The Influence of Customer Satisfaction Feedback on Service Quality and Performance Improvement in English Social Housing

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"The candidate confirms that the work submitted is his/her/their own, except where work which has formed part of jointly authored publications has been included. The contribution of the candidate and the other authors to this work has been explicitly indicated below. The candidate confirms that appropriate credit has been given within the thesis where reference has been made to the work of others."

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Abstract

This thesis presents a service operations management approach to exploring the influence of customer satisfaction feedback on service quality and performance improvement in the English social housing sector.

Although social housing historically applied customer satisfaction as a performance tool, there is a paucity of academic research exploring *how* customer satisfaction influences service quality and performance improvement in a social housing context. This study meets that gap. In doing so, the study aligns with contemporary service research priorities which "*have the potential to advance the service field, and benefit customers, organisations, and society*" by "*measuring and optimising service performance and impact*" and "*improving well-being through transformative service*" (Ostrom et al, 2015, P.127).

Using organisations participating in the UK Customer Satisfaction Index, and informed by practice theory, a mixed methods research design firstly investigates three quantitative studies examining the phenomena of customer satisfaction in social housing and its relationship with service quality and performance. This is followed by two qualitative case studies exploring practices associated with how customer satisfaction feedback influences performance improvement.

The results found a positive relationship between customer satisfaction and service quality, and that higher performing housing associations appear more effective at operationalising customer satisfaction feedback for performance improvement purposes. Additionally, an increasing disparity in performance between higher and lower performers was noted over time. By identifying practices, a theoretical framework for the operationalisation of customer satisfaction feedback for service performance improvement was developed.

The thesis contributes to academic knowledge by providing evidence of the influence of customer satisfaction feedback on service quality and performance in a social housing context whilst developing a new theoretical framework, thereby offering new understanding for academia and practitioners in the social housing sector on how best to apply customer satisfaction feedback for service performance improvement purposes.

Table of Contents

List of Tables

List of Figures

Chapter 1 Introduction

1.1 Research Rationale

From Victorian era philanthropy to post-war slum clearance, England's social housing sector has a long history of helping those in need and contributing to a better society. With a relatively large reach through the provision of 3.9 million homes in England alone, the social housing sector offers potential to influence quality of life and have a positive impact on society. Service quality and service performance can play a role in this dynamic – what if social housing providers could better understand how to maximise these factors to benefit their tenants?

With finite resources from which to extract maximum service value, modern day social housing is overwhelmingly provided through housing associations (non-profit organisations) who over the last two decades have increasingly adopted more commercial operating practices aimed to improve performance. The role of customer satisfaction feedback has contributed to this, firstly as a regulatory requirement between 2000 to 2010, and more recently as a voluntary practice.

Whilst customer satisfaction feedback is arguably "*the ultimate arbiter of the success of public organisations*" (Hill et al 2007, P.26), there is a paucity of academic literature exploring the phenomenon of understanding the relationship between customer satisfaction feedback and how this influences service quality and, ultimately, performance improvements.

Based on a review of the literature spanning customer satisfaction, service quality, and performance improvement, the core focus of this thesis seeks to increase knowledge of two main gaps in the customer satisfaction feedback and social housing literature. The first gap relates to the need for better understanding of the influence of customer satisfaction on service quality and performance contexts within the social housing sector, and more fundamentally what the relationship between customer satisfaction and service quality actually is, i.e. empirically, can a phenomenon be identified, and if so, *what* is the relationship between the customer satisfaction and service quality? Once established that there is a phenomena worthy of investigation, this can then be built upon to explore the second gap in literature - *how* this works in practice. This requires identifying associated processes, actions and practices to improve service performance. This is an area of customer satisfaction literature which also has limited academic research, but one which potentially offers a positive impact upon practice.

It is worth noting that the author has 20 years' experience working in the social housing sector in housing associations, both in front line housing management and, latterly, in research. This direct experience has provided an interest and motivation for the research topic, with a desire to extend academic knowledge and offer impact to practice.

1.2 Significance of This Research

This thesis makes a contribution in a number of ways. Contextually, the topic of the thesis aligns with recent international academic service research priorities which "*have the potential to advance the service field, and benefit customers, organisations, and society*" by focussing upon "*measuring and optimising service performance and impact*" and also "*improving well-being through transformative service*" (Ostrom et al, 2015, P.127). This resonates with the wider social housing context and therefore the potential to contribute towards 'societal benefit' in which the thesis is set.

Methodologically, the thesis presents the first independent academic study using UK Customer Satisfaction Index data. Known as the 'UKCSI', this is a national measure of customer satisfaction in the United Kingdom led by the Institute of Customer Service and measured by an independent research company 'TLF Research'. This expands upon numerous leading academic customer satisfaction studies using the ACSI (American Customer Satisfaction Index) and other national customer satisfaction measures.

In terms of extending knowledge, this study provides new understanding of the relationship between customer satisfaction feedback and service quality in social housing, providing evidence that customer satisfaction measurement is a concept worthy of investing time, energy, and money from social housing organisations and staff. From this, through the case study of two housing associations, the thesis identifies differences between higher and lower performing organisations, and brings together practices associated with *how* customer satisfaction feedback is used for performance improvement into a theoretical framework.

1.3 Overview of the Research Design

A mixed methods research design was applied in the thesis which followed Creswell's 'Explanatory Sequential Mixed Methods' design (2014) with quantitative research undertaken first (exploring several concepts of *'what'* the relationship is between customer satisfaction, service quality, and performance to firstly establish whether there is a phenomena worthy of investigation) followed by qualitative research (to explore *'how'* it works in practice). Using the context outlined above and set against the literature review, the following central research question (RQ 1) was formulated:

> ***Research Question 1 (Central Research Question):*** *"How does customer satisfaction feedback influence service quality and service performance in English social housing?"*
>
> ***Research Question 2:*** *"What are the key stages involved in the customer satisfaction feedback / service performance improvement process?"*
>
> ***Research Question 3:*** *"Are higher performing social housing organisations more effective at using customer satisfaction feedback to influence service performance improvements than lower performing social housing organisations?"*

Contributing to the main body of research, three smaller exploratory studies were undertaken in the early stages of the thesis to contextualise and focus the wider study as follows:

> ***Exploratory Quantitative Research Study 1: Aim 1 -*** *Timed just 3 years after de-regulation of customer satisfaction measurement in the English social housing sector, this study aimed to explore whether customer satisfaction measurement remained relevant to social housing providers.*
>
> ***Exploratory Quantitative Research Study 2: Aim 2 -*** *This study aimed to understand how tenants perceive service performance in the social housing sector and compared to other sectors.*
>
> ***Exploratory Quantitative Research Study 3: Hypothesis – "****There is a positive relationship between customer satisfaction and service quality orientated business performance"*

The first exploratory study (undertaken in 2012/13) involved consulting social housing researchers via the National Housing Federation to establish perceptions of whether customer satisfaction measurement remained relevant after de-regulation of the sector in 2010 (prior to 2010, a sector-wide regulatory requirement was in place to measure customer satisfaction). Fundamentally, whilst customer satisfaction had been established in the sector by being ‘enforced’ by the government for a decade, it was entirely possible that when free to choose voluntarily participation or not, organisations simply dis-engaged and perceived it as a costly irrelevance.

The second exploratory research study (undertaken in 2013/14) sought to understand how tenants perceive service performance in the social housing sector compared to other sectors. This used secondary data from TLF Research (the company overseeing data gathering and analysis of the UKCSI) to explore understanding of perceptions of service performance and benchmarking customer satisfaction performance in the social housing sector. This examined the notion of service performance both inside and outside of the social housing sector, investigating longitudinal trends and establishing whether individual social housing providers can ‘compete’ at the same levels of performance as well-known brands in the private sector.

The third exploratory research study (undertaken in 2015/16) was in the form of a conference paper presented at the 23rd international annual EurOMA conference, Norway, 2016 (Williams et al, 2016). This presented empirical analysis to test a hypothesis stating that *increases in levels of customer satisfaction will be related to increases in perceived service quality.* Prior to undertaking any further qualitative research, this sought to empirically establish if there was a phenomenon worthy of investigation.

Building upon this, using a purposive sampling strategy (Saunders et al, 2016) a multiple case study approach was used identifying two housing associations based on their levels of performance in the UKCSI. The first reflected the *highest* levels of service quality (positioning in the top quartile of the UCKSI index) whilst the second was amongst the *lowest* levels of service quality (positioning in the bottom quartile of the UKCSI index).

1.4 Summary of the Complete Research Design

A summary table of the complete research design, including research questions, hypothesis, and aims, can be seen in Table 1.

Table 1: Summary of the Research Design: Research Questions, Hypothesis, and Aims

	Year/s	Study		Research Question / Hypothesis / Aim	Chapter	Output
	2012-2019	N/A	Quantitative	***Research Question 1 (Central Research Question):*** *"How does customer satisfaction feedback influence service quality and service performance in English social housing?"*	All	Thesis
	2012/13	**Exploratory Quantitative Research: Study 1**	Quantitative	***Aim 1:*** *Timed just 3 years after de-regulation of customer satisfaction measurement in the English social housing sector, this study explored whether customer satisfaction measurement remained relevant.*	Chapter 4 – Methodology Chapter 5 - Results	University of Leeds poster presentation ResearchGate paper (383 reads as at September 2019)
	2014/15	**Exploratory Quantitative Research: Study 2**	Quantitative	***Aim 2:*** *This study aimed to understand how tenants perceive service performance in the social housing sector and compared to other sectors.*	Chapter 4 – Methodology Chapter 5 - Results	Conference presentation, Housing Studies Association, York, 2016
	2015/16	**Exploratory Quantitative Research: Study 3**	Quantitative	***Hypothesis:*** *"There is a positive relationship between customer satisfaction and service quality orientated business performance"*	Chapter 4 – Methodology Chapter 5 - Results	Conference paper and presentation, EurOMA, Norway, 2016
	2016/17	**Main Qualitative Research**	Qualitative	***Research Question 2:*** *"What are the key stages involved in the customer satisfaction feedback / service performance improvement process?"* ***Research Question 3:*** *"Are higher performing social housing organisations more effective at using customer satisfaction feedback to influence service performance improvements than lower performing social housing organisations?"*	Chapter 4 – Methodology Chapter 5 - Results	Conference paper and presentation, EurOMA, Edinburgh, 2017 Conference presentation, POMS International Conference, Hong Kong, 2019

1.5 Philosophical and Theoretical Background

This study applies pragmatism as its philosophical position and practice theory as its theoretical position. Firstly, pragmatism has been chosen as it is regarded as the philosophical partner for the mixed methods approach (Denscombe 2008, P.273), distinguishing the approach from purely quantitative approaches that are based on a philosophy of (post) positivism and from purely qualitative approaches that are based on a philosophy of interpretivism or constructivism. Pragmatism can be argued to justify mixed methods research due to the fact that it offers a middle position philosophically through a practical and outcome-orientated method of inquiry that is based upon action, offering a way for selecting methodological mixes that assist researchers in better addressing many of their research questions (Johnson and Onwuegbuzie, 2004, P.17).

To complement the philosophical position, the research within the thesis is presented through a theoretical lens of practice theory, the rationale being its capacity to provide a processual view of organisational matters (Nicolini, 2012) and it having "*much to offer scholars of organisation …with its focus on dynamics relations, and enactment, [it] is particularly well positioned to offer powerful analytical tools*", and additionally that "*central to a practice lens is the notion that social life is an ongoing production and thus emerges through people's recurrent actions*" (Feldman and Orlikowski, 2011, P.1240). This particularly chimes with the notion of exploring the influence of customer satisfaction on service quality and service performance through the ongoing dynamic of feedback coming into an organisation, and the organisation responding accordingly.

1.6 Structure of the Thesis

The main body of the thesis is presented across Chapters 2 to 5 as follows:

Chapter 2 presents the literature review. This begins with 'Part 1: A Background to Social Housing' which describes the social housing sector, why it offers such a rich area of academic study and how the sector contributes towards improving quality of life for individuals and society.

Negative sector stereotypes, issues of individual needs and wants, and the influence of politics and political change are all explained to set the scene for the research.

The next three sections of the literature review (Part 2, Part 3, and Part 4) provide a review of the three areas of focus within the thesis: customer satisfaction, service quality, and performance improvement. For consistency, each topic presents a social housing context whilst drawing on broader contexts, whilst also considering a performance improvement context.

The key findings from the literature review were that whilst concepts of customer satisfaction, service quality, and performance improvement have significant bodies of academic literature associated with them at broader levels, each reflected considerably less academic output when set in a social housing context.

Overall, the literature suggested five gaps in knowledge. These could be summarised as there being a lack of academic knowledge on how customer satisfaction feedback influences service quality and performance improvement in a social housing context, and how customer satisfaction feedback can influence practice for performance improvements.

Following the literature review, **Chapter 3** presents the methodology of the research. This begins by presenting the gap in knowledge, research questions and aims, followed by the philosophical and theoretical position of the work (i.e. pragmatism and practice theory) and ontological, epistemological, and methodological positions. From there, justification for the use of a mixed methods research design is used following Creswell's 'Explanatory Sequential Mixed Methods' design (2014), and an explanation of the mixed methods research design.

The first exploratory study (explained earlier in further detail in section 1.3 'Overview of the Research Design') provided the first quantitative research undertaken in the early stages of the thesis (2012/13). This was followed by the second exploratory quantitative study (2013/14) using data from TLF Research (the research company who oversee the data collection and analysis of the UKCSI measure). The third and final stage of the quantitative research provided quantitative research in the form of a conference paper and presentation at EurOMA 2016 in Norway (Williams et al, 2016).

The three stages of quantitative research were followed by the main qualitative research in the study to explore how customer satisfaction influences service quality and performance improvement. This used a purposive case study approach with one higher and one lower performing organisation to explore a detailed focus on organisational processes, actions and practice.

Chapter 4 then presents the results from the mixed methods approach. Results from the quantitative studies are presented first. Within this, the first exploratory study found that customer satisfaction measurement had remained relevant since the sector had deregulated, with little diversification in the methods used and high levels of perceived positive influence on service improvement within their organisation.

The second exploratory study found that due to differences in the relative position of satisfaction scores across “in sector” and “out of sector” contexts, there may be differences in the way social housing tenants perceive performance in the social housing sector compared to what has been thought previously. Additionally, this exploratory study identified that social housing providers can achieve performance levels as those outside of the social housing sector, and finally, when exploring long term performance trends, it appears that whilst high social housing performers are increasing their performance over time, lower performing organisations are reflecting declining trends.

The results from the third exploratory quantitative study (empirical research) found that customer satisfaction is positively related to service quality, and unlike previous research that has often argued for the direct effect of service quality on customer satisfaction, this study reveals a competing finding to show that the reverse can also be true: namely that increasing levels of customer satisfaction is associated with increasing the levels of perceived service quality.

Finally, findings from the qualitative case studies were analysed using Saldana’s *streamlined codes to theory model for qualitative inquiry* (Saldana, 2016). This saw 377 individual In Vivo words or phrases firstly allocated to 12 first cycle codes, which then through second cycle coding reduced to 6 categories, 3 themes, and a single theoretical statement.

Chapter 5 then presents the discussion of the findings. This focusses upon the efficacy of customer satisfaction practice, and posits the argument that if customer satisfaction feedback is *not* used to influence service improvements, it is not fully ‘operationalised’. Levels of influence when operationalising customer satisfaction feedback are considered and presented, along with the ‘entwinement’ of practice between the three concepts of customer satisfaction, service quality, and performance improvement.

Finally, based on the case study research, a theoretical framework for operationalising customer satisfaction feedback for service performance improvement is proposed. Fit within contemporary service research priorities are noted.

1.6.1 Overview of Thesis Conclusions, and Contribution to Theory, Policy, and Practice

Firstly for this section, a review of main findings from the thesis is presented. This is followed by the contribution to theory, for which the main focus is presented as the theoretical framework for operationalising customer satisfaction feedback for service performance improvement. This offers a way of extending existing knowledge on customer satisfaction measurement by looking to maximise service performance improvement through providing better understanding of how customer satisfaction feedback is applied in practice.

Contributions to policy are noted, where the thesis fits with current governmental policy proposals, along with national sector-level policy reviews.

Contributions to practice are also noted. This includes the research evidence from the study providing reassurance to managers that investment in customer satisfaction measurement can lead to positive service outcomes, whilst the longitudinal research evidence suggests opportunities exist for lower performing social housing organisations to improve their service performance. The most significant contribution to practice can be considered as the theoretical framework, offering managers a method to operationalise customer satisfaction feedback in practice to improve service – an area which can be argued previously had little direction in social housing contexts.

Finally, research limitations and areas for future research are noted.

Chapter 2 Literature Review

2.1 Introduction

Chapter 2 presents a literature review on three topics set within the context of the social housing sector, as illustrated in Figure 1 below.

Figure 1: Illustration of the Four Literature Review Topics

Part 1 of the literature review introduces a background to the social housing sector, explaining its context, scope and relevance for academic study. Part 2 presents a review of the customer satisfaction literature in the context of social housing and performance improvement contexts. Part 3 presents a review of the service quality literature, including the relationship between customer satisfaction and service quality, whilst also considering the literature in social housing and performance improvement contexts. Finally, Part 4 presents a review of the performance improvement literature in a social housing context, whilst also acknowledging wider theoretical approaches and challenges of turning customer satisfaction feedback into actionable performance improvements.

2.1.1 Literature Search Strategy

The literature review was undertaken using a semi-structured literature search approach agreed with the author's PhD supervisors. This followed the 'defining your search question' concept map model (University of Leeds, 2014) to help define the search, with twelve main concepts and related terminology identified based on the research question: "*How does customer satisfaction feedback influence service quality and performance improvement in English social housing?",* illustrated in Figure 2 below.

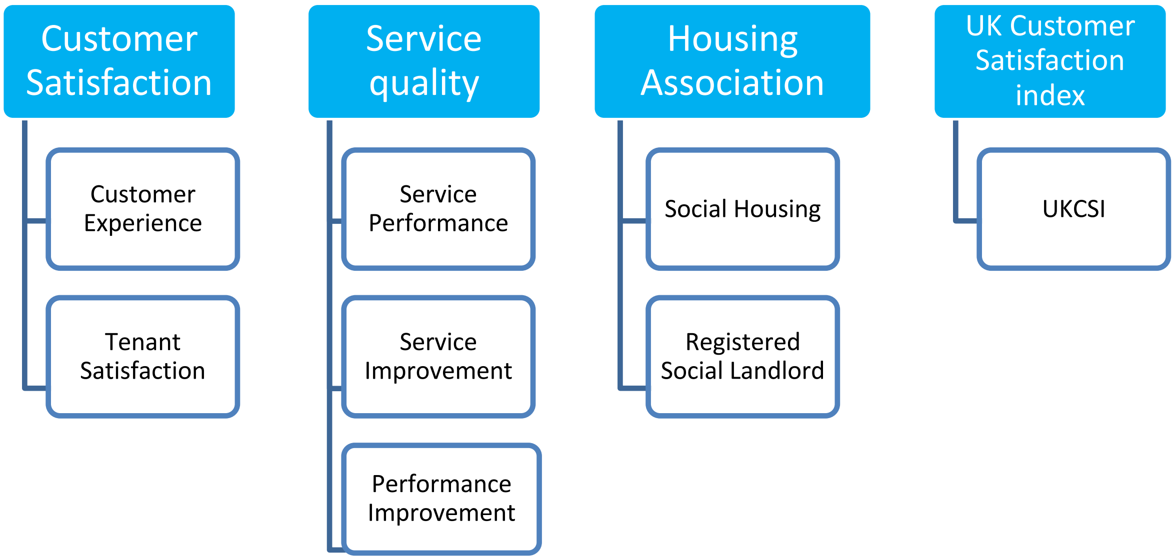


Figure 2: 'Defining Your Search Question' Concept Map Model (University of Leeds, 2014 [a])

From this, a search strategy consisting of five sources were used to search for the keywords. This included: i) ETHOS / British Library; ii) Web of Science; iii) Business Source Premier; iv) Scopus; and finally v) Google Scholar. Further search strategies were applied using Boolean logic.

From this, specific papers were chosen to be included in the review based upon the author's view of providing most relevance to the research question and the study context as a whole. The process was firstly undertaken in detail in early 2013, and updated in 2015 and 2018 to ensure the literature review remained relevant and kept pace with the duration of the thesis completion.

2.2 Chapter 2, Part 1: A Background to Social Housing

2.2.1 Introduction

Chapter 2, Part 1 presents an overview of the English social housing sector, and in doing so it highlights why social housing provides a rich area for academic research. It also demonstrates how often held negative stereotypes are being challenged through service quality, and how recent trends of increased competition – and in particular, the role of customer satisfaction – have been introduced as a means to support service performance improvements. This contributes to the research by contextualising the operational environment within which the research is undertaken.

2.2.2 Defining Social Housing

In England, social and affordable housing is defined by the Department for Communities and Local Government (2012) as being "*social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market*" and predominantly comprise of non-profit housing associations as the main type of organisations providing social housing in England. Chevin (2008) acknowledges that whilst housing associations are recipients of government grants and are publicly regulated, most are independent charitable organisations often with a long histories of philanthropic activity. Such examples include Peabody housing association which built its first estate in Spitalfields, London, in 1864 and who now house 70,000 Londoners with "*innovations in affordable, sustainable housing*" (Peabody, 2017).

The scale of housing stock in England can be best summarised by the English Housing Survey 2014-15. The most recent data available (Department for Communities and Local Government, 2016, P.2) states in 2014-2015 there were an estimated 22.5 million households in England, from which 64% (14.3 million) were owner occupiers, 19% (4.3 million) were renting privately, and 17% (3.9 million) were renting social housing. Within this, there is likely to be approximately 6 to 7 million tenants, which presents a significant body of 'customers' to rival any sector.

The British public's perception of housing (i.e. all sectors of housing) can also be understood in relation to other national issues by using market research agency Ipsos Mori's 'Issues Index' (2019). In January 2019 for instance, this shows housing ranking 6th out of 10 in (behind Brexit, healthcare, education, poverty, and immigration), suggesting that housing remains an important contemporary political issue.

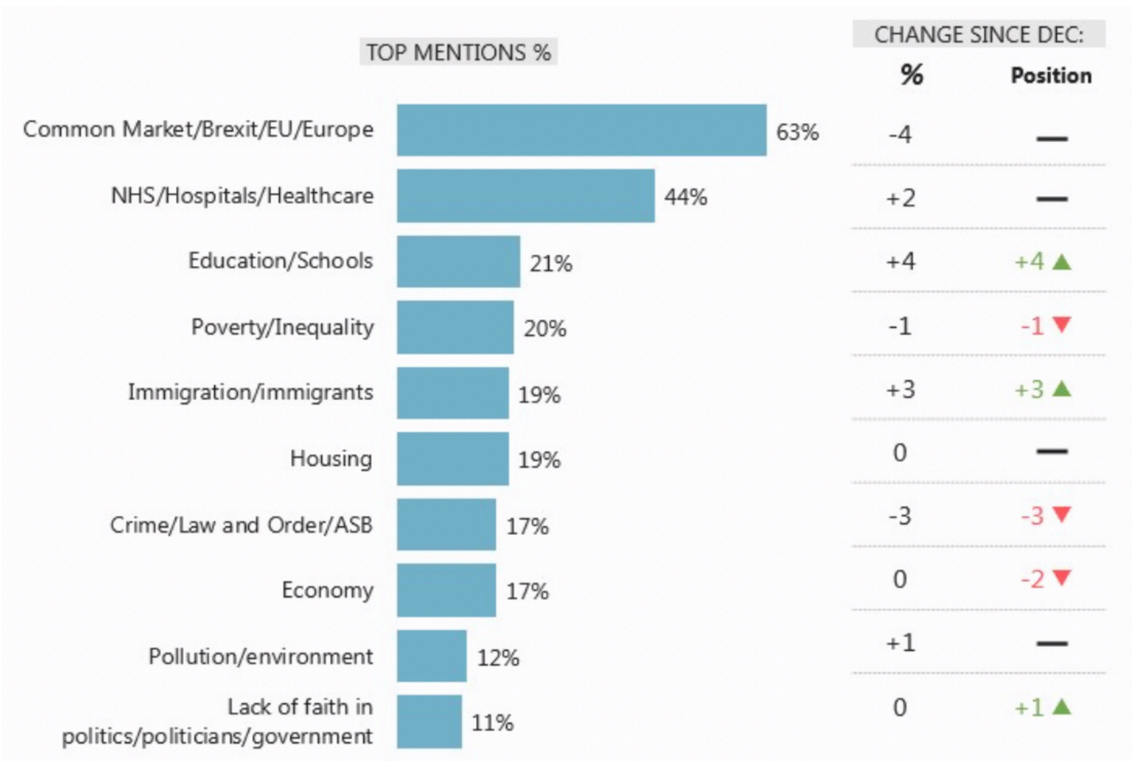


Figure 3: Housing Compared Against Other Issues Facing Britain: January 2019 (Ipsos Mori Issues Index, 2019)

Beyond providing accommodation for people in need (or indeed those who *choose* to live in social housing), the social housing sector often has a direct influence on wider aspects of life beyond housing provision, ranging from health (Houses Of Parliament, 2011), poverty (Joseph Rowntree Foundation, 2013), education, employment, crime, and family support (Inside Housing et al, 2012), depending upon local, regional, and national needs. In practice, whilst core activities of social housing providers clearly focus upon constructing and managing affordable housing, most housing associations typically seek to meet the local needs of communities by also providing a wider range of social investment and neighbourhood activities. These could be as diverse as offering digital inclusion projects to get people online, supporting vulnerable people in the community such as ex-offender support programs, providing financial advice services to assist with money management, or tackling anti-social behaviour.

However, despite the desire of housing associations to continue such activities, the practical reality is that from mid-2015 onwards, such non-core activities beyond focussing upon housing management looked increasingly less sustainable. This was a direct result of government reductions in the welfare budget introduced in the 2015 summer budget as part of the financial austerity agenda. Through this, housing association rents were required to be reduced by social landlords by 1% for the following four years.

This was aimed at enabling housing associations and local authorities to deliver efficiency savings and make better use of the £13 billion annual subsidy they receive from the taxpayer, and play their part in reducing the welfare bill (HM Treasury Policy Paper, Summer Budget 2015). The result of this surprise announcement was that the global 1% reduction in rent reduces housing association income by around £130m and saves the government around £4.3bn over 5 years (Inside Housing, 2015). As housing associations often have more than half of their revenues coming from housing benefit (Financial Times, 2015), it was widely recognised that the sector would face significant change during this period of time. More recently, an example of the practical impact of government cuts since the 2008 financial recession can be seen, with council spending on single homeless people support falling by 53% between 2008/09 to 2017/18, constituting a £1bn annual funding gap (Inside Housing, 2019).

As a final element of understanding the social housing sector, consideration needs to be given to the different types of people who live there, the most recent data available of which is sourced from the English Housing Survey 2014-15 (2016). This report used data profiles of HRP's, i.e. the 'household reference' person, which is the person in whose name the accommodation is owned or rented. From this report, it can firstly be seen that there are relatively high levels of households in receipt of housing benefits (this being a means-tested financial benefit paid by the state to low income households to specifically contribute towards rent either in part or in full) in the social housing sector, whereby 63% of social housing renters were in receipt of housing benefit compared to 27% of recipients in the private rented sector.

In terms of age group, the demographic profile for social housing closely mirrored that of the wider population. For economic status, unemployment rates were higher in social housing (9%) compared to private sector rented (5%) and owner occupiers (1%), whilst the proportion of 'other inactive' households (which includes groups such as those will long-term illnesses, disabilities, or those looking after the family or home) were significantly higher for social housing homes (22%) compared to private rented (9%) and owner occupation (3%). Most importantly for the sector, in 2014-15, the average rent value can be seen to be lower in the social housing sector compared to the private sector - £99 per week compared to £179 respectively.

2.2.3 Why Study Social Housing?

It can be argued that social housing provides a fascinating and rich area of academic study due to the opportunity for real life impact. Within this, there are three core reasons why social housing offers the opportunity for impact and contribution, both academically and for practitioners. Firstly, housing at its most basic level is an essential requirement for human existence, as reflected in the physiological and safety needs presented in Maslow's Hierarchy of Needs (1943), Doyal et al (1991) who identified that housing was the next most important intermediate need after food and water, and Tay et al (2011) who found that when basic needs are met, individuals report their lives are better.

Additionally, Fried (1963) argues that for most people, the residential environment is integral to their sense of place in the world, whilst Peck and

Stewart (1985) found that an increase in housing satisfaction related to a significant increase in overall life satisfaction. It is also now becoming clear from countries where the physical health effects of poor housing have been reduced or eradicated that perceived housing quality also positively influences mental health (Clark and Kearns, 2012). In summary, as stated by Oliver (2011, P.4) "*in a word, satisfaction is fundamental to the well being of individual consumers*". Given this context, and with service quality and service satisfaction being able to enhance quality of life (Dagger and Sweeney, 2006), the quality of service delivered by social housing providers can be argued to have a direct impact on quality of life, neighbourhoods and communities, and the wellbeing of society as a whole. This concept resonates with findings by Anderson and Fornell (1994) where they suggest customer satisfaction can have an impact at the macroeconomic level (see Figure 4).

