, Stakeholder Theory pays little regards to the resources required to fulfill stakeholders' expectations; Resource-based Theory explains the importance of individual resources but pays scant regard to networks of resources. In Figure 1 we display three theories that 'best' fit the underpinning theoretical perspectives of our study: Stakeholder Theory (ST), Social Network Theory (SNT) and Resource-based Theory (RBT). Our study is positioned at the intersection of the three theories, from which we explore stakeholder-driven dynamic evolution of the CRP resource network to include the resources, their relationships and changes that occur in the CRP resource network.

The authors argue that the intersection of these three theories provides insights into CRPs in three ways: First, CRPs have certain *stage-by-stage approaches* with dimensions that are critical to the deployment of a CRM system, such as: customer recruitment activities, budgeting for customer acquisition, marketing and design of CRPs and CRM applications

(Ang & Buttle, 2006; Sargeant & West, 2001). Each dimension requires CRPs to change dynamically in content and context. Second, CRPs should have *stakeholders* they have to satisfy. Third, CRPs need *resources* to be marshalled to be effective; integrated technology applications serve as a complete and auditable system of record for all CRPs. Fourth, CRPs facilitate and establish relationships between employees. Their networks of activities and relationships require cohesion, collaboration, exchanges of information, expansion of knowledge sources and development of capabilities that include how the organisation responds to the interests of the dominant stakeholders (Eisenhardt & Martin, 2000; Teece et al., 1997; Gulati & Westphal, 1999). The complexity that arises from examining social networks is one of the larger challenges facing marketing theorists and practitioners (Collins et al., 2010). Insights into these social networks are vital to understand changes to these relationships.

This means, no one theory is sufficient to provide a lens to examine all these dimensions that also possess other diffuse characteristics. This ‘intersection’ between the three theories provides an integrative basis from which to explain relationships among multiple dimensions effectively. The ‘intersection’ could strengthen the basis from which we develop the notion of the dynamic evolution of CRM resource networks to benefit the design of CRPs.

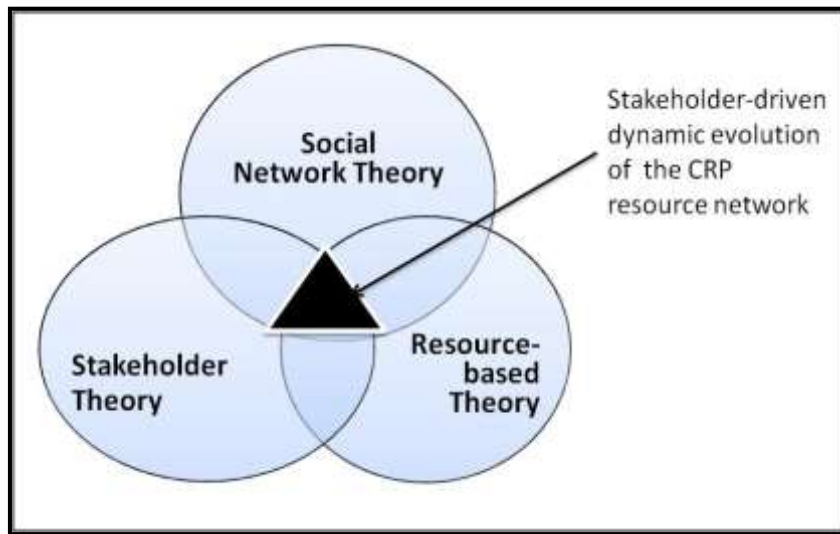


Figure 1: Theoretical locus of this study

Next, we elaborate the three theories that form the theoretical lens for this study.

Resource-based Theory (RBT)

The resource-based view of the firm is widely cited as an influential theoretical framework when relating resources to a firm's performance (Hart, 1995; Peteraf, 1993; Wernerfelt, 1984). RBT is internally focused on how firms select and manage heterogeneous resources that can lead to sustainable competitive advantage (Barney, 1996; Peteraf, 1993; Prahalad & Hamel, 1990; Teece et al., 1997). We define resources, according to Peteraf (1993), as assets and capabilities that are internal and external to an organisation. Emerging views of assets such as tangible (finance and technology), and intangible assets (such as employee competencies and organisational processes) embody concepts of organisational performance (Sveiby, 1997). Capabilities consider the notion of organisational competencies (Prahalad & Hamel 1990) and are rooted in processes and business routines.

According to Penrose (1959) and Barney (1996, 2001), organisations enjoy greater than expected returns if they have access to resources that embrace VRIN attributes, defined as valuable, rare, imperfectly inimitable and non-substitutable. If capabilities are rare and inimitable, the firms can sustain their competitive advantage by performing distinctive activities (Barney, 1991; Mata, et al., 1995). Moreover, resources that possess VRIN attributes have transient advantage over competitors; they form the basis of unique value-creating strategies and achieve competitive advantage because they cannot be easily duplicated by competing firms (Porter, 1998). Organisations that manage their resource stock to maintain their VRIN attributes are able to out-perform competitors. Thus, the control of the types of resource available, acquired, created or generated becomes a critical factor in the ability to develop transient advantage (Pfeffer & Salancik, 2003).

Rindova and Kotha (2001) introduce the term morphing to describe the continuous (re)configuration and exploitation of available resources to create transient capability

advantage. This process of continuous transformation shows fixed patterns of resource commitments to be inhibitors to strategic re-orientation (Stebbins & Braganza, 2009). Organisations achieve flexibility and deftness by transforming rather than protecting their resources. At the broadest level, morphing requires a shift from control of IT and human resources through structure and process towards opportunistic evolution and experimentation. According to Teece et al., (1997, p. 516) organisations can adapt, integrate and reconfigure their assets, resources and internal and external competencies to address rapidly changing environment.

One limitation of RBT is that it examines individual resources and capabilities; it neglects to include them as a network of interdependent resources. Moreover, much of the extant literature (Bharadwaj, 2000; Eisenhardt & Martin, 2000; Teece et al., 1997) concentrates on the resources and capabilities themselves (Ngo & O'Cass, 2012), rather than the network of relationships between the resources and other relevant organisation aspects such as human activities and skills. Hence, we supplement RBT with social network theory in order to enrich our understanding of resource relationships in CRPs, and to overcome RBT's inherent limitations.

