

INVESTIGATING CLIENT TOLERANCE IN THEIR RELATIONSHIPS WITH
ADVERTISING AGENCIES

Volume 2

by

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"The candidate confirms that the work submitted is his own and that appropriate credit has
been given where reference has been made to the work of others".

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Appendix A: Covering letter outlining indicative agenda for depth discussions:

Dear XXX

Thanks for your correspondence dated YYY. I have some further information for the participants which is supplementary to our previous correspondence. I enclose an indicative agenda for the meeting of ZZZ.

-To identify the **key contact points** between agency and client (representing service encounters). This should also include responses to service requests, convenience factors and core service delivery. Core service delivery includes communication that may not be direct or face-to-face.

-For the participants to imagine their contribution to the advertising process (or their colleagues) as a **flow chart** from conception to final delivery, and to consider how their outputs during the key contact points above relate to the inputs of the next stage of advertising.

-To use these contact points to stimulate discussion about **critical incidents in service quality**, and where they are most likely to occur (e.g., account management, planning media or creative). Critical incidents are any particularly satisfying or dissatisfying experiences shared by either agency or client. Participants may decide to draw upon past experiences of their current account or recall incidents on other accounts. The objective here is to develop a representative list of critical incidents that is as exhaustive as possible and that is relevant to the ad industry. I would expect to discuss about a range of incidents during the interview, although there is no constraint on numbers. For each incident, I would hope to:

- discuss how the incident is perceived: is it defined by a specific event or a series of events (perhaps including responses such as praise or problems raised),
- track the typical or actual responses to each incident,
- record the purpose of typical responses as perceived by the agency.

I need to identify the **repertoire of client responses** generally to service quality incidents.

Finally, I aim to discover the variables that are associated with **tolerance levels**, (as defined by the kinds of client responses to service quality incidents). These variables include a list derived from the literature on advertising, consumer behaviour and organisational behaviour. These include:

- (a) **competencies, or performance variables**, in terms of how differentiated the focal agency is
- (b) **environmental factors**
- (c) **personality and experience** in the relationship
- (d) beliefs about the **type** of relationship
- (e) other factors the group feels might affect tolerance levels or indeed any that might be considered not so important.

With your permission, I hope to transcribe the discussions, and so will bring along a tape recorder. If any of the participants object to being taped, or need clarification on any aspect of this agenda, please let me know.

Sincere regards
Mark A.P. Davies

Appendix B: Research guide for the depth discussions

First two sections:

Contact points and critical Incidents.

The following questions are asked for a specific account, or alternatively other experiences (including those of colleagues, e.g. media, creative)

(1) Think of a time when, as agency/client*, you experienced a particular satisfying or dissatisfying interaction with your client/agency*. Did you¹ have some goals or ambitions concerning this? Were they met? Please describe the incident in all detail. What exactly made you feel so satisfied/dissatisfied with this particular interaction? What about your client/agency * experiencing a particularly satisfying or dissatisfying interaction with you as supplier/buyer*?

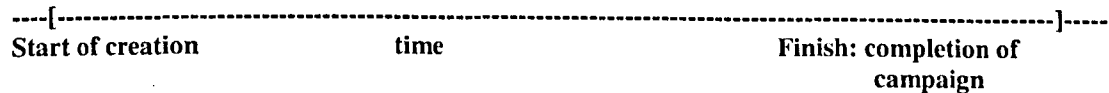
Repeat for as long as necessary with further incidents as described above²

(2) Think of a time when you felt their expectations of you, as an agency/client*, were exceeded. What exactly made them delighted by your service?

Repeat for as long as necessary with further incidents as described above²

(3) Indicate on the activity map (shown here) at which activities these incidents take place?³

(Mark on the activity map where they occur).



critical incidents:

(4) Indicate who was involved with each of these incidents? (Titles are only required, not personal names to give some indication of how incidents were strategically grouped).

[Questions 5-8 ask about the nature of the client responses to the critical incidents. There is also a need to assess the viability of the questions. They do not necessarily need to be asked for each critical incident if there is little response, or there is clearly difficulty in answering.]

Third section: Responses

(5) How did the client/agency* register approval/ disapproval to you⁴? (Signalling or behaviour changes, e. g., terms of contract, terms of business. To whom, at what level of seniority, and how? Probe, if necessary).

Registered approval

Registered disapproval

(6) In what ways was the relationship strengthened because of the client/agency* response? (AND/ OR) In what ways was relationship weakened because of their response? Why do you say that?

(7) For each critical incident, what was the response from yourselves to the client/agency?* Was there an initial and concluding response? What did you expect to gain from this? What was the purpose behind this? How important was this in order to achieve your purpose?

(8) Did you feel satisfied in how the client/agency* reacted to the problem from start to finish? What was the client/agency* response? How dramatic, in your estimation, was the client/agency* response in registering approval or disapproval to the critical incident? (For example, was it overstated, fair, to be expected, or understated?)

If time, ask the following questions to improve rapport and to refine responses:

(9) Starting with minor grievances, working up to the most severe incidents, what would be typical client responses for each stage?

(10) Which of the questions were unclear or difficult to understand?

[OR Questions sometimes have different effects on respondents. Which of the questions do you believe would make most clients / agencies* feel uneasy⁵? Why do you say that?]

Footnotes:

*Applied to either agency or client.

¹ If it is sensed that the respondent is reluctant to disclose information that may appear socially embarrassing, an everyday approach is advisable. This can desensitise the nature of embarrassing questions. Accordingly, the respondent may be encouraged to discuss experiences of a colleague, providing they are knowledgeable. This can help to enrich a discussion. For example, this could be applied to agencies as follows:

“As you are aware, many agencies have not always provided the kind of service their clients expect. Have you experienced this?” Equally, this could be applied to clients as follows: “As you are aware, many clients have experienced service quality problems. Have you experienced this?”

² If respondents have difficulty in discussing events, they may need some examples to reassure them they have understood the question properly. Some examples of critical incidents may be given, or a list offered to stimulate discussion. This may also be necessary to reduce the prospect of misinterpreting the concept of critical incidents.

³ This derives the strategic significance of the incidents, i.e., for which activities most incidents occur.

⁴ It may be necessary to offer some examples of prototypical client responses. Aided recall may be offered with showing some examples.

⁵ Projective techniques were used to ensure questions appeared less threatening to respondents (in accordance with Sudman and Bradburn, 1982: 72). By aiming the question at typical agencies and clients, the questioning appears less personal and threatening.

Fourth section of research guide: Factors considered associated with tolerance

This section is designed to assess how different issues will affect levels of client tolerance when faced with service quality incidents. These issues can be considered in terms of dependencies (supplier reputation), the competitive environment, relationship experience and relationship ethos, or type of relationship required.

Tolerance levels may be measured in terms of client responses to service quality incidents. When tolerance levels are low, relationships are considered to be strained; when they are high, clients will absorb any problems in the relationship.

Do you feel some clients are more tolerant (or intolerant) of critical incidents than others? If so, why? What influences tolerance levels?

Please inform me if any of the following could influence, or be associated with, client tolerance. For each, explain how important you feel they are in that influence or association, when faced with service quality incidents:

(A) Competencies of supplier, (i.e., within the control of the agency) based on your perceptions or reputation (if no experience):

Assuming **all** agencies bear the following characteristics*, how important do you feel the following features of suppliers are in affecting the level of tolerance (or intolerance**) exhibited by the client:

(* This assumption reduces tendency for evaluating tolerance levels on basis of frequency or likelihood of characteristic existing for agencies. If it was based on probability of occurrence, some issues might be wrongly classified as unimportant yet be present (and possibly important) in the focal agency. For example, not all agencies will hold a reputation for international advertising, but it might be considered very important by most respondents).

(**that would influence their behaviour above or below an expected level of tolerance for an 'average' client)

For each feature, consider direction of tolerance, if important.

The integrity (in offering advice and sound judgements) by the account team

The reputation for creative talent, measured by the ability to win Effectiveness awards

The reputation for an intensive research culture

(This includes both creative and evaluative research. Evidence of creative research may be present through proprietorial models or number of creative teams.)

(i) Reputation for using proprietorial models

(ii) Accessibility to several creative teams

(iii) Reputation for offering series of creative proposals

Ability to offer international campaigns of quality:

(i) through knowledge of media coverage (but re: internet)

(ii) through knowledge of local market

Accreditation to an independent quality standard

Perceptions of stability of account teams

Ability to offer evidence of intensity of effort spent on account

Offering constant information on account status (work-in-progress via documentation or other means)

Perceptions of strength in strategic thinking

(B) Environmental variables

When the client is faced with the following features of the environment in its market coinciding with service quality incidents, how will they affect the level of tolerance (or intolerance) exhibited by the client?

(Note: the follow-up survey will then rate client beliefs that these features of the marketing environment exist in their focal relationships).

The degree of discretion offered to clients in choosing how to deal with relationships

If/ when prospects for the market are considered bleak and /or uncertain

If/ when the market is faced with severe competition

If/ when the product has limited appeal, based on intrinsic interest and potential differentiation for attracting customers

When there is general involvement with changing marketing strategies

(C) Relationship personality and experience

During service quality incidents, do the following features influence the level of tolerance (or intolerance) exhibited by the client in the relationship?

When there is growing pressure to achieve results

When there is broader experience in the relationship

(i) At least one member of the account team held a prior relationship with agency in another organisation

(ii) At least one member of the client account team held a previous relationship with the agency

(iii) The overall experience of the client in dealing with advertising agencies in general

(iv) The overall experience of the agency in dealing with clients in general

The level of experience in dealing with a similar strategic option (i.e., market development, new product development or diversification)

The length of the client relationship with the agency

(D) General beliefs about client-agency relationships

This assumes we can segment clients on the basis of their organisational culture, reflected in their expectations and desires of a relationship type or ethos. Some clients might look forward to long term relationships with agencies, whereas others will be less enthusiastic and more cavalier in their business dealings.

Assuming the client holds the following set of beliefs about relationships (or type of relationship required), how important do you feel they might affect the level of tolerance (or intolerance) exhibited by the client, when faced with service quality incidents?

The client holds a preference towards investing in exclusive contracts with agencies (as solus accounts):

[For example, the client may believe there are synergies in exclusive contracts, negotiating power, family branding of multibrand accounts, or centralised decision-making]

The client feels there is a compelling need to like the account team of the agency

The client holds a preference towards long term relationships

The client feels there is a need for compatible working styles in relationships

The client holds a preference for much informality in relationships

(E) Investments

The relative level of investment in the relationship

Prior relationships with focal agency

Actual length of relationship

Numbers of suppliers, including if/ when the number of alternative qualifying suppliers is low

Other performance variables added from depth interviews:

Proactivity

Interpretation of briefing

Empathy to changes in creative work

Appendix C: List of respondents interviewed, with dates

Date	Client	Titles of respondents	Venue	Time
22/9/97	A	Head of Planning and Brand Communications	Milton Keynes	3.00-5.00 p.m.
29/9/97	B	Marketing Director, Brand Manager	Swindon	10.45-1.00p.m.
22/10/97	C	Communications Manager, Marketing Manager	Cardington	2.15-3.15 p.m.
25/9/97	D	Communications Manager	Bristol	3.00-5.00 p.m.
20/11/97	E	Group Marketing Director	Surbiton	N/A
1/10/97	F	Marketing Manager	Dudley	N/A
16/9/97	G	Brand Manager	Camberley	2.00-4.00 p.m.
24/9/97	H	Corporate Identity Manager	Cheltenham	2.00-3.30 p.m.
8/9/97	I	Advertising Manager	Aylesbury	3.00-7.30 p.m.
14/10/97	J	Brand Manager	London	4.00-5.00 p.m.
16/10/97	K	Senior Product Manager	Crawley	2.00-3.30 p.m.

Appendix C: List of respondents interviewed with dates (continued)

Date	Agency	Titles of respondents	Venue	Time
3/11/97	L	Chairman	London	4.15-5.45 p.m.
15/9/97	M	Chairman	London	11.00-12.30 p.m.
26/9/97	N	Group Account Director	London	10.30-12.00 p.m.
20/10/97	O	Managing Director	Didsbury	1.00-5.00 p.m.
12/9/ 97	P	Managing Director, Group Account Director, and Account Director	Uttoxeter	11.00-1.00 p.m.
14/10/97	Q	Client Services Director, London Media Director, Account Director		N/A
		Creative Director	London	N/A
6/10/97	R	2 Account Directors	London	10.30-12.00 p.m.
29/8/ 97	S	Deputy Chairman, Account Executive	London	10.30-12.00 p.m.
15/9/97	T	Board Account Director, London Senior Planner		3.30-4.30 p.m.
10/9/97	U	Account Director, Account Manager, P.R. Account Manager	Derby	11.00-4.00p.m.
17/9/97,	V	Managing Director	Leicester	11.00-12.30 p.m.
24/10/97,	W	Managing Director (Creative)	London	2.30-4.00 p.m.
4/2/98	X	Managing Director, Art Director	Nottingham	2.30-4.00 p.m.
27/8/97	Y	Client Services Director, London Group Account Director, Planning Director		3.30-5.00 p.m.

Appendix D: A summarised account of each client organisation

Organisation A is a high-street retail bank with a national presence, offering a range of financial services from mortgages to investments. They have recently expanded in to e-banking, offering greater transactional convenience. They frequently advertise on television and in the national press.

Organisation B is a manufacturer of butter products and cheeses, so their range of products is rather small. Due to the presence of strong branding, they believe they are able to command a price premium for their butter products. For a commodity-type producer, their advertising is recognised to be some of the most creative on the market.

Organisation C is a car accessory service provider, claiming to be the world's number one in their field. They claim to provide service any time, with lifetime guarantees. They have sponsored a Premier League football club for several years running.

Organisation D is a high-profile building society that became part of a large bank in the late nineties. Preserving their original identity, they specialise in the more important matters of mortgages, savings and investments.

Organisation E is a broadly based UK dairy food manufacturer, serving both the retail grocery trade and major food manufacturers. It manufactures strong brands in dairy spreads, cheeses and flavoured milks. Advertising has an important strategic contribution to bolster its key grocery brands and overall business performance.

Organisation F is a retail chain of DIY stores that, with rapid expansion programmes, became the subject of take-overs in the nineties.

Organisation G manufactures high specification sports equipment for golf, hockey, tennis and squash, with some impressive sports personality endorsements.

Organisation H is one of the UK's best known insurance organisations, becoming part of a major financial services group since the late nineties. Their objective is to provide value for money in buying car, home, travel, life and boat insurance, in pensions, and in savings and investment products. Their web-site boast of their marketing innovations, such as removing the need for application forms, a 24 hour claims service, and being one of the first to offer insurance on the internet. They carefully segment their insurance customers, with special terms for teachers and nurses.

Organisation I is a global life assurance society, specialising in pensions and investments.

Organisation J is a global apparel manufacturer, commonly associated with strongly branded denim jeans. Their brand success can be attributed to the creative minds of their agencies, in creating fashion statements from their ads, gaining publicity from all kinds of media.

Organisation K is a vast multinational providing for a wide range of foods and toiletry products. They boast that they are leaders in researching advertising with their own company booklets on what leads to successful advertising.

Appendix E: A summarised account of each agency organisation

Agency L is one of the UK's biggest marketing communication consultancies that aims to establish greater cost-effectiveness for its clients, with its philosophy "to deliver more value per marketing £ than any other agency option". It has extensive experience in consumer and industrial markets across a broad spectrum of industries.

Agency M is part of one of the largest networks in the world. Its agency network is highly rated on the New York stock exchange. Agency M was a top ten agency in London in 1997. At that time, it was one of the few larger agencies to be accredited with the ISO 9001 quality standard. Clients include major car manufacturers and household grocery products. Agency M offer their new clients a manual that instructs them in how they work, and how their clients can get the best out of them.

Agency N was founded about twenty years ago. Its promotional message is to make brands famous for its clients. Its philosophy is to hit the message at the right people when they are most receptive. Clients hold strong brands in apparel, spirits and cosmetics. Branches extend to USA and Singapore.

Agency O was originally started about forty years ago under a different name. Agency O is the regional office of another famous agency, part of a network of around 100 offices globally. The regional office is a purpose-built interior of a redundant church. Their philosophy is to offer accountable integrated communications to their clients and pride themselves on their creativity, with regular business gains to pitches and Area Effectiveness Awards.

Agency P is an agency based in the Midlands that has held the JCB account for many years.

Agency Q is a top twenty agency, and prides itself as a fast growing agency. It belongs to one of the largest global agency networks, with the Head Office in the New York. Quality is monitored by a client satisfaction audit based on strategic aspects of the business. It has worked for a number of brand leaders, including the fields of banking, photography, and watches.

Agency R is a relatively new agency, but with an impressive growth in billings in the late nineties. Famous clients include car manufacturers and information systems. An ambitious agency with some aggressive targets set, the focus of promotional literature is in developing strong brands.

Agency S is a large London agency. Their philosophy is to create, sustain, and grow consumer convictions that give rise to powerful brands. Their web-site shows the significant moments in the organisation's history, with the range of clients acquired for each year, boasting some of the most impressive relationships in the business. Several of their accounts that are household names are over 50 years old. It was one of the pioneers for becoming accredited with BSI for its quality assurance procedures.

Agency T is of the very few full-service agencies remaining in London with its own media department. It has enjoyed an impressive roster of clients, holding several of the top global spenders on advertising, including strong brands in restaurants, cigarettes, and soft drinks. It prides itself on a strong agency team culture.

Agency U considers itself to be one of East Midlands' ad agencies that does mainstream advertising (press, radio, television) and PR.

Agency V is a recently formed Midlands agency, priding itself on offering total marketing solutions in marketing, advertising, design and public relations. The MD has a degree in marketing and believes in an integrated approach towards solving client's communication problems. He reckons it has built long lasting relationships with clients based on mutual trust.

Agency W is a small agency in London that has one very large client (organisation G). The Managing Director is a creative person.

Agency X is a full-service agency, IPA recognised. Its motto is "Think big", associated with big ideas, but with plenty of service, promoting the flexibility of a small agency.

Agency Y is a top twenty London Agency (by billings) with a broad range of clients with strong brands in apparel, banking, cars, computer games, alcohol, holiday packages, and watches. Their Chairman has suggested that every ad speaks with its own client's tone of voice.

Appendix F: The covering letter to the questionnaire

1st November 2000

Dear Client:

How can factors influence tolerance in client-agency relationships?

I am conducting a joint research study between Leeds University and Loughborough University. This involves examining the conditions that affect your responses, as clients, in your relationships with your advertising agencies, and how underlying factors might help or hinder these relationships. I would be grateful if you could complete the attached questionnaire that will take about fifteen minutes of your time. The questions are based on numerous interviews with advertising agencies and client organisations. I intend to offer a report on the general findings of the study to interested respondents. Since I hold no affiliation to any agency or client organisation, I can offer objectivity in terms of drawing findings which can be of practical benefit to both clients and agencies.

You have my assurance that your responses will be treated confidentially, and that on no occasion will your name or organisation be disclosed to a third party.

The study will be of benefit to you in several ways. First, clients are aware that switching agencies is an expensive option. I can provide a copy of the survey results which can enable you to benchmark your own behaviour against your peers. A knowledge of peer practices can help strengthen your negotiating position with your agency and possibly reduce the harmful effects of either prolonging or terminating a relationship when alternative options are at your disposal. Second, a knowledge of factors that are associated with improved tolerance in relationships can help you assess more objectively how your agency might feel and act, increasing the predictive powers of relationship outcomes. This, in turn, can help you plan ahead more confidently with less uncertainty. Further information, either on objectives or benefits, can be supplied on request. I do hope you can spare the time to complete the enclosed questionnaire.

Please answer all the questions in relation to an advertising agency account you have had experience of within the last three years. This may or may not be your present agency but should have at least six months experience with it. It is not the intention to find out the name of the agency used, since my interest is in identifying the general patterns of behaviour that influence client agency relationships.

Please return this questionnaire by 20th November 2000 in the stamped addressed envelope to **Mark A. P. Davies, Lecturer (Marketing), Loughborough Business School, Ashby Road, Loughborough, Leicestershire LE11 3TU.** Thankyou for your assistance in this matter.

Appendix G: The questionnaire

A. Critical incidents

This questionnaire is about client-agency relationships. It starts with critical incidents, which are memorable negative or positive experiences that may seriously affect a relationship.

(1) Think of occasions during the past three years when you had particularly dissatisfying service experiences with your advertising agency. Select as many negative incidents as are appropriate that have most seriously affected your relationship by **ticking the relevant boxes from the list below**.

(1) Problems with briefing / creative teams off-brief

Agency misinterprets brief, leading to wrong brand positioning or misplaced priorities on objectives, failing to justify brand benefits

(2) Poor creative execution/finish of ad (e.g. film, print reprographics or supportive communications such as point-of-sale, direct mail or sales promotions)

(3) Administrative errors in producing ads

(e.g., wrong copy on ad, such as miss-pricing advertised products or announcing wrong date of product launch or store opening)

(4) Technical printing errors (e.g., on text or coupons)

(5) Agency blocks access to direct contact with creative teams at start of process, causing unnecessary delays and costs

(6) Misunderstanding over whose role it is to filter out unacceptable creative concepts

Agency perceives client as interfering with their expertise, whereas client feels agency is disrespectful to their business if they don't offer them more than one creative concept

(7) Failure to justify media spend (with detailed costings)

(8) Late delivery of work causing unnecessary panic in late studio bookings and late film editing (e.g., attributable to complacency or underestimation of work requiring finishing that may be close to airtime)

(9) Unresponsive notification of changes to media plan that cause embarrassment to client

Failing to inform about the volatility of events affecting air-time that require re-scheduling at short notice, (e.g., pre-emptive media spot changes by another client)

(10) Coding errors on media

(e.g., duplicated coding on several media may cause ads to appear in wrong time spot)

(11) Disputes over who pays for creative re-work, arising from unassertive account management at pre-production

Account management fails to clarify quality expectations of client (including accountability concerning changes to visuals) before authorising creative work

(12) Failing to inform client about changing role of relationship

(e.g., if part of an agency's business becomes re-aligned elsewhere, or if costs suddenly escalate)

(13) Unresponsive to special requests that might embarrass client

(e.g., failing to provide additional print-runs close to launch, or failing to deliver a video for a high-profile Board presentation)

(14) Client perceptions about being undervalued compared to other accounts

(15) Client perceptions about agency over-reacting to criticism
(e.g., rudeness, arrogance or conveying defensive behaviour, making clients feel guilty)

(16) Dishonesty arising from divided loyalties between accounts

(17) Non-disclosure or late admission to mistakes (rather than the mistake itself)

(18) Embezzlement
Purchase decision (either creative or media) is influenced by bribes, back-handers or gifts

(19) Overcharging account on invoice or bill, leading to nasty surprise:

(a) Invoicing for jobs never authorised nor covered in original quote

(b) Inconsistent billing
(e.g., for same job in different parts of the organisation or where cost for same job varies over time, despite fixed costing per hour)

(c) Significant errors on bill, (e.g., adding an extra "0" on an invoice)

(d) Incomplete invoices, insufficiently explained

(20) Client appears to be duped in presentations:

(a) Agency refusing to develop execution after showing creative proposal, leading to blunt confrontations

(b) Offering no added value to original client ideas

(21) Lack of foresight by agency to ensure third party provides expected service:

(a) Disputes over accountability for compounded errors between third parties

(b) Infuriating silence of agency to an unexpected delay
(e.g., often arises from unavailability of third party, perhaps agency fails to register it as their ultimate responsibility)

(c) Alarming lack of know-how by third parties
(e.g., client ends up training a third party representing the agency themselves)

Please explain any other types of negative critical incidents you have experienced here:

(2) Reflecting on your overall negative experiences from the incidents that you reported above, how much blame did you feel was attributable to your agency? Circle the appropriate number below.