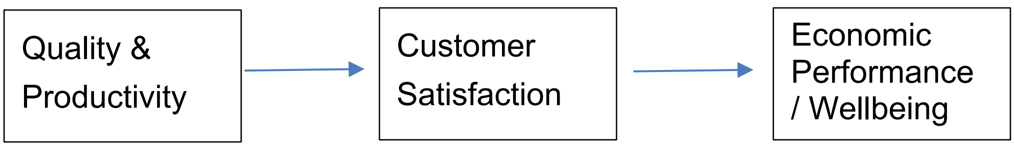


Figure 4: Quality and Satisfaction Link to Economic Performance and Wellbeing (Anderson and Fornell; in Rust and Oliver (editors), 1994, P.261)

A further reason why social housing offers the opportunity for impact and contribution is that it is widely acknowledged poor quality housing can have a negative impact on individuals. For instance, Shelter (2016) recognises that children living in poor quality housing are twice as likely to suffer poor health than children living in good housing, and that working-age adults living in poor quality housing are at an increased risk of poorer general health, low mental wellbeing, and respiratory problems. Also, the impact on public services from homelessness (i.e. those most in need of social housing) is also disproportionately high. For example, Shelter cites that in the prison service, 79% of prisoners who reported being homeless before custody were reconvicted within a year following release compared with only 47% who did not report being homeless; whilst in the health service, A&E visits for the homeless are four times that of the general public. It is probable that similar effects would be seen in other areas of public service such as education and policing. Social housing can make a positive difference in such areas.

A third reason why the social housing sector offers the opportunity for impact and contribution is that the sector is often dynamic, innovative, and progressive in seeking to improve standards in society through its community-focused work. Yet it is also a very unpredictable sector in which to work - this is primarily the inevitable result of being subject to constant political influence and change. Recent examples include gaining unprecedented freedoms from historic performance regulation in 2010. This enabled social housing providers to become increasingly business-focused whilst retaining their social purpose (Housemark, 2012) and begin to look for inspiration and innovation for service quality improvements outside of the traditional social housing sector (Housemark, 2014). More recently, the financial budget cuts described earlier as part of the governments' austerity agenda are forcing the sector to reassess itself, innovate, and transform further. Customer-focused service quality and performance, as seen through the lens of service efficiency, effectiveness, and value for money, has never been more important.

Finally, research within a social housing context fits closely to contemporary service research priorities. In their paper '*Research Priorities in a Rapidly Changing Context*', Ostrom et al (2015) undertook international and interdisciplinary research to identify research priorities which "*have the potential to advance the service field, benefit customers, organisations, and society*". (Ostrom et al, 2015, P. 127). Within this, research on social housing resonates with two of their twelve categories identified: 'measuring and optimising service performance and impact', and 'improving well-being through transformative service'.

For 'measuring and optimising service performance and impact', the authors note the need for developing better measures of service performance and its impact was rated as third highest in relation to the importance-knowledge gap. Within this, the need for metrics that go beyond conventional customer satisfaction measures was noted. For 'improving well-being through transformative service', exploring services as a driver of societal change (for individuals, communities) was acknowledged, along with their finding that one of the most important areas for research is service issues related to lower-income groups. The authors wrote about "*the importance of understanding service innovation that occurs among this segment and its relationship to well-being and the alleviation of poverty*", whilst this subtopic "*was rated as the one that the service field knows the least about among all*

80 sub-topics evaluated" (Ostrom et al, 2015, P.140). As organisations with charitable status, this is exactly what the social housing sector does and is therefore well placed to make a contribution.

2.2.4 Challenging Negative Stereotypes Through Service Quality

It is easy to forget how historically poor standards of social housing still existed until relatively recently (although some would argue that poor standards still exist today). Writing about the history and progress of the family house, Highmore (2014) notes that some of the worst housing standards could still be seen in the late 1950's – an example being the Gorbals district of Glasgow where less than 25% of houses had a toilet and around 3% had a bath. Perhaps grounded in such recent examples, social housing has often historically received negative stereotypes in British society and media. This is most recently encapsulated by research that argued that nearly half of the British public believed social housing tenants claimed benefits as a lifestyle choice (Inside Housing, 2014 [a]) and the media backlash created through the introduction of television programmes such as Channel 4's "*Benefits Street*" (Handy, 2014).

However the English Housing Survey 2014-15 (Department for Communities and Local Government, 2016) demonstrates that the condition of social housing has progressed significantly in recent years and can be shown to challenge often held negative public perceptions of social housing which are stereotypically 'poor quality'. For instance, when looking at the age of the housing stock, it is the private rented sector which reflects the largest proportion of homes built before 1919 (33%) compared to social rented stock (just 7%), and owner occupied stock (20%). For the physical quality of properties, the phrase 'decent homes standard' refers to a government programme introduced in the 2000's to bring social housing homes up to consistent quality standard. These included basics such as meeting health and safety requirements, being in a reasonable state of repair, providing reasonably modern facilities, and having efficient heating and effective insulation (Shelter, 2016).

When comparing the quality of homes in England in 2014, the English Housing Survey 2014-15 (Department for Communities and Local Government, 2016) identifies that 20%, or 4.6 million homes, failed to meet the decent homes standard. Of these, it was the private rented sector which reflected the highest proportion of non-decent homes (29%) compared to the social housing sector with only 14% (the lowest of all the sectors when owner-occupation is also factored in). Examples of the quality of social housing compared to the private rented sector can be seen, for example, by the fact that the social housing sector had fewer properties with damp problems, greater number of properties with central heating, higher occurrences of solid wall insulation, and even smaller details such as a higher proportion of properties with smoke alarms.

Finally, the ‘value’ of the social housing sector is now better understood, illustrated for example by economic research published in 2013 by the Centre for Economic and Social Research which showed the social housing sector was worth £10.3 billion to the northern economy in 2011/12 alone (Centre for Regional Economic and Social Research, 2013).

This progress in the quality of housing stock reflects social improvements made through social housing in earlier decades: Highmore (2014, P.142) recognises that “*it was the new council houses from between the wars that introduced hot water, bathrooms and indoor toilets probably more quickly than many privately rented houses aimed at the lower middle class and prosperous working classes. And this was because the council housing was new stock while the private housing was often the stock from the previous century*”. This example shows that the social housing sector can innovate and raise its game when required.

2.2.5 The Dichotomy of Individual Needs and Choice

The social housing sector has historically provided a national safety net for society to meet the basic requirements of shelter. Within this provision, choice was not an option and it was historically a case of providing simple basic needs. This changed dramatically in 2000 with the government’s Housing Green Paper (DETR, 2000) outlining the first comprehensive review of housing for 23 years and clearly promoting a focus on choice and quality. This specifically acknowledged that *expectations* of choice were changing whereby people needed more than just a physically adequate property to meet their needs, and recognised that social housing applicants who were more involved in decisions about their new homes were more likely to have longer term commitments to their locality which would in turn increase personal well-being. Despite this step forward, the concept of choice is still slow to change - Fitzpatrick and Pawson (2007), for instance, analysed 30 years’ of policy trends and identified fundamental tensions between governmental policy objectives to balance and maintain the social housing safety net whilst simultaneously broadening access to the sector to support it becoming a tenure of choice.

However, over time it is inevitable that increasing trends in consumerism, as seen in the private sector, will continue to influence perceptions of choice in the social housing sector. This is the argument portrayed by Trentmann (2016, P.548), who states that since the middle of the twentieth century, rises in private sector consumption has been mirrored by significant rises in public consumption, prompting the question of how public services should respond to the profusion of private choice. Trentmann identifies that both top-down and bottom-up drivers existed. *Top-down* drivers were seen in the form of neoliberalism, but importantly *bottom-up* drivers were seen through ordinary people who demanded to be heard as users of public services.

Citing the example in the slum clearances in 1930's Britain, Trentmann (2016, P.554) highlights the question of who was to decide what colour curtain graced a new block of flats: government or tenant? By the 1950's, these gestures were no longer good enough and tenants began to complain about the unresponsiveness and negligence of their local authority – a shift in attitude and expectations markedly different from the previous generation who had been grateful to be rescued from private slum landlords. Trentham concludes by saying that whilst low income households might be dependent on the state, they should have the right to take decisions that concern their everyday lives, homes, and communities.

This has been epitomised in the movement of 'tenant participation' - the concept of local residents having an increasing voice and influence in decision making for the services they and their fellow tenants receive (Simmonds and Birchall, 2007). Tenant participation, which was particularly influential during the 1990's, tended to be locally-formed bodies of 'involved' tenants who would often meet locally with organisational staff in attendance, to feedback about local issues ranging from local repairs and maintenance, anti-social behaviour, and other local community issues. Whilst this could not necessarily be considered to offer a representative voice of wider tenant communities, it still played a role in contributing to the concept of social landlords becoming used to listening and responding to the tenant voice. Indeed, by the end of the 1990's tenant participation developed to include a wider range of services such as management, policy, and regeneration issues (Hickman, 2006, P222).

The extent of the movement has even led to some tenants managing housing services themselves, effectively being given the power and autonomy to provide choice themselves. This is best exemplified by BITMO (the ‘Belle Isle Tenant Management Organisation’) based in Leeds. BITMO is a locally based organisation responsible for managing Leeds City Council’s housing and estate management services in the Belle Isle area of Leeds. Founded in 2004 following the end of the ‘Right to Manage’ process, a successful ballot supported its formation and which was repeated in 2009 confirming it should remain, recognising that the organisation continued to meet tenant satisfaction (BITMO, 2017[a]). BITMO is now the largest Tenant Management Organisation in the country with 36 staff serving around 2,600 tenants (BITMO, 2017[b]).

Looking at the objectives of tenant participation, Hickman (2006) examined how approaches to tenant participation have evolved in the 1990’s. In doing so, Hickman’s research develops three approaches to tenant participation. Firstly, the approach of traditional housing organisations focussed on achieving better housing management, tenant satisfaction, and community development. Secondly, where a more consumerist approach was taken, tenant participation was seen as seeking to achieve better services for tenants by finding out more about tenant needs and aiming to meet them. Thirdly, an approach seen as ‘citizenship models’ for tenant participation focussed more upon the issue of citizen rights of tenants and meeting this through collective consultation. From these, it became clear that traditional and consumerist approaches to tenant participation were the most commonly occurring types, and that approaches to tenant involvement had changed during the 1990’s by becoming more complex. Whereas previously tenant participation activities may have been limited to housing and neighbourhood improvement issues, by the end of the 1990’s, tenant participation had broadened its scope to include aspects such as involvement in service ‘scrutiny’ reviews, management and policy issues, and regeneration. Overall, the shift towards consumerism and the influence of ‘the customer’ was continuing.

2.2.6 Political Ideologies: The Shift Towards Consumerism, Customer Satisfaction, and Performance Benchmarking

There have been three dominant political ideological perspectives since the Second World War. Firstly, the ‘*middle way’* - a phrase coined in 1938 by Harold Macmillan, focussed upon a path between classical liberalism and socialism (Lister, 2010, P.33); secondly the concept of the New Right developed in the 1980's by Margaret Thatcher brought ideological commitment to libertarianism as well as being socially conservative (epitomised by the title of Andrew Gamble's 1988 book '*The Free Economy and the Strong State*'); and finally, the Third Way, which represented '*the necessary modernisation of social democracy in response to global economic and social change (and) most commonly associated with Bill Clinton in the US and Tony Blair in Britain*' (Lister, 2010, P.46).

The focus upon customer satisfaction and improving service quality in the social housing sector can be seen to have developed within these wider developments in political ideology and social theory. Although the concept of satisfaction was still perceived to be largely based on features of the physical environment (Fried, 1982), the rise of New Public Management (NPM) during the 1980's saw a shift across a number of OECD countries towards a new emphasis upon organisational designs for the management of public sector organisations with an increased focus upon more explicit and measurable standards for *performance* (Hood, 1995). As part of this shift, Compulsory Competitive Tendering (CCT) was implemented under the Local Government Acts of 1988 and 1992, introducing a requirement for Local Authorities to competitively tender local services in an attempt to increase efficiency. Although not legally obliged to do so, most English housing associations voluntarily followed suit and introduced CCT principles in their day-to-day work.

The impact of such enforced competition upon Local Authorities was studied by the Joseph Rowntree Foundation whereby researchers concluded that *"although CCT would not have been established without being imposed, it is now sufficiently entrenched in practice to make a return to non-competitive ways of working unlikely, even if the elements of compulsion were removed*" (Joseph Rowntree Foundation, 1995, P.1). A significant change in working culture and operational management had been achieved.

Further changes towards an increasing business-focussed approach were made during the following decade. A further significant development in the social housing sector came in the form of 'Best Value', introduced by the Local Government Act 1999. The aim was to take a step beyond CCT and emphasise the relationship between process and performance. This also introduced an expectation of annual performance improvements through reduced costs and increased service quality, and a key part of the Best Value process was based on a formal requirement on housing associations to consult and survey their tenants for feedback. The concept of 'user satisfaction' was increasingly featured in this process (DETR 2001).

Also in 1999, the STATUS survey (the Standardised Tenant Satisfaction Survey) was introduced by the National Housing Federation with the aim of providing "quantitative information about the extent or size of the topics of interest and of their possible links with other factors as well as factual information about people and their homes and an assessment of residents' aspirations, opinions and needs" (National Housing Federation, 2008, P.10). STATUS was also openly developed as a means to improve service, recognising that successful businesses understand the importance of finding out what customers think of their services and their role in improving service quality (National Housing Federation, 2008, P.3).

STATUS became the platform for customer satisfaction feedback for the social housing sector for the next decade, and formed a regulatory requirement for English housing associations to undertake the survey at least every three years. With the demise of Best Value only a few years later, the role of standardised customer satisfaction performance measures took an increasingly prominent role for testing and understanding the quality of services that housing associations provided.

By 2010 the social housing sector was regarded as one of the most heavily regulated sectors in England, with the STATUS customer satisfaction survey forming a cornerstone of the regulatory regime. However, since the social housing sector was de-regulated in 2010 as part of the Government's commitment to reduce the number of quangos, housing associations have had more freedom to develop their own performance measures. This came specifically with the abolishment of the Audit Commission (the organisation who appointed auditors for the social housing sector) in 2010 followed by the closure of the Tenant Services Authority (the operating name of the Office for Tenants and Social Landlords) in 2012. This led to the current regulator - the Homes & Communities Agency (HCA) – who at the time of writing administer a 'light touch' approach to regulating the sector and provide a large degree of freedom for the first time in the sector.

As a result of this looser regulatory regime, new methods of demonstrating service quality have been required and the role of customer satisfaction has significantly increased to meet this need. Indeed, "*customer satisfaction is the ultimate arbiter of the success of public organisations*" (Hill et al 2007, P.26). However whilst customer satisfaction measurement has continued to develop in the sector, building on the business-focussed direction originally introduced through New Public Management, there is little research available on how housing providers responded to this new found freedom to measure customer satisfaction nor much understanding of its influence or impact on service quality. Exploratory quantitative research undertaken by the author (presented in Chapter 3, Section 3.5.1; and Chapter 4, Section 4.2) seeks to address this point.

Kotler et al (1995, P.43) argue that "*a customer-centred organisation is one that makes every effort to sense, serve, and satisfy the needs and wants of its clients and publics within the constraints of its budget*". Over the last decade, and especially after de-regulation of the sector in 2010, housing associations have increasingly made conscious efforts towards becoming progressively customer-centred and move away from a traditional process-focussed approach to management. Richardson (2010, P.224) argues that the case for a customer focus is a vital ingredient in the provision of social housing services, and is essentially two-fold: firstly with a business efficiency case, and secondly with a social needs case. The business case proffered is that organisations who know their customers are and what services they need can target resources much more efficiently and effectively. The social case is that more efficient and better housing service delivery can make a difference to community cohesion too.

The concept of how customer satisfaction 'fits' with the public, non-profit sectors and third sectors, and in particular social housing, can be outlined in a number of ways (*note:* the following is developed and extended by the author from the Institute of Customer Service, 2006, P.15):

i) <u>Financial Reasons</u> – As Hill et al (2007, P.1) acknowledge, "*organisations succeed by doing best what matters most to customers*". Therefore, by applying this approach to the non-profit sector, organisations are arguably making the most of public money;

ii) <u>The Long-Term Effects of the 2008 Economic Recession</u> – During the last decade, there has been a continuation of austere times with less money available in the public sector. Even though the UK finally moved out of economic recession in 2009 (Allen, 2019), the net effect in the public, non-profit and third sectors is that the negative impact is still being felt through continued funding cuts and/or limited budgets which look set to be the case for years come;

iii) HCA Regulatory Requirements For Value For Money – There is a current regulatory requirement for housing associations to demonstrate value for money (Gov.UK, 2019[1]);

iv) Employee Satisfaction – Numerous studies support the idea that a link exists between customer satisfaction and employee satisfaction (Corporate Leadership Council, 2003). This positively impacts on employment issues such as self-motivation, sickness levels, and employee retention;

v) Organisational Brand Benefits In Reputation, Influence, And Trust – Whilst there is arguably a more limited choice in the social housing sector, housing associations, like other private sector organisations, still operate as distinct brands aiming to promote a positive reputation and influence with their current and future customers. Part of this relationship involves 'trust' within the service offer which, when it goes wrong, can bring unwanted media attention at national levels. One recent example can be seen with Sanctuary Housing's service standards being extensively featured on Channel 4's *Dispatches* television programme (Apps 2019).

vi) Public Organisations Serve The Public – As this is the case, customer satisfaction can be said to be the ultimate measure of public service, whereby rather than focussing upon shareholders and owners, success is determined by the ability to deliver what the public wants (Hill et al, 2007, P.26);

vii) Increasing Choice - Whilst there is *limited choice* in the social housing sector, there is still a general trend moving towards *increased choice.* For instance, choice based lettings policies were introduced from 2001 onwards were aimed to allow housing applicants "*to view details on, choose between, and apply for currently available-to-let properties*" (Pawson et al, 2006, P.5). More recently, the government is introducing Universal Credit. In this, "*in most cases Universal Credit will be a single, monthly payment which is paid in arrears directly to the claimant's bank account [which] means that claimants will be responsible for paying the rent themselves*" (Gov.UK 2019[2]). In practice, this means tenants have to make the choice to pay their landlord or service provider, and so the landlord becomes just another organisation to pay rent to, competing with other household bills. Fundamentally however, there is the principle that *a lack of choice shouldn't result in poor service provision*;

viii) Ethical And Moral 'Fit' – Housing associations ultimately work to charitable aims around helping those in need (Perry and Stephens, 2018). By focussing service on the needs of customers (i.e. customer satisfaction and what matters most to them) it helps directly achieve these aims;

ix) Organisations in Non-Profit Roles Increasingly Need to Compete – Linked to the background of the economic recession, organisations increasingly need to remain competitive against their peers, providing good service and value for money. This suggests much in common with private sector models of organisation and management (Walker, 1998). Additionally however for housing associations, there is a risk that for those who don't manage this, the regulator (HCA) may put such housing associations into supervision.

x) Customer satisfaction assists in effective decision making – This is critically important in public sector contexts, whereby there is the need to be financially responsible, but also to maximise limited resources. By focussing upon what matters most to customers (via customer feedback) (Hill et al, 2007), this enables good decisions (i.e. 'evidence based' decisions) to be taken.

It is worth questioning whether individuals could hold perceived differences in service between the private and public sectors. In addressing this, Caemmerer et al (2013) undertook research to gain insight into how levels of service quality compared between the private sector and public sector. Interestingly, by undertaking a quantitative study of 200 respondents, it was concluded there was *no* significant difference between expectations towards and perceptions of private and public services. Indeed, Caemmerer writes (2013, P.1452) that "*from the recipients' perspective, it is possible that service expectations between public and private sectors converge*".

In recent years the social housing sector has increasingly looked towards other sectors, such as retail, to obtain organisational learning and observe best practice to ultimately lead to service quality improvements. The extent to which this has taken hold is best illustrated by the fact that Housemark (the organisation which oversaw the STATUS survey during social housing's regulatory years) launched a 'Business Connect' service (Housemark, 2014). This seeks to connect housing associations and other social landlords with private sector companies, such as Nissan, BT and John Lewis. The article 'Trade Secrets' in the journal *Inside Housing* (2014 [b], P.28) also highlights the economic argument for this initiative by citing the fact that in 2010 the Chancellor of the Exchequer halved the amount of capital funding for the social housing sector from £8.4 billion to £4.5 billion, therefore "*social landlords are trying to operate in a world where they have to be savvy business people*".

Furthermore, recent research entitled 'Frontline Futures' undertaken by De Montfort University (Richardson et al, 2014) highlights the change towards an increasingly commercial focus. Using an approach including over 1,000 staff surveys, 13 focus groups, and 49 interviews, their research aimed to investigate the shape of future frontline housing roles and found an overwhelming consensus that frontline housing workers are expected to be much more commercially minded.

It is in this context that in recent years, some English housing associations have increasingly looked towards more commercial benchmarks for customer satisfaction by using the UK Customer Satisfaction Index (UKCSI) developed in 2008. The UKCSI follows trends in the development of the first national-level measurement for customer satisfaction with the Swedish Customer Satisfaction Barometer (SCSB) in 1989, the American Customer Satisfaction Index (ACSI) in 1994, the Norwegian Customer Satisfaction Barometer (NCSB) in 1996, and the European Customer Index (ECSI) in 2000. Johnson et al (2001, P.220) state that all of the models described above view quality as a driver of satisfaction. This is a theme which will be developed further in Chapter 2, Part 2.

Benchmarking practices have been used across much of the public sector, such as education, the health sector, and in police services, as a means of introducing competition and performance improvement. For housing organisations, a standard practice since the early days of STATUS has been for customer satisfaction performance to be benchmarked only *within* the social housing sector (thereby fitting with Camp's second type of benchmarking, that of “*benchmarking against external product competitors*”; Camp, 1989, P.60).

This developed primarily due to the regulatory requirement to use and report STATUS customer satisfaction scores through Housemark. Using this, satisfaction scores from one housing association could be benchmarked against those from another housing association using Housemark’s online software in order to compare relative service quality performance, and provide a basis for finding and sharing good practice – a fundamental unwritten principle demonstrating the often collaborative nature of the social housing sector.

Tillema (2010) however criticises benchmarking approaches by arguing that it does not necessarily lead to performance improvement, instead often focussing upon indicators rather than ideas which can lead to dysfunctional and defensive organisational behaviour (e.g. measure fixation, incompatibility between the organisation and benchmarking partners, or persuading stakeholders to focus on higher scoring indicators). Similar concerns are reiterated in the social housing sector by Leach (2015, P.15) when asking if the “*UK housing’s default performance regime has too often promoted complacency and mediocrity, not excellence. The unspoken truth is that the benchmarking we have (mostly) subscribed to in housing has largely failed as a mechanism for driving real business improvement or innovation, and rather has become a competition to avoid being identified as amongst the worst”.* Furthermore, one of the largest housing providers in London and the South East of England wrote a report in 2014 asking why resident satisfaction wasn’t measuring up to the job, specifically reflecting the perceived limitations and frustrations of STATUS and STAR surveys (Family Mosaic, 2014).

A central criticism of benchmarking approaches in social housing is that it only provides a limited single-sector organisational perspective which very much focusses upon organisational processes (the ‘*lens of the organisation’,* as seen in Figure 5 below). From the customer’s perspective (the *‘lens of the customer’*), the individual cannot directly benchmark their experience of a repairs service, for example, against that from another housing association – they will benchmark their customer satisfaction perceptions of the housing association repairs service against their experience of other service providers such as when undertaking their weekly food shopping, visiting their bank, or experiencing interactions with other companies and organisations.

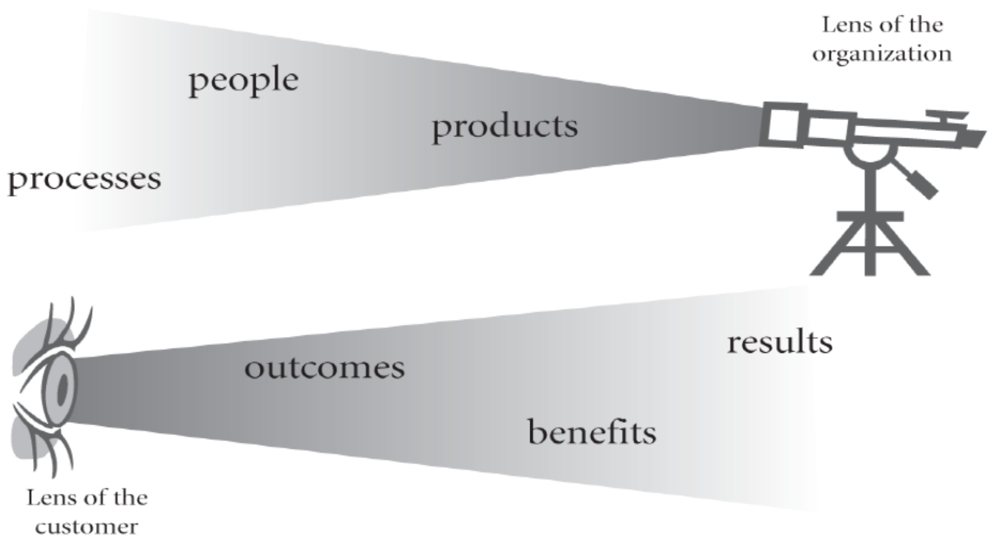


Figure 5: 'The Lens of the Customer' (Hill et al 2007, P.37)

This raises a question of whether it makes a difference if customer satisfaction performance is benchmarked 'inside' or 'outside' of the social housing sector. In order to investigate this issue, the same data would be required to be comparable in both circumstances. This understanding has only recently been made possible for the social housing sector via the UK Customer Satisfaction index (UKCSI), and forms part of the exploratory research presented later in this thesis.

2.2.7 Summary of Key Points

A summary of key points from the literature identified in this chapter can be seen in Table 2. This includes the impact of housing on individuals and society, the effects of housing on wellbeing and quality of life, and the recognition that the topic of study fits within contemporary academic research priorities.

Table 2: Summary of Ten Influential Papers Highlighting Key Points, Chapter 2, Part 1

Author	Key Point/s
Maslow, 1943	Concept of the 'Hierarchy of Needs' links directly to housing as an essential requirement for human existence.
Doyal et al 1991	Housing is the next most important intermediate needs after food and water.
Tay et al, 2011	When basic needs and met, individuals report their lives are better.
Fried, 1963	For most people, the residential environment is integral to their sense of place in the world.
Peck and Stewart, 1985	An increase in housing satisfaction related to a significant increase in overall life satisfaction.
Clark and Kearns, 2012	Perceived housing quality positively influences mental health.
Oliver, 2011	Satisfaction is fundamental to the wellbeing of individual consumers,
Dagger and Sweeney, 2006	Service quality and service satisfaction are able to enhance quality of life.
Rust and Oliver, 1993	Quality and satisfaction link to economic performance and wellbeing.
Ostrom et al, 2015	The thesis research set within a social housing context arguably fits with contemporary service research priorities which have the potential to advance the service field, benefit customers, organisations, and society: e.g. i. *measuring and optimising service performance an impact*; ii. *improving well-being through transformative service*.

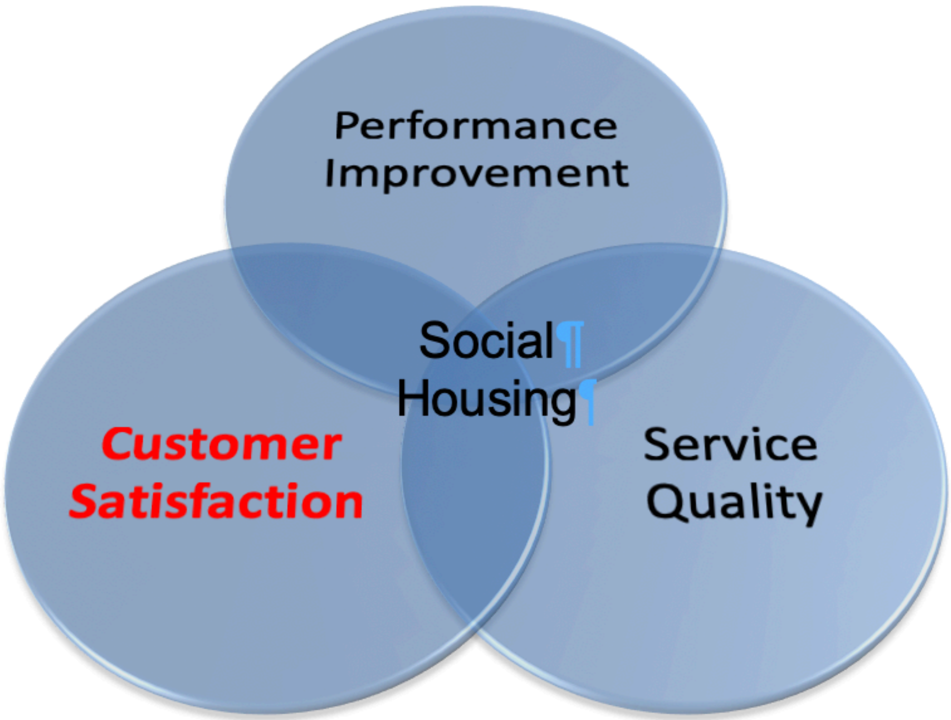
2.2.8 Chapter 2, Part 1: Conclusions

By providing a background to social housing, the first part of Chapter 2 has introduced arguments for why social housing provides a rich area for research, how negative stereotypes can be challenged through quality of service, and how the concept of customer satisfaction has developed politically and operationally over the decades as an established measure of service quality in the sector.

Chapter 2, Part 1 has also established the arguments criticising a key foundation of customer satisfaction research in the social housing sector – that of historical sector-only performance benchmarking. By being able to demonstrate sector performance benchmarking *outside* the sector for the first time, this chapter has been able to present both the challenge and *opportunity* for the sector to improve service quality and service performance. By setting this argument more broadly in the context of the links between improved service quality relating to improved quality of life, there are not only business-related arguments to take up the challenge to improve, but moral, ethical, and societal reasons too - the very reasons why charitable non-profit housing associations exit.