Social Network Theory (SNT)

This theory embraces three concepts of interest. The first is relationships concerned with the interaction between resources of a social network. Each relationship forms a node in the network that, at best, may create dyadic relationships limited the two nodes. The second is the strength of inter-nodal relationships, which can range between weak and strong. The third is the nature of the tie that exists between these nodes. In open systems ties underpin the rationale for the relationship.

Seminal work by Granovetter (1973) identified network node agents as individuals or actors. We extend his definition to include processes and technology as nodes that create triadic

relationships between people, process and technology to create performance outcomes. The relationship strength and the nature of the tie remain important concepts. For instance, technology can be part of multiple processes, can be used by multiple people or can influence any part of an outcome where its own performance determines the outcome. We define the CRP resource network as being the resources and their relationships.

Adaptability of the network stems from the ability to change the relationships between CRP nodes (Granovetter, 1973; 1982). Moreover, the importance of weak ties can shape the network through the relationship strength between nodes. This is because the weak tie can form a crucial bridge between networks. Nodes within networks exhibit variable strength relationships with variable dependencies, but they can operate as a cohesive and interdependent network to generate specified outcomes.

Previous studies (see for example Chellappa & Saraf, 2002; Nelson & Matthews, 1991) have shown that organisations achieve transient advantage where they exhibit higher numbers of inter-group or sub-system strong ties and more group or sub-system very strong ties. The composition of a resource network and its ability to change not only its relationships but also its nodal constituent parts (people, process and technology) is a source of competitive advantage (Pillai, 2002). Furthermore, McPherson et al., (1992) suggest that network composition can change over time for social groups where the predominant relationship types between nodes are weak, and where relationship connections span more than the immediate group or sub-system.

In our study, we argue that changing relationship strength can alter the resource adaptability and consequently the ability of the network to change its constituent components to deliver outcomes. The strength of SNT and its underpinning analysis techniques is useful to our study. However, neither SNT nor RBT incorporate performance outcomes that can be

defined in advance. Therefore, we review stakeholder theory next, to enable us to examine resource networks that are designed to deliver specific outcomes.

Stakeholder Theory (ST)

There are several common themes running through our conceptions of resource networks. The most distinctive is the focus on stakeholders. Freeman (1984) defines a stakeholder in an organisation as any group or individual who can affect or is affected by the achievement of the organisation's objectives (Freeman, 1984, p. 46). Our definition of stakeholders includes those who have power or influence over the achievement of an organisation's objectives (Braganza & Lambert, 2000). Stakeholders are located within or outside the organisational boundaries. They can be individual employees, customers, suppliers, government departments and members of local community. This relational view of stakeholders explains how firms develop competitive advantage through inter-firm networking (Dyer & Singh, 1998).

Extant literature suggests that the power to influence or change the configuration of relationships within a resource network lies with stakeholders. Specifically, stakeholders can provide or withdraw the means (time, money, commitment etc.) for the network to change (Pfeffer & Salancik, 1978). From this perspective, we find that implicit and explicit interactions between stakeholders govern resource relationships (cf. Hill & Jones, 1992). This suggests stakeholders control the ability to use resources and to influence the relationships between resources and, therefore, determine performance outcomes (Frooman, 1999; Ross & Grace, 2012)).

There are two divergent views worth considering at this point: the classification of stakeholders according to typologies, which include a central managerial function coordinating the interests of stakeholders (cf. Hill & Jones, 1992); and the typologies that describe stakeholders who develop multi-lateral relationships in order to further their interests

without this central control function (see Freeman & Evan, 1990; Rowley, 1997). In both these views, however, the primary focus is to establish who the stakeholders are, what they seek to achieve and what strategies they adopt in order to satisfy their expectations.

Literature Synthesis: A Conceptual Model

In the discussion of the literature above and as summarised in Figure 1, we established that the locus of the study is framed by three theories. Drawing on the above literature, we delve into the central theoretical frame to derive the conceptual model, displayed in Figure 2. The conceptual model has three constructs that we argue influence the design considerations for CRPs and the continuous evolution of CRM resource networks. The three components are stakeholders, resources and social networks in the organisations' activities and relationships. Furthermore, we use this model to define the phenomenon of interest in this study, which is the evolution of CRM resource networks in CRPs and to facilitate the formulation of questions arising from the reviewed literature. We use dotted lines between the constructs, in the conceptual model, to denote the lack of academically rigorous research in the extant literature to explain continuous evolution in CRM resource networks. This study examines the relationships between the constructs in the context of CRPs. The questions we examine in the case study and the findings from the data analysis enable us to define theoretical principles to guide organisations to develop CRPs that are designed for change. These theoretical principles will allow us to expand the conceptual model.