Blame attributable to agency was	None (0%)	A little (up to 20%)	Moderate (21-40%)	Shared equally with client (41-60%)	Significant (61-80%)	Much (81- 99%)	Total (100%)
	1	2	3	4	5	6	7
.....							

(3) As a result of your **overall negative experiences**, how important was the **general response** you made, in terms of registering your disapproval / need for improvement from the agency? **Circle the appropriate number.**

Degree of importance of response	None (0%)	Minor (up to 20%)	Moderate (21-40%)	A fair bit (41-60%)	Significant (61-80%)	Major (81-99%)	Maximum feasible amount (100%)
	1	2	3	4	5	6	7

(4) How have these overall negative experiences **affected the decision to offer less business to your agency?** Circle the appropriate number.

Influence of negative incidents on less business:	By none (0%)	A little (up to 20%)	Moderately (21-40%)	A fair bit (41-60%)	Significantly (61-80%)	A lot (81-99%)	By maximum feasible amount (100%)
	1	2	3	4	5	6	7

(5) Think of occasions during the past three years when you have had particularly satisfying experiences with your advertising agency. From the list below, tick **all the positive incidents** that have most seriously affected your relationship.

- (1) **Client praise of ongoing proactive agency activity in offering additional unsolicited service, creative thinking or added value**
- (2) **Willingness of agency to accept a supportive advertising role, acknowledging the major contribution of other agencies**
- (3) **Offering additional service beyond the call of duty**
(e.g., archiving of an old photograph requiring for a past client, without charging)
- (4) **Helping client in selection of new agency** (e.g., when incumbent agency decides to resign account due to conflicts of interest with a competitive product launch)
- (5) **Proactive agency response to its mistakes**
(e.g., willingness to pay for mistakes without client prompting or sharing of costs involved)
- (6) **Offering extraordinary praise by senior management in recognition of creative work**
(e.g., in recognition of creative work designed to change the culture of the organisation)
- (7) **Client offers special gifts / awards in recognition of outstanding work over time,**
motivating agency
- (8) **Client offers new/ extended role to individuals in business relationship**
(e.g., account director was asked confidentially to take over temporary role of Product Manager for client until the incumbent was replaced)
- (9) **Client acknowledges confidence in consistent quality control of creative work.**
(e.g., all creative work might be vetted by a respected, top Creative Director)

Please explain any other types of positive critical incidents you have experienced here:

(6) Reflecting on your **overall positive experiences** from the incidents reported above, how much credit did you feel was attributable to the agency? **Circle the appropriate number.**

Credit attributable to agency was:	None (0%)	A little (up to 20%)	Moderate (21-40%)	Shared equally with client (41-60%)	Significant (61-80%)	Much (81-99%)	Total (100%)
	1	2	3	4	5	6	7

.....

(7) As a result of your overall positive experiences, how important was the general response you made, in terms of registering your approval / praise for the agency? **Circle the appropriate number.**

Degree of importance was:	None (0%)	Minor (up to 20%)	Moderate (21-40%)	A fair bit (41-60%)	Significant (61-80%)	Major (81-99%)	Maximum feasible amount (100%)
	1	2	3	4	5	6	7

.....

(8) How have these **overall positive experiences** affected the decision to offer **additional business** to the agency? **Circle the appropriate number.**

Influence of positive incidents on additional business:	By none (0%)	A little (up to 20%)	Moderately (21-40%)	A fair bit (41-60%)	Significantly (61-80%)	A lot (81-99%)	By maximum feasible amount (100%)
	1	2	3	4	5	6	7

.....

(9) Reflecting on the **overall effects of both negative and positive incidents**, indicate how this affected your trust with your agency. **Please circle the appropriate number ranging from 1 (much worse) to 7 (much better).**

	Don't know	Much worse	Significantly worse	A little worse	Neither better	A little better	Significantly better	Much better
	0	1	2	3	4	5	6	7

.....

(10) Indicate how you **generally responded** to the critical incidents you reported. What did you do, what were your intentions, and did you feel they were justified, on reflection?

B. Factors that affect tolerance

(11) The next section refers to performance factors of your agency. **Please circle the appropriate number** that best describes your level of agreement with each of the following statements, (1= totally disagree, 4 = neither agree nor disagree, 7 = totally agree). Base your answer on your **overall negative experiences** you reported earlier:

Based on my negative experiences, the agency:	Totally disagree	Mostly disagree	Tend to disagree	Neither disagree nor agree	Tend to agree	Mostly agree	Totally agree
1. Showed integrity	1	2	3	4	5	6	7
2. Was proactive in injecting fresh ideas	1	2	3	4	5	6	7
3. Correctly interpreted our briefing	1	2	3	4	5	6	7
4. Provided access to number of creative teams	1	2	3	4	5	6	7
5. Showed stable key account management	1	2	3	4	5	6	7
6. Adopted consistently thorough work processes	1	2	3	4	5	6	7
7. Showed empathy in changes to creative work	1	2	3	4	5	6	7
8. Constantly informed us of the status of the account	1	2	3	4	5	6	7
9. Displayed strength in strategic thinking	1	2	3	4	5	6	7

(12) **Please circle the appropriate number** that best describes your level of agreement with each of the following statements, (1= totally disagree, 4 = neither agree nor disagree, 7 = totally agree). Base your answer on your **overall positive experiences** you reported earlier:

Based on my positive experiences, the agency:	Totally disagree	Mostly disagree	Tend to disagree	Neither disagree nor agree	Tend to agree	Mostly agree	Totally agree
1. Showed integrity	1	2	3	4	5	6	7
2. Was proactive in injecting fresh ideas	1	2	3	4	5	6	7

Based on my positive experiences, the agency:	Totally disagree	Mostly disagree	Tend to disagree	Neither disagree nor agree	Tend to agree	Mostly agree	Totally agree
3. Correctly interpreted our briefing	1	2	3	4	5	6	7
4. Provided access to number of creative teams	1	2	3	4	5	6	7
5. Showed stable key account management	1	2	3	4	5	6	7
6. Adopted consistently thorough work processes	1	2	3	4	5	6	7
7. Showed empathy in changes to creative work	1	2	3	4	5	6	7
8. Constantly informed us of the status of the account	1	2	3	4	5	6	7
9. Displayed strength in strategic thinking	1	2	3	4	5	6	7

(13) This question refers to environmental forces. **Please circle the appropriate number** that best describes your level of agreement with each of the following statements, (1= totally disagree, 4 = neither agree nor disagree, 7 = totally agree). Base your answers on your **overall experiences** of the critical incidents you reported earlier:

Internal environmental forces

Based on my overall experience:	Totally disagree	Mostly disagree	Tend to disagree	Neither disagree nor agree	Tend to agree	Mostly agree	Totally agree
1. I <i>generally</i> had total discretion in how I chose to deal with agency relationships	1	2	3	4	5	6	7
2. A lot of effort was required in making changes to the relationship	1	2	3	4	5	6	7

External environmental forces

3. The prospects for my market were <i>generally</i> bleak	1	2	3	4	5	6	7
4. The competition in my market was <i>generally</i> severe	1	2	3	4	5	6	7
5. The product had limited potential for attracting customers	1	2	3	4	5	6	7
6. I was <i>generally</i> involved with marketing strategies that were changing	1	2	3	4	5	6	7

(14) This question refers to personality or style **within relationships generally**. Please circle the **appropriate number** that best describes your level of agreement with each statement, (1= totally disagree, 4 = neither agree nor disagree, 7 = totally agree).

When faced with a critical incident, I believe:	Totally disagree	Mostly disagree	Tend to disagree	Neither disagree	Tend to agree nor agree	Mostly agree	Totally agree
1. I tend to react more negatively towards my agency when the pressure grows to achieve results in my job	1	2	3	4	5	6	7
2. I DON'T tend to respond more quickly when under pressure from disappointing brand results	1	2	3	4	5	6	7
3. With broader experience in relationships, I am likely to react more positively towards a critical incident	1	2	3	4	5	6	7

C. General beliefs about client-agency relationships

(15) The next section refers to your **general beliefs or preferences** about what agency relationships **should be like**. Please circle the **appropriate number** that best describes your level of agreement with each of the following statements (1= totally disagree, 4 = neither agree nor disagree, 7 = totally agree).

I expect:	Totally disagree	Mostly disagree	Tend to disagree	Neither disagree	Tend to agree nor agree	Mostly agree	Totally agree
1. To deal exclusively with a single agency on an account rather than use a roster of several agencies	1	2	3	4	5	6	7
2. To like the agency contact personnel in order to forge working relationship	1	2	3	4	5	6	7
3. Long-term relationships with agencies	1	2	3	4	5	6	7
4. Compatible working style	1	2	3	4	5	6	7
5. Much informality within relationships	1	2	3	4	5	6	7

Tick the box if you want a summary of the main findings

Thank-you for your time and effort

The questionnaire above has been conducted to fit the margin requirements for PhD submission. The actual questionnaire used a larger font size.

D . Information about size and experience of business

(16) **Please tick the box** which best describes the size of your account with your agency in terms of the most recent annual billings:

- Up to £500K
- Over £500K to £1 million
- Over £1 million to £5 million
- Over £5 million to 10 million
- Above £10 million

(17) In terms of your subsidiary or strategic business unit (which may or may not include other accounts), **tick the box** that best describes the approximate proportion of your total advertising business with this agency?

- Up to a quarter over a quarter to a half over half to three quarters over three-quarters

(18) How many years experience have you had with advertising agencies in general? _____

(19) How many years experience have you had with this agency? _____

(20) How would you describe the extent of the business developed with this agency in terms of the number of brands allocated to it within your subsidiary or strategic business unit? **Tick the relevant box.**

- This agency is used for **all** brands
- This agency is used for **most major** brands
- This agency is used within a **roster** of agencies, each with an **equal size** of business for different brands
- This agency is used only for **minor** brands
- Tick the box if you want a summary of the main findings

Thank-you for your time and effort¹

¹ The questionnaire layout has been condensed to fit the margin requirements for PhD submission. The actual questionnaire used a larger font size.

Appendix H: Changes made in process refinement

1. A section of the covering letter, considered less relevant to practitioners, was removed. This included removing a section on how the question content was decided, and some background information on critical incidents. The benefits to the reader were retained because these were felt pertinent to response motivation.
2. The original activity map that would have identified where critical incidents occurred at each stage of the campaign, was deleted. Although this was a marginal decision after much thought, it was felt that this material could be extracted from alternative questions, such as the nature of the critical incidents themselves (questions 1 and 5). Since the original activity map was landscaped, it was considered too much of a luxury to retain. (An activity map is shown in Figure 5.1).
3. A forcing question on the intentions to switch was added. This replaced a broader question on the overall feelings about the nature of the relationship. Since less focussed, it was felt that some responses might involve abstract thoughts that would be difficult to classify or use in analysis. With more focus on the switching intentions, this would force respondents to discuss the consequences of their feelings.
4. The wording of several questions was tweaked, including the editing of question A1. For most critical incidents, an example was used to ensure understanding. In some cases, the examples were too wordy and needed simple editing. The opening paragraph of question 1 was also edited.
5. The ranking of the critical incidents (originally question 3 from an earlier draft) was deleted, since it was considered, on reflection, that it might be difficult to answer, and take up valuable time that could be better spent elsewhere. It was felt it would only offer a marginal contribution to the analysis, (since the focus of the study is on overall feelings or Gestalt behaviour).
6. Questions 18-19 were also amended to read better. For example, question 19 originally asked "What is the length of your relationship with this agency (in rounded years)?" This was changed to "How many years experience have you had with this agency?"
7. To ensure consistency in scaling that would facilitate analysis, enable more precise measurement, and make comparisons easier, a similar set of verbal labels were allocated to scales representing different questions, wherever possible. In addition, several sets of scales were increased from 5 response options to 7 to help discrimination between responses.
8. It was decided to present a separate section on beliefs about client-agency relationships (identified as section C). This was felt important because the questions here refer to general beliefs about relationships, rather than beliefs about the focal agency (as in sections A-B).

Appendix I: Changes arising from pre-test

<u>Question</u>	<u>Respondent</u>	<u>Amendments suggested</u>	<u>Changes made</u>
A1(1) (Jan 2000)	2 academics in Marketing from Leeds University. 1 chair, 1 lecturer.	The term “creatives” considered confusing. Suggested change to “creative teams”.	Creatives changed to “creative teams”.
A1(7)	“ “	“so breaching trust” was not considered to necessarily follow from failure to justify media spend.	“so breaching trust” was accordingly removed.
B11(3)	“ “	Effectiveness Awards should be in capitals.	Recommendation implemented (but refer to later amendment, where it is later withdrawn).
B11(5)	“ “	Spelling error flagged: “ment” should read “management”.	Corrected as suggested.
N/A	“ “	Covering letter does not indicate question can be completed quickly. One academic said he completed it in 15 minutes.	Covering letter amended as to indicate this.
A1 (Feb 2000)	1 academic of Organisational Behaviour. (Loughborough University).	Suggested respondents should be “warmed” into the question by asking a question about themselves first.	This would be checked at the pilot to assess if similar comments arose. It was acknowledged that respondents should grasp the nature of the questionnaire from the covering letter. This was implemented to include a statement about what critical incidents are. However, personal questions were not introduced because marketing research practice is to locate personal questions towards the end of a questionnaire.
A1	“ “	It was felt the original question might discourage respondents from offering as many negative incidents as appropriate.	This was amended and “as many as appropriate” was added to question 1. This would encourage multiple responses to A1.
A1(2)	“ “	The example of the incident was illustrated in bold by mistake.	Since this was an inconsistent oversight presentation, this was corrected.
A1(14)	“ “	No example was given to illustrate the critical incident.	To retain parsimony, none was given because the particular critical incident was felt to be self-explanatory. (Most other critical incidents required illustrating to reinforce understanding).

<u>Question</u>	<u>Respondent</u>	<u>Amendments suggested</u>	<u>Changes made (continued)</u>
A2 and A4, A6	“ ”	Academic felt questions were hard to assess, leading to difficulties in responding.	Researcher felt this was not so, on account of face-to-face interviewing with clients. It was felt (intuitively) that clients would feel at ease evaluating their agencies on the basis of their combined experiences. However, responses and comments about these questions would need careful scrutiny at the pilot stage to make a decision either way.
A5	“ ”	The order of question 4 was suspect. This was because all negative experiences should be bunched together as a negative section, rather than mixed with positive experiences.	Researcher agreed and changed order of questions. Question 4 then became question 6 in the revised draft, and question 5 became question 3 in the revised draft.
A9	“ ”	When referring to 'all incidents', it was felt that using 'both negative and positive incidents' improved clarity of what was intended.	A9 were clarified by altering 'all incidents' to 'both negative and positive incidents.' N.B. Subsequently asked for levels of business reduction and gain arising from negative and positive incidents respectively.
B11	“ ”	The phrasing of the question was 'considered labouring.'	Question order was reversed to "Based on your general experiences of critical incidents"
N/A	“ ”	Covering letter included comments on an extensive literature review, considered irrelevant to practitioners.	This was accordingly edited, as suggested.
N/A (March 2000)	One academic In psychology (Loughborough University)	The s.a.e. was not indicated in the covering letter.	This was flagged at the bottom of The covering letter.

<u>Question</u>	<u>Respondent</u>	<u>Amendments suggested</u>	<u>Changes made (continued)</u>
A1	“ “	It was felt there was a need to indicate to tick each box (where relevant).	Accordingly, this was requested.
	“ “	The issue of ranking the critical incidents was raised, either by frequency of occurrence or by the most serious/ least serious. CI might be measured instead.	This was not conducted. First, C.I.'s are already serious by definition. So it is expected that all those ticked would have seriously affected the relationship. Second, since tolerance is being measured, not the quality of the C.I.'s per se, individual C.I.'s simply offer some explanation as to the underlying rationale for the tolerance exhibited. Third, the questions relating to blame and credit are proxy measures of importance (gravity of) the incidents.
Q2	“ “	It was suggested that the results of Q2 may produce an averaging effect. It was also suggested that the most serious CI might be measured instead.	Rather than produce averaging, qualitative interviews demonstrate that relationships are affected by a gradual accumulation of incidents over time, (rather than specifically at a point in time), from which trust (or lack of it) is nurtured. This is consistent with Gestalt psychology. Changing the question to “Based on your most serious incident...” would only capture blame at a specific point in time, rather than to capture the dynamics of the relationship to-date. Piloting would indicate whether overall incidents could be measured or not to support this line of reasoning.
Q17	“ “	Unclear command, requiring a need to add “total “ before advertising business.	“Total” added, as suggested.

<u>Question</u>	<u>Respondent</u>	<u>Amendments suggested</u>	<u>Changes made (continued)</u>
Q18-19	“ “	For both questions, “Howmany” should read “how many”.	This was accordingly changed.
	Practitioner, in Advertising, Senior Manager, client A.	Considered questionnaire too long. Suggested pruning or splitting into several sections, possibly for different groups of practitioners.	There are different schools of thought on this. Whilst length might preclude response rates, brevity might seriously affect the richness of theory. Since the questionnaire had already been edited, it was decided to be re-examine further comments on length at the pilot stage. i.e., if pilot responses were satisfactory, this could be ignored.
A1 and A5	“ “	The number of dissatisfying experiences appear to outweigh the satisfying.	This had been raised before in previous drafts. Whilst acknowledging this issue, the solution is not straightforward. The qualitative research indicated far more negative experiences than positive. This may have something to do with the client agency relationship, insofar as who is paying the money, and the high expectations of clients generally. (Refer also to the section on relative importance of negative incidents (section 5.8.3).
A1(20b)	“ “	It was suggested that this should be re-worded.	This was re-worded from "Making a presentation based largely of the client's making, with few changes" to "offering no added value to original client's ideas".
	Account Executive Advertising agency P.	Suggested CI list was OK. Suggested attitudinal questions 2 and 6, (measuring blame and credit) would be difficult to answer.	Questions 2 and 6 were modified (relating to descriptive questions asking what was done?); to reflective questions (based on how respondents feel). Descriptive questions about attitudes relating to specific incidents over the entire relationship were considered too taxing on memorability. Hence reflective questions might yield more accurate answers. Questions were subsequently modified to ascertain general responses over the relationship.

Question RespondentAmendments suggestedChanges made (continued)

Although the Account Executive did not articulate precisely why he had difficulty with the questions, it appeared to the author that this may arise from trying to evaluate a combination of experiences over the whole relationship. Since there are pros and cons in using this technique, it was decided to use a split run pilot test, using several versions.

Another concern was the length of the questionnaire. Arising from this, versions were distributed that would test the outstanding queries arising from the pre-tests.

It was felt that several questions would encourage users to use only one side of the scales only.

The questions were set relevant to a particular period, namely least best and best periods of the relationship (Frankel, 1976). These are likely to be remembered as extremes.

The nature of the critical incident method is that extremes are examined, so this is unsurprising. The skewing is acceptable, providing there is sufficient discrimination for analysis. This can only be assessed upon piloting.

Appendix J: Example of Interview with Communications Manager of client D to detect critical incidents and importance of factors influencing tolerance.

-Tape 1-

Without being asked, you know, it's a sort of a, hmm, we'd be working with them very intensively, and they'd have a rolling fee basis where we pay them so much a month but if they go over, we pay the difference, and if they go under, they re-fund it, you know, whatever. And at the end of year there is about 25 grand outstanding and they wrote it off. They are not a big agency. That would have been chunks for them where they actually turn round and said " Look, this has been our learning year on the account. That is probably on the learning. So we are not going to charge you that." That, that was really respected.

I: So they returned £25,000 or ..?

Yes, they didn't charge us but legally and contractually they could have and it wasn't an expected decision. It wasn't something that, and that was what was good about it. It wasn't like we had a conversation that said "Where has this come from?, justify it, and make a claim for no charge for it," which sometimes happens with fiery relations before you sort of query something, and then goes away. We didn't even get that far in a question, it was: "By the way that 25 grand that's building up, we are writing it off."

I: How long have they been with you then, this account, just over a year is it?

No, a lot longer than that. That's the kind of interesting thing about our agency as a service provider, they have kind of grown into our business and grown with us. We used to have a London agency. Agency Z worked with us, and the agency* worked with us on some planning for accounts and this is where I think, you know, it's kind of interesting the dynamics of the relationship, where we threw them bits and pieces of tricky stuff to do, which involved a lot of running around. We have some proto-type branches in a warehouse. Occasionally we needed jabbing up when we are having visiting dignitaries to do it. It was the sort of thing that I never thought comfortable to ask our London agency to do. I knew they'd charged a whopping great fee. It was kind of, they always knew the position of something that comes beneath them, which is why we gave it to agency Z when you have had a very informal relationship. "Could you give us a hand?" and they threw themselves into it, body and soul. I mean, it wouldn't be an excessive amount of money.

I: Is agency Z a local one?

A local one. The only major independent agency*

I: What made you choose those in the first place?

Because we give them stuff to do that either we are reluctant to ask the London agency because of the price or we didn't think they'd be in the hunger that agency Z would. They were easy to handle. They became indispensable in parts of our planning and also for some of the crappy stuff which we sometimes used to get agencies to do. We were planning because our account got

quite small in terms of the London agency which grew and grew. And we actually were pitched by a London agency which grew and grew, and we got smaller and smaller. And we were thinking, where do we go in planning a campaign in brand development? We were trying to have a quite adult conversation with the London agency, saying: "Look, we are too small to get good creative and good input on our account at the moment. We recognise that you're a business and we're a business. We understand where you are coming from. Let's call it a day for a year or so, then when we are in a position to do some serious brand building, you will be on our pitch deck," and that was very genuine. That is what we wanted to do. They kind of took umbrage about this, and I think it's the point of pride with "How can this small outfit think about sacking us?" Their reaction to it was so, hmm, malicious, getting press releases to say that they tried to resign our account, things like that, pre-empting anything we might say, like actually agreeing with that we are together, so that it is all very amicable and it kind of soured the relationship. Then we spent a year working with agency Z on the planning of the account side, and they made themselves so indispensable during that year in terms of developing our thinking, pushing our thinking, setting deadlines, doing research and going around the market, giving us ideas. By the time it actually came to doing a brand building, the idea to go out to pitch was inappropriate. They had made that account their own, their own brand for us, and by caring deeply about it, you know, in everything. By showing, you know, ... giving every effort their they cared about it. At that point, in terms of teamwork and partnership building, there was no way we were going to go to pitch. They have made it theirs in a way, you know that sort of was very adult, I think.

I: What was the name of the London Agency?

Agency Y!

I: It has a different title now. It would be slightly different now I suspect, but these things change quickly.

They do, it's a very people-based industry and the captain which we had, had moved on. We weren't egotistical. We realised we were probably too small for them to be interested at the moment, so that's why we wanted to walk away from it. Their reaction was undermining, very strange.

I: How did they react?

I remember this meeting that a colleague** and I attended. "Look, let's put our cards on the table: were not spending that much. So, let's call it a day for a year." Their pride was hurt. "How can you possibly do this to us? We've done so much." They overstated themselves. "We really thought better of you, to come to us like this and say these things, and sack us in this way."

We were made to feel the guilty party. They brought in their heavyweights who hadn't been anywhere near our account for nearly a year. These were senior guys in the agency. They were at this meeting. And suddenly they said "Well, that's bollocks, actually", The sort of things they were saying were "Oh you know what it's like. It's very cosy pitching up with agency Z. They are only around the corner, and you're all people* together" like we're a bunch of country yokels: go and do it. It was so insulting!

I: Patronising?

Yes. What we were trying to say to them was: "Look, we have the work you've done in the past: things have gone a bit stale. Let's have a break, let us go away and think what we want to achieve as a business and come back to you as somebody with work we've respected for a long time and see what fresh impetus you can give us then. But let's not pretend that there's a great relationship going on here- because there isn't."

I : When did the relationship start breaking down?