The next section presents Chapter 2, Part 2: ‘A review of the customer satisfaction literature’.

2.3 Chapter 2, Part 2: A Review of the Customer Satisfaction Literature



2.3.1 Introduction

Chapter 2, Part 2 presents a review of the customer satisfaction literature, focussing initially upon the social housing context then broadening to encompass wider literature contexts. Due to the broad nature of customer satisfaction literature, the selection of papers focus upon the links between customer satisfaction and performance improvement. By following this approach, the chapter sets the scene for identifying the gap in knowledge and the methodological research presented in Chapter 3. This contributes to the research by exploring what can be considered as the central theme of this thesis, from which Chapter 2, Part 3 (service quality) and Chapter 2, Part 4 (performance improvement) build upon.

2.3.2 Defining Customer Satisfaction

Customer satisfaction presents a heterogeneous area of study. As such, Brown & Yates (2010, P.101) write that "*defining and measuring satisfaction is not straightforward*" whilst Giese and Cote (2002, P.1) found "*a review of the existing literature indicates a wide variance in the definitions of satisfaction*" and that "*the satisfaction literature has not yet, explicitly or* *implicitly, established a generally accepted definition of satisfaction*" (2002, P.3). Therefore, before reaching a final definition for use in this thesis, it is worth considering the range of definitions offered in academic sources.

On reviewing the literature, Giese and Cote (2002, P.1) undertook an examination of 20 definitions used over a 30 year period of consumer satisfaction research. This found that despite significant differences, three common elements were notable:

1) customer satisfaction is a response (emotional or cognitive);

2) the response pertains to a particular focus (expectations, product, consumption experience, etc); and;

3) the response occurs at a particular time (after consumption, after choice, based on accumulated experience, etc)

However, when bringing these insights together, they stopped short of formulating a specific definition and instead suggested that the following components should be included in any specific definition (P.15):

"Consumer satisfaction is:

> ***A summary affective response of varying intensity**. The exact type of affective response and the level of intensity likely to be experienced must be explicitly defined by a researcher depending upon the context of interest.*
>
> *With a **time-specific point of determination and limited duration.** The researcher should select the point of determination most relevant for the research questions and identify the likely duration of the summary response. It is reasonable to expect that consumers may consciously determine their satisfaction response when asked by a researcher, therefore, timing is most critical to ascertain the most accurate, well-formed response.*
>
> *Directed toward **focal aspects of product acquisition and/or consumption**. The researcher should identify the focus of interest based on the managerial or research question they face. This may include a broad or narrow range of acquisition or consumption activities / issues".*

Instead of helping define satisfaction however, it can be argued their conclusion and proposed framework for defining satisfaction only serves to confuse further by advocating future researchers to generate multiple, individual interpretations. Furthermore, a criticism can be made that their work overtly focusses upon the ‘product’ whilst expressly overlooking ‘service’.

Therefore in reaching a definition for use in this thesis, it can be argued that taking a definition back to core elements is more sensible. Hence, when looking at the linguistic structure of the word ‘satisfaction’, Rust and Oliver (1993, P.3) note the word is derived from the Latin *satis* (enough) and *facere* (to do or make) from which they suggest implies satisfaction is a consumer’s fulfilment response. Building upon this concept, the Institute of Customer Service (2006, P.8) provide a definition as follows:

> ***“Customer satisfaction, or dissatisfaction, is the extent to which a customer feels their experience with an organisation has met their needs”.***

It can be argued that this definition is the most appropriate for this thesis: it makes no distinction between product or service, it acknowledges that satisfaction is perceived on a range of cognitive emotion, it focuses upon the customers’ experience and not the organisations’ perspective, and finally, it is arguably very suitable for social housing sector-based research with its specific reference to meeting *needs*.

On seeking to convey a broader understanding of customer satisfaction measurement, it is also worth describing how customer satisfaction works in practice. Firstly, customer satisfaction has historically (and continues) to offer a multi-faceted performance tool which, when used correctly, can act to support and influence both operational and strategic performance. The *operational* context occurs by offering a rapid re-active service quality tool which enables staff to become quickly aware of service failures, offering the opportunity for them to resolve the issue before it becomes a formalised complaint.

The *strategic* context occurs by providing the ability to track customer-focussed performance trends over time and using this to both inform strategic thinking and measure the success of strategies in practice. Overall, service performance information can be analysed at a range of levels focussing upon the internal staff performance perspective (e.g. whole organisation, department or team) or more detailed granular levels to understand the views of the customer (e.g. communities, small segments of customers, or single specific customers of particular interest). This serves to underpin evidence-based decision making.

It is also worth making a distinction between 'overall satisfaction' and 'transactional satisfaction'. Bitner and Hubbert (1994, p.76) define overall satisfaction as *an overall construct that reflects the customer's feelings about multiple encounters or experiences*, whereas transactional satisfaction (or 'encounter satisfaction' as they describe it) refers to *the consumer's feelings about a discrete interaction with the firm [resulting] from the evaluation of the events and behaviours that occur during that definable period of time.*

Secondly, it is worth understanding how the customer feedback influences decisions. When looking at the traditional approach to customer satisfaction measurement (which is also seen in the Housemark STAR survey, modelled on the earlier STATUS survey), this enables the calculation of satisfaction and dissatisfaction scores using a verbal 5-point Likert scale (i.e. *very satisfied, fairly satisfied, neither satisfied not dissatisfied, fairly dissatisfied, very dissatisfied*) along with more qualitative open box questions for customer comments. Organisations using this method would naturally focus performance improvements on areas of the greatest dissatisfaction whilst seeking to maintain areas of high satisfaction and following up any issues identified in the customer comments.

However, progress in customer satisfaction measurement techniques over the last decade have provided opportunities to complement the traditional 'satisfaction / dissatisfaction / comments' approach with more sophisticated methods (e.g. Hill et al, 2007). Using this structure, service insights such as customer importance (*identifying which service attributes are most important for customers*), service impact (*identifying which service attributes have the highest impact on overall satisfaction*), and organisational satisfaction drivers (*bringing together the importance and impact factors to identify the areas of service which, if improved, will most likely drive up overall satisfaction)* can be more easily identified.

These techniques enable greater insights into strategic and operational service performance as they can provide stronger identification of priorities for improvements (based on the lens of the customer, as presented earlier in Figure 5). This is achieved through the ability to undertake a gap analysis between importance scores and satisfaction scores, and by using the satisfaction drivers (bringing together factors of 'most importance' and 'most impact') to identify the small number of service factors which matter most to customers but which will also most likely lead to performance improvements.

Irrespective of which approach is used, when applied properly, customer satisfaction isn't about simply measuring and reporting a range of 'percentage satisfied' scores - it's about applying feedback into the decision making process to constantly drive business performance improvements.

2.3.3 Customer Satisfaction in a Social Housing Context

Whilst there is a significant track record of academic papers focussing purely on the topic of customer satisfaction alone, at the time of writing, six academic research papers of suitable content have been identified by the author which focus specifically upon the issue of customer satisfaction in a social housing service context, two further papers with relevant contextual links, and recent research undertaken by the author. These will be looked at in greater detail here.

The six academic papers range from early advocates of housing satisfaction research (Furbey and Goodchild, 1986) and those trying to understand the nature and impact of customer satisfaction surveys in social housing (Satsangi and Kearns, 1992; Birks and Southan, 1992), to cynicism of the customer satisfaction approach in general (Gubbay, 1999) and criticism of the STATUS survey method specifically (Pawson and Sosenko, 2012). A final paper (Kitshoff, Gleaves and Ronald, 2012) looks forward to better understand the drivers of customer satisfaction in the social housing sector.

Firstly, taking Furbey and Goodchild's paper entitled *Method and Methodology in Housing User Research* (1986) first, their principle claim is that survey methods should be used to influence the design of new housing. In doing so, they do not present any primary or secondary research, but instead build their argument by presenting a discussion of how surveys have historically influenced housing standards, how social surveys have been negatively perceived by limitations of positivism (e.g. they can only offer a 'mechanistic account'), and how survey research can potentially influence social change.

They recognise limitations of earlier housing satisfaction surveys conducted in the 1960's and 70's but argue they "*can be used to explore people's assessment of their housing…through their past experiences and engagement with wider social structures and processes*" (Furbey and Goodchild, 1986, P.166). The authors cite Darke (1984, P.67) who, when writing about the political Left, believed there was a tendency to "*focus on housing finance and numerical targets… but little attention has been given to the quality and character of housing. Yet these aspects are central to the experience of 'consumers' and to their feeling about their homes*". The authors allude to some of the perceived concerns towards housing surveys seemingly held at the time: the perception that housing user research studies are just another variant of market research for 'what will sell' as opposed to 'what people need'; surveys being perceived as the research strategy of the powerful; and surveys being too conservative in their scope.

However they conclude that social survey methods can make a considerably greater contribution to housing research than has so far been the case, and offers an alternative compared to the strengths and weaknesses of other approaches.

The paper by Satsangi and Kearns (1992) entitled *The Use And Interpretation Of Tenant Satisfaction Surveys In British Social Housing* raises some early contextual concerns over the use of customer satisfaction as a performance tool. They acknowledge the "*increasingly widespread usage of satisfaction surveys*" (P.317) in the social housing sector and aim to examine the meaning and relevance of customer satisfaction. Even writing in 1992, Satsangi and Kearns recognise the consumerist approach is one attempting to not only improve service quality by making organisations more responsive to their users' needs (the 'business mind-set') but also sees that it can attempt to give service users more rights.

Satsangi and Kearns also examine the *context* of customer satisfaction in the social housing sector. They challenge whether satisfaction scores can form a basis for improving the quality of service delivery, and illustrate this by arguing that anything other than a positive rating is often explained as the landlord delivering a relatively poor service. This argument reflects and supports the argument presented earlier in this paper on the limitations of benchmarking customer satisfaction performance *within* the sector only. Interestingly, they go on to say that in the context of landlords who want to make things better for tenants (i.e. improving service quality), they claim that a more consumerist approach would be required to pursue more speculative inquiries about how things could be improved for tenants, rather than landlords simply benchmarking satisfaction scores against other providers.

At a similar time period, Birks and Southan (1992) presented an examination of the "*concept of consumer satisfaction in a business context to enable parallels to be drawn with the non-profit-making rented housing sector*" (P.299). Considering when it was written, the paper arguably takes a relatively advanced perspective, recognising some of the tangible and intangible experiences associated with customer satisfaction and how it links to service improvements via changes in customer behaviour. For example, they recognise "*consumers' increasing psychological commitment to the organisation and / or its products; tendency to repeat purchases; favourable word-of-mouth recommendations to other potential consumers; fewer problems administering complaints; and the propensity for the consumer to pay more for something that is perceived to be superior*" (P.299). They argue that,

> "*a housing organisation can, through measurement and subsequent greater understanding of what satisfies tenants, target those in greatest need and tailor their 'product' (homes, repairs, and advisory services) accordingly. Through satisfying tenants the organisation may satisfy its own objectives or fulfil its mission first, in a quantitative sense, through the numbers of selected types of individuals that are helped; second, on a qualitative basis, by improving the quality of life of individual tenants*" (P301).

Birks and Southan go on to recognise another benefit of customer satisfaction, that of being able to satisfy tenants as a method of indicating organisational competence (P.302). Despite the reduction in regulation within the sector, this dynamic still certainly applies in the present day whereby housing associations who *don't* deliver quality services can be placed in supervision by the social housing regulator, the Homes and Communities Agency.

Importantly, Birks and Southan proceed to acknowledge basic links between customer satisfaction and service quality, with the recognition that organisations who rate as 'good' might simply tend to preserve the status quo rather than seek to understand the causal factors of customer satisfaction. Additionally, they recognise three components of satisfaction: firstly, asking whether it is a valid measurement; secondly, ensuring that the administration of the process is consistent and reliable; and thirdly (and arguably most important of all) how actionable are the findings. At the time of writing their paper, it can be argued that this provided exceptionally clear thinking and insight.

In contrast, Gubbay (1999) presented a paper entitled *Research To Order: Dilemmas In The Design And Control Of Tenant Satisfaction Surveys.* This offers a much more cynical approach to the use of customer satisfaction in social housing in the belief that there are considerable conceptual problems about the meaning of satisfaction and how it might be measured. He argues that there are tensions between landlords' roles in meeting tenant's wants and their business functions (P.279) and that "*in particular, the purpose of producing evidence that will impress supporters (and perhaps tenants) conflicts with an open-ended effort to identify and publish tenants' negative as well as positive views of the quality of their homes and housing services*" (P.294).

However, whilst Gubbay attempts to put his claims forward using a confident writing style, occasionally it could be argued that some of his claims could be perceived by the reader as being quite extreme. An example includes the statement that "*social landlords may not have clear or consistent intentions in commissioning tenant surveys and some of their purposes may be unacknowledged even to their own staff and the research team*" (P.284). Therefore, whilst of some contextual interest, Gubbay's paper lacks substantive positive contribution to the debate.

The fourth paper focussing upon customer satisfaction in a social housing service context is Pawson and Sosenko (2012) '*Tenant Satisfaction in Social Housing in England: How Reliable? How Meaningful?'*. This provides a comprehensive review of customer satisfaction measurement in social housing, and was written around the time just before the regulatory changes in 2010 (however published thereafter). They take a relatively rigorous approach by firstly interviewing the three national stakeholders, secondly surveying 50 housing associations, and thirdly analysing secondary data from the Tenant Services Authority.

From this, they claim there is substantial scope for improvement in the collection of tenant satisfaction data (P.77), which at the time of writing was undertaken via the STATUS survey as a regulatory requirement. Issues of concern were noted in terms of the sampling of tenant surveys, inconsistencies in the contact method and response rates, and the validation and re-weighting of surveys. Most importantly, they argue that published landlord ratings have been neither entirely reliable in a technical sense nor meaningful as an indicator of service quality. They also claim that the social housing sector should have a more centralised and prescriptive approach to generate more reliable ratings.

The fifth paper reviewed here is Kitshoff et al (2012) '*Understanding Drivers of Customer Satisfaction'.* This was selected as it offers a different and relatively innovative approach to understanding customer satisfaction in the sector. Kitshoff et al (2012) claims an alternative view of measuring customer satisfaction is by monitoring ten dimensions of service quality adapted from SERVQUAL (Parasuraman et al, 1998). These included competence, access [to services], responsiveness, communication, reliability, tangibles, understanding, courtesy, security, and credibility. They used this to assert their belief that the approach will help the social housing sector become aware of a new approach to evaluate customer service data and provide meaningful insight about the drivers of customer satisfaction. This, they assert, is demonstrative of an innovative approach in the social housing sector. The claims and overall argument offered by Kitshoff et al are less clearly supported compared to the other texts presented here, however it does present evidence of the social housing sector actively exploring alternative approaches to the historical STATUS survey.

As mentioned at the start of this chapter, it is worth exploring two further papers here which, although not directly related to customer satisfaction in a social housing service context, do provide relevant contextual links. The first of these papers is by Halstead et al (2007), who explored customer satisfaction and disadvantaged consumers to determine if satisfaction processes varied across different consumer groups. Defining disadvantaged consumers as "*those consumers who lack various financial, social, intellectual, or physical resources necessary to function well in the marketplace, and include vulnerable groups such as the poor, the elderly, minorities, the homeless, the illiterate, and others*" (P.17), they found that disadvantaged consumers did not seem to form or be able to articulate pre-purchase expectations, and failed to complain when dissatisfied, passively accepting inferior service and products (P.29). This is important from a service quality perspective in that, due to the fact that certain customer segments of most social housing providers could be described as 'disadvantaged', it lends weight to the moral argument that social housing providers need to continue a prioritised focus upon personalised service for the individual consumer, and, ultimately, an emphasis on service quality.

The second paper with contextual links is by Dagger and Sweeney (2006) entitled '*The Effect of Service Evaluations on Behavioural Intentions and Quality of Life'*. Again, whilst not set in a social housing context, it offers relevance in developing a model that '*integrates the impact of service quality and service satisfaction on both economic and societal outcomes*' and their results '*indicate that service quality and service satisfaction significantly enhance quality of life, highlighting that customer service has social as well as economic outcomes*' (P.3). They note that "*the finding that service evaluation affects quality-of-life perceptions is particularly important to services in which service becomes part of, or impacts on, customer lifestyles*" [for instance, social housing], "*for these services, meeting the economic challenges of business is intertwined with providing customer with service outcomes that improve their quality of life*" (P.12). This again, reflects an important context and stand point for social housing providers.

2.3.4 Customer Satisfaction in a Performance Improvement Context

Nine academic papers are presented in four themes, including return on investment, share of wallet, shareholder value, and loyalty. These themes were identified by the author as they best reflected the breadth of core topics associated with this section's performance improvement context. In addition, two sources of grey literature are presented to illustrate the influence of customer satisfaction as a performance measure worldwide and the impact of poor service in the UK.

The **first theme** is that of return on investment, best illustrated in a single paper by Anderson and Mittal (2000) entitled *Strengthening the satisfaction-profit chain*. This builds upon the service-profit chain concept originally developed by Heskett et al (1994) that improving product and service attributes increases customer satisfaction, leading to greater customer retention and greater profitability (Figure 6).

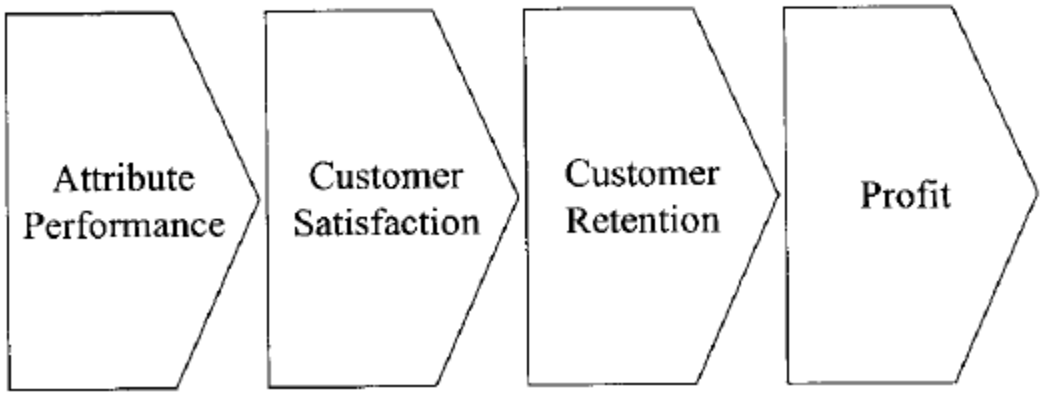


Figure 6: The Satisfaction-Profit Chain, (Anderson and Mittal, 2000)

The authors (P.107 / 108) acknowledge the growing evidence for which customer satisfaction management has become a strategic imperative for most firms (e.g. Anderson, Fornell, and Lehmann 1994; Coyne 1989 Rust, Zahorik, and Keiningham 1994). Secondly they acknowledge support for the satisfaction-profit chain through studies showing that overall satisfaction is a function of performance on various attributes, and that satisfaction can be increased by focussing upon these factors (cf. Hanson, 1992; Mittal, Ross and Baldasare, 1998; Wittink and Bayer, 1994). Thirdly they acknowledge evidential links between increased overall satisfaction leading to greater repurchase intentions (e.g. Anderson 1994; Zeithaml, Berry, and Parasuraman 1996); and finally acknowledge that firms with higher customer satisfaction can expect higher profits (e.g. Anderson, Fornell and Lehmann, 1994). However, they proceed to recognise that despite this empirical evidence, implementation of the satisfaction-profit chain in practice has been problematic for many firms, e.g. changes in satisfaction failed to have a demonstrable impact on customer retention or profits.

The authors argue this can be addressed by giving consideration to the asymmetric and nonlinear nature of each link in the satisfaction-profit chain, and that without such consideration, organisations may be less likely to improve performance attributes or perceive the impact of quality initiatives to improve customer satisfaction. They write that ‘asymmetric’ means the impact of an increase is different from the impact of an equivalent decrease in both direction and size. By stating that the links in the satisfaction-profit chain can also be ‘nonlinear’, they mean that at certain points in the chain nonlinearity shows in the form of diminishing returns, however at other stages in the chain it shows in the form of increasing returns.

The authors also present their own empirical data. This is sourced from the Swedish Customer Satisfaction Barometer (SCSB) to investigate the average return on investment from organisations experiencing increases or decreases in customer satisfaction. Using this, their findings showed that "*on average, a 1% increase in customer satisfaction was associated with a 2.37% increase in return on investment, whereas a 1% decrease in satisfaction is associated with a 5.08% drop in ROI. This suggests that on average, a decrease in customer satisfaction is two times more deleterious than the benefit associated with an equivalent increase in satisfaction*" (Anderson et al, 2000, P.118).

The authors conclude there is mounting evidence that the links in the chain are robust. They also recognise however that there is increasing understanding of the complexity of this links, and suggest future research will develop as a future area of research. This paper is important by clearly indicating the influence of customer satisfaction.

The **second theme** demonstrating the links between customer satisfaction and business performance is that of share of wallet. For reference, share of wallet can be defined as the percentage of a customer's spending within a category captured by a given brand, or store or firm (Keiningham et al, 2011). Three papers are presented under this theme: Magi (2003), Cooil et al (2007), and Terpstra et al (2014).

Magi (2003) used a retail setting to examine the extent customer satisfaction, loyalty cards and relevant consumer characteristics determined the share of purchases a household allocates to its primary grocery store. At the time of writing, the paper suggested little research existed on the effects of satisfaction on customer share. This gap was met by undertaking a study conducted in a Swedish town with approximately 100,000 inhabitants and 35 grocery stores. A random sample of 1,600 households was sourced from the Swedish Census Bureau from which 643 participants provided data for all necessary variables through a four-week store choice diary and participant questionnaire.

The results suggested "*there are limitations as to the extent high customer share can be created or fostered through marketing tactics such as customer satisfaction or loyalty-card programs*", but recognises "*although the individual-level effect of satisfaction is modest, increases on the individual level can still have an important effect on store-level customer share*" (Magi, 2003, P.103/4). The paper acknowledges that constantly monitoring the satisfaction of customers and the causes of their satisfaction remains important. Interestingly the study also found that customer satisfaction was a more important determinant of customer share for consumers with a *low* economic orientation than for consumers with a high economic orientation – this finding arguably resonates with large elements of social housing sector demographics and customer profiles.

The second paper demonstrating the links between customer satisfaction and share of wallet is by Cooil et al, 2007. This study presents a longitudinal study of the impact of customer satisfaction on changes in share of wallet by using data from the Canadian banking industry. The paper purports that existing research "*investigating the relationship between satisfaction and share of wallet has… almost exclusively relied on cross-sectional (single point in time) data [and] therefore estimations of the impact of changes in satisfaction on share of wallet over time cannot comfortably be made*" (Cooil et al, 2007, P.67 / 68).

Their research used data sourced from an annual survey of more than 10,000 Canadian households, of which 4,319 households using 12,249 observations between 2000 to 2004 were suitable. Their results confirmed "*a significant and positive, though somewhat modest, relationship between change in satisfaction and the concomitant change in total business share of wallet*", concluding that "*changes in service levels that affect the level of customer satisfaction can more easily result in the inflow or outflow of money to the firm*" (Cooil et al, 2007, P.77 / 78). The authors also surmised that their findings were likely to transcend the banking industry to other sectors, and overall, supports the position of positive business benefits from customer satisfaction feedback.

The third paper focussing upon share of wallet is by Terpstra et al (2014). This investigated customer revenues through the relationship between customer satisfaction, customer servicing costs, and customer value in a financial services firm. Their methodology involved obtaining data from 1,689 customers of large Dutch retail bank and, using a quantitative approach, sought to test three hypotheses: H1 - '*in retail banking, customer satisfaction is positively associated with future servicing costs*'; H2 – '*in retail banking, customer satisfaction is not associated with future (i.e. one year ahead) customer profitability*', and H3 – '*in retail banking, customer satisfaction is positively associated with customer value*'. Whilst acknowledging that managers should be aware of the profitability of segmented clients (to determine whether increasing customer satisfaction is indeed a value increasing strategy for *all* groups), their results found that customer satisfaction is positively associated with future customer revenues and future customer profitability. Additionally, their research found that in the long-term, customer satisfaction is positively associated with long term customer revenues, long-term customer servicing costs and customer value.

The **third theme** demonstrating the links between customer satisfaction and business performance is that of *shareholder value*. Three academic papers are presented under this theme: Anderson et al (2004) who developed a theoretical framework stipulating how customer satisfaction affects future customer behaviour whilst considering risk of future cash flows; Fornell et al (2006) who empirically examined whether investments in customer satisfaction led to excess returns and their associated stock market risk; and Gruca and Rego (2005) whom investigate shareholder value in the context of growth and stability.

Firstly, Anderson et al (2004) clearly stated their objective was to provide the first extensive theoretical and empirical examination of the association between customer satisfaction and shareholder value. In doing so, the authors developed a theoretical framework specifying how customer satisfaction affects current and future customer behaviour, which in turn affects future cash flows, and consequently, shareholder value. To undertake their research, they used data between 1994 to 1997 from the American Customer Satisfaction Index (ACSI). This is a database of nearly 200 publicly traded Fortune 500 firms, which at the time covered 40 industries in 7 sectors of the U.S economy. The ACSI also included data from both private and public sectors.

Through their quantitative analysis of the ACSI data, they found a positive association between customer satisfaction and shareholder value, concluding that firms achieving higher customer satisfaction also create more shareholder wealth. Importantly, they found that a 1% change in customer satisfaction results in an expected 1.016% change in shareholder value. Whilst this may initially seem relatively small, they therefore proceeded to give the example of a 1% increase on a typical *BusinessWeek* 1000 firm - with average assets of around $10 billion, this would result in an additional $275 million. When considering the business benefits of customer satisfaction, this paper puts forward a strong and compelling case.

The second paper on *shareholder value* is by Fornell et al (2006), who begin their paper by posing a modest question of "*does the satisfaction of a company's customers have anything to do with the company's stock price?*" (Fornell et al 2006, P.3). They cite the existing evidence of empirical results which suggest the positive relationship between customer satisfaction and general economic performance (e.g. Anderson et al 1994, Anderson et al 2004, Ittner and Larcker 1998, Rust et al 2002), then proceed to identify a gap in knowledge by stating that little was known at the time of writing about how customer satisfaction influenced investment returns and almost nothing was known about the associated risks. To address this, their study empirically analysed the quarterly releases of the American Satisfaction Index (ACSI) and their effect on market reaction and stock prices.

Their research findings showed that investments based on customer satisfaction produced sizeable returns, but also that these investments presented low risk of return. On this basis they concluded with the argument that "*the economic value of satisfied customers seems to be systematically undervalued, even though these customers generate substantial net cash flows with low volatility*" (Fornell et al, 2006, P.11). Interestingly, the authors also concluded that sellers can take comfort from the fact that they will (eventually) be rewarded for treating customers well and that they risk punishment for treating customers poorly. Thus they demonstrate, in crude form, the business-related advantages and disadvantages of customer satisfaction.

Continuing the theme of customer satisfaction and shareholder value, Gruca and Rego (2005) present research which strengthens the links between satisfaction and two characteristics of future cash flows that determine the value of the firm to shareholders: growth and stability. Identifying a gap in the existing research, they state that empirical research supporting the claim that customer satisfaction is a driver of shareholder value is incomplete (Gruca and Rego 2005, P.115). In addressing this gap the authors, like in other studies presented here, used the context of the American Customer Satisfaction Index (ASCI) as a basis for their study.

They found that overall "*there was a positive, significant association between customer satisfaction and cash flow growth. In addition there is a negative, significant impact of satisfaction on future cash flow variability. These results indicate that higher levels of customer satisfaction contribute to the creation of shareholder value"* (Gruca and Regio, 2005, P.122). One further key outcome from their research was the finding that customer satisfaction is a substantive determinant of future cash flow growth, whereby a one-point increase in customer satisfaction generates an additional $1.01 in net operating cash flows in the following year for every $1,000 in assets.

Putting this into perspective, they provide the example of the average asset value of firms included in their data, this being a value of $54 billion. Therefore a one-point increase in customer satisfaction translates into an increase in future cash flows of $55 million. They also found that the same one-point increase resulted in a reduction in the variance of future cash flows of more than 4%, the combination of which enhance the value of a firm to its shareholders. Furthermore – and this is of great relevance to the performance improvement element of this thesis - they found higher performing firms (i.e. firms commanding higher market shares) are more efficient in converting customer satisfaction into future cash flow growth and reduced variability.

Whilst limitations of using the ACSI dataset are recognised (i.e. sampling large consumer product and service firms), they conclude that their study shows that "*the positive effects of customer satisfaction on future cash flows are both statistically significant and managerially relevant*" (Gruca and Rego, 2005, P.127).

The **fourth and final theme** demonstrating the links between customer satisfaction and business performance improvement is that of *customer loyalty*. Two papers are presented within this theme: Hallowell (1996), who finds a positive relationship between the three key constructs of Heskett's (1994) service profit chain (customer satisfaction, loyalty, and profitability); and secondly Caruana (2002) who researched service loyalty and the effects of service quality and the mediating role of customer satisfaction.

Looking at Hallowell's paper first, the author cites the related literature which suggests loyalty can be seen both as *attitudinal* (e.g. an attachment to a product of service) or *behavioural* (e.g. the intent to repurchase or remain loyal to a particular brand or organisation), whilst noting that (at the time of writing) there were only a small number of papers empirically investigating this area of research.