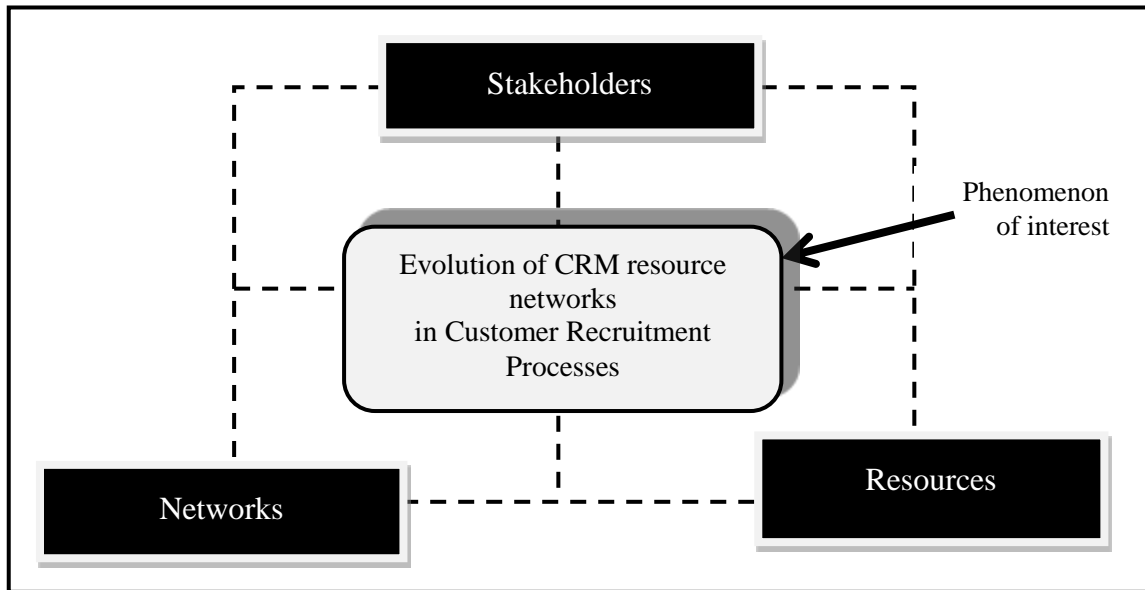


Figure 2: Conceptual model for this study
(The evolution of CRM resource networks can be influenced by Stakeholders, Resources and Networks)

Questions arising from the literature

In Table 1 we propose two questions that help us to address issues concerning the CRP.

Table 1: Questions arising from the review of the literature

Question 1:	What design considerations, in terms of stakeholders, resources and social networks, are incorporated in the evolution of a Customer Recruitment Process resource networks?
Question 2:	What is the impact on organisations where CRP resource networks are misaligned with stakeholders' expectations?

Methodology

This section describes the case study carried out on a specific CRP to address the two questions stated in Table 1 and to explain the dynamic evolution of CRP in a defined business setting. The case study was conducted in the period 2010-2011 over 10-months with First Legal Services (FLS) a leading firm of solicitors located in the London, United Kingdom. “FLS” is a pseudonym as the organisation requested anonymity.

In the context of this paper, this case study allows the authors to investigate the phenomenon of multi-dimensional CRP. Yin (2008) describes cases containing more than one sub-unit of analysis and multiple sources of information as embedded cases. Darke et al., (1998) suggest that single cases provide for in-depth investigation and rich description compared to multiple case-designs that allow literal or theoretical replication and cross-case comparison. Previous CRM research studies that have applied a single case study include Thomas & Sullivan (2005), Plakoyiannaki, (2005) and Voss & Voss (1997). We follow these scholars by collecting data in a single organisation, from multiple sources of evidence, over time.

This case study approach allows for qualitative, rich primary data to be gathered from semi-structured interviews providing multiple sources of information which can be triangulated with other information sources such as FLS reports, documents and project plans.

Our intention was to gather qualitative data to ensure that the two questions in Table 1 would be addressed (cf. Cavaye, 1996). To overcome the limitation of generalizability associated with qualitative case studies (Eisenhardt, 1989; Yin 1989, p.21), we applied an embedded approach (Yin, 2008) with theoretical sampling rather than statistical sampling (Eisenhardt, 1989). An embedded case study has multiple dimensions that are contained (or embedded) with a unit of analysis (Dittrich, 2006; Eisenhardt, 1989; Guha et al., 1997).

An initial interview was conducted with a senior partner of FLS to ensure the case study met ethical approval and we gained permissions such as confidentiality in data gathering and

distribution of information (Robson, 2011; Rubin & Rubin, 1995). FLS forms a suitable case study because it meets three theoretical criteria (Eisenhardt, 1989): One, FLS has functional structures such as Senior Partner, Client Liaison, Client Accounts, Client Reporting and Technologists all of whom play a role in FLS's client acquisition activities and therefore, the process is cross-functional within the organisational context (Cavaye, 1996). Two, FLS has multi-lateral relationships with its stakeholders and these stakeholders are able to influence resource allocation and impact resources interdependencies. Three, prior to this case study, FLS reconfigured the resources in its CRPs; these resources included but were not limited to CRM systems, people and processes that spanned the business and practice groups (cf. Teece et al., 1997; Eisenhardt & Martin, 2000; Rindova & Kotha, 2001). FLS's prior changes to their CRPs enabled us to gather data about actual learned experiences affecting resources and stakeholders (Freeman, 1984; Rowley, 1997; Frooman, 1999).

We expand on four phases that defined the methodology. These are case study design, data sample, data collection and data analysis.

Case Study Design

We chose an embedded qualitative case study design (Yin, 2003, pp. 42-45) within one unit of analysis. FLS is the organisational case setting and embedded within this case is their customer recruitment process resource network. The data set derived from interviews and other sources to address the two questions in Table 1 provide rich sources of information and this further supports the embedded case study approach (Yin, 2003, 2008).

An interpretive stance is the basis from which we gathered qualitative data and explored social processes of CRM through semi-structured interviews conducted with individuals and focus groups identified within FLS (cf. Lincoln & Guba, 2000; Myers & Newman, 2006, Trauth, 2001). In Table 2 we summarise the case study design.

Table 2: Case Study Design

Case Study Elements	Summary
[1] The Case:	Customer Recruitment Process in First Legal Services (FLS)
[2] Phenomenon of Interest:	Dynamic evolution of the CRP resource network
[3] Role of Researchers:	Data collection, data analysis and interpretation of empirical evidence
[4] Individuals and Focus Groups:	Senior Management teams, Practice Groups, Subject Matter Experts, Technologists and Auditors
[5] Case Study Approach and Data Sources:	<ul style="list-style-type: none"> - Ontological basis, study of FLS within its real life settings and contexts - Interviews with individuals and focus groups based on the selection of their knowledge about their firm, FLS CRP initiatives on CRP and the underlying reasons for the initiatives
[6] Data Collection:	Inductive data collection with case study questions
[7] Unit and Sub-units of Analysis:	<p>The CRP resource networks</p> <ul style="list-style-type: none"> [a] Changes identified from the CRP of FLS [b] Impact of CRP resource configurations on stakeholders
[8] Sampling Parameters: (based on interview questions)	<p>What does the FLS CRP look like?</p> <p>What changed?</p> <p>How did it change?</p>

[9] Interpretations:	Definition of empirical concepts and phenomena that emerged from the empirical evidence
[10] Specification of Results:	Validation of the two questions guiding the case study through interpretations of empirical evidence