About eight months ago before this we started talking about it. The creative stuff started to go first of all, the account directorship was the last. The account manager worked very hard to keep things going but the creative work we were getting was starting to lose it. You could tell things were difficult because you feel bad about saying no: that's a service thing about agencies. You had to psyche yourself up . I had less experience then-and if you saw a piece of creative you didn't like or you thought didn't meet the brief, you had to get onto their account manager and say "It's not working"- a real 'psyche yourself-up' call!

Now [with agency Z], if something comes through I'm not happy with, I can pick up the phone quite happily and say "Don't think it's working because....." and engage in an adult conversation, rather than feeling you are in negotiation with a supplier. You could sense this because the account manager would have huge problems in going back to the creatives with "The client doesn't like it. You've got to do it again." That chain of communication had broken down.

A couple of things they gave us were wildly inappropriate. One product manager experienced this. An ad was centred on fixed rate mortgages. the ad read "It ain't no lottery." It worked okay but we had a few complaints in chairman's letters saying that "ain't" is bad grammar. As a marketing team, we didn't blame the agency, we accepted it was our accountability, but let's be aware of sensitivity behind advertising at the moment. So we had to be very careful what we did next. The MD would look at it very carefully because he's had a lot of hassle from old ladies about bad grammar.

The ad we got next (guffaw/ chuckle) was a packing case with a big fixed rate number on it, with two semi-clad women draped over the top of it, "Unwrap the best rates from Bristol Best." Our reaction was "What planet are you on?" Now using big chested women over a packing case meant the tone of voice was totally wrong. The product manager though they were taking the piss, thought it was a joke, and although impactful, would be noticed by him. He felt he'd lose his job. They didn't identify this as a problem.

The other thing that happened earlier than this was a loss of trust between us over some business. There was a new business stream being launched with a serious ad budget and we talked to the agency about it. Early on, we thought we would be able to give them that business as part of the ongoing business. As it became nearer, politically things were quite sensitive internally; a £quarter of a million new business to us is a lot of money and we became obvious to us that it wouldn't be good business to hand that business to the current agency without thinking it through visibly, so we had to go to pitch.

Whilst we explained that to them, as we got closer to launching this new business stream, we would have to take it very seriously internally. It wasn't a reflection of them, but they reacted with "You don't trust us anymore," and a couple of people on the account took it very personally. It was like we had betrayed them. They said "You promised us this business. Now we've got to pitch for it. What sort of a relationship is that?" We said "In an ideal world we would have done it, but it's not good business sense to do it at this point."

I: Why was that politically sensitive at this point? Was this due to new management arriving?

Yes... a lot of major decisions were getting a different perspective to those taken previously; becoming more high profile than when it first started and a couple of people didn't get on well at a high level. The person with responsibility for a quarter of a million pounds (of advertising) was needed to be seen to be going through business decisions. It's a lot of money. This internal stuff was explained professionally to the agency like....

-End of tape 1-

We don't think they took the pitch very seriously, and they lost it to JPH, who took it as seriously as they've ever taken anything, seeing it a big opportunity in their conversations right from the beginning. The MD of agency Z, the creative guru of the agency, reckoned he'd failed as a business if he didn't have the client D account. So everything they've done on our account has been consistent with that thought. So anything we've ever given them, we've got brilliant service, commitment, whatever, expressed in every different way because he wanted to be the major independent agency*, he saw it as the major piece of business he wanted to win at City*, and if he didn't have that business, or part of it, they were failing as an agency. We thought "They've done the crap for us, we might as well give them a chance. There were lots of London agencies on it, but they (agency Z) really went for it.

I: In what way did agency Y not take it seriously? Did they put junior people on it?

Their creative concepts weren't any good, the way the people involved in the pitch described it, and they gave different scores for different skills. The account team still worked very hard at this point-they got the highest scores of any of the account teams, but the creative side was very weak.

The reason why we went for a pitch was because of replicating something we already did, but were doing for a different brand. We wanted it differently. They should have built on what they already did-but they didn't. They just did another client D ad, basically, with a different logo at the bottom. They didn't try and reinvest a tone of voice, style, or ethic for the business. There was too much continuity with previous campaigns, no thought. They just said "This is what's worked in the past, so this is what we're going to do," without supplying us or justifying it with data. The reason why we were pitching was because it was a new launch.

For every meeting when we were collecting information about the pitch, their attitude would be "Do we have to do this?" They seemed hard done by. These were the Account Directors. They were really hurt. Although part of the team, they appeared miserable. We felt for them' like a colleague being asked to re-apply for their own job. They blew it because they expected to get the job, rather than working for it. Their approach lost them it. It looked bad luck at their agency-why they had to do a re-pitch.

I: How long had you been with agency Y?

About six years. We started off with a smaller agency which was then absorbed in to agency Y. We got too small for them, or they got too big for us.

I: What about other instances where you haven't switched agencies, but things went wrong?

Lots of things go wrong. In direct marketing... how long it takes to get made and the energy gone into proofing, but it wasn't their fault on putting the mistake right. Mistakes including printing errors with some text falling off the proof. Text fell off the legal bit.

I: How did the agency respond to that?

Initially very well. They took the stuff to the printer and got the printer to prove it was their fault and when we were re-mailing those customers, that the printer was going to pay. But they hadn't checked without him in sufficient detail what that actually meant, he was then only going to pay for the print but someone else for the postage. So he has saying he was accountable for the error he made - just the printing, yet the postage [costs] were bigger than the printed proof. Someone should have checked [the error] at the mailing house again before it was put in the post. The agency told us the whole error was covered, so we had gone ahead and agreed it all, and suddenly we faced a £40,000 bill that nobody is picking up accountability for.

From then on, decisions were made on the wrong information, so from then on the manager responsible started to get a bit paranoid, asking lots of questions. She admitted herself she was getting defensive-at every meeting she was asking for lots of questions to make sure she had all the information. Their reaction {Account Handler} was they were being over-managed, being treated with suspicion. Her reaction was "Do you blame me? You've just cost us £40,000!" She felt it personally, because she was responsible for that budget, and made her look as though she couldn't handle her budget properly. Internally, the agency is immaterial, they would react. This person lost £40,000. She was concerned, lost her piece of mind, but the agency didn't appreciate this. Clients usually feel that print proofs are it, what you see is what you get, but suddenly if print falls off the press...A mailing pack should be checked before it goes out and signed out, with 3 days built into scheduling for this checking, but agencies don't want to do that. Neither will they take accountability for it, so the client has to. It's about accountability-who's taking it? They should either build in for signing off, or be accountable, or both.

I: What about media? Do you have a media shop?

We have agency Z media buying.

I: What about problems or cock-ups with selection or scheduling decisions?

Only one I can think of - and it was our fault. On the media side, their support is excellent. The mistake that happened concerned them giving us a list of media for a product launch. We have a communications team and product teams and a market planning team. The communications team manages communications and also the budget on a product-by-product basis. The savings product team wanted us to promote the product very heavily. We didn't feel that previous product launches in a similar way justified the spend they were asking for. What we agreed to do was to get a list of media options and decide where we felt was best to go. It was a healthy debate internally, but a panic in the savings area, in which they felt the savings were not coming in. We were having a team training day. They tried to book media at the last minute and they asked one of their Product Managers on savings "How's it going? What decision have you made?" I've been speaking to a Communication Manager**, and I want to go ahead and book all that's on schedule. What hadn't materialised was that the Communication Manager hadn't agreed this (yet). They misunderstood it as a client request to book media, so they booked it. That was our process falling down (not the agency), it shouldn't have happened. We have since got a better agreement for budget spend with only three of us who can authorise spend for the agency, and the agency know who these people are, so it's not ambiguous anymore as a

conversation in good faith between colleagues. They tried very hard to unravel some of the deals without losing face and they pulled back quite a lot of media without (laughing) reacting like "Well, you told us to do it". This was agency Z again. They sorted it out for us.

I have a personal problem with media. It is so technical. I don't spend enough time personally involved in it, to really question the service we're getting. I know what we're asking for and what we get, whether it's the best we can get I don't know. I'm learning....I've only been doing it for... there's very few people on the client side who live in that market. On t.v., we get people to audit our buying on each campaign. It's very tactically based. They look at what we bought at a given period against what we could have bought and against what our competitors are buying....

-End of tape 2-

What we don't currently get is an overall strategic review on how we are spending in media terms against what we could be doing, or achieving (in terms of ratings or overall effectiveness per annual spend), although we know the ratings per individual campaign. I guess you're not going to get this off the agencies. Until we're very specific about what success looks like in terms of brand building per segments, you cannot then devise a media strategy for each segment. We've got very broad-based objectives around awareness, image, and consider for each target market, which is regionalised for brand budgets. Over the next year, we need to become more sophisticated in identifying who are our potential lenders, how many are we hitting, and how we are affecting their attitudes, awareness, and brand consideration, rather than any ABC1's. With the size of the budget we have, it's about getting more specific in our targeting, then in our planning, rather than examining planning first. On the media side, anything we ask them to do is done efficiently and any information asked for is given to us quickly.

I: What about personal relationships, chemistry?

They're a very down-to-earth, non-flashy agency, very good. The Account Manager** is a diamond. She never makes her problems your problems. I can't recall an incident in which she has not delivered, however minor or major. Where it's occasionally gone wrong is if you ask one of the creative or media people to do something and she is not there. She makes them do it. She manages: she makes it happen..., She'll often be at a meeting and say nothing, and because of this, my boss often discounts her. Typically, he'll have a meeting with a planner** and a colleague** on media without her. They'll get the big stuff through, but they'll be a couple of little things that are missed because she isn't there. She takes out the hygiene factors. She makes it happen.

The planner's very good at delivering, and most aggressive at pushing us as clients. For example, you asked us to do this, but don't you think you should be doing this first? This is what we want, but I have the least personal chemistry with him because sometimes he annoys the hell out of me, but I think it's part of the job. Perhaps he comes over a bit smug at times, but he's usually right, and then such a swing to being utterly psychopathic. Overall, the agency doesn't push the relationship perhaps as much as they could- they are very partnership orientated.

A good example of what they have done. We've just been converted to a PLC involving a potentially massive communications budget. Three agencies were briefed. The agency came up with "This isn't an advertising campaign: this is a direct marketing campaign. The lead activity for marketing is through the post, direct to the customer. The advertising will support this

activity, so the direct marketing agency should be driving this. They offered the direct marketing agency what they felt they needed in terms of budget for mailings, with "We will work with you to support it; not lead it." This was very good. You don't get this step back from the ego position from agencies very often. They're team players.

I: What is the range of responses from minor to major when there are serious grievances?

The first thing to do is to ignore it as if it hasn't happened. At the lowest level, if it niggles you, it may not be worth picking up the phone for. If the niggles are frequent, you do. The next level would be to take the mickey (say, if it occurred a couple of times). An example of this is with status reports on projects on which money is outstanding to agencies. Two out of three agencies are good at getting this in on time but the third is always the last. After the third month in a row, I retorted "Why are you always last?" Sometimes that is enough. It is not heavy-handed. We play on the competition to get improvements. The next level would be to make a point in a regular review meeting, or on the phone, so putting the cards on the table saying "This isn't working. What are you going to do about it?", but leaving it open for them to explain or rationalise their activity. It may be that we are not doing something to help them.

The next level is to tell them to stop and there is no debate: it's prescriptive and very clear. It's formalised in a meeting with a contact report so they feed back their understanding of the problem., informing them it's got to change.

If it's still going wrong after this, then we kill someone. Our direct marketing agency is at the moment at this stage for a number of reasons. For example, losing key staff, having a troubled year. They'd just done a major project for us and they were right to feel proud and good about it. So we were giving them a hard time about other staff, so I can understand why they might feel we're a bit over-demanding. But the relationship had broken down quite badly and at one point, they offered to resign the account. They didn't know if it was recoverable. We proceeded to talk to all three managers at client D who work with them to ask for their viewpoint on whether it was recoverable.

If you leave it to you to absolve the accountability, you're going to be testing everything they do. (Instead) once we've decided we wished to recover the relationship. I compiled a huge document to their MD, spelling out what we wanted, not just creative work, but values they should work to aligned to our culture, and what they can expect from us as a client. It's a written document about the relationship. We phoned the MD in advance of receipt, outlining its harshness, and offering them the chance to read and assess if they could work to it. If so, we have a relationship. Three specific things needed to be achieved within six months to assess if the relationship has been recovered. At the end of six months, we need a direct marketing strategic plan, which we lost under focussing on conversion. This is needed in order for me to fight for a budget. The second requirement is to entrust confidence in our direct marketing staff because one of our colleagues will be wanting to do some direct marketing in six months time. They need to have the confidence of the whole team behind them, so that this colleague will feel good about working with them again due to an error in the past. In the past, their account team changed too frequently. The third requirement is that I want their best people to fight to work on our account. In the past, the agency has had a lot of staff turnover and I get the impression they haven't enjoyed working on our account, because we're a hard client and haven't felt the work particularly interesting. I want us to be their best account, and it's up to them to make their mark on that account. They're the three symptoms that will be the sign of a healthy relationship. Their current attitude, I feel, is about boring financial services.

The strategy of the company had been weakened by the conversion because key people were removed from marketing communications to being focussed on getting the vote (for the conversion), so customer attention was reduced.

I've just been on a marketing forum for three days which is a lot of agencies letting you know how great they are and why you should move to them. It's so much effort (accent) to talk to your (potential) suppliers: it sounds really lazy, but it's the effort to try and work out what they're good at, whether you could work with them as people and then, say if you do go out to pitch, there's the whole pitch process and evaluation process. Even when you've chosen an agency, it's a good six months before they understand what you do. We're really busy. I don't have time to spend six months or eight months getting an agency up to speed.

I: Is the understanding a technical thing, such as a legal aspect of financial services, or a cultural thing of the business?

I think it's about 50: 50. It depends on what you're doing. We've just taken on a P.R. agency. Their techniques don't change much between clients. For example, press releases, so this is much quicker. What you can do a lot in advance, there's a lot of re-educating. For example, say we're doing a branch display for mortgages. Point-of-sale sounds easy, but think about the eight to ten different poster sizes in branches and each branch has a different number of different sized posters. Ensuring agencies don't miss out on some sizes for branches -it's fiddly and time-consuming. There's also the legal and technical aspects of mortgages; this is the visual style, these are our brand values, tone of voice, etc.,.... that's a lot to get right first time and not to have to keep telling them this each time you do a display.

One of our corporate tenets is teamwork. We have three core agencies and I expect them to work together as a team. I don't expect to have to organise a meeting at the moment to find out what each other is doing. I expect them to talk to each other and think things through together. I would rather spend the time developing with quality suppliers to improve them, rather than looking elsewhere until we've outgrown them.

-End of tape 3-

After six months we'll call it a day if there is no improvement in as painless a way as possible by giving notice with this document. If at the end of six months, we're not satisfied, they'll just finish off the projects they are on. The document signals there is a problem with a finite time to put it right. In the meantime, we are looking at other direct marketing agencies, so that if we end the relationship, we will have a shortlist of people and a draft-briefing document to go out quite quickly to say what we want from them.

We got rid of an agency this year, not necessarily because the work was poor but simply because the project work came to an end. They wanted to do other projects for us, but we didn't feel they were right for what we were trying to achieve. We went through with them why to see what criteria that we weren't happy with. But it was an open discussion and told them we would like to keep in touch on an informal six monthly basis to let them know if anything comes up. It was a relatively painless departure. This parting was because they were not strategic enough, they didn't add value to what we were currently getting from other agencies, it was one more relationship to manage and they're also based in Tunbridge Wells, which is a long way away on a project basis. I know there is the ISDN, the phone, the fax, and so on, but to thrash out some ideas or give a long briefing, you require more face-to-face dialogue - it's more on a personal level. Briefing is better done by face-to-face discussion.

ISDN is where artwork can be sent down the telephone line so that Mac artwork can be sent quickly for inspection or approval. If a printer is 100 miles away from a design house, the artwork needn't be biked over on a disc-it can be ISDN'd.

I don't like asking people to come to a half-an-hour meeting all the way, from Tunbridge Wells for a briefing. We're often briefing agencies before 9.00 a.m. or after 5.30 p.m. They say they're happy to come, but I'm not happy asking them.

I: What about other relationships?

Earlier when I arrived at client D, we had too many agencies, and were not achieving consistent brand values, tone of voice, nor style. We narrowed the list down to 3 or 4 because there was no teamwork nor integration with them and we had spent more time managing the agency relationships than getting the work done. Bottlenecks occur on the direct marketing agencies, not ad agencies. I have some respect for it happening if we have suddenly thrown a lot of work, unplanned at them. There have been times when we have given them a plan and would have expected them to either say they cannot do it in the time or staff up to do it, not experience bottlenecks after they have taken the work on. This is resentful and has made me want to look at alternative suppliers on the point of sale side, not as a replacement, but as second string agencies. I understand why they don't, as small agencies want the business going elsewhere, but if they're no good at planning their resources, I've got to get better at finding a contingency.

I: Which of the following agency qualities or circumstances are important in influencing client tolerance levels when service problems arise? Generically, the first is client dependencies, and within this, various dimensions of reputation of the agency. The first is reputation based on professional integrity of the account team. Would this influence tolerance levels? (Here, reputation refers to how you feel about it, rather than reputation in the market).

Yes: if I had a high respect for their professionalism and a problem arose, it would be considered as an exception rather than the rule, set against their general background.

I: Reputation for creative talent, measured by IPA Effectiveness Awards?

It wouldn't affect my tolerance levels of things going wrong-despite the fact that the IPA Effectiveness Awards are quite a good measure.

I: What about reputation for an intensive research culture?

(Pause....)

No.

I: What about reputation for using proprietorial models?

It might raise my tolerance on the media side. For example, a good understanding of media scheduling, but not generally on the account side.

I: What about perceptions of using several creative teams on an account?

It's kind of irrelevant . It's what they come up with at the end of the day. How they got there is seldom my problem.

I: What about perceptions in offering strength in strategic thinking?

Agency Z could get away with a bit because of the way they developed our brand in the first place. My perception of them is good strategic thinkers. That's how they got the business in the first place.

I: What about reputation for stability of the account team?

That would influence tolerance- a little important.

I: Ability to offer evidence of intensity of effort spent on the account?

(Chortle!) That's a really hard one! I'd like to say no, but I know it does influence me. There's a thing about discounting effort because it's the result that counts, but it does really matter if you feel they have worked as hard as possibly they could have. It is a comfort factor and indicates professionalism. If I feel someone has done everything possible to put things right when things go wrong, it's hard to sack them.

Hard work may not bring about good creative output, if the work is mediocre, our reaction would depend on the criticality and timing of it.. If an agency works off-brief, we would expect them to question this before producing the creative work, otherwise you are involved in long, drawn out conversations . I have no objections to working off brief if it can be justified. If the work is mediocre, you may give them another go by re-briefing or re-directing instead of a straight sacking.

I: What about their ability to offer a series of creative proposals?

I like to see more than one idea because it helps me and my team to work out what's working best. Sometimes you just get one solution. It acts as a kind of training mechanism, to clarify what's best.

I: What about accreditation to ISO9000?

I respected our direct marketing agency's ambitions that went for this, but they didn't appear to be better. It doesn't make me more tolerant of them. I don't know enough about it to make a real judgement.

I: What about level of investment by the client in the relationship? For example, helping in the agency to adapt to your way of business.

That does make a difference. I feel that we've put a lot of time and effort in helping someone else to understand what we want to achieve, and if the work comes back not good enough, I get really annoyed. That is a big factor. If we know we haven't given a lot of time or a great brief or a lot of information, you feel quite tolerant of what comes back.

You'd probably also get more annoyed if you'd been with the agency for longer if key things were missing. The longer you've been with someone, it can work against them if they make

silly errors. There was a time last year when an agency kept getting the logo wrong and we told them to stop doing that. That's level 3 of being annoyed.

I: The next factors relate to the competitive environment. How do the following factors, if they occur in your market, influence your tolerance, if any? The first factor is the amount of suppliers in the market.

Hypothetically it would make a difference if there were only a few suppliers but there are lots of suppliers there in the market. This is no problem for us, except in telemarketing agencies: lots of suppliers, all rubbish, and it does build up your tolerance. It makes you very annoyed. The management of telemarketing is terrible generally, so my expectations of that business are lower than of other suppliers we work with, because there's nowhere else to go.

Telemarketing includes direct response and 0800 numbers. We were given the wrong number by a telemarketing agency to put on one of our mailing packs about eighteen months ago. We printed up and the phone numbers went through to an outlet of Yorkshire Bank with "How can I help you?" When we phoned up the account team to enquire "What the hell is going on?", you expect a fairly quick response. They spent two days finding out whose fault it was and zero time putting it right. We had to re-mail these people with the correct number. When we asked them to change the number over because they'd given us the wrong number, (they weren't using The Yorkshire Bank at the time) they said it wasn't possible. When we asked them what we could do, they suggested doing all sorts of terrible things. We told them we expected them to share some of the costs involved. It transpired the story they gave us was wrong: they could change the number and we'd had five days of lost calls and god knows how much business. But there was no {emphasis} appreciation of the inconvenience and embarrassment they'd put us through. Eventually we had a letter of apology.

In another instance, there was no appreciation. They had damaged our business in some direct response that brought in 7,000 leads: very successful. The report from the telemarketing agency said we had 21,000 leads, and on the basis of this misinformation, we booked extra media: about £50,000 extra. They then told us they had multiplied the calls by three in error. When we said "Do you realise what you've done? You've cost us a lot of money." They said coolly "Sorry", as if mistakes happen. They didn't compensate us, but didn't charge us for the report, which is like £300. Very strange! It's a relatively under-developed industry, in terms of management, but the technology's there. It's like direct marketing was ten years ago: the operational side is there but the account teams are inexperienced. They're people who couldn't get into advertising, P.R., or direct marketing. Every so often you get a good one and they get passed around a lot. I recommend to all my graduate friends: you can be a star there easily.

I: Financial services tend to have a low intrinsic interest for most people- does this affect tolerance levels insofar as what you can do with the marketing may be limited?

I have always worked in financial services, so I don't factor this issue in. If I had worked at Nike, maybe I would have done. We have to believe we can do better than many of our competitors who produce a lot of rubbish advertising.

I: If you were facing an uncertain or rocky future (say, a recession) would this influence tolerance levels?

I don't think I would feel much different.

I: What is the typical length of a relationship with an agency?

We had one with agency Y for 5 or 6 years. Agency Z has been a firm for 5 years but about 2 or 3 years before that, we started working with them. Our point-of-sale agency has been with us about 15 years. We created the direct marketing agency: the MD was an account person at another agency who left and someone suggested he might want to be a freelance account manager and we became her one account into developing into a full service agency of 30 or 40 people. We were her only client for a few years and that was about eight to ten years. Which is why we have this relationship: there's the history there, everything. There is leverage-both ways. Even if we were her smallest client, I know we would get disproportionate care because we mean a lot to the agency-and that's good to know. Whilst there's goodwill there, you've got to exploit it-both ways.

I: What about the level of experience you have in the industry?

Only for the last two years have I been solely involved in marketing communications. Prior to this, I worked as a product manager. Over the last two years, I feel I have got to a hygiene state of brand building, with three core agencies, with a team who can do a particular job. I don't, or haven't spent enough time to know about media details-so I do think experience is important. My security is that I know I'm dealing with good people.

-End of tape 4-

As you become more experienced with a client, you become more challenging with a client, providing you're still learning and don't get complacent, such as "This is the way we've always done it", so expectations might grow. The situation can work in reverse if there is bonding which might get personal when there is a split, such as with agency Y.

I: What about a high-risk situation in which the client is moving in to a new strategy (say, market, or product) for the first time. Would this affect tolerance levels ?

If it's high risk, you'll want all the security and peace of mind you can get, so this would affect tolerance levels (making it lower). A lot of it comes down to how high is your personal risk: how exposed will you be if you screw it up because some things you may do as a multifunctional team in which communications is a relatively small part of that, but if it's in everything, say, direct marketing to the North American market, the part of the brand that's seen as communications may be hugely important.