Hallowell's research used customer satisfaction data sourced from 12,000 retail-banking customers representing 73% of all households served by the bank. Satisfaction data was obtained through a four-page postal survey developed by the bank and a market research firm and distributed to a randomised sample of customers. Hallowell's results found a positive relationship between customer satisfaction and customer retention, and customer retention and profitability, whereby "*the consistency of findings among the multiple measures reinforces this conclusion*" (Hallowell, 1996, P.32), and where seven of the eight regressions supported the inference of a relationship between customer loyalty and profitability.

Hallowell concluded that the regression results supported the inference of a customer satisfaction / customer loyalty relationship, whereby customer satisfaction may have influenced 37% of the difference in customer loyalty levels, and as much as 40% of the variance customer loyalty and profitability. One element of the study which did not find a positive influence was *price*, where Hallowell states this remained ambiguous due to two of the four relationships studied not finding statistical significance. Additionally, Hallowell notes that path analysis undertaken to explore the relationship path of customer satisfaction leading to loyalty leading to profitability could not be confirmed or denied as to whether this was stronger than a direct relationship path of customer satisfaction leading to profitability. Finally, whilst limitations of the findings are noted in that the study was based on one retail bank only, this paper makes a contribution by offering broader understanding of the influence of customer satisfaction.

The next paper is by Caruana (2002) who researched service loyalty and the effects of service quality and the mediating role of customer satisfaction. It is firstly worth noting Caruana's acknowledgment of Gremler and Brown's (1996) definition of service loyalty, which can be considered to be equally applicable in the social housing sector:

> *"The degree to which a customer exhibits repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service exists."*

Caruana's research used a postal questionnaire consisting of 37 items split between the three constructs (satisfaction, quality, loyalty) sent to households in Malta and set in a banking sector context. Using various statistical techniques, the results showed that service quality acts on service loyalty via customer satisfaction, thereby supporting the perspective that "*customer satisfaction has a mediating role in the link between service quality and service loyalty*" (Caruana, 2002, P.821). Limitations of the study were noted, including a relatively small (but adequate, according to Caruana) sample size of 194 respondents and also applicability to other sectors outside of banking. Further areas of research were also noted, including the possibility of developing a unique measure of customer satisfaction in the banking sector, and also the development of a richer model incorporating other constructs beyond the three used in this study.

Finally, in order to illustrate the application of customer satisfaction as a performance measure worldwide and the impact of poor service in the UK it is worth citing two papers sourced from grey literature. The first of these is a practitioner paper by The Economist Intelligence Unit (2014). It can be considered to have relevance here as it illustrates the both the reach and dominance of customer satisfaction as a performance measure used worldwide. The research surveyed 832 companies across Europe, North America and Asia to investigate organisational understanding of the link between customer service and profit. This firstly offers relevance by providing insight into the global application of customer satisfaction as a performance measurement method compared to alternative measures of service performance, as illustrated in Figure 7 below.

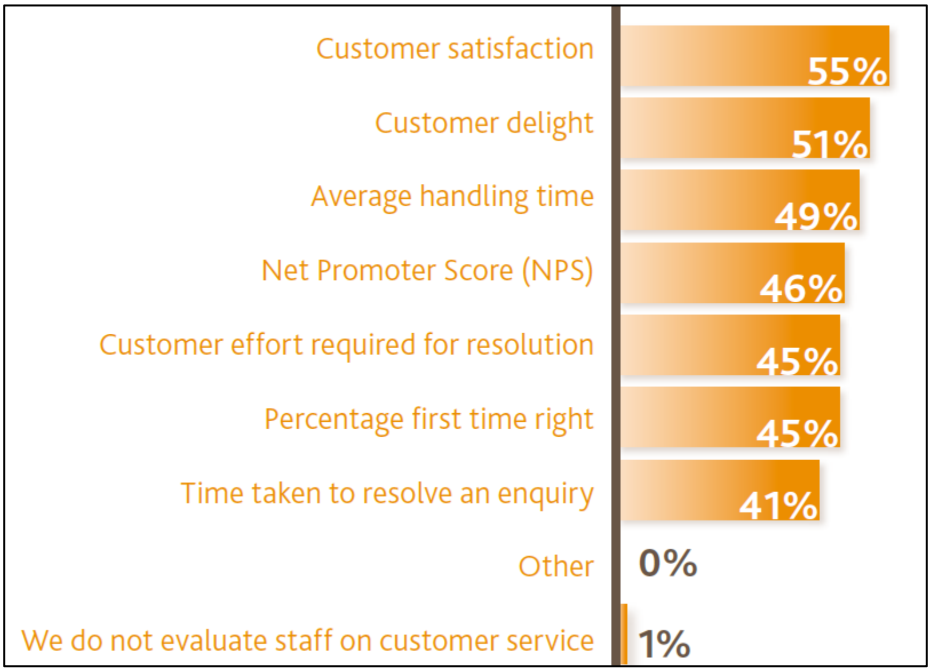


Figure 7: Non-Financial Customer Service Metrics Front-Line Staff Are Evaluated On. (The Economist Intelligence Unit, 2014, P.13.)

The findings are also relevant by demonstrating how companies recognise customer service as being vital across a broad spectrum of industries, with 84% of responding organisations stating that service is important to their financial performance. However, the research also found that whilst 59% of organisations recognised customer service failures has had a clear and significant financial impact on their organisation, only 36% had a formal strategy recognising the link between service quality and financial performance.

Crucially, the report acknowledged the gap between the advances in academic knowledge and applying this in practice: "*customer service experts believe there are systems that conclusively prove customer service quality is connected to a company's bottom line and share price, but many business leaders remain unconvinced or unclear about how to make that connection within their own companies*" (The Economist Intelligence Unit 2014, P.35). This demonstrates the need both for continued academic research to contribute towards the body of evidence 'proving' the business performance benefits of customer satisfaction and service quality, and also crucially, developing academic thinking around helping to ensure this can be translated into practical reality. This sentiment illustrates a substantial part of the thinking and influence behind undertaking the case study section of the mixed methods approach presented later in the thesis in Chapter 3, mapping practices within the feedback loop of 'insight-to-action' and ensuring this can be better understood and applied.

The second paper cited from grey literature is by Genesys (2009), a global company focussing upon customer service solutions. Their research brought together independent research through an online survey completed by 514 consumers in the UK along with contact centre data models, from which Genesys aimed to produce the first large-scale attempt to place an economic value on the lost revenue from customer service across all customer contact channels when consumer expectations were not met. Headline results included that in the UK 73% of consumers had ended a relationship due to poor service, the average UK customers had 16 interactions each year and ended 1.3 relationships, and the average value of lost relationships in the UK is £248 per year. The overall impact of this was that enterprises in the UK lose £15.3 billion each year due to defections and abandoned purchases as a direct result of a poor experience. Genesys concluded that poor customer service has "*a clear and immediate impact on a company*" (2009, P.8).

Whilst not presented in the style of an academically rigorous research paper and being relatively thin on methodological detail, it nonetheless offers relevance by providing insight into the practical understanding of the scale of the cost and value impact of poor service in the UK, and in doing supports the arguments of the business benefits gained through service quality.

2.3.5 Criticism of Customer Satisfaction

Whilst it can be argued that there is a substantial body of evidence illustrating the positive association between customer satisfaction and business performance, it does not remain without criticism. A number of papers have challenged the notion that customer satisfaction positively influences business performance or supports performance improvement. A selection of four such papers are presented here, chosen based on their link to the literature themes presented so far: Keiningham et al (2005) who found the links between satisfaction and profits do not necessarily apply to all customers; Rego, Morgan and Fornell (2013) who found customer satisfaction to have a negative relationship with market share; Gupta & Zeithaml (2006) who found that the strength of the customer satisfaction-profitability link can vary between different industries; and Keiningham et al (2014) examining the high price of satisfaction.

The first paper, by Keiningham et al (2005) focusses upon share of wallet. By undertaking research using telephone satisfaction data of 81 clients of an institutional securities firm across two continents (North America and Europe), the paper examines the linkages between customer satisfaction to profits, focussing upon whether satisfaction improves share of spending, thus leading to higher customer revenue and profitability.

Their research found that whilst customer revenue correlated positively with profitability for profitable customers, it negatively correlated for unprofitable customers. This challenged the link of satisfaction to profitability by establishing that it is not as straightforward as previous research has suggested. They concluded that "*a simplistic focus on improving customer satisfaction for all customers in order to improve share of wallet and customer revenue does not seem to represent the best management approach to maximise overall firm profitability. In fact, it could actually result in a negative return on investment. Therefore customers should first be segmented by their profitability to the firm before expending resources to* *improve customers satisfaction and share of wallet*" (Keiningham et al, 2005, P.172). Whilst the researchers noted caution through the contextual limitations of their research being based on a single industry, it is useful to recognise that the relationship of customer satisfaction and business benefits is not always straightforward nor assumed to be applied as a blanket approach.

The second paper from Rego, Morgan and Fornell (2013) focusses upon market share. The authors specifically question the 'service-profit chain' logic which suggests improved customer satisfaction leads to enhanced loyalty and positive associations with future market share, and they also empirically assess Fornell's (1995) argument that a non-positive association exists between market share and customer satisfaction as an empirical generalisation. In doing so they state they provide "*the first comprehensive assessment of an important relationship between two key marketing performance-related variables previously proposed as an empirical generalisation*" (Rego et al, 2013, P.11).

Their research sourced thirteen years' of data from approximately 200 companies in the American Customer Satisfaction Index (ASCI). Through empirical testing, their results showed *"(1) the generally negative nature of the association between market share and customer satisfaction and (2) that this negative association is the result of a strong negative effect of current market share on a firm's future ability to satisfy its customers, which is much greater than the generally insignificant effect of a firm's customer satisfaction on its future market share*." (Rego et al, 2013, P.11).

The authors proceed to state that their research presents three important considerations for management practice. To begin with, companies seeking to achieve improved market share and customer satisfaction at the same time will, on the whole, find it more difficult to achieve than companies focussing upon one of these objectives. Furthermore, they provide new insights into the key linkages within the service profit chain suggest that simple causal theories positively linking customer satisfaction with market share omits boundary conditions which would be taken into consideration when managers act. Finally, they suggest that managers should competitively benchmark their customers' satisfaction levels against that of their rivals, even going so far as to actively collect customer satisfaction feedback data from rivals. Whilst this is perhaps easy to consider theoretically, it would likely be unrealistic to enact in practice.

The third paper by Gupta and Zeithaml (2006) focusses upon whether customer satisfaction and other perceptual metrics can lead to improved financial performance. Based on a review of the literature, they note a number of positive generalisations, such as customer satisfaction improving a firm's financial performance; the link between customer satisfaction and profitability being asymmetric and nonlinear (whereby whilst increases in customer satisfaction can have a positive impact, decreases in customer satisfaction have a noticeably greater negative impact); or the strong positive relationship between customer satisfaction and customer retention. However one of their assertions is that "*the strength of the satisfaction-profitability link varies across industries as well as across firms with an industry*".

This suggests an inconsistency with customer satisfaction as a metric. They draw on references such as Ittner and Larker's study (1998) which found that the value relevance of customer satisfaction varied across different industries, and Anderson et al (2004) who note differences between the customer satisfaction-profitability link across industries. Based on these and other citations, Gupta and Zeithaml (2006, P.727) make three assertions:

i. *that a satisfaction-profit link is likely to show greater variations among firms within the same industry rather than across industries;*
ii. *that satisfaction is likely to have a larger impact on service industries where customers are highly involved, and;*
iii. *within an industry, variations on the link between firms are likely to depend upon execution and efficiency.*

This alludes to the complexity and reliability of customer satisfaction as a metric, but also asserts the importance of evaluating and understanding customer satisfaction in a specific industry context.

A fourth and final paper in this section criticising customer satisfaction can be seen from Keiningham et al (2014) focussing upon customer satisfaction and financial performance. The authors assert that businesses make the simple assumption that highly satisfied customers are good for business, but that the reality has not proven to be as simple. Using two data sets (ACSI data from 2000 to 2009 and a second data set comprising of 161,552 satisfaction ratings and category spending levels across 315 brands), they found the relationship between customer satisfaction and customer spending behaviour is weak, with customer satisfaction explaining less than 1% of the variation in changes in their share of category spending.

Their research identified three critical issues that negatively impact on translating customer satisfaction into positive business outcomes. These included; i. the benefits of highly satisfied customers being difficult to financially quantify (e.g. an increasing score of 1 point on a 10 point scale – what does that actually mean in financial benefits?); ii. smaller companies are often able to better serve their customers, and therefore enable higher satisfaction (therefore making it more difficult for bigger brands to change); and iii. customer satisfaction levels are unlikely to have a meaningful impact on the share of category spending customers allocate to a brand (i.e., customer satisfaction provides little indication of how an individual will spend across different brands). From this, the authors assert that it is easy for customer satisfaction and profitability to be mis-aligned. Whilst the authors recognise that no company can survive long without satisfied customers, their research identifies the potential complexities with customer satisfaction leading to performance improvements.

In addition to exploring direct criticisms of customer satisfaction measurement, it is also worth considering how alternative measures have developed over time. This is seen in the following section below.

2.3.6 Developments in Customer Satisfaction Measurement

Whilst earlier sections of this chapter have considered customer satisfaction measurement in detail, it is also worth contemplating how this has developed over time – what challenges there have been from other measurement systems; what alternative measures are available? In answer to this, it can be argued that academics and practitioners alike have sought to gain deeper insights into customer thinking and behaviour by developing complementary or alternative metrics to customer satisfaction, but fundamentally, customer satisfaction measurement has remained relatively robust. Three specific measures described here (which have relevance and application in the social housing sector) are the Net Promoter Score, Customer Effort Score, and Customer Trust, alongside acknowledgement of how customer satisfaction fits with customer experience.

Looking at the first of these alternatives, the Net Promoter Score (NPS) was developed by Reichheld in 2003, and asserted that a single survey question could act as a useful predictor of growth by measuring customer loyalty. Reichheld defined customer loyalty as “*the willingness of someone – a customer, an employee, a friend – to make an investment or personal sacrifice in order to strengthen a relationship*” (Reichheld, 2003, P.48) and argued that loyal customers not only buy more over time, but also that they tend to bring in new customers via personal recommendation at no cost to the organisation.

The simplicity of NPS comes from asking the question “*how likely is it that you would recommend [company x] to a friend or colleague*”? From this, a single net promoter score can be calculated and benchmarked of required. For instance, in the social housing sector, Housemark added the facility for landlords to benchmark their NPS scores from 2014 onwards. This demonstrates acceptance of additional customer-focussed measures in the social housing sector, however, application of this however is limited, with only 30% of social landlords using it in practice (Howe et al, 2015, P.23).

There are criticisms of NPS too. For instance, it is recognised that whilst customer satisfaction and customer loyalty are related concepts, they are not the same and are not a replacement for one another – in fact, they are both measuring subtly different phenomena. As an illustration of this, in Reichheld’s book entitled ‘The Loyalty Effect’ (1996), Reichheld provides the example that in the automotive industry, a 90% customer satisfaction score can be obtained but only 40% of customers repurchased the same brand of car. Despite this, the application of NPS is significant. Large numbers of high-profile organisations including Dell, John Lewis, and the BBC, seen across multiple sectors including retail, financial services, healthcare, consumer products, telecoms, media and technology are listed on Bain & Company’s website (the consulting company established by Reichheld) as users of the NPS approach (Bain & Company, 2019).

A second alternative to customer satisfaction measurement is that of Customer Effort Score (CES). Presented in the Harvard Business Review article *Stop Trying To Delight Your Customers*, Dixon et al (2010), present the view that reducing customer effort for customers dealing with organisations will increase satisfaction and loyalty. Practical examples of poor customer effort could include having to contact a company repeatedly, having to repeat information, or having to switch from one service channel to another such as website to phone, simply to access basic service.

Through a three year study including 75,000 surveys, customers were asked about their recent service interaction to address three research questions: '*How important is customer service to loyalty?*'; '*Which customer service activities increase loyalty?*'; and '*Can companies increase loyalty without raising their customer service operating costs?'*.

Their results showed that delighting customers did not build loyalty, whereas reducing their 'customer effort' did. Secondly they found that acting on this insight could improve customer service, reduce customer service costs, and decrease customer churn – all of which "*challenges the conventional wisdom that customers are more loyal to firms that go above and beyond*" (Dixon et al , 2010, P.118). Similar to NPS, CES is based on a single question metric, with the authors suggesting asking "*How much effort did you personally have to give to put forth to handle your request?*", or perhaps better adapted in anglicised English to "*How much effort did you personally have to give to gain the service you required?".*

Evidence demonstrating application of CES in the social housing sector is limited. However, a recent study by Housemark (Howe et al 2015, P.23) provides insight by showing that just over a quarter of social housing organisations asked a question of 'customer effort' or 'customer trust'. This fact leads perfectly to the third and final alternative to customer satisfaction measurement, which is measuring the concept of *Customer Trust*.

Customer Trust was best exemplified by Kramer (2009) who suggested that trust in service is essential for business and economic success – in effect it is the basis upon which strong relationships are formed and therefore can be translated from human evolutionary terms to organisational / customer-focussed relationships. Although Kramer's article doesn't advocate the use of a particular single question or approach to measure customer trust, it has been widely adopted by many organisations as a single measure question (e.g. On a scale of 1 to 10 where 1 means you do not trust them at all and 10 means you trust them entirely, to what extent would you say you trust X organisation?).

Whilst measuring Customer Trust may initially appear to provide a niche focus for customer feedback measurement, its impact should not be underestimated. In the recent example from the Volkswagen emissions scandal (September 2015) it became apparent that the car manufacturer had intentionally set out to deceive governmental authorities and customers on emissions levels in several different countries. This resulted in 8.5 million cars being recalled in Europe and 500,000 in the United States, leading Volkswagen to set aside €6.7bn to cover costs whilst it posted its first quarterly loss for 15 years in October 2015 at a value of €2.5bn (BBC News, 2015).

When applying this into a social housing context where the influence of service has the opportunity to positively affect people's lives, the impact of trust becomes very clear. An example can be seen in the recent criticism of Sanctuary Housing, a housing association "*with more than 50 years' experience and around 85,000 homes across England, [and which] is one of the UK's leading social landlords*" (Sanctuary, 2019). This focussed on a Channel 4 *Dispatches* television documentary highlighting a number of cases of poor service, including one where it was alleged Sanctuary played a part in the development of a severe respiratory condition in a baby and the death of a pensioner (Apps, 2019).

Finally for this section, it is worth considering how the concept of *customer satisfaction* and the other measures of *NPS*, *customer effort*, and *customer trust* described in this section fit with *customer experience*. Customer experience can be defined as "*the internal and subjective response customers have to any direct or indirect contact with a company*" (Meyer and Schwager, 2007, P.2) and can be considered as encompassing *all* customer interactions throughout the duration of the customer relationship whilst taking multiple customer contact channels (phone, web, social media, etc) into consideration – effectively, how the customer *experiences* service.

Overall, measures such as customer satisfaction, NPS, or customer effort can be considered as measures within the broader concept of customer experience. This can be illustrated from within recent practitioner literature. The Economist Intelligence Unit (2015) undertook a survey of 516 senior-level executives in 2015 to assess the extent of use of various customer experience measures used globally (see Figure 8). From this, it suggests that despite the wide range of customer experience metrics available, customer satisfaction still remains highly relevant in practice, ranking in second place just 1% behind 'customer retention rate', a measure which is not used within the social housing sector.

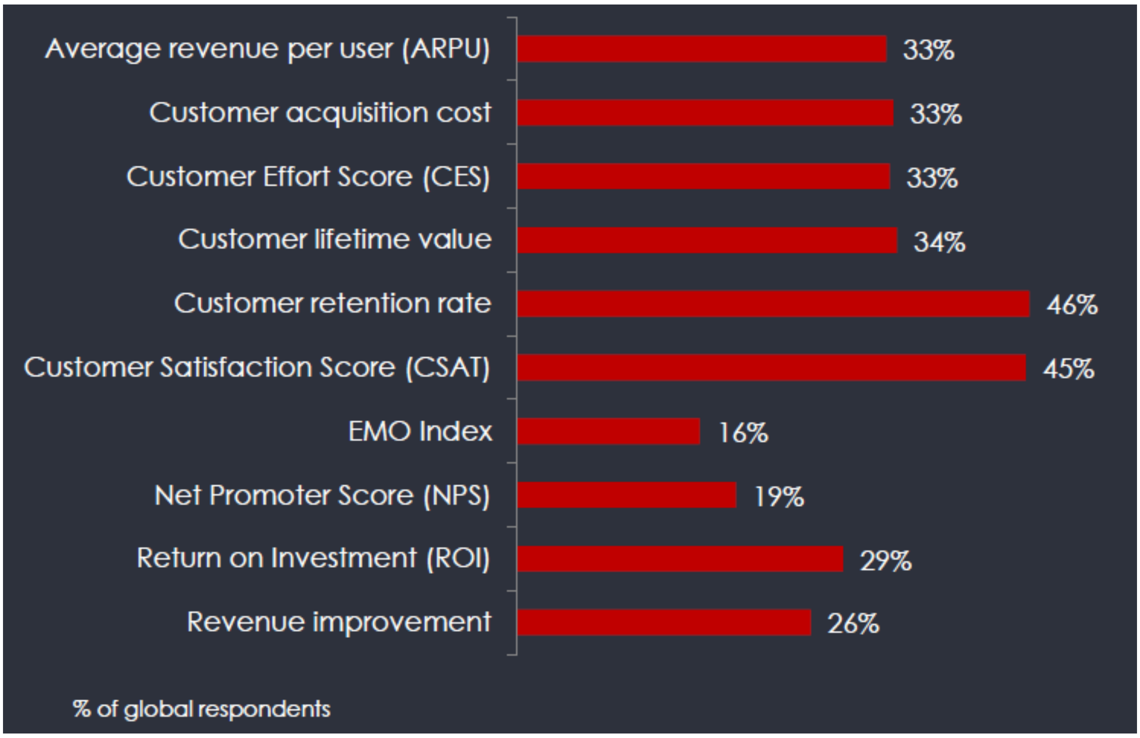


Figure 8: Most Popular Tools For Measuring The Success of Customer Experience. (The Economist Intelligence Unit, 2015).

As a final comment on developments in customer satisfaction measurement, it can be argued that whilst customer satisfaction measurement has been extended over recent years in the form of complementary measures (NPS, CES, Trust – all of which can be included within a customer satisfaction survey), an area of under-development is *how best to apply customer satisfaction feedback in* practice. Once measured, how can organisations make best use of the feedback? This position therefore lends support to the overall aims of this thesis.

2.3.7 Theoretical Approaches to Customer Satisfaction

Zheng et al (2012) provide a summary of the key theoretical approaches to customer satisfaction research. In this they argue that whilst the wider literature has in the past focussed upon the antecedents of customer satisfaction, the need today is to develop a research agenda for extending the knowledge base that has developed (P.134). Their analysis of empirical data drawn from 131,935 samples of 229 effects of previous studies, led them to find three key paradigms. These are: i) the expectation disconfirmation paradigm, ii) the service quality paradigm, and iii) the service value paradigm. These are each briefly summarised below.

The expectation disconfirmation paradigm

Developed by Oliver in two papers (1977 and 1980), the expectation disconfirmation theory was proposed to explain post-purchase satisfaction by making a comparison between service or product expectations and the related perceived performance received, which results in either confirmation or disconfirmation. Simply stated, if expectations are confirmed (i.e. met or exceeded) this leads to satisfaction, whilst disconfirmation (i.e. expectations not being met) leads to dissatisfaction.

Zheng et al (2012, P.134) state that “although this theory has strong explanation power, managers may think it is too parsimonious to operate in practice”. They therefore go on to suggest that service quality becomes another dominant paradigm to explain satisfaction.

The service quality paradigm

Parasuraman, Zeithaml and Berry (1985, P.41) wrote “the attainment of quality in products and services has become a pivotal concern of the 1980’s”. In their 1988 paper presenting the SERVQUAL model designed to assess customer perceptions of service quality, they recognise that service quality is an abstract and elusive construct because of three features unique to services: intangibility, heterogeneity, and inseparability of production and consumption (Parasuraman, Zeithaml, and Berry, 1988, P.13), and overall, recognise that customer satisfaction is determined by service quality.

Zheng et al (2012, P.135) argue however that since customers do not always buy the highest quality service (due to the fact they take both quality and cost into account), the service quality paradigm is still not enough to fully understand customer satisfaction. Therefore the concept of customer value, which takes both elements of quality and cost into account, has become in more recent years the focus of attention for customer satisfaction in service industries.

The service value paradigm

Woodall (2003, P.2) suggests that interest in service quality peaked around 1994/1995, but that 'customer value' is pre-eminent and likely to remain so for some while. Helkkula et al (2012, P.60) recognise that the concept of value can be considered from several perspectives including those of the customer and service provider, and recognise that in more recent definitions of customer value, it is now considered a phenomenon that relates to customer experience and value-in-use. Importantly, Paananen et al (2013, P.714) recognise that to develop and manage customer value, companies need to create quality and service that customers can perceive.

Woodall (2003, P.2) defines customer value as follows:

"*Value for the customer (VC) is any demand-side, personal perception of advantage arising out of a customer's association with an organisation's offering, and can occur as reduction in sacrifice; presence of benefit (perceived as either attributes or outcomes); the resultant of any weighed combination of sacrifice and benefit (determined and expressed either rationally or intuitively); or an aggregation, over time, of any or all of these*".

Aligning further with this concept, Ostrom et al (2010) present a paper entitled "Moving Forward and Making a Difference: Research Priorities for the Science of Service" which sought to identify the top ten overarching global interdisciplinary research priorities at the time. This included the 'measuring and optimising the value of service' (P.4). Contributing commentary within this paper and on this issue, Parasuraman states (P.28):

> *"Intensifying competition in many sectors implies that value-added services and superior customer service are critical for companies to achieve competitive differentiation and strengthen their market positions. However, extant frameworks for identifying the most appropriate value-added services – and the optimal service levels in interacting with customers – primarily portray "value" from limited perspectives (e.g. focussing solely on the customer's or the company's perspective rather than on both; focussing solely on pre-purchase value assessment rather than on value assessment throughout a customer's experience cycle). There is a pressing need for more comprehensive frameworks for offering managerial guidance – and a commensurate opportunity for cutting-edge scholarly research to develop such frameworks – in determining the most appropriate services and service levels to offer".*

This has relevance for customer satisfaction in the context of recognising the broader importance of service quality.

In terms of the different theories of the antecedents of customer satisfaction, Zheng et al (2012, P.137) conclude that the "*disconfirmation paradigm is recommended when service providers want to measure or monitor customer satisfaction, whereas the service quality paradigm and service value paradigm are recommended when service providers want to improve customer satisfaction since they need to know from which concrete aspects satisfaction can be enhanced*". As this research proposal is very much focussed upon customer satisfaction as a means of improving service quality (and customer satisfaction in turn as a cyclical process), it can be argued that the service quality paradigm and the service value paradigm provide best 'fit'.

2.3.8 Summary of Key Points

A summary of key points from the literature identified in this chapter can be seen in Table 3. This includes criticisms of traditional approaches to customer satisfaction measurement in the social housing sector, identification of multiple ways in which customer satisfaction can positively influence service in the private sector, and recognition that whilst customer satisfaction has extended in several ways in terms of what is measured, a key point was formed that an area of underdevelopment can be seen with *how best to apply customer satisfaction feedback in practice*.

Table 3: Summary of Ten Influential Papers Highlighting Key Points, Chapter 2, Part 2

Author	Key Point/s
Pawson and Sosenko, 2012	Criticism of the social housing STATUS survey – the traditional regulatory approach to customer satisfaction measurement in social housing.
Satsangi and Kearns, 1992	Recognises the increasing use of customer satisfaction surveys in social housing to improve service quality by making organisations more response to their users' needs.
Birks and Southan, 1992	Acknowledges basic links between customer satisfaction and quality within a social housing setting.
Halstead et al, 2007	Disadvantaged customers failed to complain when dissatisfied, passively accepting inferior service or products.
Anderson and Mittal, 2000	A 1% increase in customer satisfaction is associated with a 2.37% increase in return on investment; whilst a 1% decrease in satisfaction is associated with a 5.08% reduction in ROI.
Anderson et al, 2004	A 1% change in customer satisfaction results in a 1.016% change in shareholder value. For a *BusinessWeek* 1000 firm with average assets of around $10bn, this could result in an additional $275m.
Gruca and Regio, 2005	A 1% increase in customer satisfaction generates an additional $1.01 in net operating cash flows in the following year for every $1,000 in assets. For an average asset value company of $54bn, this could translate into an increase in future cash flows of $55bn.
Caruana, 2002	Found that customer satisfaction has a mediating role between service quality and service loyalty.
The Economist Intelligence Unit, 2014	Evidences how customer satisfaction is [globally] the predominant non-financial metric that front-line staff are measured upon.
Reichheld, 2003; Dixon, 2010; Kramer, 2009	Three papers identifying developments in customer satisfaction measurement (Net Promoter Score; Customer Effort Score, and Customer Trust). However, a key point was formed that an area of underdevelopment is *how best to apply customer satisfaction feedback in practice*.

2.3.9 Chapter 2, Part 2: Conclusions

This section has considered the concept of customer satisfaction as a heterogeneous area of study. Challenges in defining the concept were noted, before presenting a definition suitable for the social housing sector. Despite customer satisfaction being an established concept for over a decade in the English social housing sector, the relative paucity of academic literature on the topic was noted.

Literature was therefore considered beyond the social housing sector, including developments in customer satisfaction measurement, and established theoretical perspectives.

The next section presents Chapter 2, Part 3: ‘A Review of the Service Quality Literature’.