Data Sample

This second phase defined the data set. Working with the FLS Chief Operating Officer we identified and then selected individuals with direct control over resources engaged in the CRP. The data set comprised seven individuals from each of the focus groups, which also represented the key functions in the FLS organisational structure. Data was collected according to budget and time constraints (Saunders, 2000), and focused on the expertise of the seven individuals to explain the phenomenon of interest to this study. In the lines of inquiry, the seven individuals represented multiple perceptions of different FLS functional departments and multiple data sources of the FLS CRP (Patton, 1999; Yin, 2008). The use of smaller sample sizes to provide theoretical insights has been demonstrated in earlier studies published (Crowther & Donlan, 2011). Triangulation was achieved by combining these data sources with independent reports and other written documents such as FLS's strategic plans; by conducting discussions with FLS function groups to consolidate the data gathered and the researcher's interpretations of those triangulations (cf. Healy & Perry, 2000).

Data Collection

This third phase expands the data collection method and data collection process in the investigation of the FLS CRP. We used inductive data collection techniques consisting of semi-structured qualitative interviews using broad conceptual guidelines developed from the literatures (such as: Miles & Huberman, 1994; Myers & Newman, 1995, 2007). The purpose of the interviews was to explore the design considerations FLS applied CRM and how its employees made changes to their behaviour in response to external stimuli such as, keeping customer networks and stakeholders satisfied.

With guidance from FLS's senior managers we selected twenty employees with different levels of experience, knowledge and functions. As it is impractical to conduct semi

structured interviews and collect data from all employees, we ensured a cross section of employees, which included (number of interviewees in parentheses): Accounts (2), Client Liaison (5), Client Reporting (4), Technology (4) and Subject Matter Experts Practice (5). Following the qualitative interviews, we conducted confidential small group discussions with representatives from different functional departments. These discussions refined our understanding and ensured the case study questions were addressed. Prior to conducting the interviews we developed a semi-structured interview guide (Yin, 2003) which framed issues of relevance to the data gathered from pre-determined questions and themes.

Additional data was obtained, for the purposes of triangulation, from two other sources: (a) FLS annual reports, performance data and strategic briefings provided data about its operations, scope of its customers and strategy. (b) Identified internal stakeholders directly affected by the FLS business process were included in the semi-structured interviews. Notes from these interviews were kept as supplementary material.

The interview style was based on concepts from Myers & Newman (2007, p. 11) that draw attention to the importance of social interaction between interviewer and interviewee. This style has some similarities with the 'focused interviews' mentioned in Yin (1994, p. 84). Furthermore, our interview guide helped to promote a consistent approach in a series of individual interviews and to reduce researcher bias (Saunders, 2000). All interviews and discussions were taped and transcribed. Interviewees checked the interview transcripts for accuracy and final confirmation. As a follow up to semi-structured interviews, we conducted small group discussions with nominated members of each FLS functional departments. The identification of the nominated members was based on a snowballing technique and considered that the CRP in FLS involved all business functions (Knox et al., 2003). These discussions helped to obtain a further clarity of interview data: (a) contentious comments from transcripts were resolved; (b) clarifications were obtained on evolving perceptions about

the dynamic evolution of the CRP and (c) key terms used extensively by the interview participants were explicated.

Data Analysis

This fourth phase of the methodology is the inductive data analysis performed on the qualitative data collected from the semi-structured interviews. The data analysis exercise began with reflection on the questionnaire against the interview transcripts to scrutinise the underpinning issues, to deepen our understanding of the evidence presented and their relevance. We developed criteria from which to build empirically determined responses that explain cumulative interview responses – the raw case evidence. These criteria embrace categorises of concepts and themes to provide the structure for focusing the explications, and highlighting their replicable aspects located in the case evidence (cf. Miles and Huberman, 1994). Moreover, these criteria increase the chances of arriving at defensible conclusions of the case study that also allow us to address the two questions arising from reviewed literatures. Five data analysis steps were applied successively, as follows:

- | | |
|-----------------------------|---|
| Step 1-Reflection: | Initial analysis of the questionnaire against interview transcripts (cumulative interview responses), underpinning issues and data reduction. |
| Step 2-Data Preparation: | Definition of a data range specifying categorises matching the questions asked to the cumulative interview responses. |
| Step 3-Concept Development: | Identification of concepts and themes fitting the defined categories across the questions and cumulative interview responses. |
| Step 4- Relative Frequency: | Identification of replicable aspects and occurrences |

located in the cumulative interview responses.

Step 5-Case Study Closure and Interpretations, based on concepts and themes in the
Conclusions: evidence.

The concepts of open coding (Miles & Huberman, 1994) aided reflection (Step 1) to achieve data reduction to a level where underpinning issues in the interview transcripts could be defined without losing the content relevant to the questionnaire and responses provided by the interviewees. Throughout the reflection process we looked for elements in the qualitative data that explained the essence of the intersection of the three theories applied and remained open to new insights about how best to explain the use of these theories, corroborated by the evidence.

The results were analysable content of a data range specifying categories (Step 2) reflecting how the data was collected using the questionnaire. The categories included: the design of CRPs and the CRP resource network and configurations. Concepts and themes (Step 3) derived inductively from the case evidence focused on the types of changes in the resources allied to a set of expectations such as: adaptations for enhancement of customer-facing strategies and operational efficiency. With defined categories, concepts and themes, replicable aspects and occurrences (Step 4) were then explored. The substance of defined concepts and themes represent relevance of using the three qualitative theories, and evidence for validity that we discovered when the results consistently showed could be associated with replicable aspects underpinning the theories. Replicable aspects that showed at least 50% to 60% frequency of occurrence in the cumulative interview responses were selected.

In Table 3 we provide an example of how the data was analysed from the interview transcripts to the empirical context of derived results and conclusions.