I: What about the length of the client relationship with the agency? Do you feel there is a life cycle, in terms of relationships developing?

Yes-they can work in both ways. You can be very tolerant to start with, to give them time to sort it out and you can become intolerant if they've been there a while and failed to get it right. It can also work the other way if someone's been there a while, you are tolerant to their mistakes because of the relationship; you're invested so many years in the relationship: let's not let it go wrong because of the years invested. You've been through so much together (learning, management time), why throw it all away? It can work both ways-and may depend on a variety of other factors. I think some people just like going for lots of lunches! (Laugh).

I: Turning to the last series of factors: relationship ethos. Is there a philosophy between different types of clients in how they handle their relationships? What are the typologies?

There are some clients who treat suppliers on a funding basis who aren't necessarily integrated into the business. Other people are good numbers people: What has this delivered to my brand? If it's not working, change it, or be tougher.

It also depends on how a relationship is managed. On a day-to-day level, junior to middle managers may manage relationships. In terms of deciding who the agency is, that might be decided by several layers above, that is: your quarterly review, lunch, so it could be different people that produce different dynamics.

I: What are the advantages of partnerships over a transactional approach?

It's partnership day-to-day. We have about 30 per cent of each of our agencies business, so there is a responsibility to treat them as partners so they can plan their business but, at the end of the day, we are the client who is paying for a service so they may describe us not necessarily as partners but as hard yet fair. You want to create an environment where ideas and challenge are free flowing, and where you can talk back without feeling constrained. For example, they should be able to say if they feel a brief isn't working. Mutual accountability is a slight misnomer: the client is accountable for the effectiveness of a project and no amount of values change that. We can walk away from an agency but we can't walk away from results: they can, and that's important.

I: Do you think some clients base their relationships on price; they go for an agency because they're the cheapest and others look at creativity and the value?

They must do, but I haven't worked with enough clients to know for sure.

I: What do you feel about exclusivity of contracts in suppliers?

Not necessarily. We try to use people who are experienced in different disciplines so I haven't really seen lots of agencies that are one-stop shops, both above and below-the-line. We're discipline-based rather than anything. As long as several can work together as a team, there isn't a problem, so we have three core ones. In any event, you end up with different teams of people working on different forms of communications or creative work.

I: Do you believe in benefits of a long-term relationship?

To a greater extent. The more you can build in with the supplier, and grow their business with your business, the greater the learning, the greater the understanding, so you can save time and money with talking short-hand as much as anything. There are some things you wouldn't need to communicate. Something that happens fairly major and regularly to us are base rate changes. We don't have to brief base rate changes with any of our three agencies but it's taken awhile to get to that point. What can suffer is the objective view of our brand. The longer they are with you, they are more in thinking with your ideas like dogs and their owners, unless they are very creative or different. You can lose objectivity over time.

I: Do you feel familiarity breeds contempt?

Yes. It can also breed cosiness, complacency, all those bad things, and fear by the client, such as “How can I *possibly imagine changing* agencies in a very difficult period?” Better the devil you know, and all that stuff.

I: Do you feel a partnership reduces the need for opportunistic behaviour by either party?

Yes. We were closely tied to our direct marketing agency because of the way the business grew. It made us both look at the business afresh, as if we were approaching it anew. We regularly give competitive briefs to our agencies so they can add bits of business between them. We consider this a partnership thing.

I: In what ways is an existing relationship less risky than a new one?

They remember to do things you tell them, they can think things through a little further because they're not thinking about the new stuff they've got.

I: Do policies or individual client beliefs influence the client reaction to service quality problems? Does the client have a policy to always report about unsatisfactory service?

There is no written-down policy, and it's purely in our discretion as to how we approach it.

-End of tape 5-

Long-term relationships may be less risky on a practical side of delivery, (for example, what kinds of posters to produce), but not necessarily in terms of pure brand development. A new agency may look at you afresh, and in a changing market, that's may be what you need. Risk comes in different dimensions.

Generally speaking, I believe the long-term quality of service will improve by airing our views.

I: What about your feeling of responsibility to reporting poor service to the industry as a whole?

Oh no! I'll bitch about in industry meetings, but I won't name names. It just makes a good story.

I: Do people name companies?

Yes. It's a very bitchy industry. I've got caught out accidentally by being accused of naming names. It's an industry built on peoples' egos and is fancied as a glamorous industry, with entertainment.

End of interview

Notes: *City location deleted to retain anonymity of client.
Client D substituted for name to retain anonymity throughout the text.
** Names of colleagues disguised.
Agency names disguised as agency Y or Z.

Appendix K: Revised listing of critical incidents derived from qualitative research

Client horror/dissatisfaction:

(1) Core service failure in creative output

(A) Creative staff off-brief

(i) Over-briefing. Swamped with data, an agency may fail to prioritise important things.

(ii) Misinterpreting brief by failing to match brand heritage/pedigree

e.g., a concept is wrongly positioned or fails to match public face of organisation.

(iii) Internal under-briefing

e.g., oversimplification process by account handlers, leading to one proposition, or scatter approach of too many options, based on only one idea only.

(B) Poor creative execution / finish in supportive communications (POS, direct mail or sales promotions)

e.g., poor standard of print finish, arising from lack of agency know-how.

(2) Core service failure in production

(A) Administrative errors in producing ads

e.g., wrong copy on ad, such as miss-pricing advertised products or announcing wrong date of product launch or store opening.

(B) Technical printing errors which are then withdrawn

e.g., text slipping through on ad, coupon-returns on ads facing back-to-back.

(3) Creative process

(A) Communication obstacles

e.g., Creative staff over-protected from direct contact with client at start of process, causing unnecessary delays and costs.

(B) Misunderstanding over creative process

(i) Misunderstanding over whose role it is to filter out unacceptable creative concepts. Agency perceives client as interfering with their expertise, whereas client feels agency is disrespectful to their business if they don't offer them more than one creative concept.

(ii) Misunderstanding of roles over "who pays for what?" when there are communication errors or changes made at the client's request

e.g., strategic or execution changes at post-production such as re-dubbing an ad. Client might perceive agency should get it right first time, whereas agency may consider instructions should have been clarified at pre-production.

(iii) Real conflict over brand building versus making a good film.

e.g., ineffectual agency response to client requests for explicit explanation of brand benefits, resulting in unnecessary time spent in revisions.

(4) Failed service encounters in media planning process

(A) Trust breached in terms of media value obtained

Costings. Failing to justify media spend (with detailed costings), so arousing suspicion.

(i) Quality. Complacency in finishing work close or later than airtime, causing panic in late studio bookings and late film editing.

(B) Unresponsive service encounters

Failing to inform of volatility of events that require media re-scheduling at short notice e.g., failing to explain in advance air-time changes, such as pre-empted media spot changes by competitor or preferred advertiser. Nasty surprises may show client in a poor light to peers.

(C) Failed service encounters from coding errors on media

e.g., inability to trace calls back to relevant direct response ads and respond to meet customer demand, arising from duplicated coding on several media, or ads in wrong time spot.

(D) Aborted media plan

A plan may be cut towards the end of the financial year because of internal client pressures, and the campaign evaluated in the short-term as unsuccessful.

(5) Unresponsive account management

(i) Failure to clarify about quality expectations

Account management unassertive in seeing to clarify client's visual requirements before authorising creative work, when the client is unable to know the required quality of finished visuals until they're seen, or unable to articulate those requirements until seen.

e.g., quality of leaflet re-print took finger prints badly, despite insistent warning to client about using inferior paper. The client asked for re-work *after seeing* the work.

(ii) Failing to identify where authority lies in client team who have authority to approve work

e.g., Wasting time with junior staff who only act as a filtering mechanism for screening out undesirable work.

(iii) Failing to inform client about changing role of relationship

e.g., if part of an agency's business becomes re-aligned elsewhere, or if costs suddenly escalate.

(iv) when failed service impacts on the personal credibility of client

e.g., video failing to arrive for a high-profile Board presentation.

(v) Unassertive to resolving conflicting views of client team, arising in compromising creativity and stuck-in-the-middle propositions.

(6) Inconvenience in traffic / delivery

Late delivery of work due to technical difficulties in finished output, e.g., print drying.

(7) Gestalt perceptions

(A) Client perceptions of being undervalued compared to other accounts

e.g., when an agency moves people on an account to suit own needs more than client.

(B) Unresponsive to service emergencies or special requests by client

e.g., in providing additional or new print-runs close to launch.

(i) *Failure to provide proactive/ unsolicited thinking/advice / added value to business.*
Account management should encourage this.

(ii) *Over-reacting to criticism or changing terms of client's business*
e.g., becoming defensive, making client feel guilty.

(iii) *Unresponsive to errors caused by agency, e.g., in the late reporting of errors.*

(iv) *Arrogance of agency in refusing to accept role expected of client*
e.g., as a mere supplier of an execution, at odds with agency heritage as a business adviser.

(8) Extraordinary agency behaviour

(A) Dishonesty arising from face-saving reactions

(i) *Denial or cover-up to additional agendas*

e.g., agency resentment at being sacked, decides to gain press coverage to claim they resigned account,

e.g., client ad space booked as a cover-up for political party to prevent speculation over timing of General Election.

(ii) *Denial to mistakes*

e.g., a spelling mistake on a brochure was disguised with Letraset and a scalpel to the horror of the client,

e.g., cover-up on cast turning up later, so requiring insurance claim in exotic location.

(iii) *Over-promising on delivery at pitch stage, or within relationship.*

(B) Embezzlement

Purchase decision (either creative or media) is influenced by bribes, back-handers or gifts.

(C) Overcharging account

Client incurs nasty surprises in cost over-runs on invoice or bill.

(i) *Invoicing for jobs never authorised nor covered in original quote or failing to inform client of additional costs in advance, e.g., for training, or promotional support.*

(ii) *Inconsistent billing*

e.g., for same job in different parts of the organisation or where cost for same job varies over time, despite fixed costing per hour.

(iii) *Significant errors on bill*

e.g., an extra "0" on an invoice amounted to a client paying ten times the going rate.

(iv) *Unclear invoices insufficiently explained, with incomplete invoices.*

(D) Other "trust" issues considered deceptive based on presentations

(i) Agency refusing to develop execution shown in creative proposal.

(ii) *Making a presentation based largely of the client's making, with few changes.*

(9) Third-party involvement**(A) Disputes over accountability for compounded errors**

e.g., a printer error, with the mailing house subsequently failing to check error before re-posting. Printer agrees to pay for re-run, but not additional postage requiring an expensive run.

(B) Unresponsive service encounters

(i) Arrogant / rude response of third party when asked for special requests

e.g., contract hire firm was unapologetic in not being able to deliver at short notice.

(ii) Infuriating silence of agency to an unexpected delay

e.g., unavailability of third party, with agency failing to register it as their ultimate responsibility.

(iii) Lack of foresight by agency in ensuring third party provides expected service

e.g., client ends up training a third party representing the agency themselves, or failing to notify client of inability of third party to handle response.

(C) Interference from third parties affecting trust

e.g., trust breached by over-promises of competitive media independents, taking a disproportionate amount of managerial time to resolve.

(II) Client delight/ satisfaction**(A) Proactive agency activity in offering additional service, and/or value**

(i) e.g., acknowledging contribution of other agencies as part of the total business, with incumbent taking supportive advertising role.

(ii) Offering service without charges to past clients

(e.g., archiving of an old photograph requiring an afternoon's work).

(iii) Helping client in selection of new agency after incumbent decided to resign account due to conflicts of interest with a competitive product launch.

(B) Proactive agency response to its mistakes

(i) Proactive response to paying for own mistakes

e.g., agency willingness to pay for mistakes without client prompting or sharing of costs.

(C) Trust-confirming behaviour by client

(i) Offering extraordinary praise by senior management in recognition of work.

e.g., in recognition of creative work designed to change the culture of the organisation.

(ii) Offering special gifts / awards in recognition of work

e.g., internal award offered in acknowledgement for outstanding service over time, motivated agency.

(iii) Offering new/ extended role in business relationship

e.g., account director was asked confidentially to take over temporary role of Product Manager for client until the incumbent was replaced.

(iv) Displaying confidence in consistent quality control

e.g., all creative work might be vetted by a respected, top, Creative Director.

Appendix L: Revised listing of critical incidents derived from qualitative research

Agency horror/ dissatisfactions

(1) Failed creative output

(A) Poor briefing

(i) Under-briefing, reflecting inability of client to conceptualise final outcome

Significant re-work, questioning the approval process, involving unspecified brief in advance, with client changing mind.

(ii) Wrong briefing

e.g., conflict arising from clients not thinking as customers in making creative decisions.

(iii) Over-controlled authorisation, restricting quick responses to market changes

e.g., agency cannot implement new initiatives quickly because they have first to be evaluated internally.

(B) Aborted creative work for wrong reason which puts pressure on fees

(i) Client just does not like final execution, yet may not fully understand it.

(ii) Bored client with successful formula.

(iii) Using junior staff on earlier stages of an account as a filtering mechanism who cannot

authorise work. The agency needs to identify where the balance of power lies in the client team.

(2) Misunderstanding of creative process

(A) Unrealistic budget to achieve objectives, constraining creative process

e.g., only using small-scale ads.

(B) “Interfering outsiders”

e.g., Client loses face to VIP’s, if theatrical presentation is not given,

e.g., senior managers peripheral to marketing express influential opinions, despite misinterpreting campaign.

(3) Media decisions

(A) Aborted media plan

Due to internal pressures, campaigns are evaluated in short term as unsuccessful, so cutting media plan towards end of financial year.

(B) Media chosen for wrong reason

(i) choosing wrong medium class or vehicle

e.g., choosing DRTV because of novelty.

(ii) Unprofessional media rates because of over-familiarity with media specialists

Best rates prevented by familiarity with “old boy network”, e.g., editor of publication.

(4) Gestalt perceptions

(A) Reticence of client to supply information readily and / or fully

Prevents agency from offering its full potential.

(B) Providing exceptional service provision which is neither appreciated nor rewarded
 e.g., patronising behaviour, treating agencies as one of client's own staff, with the net result of expected over-servicing, e.g., requesting enquiries to DR ads to be spread over the course of a day.

(C) Clients who over-react to here-say without gaining all the facts

(5) Extraordinary client behaviour

(A) Client sabotage due to lack of approval by peers, (e.g. superiors, or supportive communications, such as the sales-force).

(B) Dishonesty of clients

(i) Clients plagiarise best ideas from a selection of "bogus" pitches, then choose cheapest agency.

(ii) Wasting agency time in frivolous pitching: Having made a decision to terminate incumbent agency, client invites it to pitch at strategic review.

(6) Planning/ strategy issues

(A) Constantly change of creative briefs and strategic direction, harming brand equity
 e.g., conflicting objectives between individual career goals and long term aims of organisation.

(B) Failing to use agency in strategy prior to creative process
 Clients often waste money on promotions that are ineffective.

(C) Poor understanding of integration of communication elements
 Not creating conditions for getting the best results from advertising
 e.g., lack of notice in advertising a product to sell it to dealers sales-force.

(D) Inappropriate client policy

A policy to shift business between roster agencies only encourages agencies to work to short-term perspectives.

(7) Traffic/account management

(A) Misinterpretations over status of work

(i.e., whether approved or not internally in client organisation)

e.g., Ad manager is unaware of informal agreements between senior management of client and agency.

(B) Inadequate lead times given, requiring agency to queue jump and dissatisfy other clients

e.g., May reflect misunderstanding of role of digital technology.

Appendix M: Data purification procedures

Before frequency distributions of both dependent and independent variables were calculated, missing values were accounted for by using a suitable coding system. -99 represented an unanswered response, -98 represented a category considered not appropriate to respond to, and -97 represented respondents who stated that they did not understand a question. Valid percentages were then presented, relating to the percentage of responses after removing missing values.

The first process required is summary statistics to assess the distribution of data. The one-sample-Kolmogorov-Smirnov Test (K-S-Z) is a goodness-of-fit test for the normal distribution of data. Tests of normality by the one-sample K-S-Z test can be used to identify if the null hypothesis is accepted or rejected, with the null hypothesis stating that the test data fits the normal distribution with no significant differences. For the purposes of this study, the observations were examined to assess whether they were normally distributed about the mean because *serious* violations of normality can restrict the validity of subsequent multivariate tests.

Additional tests may need conducting to assist in deciding whether any departure from normality is extreme or whether the data can be treated as approximately normal, so not violating any conditions. As Norusis (1994) argues, most goodness-of-fit tests reject the null hypothesis since with larger sample sizes it is difficult to find data that is precisely normal. The best practice is to use a variety of techniques that can observe any actual departure from normality. These include observing frequency distributions, histograms against normal curves, and normal plots. The shape of these distributions indicates whether the general pattern of data is centrally distributed or skewed. A skew indicates an asymmetrical distribution. Normal plots show each observed value paired with its expected value from a normal distribution, with the points clustering along a straight line indicating normality.

Appendix N: Independent t-tests of differences in mean incidents between high-scoring and low-scoring respondents for each dependent variable

Grouping or category variable	Subgroups of grouping variables	Independent variables	N	Mean incidents for each subgroup	sd	Mean differences	t	df	S
Nublame	1 = low	Total negative incidents (TnegCI)	38	5.105	3.161	-2.304	-2.386	37.45 ^a	.022
	3 = high		22	7.409	3.838				
	1 = low	Total positive incidents (TposCI)	38	3.053	1.902	.325	.587	58	.559
	3 = high		22	2.727	2.334				
	1 = low	Net critical incidents (Net CI)	38	-2.053	3.393	2.629	2.773	58	.007
	3 = high		22	-4.682	3.785				
Nudisapp	1 = low	Total negative incidents (TnegCI)	43	5.674	2.876	-1.638	-1.768	57	.082
	3 = high		16	7.3125	3.860				
	1 = low	Total positive incidents (TposCI)	43	2.326	1.599	-.862	-1.604	57	.114
	3 = high		16	3.188	2.373				
	1 = low	Net critical incidents (Net CI)	43	-3.349	3.436	.776	.767	57	.447
	3 = high		16	-4.125	3.519				
Nureduct	1 = low	Total negative incidents (TnegCI)	45	4.911	2.583	-2.467	-3.639	66.179 ^b	.001
	3 = high		37	7.378	3.394				
	1 = low	Total positive incidents (TposCI)	45	2.511	1.660	.2679	.672	80	.503
	3 = high		37	2.243	1.949				
	1 = low	Net critical incidents (Net CI)	45	-2.400	2.988	2.735	3.97	80	.000
	3 = high		37	-5.135	3.242				

a different df since unequal variances, based on Levene's Test, $F = 4.044$, $p = .049$,

b different df since unequal variances, based on Levene's Test, $F = 5.739$, $p = .019$.

Appendix N: Independent t-tests of differences in mean incidents between high-scoring and low-scoring respondents for each dependent variable

Grouping or category variable	Subgroups of grouping variables	Independent variables	N	Mean incidents for each subgroup	sd	Mean differences	t	df	S
Nucredit	3 = high	Total negative incidents (TnegCI)	21	5.191	3.172	-1.810	-2.205	72	.031
	1 = low		53	7.000	3.187				
	3 = high	Total positive incidents (TposCI)	21	3.571	2.481	1.119	1.912	26.96 ^c	.067
	1 = low		53	2.453	1.612				
	3 = high	Net critical incidents (Net CI)	21	-1.619	3.186	2.928	3.286	72	.002
1 = low	53		-4.547	3.555					
Nuapprov	3 = high	Total negative incidents (TnegCI)	55	5.564	3.741	-.786	-.831	73	.409
	1 = low		20	6.350	3.265				
	3 = high	Total positive incidents (TposCI)	55	3.073	2.054	1.72	4.671	62.88 ^d	.000
	1 = low		20	1.350	1.089				
	3 = high	Net critical incidents (Net CI)	55	-2.491	3.990	2.509	2.496	73	.015
1 = low	20		-5.000	3.418					
Nuaddit	3 = high	Total negative incidents (TnegCI)	37	5.595	3.663	-.345	-.428	68	.670
	1 = low		33	5.939	2.999				
	3 = high	Total positive incidents (TposCI)	37	3.622	2.277	1.925	4.598	52.54 ^e	.000
	1 = low		33	1.697	1.075				
	3 = high	Net critical incidents (Net CI)	37	-1.973	3.826	2.270	2.705	68	.009
1 = low	33		-4.242	3.103					

c different df since unequal variances, based on Levene's Test, $F = 5.627, p = .020$

d different df since unequal variances, based on Levene's Test, $F = 5.954, p = .017$, e different df since unequal variances, based on Levene's Test, $F = 13.306, p = .001$

Appendix N: Independent t-tests of differences in mean incidents between high-scoring and low-scoring respondents for trust

Grouping or category variable	Subgroups of grouping variables	Independent variables	N	Mean incidents per subgroup	sd	Mean differences	t	df	S
Nutrust	1 = low	Total negative incidents (TnegCI)	50	7.060	3.210	2.038	2.941	93	.004
	3 = high		45	5.022	3.545				
	1 = low	Total positive incidents (TposCI)	50	1.740	1.242	-1.638	-4.767	72.52 ^f	.000
	3 = high		45	3.378	1.981				
	1 = low	Net critical incidents (Net CI)	50	-5.320	3.242	-3.676	-5.067	93	.000
	3 = high		45	-1.644	3.827				

^f different df since unequal variances, based on Levene's Test, $F = 9.764$, $p = .002$.

Appendix O: Using pair-wise dependent variables as alternative subgroups for measuring tolerance.

So far, determining tolerant and intolerant subgroups have been discussed in terms of cross-tabulating data based on relative levels of incidents experienced against low-scoring and high-scoring respondents using individual dependent variables. However, since respondents behave in a variety of ways in their relationships, it can be argued that deriving subgroups from individual variables is not the most comprehensive way of deriving tolerance. Not only may tolerance involve multiple measures, but responses can be examined from the dual perspective of combining both negative and positive incidents. Therefore various composite measures that combine dependent variables together should offer insight into improving our understanding of how tolerance is manifested, following stages 1- 4 of Figure 8.3.

Whilst these subgroups were also examined for association with the levels of critical incidents experienced, not all incidents should be assumed to be equally critical in relationships. Whilst all critical incidents are critical experiences by definition, intuition would suggest that some will be more critical than others. Since critical incidents describe not only actions but also reactions to events, incidents in detail will often be unique to particular relationships. Since they are often unique, attempting to ascertain which incidents are most critical would be very subjective, since it would depend on *who* has experienced them. Weighting the incidents by frequency of occurrence was not conducted because frequency cannot be judged as a substitute for degree of critical importance. Due to the potential difficulties in using the amount of incidents from which to understand tolerance, alternative perspectives may need to be examined that serve as useful proxies in lieu of incidents experienced. It is these variables to which attention is now drawn.

To measure the effects of the factors representing the independent variables on dimensions of tolerance (the dependent variables), the research strategy was to decide how to divide the case records in to *alternative* subgroups that would represent appropriate dimensions of tolerance. To make the study manageable and to retain parsimony, it was decided to divide the records into either two or three subgroups for each dimension of tolerance. These subgroups would be tolerant, intolerant, and an intermediate or unclassified group by 'a priori' means. Dimensions of tolerance were derived in one of two conceptual ways: either by comparing pairs of dependent variables together, or by some measure of trust discussed in appendix P. (Recall from the literature review that trust was considered to be a composite variable of how clients feel).

Pairs of variables were chosen that were attributable to either negative incidents or positive incidents, (but not mixed across the two sets of incidents). This was chosen because it enabled each dependent variable within a pair to act as a benchmark against the other. Thus attitudes attributed might be compared to voice, voice compared to behaviour, and attitudes attributed compared with behaviour under similar conditions, represented by the pairs of dependent variables below:

<u>Sets of dimensions of tolerance</u>	<u>Pairs of variables representing negative conditions</u>	<u>Pairs of variables representing positive conditions</u>
Attributional attitudes V Voice	Blame v Disapproval	Credit V Praise
Voice V Behaviour	Disapproval V Reduction in business	Praise V Additional business
Attributional attitudes V Behaviour	Blame V Reduction in business	Credit V Additional business

Hence blame can be compared relative to disapproval (or vice-versa), disapproval to reduction, and blame to reduction under negative conditions. Under positive conditions, credit can be compared to praise, praise to additional business, and credit to additional business. Since the scales used to measure each independent variable are all based on a likert scale, with an equal number of options (1 to 7), it follows that dimensions of tolerance could be measured by directly comparing pairs of scores.