2.4 Chapter 2, Part 3: A Review of the Service Quality Literature

2.4.1 Introduction

Chapter 2, Part 3 presents a review of relevant service quality literature in the context of social housing, service performance improvement, and the intertwining nature with customer satisfaction. This contributes to the research by exploring an essential part of the relationship between customer satisfaction and performance improvement, in particular illustrating similarities and differences between service quality and customer satisfaction.

2.4.2 Defining Service Quality

As with customer satisfaction, defining the concept of service quality is recognised to be complex. Garvin (1988, P.39) acknowledges that quality remains a term that is easily misunderstood, and can be seen from multiple viewpoints such as philosophy, economics, marketing, and operations management. He presents five definitions ('transcendent', 'product-based', 'user-based', 'manufacturing-based', and 'value-based') from which it can be argued that the 'user-based' perspective offers the most resonance with this thesis. Garvin writes that, *"user-based definitions start from the premise that quality 'lies in the eyes of the beholder'"*, and refers to Edwards (1968) and

Kuehn and Day (1962) by saying that "*individual consumers are assumed to have different wants or needs, and the goods that best satisfy their preferences are the ones they regard as having the highest quality*" (Garvin, 1988, P.43).

Service quality can also be considered, like customer satisfaction, as an overall assessment of various criteria. Steenkamp and Hoffman (1994, P.96), for instance, see perceived service quality as an "*overall unidimensional construct concerning the fitness for consumption of the service*" which is "*a higher level abstraction based on perceptions of the quality attributes composing the service*", whilst Johnston and Clark (2012, P.109) succinctly summarise quality of service as "*the entirety of outcome and experience*". Additionally, a key determinant of overall service quality is seen as "*the gap between performance and expectations*" (Bolton and Drew, 1991, P.383).

Importantly, differences should be acknowledged between quality from the organisational perspective and that of the customer. Kordupleski et al (1993, P.84) makes the distinction between *customer-perceived quality*, which the authors call 'true quality', and *business process quality*, which the authors call 'internal quality'. They define quality in the context of customer satisfaction as a means to an end, rather than the end itself, and also assert it is crucial that business processes are linked to customer satisfaction with the following up of actions after feedback has been gained. Acknowledging that customers have needs, and also recognising the linkages between service quality, customer satisfaction and action-related practice, it therefore follows that "*quality may be defined as the ability of a business to meet those needs*" (Kordupleski et al, 1993, P.84).

Therefore, applying this for the purpose of this thesis, Kordupleski's definition can arguably be adapted to best summarise and define service quality in the context of customer satisfaction and service performance improvement in a social housing context as follows:

> ***"Service quality can be defined as the ability of an organisation to meet their customers' needs"***

This acknowledges that service quality retains a focus upon the customer and meeting 'needs', but should be seen as subtly different from the definition of customer satisfaction presented earlier in Chapter 3 of this thesis by having a focus on 'the ability' to meet needs. This in itself links to service performance improvement, in that an organisation may have or may not have the ability to meet these needs. This suggests an emphasis upon the *practices and actions of what is done* operationally within an organisation rather than the final experience perceived, and therefore can be argued to compliment a practice theory approach.

2.4.3 The Relationship Between Service Quality and Customer Satisfaction

On undertaking a review of the services literature, whilst "*practitioners often tend to use the terms service quality and customer satisfaction interchangeably"* (Caruana, 2002, P. 811), Taylor and Baker (1994) argue the literature suggests there is a relative consensus supporting the argument that whilst service quality and satisfaction are closely related, they are separate constructs. It is worth examining Taylor and Baker's paper further as it offers a number of useful insights.

The authors sought to better understand the customer satisfaction / service quality relationship and how this influenced behaviour of consumers' purchase intentions. They undertook a quantitative approach to test a hypothesis that "*the interaction between service quality and consumer satisfaction will explain more of the variance in consumers' stated purchase intentions than the direct influence of either service quality or satisfaction alone*" (P.167). Using 426 interviews across four service industries (health care, recreation services, transportation, and communications services), their results indicated that satisfaction moderates the relationship between service quality and purchase intentions.

Importantly, they found that the highest levels of purchase intentions could be observed when both service quality and satisfaction were high. They noted that the existing literature at the time, however, did not account for service quality and satisfaction having an interactive relationship, therefore broadening the academic debate. Further to this, they concluded that service quality and satisfaction may be different across different service industries, this being based on their finding that their hypothesis was supported in each industry sector except in health care.

A further important finding is they noted the managerial implication of their research whereby their findings supported the notion that service quality is influenced by satisfaction, writing "*service quality judgements (as long term* *attitudes) are moderated (i.e. influenced) by shorter-term consumer satisfaction judgements (e.g. Cronin and Taylor, 1994; Oliver 1993, Taylor 1993)*" (Taylor and Baker, 1994, P. 173). As will be noted later in this section, this position finds an opposite stance for the antecedents of customer satisfaction, whereby the majority of research suggests service quality is an antecedent of customer satisfaction (e.g. Cronin and Taylor 1992, P.65).

Finally, the authors acknowledge a number of limitations in their study, including the measures used to assess perceptions and judgements used as the data for the study, requirement for replication in other sectors, marginal discriminant validity in the measures used, and the modest, albeit statistically significant, R^2 values. Despite these factors they argued their research is not insignificant as it identifies "*the potential problems associated with the current exemplars which universally treat service quality and consumer satisfaction as intervening forms of specifications variables*" (P.174).

Interestingly, when exploring the specific differences between service quality and customer satisfaction, Taylor and Baker (1994) cite both Rust and Oliver (1993) and Oliver (1993) as follows:

- Dimensions underlying quality are specific, whereas dimensions underlying satisfaction are less specific (arising from any dimension, whether quality related or not);
- Quality expectations are based on ideals or perceptions of excellence. Non-quality issues however, can help form judgements on satisfaction;
- Quality perceptions do not require direct experience, whereas satisfaction judgements do require experience; and finally;
- Quality is believed to have less conceptual antecedents than satisfaction.

Writing in 2011, Oliver (2011, P.23) extends these themes whilst expanding others. Oliver acknowledges that quality can be frequently confused with satisfaction, but argues that theory and evidence suggest they are different, citing six differences between the two concepts. These are illustrated in Figure 9 below.

Comparison Dimension	Quality	Satisfaction
Experience dependency	None required, can be externally or vicariously mediated	Required
Attributes and dimensions	Specific to characteristics defining quality for the product or service	Potentially all attributes or dimensions of the product or service
Expectations and standards	Ideals, “excellence”	Predictions, norms, needs, etc
Cognition or affect	Primarily cognitive	Cognitive and affective
Conceptual antecedents	External cues (e.g. price, reputation, various communication sources)	Conceptual determinants (equity, regret, affect, dissonance, attribution, etc)
Temporal focus (short-term vs long-term)	Primarily long-term (overall or summary)	Primarily short-term, (transaction or encounter-specific)

Figure 9: Conceptual Differences Between Quality and Satisfaction. (Oliver 2011, P.176).

Explaining this further, Oliver writes that for *experience dependency*, quality perceptions can be made without consumption, whereas satisfaction is purely experiential. For *attributes and dimensions*, Oliver argues that for any given product or service, there will be some degree of agreement as to what the quality dimensions are. Satisfaction judgements, however, can result from any dimension, quality-related or not. Oliver argues that differences in *expectations and standards* suggest the standards used to judge quality are based on ideals or excellence perceptions, whereas satisfaction judgements are based on a large number of non-quality factors, such as predictive expectations, and needs.

For *cognition or affect*, Oliver argues that quality appears to be a hard, performance-based judgement, whereas satisfaction is both a cognitive and affective response. For *conceptual antecedents*, quality is seen as having fewer conceptual antecedents compared to satisfaction but tend to focus upon product cues such as advertising, brand, and cost. Satisfaction, however, is known to be influenced by cognitive and affective processes including equity, attribution, and emotion.

Finally, when considering the short-term or long-term temporal focus, Oliver writes there are three views that exist. Firstly, satisfaction is seen as a short-term phenomenon, whereas quality continues over longer durations. In the second view, quality can be sampled on each occurrence, accumulating over time to result in long-term satisfaction perceptions. In the third view, Oliver writes that both quality and satisfaction coexist in both the short and long terms, whereby consumers may be able to observe quality and be satisfied with quality at the same time within a single consumption episode.

Recognising the concepts of service quality and customer satisfaction as the ultimate goals of service providers, Sureshchandar et al (2002) investigated how service quality and customer satisfaction have been operationalised. They perceive customer satisfaction as a multi-dimensional construct whereby the underlying items of customer satisfaction are the same as service quality, comprising of five items (previously validated by Sureshchander, 2000) as shown in Figure 10 below:

1) Core service or service product;
2) Human element of service delivery;
3) Systematization of service delivery: non-human element;
4) Tangibles of service – servicescapes;
5) Social responsibility.

Figure 10: Five Factors of Service Quality and Customer Satisfaction. (Sureshchandar et al, 2002)

As such, Sureshchandar et al argue that the two concepts should therefore be measured using the same factors and operationalised using the same dimensions. By doing this, they argue that a more meaningful comparison and understanding of the relationships can be achieved. Two research questions were posed: i) *are service quality and customer satisfaction two distinct constructs?;* and ii) *if so, are they correlated or not?*

Using a paired ‘t’ test to test a range of hypotheses, their results firstly indicated that service quality varied significantly from customer satisfaction on all five measures. Furthermore, correlations were found to be high, suggesting high levels of relationship between service quality and customer satisfaction. Additional statistical analysis through cross-tabulation indicated that perceptions levels for service quality were also mirrored in satisfaction - therefore people whose perception of service quality was poor also had poor levels of satisfaction; those whose perception of service quality was medium had medium levels of satisfaction; whilst those who ranked service quality as high were also highly satisfied with services.

From this, Sureshchandar et al draw three important conclusions:

i. They argue that an increase in one (service quality or customer satisfaction) is therefore likely to lead to an increase in another;

ii. Although service quality and customer satisfaction show a strong correlation, the two constructs are acknowledged as being different. Therefore service providers should perceive the two constructs separately;

iii. They conclude that therefore, quality-improvement initiatives should not just focus on improving customer satisfaction, but also focus upon improving customer perceptions of overall service quality. Applying this in practice, they state that service providers should seek to continuously improve both service quality and customer satisfaction.

Following on from Sureschander's first conclusion stated above, it is worth considering if *customer satisfaction* is an antecedent of service quality or if *service quality* is an antecedent of customer satisfaction. Although this question will be explored later in this thesis (Chapter 5, Section 5.2), on reviewing the literature it seems that the majority of researchers support the latter position – that service quality is an antecedent of customer satisfaction (e.g. Parasuraman et al, 1985 and 1988; Woodside et al, 1989; Cronin et al, 1992; Spreng and Mackoy, 1996, Ruyter et al, 1997).

However, as stated earlier in this chapter, when examining the paper by Taylor and Baker (1994), some researchers have however found the opposite position to be true, whereby service quality can be influenced by customer satisfaction.

2.4.4 Service Quality in a Social Housing Context

As with the literature review of customer satisfaction, there is a paucity of academic literature specifically associated with service quality in a social housing context. Despite this, five papers chosen by the author orientated with a service focus and with relevance to the main research question are presented below.

The first paper reviewed here is entitled *Identifying the priorities of tenants of social landlords* (Diffley et al, 2009), written for the Scottish Government by researchers at Ipsos Mori and Professor Hal Pawson, Herriot Watt University, who had previously written a critique of customer satisfaction measurement in the social housing sector. Despite being written for the Scottish Government, the focus is still relevant for English social landlords by highlighting relatively low levels of awareness of service quality for social housing tenants. Their research included gathering 500 telephone interviews, from which their findings indicated that social housing tenants had limited knowledge and awareness of service quality and service quality comparisons. For example, Figure 11 illustrates there was little awareness of how the standard of service provided and the rent charged by their landlord compared to other landlords, with combined total of 75% of tenants responding that they knew '*not very much*' or '*nothing at all*'. Even for tenants in RTO's (Registered Tenant Organisations), the total for the same question was 44%.

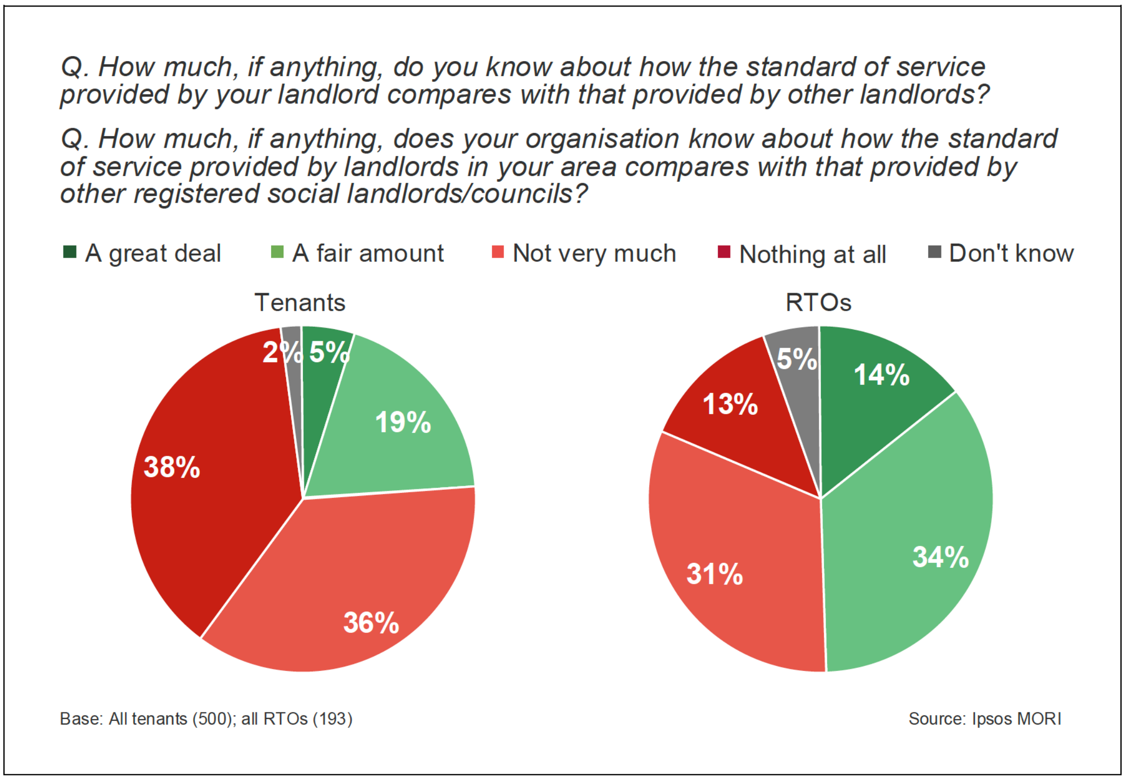


Figure 11: Awareness of Service Quality with Social Housing Tenants. (Diffley et al, 2009)

The authors also found that 34% of tenants said they would not know where to go to find out information about how their landlords service or rents compared to others, and the level of interest for finding out more about the level of rent paid and services received was low (53% ‘no’; 46% ‘yes’, and 1% ‘don’t know’). This latter finding chimes with Halstead’s (2007) finding presented earlier in of this thesis (Chapter 2, Part 2) who found that disadvantaged consumers do not seem to form or be able to articulate pre-purchase expectations, and passively accepted inferior service and products.

The second paper reviewed is by Clark and Kearns (2012) entitled “*Housing Improvements, Perceived Housing Quality and Psychosocial Benefits from the Home*”. This provides an example of the relationship between housing and service performance, but also offers a wider link with the quality of individuals’ lives. Set in Glasgow, a city with a history of areas of deprivation, cycles of demolition and housing regeneration, the authors aimed to test a hypothetical pathway from housing improvements to psychosocial benefits (Figure 12).

Figure 12: Hypothesised Pathways from Housing Improvements to Psychosocial Benefits. (Clark and Kearns, 2012, P.920)

The authors considered three research questions, including the extent to which housing improvements are reflected in residents’ perceptions of home quality; whether perceptions of home quality provides a mediating pathway between housing improvements and psychosocial benefits of the home; and finally, whether the wider residential psychosocial environment has a moderating effect on the relationships between home quality, housing improvements, and psychosocial benefits. The research coincided with the deployment of the Scottish Housing Quality Standard for which Glasgow Housing Association (the organisation at the centre of the study) had to meet by 2012. This saw substantial investment in the quality of housing totalling £887 million in the first 7 years alone, with a further £330 million committed which included improvements such as 36,000 kitchen replacements, 40,000 new heating systems installed, and 26,000 homes re-roofed (Clark and Kearns, 2012, P.921). The volume and costs involved through this single housing association is demonstrative of the scope, significance, and impact the social housing sector can deliver.

The study used secondary data sourced from the GoWell survey 2008 of adults, from which 80% were social renters and thereby formed a relatively large sample of 3,749 individuals. The authors developed five groups of measures including; i. housing improvements, ii. home quality, iii psychosocial benefits, iv. the residential psychosocial environment, and v. socio-economic variables.

One interesting finding from their research was that of all the variables included in the study, it was factors relating to landlord relations which showed the most relevance to tenant perceptions of home quality. This directly resonates to customer satisfaction measurement, whereby it was ‘dissatisfaction with being kept informed by the landlord’ that had the largest negative effect by decreasing perceptions of home warmth quality by nearly 12 points (on their internal home quality index scale), decreasing ‘internal home quality’ by over 10 points, and decreasing the remaining two home quality indices by around 6.5 points. Additionally, dissatisfaction with overall service (this being the central question asked in the vast majority of social housing customer satisfaction surveys) further reduced all home quality scores by between 5 to 9 points. Dissatisfaction was associated with decreases of -7.1 for control and -9.9 for status (‘control’ and ‘status’ being recognised psychosocial measures that can promote positive or negative experiences or views of oneself), whilst the landlord’s willingness to take views into account was also associated with a reduction of over 5 points in the status index.

Clark and Kearns also considered neighbourhood satisfaction. This is interesting on two levels – firstly as this forms another of the questions in the standardised STAR survey for the social housing sector, and also forms part of the core 7 questions undertaking for benchmarking with Housemark. Although a Glasgow-based study, this therefore chimes with English social housing contexts. Secondly, this is often hotly debated by practitioners in the sector as a satisfaction question for which some housing associations feel they cannot directly influence (one side arguing that they can’t influence beyond their properties and tenants, the other purporting that it is indeed these factors which are the very levers which do influence neighbourhood perceptions).

The results found that how social housing tenants perceive their neighbourhood – and also how tenants themselves consider how others perceive their neighbourhood - were both related to perceptions of home quality, and feelings of status and control. As Clark and Kearns write, "*neighbourhood satisfaction was a positive moderating effect on all four perceived home quality indices… in relation to the psychosocial control index a significant increase (of +6.8 points) came from being satisfied with the* neighbourhood [whilst] neighbourhood satisfaction was also associated with higher status scores (+5.5 points) [whilst] perceived neighbourhood problems had a negative impact on the status outcome variable but not on control" (Clark and Kearns, 2012, P. 931).

Using these and other broader findings in their research (not reported here for length), the authors concluded that to ensure the greatest impact from home improvement works, they should also include wider neighbourhood renewal along with keeping residents informed of changes. Importantly, the role of customer satisfaction was clear in that there was an association between *dissatisfaction* with landlord relations and large negative effects on ratings of home quality and also psychosocial benefits, which the authors suggested might outweigh benefits gained from improvement works. The authors concluded that landlords' overall service performance, how landlords keep tenants informed, and how they take tenant views into account all contribute a difference to perceptions of home quality and psychosocial status and control. Again, these concepts form similarity with English social housing due to being part of the standardised social housing STAR survey ('overall satisfaction' and 'listening to tenant views and acting upon them' being two examples within the 7 core Housemark questions).

The third paper reviewed is by Lam (2007), who investigates the impact of competition and management practices on quality (or what he terms as 'performance quality') of the housing repairs and maintenance services in the Hong Kong Housing Authority (HKHA). It is worth noting that Hong Kong has a relatively large social housing population and several British housing organisations such as the Chartered Institute of Housing and Housing Studies Association has links. Lam recognises that in social housing, some services such as the repairs and maintenance service are commonly outsourced with the intention that through the theory of public choice, market competition will improve efficiency and quality standards. Lam also notes that in the UK, the Audit Commission emphasised that social housing services should provide value for money, whereby value for money should be seen in terms of cost and quality. However, whilst the Audit Commission stipulated that social housing services should be measured and monitored to ensure value for money, they only focus upon what should be measured in performance output and not what factors should be adopted to improve service quality. Lam also cites, amongst others, Terziovski and Dean (1998) who undertook a regression study of 550 medium to large Australian service organisations to investigate the effects of quality management practices on service quality outcomes, finding that there was a significant association between performance outcomes and the quality of management practices. Based on the literature, Lam argues that there should be positive causal relationships between performance and quality practices.

Lam applied a triangulation methodology to examine this relationship, bringing together a literature review, a qualitative study, and a quantitative regression analysis. The literature review enabled a hypothesis to be formed that there was a positive correlation between output performance and input quality factors. The quantitative and qualitative elements used the HKHA, which managed more than 600,000 properties and had been privatising its maintenance and management services since 1999, and therefore could be considered as relevant for the research.

Using descriptive analysis on interviews with 30 management practitioners, the results generally confirmed the hypothesis from the literature review, with over 80% of practitioners agreeing with the link between output service quality and input factors such as competition, past performance, leadership, and quality benchmarking, whilst all participants agreed performance monitoring was necessary for ensuring service quality. No specific relationship was found between performance and the amount of monitoring resources, with this being dependent upon staff. The quantitative analysis using multiple linear regression found that 77.3% of the observed variability in output service quality could be explained by the input variables (competition, past performance, leadership, and quality benchmarking). Lam recognised limitations in this research, such as the use of one set of data from one organisation (HKHA), and as such recognises that the research does not aim to provide a universal prediction for quality performance in other organisations. However, it does provide insight into the possible relationship between service quality practices and performance outcomes within a UK social housing context.

The fourth paper reviewed is by Wisniewski and Donnelly (1996) entitled *Measuring service quality in the public sector: The potential for SERVQUAL*. The authors firstly outline the changes in public sector organisations adopting private sector techniques, such as customer satisfaction and loyalty, and the move away from standardised public services delivered to those with little influence or voice (as suggested in the earlier paper presented in this section by Diffley et al, 2009).

They acknowledge the increasing influence of customer satisfaction surveys in public domains, but also argue these have focussed on existing services rather than identifying the needs of the customer or seeking to understand their expectations of service quality. Thus they seek to provide an assessment of SERVQUAL in a public sector context, citing their own earlier research and that of others (but no primary research) to argue that SERVQUAL offers considerable potential to public sector managers and decision makers. This therefore provides relevance in terms of providing a general context for how service quality models may be adopted in the public sector.

The fifth paper reviewed is by Donnelly and Shiu (1999) and investigates the link between service quality and value for money in a local authority housing repairs service using SERVQUAL. The purpose of including this paper is to provide an example where limitations may exist when seeking to apply service quality models into the English social housing sector. The authors firstly acknowledge what they see as *ever increasing expectations* of tenants with greater emphasis placed upon quality of service, and then explain about the customer focus adopted by the council. This includes one of their goals of providing high-quality housing services that encourages their customers to influence the design, delivery and evaluation of their services, and which has three key priorities: i) ensuring services are what customers need and want, and at an appropriate cost; ii) extending the role of customers in the development of new services and the continuous improvement of existing services, and iii) ensuring customers have sufficient quality and information to allow them to exercise their rights and choices.

The authors write that as part of the active promotion of tenant (customer) feedback, a wider housing plan was adopted by the council which included a pilot study of assessing customer's views of the quality of housing repairs using SERVQUAL. The aim of the study was to "*provide a focussed and rigorous examination of customer's views of the value and importance of key service characteristics*" and serve "*as a platform for the significant improvement of the repairs service*" (Donnelly and Shiu, 1999, P. 500).

The methodology used for their study firstly involved a combination of tenant and staff consultation on a SERVQUAL survey instrument adapted to the council's housing repairs service. This led to six amendments, which was agreed by a senior Housing Manager. The survey was then sent to a sample of 1,600 tenants who had experienced the repairs service within 4 weeks prior to the survey being circulated. From this, 354 responses were obtained and analysed.

Their results indicated a significant overall shortfall in meeting customer's expectations of the service, but also found that value for money was reasonably strong in its relationship with service quality. However, on undertaking a factor analysis, the authors write, "*compounded by the low contribution (communalities) from the tangibles items and the additional items deemed pertinent by the service users, the SERVQUAL methodology and results must therefore be treated with caution*" and concluded that due to "*the lack of fit of the data to the a priori SERVQUAL dimensions and the prominence of the service-specific items make the application of the SERVQUAL approach and instruments problematic*" (Donnelly and Shiu, 1999, P.505). The authors conclude that further work is required to adapt SERQUAL to a British not-for-profit sector compared to the North American private sector where it was rigorously developed and tested. This lends weight to the position of the need for industry or sector specific research when considering service quality measures.

2.4.5 Service Quality in a Performance Improvement Context

For this section, six research papers are critically reviewed to explore the literature context of service quality in a performance improvement context.

The first paper presented is by Caruana and Pitt (1997) who explore the link between service quality and business performance by developing a service quality measure called INTQUAL, focussing upon the "*internal actions that management needs to take to implement and ensure a quality service to* *customers*" (Caruana and Pitt, 1997, P.608). The authors acknowledge that when considering service quality from a management perspective, service quality studies have tendered to focus upon the customers' perspective but that it is also important for management to establish what *actions* to take to ensure service quality is delivered.

In seeking to achieve this, managing customer expectations becomes a consideration, for which the authors note that it likely to be both easier and better in practice for organisations to deliver exactly what they promise, rather than seeking to deliver at a level of constantly exceeding expectations, as when customers experience such a service, their expectations would be raised ever further. Additionally, citing Berry and Parasuraman (1991), the authors acknowledge five areas which address problems and issues associated with customer expectations and how service organisations should perform tasks. These are:

1) Management must portray to customers a realistic picture of the service (through their explicit promises made through advertising and other communications)
2) Management must place a premium on company service reliability (whereby the concept of 'keeping promises' also forms part of managing expectations)
3) Management must communicate effectively with customers (where effective communication is the basis of long-term relationships)
4) Management needs to ensure that employees excel during service delivery (here, the authors cite Reichheld (1993) and his emphasis upon employee retention as a key to customer loyalty through their interaction with customers)
5) Management must ensure that systems are in place that exploit the recovery situation to the full (whereby the authors acknowledge that things will sometimes go wrong but a good service recovery process can address this)

(Caruana and Pitt, P.2 / P.3, 1997)

Using this context, the authors write that "*the gap between perceived service and expectation has given rise not only to the construct of service quality but also that of satisfaction. Like service quality, satisfaction has also been linked to performance*" (Caruana and Pitt, 1997, P.3) and propose the following hypothesis:

> H1: The level of service quality of firms is related positively to their level of business performance.

To test the hypothesis, the authors firstly developed a scale for service quality measurement with 34 items modelled on Berry and Parasuraman (1991) and focus group discussions with service managers. The survey was sent to 1,000 of the largest British service firms from which 131 usable responses were gained. The reliability of the instrument was firstly established, followed by factor analysis to improve understanding of the factor structure. This resulted in the extraction of two factors which explained 60.2% of the variance, specifically service reliability and the management of expectations, after which regression of the sum of the service quality items with the sum of performance related items was undertaken. This indicated a significant relationship, whereby respondents' perception of overall firm performance was linked to service quality performance, and thereby supporting the hypothesis and suggesting that the service quality delivered by a business does have an effect on performance.

The authors acknowledge the limitations of the study by noting that other variables and external influences are likely to affect performance, and that the INTQUAL scales all provided positively-worded statements which could lead to overly positive responses. They also acknowledge there is likely to be a point of diminishing returns between the service quality-performance relationship, whereby corporate investment exceeds the gains obtained. This is important to note when applying service quality to a non-profit sector context such as social housing, whereby value for money for public benefit is a constant consideration.

The second paper presented is by Smith et al (2017), investigating the impact of quality systems on customer experience. The authors note that to date, although there is a body of evidence suggesting that excellent service experience will bring positive returns for organisations, investigations of the impact of service design to date have predominantly been conceptual. Therefore, the authors suggest an opportunity exists for examining the interaction between systems, employees, and customers in improving service experiences, and using quality management principles from which to design a specific system which results in positive experiences.

The authors applied socio-technical theory supplemented with Total Quality Management concepts in order to provide a basis for highlighting the methods organisations can apply and understanding how organisations can facilitate continuously producing positive customer experiences. The authors assert the view "*that quality system dimensions establish the boundaries or* *constraints of employees' working environments*" (Smith et al, 2017, P.1819), however, they argue that the focus of work in the operations management field has neglected the impact and role of employees delivering services and how their actions have an impact on end customers. As such, they propose a model which consists of three stages: 1. the technical system (i.e. the structure of responsibilities and procedures, through which operations management practices are enabled); 2. the social system (i.e. the execution of responsibilities and procedures), and 3. the resulting customer experience.

The authors develop seven hypotheses, five of which focus on quality climate variables in the organisation (*i. the employee component, ii. management component, and iii. process component; iv. the positive relationship between a quality climate and employee self-efficacy; v. the positive relationship between a quality climate and employee motivation*) and two hypothesis related to customer experience (*i. a positive relationship between self-efficacy and service experience, and ii. a positive relationship between employee motivation and service experience*).