Table 3: Sample Interview Data Analysis

Data Analysis Steps	Scope of Analysis	Data	Interpretations from data analysis	
			Key issues identified in analysed data	Problem-solving constructs
Step 1- Reflection:	<ul style="list-style-type: none"> - Initial analysis of the questionnaire (against interview transcripts, cumulative interview responses, underpinning issues) - Data reduction 	Qualitative interview data	<ul style="list-style-type: none"> - Operating cost of administering each CRM technology layer is a management overhead. - Reduction of technology layers and operating cost overheads - <u>Sample interview citations:</u> *This joint activity leads to improving total cost of ownership for the assets. * The new CRP also improves profitability as costs are seen to reduce (and is) justified through the financial rationale for allocating operating costs over a greater network of resources. 	<ul style="list-style-type: none"> - FLS cost operating reductions - Effective CRP and technology resource base - Reconfiguring resource structures for performance - Resource networks being adapted to satisfy specific stakeholders expectations
Step 2-Data preparation:	<ul style="list-style-type: none"> - Definition of a data range from data reduction of cumulative interview responses - Specify categories matching the questions asked to the cumulative interview responses 	<ul style="list-style-type: none"> - Qualitative sorted interview data - Data categories: *FLS functions *FLS resource structures *FLS stakeholder issues *FLS networks *Change events 	<ul style="list-style-type: none"> - Reconfiguring resource structures - Understand and define relationships in the context of CRP 	<ul style="list-style-type: none"> - Expanded explanation of FLS CRP - Definition of resource configuration patterns around FLS networks - The relationships, and triggers for change (events)
Step 3-Concept development:	<ul style="list-style-type: none"> - Identification of concepts and themes fitting defined categories 	<ul style="list-style-type: none"> - Defined categories - Defined concepts - Defined themes 	<ul style="list-style-type: none"> - 5 concepts defined for FLS functions, resources and stakeholder issues - 13 subcategories re used to identify internal trigger events and external trigger events 	<ul style="list-style-type: none"> - Reconfiguring resource pattern changes

Step 4- Relative frequency:	<ul style="list-style-type: none"> - Identification of replicable aspects and occurrences located in the cumulative interview responses. 	<ul style="list-style-type: none"> - Defined categories - Qualitative concepts/theme across categories 	<ul style="list-style-type: none"> - Most frequently occurring themes in categories: <ul style="list-style-type: none"> *Scale of Capability (9 events) *Process/Process Capability (12 events) * Efficiency of current CRP (10 events) *Trigger events (37 events) 	<ul style="list-style-type: none"> - Reconfiguring resource structures occurred for these reasons
Step 5-Case study closure and conclusions:	<ul style="list-style-type: none"> - Interpretations, based on concepts and themes in the evidence. 	<ul style="list-style-type: none"> - Qualitative empirical evidence located data analysis results 	<ul style="list-style-type: none"> - Need for FLS to exceed clients' expectations - Recognising the need for adaptability when expectations change or new expectations are introduced 	<ul style="list-style-type: none"> - Redesign of selected CRP (by FLS's senior partners and, marketing and technology teams - Referential integrity selected as key design criteria (ensuring information reaches the right legal expert who can provide the right advice at the right time to new and existing customers)
		<u>Conclusions:</u> <ul style="list-style-type: none"> - Design of CRP - FLS business practices regarding stakeholders - FLS technology and resource usage 	<ul style="list-style-type: none"> - The design of CRP - The CRP design approach - Stakeholder expectations - FLS technology and information flow 	<ul style="list-style-type: none"> - Integrative design of CRP with resources - Flexibility in networks - Resource usage and performance - Stakeholder networks to be defined

Findings and Discussion

In this section we describe the findings to address the two questions in Table 1. The findings are akin to case study closure and conclusions (Step 5).

Question 1: What design considerations, in terms of stakeholders, resources and social networks, are incorporated in the evolution of a Customer Recruitment Process resource network?

The Senior Partner who contributes to the strategic direction of FLS, through direct intervention and management, considered its customer base as a crucial aspect of the business. Customers are defined as any external party FLS engages with on contractual and legal issues. He described the FLS CRP as:

“...probably the biggest link we have to the outside world and the biggest one where we’ve had to reorganise in the last few years.

According to a Practice Speciality Manager, the organisation recognised that the CRP was not fit for purpose as it was unable to keep up with changing stakeholders’ expectations.

“(The CRP) was never 100% consistent of course because clients change all the time... And of course that means we have to react ... I think in the background we always knew this would have to change... And that’s important because we started getting clever about how much it was costing us to actually take on client business as well as understand how much (income) was being generated”

Our empirical evidence shows that FLS CRP was treated as part of the business process primarily to determine and focus on customers. The original FLS CRP emerged from the

organisation's need to manage clients on a consistent basis. The processes and underpinning systems were developed to a set of internal requirements that built in standardisation and required significant manual intervention. Over time, the CRP constrained activities that people performed to provide clients with effective services and advice because FLS employees did not have the right information at the right time. Concurrently, clients' expectations were changing and the organisation had difficulties delivering to these expectations. This was highlighted by FLS's Information Architect:

“The problem we have is that we have 10 year old data structures which do not support the level of details the CEO wants to support the decision making for better services to clients.”

With respect to ST, both CRP and CRM should be designed to provide the organisation with long-run value of potential and current customers. From a RBT view, CRM systems provide automated applications of accurate customer records such as accounts and keeping track of relationships. Much of this information becomes a source of problem solving or to support decision-making that is related to particular, situated problems with particular stakeholders.

FLS's senior partners together with the marketing and technology teams redesigned client recruitment processes. Their approach was based on exceeding clients' expectations as well as recognising the need for adaptability when expectations changed or new expectations were introduced. One of the key design criteria was referential integrity – which is ensuring, for new and existing customers, the right information reaches the right legal expert who can provide the right advice at the right time. A breakdown in referential integrity has significant adverse outcomes: customers could be given the wrong advice by a solicitor who was not the expert in the field. This had led to customer complaints and incorrect bills being sent which

were then disputed by customers. A partner recounts the organisation's response to clients' complaints:

“When stuff goes pear-baloney-who-ha what do we do? We bloody well fix it is what we do. We'll rejig lines of business, move subject matter experts about, re-cut portfolios to bite size chunks and glue back the business process.”