According to Ajzen and Fishbein (1980), attitudes and beliefs are often transformed into predictable behaviour. It is also known that attitudes can be measured both by direction and by intensity. By restraining measures of tolerance to pairs of variables in either direction of incidents (but not simultaneously in both directions), direction is held constant that enables the researcher to examine intensity of feelings and behaviour alone.

The reasoning for examining variables together as pairs is based on the expectation that behaviour may not always be proportionate to the intensity of initial feelings. Thus not everyone will behave in the same way proportionate to their attitudes or voice-raising.

Subgroups based on pairs of variables were decided based on one of two approaches: either by an 'a priori' approach, or by a cluster analysis using a computer algorithm that would search for differences between the subgroups. The 'a priori' approach required that a decision rule be implemented that was consistent for each pair of dependent variables. Subgroups were distinguished from each other by whether the first variable from a pair was more than the second, the first variable was less than the second, or whether each variable of a pair was equal. The rubrics indicating which subgroups are tolerant were conceptualised on the basis of logic, dependent on the direction of the variables (negative or positive), and their potential business impact. When the directionality of both variables are negative, the rubric for defining tolerant subgroups is if the score of the variable with potentially the greatest business impact is actually allocated a score less than the other (of the pair). Conversely, when the variable with potentially the greatest impact scores more than the other, it must have a greater negative effect on the overall business, and is considered to represent an intolerant subgroup. In applying these rubrics to the dimensions of tolerance, attributional attitudes or voice would be expected to have potentially less business impact relative to either a reduction or addition to business because the former are only feelings, whereas reducing or adding to the business represent a direct impact on the business. To illustrate this, a client who scores relatively more on blame than reduction in business, or scores relatively more on disapproval than a reduction in business would be recorded as tolerant. This is because a negative attitude (or negative voice) culminates in a less than proportionate response in reduction in business (in which reducing business has a potentially greater impact on the business), and vice-versa. Intermediate subgroups are then identified when values for blame or disapproval are identical to level of business reduction.

The rubrics are reversed for examining dimensions of tolerance under positive conditions. Under positive conditions, variables based on attributional attitudes or voice would be expected to be less than consequent behaviour to be defined as tolerant. That is, to be tolerant under positive conditions, credit or praise (approval) as the first variable must be followed by a greater than proportionate increase in additional behaviour (the second variable). Intermediate subgroups are then determined by those clients who score equally between a pair of variables.

Analysis of pair-wise dependent variables

Alternative measures of tolerance were first derived from examining critical incidents with pair-wise dependent variables that represented either a negative or positive direction. There are no significant differences in the amount of negative incidents experienced between

subgroups derived from comparing pairs of variables representing a negative direction. The amount of negative incidents do not significantly vary between subgroups based on blame compared to disapproval, for blame compared to reduction in business, nor for disapproval compared to reduction in business. The mean number of negative incidents is greater for each of the intolerant subgroups, but not sufficient to show significance. The mean differences, together with t values, degrees of freedom, and p values are shown in Table I of appendix O. In comparing blame with disapproval, the mean difference in negative incidents is $-.425$, $t = -.527$, df of 60, $p = .600$. In comparing blame with reduction in business, the mean difference in negative incidents is -0.199 , $t = -.257$, df of 97, $p = .797$. In comparing disapproval with reduction in business, the mean difference in negative incidents is $-.529$, $t = -.675$, df of 95, $p = .501$. In contrast, there are significant differences in the amount of positive incidents experienced in comparing credit against additional business, and in comparing approval (praise) against additional business, but not for credit compared to praise. The mean number of positive incidents is significantly greater for the tolerant subgroups for both credit compared to additional business, and for praise compared to additional business (with a mean difference of 1.225 , $t = 2.89$, df of 76, $p = .005$ and a mean difference of 1.260 , $t = 2.95$, df of 42.41, $p = .005$ respectively. In comparing credit with praise, the mean number of positive incidents is surprisingly slightly greater for the intolerant subgroup, but is very insignificant (mean difference = $-.147$, $t = -.316$, df of 68, $p = .753$).

The results suggest that frequency of incidents may be less of a significant factor in distinguishing between different respondents based on their responses, particularly in terms of negative incidents experienced. Distinguishing between the amount of incidents experienced may not always be a strong indicator of how critical the experiences are, since they indicate little about the context, or their relative value, in which the incidents were experienced. When this happens, combinations of dependent variables that appear unaffected by incidents may be analysed alone, in lieu of the incidents experienced. Accordingly, the subgroups based on the pair-wise dependent variables representing negative incidents and for credit and approval for positive incidents were used as direct inputs into a discriminant analysis without modification. (Refer to step 4 of Figure 8.3).

However, in order to determine tolerant and intolerant subgroups more thoroughly, it was necessary *to account for the incidents* that were significantly associated to the responses derived from the pair-wise variables credit - additional business, and praise-additional business. This was achieved by comparing the subgroups representing low, intermediate, and high levels of positive incidents experienced (coded from 1 to 3 respectively) with the

subgroups derived from each pair-wise comparison of dependent variables. The original dependent variables had been coded 1 for tolerant (representing credit (or praise) < additional business), 2 for intolerant (representing credit (or praise) > additional business), and 3 for intermediate subgroups (if scores on credit (or praise) were equal to those for additional business). To ensure direct comparisons to relative scores of incidents expected, the codes for these subgroups based on credit or praise relative to additional business were re-coded from 1 to 3, from 2 to 1 and from 3 to 2, referred to as ca.mod and pa.mod respectively. The variables ca.mod and pa.mod were then cross-tabulated with the subgroups based on levels of positive incidents experienced, to derive the number of respondents representing tolerant and intolerant subgroups, as shown in Tables IIa-b. The actual identity of each case per subgroup was derived from the following instructions using the selective cases command:

For credit with additional business:

Ca.mod > NtposCI (representing tolerant subgroup, coded as 1), n=16

Ca.mod < NtposCI (representing intolerant subgroup, coded as 2), n = 62

Ca.mod = NtposCI (representing the intermediate subgroup, coded as 3), n = 39.

For praise with additional business:

Pa.mod > NtposCI (representing tolerant subgroup, coded as 1), n = 14

Pa.mod < NtposCI (representing intolerant subgroup, coded as 2), n = 53

Pa.mod = NtposCI (representing intermediate subgroup, coded as 3), n = 49

The resultant grouping variables (coded from 1 to 3) were referred to as ca.posci and pa.posci respectively. From Tables IIa-b of appendix O, the number of tolerant cases representing ca.posci and pa.posci are 16 and 14 cases respectively, with the corresponding intolerant cases as 62 and 53 cases respectively. The Pearson chi-squared significance test confirms associations between the level of incidents experienced and responses to the dependent variables (with $p < 0.1$). The variables ca.posci and pa.posci that represent modified grouping variables (having accounted for critical incidents) based on either credit with additional business or praise with additional business are then ready for entry into a discriminant analysis, (stage 4, Figure 8.3).

Table I: Independent t-tests of differences in mean incidents between respondents for paired grouping dependent variables

Grouping or category variable	Subgroups of grouping variables	Independent variables	N	Mean	sd	Mean differences	t	df	S (2 tailed)
Blame-disapproval	1 = blame < disapproval	Total negative incidents (TnegCI)	24	5.917	3.256	-.425	-.527	60	.600
	2 = blame > disapproval		38	6.342	2.989				
Blame-reduction	1 = blame > reduction	Total negative incidents (TnegCI)	78	6.039	3.241	-.199	-.257	97	.797
	2 = blame < reduction		21	6.238	2.791				
Disapproval-reduction	1 = disapproval > reduction	Total negative incidents (TnegCI)	74	5.905	3.348	-.529	-.675	95	.501
	2 = disapproval < reduction		23	6.435	3.057				
credit-approval (praise)	1 = credit > approval	Total positive incidents (TposCI)	44	2.546	1.922	-.147	-.316	68	.753
	2 = credit < approval		26	2.692	1.806				
credit-additional business	1 = credit < additional business	Total positive incidents (TposCI)	17	3.471	1.736	1.225	2.889	76	.005
	2 = credit > additional business		61	2.246	1.491				
Approval-additional business	1 = approval < additional business	Total positive incidents (TposCI)	31	3.452	2.173	1.260	2.985	42.41 ^a	.005
	2 = approval > additional business		68	2.191	1.438				

a different df since unequal variances, based on Levene's Test, $F = 6.605$, $p = .012$

Table IIa: Cross-tabulations of subgroups of positive incidents (NtposCI) by subgroups based on ca.mod

variable	Subgroups	Subgroups of NtposCI			Total	Pearson chi-square	Df	Significance (2-tailed)
		1	2	3				
Ca.mod	1, credit > additional business	18	22	21	61	8.069	4	.089 ^a
	2, credit = additional business	11	9	19	39			
	3, credit < additional business	2	3	12	17			
Total		31	34	52	117			

Key: ^a Insignificant at 0.05, probably due to the effect of the intermediate subgroup included here

Relatively intolerant subgroups



Relatively tolerant subgroups



Table IIb: Cross-tabulations of subgroups of positive incidents (NtposCI) by subgroups based on pa.mod

Variable	Subgroups	Subgroups of NtposCI			Total	Pearson chi-square	Df	Significance (2-tailed)
		1	2	3				
Pa.mod	1, praise > additional business	21	23	24	68	10.711	4	.030 ^a
	2, praise = additional business	4	7	6	17			
	3, praise < additional business	6	4	21	31			
Total		31	34	51	116			

Key: ^a 2 cells have expected count less than 5

Relatively intolerant subgroups



Relatively tolerant subgroups



Appendix P: Using *alternative* subgroups for measuring tolerance based on the trust construct.

So far, examining pairs of variables in one direction or the other only provides for a measure of tolerance in that direction (or condition). Having described the ‘a priori’ approach adopted for determining subgroups from pairs of variables under either negative or positive conditions, an alternative ‘a priori’ approach was based on how best to measure the trust variable.

Verifying trust as a multidimensional construct

The importance of trust rests on the axiom that it can be treated as holistic, or as a summative feeling based on considering both negative and positive conditions or outcomes together (Coleman, 1990, Swan et al., 1999). Trust as a measurable composite variable that is associated with both negative and positive incidents has already been argued from the previous literature review. Whilst this is theory-driven, theory can be further consolidated by using data-driven techniques (Nunnally and Bernstein, 1994). Accordingly, multiple regression is used to further verify trust as a construct that accounts for both negative and positive conditions.

In multiple regression, the values of the dependent variable y are estimated from those of two or more independent variables x_1, x_2, \dots, x_n . This is achieved by the construction of a linear equation such that $y' = b_0 + b_1(x_1) + b_2(x_2) + \dots + b_n(x_n)$, in which y' is the estimated value of y , and the parameters b_1, b_2, \dots, b_n are the partial regression coefficients and the intercept b_0 is the regression constant (Kinneer and Gray, 1994). For this purpose of the regression analysis, trust is treated as a dependent variable whilst the negative and positive dimensions of attributional attitudes, voice and behaviour (i.e., blame, disapproval, reduction in business; and credit, approval, and additional business) are treated as independent variables². Thus independent variables that may affect trust are inputted into a multiple regression model.

The purpose of multiple regression was to confirm that trust can be measured as a multidimensional concept. The second purpose was to make inferences about its directionality with respect to the variables describing attitudes, voice and behaviour under negative and positive incidents.

² These are normally treated as dependent variables, with trust.

There are two generic types of multiple regression: simultaneous multiple regression (Simultaneous MR), and stepwise multiple regression (Stepwise MR). In simultaneous MR, all the available independent variables are entered directly in the equation. Stepwise MR has the added appeal of determining the order of entry or removal of variables by statistical reasoning, and so is often preferred. Both types were used to compare the results.

Examining findings of the regression analysis

Using stepwise regression, the output from SPSS 10 provides Pearson correlation scores between each pair of variables with significance tests, and a model summary, ANOVAS for each regression coefficient, and regression model coefficients, with Beta values. The Pearson correlation scores measure the strength of association between the variables, and are suitable for data derived from interval scales. The correlations indicate that all variables are significantly associated with trust at the five percent level, except disapproval ($p = .195$), with blame and reduction in business both having the highest correlations with trust in a negative direction, with $-.411$ and $-.371$ respectively. Disapproval appears to have a negligible affect on trust. Table I of this appendix shows the Pearson Correlation matrix. Additionally, all dependent variables (including disapproval) frequently correlate with others (by 4 or 5 variables).

The regression ANOVAS test the prospect of a linear relationship between the variables with an F ratio, and an indication of its significance (for linearity). The correlation between actual y and its estimate, y' across all variables is referred to as the multiple correlation coefficient, with adjusted R square being an unbiased estimate of the proportion of variance of the dependent variable explained by the regression. The model summary shows the Beta weights indicating the change in the dependent variable produced by a positive increment of one standard deviation for each independent variable, the t-test for assessing the significance of the regression coefficients, and the significance (or p-value of t).

The ANOVA model shows that each model is significant ($p < 0.05$) as predictors of trust. An improvement in predicting trust can be made from moving from the first model (using only blame) through to the fourth model, improving R from 0.41 to 0.621. Refer to Tables II-III of this appendix for the output of each model. If credit and disapproval are also included (as with simultaneous multiple regression) the R value only increases to .623, so measures of credit and disapproval have virtually no effect on trust. Based on the coefficients produced for the best model, a regression equation can be used to explain trust. This is predicted trust = 5.145 (constant) – 0.45 [blame] – 0.32 [reduction in business] + 0.24

[additional business] + 0.26 [praise], Table III of appendix P. The stepwise regression confirms that trust is related to both negative and positive incidents. The direction of these variables are confirmed as might be expected, with trust being negatively associated with blame and reduction in business, but positively with additional business and praise. Although credit and disapproval support trust directionally as expected, they appear to have negligible impact. Therefore, examining tolerance based on trust using these variables should be treated with caution. Trustworthy behaviour appears to explain more about negative conditions than positive conditions.

Table I: Pearson correlation matrix of variables (with significance in parentheses)

Variables	Trust ^a	Blame ^b	Disapproval ^c	Reduce business ^d	Credit ^e	Praise ^f
Trust ^a	-					
Blame ^b	-.411 (.000)	-				
Disapproval ^c	-.083 (.195)	.410 (.000)	-			
Reduce business ^d	-.371 (.000)	.227 (.009)	.175 (.034)	-		
Credit ^e	.247 (.005)	.077 (.211)	.144 (.067)	-.167 (.040)	-	
Praise ^f	.186 (.026)	.157 (.051)	.388 (.000)	.087 (.182)	.300 (.001)	-
Additional business ^g	.260 (.003)	.083 (.194)	.235 (.007)	.269 (.002)	.246 (.005)	.320 (.000)

Notes: ^a 5 variables significantly associated with trust

^b 4 variables significantly associated with blame

^c 4 variables significantly associated with disapproval

^d 5 variables significantly associated with reduction in business

^e 4 variables significantly associated with credit

^f 4 variables significantly associated with praise

^g 5 variables significantly associated with additional business

Table II: ANOVA models as predictors of trust based on various dependent variables

Model	R	Adjusted R square	Sum of squares		df	Mean square	F	Significance
a	.411	.161	Regression	37.718	1	37.718	21.975	.000 ^a
			Residual	185.373	108	1.716		
			Total	223.091	109			
b	.501	.237	Regression	55.914	2	27.957	17.894	.000 ^b
			Residual	167.177	107	1.562		
			Total	223.091	109			
c	.598	.339	Regression	79.653	3	26.551	19.621	.000 ^c
			Residual	143.438	106	1.353		
			Total	223.091	109			
d	.621	.362	Regression	86.035	4	21.509	16.478	.000 ^d
			Residual	137.056	105	1.305		
			Total	223.091	109			

Notes:

a: Predictors: (constant), blame agency

b: Predictors: (constant), blame agency, reduce business

c: Predictors: (constant), blame agency, reduce business, additional business,

d: Predictors: (constant), blame agency, reduce business, additional business, praise

e. Dependent variable: trust

Table III: Stepwise regression using various models of dependent variables with trust

Model	Unstandardized coefficients		Standardized coefficients	T	Significance
	B	Standard error	Beta		
(Constant)	6.564	.580		11.319	.000
Blame agency	-.564	.120	-.411	-4.688	.000
(constant)	6.950	.565		12.307	.000
Blame agency	-.472	.118	-.345	-4.010	.000
Reduce business	-.239	.070	-.293	-3.413	.001
(constant)	5.866	.586		10.012	.000
Blame agency	-.401	.111	-.292	-3.614	.000
Reduce business	-.323	.068	-.397	-4.744	.000
Additional business	.298	.071	.343	4.188	.000
(constant)	5.145	.661		7.778	.000
Blame agency	-.450	.111	-.329	-4.049	.000
Reduce business	-.316	.067	-.388	-4.709	.000
Additional business	.242	.074	.279	3.264	.001
Praise	.260	.118	.182	2.211	.029

Adapting the trust scale

Since trust was verified to incorporate both negative and positive measures, it could be suitably adapted. The order and content of the questionnaire asked for perceptions of blame, disapproval, and reduction in business relating directly to negative conditions, whilst perceptions of credit, approval (praise), and additional business were sought under positive conditions. Trust was measured on a bipolar scale that aimed to capture both negative and positive conditions.

Therefore trust should be comparable to the net effects of attributional attitudes (credit-blame), voice (praise-disapproval), and behaviour on the business (additional business-reduction of business). However, the original trust scale designed for the questionnaire was not directly comparable. Although it included both direction and intensity, having been coded from 1 to 7, the trust scale had to be adapted to accommodate the unidirectionality (and greater spread of scores) of the other scales. To re-scale trust, it was necessary to determine the range or spread of scores possible by determining the maximum and minimum scores between each pair of dependent variables. For example, the maximum possible score

was $7-1 = 6$ and the minimum is $1-7 = -6$, providing $6 - (-6) = 12$ possible values. The values of trust were accordingly re-scaled to match this range, renamed as Newtrusc, in which $1 = -6$, $2 = -4$, $3 = -2$, $4 = 0$, $5 = 2$, $6 = 4$, and $7 = 6$. It was then possible to operationalise tolerance based on the following guides for each case record.

To measure tolerance, in terms of attributional attitudes:

Tolerance = Newtrusc > (credit-blame), referred to as group5, coded as 1

Intolerance = Newtrusc < (credit-blame), referred to as group5, coded as 2

Intermediate = Newtrusc = (credit-blame), referred to as group5, coded as 3

To measure tolerance, in terms of voice:

Tolerance = Newtrusc > (praise-disapproval), referred to as group6, coded as 1

Intolerance = Newtrusc < (praise-disapproval), referred to as group6, coded as 2

Intermediate = Newtrusc = (praise-disapproval), referred to as group6, coded as 3

To measure tolerance, in terms of behaviour:

Tolerance = Newtrusc > (additional business-reduction in business), referred to as group7, coded as 1,

Intolerance = Newtrusc < (additional business-reduction in business), referred to as group7, coded as 2,

Intermediate = Newtrusc = (additional business-reduction in business), referred to as group7, coded as 3

Examining critical incidents with combinations of dependent variables involving trust

Independent paired t-tests were then conducted to detect any significant differences in levels of incidents experienced between high-scoring and low-scoring subgroups based on the trust construct, using newtrusc, credit and blame; newtrusc, praise and disapproval; and newtrusc, additional business and reduction in business. Findings revealed that subgroups that scored higher on trust in relation to the differences between pair-wise dependent variables (originally labelled as tolerant subgroups) would generally experience significantly greater numbers of positive incidents, less negative incidents, and experience higher net critical incidents (i.e., a lower negative net value) than their corresponding subgroups that scored lower on trust in relation to the differences in pair-wise dependent variables. These general findings were applicable for both pair-wise dependent variables based on credit and blame; and for those based on praise and disapproval, but not for additional business and reduction in business.

Since trust is a composite variable combining both negative and positive incidents, statistical reporting is restricted to the net critical incidents. The mean net incidents is significantly higher (with a lower negative value of -2.667) for subgroups scoring higher on trust compared to the difference between credit and blame (with mean difference of 1.79, $t = 2.68$, df of 96, $p = .009$). The mean net incidents is significantly higher (with a lower negative value of -2.260) for subgroups scoring higher on trust compared to praise and disapproval (with mean difference = 2.83, $t = 4.32$, df of 95, $p = .000$). Although the mean net incidents is directionally expected (with a lower negative value of -3.30) for subgroups scoring higher on trust compared to the difference between additional business and reduction in business, (with mean difference = .66, $t = .97$, df of 89, $p = .336$), it is not sufficient to show significance. These results can be verified from Table IV of appendix P.

Overall, this suggests that critical incidents are associated with differences in trust when compared to attitudes and voice, but not subsequent behaviour.

Accounting for the incidents: cross-tabulating with subgroups of incidents

Since trust based on attitudes and voice were found to be associated with the amount of incidents experienced, steps were taken to account for these incidents in determining *modified* subgroups to determine tolerance. Tolerant or intolerant subgroups were identified from cross-tabulating groups based on trust by credit and blame, and trust by praise and disapproval against subgroups based on amount of incidents experienced (using NnetCI incidents derived earlier from Table 8.6). Subgroups that replied disproportionately to the relative amounts of incidents were sufficient from which to make comparisons, as shown in Table Va-b. In order to conduct meaningful comparisons the original coding for Newtrusc relative to credit-blame, and Newtrusc relative to praise-disapproval were reversed so that high scores of trust [i.e., in which $\text{Newtrusc} > (\text{credit-blame})$] and [$\text{Newtrusc} > (\text{praise-disapproval})$] were coded number 3, whilst low scores [i.e., in which $\text{Newtrusc} < (\text{credit-blame})$] and [$\text{Newtrusc} < (\text{praise-disapproval})$] were coded 1, with intermediate subgroups as 2. The recoded variables were referred to as group5md and group6md respectively and cross-tabulated with NnetCI so that numbers of respondents giving disproportionate responses to their incidents could be recognised, from which tolerant and intolerant subgroups were derived. These were then cross-checked with selecting cases from the following commands to determine the identity of each case per subgroup:

Table IV: Independent t-tests of differences in mean incidents between respondents for trust relative to pair-wise dependent variables based on credit-blame and praise-disapproval

Grouping or category variable	Subgroups of grouping variables	Independent variables	N	Mean	sd	Mean differences	t	df	S (2 tailed)
Newtrusc (group5)	1 = trusc > (credit-blame)	Total negative incidents (TnegCI)	48	5.625	3.362	-.9950	-1.505	96	.135
	2 = trusc < (credit-blame)		50	6.620	3.181				
	1 = trusc > (credit-blame)	Total positive incidents (TposCI)	48	2.958	1.798	.7983	2.380	96	.019
	2 = trusc < (credit-blame)		50	2.160	1.517				
	1 = trusc > (credit-blame)	Total net incidents (TnetCI)	48	-2.667	3.290	1.793	2.657	96	.009
	2 = trusc < (credit-blame)		50	-4.460	3.388				
Newtrusc (group6)	1 = trusc > (praise-disapproval)	Total negative incidents (TnegCI)	50	5.460	3.202	-1.646	-2.502	95	.014
	2 = trusc < (praise-disapproval)		47	7.106	3.279				
	1 = trusc > (praise-disapproval)	Total positive incidents (TposCI)	50	3.200	2.010	1.179	3.482	83.05 ^a	.001
	2 = trusc < (praise-disapproval)		47	2.021	1.260				
	1 = trusc > (praise-disapproval)	Total net incidents (TnetCI)	50	-2.260	3.135	2.825	4.322	95	.000
	2 = trusc < (praise-disapproval)		47	-5.085	3.302				

^adifferent df since unequal variances, based on Levene's Test, $F = 10.256$, $p = .002$

Table IV: Independent t-tests of differences in mean incidents between respondents for trust relative to pair-wise dependent variables based on additional business-reduction in business

Grouping or category variable	Subgroups of grouping variables	Independent variables	N	Mean	sd	Mean differences	t	df	S (2 tailed)
Newtrusc (group7)	1 = trusc > (additional business-reduction in business)	Total negative incidents (TnegCI)	43	5.977	3.262	-.461	-.681	89	.497
	2 = trusc < (additional business-reduction in business)		48	6.438	3.182				
Newtrusc (group7)	1 = trusc > (additional business-reduction in business)	Total positive incidents (TposCI)	43	2.674	1.742	.195	.590	89	.557
	2 = trusc < (additional business-reduction in business)		48	2.479	1.414				
Newtrusc (group7)	1 = trusc > (additional business-reduction in business)	Total net incidents (TnetCI)	43	-3.302	3.233	.656	.968	89	.336
	2 = trusc < (additional business-reduction in business)		48	-3.958	3.222				

For group 5md (based on trust by credit and blame):

Group5md > NnetCI (representing the tolerant subgroup, coded as 1), n = 36

Group5md < NnetCI (representing intolerant subgroup, coded as 2), n = 29

Group5md = NnetCI (intermediate subgroup, coded as 3), n = 49.