To test the hypotheses, data was collected in two waves in order to be able to examine the relevant research questions whilst seeking to eliminate any method biases associated with single-source data collections. The first collection of data was used to validate the constructs and to enable the identification of the most relevant questions for use in the second collection. The goal of the second collection was to enable testing of a path model (which included inputs from service employees and customer feedback). All scales used in the study for both technical and social system components were adapted from existing bodies of work (e.g. measures for employees, management, processes, and the quality climate for the technical system, which included aspects such as training, empowerment and evaluation; and employee self-efficacy and motivation for the social aspects) and measured using a 7 point Likert scale.

Various statistical techniques were used to analyse how well the measures related to each other, and whether hypothesised relationships were significant. Their results found support for socio-technical systems theory in explaining organisational adoption of a system enabling service experience, supporting all of the hypotheses made. Additional analysis was also undertaken to explore whether differing operating conditions affected the model relationships, whereby the extent of customer contact could result in varying model parameters. These results also found evidence that socio-technical systems theory still supported the seven hypothesis for the higher contact group, whilst only employee motivation and the service experience was not supported by the lower contact group.

Based on these results, the authors asserted that "*the impact technical systems have on employees' inherent abilities (i.e. the social system), which, in turn, affect the overall assessment by customers*" (Smith et al , 2017, P.1832). Therefore, this makes an important contribution to the core themes of this thesis.

The third paper exploring service quality and service performance improvement is by Soltani et al (2012). Using a qualitative case study approach with semi-structured interviews, the authors aimed to analyse the impact of management's approach on the effectiveness of service quality operations, exploring how and why the approach taken could result in superior or inferior service performance. In examining the relevant literature, they note how quality can be perceived differently between organisational and customer perspectives, and in doing so cite Johnston and Clark (2005, pp.108-109) who observe a difference between the quality a company delivers and how a customer perceives that service (i.e. the operation's perspective and the customer's perspective). From this, Soltani et al also acknowledge literature by Parasuraman at el (1985) and Zeithaml et al (2009) that supports the view that the difference in organisational and customer perceptions can result in service failure or adverse reactions amongst customers.

The authors state that a qualitative case study approach was used for the research design as it enabled an in-depth approach, whilst also providing an understanding of the experiences of the actors involved. Cases were chosen using theoretical sampling logic whereby three organisations were chosen in three different sectors (healthcare, telecoms, and hospitality) in the UK, and also for differences between the internal (employee) and external (customer satisfaction) quality performance. Semi-structured interviews were used as the main data collection method with senior, middle, and front line managers. Interviews were transcribed and then coded.

From this, three categories emerged which Soltani et al state "*were deemed to be core to the success of the entirety of service quality operations and the creation of pleasant customer service experience*" (2012, P.528) as follows:

(a) Viewing the quality of service offerings as a function of all *service processes* and *sub-processes* which form an integrated whole;

(b) Viewing *service failure* as a platform for enhancing service quality and creating positive customer service experience;

(c) *Quality control* at source rather than point of contact with the customer.

Based on this, *service processes*, *service failure*, and *service control* were found to provide an emergent frame for further comparative analysis. Taking service control first, the authors note that a review of past literature associated with controlling service quality operations "*suggests that a thorough or end-to-end service quality control on an on-going basis is needed, if service quality is meant to exceed customer requirements*" (Soltani et al, 2012, p.529), which is important in acknowledging the totality of the requirements of service quality and also the fact that it implies the continued requirement of service quality due to its changing and developing nature, i.e. service operational delivery is not a static process. Also the findings on service control suggested that the impact of monitoring approaches to service quality had the dual benefits of, i) both clarifying and therefore tackling quality problems; and [the authors suggest more importantly], ii) enabling the incorporation of changing customer preferences into the design of new services.

The second area of the framework presented by Soltani et al (2012) was *service failure*. For this area, the authors found two different forms of management approach, with one taking a cost-focussed approach whilst the other perceiving service failure as an opportunity for enhancing both customer satisfaction and organisational learning. With these views, Soltani et al argued that the cost-focussed approach does little to challenge managers in finding ways to improve service quality due to the fact there is the assumption that there must be an optimum point beyond which the cost outweighs the benefits it brings. Comparatively, the opportunity approach is based on the assumption that that there is not an optimum view to quality improvement, and that instead there is always room for improvement.

The third and final area of the framework presented by Soltani et al (2012) was managing *service processes*. For this area, differences were found in the way the three case studies approached service processes, whereby the hospital and hotel cases did not take an organisation-wide 'end-to-end' approach to managing processes, whilst the telecoms case study identified an approach of monitoring and recovery which supported and end-to-end approach, including improving employee and physical quality aspects to support customer experience. Soltani et al (2012, P.535) wrote, "*the adopted end-to-end management of processes was based on the tacit assumption that there was an inextricable association between internal and external customers and the associated processes*" supporting an organisation-wide, end-to-end approach to managing service quality.

Overall, Soltani et al (2012) assert their findings suggest service quality is more influenced by i) the approach taken by senior management across the entirety of service quality operations and also ii) the extent of similarity between approaches taken at different levels across the organisational hierarchy. Additionally, regarding the two paths of management identified for managing service quality, it was the path aiming to satisfy customer requirements by managing the entirety of service quality processes that was perceived to bring the most benefits in maintaining customer and employee satisfaction. This compared to the shorter-term, quick fix and inspection-orientated approach that was more limited in its association in supporting customer satisfaction.

The fourth paper exploring service quality and service performance improvement is by Golder et al (2012) entitled *What is quality? An integrative framework of processes and states*. Whilst published in a marketing journal, this paper was felt to be important as the authors present a framework that describes linkages between quality processes, whilst also identifying elements of the quality processes that influence how quality is conceptualised and should be managed, and finally proposing quality states within each quality process and explaining what enables these states. The authors argue that this enhances the ability to both measure and manage quality processes, and finally offer implications for theory and practice which includes 20 strategies to increase customer satisfaction. Additionally, the authors argue that their "*framework generalises across different types of firms (for-profit, non-profit), offerings (products, services), and customers (businesses, individuals)*" (Golder et al 2012, P.2)

In their paper, the authors firstly note that "*quality is perhaps the most important and complex component of business strategy*" whereby "*firms compete on quality, customers search for quality, and markets are transformed by quality*" (Golder et al, 2012, P.1). They go on to note the different perceptions of quality across different disciplines, for instance management researchers who study quality in terms of organisational processes, or economics researchers who may view quality in terms of product differentiation, however argue that "*these different disciplinary perspectives hinder the development of a coherent body of knowledge, minimise knowledge transfer across disciplines, and cloud contributions to practice*" (Golder et al, 2012, P.1). From this they cite relevant literature to argue there is a conceptual ambiguity exists in relation to quality. Using this, they set the aim of their article to address these limitations by establishing a framework that integrates discipline-based perspectives.

As such, their proposed framework (Figure 13) utilises a three-part process view of quality which consists of i) the quality production process, ii) the quality experience process, and iii) the quality evaluation process, and argue that whilst organisations and customers can each participate in each of these quality processes, 'quality production' is mainly associated with the organisation, 'quality evaluation' is mainly reserved for customers, whilst 'quality experience' is where companies and customers interact. The authors offer 21 definitions used within the framework (not described here due to length), and proceed to describe how each of the three processes occur. In doing so, they explain that the *quality production process* occurs when firms use attribute and process design specifications into produced attributes. For the *quality experience process*, they argue this occurs when organisations deliver attributes for customers to experience from which they perceive, whilst for the *quality evaluation process*, this occurs when customers compare perceived attributes against their own expectations.

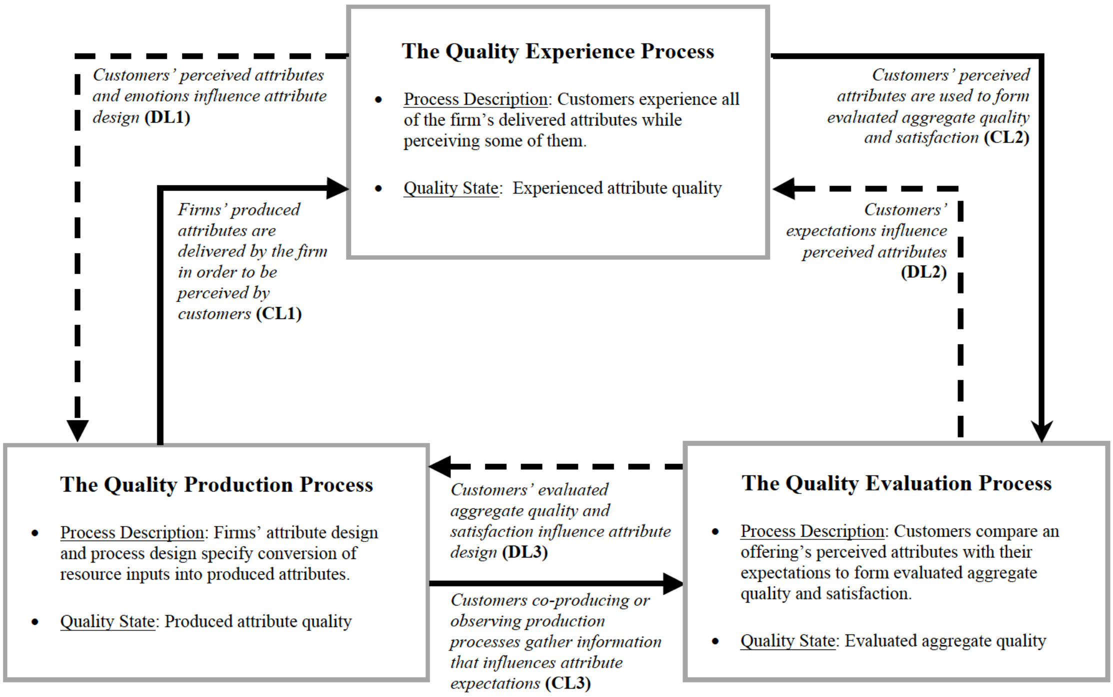


Figure 13: Overview of Integrative Quality Framework: Key Processes, States and Links. (Golder et al, 2012).

The authors note implications for practice, and in doing so highlight strategies organisations can use to improve customer satisfaction and customer feedback mechanisms organisations can use to improve quality states. This is illustrated in Figure 14. The authors state that "*of these strategies, 11 affect both key levers for improving customer satisfaction (i.e., increasing quality disconfirmation and increasing evaluated aggregate quality), and nine affect one lever*" (Golder 2012, P.15). They also note that from the 17 strategies for improving evaluated aggregate quality, only 4 involved changes in produced attributes (whereby a greater effect could be gained by "*improving customers' measurement knowledge and motivation, shaping customers' expectations, adjusting customers' expectations uncertainty, or influencing customers' emotions*" (Golder et al, 2012, P.15). They also note that improving 'will' expectations (defined as the performance levels a customer predicts) ultimately has a positive effect on evaluated quality and satisfaction.

In summary, through their work, the authors present a more complete view of quality process relationships.

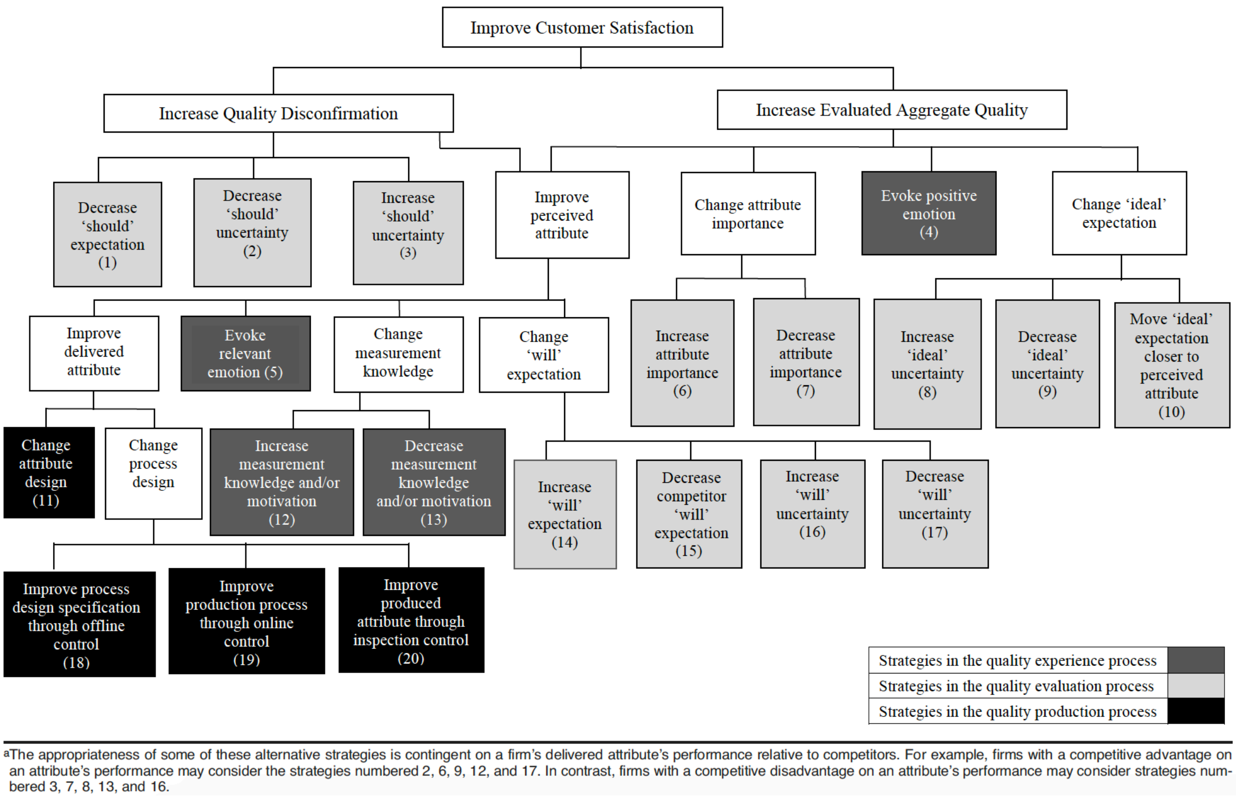


Figure 14: Strategies to Improve Customer Satisfaction. (Golder et al, 2012)

The fifth paper presented in this section is by Coelho and Vilares (2010), who approach the topic of measuring the return on quality investments. They argue that until recently it has been difficult to assess the quality benefits of investments in products or services due to appropriate methodologies not being available. They therefore seek to address this gap by proposing an integrated methodology enabling cost-benefit analysis. The authors recognise limitations in the existing literature, whereby “*many of them link quality investments (or quality perceived by customers) to customers’ attitudes (and sometimes behavioural intentions), but do not establish a complete connection between the investments and their financial returns*” and therefore aim “*to develop a methodology that will enable the identification of profitable quality investments*” (Coelho and Vilares, 2010, P. 22).

In doing so, they assert that it allows for estimations of effects such as the relationship between quality investments and customer-perceived improvements of products or service quality; customer perceived quality and improvements in customer satisfaction and loyalty; and the relationship between improvement of customer satisfaction and loyalty along with improvements on organisational financial return. The authors see a particular link with financial return on quality investments through three channels: i) revenue per customer; ii) customer retention; and iii) acquisition of new customers. Using this and other factors, they outline and test their model, presented in Figure 15.

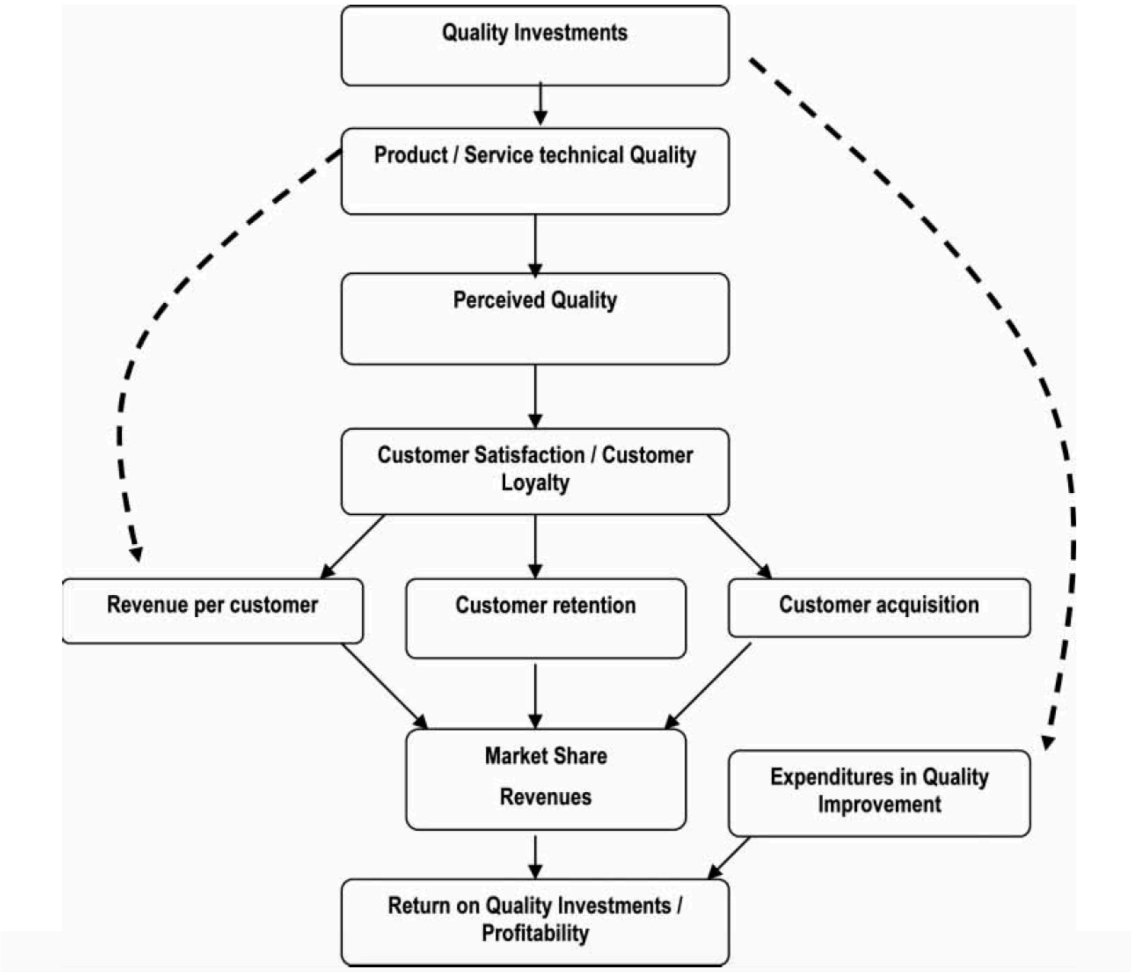


Figure 15: General Structure of the Methodological Approach. (Coelho and Vilares, 2010)

After setting out the relationships in terms of mathematical modelling, they applied their model to the Portuguese telecommunications industry with a simulation of a specific investment of €22 million over 10.5 years to reduce congestion rate, call drop rate, and improved coverage rate (all measures within the telecoms industry). Using a combination of data sources, including customer satisfaction survey panel data, a market size survey, and a customer satisfaction survey used to model customer retention, they used equations to determine the net present value of additional revenues resulting from planned investment in the quality of the network. Their process indicated that investment in the quality of the network would improve technical quality indicators experienced by customers which leads to customer loyalty. This in turn would lead to improved customer retention and revenue per customers.

Their result showed that the investment would create a return on investment of between €19.1million to €26.5million over the time period, assuming that competitors maintained their present level of network quality. From this conclusions were made that it is possible to estimate financial returns from quality investments based upon knowledge and measurement of critical paths within the value chain. Limitations of the research were noted, including: i) the investment in quality remaining constant over time, ii) the fact that benefits from the quality improvements may be negated due to rising customer expectations, and iii) improvements made by competitors were not considered. Additionally, iv) benefits arising from quality investments were also noted as not being immediate, and as they accumulate over time it is more difficult to clearly identify their source, whilst v) other variables beyond the quality of products and/or services can be affected by other variables such as pricing policies, advertising, and activities by competitors.

Importantly, Coelho and Vilares recognise the complexity of quality improvement. Citing Jones and Sasser (1995) and Kano et al 1996), they state that specifications adopted in their models were generally linear, however research into quality, customer satisfaction, and loyalty acknowledged non-linear relationships, i.e. greater levels of complexity between the links. Overall, whilst this paper seems to push tangible aspects of service quality forward, one particular criticism in the context of the present research could be that there is not enough detail on practice, therefore making replicability within a non-profit social housing context difficult.

The sixth and final paper presented in this section is by Seth et al (2005) in their paper "*Service Quality Models: A Review*". As part of the process of understanding the practices associated with actioning service quality, considering the extant literature associated with how service quality is modelled and operationalised is required. Seth et al (2005) argue that service quality offers an important area of study for practitioners and researchers owing to its impact on (amongst other areas) business performance and customer satisfaction. In their review, 19 service quality models are considered during the period 1984 to 2003, each presenting different perspectives. As the context of their paper includes exploring a wider technology context, for the purpose of this thesis only seven models are presented here, these being relevant the theme of the thesis and central research question are considered here. These are described as follows.

Model 1: Technical and functional quality model (Gronroos, 1984)

This model is included as "*in order to compete successfully [a firm] must have an understanding of consumer perception of the quality and the way service quality is influenced*" (Seth et al, 2005, P.915). In effect, this means striving to match expected service and perceived service in order that customer satisfaction can be achieved. This is illustrated in Figure 16, where three elements of service quality are identified, namely: i. technical quality (referring to what standard of quality of what the customer receives); ii. functional quality (referring to how outcomes are received); and finally iii. image (referring to the assertion this can be expected as part of technical and functional quality components).

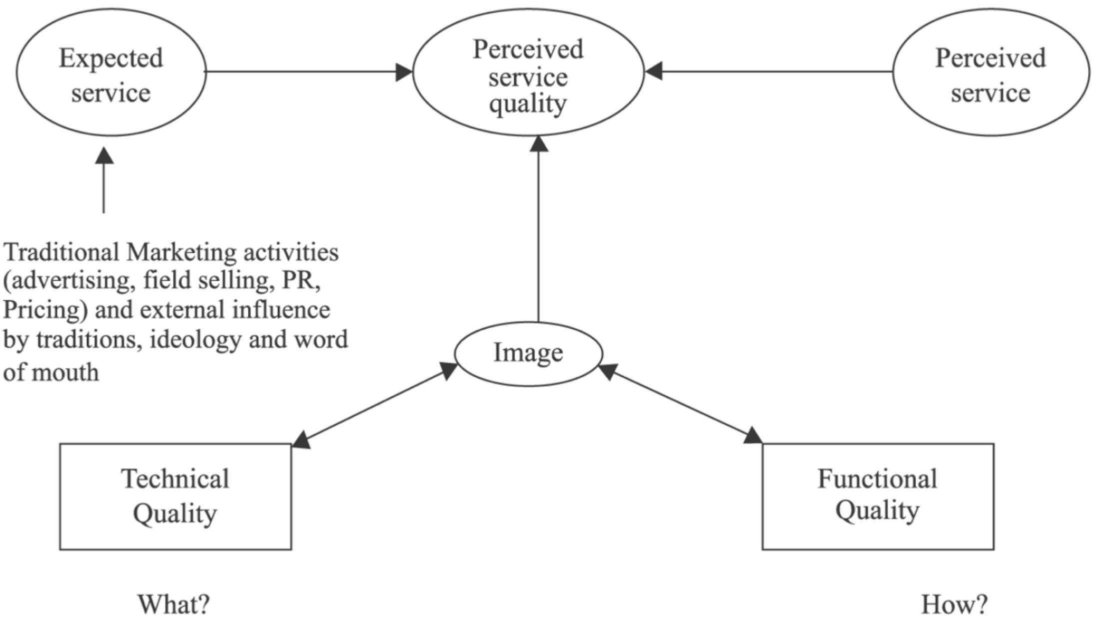


Figure 16: Technical and Functional Quality Model. (Gronroos, 1984)

Models 2 & 3: Gap analysis model; and the extended model of service quality (Parasuraman, Zeithaml and Berry, 1985; Zeithaml, Berry and Parasuraman, 1988)

Seth et al (2005) note two associated models by Parasuraman et al (1985) and Zeithaml et al (1988) with the first presenting exploratory research proposing service quality is a function of the differences between perceptions, expectations and performance. Five gaps are identified (illustrated in Figure 17), including:

> *Gap 1: Differences between consumer's expectation and management's perceptions of those expectations;*
>
> *Gap 2: Difference between management's perceptions of consumer's expectations and service quality specifications;*
>
> *Gap 3: Difference between service quality specifications and service actually delivered, i.e. the service performance gap.*
>
> *Gap 4: Difference between service delivery and the communications to consumers about service delivery*
>
> *Gap 5: Difference between consumer's expectation and perceived service*

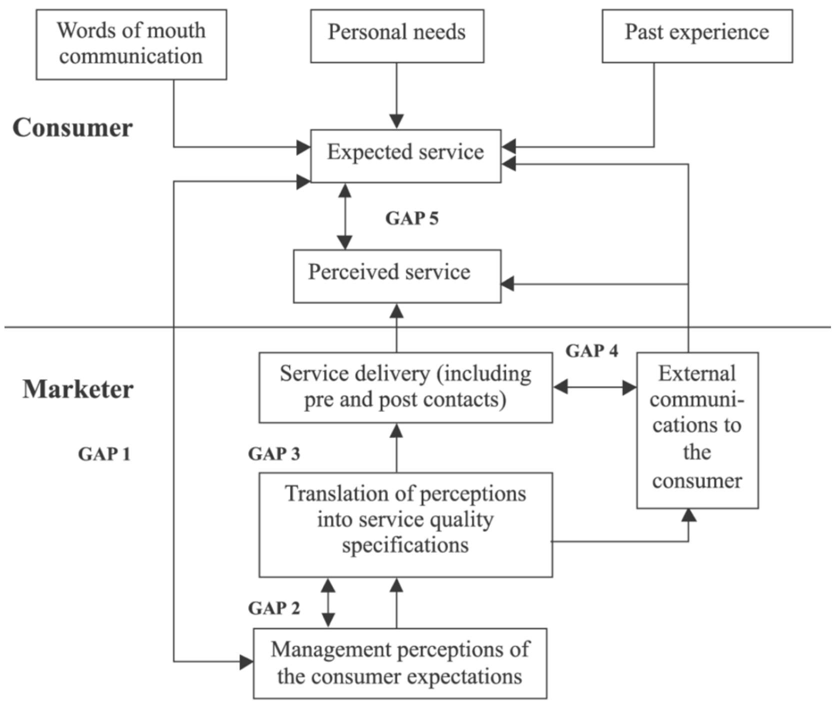


Figure 17: Gap Analysis Model. (Parasuraman et al, 1985)

Seth notes this later led to an extended service quality model (Zeithaml et al, 1988) illustrated in Figure 18. This argued that most factors in service quality involve communication and control processes along with consequences of these processes.

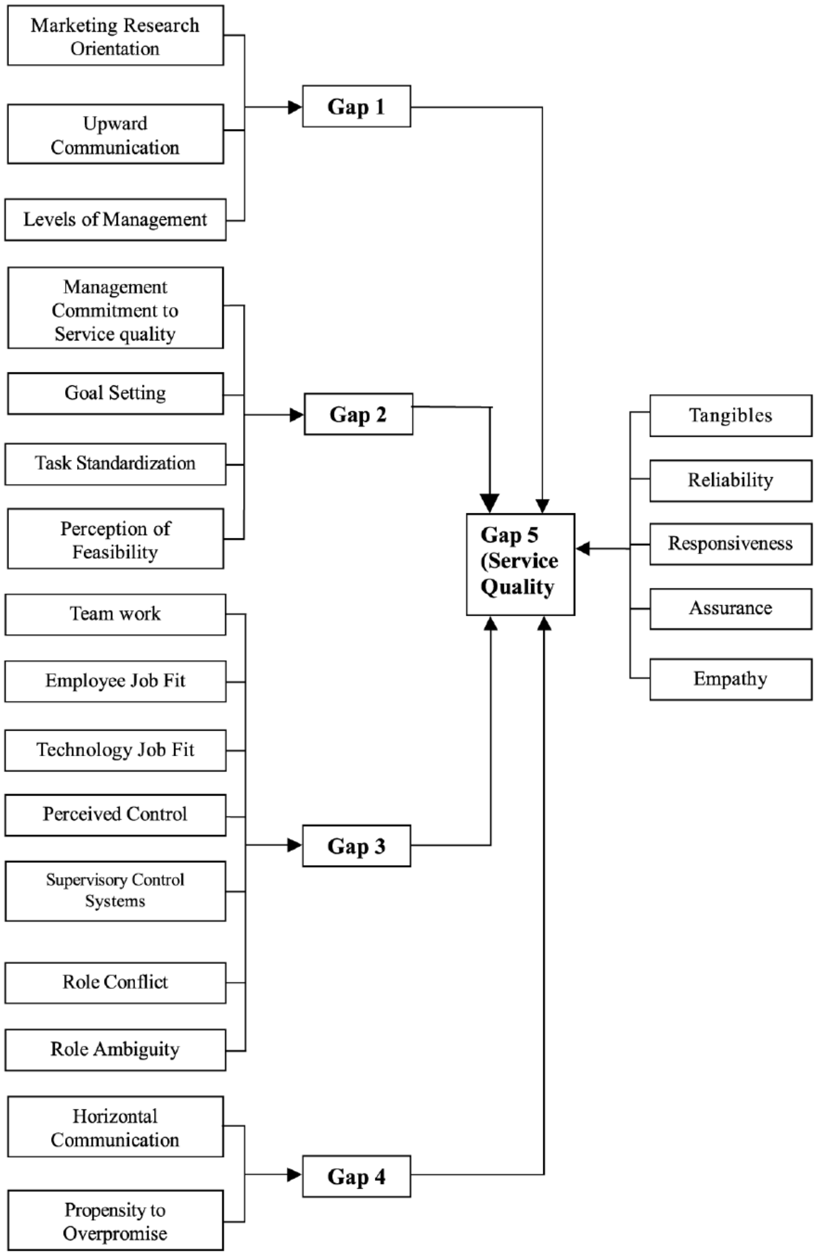


Figure 18: Extended Model of Service Quality. (Zeithaml et al, 1988)

Model 3: Attribute service quality model (Haywood-Farmer, 1988)

Seth et al (2005) write that the Attribute Service Quality model (Figure 19) states that organisations have high levels of service quality if it meets both customer preferences and expectations consistently. Within this model, services are perceived to have three basic attributes: i. physical facilities and processes, ii. people's behaviour; and iii. professional judgement, with each attribute consisting of multiple factors as described in each part of the triangle seen in the illustration.