The changes were to enable customer recruitment and on-going business activities to become seamless. There is trade-off between stopping the work being done to service the needs of existing customers and finding out about and responding to a new customer. Hence, the speed at which new customers are put in touch with the right expert is a critical design factor. The Senior Partner indicated that FLS's business strategy changed in order to be commercial and competitive:

“...it's very important to engage best strategies for effectively convincing new customers and improving marketing campaigns... this provides us the opportunity to garner different types of customers and improve the relationships we have with existing customers at a more detailed, contextual level”.

FLS's CRP network resources are embedded in the concepts of *deliberate design* for *adaptability* to environment changes. For FLS, providing a high service quality to existing customers needs attention at process level. However, design for adaptability has been shown to bring unstable processes with unpredictable outcomes because resource adaptations often lag behind environmental changes (Teece et al., 1997). To overcome this, the CRP requires a cross-functional approach that includes IT and marketing.

FLS needs to pay attention to SNT in its design of CRP and CRM. SNT indicates collaboration agreements between individuals or actors and cross-functional departments. Collaboration is important for sharing technology and expertise. If FLS designed its technology to be shared it can adopt an exploitation strategy aimed at strengthening and increasing basic knowledge of established technologies, technology capabilities and products (cf. Dittrich, 2006; Granovetter, 1973). FLS can broaden its knowledge sourcing within its departments. This is more akin to weak ties in social network theory (Granovetter, 1973) in that they provide superior access to broader contact networks than do strong ties, which provide more redundant information.

Galbraith's (2002) customer focused or customer-centric designs in organisations highlights an example of a deliberate design approach. If a company implements this design approach it engages continual transformations of basic classifications of the CRP, customer concepts and definitions to present cumulatively planned evolutionary changes and unanticipated changes. The CRP is shaped based on building capabilities that enable growth and learning experiences (cf. Hanseth & Lyytinen, 2010; Sorenson, 2003), as the CRM technologies that support the CRP are constantly changing.

Question 2: What is the impact on organisations where CRP resource networks are misaligned with stakeholders' expectations?

Customer and stakeholder relationships are valuable resources for all organisations. In the intersection of the three theories SNT, ST and RBT (Figure 1) stakeholder relationships may not be implicit. However, the underpinning assumption is that organisations mobilise stakeholder relationships, knowledge and resources so that they form a coherent whole to

achieve the dynamic evolution of the CRP resource network. The Senior Partner indicated that, the competitive and dynamic evolution of the CRP resource network is important:

“...at FLS our CRP is aimed at reinforcing and enlarging our companies’ market positioning. With stakeholders such as the senior management team it is our mission to strengthen this relationship – we try to invest accountability and responsibility to meet stakeholder expectations and protect the company’s reputation...”

...I have always remind our CRM and CRP designers – ask yourselves how you can generate CRP resource configurations that promote continued growth for us as a firm, and to deliver value to our stakeholders...”

FLS recognised that their poorly designed CRP increased their costs which led to a level of competitive disadvantage. According to the Finance Director:

“The operating cost of administering each CRM technology layer is a management overhead. By joining our technology layers together, operating cost overheads become amortised over a greater resource base. This join activity leads to improving total cost of ownership for the assets. (The new CRP) also improves profitability as costs are seen to reduce (and is) justified through the financial rationale for allocating operating costs over a greater network of resources.”

CRP resource configurations are aligned in both principle and practice to meet stakeholders’ expectations. ST tells us that resource allocation is subject to the power of individuals who exercise control over resources (Pfeffer & Salancik, 1978). Our findings have shown that the senior management team as a key internal FLS stakeholder was part of the CRP resource

network. The senior management team could participate in the configuration of the CRP, design changes and investment decisions in CRM technologies. According to the Head of the Audit Team, senior managers exercised their influence over the CRP because it reflected on the organisation's performance:

“(A) successful customer recruitment process generates revenues. FLS calculate efficiency using the measure of profitability margin. This is an FLS internal figure calculated based on revenues, specific operating costs and contribution of business units to profit. ”

Stakeholder expectations must be included in the requirements and CRP configuration stages before design work begins. This is based on shared and enhanced knowledge, common interests and shared experiences toward common goals. All project implementations of the CRP and CRM technologies would then be measured to determine how the results meet stakeholder expectations. However, our findings have shown that many of the decisions about CRP configuration and design preferences can be biased and misleading. For example, information about measures of stakeholder expectations in project implementations were not included in the FLS documents that we reviewed such as financial reports and performance data. Without measurement, the impact of CRP resource configurations on stakeholder expectations would rest on agreements between the parties. The FLS Senior Partner added:

“...yes, occasionally - with our key stakeholders we have misaligned expectations. But, we try to have a better basis for negotiation... we can only balance different stakeholder expectations in a best possible way in terms of adopting practices that deliver to value to the stakeholders...”

A commonly cited concept to determine impact on stakeholders is value to the customer or stakeholder and for the business (Porter, 1996). The concept is widely adopted in CRM and marketing literatures (such as Payne & Frow, 2005; Plakoyiannaki, 2005; Ravald & Gronroos, 1996). However, impact will have to take into account a trade-off between perceived and actual benefits received by stakeholders'. Relationship value, which can include effective communication between a firm and stakeholders, participation in strategic meetings, trust to reach mutual agreement and social benefits are important to address impact on stakeholders (Ravald & Gronroos, 1996).

Contributions and Implications for Practice

This study addresses the problem that CRPs are designed for stability, whereas they should be designed to be adaptable to continual change in a given environment. As CRM resource networks and CRPs continue to be debated widely as potential solutions to complex customer issues (Baron & Harris, 2008; Harrigan, et al, 2011; Hussain, et al., 2009) this paper makes theoretical and practical contributions to field of Marketing.

The theoretical contribution of this paper, based on the case study findings and an extensive review of the literature is illustrated in the expanded conceptual model in Figure 3. This expanded model has seven empirically derived principles that elaborate the influences of stakeholders, networks and resources upon the evolution of CRM resource networks in CRPs. These principles have important implications for practice. For instance, when designing CRPs and CRM resource networks, organisations need to pay careful attention to a multi-layered approach to address issues influenced by stakeholders, social networks and resources (Álvarez et al., 2010). Our case findings indicate two examples of this approach that FLS needed to address, namely reconfiguring resource structures for performance and adapting flexibility in resource networks to satisfy specific stakeholders' expectations (see Table 3).