For group 6md (based on trust by praise and disapproval):

Group6md > NnetCI (representing the tolerant subgroup, coded as 1), n = 32

Group6md < NnetCI (representing intolerant subgroup, coded as 2), n = 22

Group6md = NnetCI (intermediate subgroup, coded as 3), n = 58.

The two new grouping variables derived from this classification using group 5md and group 6md are referred to as *trcrbl* and *trprdis* respectively, used in the later discriminant analysis.

So far, grouping variables for determining tolerant and intolerant subgroups have been based on dependent variables derived from 'a priori' means. They have been modified to account for the effects of critical incidents, where significant (Figure 8.3, stages 1-2).

Table Va: Cross-tabulations of subgroups of net incidents (NnetCI) by subgroups based on newtrusc and (credit-blame).

Dependent variable	Subgroups	Subgroups of NnetCI			Total	Pearson chi-square	df	S (2-tail)
		1, low*	2, medium	3, high				
Group5md	1, newtrusc < (credit-blame)	25	16	9	50	8.739 ^a	4	.068 ^b
	2, newtrusc = (credit-blame)	6	6	4	16			
	3, newtrusc > (credit-blame)	11	10	18	48			
	Total	42	41	31	114			

^a 1 cell (11%) has expected count less than 5

^b Lack of significance probably due to inclusion of intermediate subgroups that were not examined in the t-tests

* a low score may be represented by a high negative NetCI.

Key: Relatively intolerant subgroups



Key: Relatively tolerant subgroups



Appendix P (continued)

Table Vb: Cross-tabulations of subgroups of net incidents (NnetCI) by subgroups based on newtrusc and (praise-diapproval).

Dependent variable	Subgroups	Subgroups of NnetCI			Total	Pearson chi-square	df	S (2-tail)
		1, low	2, medium	3, high				
Group6md	1, newtrusc < (praise-disapproval)	27	13	7	47	21.783 ^a	4	.000 ^b
	2, newtrusc = (praise-disapproval)	4	9	2	15			
	3, newtrusc > (praise-disapproval)	10	18	22	50			
	Total	41	40	31	112			

^a 1 cell (11%) has expected count less than 5

^b Lack of significance probably due to inclusion of intermediate subgroups that were not examined in the t-tests

Key: Relatively intolerant subgroups



Key: Relatively tolerant subgroups



Appendix Q: Justification of, and description, of stages in factor analysis

Each stage follows the flowchart in Figure I of appendix Q below.

Stage one: According to Kline (1994: 73-74), a sample of 100 cases is sufficient for factor analysis, and case records to variables should be in the ratio of at least 2:1. The total sample involved 122 case records, with 34 independent variables satisfying these rubrics.

Stage two: In deciding which method of factor analysis to use, principal component analysis (PCA), common factor analysis, alpha analysis, and maximum likelihood analysis were considered as alternatives (refer to Dillon and Goldstein, 1984: 24). Although PCA makes no assumptions about common factors in the data, by rearranging variables into components, it maximises variance, is the easiest to interpret, and is a popular choice in marketing studies (Dillon and Goldstein, 1984:24). Additionally, Nunnally and Bernstein (1994:536) support the use of PCA where there are more than 20 variables in an exploratory factor analysis (EFA). For these reasons, PCA was chosen.

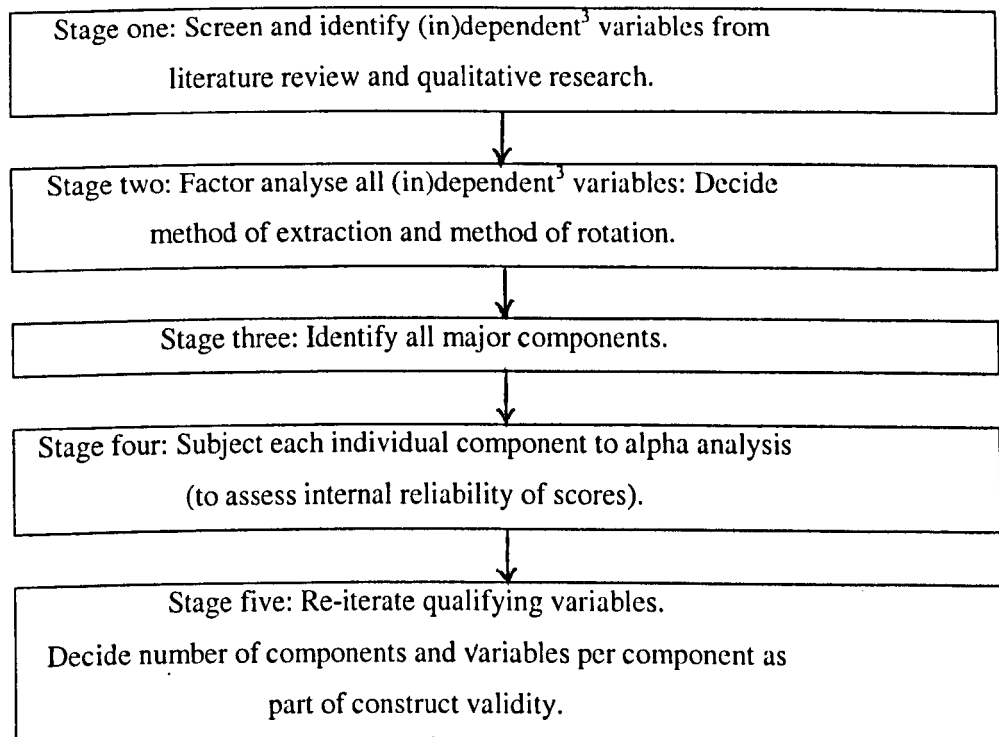


Figure I: Flowchart for determining factors representing variables

³ Applied to either dependent or independent variables

Having chosen PCA, it was necessary to choose an appropriate process for rotating the factors. Varimax was chosen because it is the most popular method used for rotating principal components solutions. It is considered more realistic than alternative rotation techniques (Dillon and Goldstein, 1984: 91). Variables that failed to correlate sufficiently with others were considered for potential deletion, in accordance with Nunnally and Berstein (1994).

Stage three: Eigenvalue analysis was used to determine the number of components and variance explained, retaining those components with eigenvalues > 1 , in accordance with Kaiser (1958)⁴. The rotated component matrix based on varimax with Kaiser normalization (in accordance with PCA) was used to identify the variables attached to each component, according to variables that loaded the highest. This is achieved by starting with the first variable and first factor, moving horizontally across the factors, and circling the loading with the largest absolute value (Dillon and Goldstein, 1984: 69). In accordance with Dillon and Goldstein (1984:94), the factors were then labelled on the basis of the researcher's knowledge of the area of study.

Stage four: Alpha analysis

This was reserved for the independent variables that involved scale items. By reallocating each section according to their indicative components (factors), internal consistency is then examined by using Cronbach alpha. Alpha analysis provides an opportunity for the researcher to remove variables one at a time to ascertain whether a better fit can be achieved. Variables that violated patterns of acceptable reliability were considered for reallocation to components that correlated more highly with them. If reliability was not improved upon successive iterations, these variables were considered for deletion from subsequent analysis. Hence alpha analysis is conducted for each set of variables representing each component. According to Nunnally and Bernstein, (1994), a generally accepted alpha score is of 0.70 or greater that verifies whether a set of variables constitute a reliable scale (or factor). Nunnally and Bernstein (1994) also advise that item-to-row correlation analysis should be above 0.50.

Stage five: The qualifying variables are again factor analysed to identify the factor model and number of variables that load the highest per factor. These are the variables that are used in the discriminant analysis.

⁴ An additional indicator is to choose the number immediately before the straight line begins of a scree plot at the point of inflexion between curve and straightening out (Cattell, 1978).

Appendix R: Cluster analysis for determining tolerant and intolerant subgroups

According to Kaufman and Rousseeuw (1990:37), cluster analysis is mostly used as a descriptive or exploratory tool to discover what the data might convey, rather than confirm or refute a hypothesis. It was chosen as a supportive tool, designed to explore the classifications of subgroups, as an alternative to that derived by 'a priori' means. Whereas factor analysis involves dividing variables into groups or components, cluster analysis aims to separate respondents on the basis of similarities or differences between a range of scores, based on the percentage of matches or differences between a set of client responses to variables. Whilst cluster analysis uses decision rules, these are determined by the computer, decided by the cluster technique.

There are two generic types of cluster analysis: partitioning methods, and hierarchical methods. Hierarchical methods repeatedly divide groups into subgroups, based on similarities or dissimilarities to their nearest neighbours that can result in a complexity of linkages or dendrites. Partitioning methods retain simplicity by clustering respondents on the basis of one relationship between the sets of variables of study. Since the interest is to discover how subgroups might be distinguished within relatively small sample sizes, the partitioning method appears more suitable because the hierarchical method computes a greater number of subgroups with samples that are too small to be practical.

The partitioning method chosen was k-means cluster analysis. In k-means analysis, the number of k clusters is predetermined by the researcher. K-means cluster analysis minimises the average squared distances between all objects to derive clusters (Kaufman and Rousseeuw, 1990). The technique is popular and easy to administer, simply requiring the specification of cluster variables and k (number of clusters).

For this study, k was restricted to either 2 clusters (corresponding to the tolerant and intolerant subgroups determined under the 'a priori' approach), or 3 clusters, capturing an intermediate subgroup. The specification of cluster variables designed to measure attributional attitudes, voice, and behaviour were generally derived from entering the original combinations of variables. These were based on blame or credit, disapproval or approval, reduction in business or additional business, or trust. Additionally, if the amount of critical incidents were found to be significantly associated with the responses on these dependent variables, an appropriate additional variable representing either negative incidents, positive incidents, or net incidents was entered to account for this. Refer to stage 5, Figure 8.3.

Applying and verifying the cluster analysis

Subgroups were developed by the 'a priori' approaches described, and supplemented by similar pairs or triads of variables that were entered into a cluster analysis. Using k-means cluster analysis, 2 and 3 clusters were derived for each set of grouping variables. Clusters acted as proxy subgroups, which were allocated a cluster number by saving that were later entered as the grouping variables for the DA. Refer to stage 6 of Figure 8.3. Cluster analysis shows the final cluster centre means for each set of variables inputted for each cluster. The final cluster centre indicates which cluster is most likely to represent a tolerant subgroup, which an intolerant subgroup, and which an intermediate subgroup (if k=3 was performed). In order to ascertain whether the cluster solutions appear to represent tolerant and intolerant groups, the scores for the final cluster centres were compared for each cluster and an intuitive verification was made as to their validity. Additionally, the cluster analysis also shows which individual cases belong to which cluster, and a quick manual check can be made to assess the fit of the clusters based on measures of tolerance. Since no decision rules were entered into the cluster analysis⁵, clusters might be alternatively defined. Any differences in the membership between the 'a priori' approach and the cluster solution appear to be based on the cluster algorithm considering not only the relative values of variables used for deriving subgroups, but their absolute values. This provides an additional approach in differentiating between some dimensions of tolerance than the 'a priori' approach alone. Differences in decision rules explain different sample sizes between 'a priori' and cluster solutions (reflecting the assignment of some cases to different groups).

Apart from the manual check, upon entering each cluster number into a discriminant analysis, the output indicates the predictive power of the groups (as indicated by hit rates) as belonging to either tolerant, intolerant, or intermediate subgroups. Subgroups determined by both 'a priori' and cluster analysis were compared for both two subgroups (tolerant versus intolerant) and three subgroups (adding an intermediate subgroup), in terms of choices made.

⁵ The exception was for clusters 28-31, in which modified groups 5 and 6 were entered rather than the original variables derived from them, with the intention of complimenting the 'a priori' approach as far as possible.

Appendix S: Using Discriminant analysis

There are three types of discriminant analysis (DA). These are direct, hierarchical, and stepwise. In direct DA all variables enter the algorithmic equations simultaneously, in hierarchical DA they enter according to a schedule set by the researcher, and in stepwise DA statistical criteria alone determine the order of entry. Since the analysis is exploratory with no previous literature available in the public domain on how variables predict tolerance, there was no reason for giving some predictors higher priority than others, and so stepwise DA was considered the most applicable.

The stepwise DA procedure (SDA) is similar to that of multiple regression, insofar as the addition or removal of an independent variable is screened by a statistical test, with the result used for deciding which independent variables are included in the discriminant function. The most commonly used statistic for addition or removal of variables from subsequent analysis is Wilkes Lambda (Λ). The discriminant function was used to ascertain category membership by identifying the greatest differences between the subgroups. The significance of the change in Λ when a variable is entered or removed is obtained from an F test. At each step of adding a variable to the analysis, the variable with largest F (F to enter) is included. This process is repeated until there are no further variables with an F value greater than the minimum threshold value. At the same time, any previous added variable that fails to contribute toward maximising the assignment of cases to the correct group is removed when its F value (F to remove) drops below the critical threshold value. These critical values for Wilkes Lambda are 3.84 (minimum partial F to enter) and 2.71 (maximum partial F to enter).

The first report of output shows those functions that are statistically reliable. In the univariate case (i.e. using only one dependent variable) the smaller values of Wilkes Lambda (Λ) are more likely to be significant. In the multivariate case (using more than one dependent variable) the significance of Λ is more conveniently found from a chi-square approximation (Kinnear and Gray: 1994: 205-214).

Indications of the effectiveness of the discriminant functions

Several features of stepwise discriminant analysis need explaining to understand the data output. From the output of a SDA, the means and s.d.'s for each variable per subgroup were reported. Discriminatory variables were reported separately from those not used in the analysis. The first indicator of how effective is the discriminant function is to identify how much variability in the discriminant scores there is *between* the groups in comparison to the variability *within* groups (Norusis, 1985: 88). The Wilkes Lambda statistic is the proportion

of the variance in the discriminant scores not explained by differences amongst the subgroups and can test whether the population means are equal between groups. Small values of lambda are associated with discriminant functions in which there is maximum variability *among* groups and minimal variability *within* groups (Norusis, 1985: 90). Therefore smaller values are preferred for indicating strong discriminant functions, and would suggest that the subgroups may have been appropriately designed.

A second indicator is the value of the eigenvalues. Since the eigenvalue is the ratio of the between-groups sum of squares (or variance) to the within-groups sum of squares (or variance), larger eigenvalues are associated with good discriminant functions (Norusis, 1985: 88-89). According to Hedderson and Fisher (1993: 148), an eigenvalue of zero has no discriminating value, whereas eigenvalues above 0.40 are considered excellent.

A third indicator is the percentage of cases that were deemed tolerant or intolerant that were classified correctly. The probability that the cases belong to a predicted group is derived from using probability theory that produces a summarised classification matrix showing the numbers of correct and incorrect classifications for each subgroup (sometimes referred to as a confusion matrix, Norusis, 1985: 85). The probability of a case belonging to a given category of k subgroups can be derived randomly. Where $k = 2$, the probability of belonging to either subgroup is 50% and is 33% for 3 subgroups. Aaker, Kumar and Day (1995: 582) argue that the hit ratio, or percentage of correctly classified cases, can be computed from the ratio of the sum of the diagonal elements over the total number of cases shown in the matrix. This should then be compared to the maximum chance criterion and the proportional chance criteria for validating the discriminant analysis (Aaker et al., *ibid*, 1995:582-583). Given two groups of unequal size, the maximum chance criterion is given by the largest sample size of any group / total number of cases. The proportional chance criteria for two groups (based on assigning to original proportions) = $(\text{original cases per group one} / \text{total cases})^2 + (\text{original cases per group two} / \text{total cases})^2$. According to Aaker et al., (1995), if the hit ratio exceeds *both* the maximum chance criterion and the proportional chance criteria tests, the discriminant analysis is probably worth pursuing.

A fourth indicator of DA is canonical correlation. This is a measure of the degree of association between the discriminant scores and the groups. In a two-group situation, the canonical correlation is the Pearson correlation coefficient between the discriminant score (as the dependent variable) and the group variable, and so range from 0 to 1. A high ratio would indicate that the subgroups are strongly associated with the discriminant scores. The square of the canonical correlation indicates the percentage of the variance in the dependent

variables(s), or grouping variables that is/are explained or accounted for by this model (Aaker, Kumar and Day, 1995: 579).

Once the *qualifying* discriminant analysis is decided, the relative importance of those variables that discriminate between the groups can be examined. According to Churchill (1991: 887) *the relative importance* of the variables in discriminating between the groups can be assessed in three ways. The mean differences of the groups for each variable is a common intuitive way of assessing the importance of the variables in distinguishing between the groups, with large differences indicating that variables are important discriminators (Churchill, 1991: 886).

Two other approaches for assessing the relative importance of variables in discriminating between the groups are the standardised coefficients and the canonical loadings (or discriminant loadings). With the standardised coefficients, the absolute values (irrespective of their signs) are used as *conditional* indicators, with the larger values associated with greater relative importance, providing that multicollinearity between variables is not a significant issue. When there is a lot of multicollinearity between the variables, results for all three approaches will differ, requiring caution with interpretation. Hedderson and Fisher (1993: 150) suggest calculating Pearson correlations amongst the predictor variables, dropping any one from pairs that correlate >0.70 , and recalculating the discriminant analysis.

Refining the data for SDA

Next, the data is screened for multicollinearity, for the presence of outliers, and for an assessment of linearity to ensure the data is suitable for entering SDA. The SDA output is then reported.

Multicollinearity

In accordance with Hedderson and Fisher (1993: 150), Pearson correlations of the independent variables above 0.70 was used as the criterion for identifying multicollinearity.

Outliers

Multiple regression was conducted for each dependent variable in turn to screen for outliers, or extreme values of independent variables. In SPSS10, cases that fall outside three standard deviations are reported separately by the casewise diagnostics command that are used for identifying outliers. For each dependent variable, a separate regression model was computed, based on entering all the independent variables, reporting R and R square, ANOVA,

probability plots of the observed cumulative probabilities (x axis) against the expected cumulative probabilities (y axis), and scatterplots of standardized predicted values (x axis) against the standardised residual values (y axis). The R value is the multiple correlation coefficient between the independent variables and each dependent variable. The adjusted R squared statistic is an unbiased estimate of the proportion of variance of the dependent variable accounted for by the regression model. A higher R squared value therefore is associated with a stronger relationship between the dependent variable and the model.

Linearity

The ANOVA statistics (based on the F statistic and significance) indicate whether there is a linear relationship between the variables. The higher the F value, the stronger the significance of linearity. However, the ANOVA needs to be supported by the probability plots of observed to expected data; and the scatterplot of the standardised residuals against the standardised predicted values (based on the model) to confirm linearity.

Appendix T: Developing a master index of tolerance

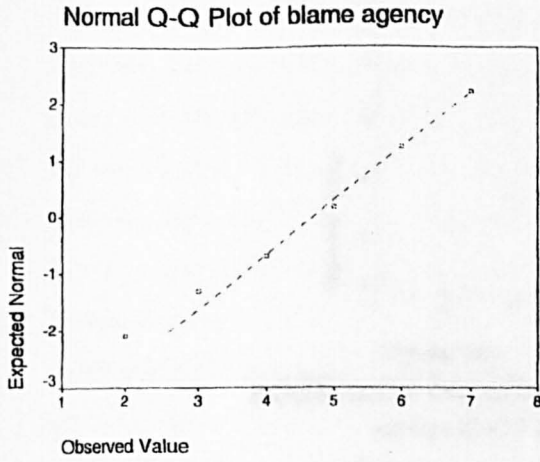
In examining grouping variables across several variables, master indices of tolerance and intolerance were calculated from the examining response patterns to sets of individual dependent variables. These were based on consistency in responses across all three dimensions representing either negative incidents or positive incidents (referred to as the variables *tolmaneg* and *tolmapos* respectively).

For each common index, cases were coded by 1 = always tolerant, 2 = always intolerant, 3 = always intermediate, and 4 = inconsistent behaviour shown, dependent on variables representing either negative or positive experiences. For *tolmaneg*, 20 cases were found to be always tolerant across all dimensions, 10 cases were found to be always intolerant, and 17 were found to be always intermediate, with 69 cases responding somewhat specifically according to each dimension⁶. However, there were only six intolerant cases that qualified for SDA. Similarly for *tolmapos*, only 6 cases were always tolerant. The small group of cases deemed consistently intolerant and consistently tolerant for *tolmaneg* and *tolmapos* respectively would not offer assurances of stable findings from further analysis (such as discriminant analysis). Accordingly, these common indices were eliminated from further analysis and so are not reported.

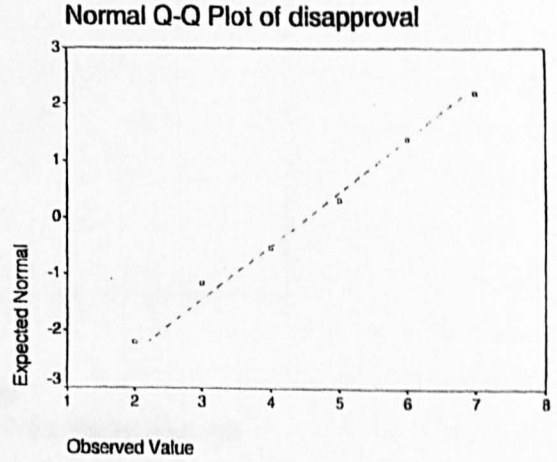
⁶ Actual case records for each subgroup were used to determine the common indices but are not reproduced here to retain parsimony.