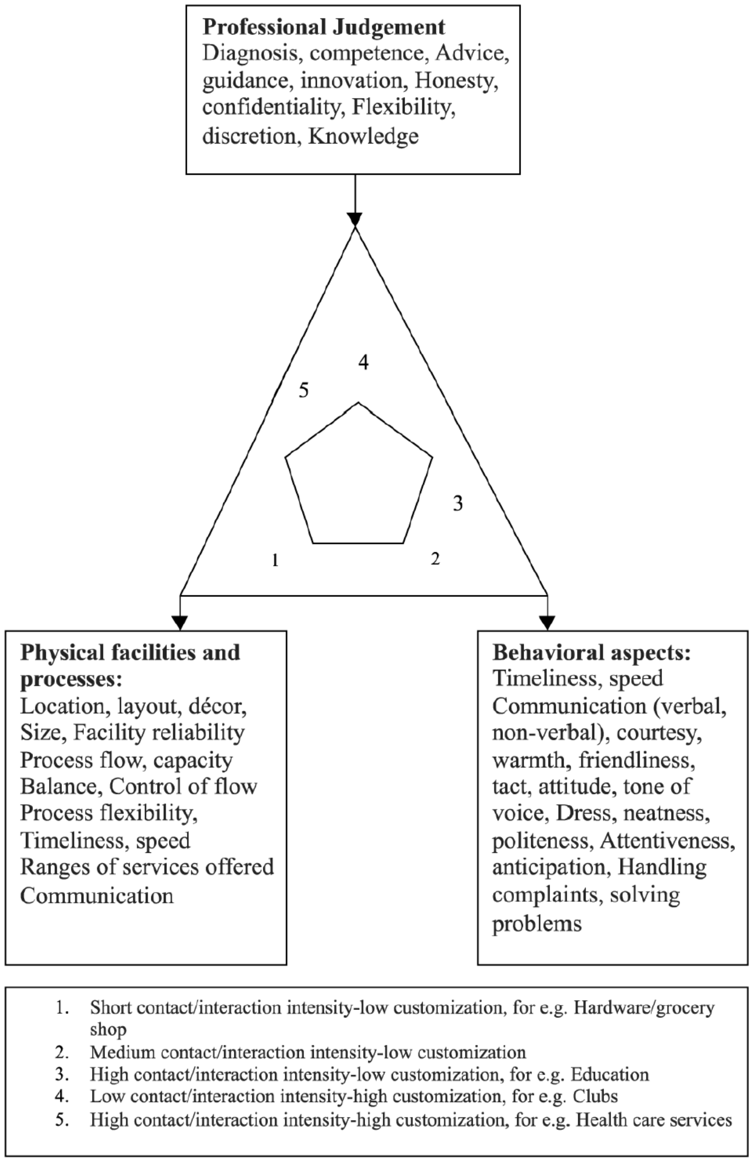


Figure 19: Attribute Service Quality Model. (Haywood-Farmer, 1988)

Model 5: Performance only model (Cronin and Taylor, 1992)

For this model, Seth et al (2005) note this model was set in the context of an investigation of the conceptualisation and measurement of service quality and its relationship with consumer satisfaction and purchase intentions. Different scores with perception were compared, leading them to conclude that 'perceptions only' was a better predictor of service quality. They developed a performance only measurement of service quality (SERVPERF) and argued that performance, instead of 'performance-expectation', determines service quality. Their model is illustrated in Figure 20 below, which Seth et al (2005) notes is evaluated by perceptions only and without expectations and importance weights.

$$SQ = \Sigma_{j=1}^{k}(P_{ij} - E_{ij})$$

where:

SQ = overall service quality; k = number of attributes.

P_{ij} = Performance perception of stimulus i with respect to attribute j.

E_{ij} = Service quality expectation for attribute j that is the relevant norm for stimulus i.

Figure 20: Performance Only Model. (Cronin and Taylor, 1992)

Model 6: Ideal value model of service quality (Mattson, 1992)

Seth et al (2005) highlights that Mattson's model offers a value approach to service quality, and models it as a satisfaction process outcome. This suggests the existence of a perceived ideal standard from which experience is compared. This is illustrated in Figure 21 below, whereby negative disconfirmation is the main determinant of consumer satisfaction, and importantly suggests more attention should be given to cognitive processes by which consumer's perceptions of service are formed and changed.

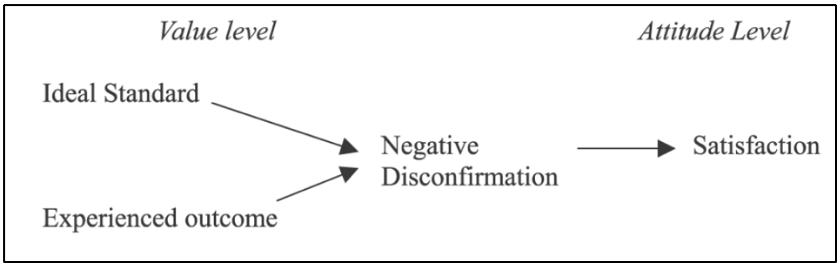


Figure 21: Ideal Value Model of Service Quality. (Mattson, 1992)

Model 7: Model of perceived service quality and satisfaction (Spreng and Mackoy, 1996)

The final model noted by Seth et al (2005) is by Spreng and Mackoy (1996). Seth notes this model (Figure 22) seeks to enhance understanding of the constructs 'perceived service quality' and 'consumer satisfaction'. In doing so, Spreng and Mackoy's model highlights the effect of expectations, perceived performance and desires, desired congruency and expectation disconfirmation on overall service quality and customer satisfaction. Spreng and Mackoy use a set of ten attributes for measurement, including:

i) Convenience for making an appointment
ii) Friendliness of staff
iii) Advisor listened to my questions
iv) The advisor provided accurate information
v) The knowledge of the advisor
vi) The advice was consistent
vii) The advisor helped in long range planning
viii) The advisor helped in choosing the right courses for career, the advisor was interested in personal life
ix) The offices were professional

Fundamentally however, this model is useful in demonstrating the concepts of desires and perceptions and how this leads to service quality and customer satisfaction perceptions and experience, and shows relevance in providing a greater level of detail for practice.

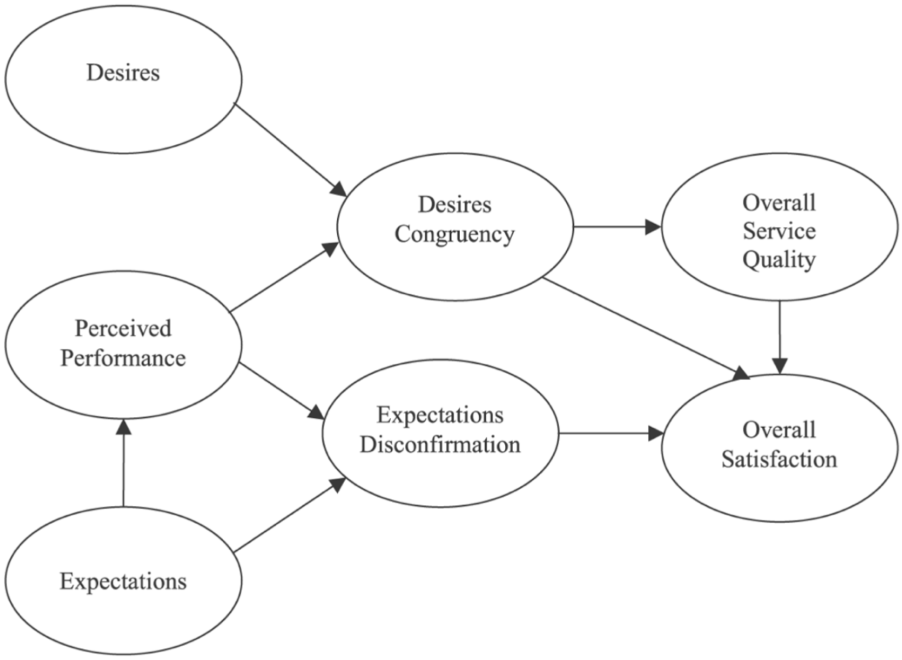


Figure 22: Model of Perceived Service Quality and Satisfaction. (Spreng and Mackoy, 1996)

2.4.6 Summary of Key Points

A summary of key points from the literature identified in this chapter can be seen in Table 4. This includes acknowledging differences in how service quality can be perceived both organisationally or from the customer perspective, whilst noting that increasing one (service quality or customer satisfaction) is likely to increase the other, and that this can be influenced by management across the entirety of service operations.

Table 4: Summary of Ten Influential Papers Highlighting Key Points, Chapter 2, Part 3

Author	Key Point/s
Garvin, 1988	Recognises that quality lies in the eyes of the beholder.
Kordupleski, 1993	Makes the distinction between customer-perceived quality (true quality) and business process quality (internal quality). They also define customer satisfaction as a means to an end, rather than the end itself, and that it is crucial business processes are linked to customer satisfaction with the following up of actions after feedback has been gained.
Taylor and Baker, 1994	Recognise service quality and customer satisfaction as separate constructs. Identified that customer satisfaction moderates the relationship between service quality and purchase intentions. Concluded service quality and customer satisfaction may be different across different industries.
Oliver, 2011	Identifies differences between service quality and satisfaction.
Sureshchander et al, 2002	An increase in on (service quality or customer satisfaction) is likely to increase the other. Also, asserted that improvements should not just focus on improving customer satisfaction, but also customer perceptions of service quality.
Diffley et al, 2009	Found that social housing tenants have relatively low levels of awareness of service quality and service quality comparisons.
Caruana and Pitt, 1997	Found that perception of over firm performance was linked to service quality performance.
Smith et al, 2017	Technical systems have an impact on employees abilities, which in turn affect the overall assessment by customers.
Soltani et al, 2012	Service quality is more influenced by the approach taken by senior management across the entirety of service quality operations.
Golder et al, 2910	Undertake a process view of service quality, highlighting strategies for improving customer satisfaction.

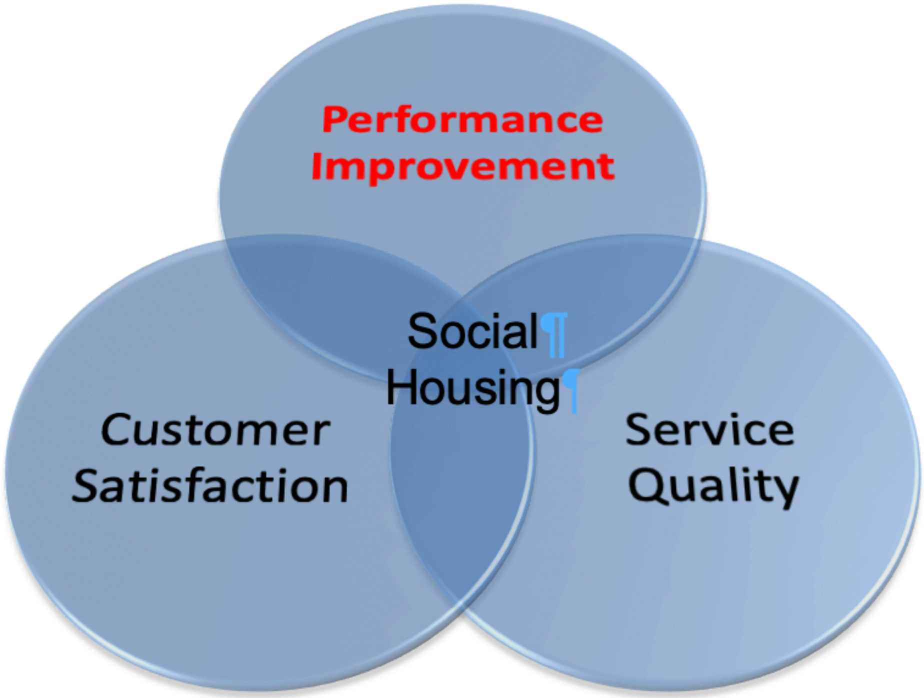
2.4.7 Chapter 2, Part 3: Conclusions

This section of the literature review has considered the relationship between service quality and customer satisfaction, and has proffered the author's own adapted definition of service quality in a social housing context.

Service quality literature in a social housing context was noted, including how social housing tenants had little awareness of standards of service provided, chiming with earlier literature presented (Chapter 2, Part 2) which found disadvantaged consumers can passively accepted inferior service and products. Finally, literature associated with service quality in a performance improvement context was noted, including several relevant conceptual models.

The next section presents Chapter 2, Part 4: 'A Review of the Performance Improvement Literature'.

2.5 Chapter 2, Part 4: A Review of the Performance Improvement Literature



2.5.1 Introduction

Chapter 2, Part 4 presents a review of the performance improvement literature in a social housing context, whilst also acknowledging wider theoretical approaches and challenges of turning customer satisfaction feedback into actionable performance improvements. This contributes to the research by focussing upon what could be considered the output and ultimate aim of the influence of customer satisfaction.

2.5.2 Defining Performance Improvement

When asking the fundamental question *what is it that organisations set out to do?*, Dillon and Heap (2017, P.5) acknowledge that they may be seeking to make money; to have an influence on a given area; bring like-minded people together, or provide a service they believe society needs. Notably, they recognise that whatever the purpose of the organisation, it can be assumed that they will want to do it to the best of their ability. Indeed, Slack et al (2015, P.37) recognise that "*the purpose of operations strategy is to improve the business's performance relative to its competitors' in the long term*" and goes on to define improvement as:

> "*the activity of closing the gap between the current and desired performance of an operation or process. It is increasingly seen as the ultimate objective for all operations and process management activity. Furthermore, almost all popular operations initiatives in recent years… have all focussed on performance improvement, adopting improvement techniques, and attempting to ensure that the momentum of improvement does not fade over time*" (Slack et al, 2015, P.436).

On answering the question 'Why do companies exist?', Fawcett et al (2014), through a review of mission statements from Fortune 500 companies, identified there were two predominant answers – to make a profit, and to meet customer's needs. Furthermore, when considering performance improvement in a public service perspective (within which the social housing sector would fit), Boyne (2003, P.223) defines public service improvement as "*a closer correspondence between perceptions of actual and desired standards of public services*", thus similar to Slack et al (2015), and providing resonance with the differences of service quality perception presented earlier by Kordupleski (1993).

For the purpose of this thesis, drawing upon the definitions above and also those offered earlier in the context of this thesis for 'customer satisfaction' and 'service quality', performance improvement in a social housing context is defined as follows:

> ***"Measuring current service performance from the viewpoint of the customer and then actively and consistently using this feedback to inform and influence practice, from operational practices to strategic direction, in order to strive to better meet their customers' desired service performance and needs whilst contributing to improving future service experience"***

It can be argued that by using this definition, it recognises ten key points:

i. the performance gap noted by Slack et al (2015) and others (i.e. between ***current*** **and** ***desired*** **performance**);
ii. that performance improvement is not passive (i.e. it is ***actively using*** feedback);
iii. performance improvement is not a singular activity (i.e. the reference to the word ***consistently***;

iv. it recognises that this focuses upon and is strongly influenced by the customer's perspective (i.e. customer ***feedback***);
v. the definition is firmly centred on ***practice/s***, i.e. what people do;
vi. it recognises the broad scope of influence that performance improvement offers (i.e. *from* ***operational practices to strategic direction***);
vii. it asserts that performance improvement is something to strive for / something to be achieved (i.e. ***to strive to better meet***);
viii. it remains focussed upon the customers' ***desired*** service performance;
ix. relating to social housing, the concept of ***needs*** is acknowledged;
x. and finally, recognition is noted that performance improvement is forward looking (i.e. ***improving future service experience***).

In order to provide wider context to the above definition, it is also worth noting differences between the concepts of performance management and performance improvement. Neely et al (2002, P.81) defines performance measurement as "*the process of quantifying the efficiency and effectiveness of past action*". However, Nahlik (2008, P.43) posits "*the received wisdom is that to manage performance, you first have to measure it. So how do we measure performance? Traditionally we have looked for a change that can be quantified and thence reported, but does this necessarily lead to the desired change? If we are always looking backwards, is this useful for performance enhancement?*". Nahlik's perspective raises an interesting perspective, in that performance management by its very nature may be considered as being centred upon a fixed point in time, or even in the past in the sense that performance management reports rarely provide 'real-time' results. This is re-iterated by Thorpe and Holloway (2008, P.280) who state that, "*perhaps the most important research question [is] 'What impact, if any does performance management action have on performance?'* ".

With this pertinent to the core themes within this thesis, the next section considers performance improvement in a social housing context.

2.5.3 Performance Improvement in a Social Housing Context

Six sources comprising four academic papers and two grey literature sources are noted here.

The first paper in this section is by Mittal (2018). Although focussed upon the non-profit sector in general (for which, as with the public sector, social housing providers fit into), it is useful as Mittal comments upon what for-profit businesses can teach non-profits about customer satisfaction in a wider performance context. Published as a short article in ‘Marketing News’, Mittal notes that whilst for-profit businesses are customer-focussed, non-profits exist to fulfil their mission and stakeholder needs. Resulting from this, Mittal maintains that non-profits can become internally focussed, thereby committing themselves to initiatives that consume organisational resources but do not necessarily focus upon improving customer satisfaction performance. Whilst they have traditionally found it harder to understand the benefits arising from satisfying their customers, he argues the way to address this “*involves embracing lessons learned from successful businesses*” (Mittal 2018, P.22).

To achieve this in practice, non-profits should start by satisfying customer needs, followed by developing an understanding of their satisfaction drivers. Mittal notes that non-profits have minimal (if any) understanding of the drivers of their customer satisfaction performance but by doing so, they could better understand the relative importance of different aspects of service, thereby instead of using ad-hoc customer engagement activities, they can focus upon using “*a structured and systematic survey process to listen to their customer’s voice and measure overall satisfaction, satisfaction drivers and customer loyalty*” and from which if done, will facilitate a performance management structure whereby “*customer satisfaction serves as the focal metric that singularly advances the cause of customers*” (Mittal 2018. P.22). For the social housing sector, with its focus upon helping and supporting it’s tenants [customers], this clearly resonates importance.

The second paper provides research on the topic of whether performance management improves strategic decision making in a non-profit sector setting, LeRoux and Wright (2010) recognise the increased pressures for accountability and performance from both funders and the public – concepts which, it is worth noting, are very familiar to the social housing sector through recent years of financial austerity. Within a performance management context, the authors identify a research gap where although there has been an increase in adopting performance management systems in non-profit organisations, little research has focussed on *performance information use* in the non-profit sector.

Through their literature review, they acknowledge that client or customer satisfaction indicators provide an important method of performance measurement for non-profits and cite two earlier pieces of work - Morley et al (2001), who found that approximately 78% of non-profit organisations measured satisfaction, and Carman and Fredericks (2008) who found that 67% of non-profits collect data on consumer or participant satisfaction on a regular basis.

LeRoux and Wright recognise that performance management systems can have a positive influence on strategic decision making and proceed to contextualise the literature to support this argument. They acknowledge Carmen and Fredericks (2008) who found that two thirds of the organisations in their study used performance evaluation data for strategic planning purposes, Stone et al (1999) who purported that the relationship between planning and performance are connected to growth within an organisation, and Siciliano (1997) who found that the setting of goals and monitoring of results were linked to better performance results.

LeRoux and Wright's research found that for each unit increase in the range of performance measures index, effectiveness of strategic decision making increased by 0.04 standard deviations ($p<.01$). They proceeded to look in depth at each of the six different types of performance measures examined in the study. From this, they found that two of the individual types of performance measurement failed to achieve statistical significance: customer satisfaction measures, and industry standard and benchmarks. They wrote that "*this null finding suggests that information generated through client or customer satisfaction feedback mechanisms is largely overlooked by non-profit managers in the process of strategic decision making*" (LeRoux and Wright, 2010, P.583). Whilst acknowledging that more in depth research is required to better understand why this might be the case, it does provide an apt setting for the final sub-section of this chapter, where literature on the challenges of turning customer satisfaction feedback into actionable performance improvements is presented.

The third paper by Walker and Murie (2004) considers the performance of social landlords in the UK, along with factors which influence performance. Including social housing provided by both councils and housing associations, they consider whether one is more effective than another, and whether and why some landlords are more effective in service delivery within their specific sector (e.g. some housing associations performing better than other housing associations). The authors cite governmental policy changes at the time whereby council housing stock was being transferred to housing associations (LSVT's - 'large scale voluntary transfers'), and argue there is little empirical evidence suggesting housing associations are more efficient or effective in practice than local authorities.

The authors also note that one of the earliest housing management performance reports by the Audit Commission (1986) only had a limited focus upon service output measures, and instead considered aspects such as costs, staffing, and housing management performance. They note that the Centre for Housing Research (CHR) in the University of Glasgow (1989) attempted to address this by carrying out the first modern generation of studies of housing management. In this, it was found that housing associations spend more than 50% more per dwelling on management than councils, from which they concluded "*it is therefore hardly surprising that effectiveness measures incorporating tenants' views or tenant satisfaction scores place associations ahead of councils who spend less*". (Centre for Housing Research, 1989, P.129). Walker and Murie note that CHR's report suggested organisational type or structure was not key in determining effectiveness, nor was the context in which the management operated in. But what did make a difference was the will to manage efficiently and effectively (Centre for Housing Research, P.130).

By looking at these and other earlier research, Walker and Murie (2004, P.253) assert that "*the performance of landlords does appear to be associated with stock type and, perhaps, stock size, the socio-economic characteristics of the tenants that are housed, and the areas in which the landlord operates. However it is also associated with the organisational characteristics and process of landlords… which are also themselves likely to be undergoing change*", i.e. the authors assert that what a landlord does in practice can make a difference, and that this is constantly evolving.

This view is supported further by their claim that in social housing there needs to be more of an 'organic' approach to performance improvement:

> *"organisations need to improve performance through improving processes and practices rather than changing organisational and structural arrangements or, indeed the incentive structures that influence these. This does not mean that attention should not be given to the impact of subsidy, grant, and incentive regimes on measured performance in housing management, but it suggests that this should not be the central focus"* (Walker and Murie, 2004, P.265).

In effect, Walker and Murie argue that changing government policy or wider restructures of social housing organisations can only go so far to influence performance improvement, and what matters most is improvements in practice.

The fourth paper presented is by Manville and Broad (2013), assessing an application of the Balanced Scorecard (Kaplan and Norton, 1992) in a social housing context. Whilst focussing upon performance management rather than performance improvement, it is interesting to note the performance focus within a social housing setting. The authors note Moxham and Boaden (2007) and Moxham (2009) who respectively posit there is both limited data evidencing the impact of performance management systems in the non-profit sector (which Manville and Broad often refer to as 'the Third Sector') and little evidence in practice of how non-profit-making organisations can demonstrate their achievements. They also recognise there is a need for further research within the non-profit sector "*that it is not simply the adoption of managerial approaches but also capability building in the form of the Third Sector being proactive in shaping its own destiny*" (Manville and Broad, 2013, P.995).

In response to this, the authors seek to provide empirical evidence to illustrate how the balanced scorecard can demonstrate effective performance management. They acknowledge Neely and Bourne's (2000) assertion that the failure rate of balanced scorecard is 70% due to poor design where key performance indicators and organisational strategy are not clearly aligned, issues of trust and poor implementation, and that there is a paucity of case study research exploring post-implementation of balanced scorecard.

The authors therefore undertook a longitudinal study of a single housing association during 2006 to 2010, including secondary data sources (such as annual reports, annual efficiency statements) and primary data via ten semi-structured interviews. Their findings focussed upon four areas: Management commitment; organisational culture and values; means of achieving continuous improvement; and external achievement.

For ‘management commitment’, there was recognition that performance improvement results would not be immediate, instead taking between 6-18 months to observe, and that the operational environment they were operating in was changing to a greater business focus. For ‘organisational culture and values’, this was recognised as a fundamental issue whereby as a registered charity, employees were “*not motivated to join the organisation by salary but by an opportunity to make a difference*” (Manville and Broad, 2013, P.1001). For ‘means of achieving continuous improvement’, it was felt that the balanced scorecard would better inform timely decision making and have a positive influence on continuous improvement. Finally, for ‘external achievement’, the authors assert that organisations pursuing performance improvement initiatives need not only to demonstrate impact from the initiatives in-house, but also see [for social housing providers at least] the service users themselves and the wider community.

The authors conclude by noting that the housing association used in the four-year case study demonstrated significant operational improvements, recognised by the organisation going on to win several regional and national awards, which it had not previously achieved. A key point raised in the research was the suggestion that it was not the performance management system itself which was the real success, but the resulting performance management culture which developed as a result.

Further to this, the authors propose a framework for improving performance management in the third sector based on three principles: i) Culture: Senior management long-term commitment is vital; ii) Trust: This is seen as vital between management and the rest of the governance chain from board members to service users, whereby if trust is broken it ultimately impacts on culture and the willingness to pursue continuous performance improvement, and iii) Capability: This acknowledges that capability for performance improvement can be developed through training and development. This is shown in Figure 23.

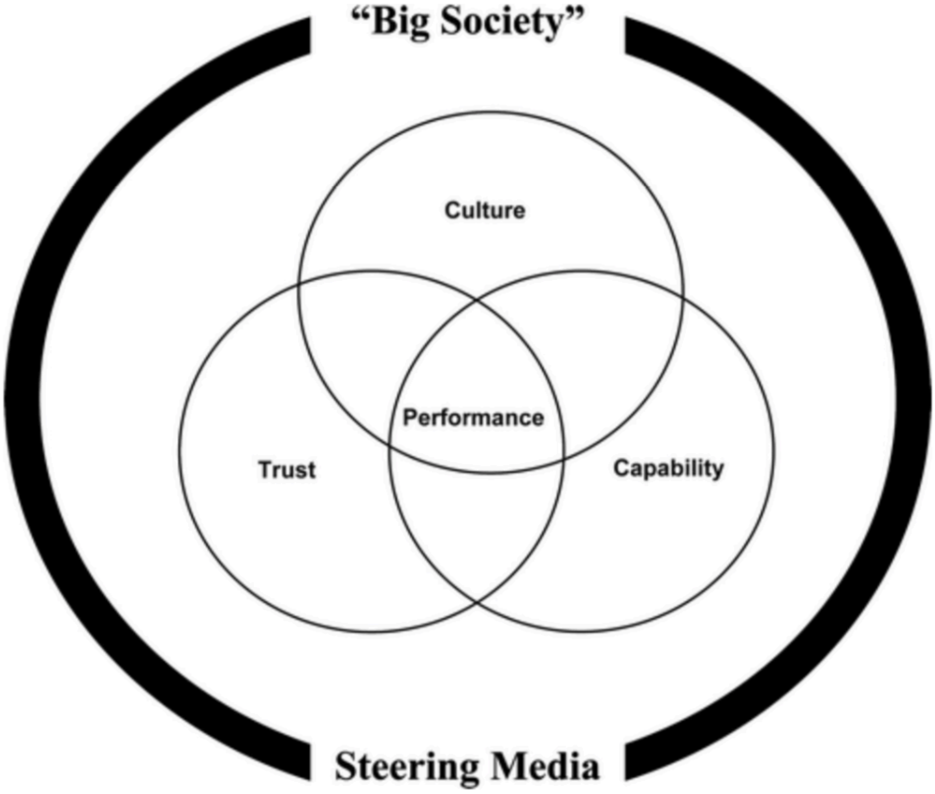


Figure 23: The Building Blocks for Performance Management in The Third Sector. (Manville and Broad, 2013, P.1006)

Finally, to compliment the academic papers discussed so far, the two further grey literature sources are briefly noted: a Price Waterhouse Coopers report and work published by the Chartered Institute of Housing.

The fifth source is a report from Price Waterhouse Coopers entitled "*The Housing Association of 2020*" (Price Waterhouse Coopers 2015). It is worth acknowledging that this report suggests that services should be designed from the customer perspective, arguing that "*too often resources are wasted on delivering activities which do not create value to customers*" and that "*by taking account of customer's wants, needs and behaviours… [housing] associations can focus constrained resources more effectively on the things that matter to their customers*" (Price Waterhouse Coopers, 2015, P.15). By bringing both an academic and a practitioner voice to these arguments, a stronger argument can be put forward by seeing how applications in practice and high relevance occurs.

The **sixth** source, published by the Chartered institute of Housing, brings the link of performance improvement back to customer satisfaction. Richardson

(2010, P.100) writes that "*the emphasis on customer satisfaction is likely to increase. It is driven by the focus on 'putting the customer first'. However, measuring satisfaction is a means to an end rather than an end in itself. The focus should be service improvement, utilising data and information from customers in the decision-making process*". This, in essence, encapsulates what this whole Doctoral thesis focuses upon – understanding how customer satisfaction feedback influences service quality and performance improvement.