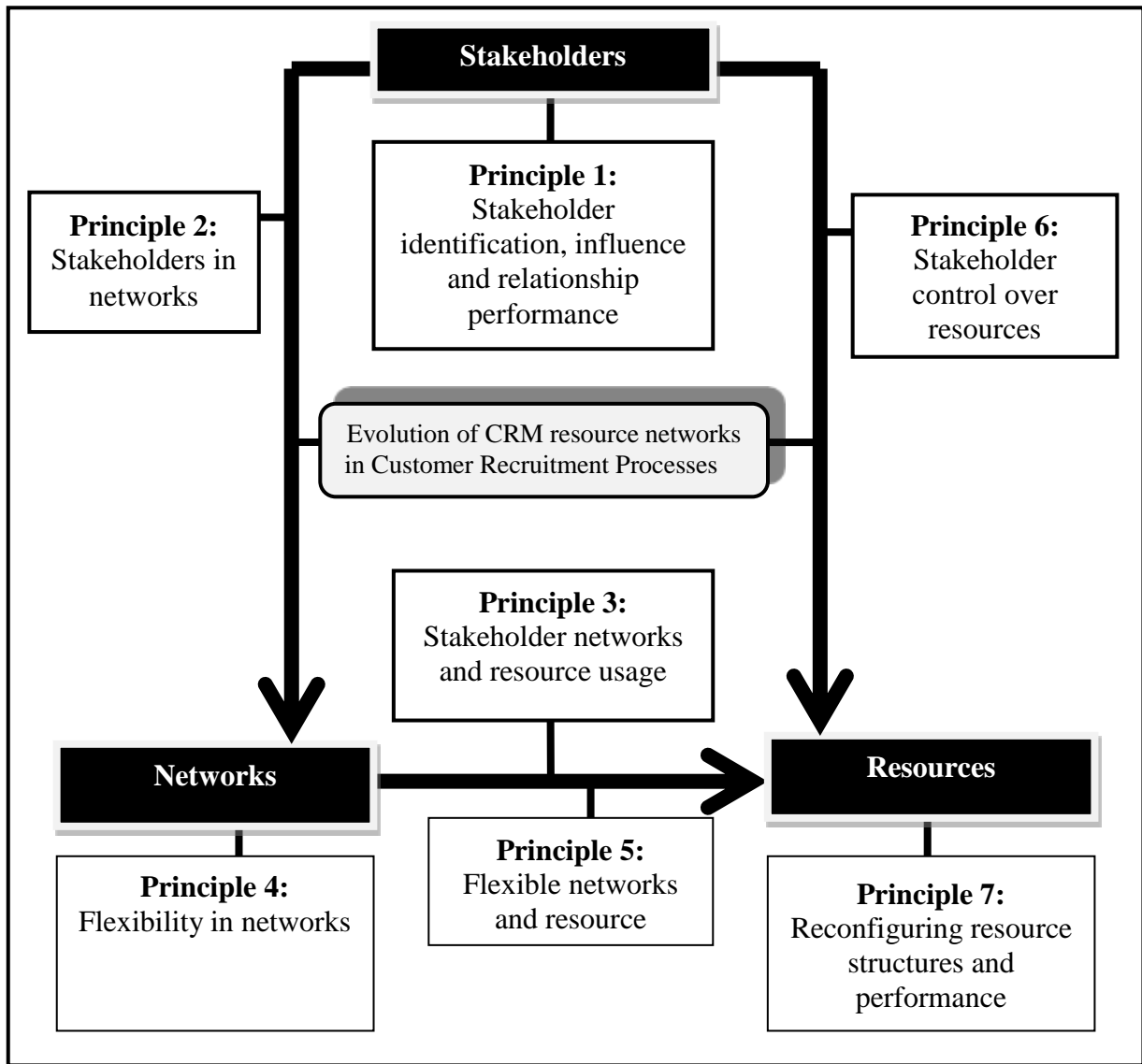


Figure 3: Expanded Conceptual Model

In addition to deriving the principles in the expanded conceptual model, we carried out an extensive review of the literature covering a forty two year period (1970- 2012). We were able to establish that the seven principles we identified support the design of CRPs are capable of continual change in response to environmental turbulence. The seven principles are summarised in Table 4 and, we have adapted the literature outline provided by Melville (2010) to relate our contribution to existing theory.

For ST, six references mention three defined principles, which are stakeholder identification (Freeman, 1984), influence and relationship performance, stakeholders in networks (Dyer & Singh, 1998) and, stakeholders' networks and resource usage (Freeman & Evans, 1990; Frooman, 1997; Hill & Jones, 1992; Rowley, 1997). In the case of SNT there are six references citing flexibility in networks (Granovetter, 1973), flexible networks (Nelson & Mathews, 1991; Tichy et al., 1979) and resource performance principles (Jenssen & Koenig, 2002; McPherson et al., 1992; Pillai, 2006). Four references cover the RBT principles, namely stakeholder control over resources and reconfiguring resource structures and performance (Eisenhardt, 1984; Pfeffer & Salancik, 1978; Rindova & Kotha, 2001; Teece et al., 1997). Moreover, our contribution is located in the conceptual space defined by the intersection of the three theories depicted in Figure 1. The intersection of the three theories has been applied to understand the design of CRPs that change dynamically to meet the stakeholders' expectations (Theron et al., 2008). This aspect of design supports Galbraith's (2002) customer-centric designs in organisations.