Appendix U: Normal plots for dependent variables

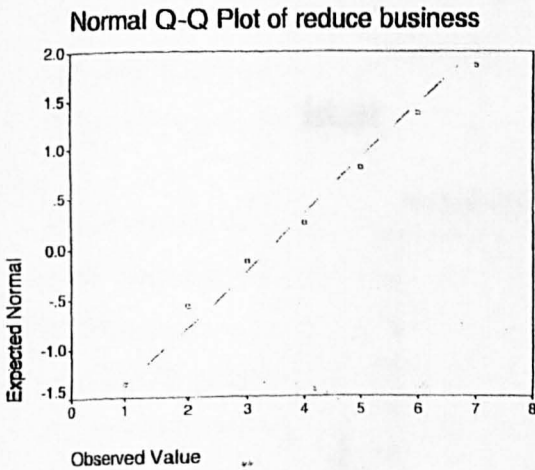
blame agency



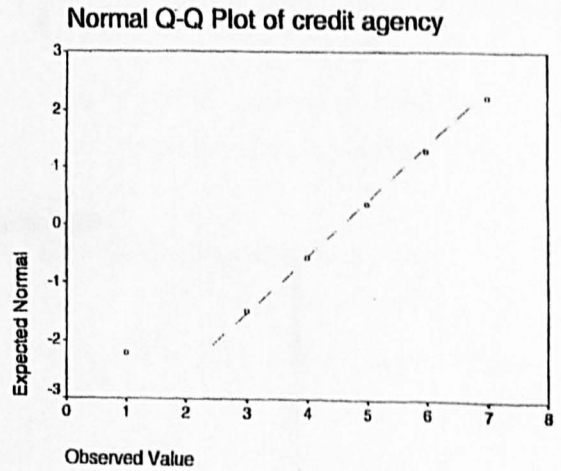
disapproval



reduce business

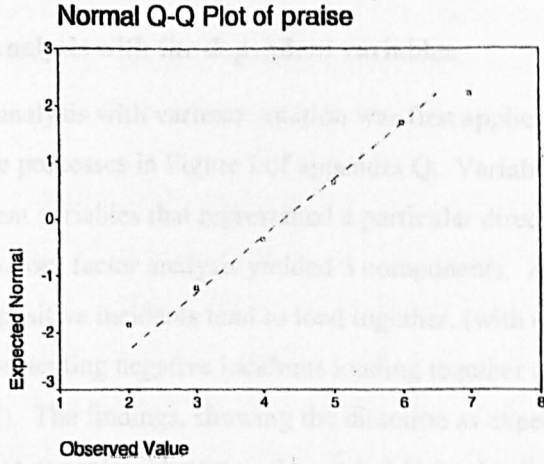


credit agency

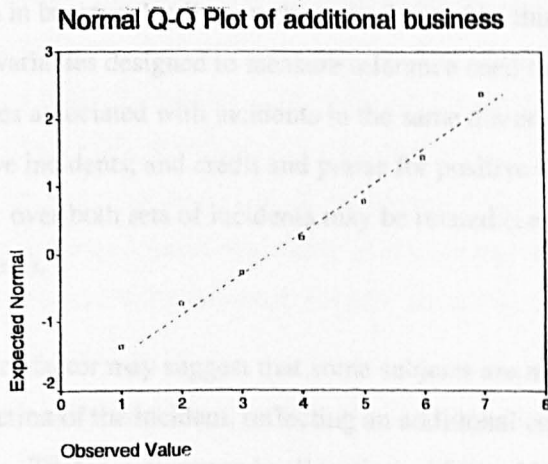


Appendix U: Normal plots for dependent variables (continued)

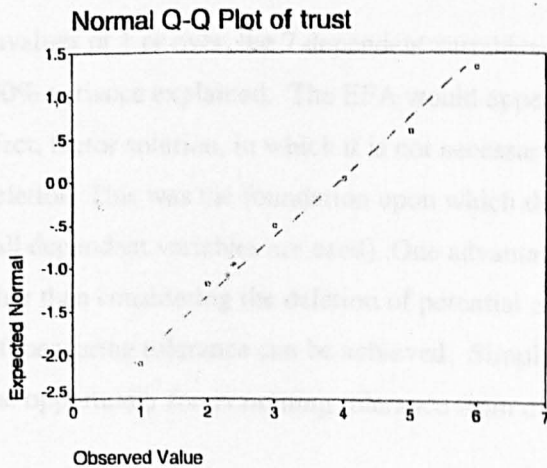
praise



additional business



trust



Appendix V: Findings of factor analysis

For each factor analysis, descriptive statistics (means, standard deviation, and case numbers), correlation matrices, the rotated component matrix, the total variance explained, the component transformation matrix, and reproduced correlations, were reported.

Exploratory Factor Analysis with the dependent variables

Principal components analysis with varimax rotation was first applied to the dependent variables, following the processes in Figure I of appendix Q. Variables were first examined to assess if the dependent variables that represented a particular direction loaded together on the same factor. Exploratory factor analysis yielded 3 components. As expected, dependent variables representing positive incidents tend to load together, (with credit and praise on factor 1), and those representing negative incidents loading together (with trust, blame, and disapproval on factor 2). The findings, showing the direction as expected, support content validity of the dependent variables. However, the rotated factor loadings show additional business and reduction in business loading on the same factor (the third factor). This would suggest that grouping variables designed to measure tolerance need to consider not only both pairs of related variables associated with incidents in the same direction (i.e., blame and disapproval for negative incidents; and credit and praise for positive incidents); but that variations in behaviour over both sets of incidents may be related (i.e., additional business and reduction in business).

The presence of the third factor may suggest that some subjects are more reactive than others, irrespective of the direction of the incident, reflecting an additional complexity in the assessment of tolerance. That is, a response in allocating additional business might be followed by a similar, greater, or lesser proportionate response in reducing business.

Based on retaining eigenvalues of 1 or over, the 7 dependent variables provided a 3 component solution of 70% variance explained. The EFA would appear to be offer a satisfactory, but not perfect, factor solution, in which it is not necessary to consider further variables for potential deletion. This was the foundation upon which the grouping variables are later decided (since all dependent variables are used). One advantage in using all dependent variables (rather than considering the deletion of potential candidates) is that a broader understanding of measuring tolerance can be achieved. Simply put, combinations of all 7 variables provide the opportunity for examining tolerance from multiple perspectives.

These perspectives consider attitudes, feelings, and subsequent behaviour.

Had successive deletion of variables been considered credit would be a possible candidate. If the rubrics for deciding the dependent variables for retention are followed, the number of intercorrelations between the dependent variables and the number that are statistically significant should be examined. These are extracted from the correlation matrix of Pearson correlations, with the frequencies shown below in Table I, appendix V.

None of the dependent variables inter-correlated very highly that would have indicated multicollinearity and hence redundancy. From the correlation matrix, credit has only one inter-correlation above 0.3, with only 3 inter-correlations that are statistically significant. With the reproduced correlations, only two correlations > 0.30 , with the remaining variables mostly yielding stronger inter-correlations and /or more than 2 inter-correlations. Factor analysis of the six variables after removing credit yields a 3-component solution, but now accounting for 77% variance explained. Other marginal candidates for removal were additional business and reduction in business (since they only yielded 1 correlation > 0.3). Upon retaining credit but removing each of these in lieu of the other, both situations yield 2-component solutions of only 60% variance explained (clearly less satisfactory solutions). The upshot was to use the seven variable solution, retaining credit to assure a multiple perspective of analysing tolerance, but it is accepted this is a marginal decision. As a corollary, any analysis based on using the credit variable should be treated with caution.

Table I: Frequency of satisfactory and significant intercorrelations of dependent variables

Dependent variable	Number of inter-correlations > 0.3	Number of significant intercorrelations (either at the 0.01 or the 0.05 level (2-tailed)).
Credit	1	3
Praise	3	4
Additional business	1	5
Trust	2	5
Blame	2	3
Disapproval	2	4
Reduction in business	1	4

Next, the independent variables were examined.

Analysis of the independent variables

The correlation matrix

To ensure adequate sampling, and that the matrix of factor scores is not an identity matrix, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and the Bartlett test were computed, as explained by Kinnear and Gray, (1994:222). The KMO test yielded a score of 0.712, well above 0.5 deemed for a satisfactory factor analysis to proceed. To ensure that the matrix of factor scores is not an identity matrix, the Bartlett test was computed, yielding a significance of 0.00, with 496 degrees of freedom, with an approximate chi-square statistic of 1630.223, so its associated probability being above 0.05 confirms that the correlation matrix is not an identity matrix.

The correlation matrix was scanned for variables that did not correlate with any others above 0.3 for potential removal from subsequent analysis. However, the correlation matrix revealed that (1) performance variables 11.1 to 11.9 and 12.1 to 12.9 frequently correlate with each other above 0.3. A summary of the number of moderate or better correlations (i.e., above 0.3) is shown in Table II, appendix V below.

Table II: Number of original correlations > 0.3 and number of residuals (original-reproduced correlations) per performance variable < 0.05

Coding of variables from questionnaire	Variables under negative incidents	Number of initial correlations >0.3 from maximum possible	Ratio of residuals under 0.05 / total
11.1	Integrity	7/8	7/8
11.2	Proactive ideas	6/8	7/8
11.3	Interpretation of briefing	5/8	5/8
11.4	Access to creative teams	2/8	5/8
11.5	Stable account management	5/8	5/8
11.6	Consistent work processes	6/8	5/8
11.7	Empathy to creative changes	7/8	6/8
11.8	Constant status reports	8/8	6/8
11.9	Strength in strategic thinking	6/8	8/8

Table II (continued)

Coding of variables from questionnaire	Variables under positive incidents	Number of initial correlations >0.3 from maximum possible	Ratio of residuals under 0.05 / total
12.1	Integrity	7/8	4/8
12.2	Proactive ideas	8/8	4/8
12.3	Interpretation of briefing	7/8	7/8
12.4	Access to creative teams	3/8	8/8
12.5	Stable account management	7/8	6/8
12.6	Consistent work processes	7/8	6/8
12.7	Empathy to creative changes	7/8	6/8
12.8	Constant status reports	8/8	6/8
12.9	Strength in strategic thinking	6/8	7/8

From the correlation matrix, performance variables correlated more strongly with each other but not with other variables such as environmental variables, personality variables or general belief variables. This formative analysis would suggest that most performance variables are appropriately classified as they are, and not to other sets of variables. As will be reflected, this will need qualifying as the data are rotated. However, initial browsing of data suggested that 'access to creative teams' might belong to a separate component, since it did not correlate with other performance variables.

The Pearson correlations for external environmental variables (newbleakness⁷, newseverity⁷ and newlimited product attraction⁷ (representing 13.3 to 13.6 from the questionnaire) were well correlated above 0.3 with each other, but were not correlated well with internal environmental variables (13.1 to 13.2). Variable 13.1 (discretion) did not correlate well with any variable. This suggested that internal environmental variables load on different factors to external environmental factors.

⁷ Variables prefixed by new indicate reverse scoring to ensure consistency in analysis.

Personality variables 14.1 to 14.3 did not correlate above 0.3 with each other, with 'behaviour arising from 'pressure after disappointing results', (14.2) best correlated with informality (15.5). 'Pressure to achieve (before results)', (14.1) did not correlate above 0.3 with any variable, and was verified with further tests before removal from subsequent analysis.

Variables 15.1 to 15.5 representing general beliefs about relationships did not correlate above 0.3 with performance variables, environmental variables, nor personality variables.

Adding support with Reproduced Correlations

According to Kline (1994), it is the reproduced correlations that should have greatest bearing on the interpretation of the data, with the pattern of reproduced residuals indicating the degree of fit. In the case of performance variables, the reproduced correlations follow a similar pattern to those of the initial correlations, with few residuals over 0.05, suggesting the results are robust. (Refer to final column of Table II, appendix V).

Similar to the original correlations, all external environmental variables (13.3 to 13.6) correlated above 0.3 with each other, but not with internal environmental variables (13.1-13.2), confirming that the internal environmental variables should be considered as separate factors.

Reproduced correlations (after rotation) about general beliefs about relationships suggest that the need for liking, preferences for long-term relationships, and compatible relationships are part of a similar factor (since all correlated at above 0.6 with each other), whereas preferences for rosters and informality did not (with informality not correlating at all).

Verifying the underlying construct validity of the independent variables

Initial results of the first factor (varimax) analysis comprised of 97 case records, revealing 9 components yielding a cumulative variance of 69%. Since this was the first iteration and was subject to alpha analysis, the data are not shown here⁸. However, a few comments about the data are noteworthy. From observation of the data, performance variables can be separated into several distinct components 1-2, 4 and 6 rather than one as expected, comprising of about 40% variance in total. The component analysis shows that performance variables under negative conditions should not be automatically considered identical to the corresponding

⁸ A similar format of output is shown later in the final factor solution.

variables under positive conditions. Since performance variables loaded on separate components, this indicates a caution in treating all performance variables the same. To ensure *factors* were not highly correlated with others, the component transformation matrix was examined. The component transformation matrix showed that several factors did correlate with another (>0.5), but not excessively (above 0.7) that they should be considered for replacement, except for components 7 with 8 (at 0.886). It should be noted that components 7 and 8 were later removed from analysis, although Nunnally and Bernstein (1994) argue that a common factor correlation of even 0.9 may be retained if it is judged to be comprising of two groups of variables that should be separate, suggesting that the final judgement should rest upon the experience of the researcher.

Alpha analysis

In examining alpha analysis for each set of variables representing each component, components 1-6 inclusive produced acceptable or better reliability scores, supporting their allocation to the components. The alpha scores and standardised item alphas per component are summarised in Table III, revealing that components 7-9 are problematical. In deciding whether to delete variables from each component, the item-to total correlations and alphas upon subsequent deletion of each variable are reported by exception. Inadequate item-to-total correlation scores, with alphas improving upon the subsequent deletion of individual items would suggest scale refinement is required. Sometimes discretion by the researcher was required where findings are mixed. In the case of examining the alpha analysis for component 1, although the item-to-total correlation for 'neweffort' revealed a score of only 0.3780, the overall alpha improved only marginally upon its deletion (from .8780 to .8842), so the variable was retained. Alphas for variables representing components 2- 4 inclusive and component 6 all showed item-to-total correlation scores in excess of 0.5, with no items improving the overall alpha on deletion, and so all were retained for further analysis.

Although the item-to-total correlations for the newchange variable that represented component 5 appeared low (at .3089), overall alpha would only marginally improve upon its deletion (from .6388 to .6392), suggesting it was an arbitrary decision. Therefore all variables representing this component were retained.

For components 7-9 that produced weak alpha scores, there was a need to assess whether the weakest variables attached to each component could be attached to alternative components by trial-and-error. For each of the six variables representing components 7-9 that gave weak alphas, alternative variables were examined to assess if they could be reallocated to other

components based on their correlations. As shown by Tables IV to X, no improvements could be found. Additionally, the variance attributed to these variables, if treated as singlets, was considered negligible.

Table III: Alpha scores and comments for each component

Component	Alpha	Standardised Item Alpha	Comments
1	.8780	.8796	Very strong
2	.8859	.8570	Very strong
3	.7615	.7619	Strong
4	.7617	.7624	Strong
5	.6388	.6363	Adequate
6	.8560	.8566	Very strong
7	.4256	.4332	Weak
8	.4741	.4742	Weak
9	-.2493	-.2533	Very low and weak

Intuitively, expectations were that 'pressure from disappointing results' would load on the same factor as 'pressure to achieve results', but clearly this was not so. Since the internal consistency of the data representing these variables cannot be relied on, variables representing components 7-9 were dropped from further analysis. These variables included breadth of experience and discretion (C7) that produced an overall alpha of .4256 (Table IV), 'pressure from disappointing results', and informality (C8) that produced a weak alpha of 0.474 (Table VII), and 'pressures to achieve results', (newp.res) and 'preference for how business is allocated amongst agencies', (newroster) representing C9. The alpha score of -0.25 is very low and negative (Table VIII).

Before moving on to the next stage, the data reduction techniques used in refining the data are supported by conceptual reasoning. The only noticeable section that is entirely deleted on the basis of the data reduction is general personality style in relationships (14.1 to 14.3). To confirm the lack of fit between these variables, separate alpha analysis was conducted, yielding a score of 0.0380, (standardised item alpha of 0.0689), clearly indicating that these variables examined together are a very poor indicator of internal consistency. The final factor solution after factor analysing the remaining 26 independent variables is reported on pages 282-286.

Appendix V (continued): Alpha analysis of components 7-9**Table IV: Original component 7**

Number of cases = 118, number of variables = 2

Variables of component 7	Corrected Item- Total Correlation	Alpha if Item Deleted
Discretion	.2765	.
Breadth of experience	.2765	.

Alpha = .4256, standardised item alpha = .4332

Table V: Consideration of breadth of experience with performance variables

Number of Cases = 107, number of variables = 6

Breadthexp attached to other variables	Corrected Item- Total Correlation	Alpha if Item Deleted
Integrity/+	.6369	.7701
Interpretation of briefing/+	.5101	.7976
Stability of account management/+	.6183	.7750
Consistency/+	.6925	.7570
Empathy/+	.6845	.7604
Breadth of experience	.3186	.8328

Alpha = .8135, standardised item alpha = .8104, but breadth of experience dropped with low item-to-row correlation.

Table VI: Consideration of discretion with external environmental variables

Number of cases = 117, number of variables = 5

Discretion attached to other variables	Corrected Item-Total Correlation	Alpha if Item Deleted
Newchange*	.2043	.2244
Discretion	-.3891	.6403
Newbleakness*	.4107	-.0051
Newseverity*	.2933	.1218
Newlimited product attraction*	.4018	.0149

Low alpha = .3140, standardised item alpha = .2882, with alpha dramatically improving on dropping discretion.

Table VII: Number of cases = 117, number of variables = 2

Variables of component 8	Corrected Item- Total Correlation	Alpha if Item Deleted
Pressure from disappointing results	.3108	.
Informality	.3108	.

Alpha = .4741, standardised item alpha = .4742

Table VIII: Number of cases = 121, number of variables = 2

Variables of component 9	Corrected Item-Total Correlation	Alpha if Item Deleted
Pressure to achieve results (Newp.res*)	-.1124	.
Newroster*	-.1124	.

Alpha = -.2493, standardised item alpha = -.2533

Table IX: Consideration of newp.res with bleakness.

Number of cases = 120, number of variables = 2

Newp.res attached to another variable	Corrected Item-Total Correlation	Alpha if Item Deleted
Newbleakness*	.2591	.
Newp.res*	.2591	.

Alpha = .4101, standardised item alpha = .4116, so bleakness remains with C5, alpha = 0.64.

Table X: Consideration of newroster with general beliefs about relationships.

Number of cases = 121, number of variables = 3

Newroster attached to other variables	Corrected Item-Total Correlation	Alpha if Item Deleted
Long term relationships	.0921	-.4979
Compatible style	.1067	-.6098
Newroster*	-.2716	.6980

Alpha = -.1558, standardised item alpha = .0578, alpha improving on dropping newroster.

Key: Variables with /+ indicate positive conditions. *Variables prefixed with new were reverse scored. Note: Pressure from disappointing results only correlates moderately (>0.3) with access to creative teams under both negative and positive conditions, yielding an alpha of 0.658 compared to .857 when deleted. Although informality correlates with briefing/+ and neweffort, alphas do not improve, supporting no revision to existing components.

Appendix W: Screening the data for SDA

Multicollinearity

A Pearson correlation of all variables showed that two performance variables intercorrelated above 0.70 between corresponding sets of negative and positive incidents, reflecting multicollinearity. These two performance variables were access to creative teams and strength in strategic thinking, reporting intercorrelations of 0.749 and 0.729 respectively. This finding had been intentionally ignored because the researcher originally wanted to examine relationships using the full set of negative and positive incidents. But it is possible that inclusion of both as pairs of predictor variables in the discriminant analysis might confound the results. In deciding which variable from each pair of sets of incidents should be retained and which should be rejected, the number of significant correlations with the dependent variables were taken into account. Refer to Table I of appendix W. The correlations of access to creative teams given positive incidents and strength in strategic thinking given positive incidents were preferred for selection to those representing negative incidents because the former showed larger and/or more frequent correlations. The findings suggested those under positive incidents would be more useful in contributing to tolerance behaviour. Consequently, the corresponding variables under negative incidents were removed as inputs for the SDA, and from subsequent analysis.

Linearity and outliers

The summarised R statistics, F values and significance are presented in the regression analysis of Table II, appendix W. The R statistics show reasonably strong correlations between each of the dependent variables with the independent variables, with the strongest and the weakest being trust of .78 and blame of .56 respectively. The greatest proportion of variance explained by the model is based on trust (43%), followed by additional business (15%), reduction in business (9%), followed closely by credit (9%) and disapproval (7%). Blame is not well supported by the model. Although the ANOVA results (F values and significance) suggest that only trust and additional business hold strictly linear relationships (at the .010 level), the scatterplots for each dependent variable revealed no obvious crescent-shaped or funnel-shaped patterns that would sharply refute linearity. Finally, there were no extreme cases or outliers reported outside three standard deviations for any relationship, so all the data could be used for inputs in the discriminant analysis. This is supported by the probability plots of observed values to expected values based on the model that show only small deviations from a straight diagonal line (normal plots shown at the end of this appendix). To ensure that outliers were not a problem, the default was changed to report cases outside one standard deviation to identify cases that fell between one and two standard

deviations. Although about twenty cases fell in this range for each dependent variable, browsing the individual cases suggested there was no obvious pattern of violation. Indeed, about half of these cases fell within ≤ 1.25 standard deviations.

Appendix W (continued)

Table I: Bivariate correlations for dealing with multicollinearity

Pairs of independent variables showing multicollinearity (with intercorrelations above 0.70)	Pearson correlation	Dependent variables							Decision
		Trust	Blame	Disapproval	Reduction in business	Credit	Approval	Additional business	
Access to creative teams/ni	.749**	.086 (116)	-.107 (115)	.049 (113)	-.101 (113)	.086 (112)	.168 (111)	.042 (112)	Reject
Access to creative teams/pi		.239* (113)	-.255** (111)	.056 (109)	-.055 (109)	.119 (112)	.198* (111)	.131 (112)	Select
Strength in strategic thinking/ni	.729 **	.261** (116)	-.032 (115)	.033 (113)	-.247** (113)	.131 (112)	.085 (111)	.056 (112)	Reject
Strength in strategic thinking/pi		.420** (114)	-.122 (112)	.031 (110)	-.233* (110)	.343** (113)	.177 (112)	.198* (113)	Select

Notes

** Significant at the .05 level, * Significant at the .10 level, ni = negative incidents, pi = positive incidents.

Appendix W (continued)

Table II: Multiple regression scores with significance of linearity of relationship

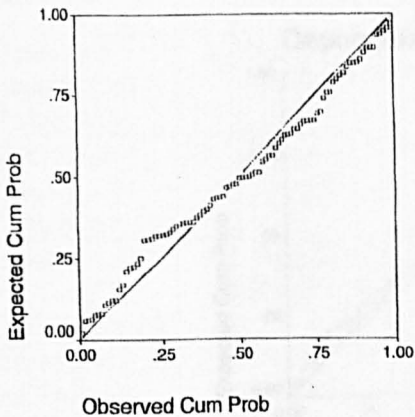
Model for each dependent variable	Sample	R	Adjusted R square	F value	Significance
trust	94	.779	.428	3.401	.000 ^a
blame	92	.563	.003	1.1010	.472
disapproval	90	.609	.072	1.239	.238
Reduction in business	90	.620	.092	1.314	.184
credit	93	.621	.091	1.320	.177
praise	92	.585	.039	1.128	.338
Additional business	93	.643	.148	1.559	.071 ^b

Notes: a significance at the .01 level, b significance at the .10 level

Appendix W (continued): Normal plots of dependent variables for linearity

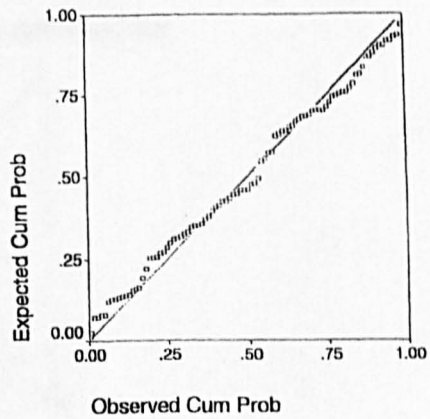
Normal P-P Plot of Regression

Dependent Variable: blame agency



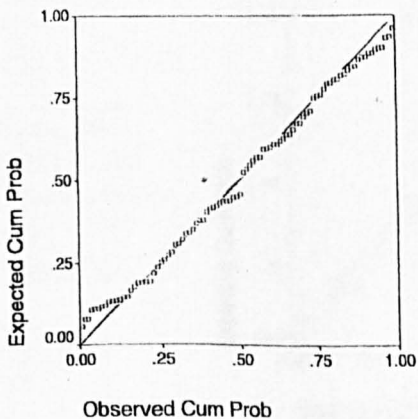
Normal P-P Plot of Regression

Dependent Variable: disapproval



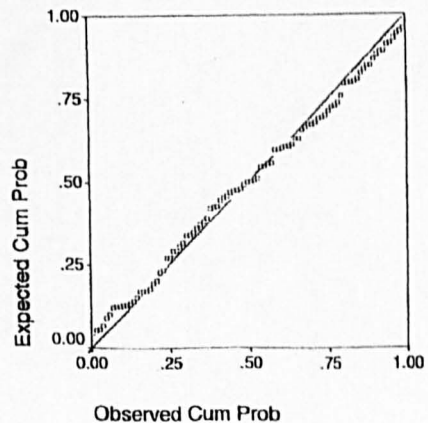
Normal P-P Plot of Regression

Dependent Variable: reduce busine



Normal P-P Plot of Regression

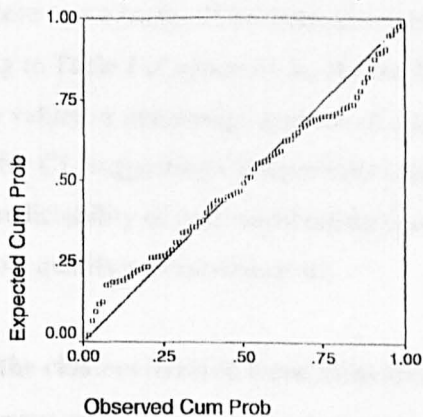
Dependent Variable: credit agency



Appendix W (continued): Normal plots of dependent variables for linearity

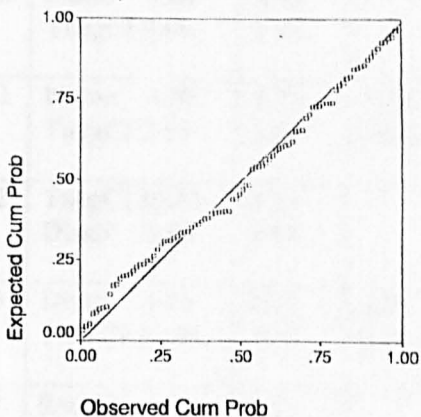
Normal P-P Plot of Regression

Dependent Variable: praise



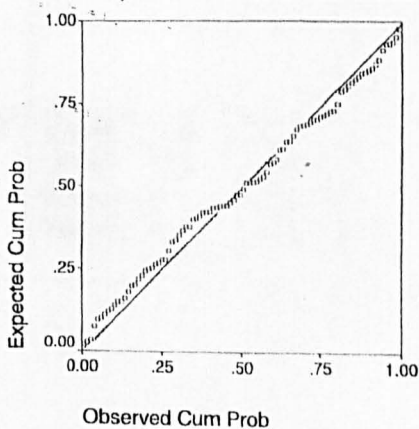
Normal P-P Plot of Regression

Dependent Variable: additional bus



Normal P-P Plot of Regression

Dependent Variable: trust



Appendix X: Assignment of tolerance and intolerance to clusters

Assignment of tolerant and intolerance to subgroups represented by clusters was generally easily compared to the DA solutions derived from the 'a priori' approach. However, browsing suggests that some clusters from C1 to C3 do not necessarily represent tolerant, intolerant and intermediate subgroups respectively, whilst others are ambiguous. In a few ambiguous cases, there was a trade-off between absolute values and relative values. For example, in referring to Table I of appendix X, cluster 21 presents absolute values of 5.33, (> 2.97) but relative values or percentage increase of additional business over TposCI is greater for C2 than for C1, suggesting C2 represents tolerance. Cluster 21 also failed to provide sufficient predictability of case membership upon subsequent entry into the SDA, so was screened out from qualifying discriminators.

Table I: Verifying the clusters derived from individual dependent variables

Cluster grouping variables Φ	k	Final Cluster Centre			F and ANOVA		*Intuitive Verification of Clusters/Comments		
		C1	C2	C3	F	Sign ^e	C1	C2	C3
Blame and TnegCI, C10 (Tolblame)	2	blame 5.04 TnegCI 9.69	4.43 3.93		9.147 296.175	.000 .000	Tol	Intol	
Blame and TnegCI, C11 (Tolblame)	3	blame 4.09 TnegCI 2.63	4.73 5.53	5.14 10.40	9.300 301.370	.000 .000	Intol	Inter	Tol
Disapproval and TnegCI, C13 (Toldisap)	2	TnegCI 10.31 Disap' 4.83	4.23 4.43		3.755 312.369	.055 .000	Tol	Intol	
Disapproval and TnegCI, C14 (Toldisap)	3	Disap' 5.05 TnegCI 11.65	4.18 3.27	4.76 6.83	7.158 285.239	.001 .000	Tol	Intol	Inter
Reduction and TnegCI, C15 (Tolreduc)	2	Reduct' 3.11 TnegCI 4.24	4.16 10.13		9.715 300.502	.002 .000	Intol	Tol	
Reduction and TnegCI, C16 (Tolreduc)	3	Reduct' 2.02 TnegCI 3.87	5.30 5.20	4.00 10.37	89.916 170.099	.000 .000	Inter?	Intol	Tol?
							Difficult in distinguishing between intermediate and tolerant subgroups		
Blame, disapproval, and reduction with TnegCI, C17 (Tolmaneg)	2	Blame 5.08 Disap' 4.89 Reduct' 4.16 TnegCI 10.13	4.53 4.38 3.13 4.22		7.406 6.450 9.215 302.934	.008 .012 .003 .000	Tol	Intol	

Table I: Verifying the clusters derived from individual dependent variables

Cluster grouping variables Φ	k	Final Cluster Centre			F and ANOVA		*Intuitive Verification of Clusters/Comments		
		C1	C2	C3	F	Sign ^e	C1	C2	C3
Blame, disapproval, and reduction with TnegCI, C18, (Tolmaneg)	3	Blame 4.39 Disap' 4.27 Reduct' 1.96 TnegCI 3.84	4.81 4.65 5.26 5.13	5.09 4.86 4.00 10.37	5.103 3.557 91.011 170.061	.008 .032 .000 .000	Inter	Intol	Tol
Credit and TposCI, k = 2, C41(Tolcredit)	2	Credit 4.48 TposCI 1.78	4.97 5.17		5.028 204.189	.027 .000	Tol	Intol	
Credit and TposCI, k = 3, C42,(Tolcredit)	3	Credit 4.11 TposCI 0.83	5.13 6.27	4.74 2.77	7.369 238.439	.001 .000	Tol	Intol	Inter
Approval and TposCI, C19, (Tolappro')	2	Praise 4.23 TposCI 2.08	5.00 6.27		8.396 160.858	.005 .000	Tol	Intol	
Approval and TposCI, C20, (Tolappro')	3	Praise 3.60 TposCI 0.86	5.00 6.27	4.56 2.73	19.284 212.107	.000 .000	Tol	Intol	Inter
Additional business and TposCI, C21, (Toladdit)	2	Add'bus' 5.33 TposCI 4.97	2.97 1.82		75.874 149.769	.000 .000	Intol	Tol(?)	Uncertainty of categories due to fine trade-offs
Additional business and TposCI, C22, (Toladdit)	3	Add'bus' 4.76 TposCI 2.29	5.13 6.27	2.04 1.91	154.688 82.926	.000 .000	Tol	Intol	Inter
Trust (q9) and NetCI, C23 (Toltrust)	2	Trust 3.13 NetCI -6.57	4.54 -0.82		35.011 187.226	.000 .000	Difficult to discern, but possibly Tol Intol(?).		
Trust (q9) and NetCI, C24 (Toltrust)	3	Trust 5.42 NetCI 1.89	4.00 -2.78	2.76 -8.03	29.280 204.874	.000 .000	Difficult to discern, but possibly Intol Inter Tol(?)		

Note: 'A priori' grouping variables corresponding to cluster solutions shown in parentheses above.

Table I: Verifying the clusters derived from two dependent variables

Cluster Variables	k	Final Cluster Centre			F and ANOVA		*Intuitive Verification of Clusters/Comments		
		C1	C2	C3	F	Sign ^e	C1	C2	C3
Blame and disapproval, C32	3	Blame 3.15 Disap' 3.59	5.72 5.72	4.94 4.50	147.707 49.452	.000 .000	Tol	Inter	Intol
Blame and disapproval C33	2	Blame 4.04 Disap' 3.79	5.32 5.29		66.101 120.552	.000 .000	Unverifiable		

Table I: Verifying the clusters derived from two dependent variables (and accounting for critical incidents where necessary)

Cluster grouping variables	k	Final Cluster Centre			F and ANOVA		*Intuitive Verification of Clusters/Comments		
		C1	C2	C3	F	Sign ^c	C1	C2	C3
Blame and reduction C34	3	Blame 3.68 Reduct' 1.85	4.97 5.54	5.29 2.96	43.762 147.509	.000 .000	Tol	Intol	Inter
Blame and reduction C35	2	Blame 4.47 Reduct' 1.89	4.95 4.97		6.383 365.497	.013 .000	Tol	Inter	
Disapproval and reduction C36	3	Disap' 4.30 Reduct' 1.89	5.33 4.88	3.50 5.06	35.656 170.797	.000 .000	Tol	Inter	Intol
Disapproval and reduction C37	2	Disap' 4.33 Reduct' 1.91	4.76 4.97		5.022 356.350	.027 .000	Tol	Intol	
Credit and approval C38	3	Credit 4.64 Approv' 3.66	5.00 5.17	2.69 3.46	47.601 89.568	.000 .000	Tol	Inter	Intol
Credit and approval C39	2	Credit 4.88 appro' 4.61	3.32 3.14		63.405 58.536	.000 .000	Tol	Intol, but very marginal	
Credit and additional business with TposCI, C25	2	Credit 5.06 Addit' 5.35 TposCI 4.87	4.43 2.93 1.81		9.171 85.261 137.187	.003 .000 .000	Intol	Tol	
Credit and additional business with TposCI, C26	3	Credit 4.29 Addit' 1.96 TposCI 1.78	5.19 5.19 6.13	4.71 4.60 2.35	5.548 140.348 85.985	.005 .000 .000	Inter	Intol	Tol
Praise and additional business with TposCI, C27	2	Praise 4.12 Addit' 2.92 Business TposCI 1.80	4.90 5.32 4.87		16.056 82.657 137.911	.000 .000 .000	Difficult in distinguishing between subgroups based on how clusters fall, with no tolerant subgroup		
Praise and additional business with TposCI, C12	3	Praise 3.94 Addit' 2.02 Business TposCI 1.87	5.00 5.13 6.27	4.53 4.71 2.31	9.620 147.165 83.965	.000 .000 .000	Intol?	Intol?	Tol Difficult in distinguishing between subgroups C1 and C2 based on how clusters fall

Key: Φ The original ordinal scores for dependent variables and ratio scores of incidents were used as inputs for cluster analysis. These were then compared to the corresponding variables used under 'a priori' analysis.

Table I: Verifying the clusters derived from an adapted trust scale (referred to as newtrusc) compared to pair-wise dependent variables (and accounting for critical incidents where necessary)

Cluster Variables	k	Final Cluster Centre			F and ANOVA		*Intuitive Verification of Clusters/comments			
		C1	C2	C3	F	Sign ^e	C1	C2	C3	
Trust with credit-blame (Modified group5) and NnetCI, C28	2	Modified group5	2.83	1.11		692.817	.000	Tol	Intol	
		NnetCI	2.19	1.61		17.383	.000			
Trust with credit-blame (Modified group5) and NnetCI, C29	3	Modified group5	1.13	1.31	2.89	352.179	.000	Inter	Intol	Tol
		NnetCI	1.34	3.00	2.13	47.812	.000			
Trust with praise-disapproval (Modified group6) and NnetCI, C30	2	Modified group6	2.82	1.08		729.285	.000	Tol	Intol	
		NnetCI	2.23	1.53		26.048	.000			
Trust with praise-disapproval (Modified group6) and NnetCI, C31	3	Modified group6	2.85	1.09	1.13	354.043	.000	Tol	Intol	Inter
		NnetCI	2.20	2.41	1.00	56.613	.000			
Newtrusc with additional business and reduction in business, C47	2	Trust	1.82	-3.09	N/A	294.668	.000	Tol	Intol	
		Addit' business	3.73	3.17		3.152	.079			
		Reduct'	2.92	4.09		13.336	.000			
Newtrusc with additional business and reduction in business, C40	3	Trust	1.21	-3.43	2.61	187.00	.000	Inter	Intol	Tol
		Addit' business	2.68	3.57	4.13	9.369	.000			
		Reduct'	2.58	5.25	2.96	34.122	.000			

Notes: * Any difficulties in identifying subgroups from the cluster centres or individual case scores are reported in the final column of Table I of appendix X. Intuitive verification was decided by comparing values of dependent variables relative to values of incidents, whilst taking account of absolute values of dependent variables revealed by the final cluster centres. In the last examples, C47 and C40, the tolerant subgroups are decided on the basis of newtrusc, additional business and reduction in business, and based on the pattern of final cluster centres.

Another way of interpreting the subgroups extracted from Table I of appendix X was to equate the values to ordinal scores used in 'a priori' classification. For example, for cluster 1

of C27, the values of praise, additional business, and TposCI equate to ordinal values of 2 each. Under cross-tabulation, $N_{\text{tposCI}}(\text{of } 2) = \text{pa.mod}(\text{of } 2)$ that represents an intermediate subgroup under the 'a priori' approach. For cluster 2, the values of praise, additional business and TposCI all equate to ordinal values of 3. Under cross-tabulation, $N_{\text{tposCI}}(\text{of } 3) > \text{pa.mod}(\text{of } 2)$ that represents an intolerant subgroup under the 'a priori' approach. Clearly, no tolerant subgroup is indicated. For information, the ordinal values are determined from revisiting Appendix O, highlighting the decision rules used under the 'a priori' approach.

Similarly, for cluster 1 of C12, the values of praise, additional business and TposCI equate to the ordinal values of 2, 1 and 2 each, giving $N_{\text{tposCI}}(\text{of } 2) > \text{pa.mod}(\text{of } 1)$ that represents an intolerant subgroup. For cluster 2, ordinal values of 3 for each variable gives $N_{\text{tposCI}}(\text{of } 3) > \text{pa.mod}(\text{of } 2)$ representing further intolerance. The third cluster provides $N_{\text{tposCI}}(\text{of } 2) < \text{pa.mod}(\text{of } 3)$, representing a tolerant subgroup. C3 can at least be compared to either C1 or C2, leading to C12 preferred over C27.

Appendix Y: Glossary of abbreviations or terms

Abbreviation or name	Explanation	Meaning, or focus of study
Activity mapping	Technique designed to chart all interaction activities strategically.	Used as a cue for jogging memory of critical incidents during interactions.
ALF	Account List File.	Trade source of clients with agencies.
ANOVA	Analysis of variance.	Statistical design to identify relationships between variables.
B2B	Business-to-Business (marketing).	Relationships between organisational markets rather than consumer (end-user) markets.
BRAD	British Rate and Data.	Trade publication providing advertising rates for agencies and their clients.
Ca.mod	Based on pair-wise variables credit (>, =, <) additional business.	A grouping variable that is cross-tabulated against positive incidents to reveal tolerant and intolerant subgroups.
CAR	Client-agency relationship.	Relationship between a client (as buyer) and their advertising agency (as supplier).
CCB	Consumer complaint behaviour.	Research stream that examines how consumers respond to perceived problems.
CIT	Critical Incident Technique.	Method of collecting and coding experiences that are both specific and extreme.
Distributive justice	Concerned with fair resources and outcomes.	Based on the principles of either equity, equality, or need.
EMAP	EMAP Business Communications.	Name of publisher of marketing information used for archiving.
Equality	Concerned with dividing resources equally amongst stakeholders.	Fairness is based on sharing resources equally irrespective of performance.
Equity theory	Concerned with matching inputs received with outputs, as responses.	Fairness is based on responding proportionately to the quality and direction of collective experiences.
Experiential trust	Trust that is shaped by experience.	Experience is the source for trustworthiness of another
IMP group	The Industrial Marketing and Purchasing Group.	Group of (mainly European) academics interested in treating relationships as complex sets of interactions between a multiplicity of stakeholders.
Institutional theory	Behaviour is motivated to reflect prevailing norms (expectations).	Social or business norms adopted to legitimise decisions.
Interactional justice	Concerned with how the recipient is treated at the service encounter.	Fairness is based on whether interactions appear genuine and acceptable, including problem solving skills.
IPA	Institute of Practitioners in Advertising.	Trade organisation representing and promoting the common needs of advertising agencies.
K-means	A method of cluster analysis.	The number of clusters is decided by the researcher, according to k, but an algorithm determines members per cluster.

Appendix Y: Glossary of abbreviations or terms

Abbreviation or name	Explanation	Meaning, or focus of study
Learning theory	Concerned with organisational learning.	Relationships based on acquirement of tacit market knowledge through experience.
MAP	Multilevel agency problems.	Recognition of conflicting needs between different groups of stakeholders.
PA	Personal assistant.	Serves as gate-keeper.
Pa.mod	Based on pair-wise variables praise (>, =, <) additional business.	A grouping variable that is cross-tabulated against positive incidents to reveal tolerant and intolerant subgroups.
Partnership	Two parties that agree to act in the best interests of each other.	The objective is to achieve long-term gain for both parties.
Procedural justice	Concerned with procedures that govern decision processes.	Fairness is based on whether procedures are judged to be applied consistently.
RCT	Relational contract theory.	Behaviour is based on the expectation of long-term value to both buyer and seller, encouraging trust.
RD	Resource dependency.	Relationships are based on resolving critical resource deficiencies to gain more control.
Response styles	How clients respond in their relationships.	Specifically measured in terms of attitudes, voice and behaviour here.
Restorative justice	Concerned with redress for personal harm.	Fairness judged by the extent to which responses match harm imposed.
RQ	Relationship quality.	Predicated on value.
RQ1	Research question one.	What are the critical incidents in service quality encounters that affect agency relationships?
RQ2	Research question two.	How do these critical incidents affect tolerance levels in relationships?
RQ3	Research question three.	Based on critical incidents what factors or variables are associated with tolerant clients?
SERVQUAL	Service quality instrument.	Multi-item scale of service quality criteria, measured by gap between expectations and perceptions of actual quality.
SET	Social exchange theory.	Relationships based on the importance of their exchange value relative to alternatives.
Strategic choice	Aim of relationships is competitiveness.	Relationships based on achieving broad strategic objectives.
TCE	Transactional cost economics.	Assumes rational behaviour to forestall opportunism of another and minimise transaction costs within a relationship.
Trust	An expectation of ability and willingness to fulfil promises.	Trust has both economic and social dimensions.
TSI	Transaction specific investments.	Investments considered tied-in, or sunk, to a particular relationship, amounting to switching costs.
Voice	Respondents airing their views about something.	Specifically related to approval (praise) and disapproval in this study.

Appendix Y: Glossary of terms for chapter 8

Abbreviation or name	Explanation, meaning or focus of study	Source
Alpha analysis	Measure of reliability of data within a scale. Measures internal consistency by Cronbach alpha values and item-to-total correlation analysis.	282-283
A priori	Refers to a classification approach based on predetermined decision rules for deciding tolerant and intolerant subgroups.	251 onwards
Caposci	Modified grouping variable based on credit and additional business, accounting for positive critical incidents.	289
CI	Critical incidents that are extreme negative or extreme positive experiences.	251 onwards
Cluster analysis	Refers to a classification approach based on a cluster algorithm for deciding tolerant and intolerant subgroups. Each member is grouped (clustered) according to their similarities, reflecting differences between alternative clusters.	272, 276-277, 283, 286-287, 291-295, 305
EFA	Exploratory factor analysis that identifies structure by examining number of components and variables per component.	282-283
Group5	Variable designed to capture tolerance based on comparing newtrusc to (credit-blame).	63 (appendix P)
Group6	Variable designed to capture tolerance based on comparing newtrusc to (praise-disapproval).	63 (appendix P)
Group7	Variable designed to capture tolerance based on comparing newtrust to (additional business-reduction in business).	293, 302
Group5md	Recoded group5 to facilitate cross-tabulations with Nnet CI.	301
Group 6md	Recoded group6 to facilitate cross-tabulations with Nnet CI.	302
Grouping variable	Dependent variables used to derive subgroups of tolerant and intolerant clients. Dependent variables are used alone or in some combination according to decision rules or clustering to derive subgroups.	251-252, 262, 267-272, 276-277, 286-298, 301-302, 304
Hit rates	Proportion of predicted classifications that are accurately grouped. Can compare to random chance or other rules of probability.	272,277, 287-292, 295-297
KSZ	The Kolmogorov-Smirnoff Z Test compares data to a normal distribution for any significant differences.	258
linearity	Assumes that each response option for measuring data are based on equal proportions. Interval data satisfies this assumption.	276, 286
Modified grouping variables	Grouping variables that have accounted for critical incidents. Responses are re-categorised according to whether they are proportionate or disproportionate to the relative level of incidents experienced.	252, 270-271
Multi-collinearity	Tendency for one variable to share characteristics of another that can violate parsimony.	276, 286, 288-289, 307

Appendix Y: Glossary of terms for chapter 8

Abbreviation or name	Explanation, meaning, or focus of study	Source
Net CI	Total net incidents = (Total positive) - (total negative) incidents.	252, 256, 263-265
new	A prefix to selected independent variables. The prefix indicates the direction of measure is reverse scored to bring consistency to the analysis of data.	278, 280-281, 285
newtrusc	Is a grouping variable. It is rescaled trust to allow range of scores compatible for comparing pair-wise comparisons of attitudes (credit-blame), voice (praise-disapproval) and behaviour (additional business-reduction in business).	293
NnetCI	Categorised net incidents. Net incidents are categorised by 1-3 that refer to low, intermediate or high scoring responses.	263, 265, 268, 270, 291, 293, 301-302
NtnegCI	Categorised negative incidents. Negative incidents are categorised by 1-3 that refer to low, intermediate or high scoring responses.	263-265, 267-269
NtposCI	Categorised positive incidents. Positive incidents are categorised by 1-3 that refer to low, intermediate or high scoring responses.	263, 265, 267, 269-270
nu	A prefix referring to dependent variables categorised either by low, intermediate, or high scoring responses.	257
outliers	Case records that display extreme behaviour on one or more variables. Usually measured as outside a designated number of standard deviations, or by graphical analysis of the distribution of data.	276, 286, 307
Paposci	Modified grouping variable based on praise and additional business, accounting for positive critical incidents.	289
PCA	Principal components analysis is a method of factor analysis for deciding number of components based on eigenvalue analysis.	282
Probability plots	Compares actual distributions of data to expected plots.	279
SDA	Stepwise discriminant analysis, a method that selects predictors by rules of classification.	252, 276-277, 286-287, 293-296
tol	A prefix to dependent variables, (e.g. tolblame). The first set of grouping variables used, categorised by cross-tabulating levels of incidents against levels of responses to individual dependent variables. The cross-tabulations derive tolerant or intolerant subgroups.	267, 270, 288
TnegCI	Total negative incidents = the total number of negative incidents from the study sample.	256, 264-265
TposCI	Total positive incidents = the total number of positive incidents from the study sample.	256, 264-265, 270, 295
trcrbl	Grouping variable using trust, credit and blame. Based on group5md, accounting for the net critical incidents.	296
trprdis	Grouping variable using trust, praise and disapproval. Based on group6md, accounting for the net critical incidents.	290, 296

Appendix Y: Glossary of terms for chapter 8

Abbreviation or name	Explanation, meaning, or focus of study	Source
varimax	Type of rotation used in factor analysis.	276, 282, 286
2-tailed test	Refers to test that can be tested in both directions. Used for exploratory research, or for hypotheses involving multiple perspectives.	268-270