The theoretical principles established in this study explain the design of CRP and CRM resource networks for customers, given certain types of uncertainties that can include changes in stakeholders, customer demographics and knowledge. We support Jarratt & Katsikeas (2009) argument that there is a lack of knowledge regarding how to design of CRPs and CRM resource networks with multidimensional elements that

Table 4: Summary of Resource Network Interdependence based on developments in ST, SNT and RBT

YEARS					
	1970 to 1979	1980 to 1989	1990 to 1999	2000 to 2012	Total
Theory and Principles					
[1] Stakeholder Theory					
1. Stakeholder identification, influence and relationship performance		1	2		3
2. Stakeholders in networks				2	2
3. Stakeholders networks and resource usage				1	1
[2] Social Network Theory					
4. Flexibility in networks	2		1		3
5. Flexible networks and resource performance			1	2	3
[3] Resource Based Theory					
6. Stakeholder control over resources	1	1			2
7. Reconfiguring resource structures and performance			1	1	2
Total					14

require integration and alignment through deriving new business needs from customers, business functions, processes and systems (Chan & Reich, 2007; Luftman & Brier, 1999). Design theories exist in other fields such as Information Systems (Hanseth & Lyytinen, 2010; Hevner et al., 2004; Markus et al., 2002), however, many of these design theories are unclear about epistemological assumptions underpinning the research and design processes. The three theories contribute important insights into CRPs and CRM design issues. This study has taken on the combined strengths of three theoretical perspectives that are deeply embedded in the design of CRP and CRM. A study based upon the theoretical assumptions of any one theory would have omitted important CRP and CRM design issues.

This study has implications for practices in organisations reflected in the theoretical criteria that frame this study: organisations that have functional structures with different roles involved in CRPs, various stakeholders' relationships and stakeholders that can influence resource allocation and interdependencies and that are changing their CRP. These implications are rooted in theory and provide practical directions organisations can take, based upon the Principles set out in Figure 3 and Table 4:

- Drawing on Principle 1 (Stakeholder identification, influence and relationship performance), managers should identify stakeholders who have power or influence over the success of the organisation. These stakeholders need to be segmented in terms of the level of power and influence they have over the organisation's current and future performance, and resources. Drawing on Principle 6, where stakeholders have control over resources, they are able to design flexibility and effectiveness into the CRP and technology systems. Stakeholders that do not have control over resources have to negotiate over the use of resources and their deployment. These negotiations can create rigidities due to delays caused by internal politics, power, employee resistance and poor decision making.

- Drawing on Principle 2 (Stakeholder in networks), managers need to recognise that stakeholders are not isolated. They have networks which are both within and extend beyond the CRP. They are therefore able to influence not only the internal environment of the CRP but also external factors that might impinge on the CRP. When combined with the issue of influence and power (Principle 1) stakeholders can use their social network for positive and/or negative ends. Drawing upon Principles 4 and 5, the extent to which stakeholder that have strong social networks are willing to use their networks to the benefit of the CRP will lead to greater flexibility in the CRP network and in relationships between resources.
- Drawing on Principle 3 (Stakeholder networks and resource usage), stakeholders that have access to critical resources and are able to control these resources in terms of their usage and, allocation will have considerable impact on the performance of the CRP. In particular, we argue that the rate at which CRPs evolve dynamically over time is affected by these stakeholders.
- Drawing on Principle 7 (Reconfiguring resource structures and performance), the challenge organisations face is to refresh and renew CRPs. This requires resources to be reconfigured and changed. Our work suggests that these changes need to be considered in terms of stakeholders and their expectations. As stakeholders and their expectations change so too resources in the CRP need to be reconfigured. The longer term performance improvements are achieved by ensuring CRPs change proactively in response to stakeholders' expectations.

Conclusions, Future Research and Limitations

This paper takes a critical look at customer recruitment processes, which are a subset of CRM systems. We argue that these processes and systems are designed for stable environments;

however, organisations face turbulent and, sometimes, hostile conditions that require changes to multiple resources to satisfy numerous stakeholders (Cravens et al., 2009). Based on a thorough review of the literature and an in-depth case study the paper contributed seven principles that form a conceptual base for designing change and adaptation into customer recruitment processes. The paper contributed to the development of knowledge by integrating three theoretical perspectives to provide insights that a single theory alone could not provide.

We asked two questions in this paper. The first question was: ‘What design considerations, in terms of stakeholders, resources and social networks, are incorporated in the evolution of a Customer Recruitment Process resource network?’ From our study, we conclude that design of both CRP and CRM must be integrative to ensure that processes and systems are seamless for effective on-going customer recruitment activities and accurate record keeping of customer details such as account information. Both FLS business practices and technology are part of the information flow component of CRP and CRM.

The second question was: ‘What is the impact on organisations where CRP resource networks are misaligned with stakeholders’ expectations?’ From our study we conclude that where resources networks and stakeholders expectations are misaligned, the extent to which CRPs can change dynamically is adversely affected. FLS senior managers need an understanding of the business from the perspectives of stakeholders, resources and social networks. The dimensions of ST, SNT and RBT such as stakeholders and internal social networks need understanding, in terms of the efficacy with which senior managers can create capabilities (Eisenhardt & Martin, 2000; Teece, et al., 1997) that stimulate individuals to develop knowledge and resources providing more novel solutions.

The paper’s key limitation is that it is based on a case study. Further studies need to be carried out in the legal sector as well as other sectors in order to elaborate the findings of this

study. Moreover, the use of three theories (ST, SNT and RBT) that are unique in their own right and highly complex poses the danger of the researchers' bias on being too selective on elements that can be combined when designing the case study research methodology. However, we have illustrated that each theoretical perspective has its own explanatory power (Weick, 1995). We applied only the "intersection" of the three theories (in Figure 1) to focus upon the design challenges. We developed an important set of principles that facilitate a much richer interpretation of elements that influence continuous evolution of CRM resource networks in organisational CRPs, and the beneficial relationships between them.

As with all research this study raises further areas for investigation. A further area for research is to understand CRP and CRM as independent subsets that will have mutual connections in business environments. Further studies on CRPs would inform us on the content confirmation of the processes in their operating environments. When we attempt to configure such processes we will gain a deeper understanding of their basic concepts such as life cycle activities, classifications of resources and calculating customer profitability (McManus & Guilding, 2008), albeit the different customer profiles that exist in organisations. CRM provides the systems solutions from which we can map relationships that business and customers depend upon to engage wider operations such as information management and sharing (Amonini et al., 2010). At present the reviewed literatures (such as Buttle, 2004; Thomas, 2001) are developing proprietary concepts of best practices, classifications of CRP and methodologies.

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