2.5.4 Public Sector Performance Improvement Theory

When asking 'what does a good theory of public service improvement look like', Boyne et al (2010, P.6) writes that it "*should be capable of explaining shifts in service standards over time, and explaining why some organisations provide better service than others. If the theory works, then a change in the explanatory variables that are assumed to be important (e.g. organisational culture, leadership, or strategy processes) should in turn produce a change in service performance*". Alternatively, Ashworth et al (2010, P.2) argues that "*a valid theory should have clear assumptions and a consistent causal logic, an explicit description of the mechanisms of improvement, and specific predictions not only about the consequences that will be produced, but also about the circumstances under which these are likely to occur*".

Theoretical approaches can also be considered from the work of Talbot (2010), who wrote specifically on theories of performance in the public domain. Writing more from the perspective of 'grand theories' rather than micro-level theories, Talbot (2010, P.69) identifies four specific theoretical approaches due to their relevance with debates on organisational performance generally or relevance specifically with public organisations – institutional theory; resource-dependence and resource based theories; complexity theory; and evolutionary and ecological perspectives on organisations.

Firstly, for institutional theory, Talbot (2010, P.70) cites Peters (2008) who argues that different (and often competing) disciplinary perspectives of institutionalism – including normative, historical, constructionist, rational choice, network, traditional or empirical, and institutional realism - share similar elements such as:

1. *A belief that structures (however defined) are an important element in explaining human behaviour;*
2. *That structures persist over time, even when individuals change;*
3. *That structures cause greater regularity in human behaviour than would otherwise be the case;*
4. *That "positive feedback" between individuals and the institutions they inhabit over time reinforce institutions and patterned behaviour.*

Secondly, for 'Resource-Dependence and Resource-Based Theories', Talbot argues that these two streams of research are of particular relevance to performance, but despite having similar names, they are in fact two separate streams of research. Resource-dependence theory focuses upon Pfeffer and Salancik's (2003 [1978]) concept that organisations were successful based on the extent to which they could gather resources from the external environment. Based on Barney and Clark (2007), Talbot writes that resource-based theories however focus more on the internal capabilities and internal capacities, and resources from within the organisation, emerging from questions of what made hierarchically structured forms of organisation preferable to as a way of organising economic activity (Talbot, 2010, P.72). Talbot acknowledges that both these theories predominantly focus on real assets rather than social constructs.

Thirdly, for Complexity Theory (or also noted as complex adaptive systems or complex evolutionary systems), Talbot states that many complexity theorists adopt substantially different ontological and epistemological approaches. This can be seen whereby some perceive complexity supporting social constructionist approaches, whilst others take more traditional scientific / positivist paradigms. Talbot (2010, P.73) writes that "*the whole point of complexity theory is that it attempts to develop a unifying framework for analysis of any complex adaptive system – from ant colonies to modern human organisations*" and that the link to performance is related to which agents and/or strategies are selected, i.e. most likely to be successful or better performers than other approaches or strategies. Talbot recognises, however, that complexity theory is a new and innovative field which is still forming, consequently from which many interpretations exist.

Fourthly, Talbot notes for Evolutionary and Ecological Perspectives on Organisations, whereby applying ideas from evolutionary science has seen increased popularity in recent years. He cites one strand of thinking which challenges organisational research, as exemplified by Rosenzweig's book entitled 'The Halo Effect' (Rosenzweig, 2007), which argues that most studies of successful organisations incorrectly understand the relationship between cause and effect. Talbot writes that many studies of the influence of factors upon organisational performance are based on approaches such as a) identifying a group of successful organisations; b) seeing what they have in common (e.g. leadership, policies etc); and c) concluding that commonalities identified are what drives performance improvement.

Compared to this however, Rosenzweig asserts these factors may have nothing to do with success, and instead argues there could be other factors which made the organisation successful – even going as far as simply being due to luck. The concept of what is 'good', may only appear so because the organisation is doing well.

Finally, Osborne (2010) presents an essay which asks the question whether it is time for a new theory of public sector service delivery. Setting the scene of Hood's (1991) article on new public management (NPM) which drew upon private sector management practices for public sector organisations, he acknowledges that a unified body of public sector management theory influenced by private sector experience has not occurred. Separate to this however, he notes that an alternative theory of services management has developed over the last thirty years which, Osborne argues, has been largely ignored in a public sector context. Osborne therefore seeks to explore the impact of services management theory to public service management.

Osborne notes key aspects of service management, including the fact that services are intangible. With services both production and consumption can occur simultaneously; and within services, the consumer can also be a co-producer of the service. Further to this, four examples are provided exploring the application of services theory to public services.

In this, citing Gronroos (2000, P.63) Osborne firstly notes that services '*only have processes to offer their customers*'. He argues this has significant implications when managing and delivering public services, and also that there is less literature focussing upon the processes associated with public service delivery compared to the focus upon outcomes. Similarly, Osborne notes literature has focussed upon the evaluation of impact, rather than evaluation of the process of networks or the impacts of the networks themselves.

Secondly, Osborne argues that traditional marketing approaches are out of step with the needs of service management, and provides the example that public service is not about selling per se but about building trust and enduring relationships with service users. Thirdly, the role of innovation is recognised in the reform of public sector organisations, however, much of this has been drawn from manufacturing literature. Osborne argues that the services management literature can offer a perspective on innovation with a services context, but which is absent from public management discussion.

Fourthly and finally, Osborne notes co-production, whereby traditional forms of service delivery are enhanced by adding value through the engagement of service users by providing additional information to the service provider. This consultation with service users ultimately enhances public service delivery processes.

In conclusion, Osborne asserts that "*far too much public management theory is embedded within the traditional, manufacturing based, body of management theory*" (Osborne, 2010, P.7). From this, he concludes that whilst part of the reason is based in Hood's New Public Management (Hood 1991), he also believes that part of the responsibility should lie with the academic research community having not focussed upon the service management literature.

2.5.5 The Performance Gap

This section focusses upon the performance gap between the customer and organisational perspectives towards service delivery identified earlier in the thesis literature. Two papers are presented which illustrate the extent to which organisations find it difficult to meet their customer's needs in practice.

The first paper presents research by Hult et al (2017) entitled 'Do managers know what their customer think and why?', and investigates the extent to which managers' perceptions of the levels and drivers of their customers' satisfaction and loyalty align with that actually expressed by their customers. The authors work from the (not unreasonable) basis that managers should be aware of what their customers think of their services and products, that managers should also know why their customers hold the perceptions of their services and products that they do, and thirdly that managers should be able to understand what drives satisfaction.

To understand this, the authors used 70,000 responses from the American Customer Satisfaction Index (ACSI) and over 1,000 manager responses from ACSI measured companies. The authors note that within this dataset, the large consumer-focussed organisations included in their study characteristically use customer satisfaction monitoring and feedback systems, thereby suggesting this should provide a good understanding of customer perceptions.

However, from this, it was found that managers generally failed to understand their customers by overestimating their levels of customer satisfaction whilst also misunderstanding the drivers of customer satisfaction, i.e. their impression was that service was better than customers actually perceived it. Hult et al (2017, P.49) refers to this as "*ingrained optimism*", and proffers reasons for this disconnect including managers not being completely exposed to the feedback, or them not interpreting or remembering it accurately – either way, however, Hult et al assert that this is likely in managers failing to act when they should. In addition to this, Hult et al note their finding that managers significantly underestimate the proportion of their customers who have recently complained. Again, in practice Hult et al assert this is likely to combine to bring a position whereby managers are less likely to see the need to improve their services or products.

In relation to the drivers of satisfaction, Hult et al's results were clear in illustrating that managers generally do not accurately understand the drivers of customers' perceptions of an organisation's services or products. Similar to the above finding, Hult et al assert that the impact on practice is that even if managers recognise the need to improve, they are unlikely to do so in ways that have the most likelihood of increasing perceptions of customer satisfaction.

To address this difference in perception, one of the suggestions from the researchers is that managers could take their own organisation's measures of customer feedback and translate these into managerial versions of the same questions. These could then be compared against customer scores to establish the mis-alignments within their own organisation. Additionally they recommend that customer feedback data and driver analysis is added to all recommendations for action to improve customer satisfaction, which should support any customer satisfaction improvement efforts. They also note that for organisations who do not have formal customer feedback systems in place, that managers should consider how they "*communicate and establish* *the credibility of the customer feedback produced*" (Hult et al, 2017, P.50), with this supporting the likelihood of action.

The second paper considers similarities to Hult et al by focussing upon the concept of customer centricity. The paper, entitled 'The path to customer centricity' by Shah et al (2006) firstly positions their theme by arguing that despite the benefits of customer centricity being discussed for more than 50 years, many organisations still struggle to fully align themselves with the concept. They cite Drucker (1954) who, in his book 'The practice of management' wrote that "*it is the customer who determines what a business is, what it produces, and whether it will prosper*" and Levit (1960) "*who proposed that firms should not focus on selling products but rather on fulfilling customer needs*" (Shah et al, 2006, P113).

The authors note that, historically, companies were product-centric, resulting in organisations being more internally focussed, but recognise Galbraith's (2005) concept that managers can operate product-centric firms with a cosmetic gloss of customer focus around the edges, and Hart's (1999) view that customer centricity seems easier for large organisations to assert than to build and sustain.

The authors perceive four broadly defined and interrelated issues and challenges. Firstly 'Organisational Culture' is noted, whereby a customer-centred culture reflects the behaviours that senior managers and employees deploy, and whereby culture can be an important facilitator or hinderance on performance. Secondly, 'Organisational Structure' refers to achieving the ideal of having all activities integrated and aligned to deliver superior customer value and is in contrast to product-centred approaches. Thirdly, 'Processes' are recognised to be a barrier in the sense that processes associated with sustaining customer relationships differ from those associated with customer transactions, and the key challenge of matching the customer's requirements with the right service or product. Fourthly, 'Financial Metrics' are cited as being important in transforming from product centred to customer centred measures of the impact of adopting a customer orientation – recognised as not being an easy task, and one which lies in intangible outputs such as customer satisfaction.

In overcoming these challenges, the authors cite a study from 2002 involving the American Marketing Association which found the most difficult challenges were those from within the organisation, such as cooperation between departments, influencing change, and leading integrated corporate-wide change initiatives focused upon increasing customer-value. Addressing such issues, Shah et al also note the importance of five areas.

Firstly, 'Leadership Commitment' refers to the role of both initiating and sustaining all initiatives required for customer centricity including organisational realignment, systems and process support, and revised financial metrics (Shah et al, 2006, P.119). Secondly, 'Organisational Realignment' is also noted as important, including moving to less hierarchical structures to more horizontal structures to connecting the customer to the product, the service delivery system, and the financial measurement system of the firm. Thirdly, 'Systems and Process Support' refers to ensuring all processes and activities contribute towards adding value for the customer. Fourthly, 'Revised Metrics' refers to the adoption of customer-centric metrics such as customer equity, customer satisfaction, and customer loyalty. Finally, fifth, Shah et al see 'Learning and Continuous Improvement' as the final factor for a customer-centric organisation, whereby they argue this can often support innovation and sustain performance excellence.

Overall, Shah et al write that they expect the concept of customer centricity to evolve, and that whilst the relevance, importance and associated benefits of customer-centricity may vary across different industries, organisations which managed to adopt a customer centric paradigm have benefitted in the form of superior financial performance, loyal customers, and competitive advantage.

2.5.6 Challenges of Turning Customer Satisfaction Feedback into Actionable Performance Improvements

Rego et al (2013, P.13) write that customer feedback research consumes the largest proportion of most firms' market research budgets and that data collection costs are the single most expensive line item of customer feedback system costs. Beyond this however, collecting the data is just one part of the challenge –*what you do with it* presents another challenge in itself. Kaplan and Norton (1992, P.74) state that whilst customer-based measures are important, they must be translated into measures of what the company must do internally to meet its customers' expectations.

To illustrate this, the private company ‘Customer Champions’ quote a model on the home page of their website (which is regularly cited by TLF Research – the company who oversees the UK Customer Satisfaction Index measure - in their annual customer satisfaction conferences) illustrating how, in their experience, challenges in the process of collecting then delivering actionable changes from customer satisfaction feedback occurs in practice (Figure 24).

In this model, customer satisfaction influences service quality and performance as a cyclical and ongoing process, starting firstly with the measurement of customer satisfaction. This is then communicated to the employees, from which action planning takes place. The organisation then implements the action, and finally communicates the actions back to the customers, before commencing the process again. From TLF Research’s experience of working as a nationally based research firm, they advise that many companies across different sectors find it exceptionally difficult to follow and achieve every stage of the loop, with the percentage of organisations who undertake each stage of the loop diminishing significantly as the process develops.

Figure 24: “The Feedback Loop”: Percentage of Organisations Who Feedback Effectively, Customer Champions Survey (Customer Champions, 2014)

Following on from this, it is worth exploring three papers looking at using customer feedback in practice.

The first paper, similar to the Customer Champions model, considers the concept of the difficulty of turning performance feedback into actions. Using a research context of looking at the current state of customer loyalty management, Aksoy (2013) aimed to investigate how close practice came to normative prescriptions. The research undertook 92 telephone interviews with senior managers across a variety of firms spanning sixty unique industry segments in the United States of America.

Aksoy recognised that transforming customer [loyalty] data into customer insights forms a first stage in the process. Once collected, various analytic methods can be used to transform data into information in order to enable informed decisions to be made. However, Aksoy acknowledges that "*it is not clear to what extent firms utilise analytic capabilities and the level of sophistication they employ in the process*" (Aksoy, 2013, P.361).

Findings from his research firstly sought to establish whether the concept of customer loyalty was perceived to be a strategic priority (i.e. in line with the broad academic literature indicating the positive impact of customer loyalty on business performance). Aksoy found that the majority of managers (87%) were indeed in strong agreement that customer loyalty was a strategic priority. However after this point, a first identifiable gap began to emerge - despite the significant agreement on the strategic priority of customer loyalty, only a small proportion of firms (25%) had a formal definition of customer loyalty. Despite this, Aksoy found that the majority of firms did have a tracking process for customer information, including customer satisfaction ranking the highest (63%), followed by likelihood to recommend (60.9%), customer complaints (51.1%), likelihood to repurchase (39.1%) and then several others ranking under 30% usage. Whilst overall a total of 73% of firms in the study displayed customer survey tracking systems, Aksoy found that the majority were not taking full advantage of the tools available to fully understand, model and analyse the customer information gathered.

Aksoy proceeded to investigate two further stages – how customer loyalty information was disseminated within the organisation, and secondly the relationship to business performance outcomes. Taking the dissemination of information first, he found that formal management reports were the most popular method (45.7%), followed by formal employees presentations (43.5%) and email newsletters to staff (41.3%). Regarding the frequency of the dissemination of information, he found the most frequent occurrence was formal reporting to senior management on a quarterly reporting basis (14.1%), once a month (14.1%), then once a week (8.7%). For employees, the largest proportion had formal presentations occurring every quarter (15.2%), followed by once a month (10.9%), then once a year (6.5%). Secondly, when considering the firms' relationship to performance outcomes, Aksoy found that 47.8% of firms linked customer loyalty information with company financial performance data, predominantly through profitability measures (29%) and sales revenue (23.5%).

When concluding his findings, Aksoy stipulates that to the best of his knowledge, his research presents the first study of what managers are doing in practice to track and engage their customers in relation to customer loyalty and how this relates back to what the broader literature prescribes. Gaps were noted between managers who recognised of the importance of customer loyalty and the lack of firms' formal definition of customer loyalty, whilst customer satisfaction and likelihood to recommend were found to be the two most tracked measures. Most importantly however, the research suggests there is much more that can be done by managers in practice when transforming customer data into insights, and that top management should recognise that data driven decision making needs to become a priority. Finally, Aksoy recognises that there is a need for more frequent customer loyalty information dissemination – including at top management, employee, and client levels. These findings support better understanding the concept of translating customer-based feedback to operational actions.

The second paper included here is by Caemmerer and Wilson (2010), exploring the antecedents and consequences of different customer feedback mechanisms and their contribution to service improvement. The authors acknowledge that "*it has been recognised that it is of paramount importance to service operations to understand how customer feedback mechanisms can be implemented to enhance organisational learning in order ultimately to improve service quality"* (Caemmerer and Wilson, 2010, P.289).

Their study focussed upon a case study of an economic development agency in the UK, identifying how middle managers evaluate the relative contribution of different customer feedback mechanisms, and how they use them to develop customer knowledge and improve services; whilst also assessing the extent to which implementation of customer feedback mechanisms contribute to organisational learning.

The authors cite Awuah (2006) who recognises that the ability of an organisation to both understand and satisfy customers' needs and wants can be considered a key competence in the ability to improve competitive advantage. In undertaking this, they argue that the role of organisational learning is important, such as enhancing knowledge and decision making, improved internal communication, along with motivation and commitment to organisational performance. Overall, however, they recognise that the gathering of customer feedback is particularly relevant for service operations management, but that it "*is of paramount importance to service operations to understand how customer feedback mechanisms can be implemented to enhance organisational learning in order to ultimately improve service quality*". (Caemmerer and Wilson, 2010, P.289).

Citing Perry (1998); Stake (1995); and Voss et al (2002), the authors wrote that they chose one organisation as a case study as they saw the implementation of customer feedback mechanisms as a complex social process that can only be investigated in a real-life setting (Caemmerer and Wilson, 2010, P.293). A research design using interviews was developed to explore how managers evaluated customer feedback mechanisms and which factors influenced attitudes, along with an employee survey.

The findings suggested that middle managers thought customer feedback gathered at local levels reflected greater contribution to organisational learning than national level organisation-wide surveys, due to the fact they felt they provided more meaningful data. Additionally, the organisational-wide survey was less well regarded, due to factors such as inconsistencies in results, problems with the interpretation of the results, and increased time spent on gathering and analysing the data.

It was noted that middle managers' attitudes towards the contribution of organisational learning capabilities of customer feedback mechanisms can influence how customer feedback is used at local branch levels. Therefore, Caemmerer and Wilson conclude that managers play a key role in the development and facilitation of customer feedback for organisational learning, and that establishing open discussions about implications for service improvements and sharing best practice may assist with managerial commitment.

The third paper presented here is by Morgan et al (2005), which focusses upon how organisations collect and use customer satisfaction information. The authors note this is a limited area of academic knowledge by writing:

"little is known about the processes by which firms actually collect and use customer satisfaction information (CSI). Many important questions remain unanswered: what are the key processes that should constitute firms' customer satisfaction information usage (CSIU)? What do firms actually do in practice? Are there areas in which CSIU practice is at variance with normative prescriptions , and if so, why? And does CSIU enable firms to gain significant customer-based insights and thus gain competitive advantage?" (Morgan et al, 2005, P. 131)

Setting their work in context, the authors write that the purpose of their paper is to identify the internal processes by which firms monitor and use customer satisfaction information. They do so by firstly using insights from literature to focus the inquiry, and then undertook 142 manager interviews across 37 firms which widely ranged in size and industry type. Finally, the conceptual framework and fieldwork observations regarding the CSUI were discussed in a focus group with 12 managers from 7 firms. From this they develop a CSIU model (Figure 25), then they apply their model in practice. From this, they identify contingency factors which affect how organisations implement customer satisfaction information.

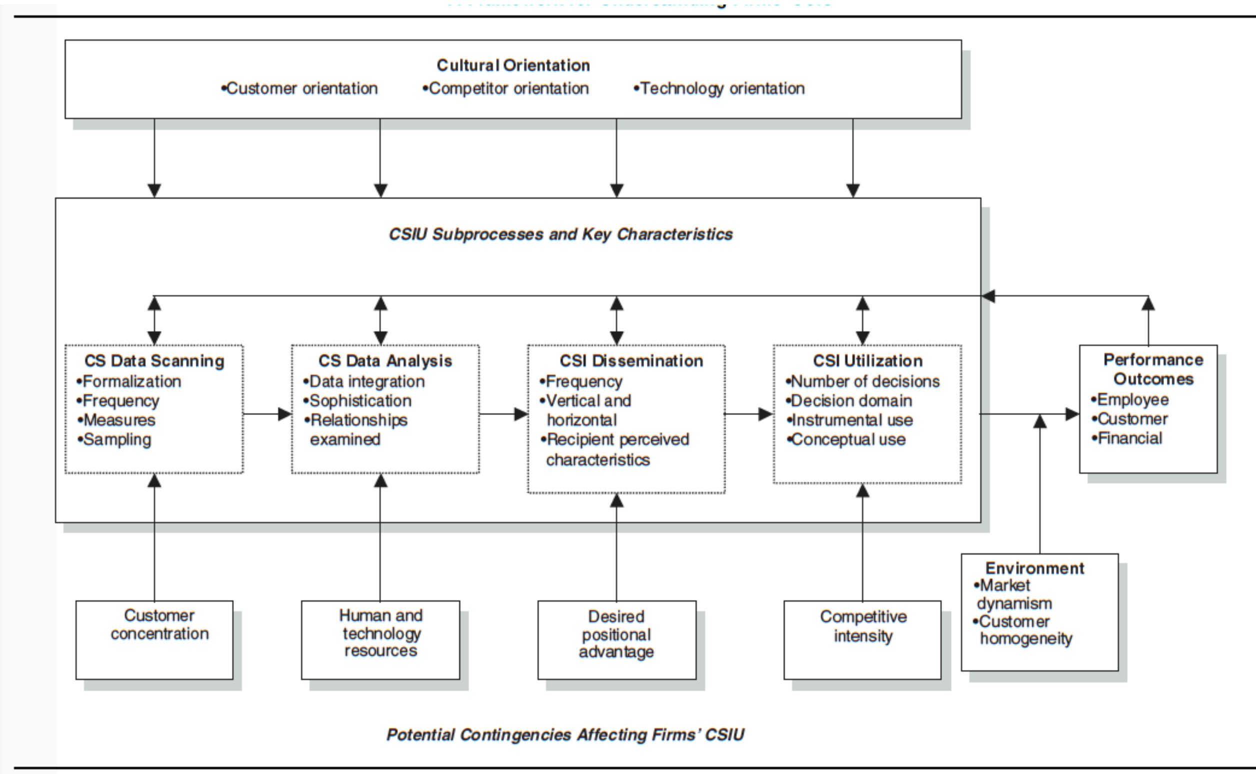


Figure 25: A Framework for Understanding Firms CISU. (Morgan et al, 2005)

Within this, the broad concepts of data gathering, analysing, disseminating, and using can be considered similar to those identified in the Customer Champions model presented earlier, with performance outcomes (in the context of the customer, employee, and financial) being subsequently influenced. Overall, the authors assert that the creation and successful management of CSIU systems could enable superior understanding of customer needs and enable more efficient and effective organisational responses, contributing to the success of the organisation.

2.5.7 Summary of Key Points

A summary of key points from the literature identified in this chapter can be seen in Table 5. This firstly includes recognition that in social housing the focus for service improvement should be by utilising data and information from customers in the decision-making process. However, drawing more broadly across all sectors, it was recognised that staff can fail to understand their customers due to overestimating their levels of customer satisfaction and organisations can struggle to fully align themselves with a customer-centric paradigm. Furthermore, the importance of organisational learning from customer feedback and how this is used can influence organisational efficiency and effectiveness.

Table 5: Summary of Ten Influential Papers Highlighting Key Points, Chapter 2, Part 4

Author	Key Point/s
Mittal, 2018	Non-profit organisations have traditionally found it harder to understand the benefits from satisfying their customers. Non-profit organisations should start by satisfying customer needs.
LeRoux and Writght, 2010	Recognises the increase in performance management systems in non-profit organisations, but the research gap focussing upon performance information use in non-profits.
Manville and Broad, 2013	Suggests that it is not performance management systems which influence success, but the resulting management culture which develops as a result.
Richardson, 2010	Asserts the focus should be on service improvement, utilising data and information from customers in the decision-making process.
Osbourne, 2010	Recognises that service delivery is enhanced by adding value from engagement of service users by providing additional information to the service provider.
Hult et al, 2017	Found that managers generally failed to understand their customers by overestimating their levels of customer satisfaction whilst also misrepresenting the drivers of customer satisfaction.
Shah et al, 2006	Asserts that despite the themes of customer centricity has been discussed for more than 50 years, many organisations still struggle to fully align themselves with the concept.
Aksoy, 2013	Recognises there is much more that can be done in practice by managers when transforming customer data into insights.
Caemmerer & Wilson, 2010	Illustrates the importance of organisational learning that results from customer feedback mechanisms.
Morgan et al, 2005	Identifies how organisations collect and use customer satisfaction information. The authors assert that the successful management of this could enable superior understanding of customer needs and enable more efficient and effective organisational responses, contributing to organisational success.

2.5.8 Chapter 2, Part 4: Conclusions

This chapter has presented a review of performance improvement literature in a social housing context, whilst also acknowledging wider theoretical approaches.

A definition for performance improvement in a social housing context was offered by the author, whilst also noting performance improvement literature in a social housing context. Public sector performance improvement theories were noted, before considering the performance gap seen between differing organisational and customer perceptions of service. From this, the challenges of turning customer satisfaction feedback into actionable performance improvements was noted, setting the context for the wider research outlined in the following chapter, Chapter 3: ‘Methodology’.

2.6 Chapter 2: Literature Review Conclusions

The literature review has focused upon three areas of study – i) customer satisfaction, ii) service quality, and iii) performance improvement – relevant to both social housing and broader performance improvement contexts. Through the writing, relevant gaps in the literature pertinent to academic study have begun to emerge.

In relation to customer satisfaction, the literature identified that the topic presents a heterogeneous area of study. On presenting works which suggested defining customer satisfaction has challenged scholars over the decades, it has been argued that, nonetheless, customer satisfaction can be perceived on a range of cognitive emotion, that it focusses on the customers’ experience and not the perception of the organisation. Furthermore, it is a very suitable topic for social housing sector-based research due to its requirement of meeting an individuals’ *needs*.

Relevant papers exploring customer satisfaction in a performance improvement context have identified that the concept remains very relevant as a contemporary performance metric across the globe. Despite criticism and challenge by a small number of academics, it has been associated through multiple studies over many years as a positive influence on customer loyalty, profitability, repurchase intention, share of wallet, and shareholder value.

When taking a social housing perspective to customer satisfaction literature, despite the sector having a history of government-enforced customer satisfaction measurement (1999 – 2010) followed by a period of voluntary organisational participation (2010 – current), it was surprising to find a paucity of academic writing on the topic. This highlighted a first gap in knowledge in establishing whether customer satisfaction has remained relevant as a measure since de-regulation of the social housing sector in 2010. It also identified a second gap in that the literature review found no identifiable academic studies empirically examining the positive benefits leading from customer satisfaction in the social housing sector, such as had been seen in many other sectors and industries. A third gap can be identified by the study focussing upon the use of the UKCSI – no academic studies, within or outside of the social housing sector have to date used the UKCSI. This is unlike other national indexes of customer satisfaction, such as the ACSI (American customer Satisfaction Index) and SCSB (Swedish customer satisfaction barometer) from which many seminal customer satisfaction papers have been based.

In relation to service quality, the literature review on service quality positioned the work from a user perspective and noted differences between *business process quality* (or internal organisational quality) and *customer-perceived quality*. Differences between customer satisfaction and service quality were also noted, with literature presented arguing that these should therefore be perceived differently. Importantly, literature was also presented to show that an increase in one (service quality or customer satisfaction) is therefore likely to lead to an increase in another, arguing therefore that quality-improvement initiatives should not just focus on improving customer satisfaction, but also focus upon improving customer perceptions of overall service quality.

As seen with the customer satisfaction literature, whilst there are papers focussing upon service quality and performance improvement across other industries and sectors, there appears to be less academic writing on service quality in a service operations management context specifically for the social housing sector. The limited papers presented here however have alluded to the link between service quality, service performance, and quality of life, whilst also acknowledging how disadvantaged consumers may more passively accept inferior service. As social housing providers aim to help disadvantaged groups, this is generally helpful in terms of providing a wider contextual setting. Overall, through presenting a range of service quality models, a fourth gap emerges in terms of there being a lack of academic writing associated with how customer satisfaction feedback influences services quality in more practical ways.

In relation to the performance improvement literature, a fifth gap in knowledge emerged in terms of understanding what the performance of social housing providers looked like compared to other sectors in the UKCSI, that is to say, establishing if social housing providers could compete at the same levels of performance. Also within this gap, a lack of understanding of the long term trends for social housing providers using the UKCSI measure can be noted, i.e. what are the differences between the highest and lowest performance of social housing providers, and what are the performance trends compared to other sectors. Identifying this could assist academics and managers in better understanding the service performance challenge in the social housing sector.

Taken overall, the five gaps identified here can be brought together and summarised as there being a lack of academic knowledge on how customer satisfaction feedback influences service quality and performance improvement in a social housing context, and how customer satisfaction feedback can influence practice to maximise performance improvements, ultimately achieving benefits for social impact.

The next chapter, Chapter 3: Methodology, outlines the research design aimed to best address these gaps.

Chapter 3 Methodology

3.1 Introduction

This chapter describes the methodology of the research design. A description of philosophical and theoretical positions are provided, along with ontological and epistemological positions. Leading from this, a detailed overview of the complete research design is presented. The chapter closes with a description of the ethical considerations, research limitations, and contribution to knowledge.

As this chapter describes the four studies within the research design, a summary is presented in Table 6 to outline the sequence and characteristics of the studies (e.g. sampling approach, type of participant, type of data collection, and data source).

3.2 Gap in Knowledge, Research Question and Aims

Based on the literature review presented in Chapter 2, ultimately the focus of this research study seeks to increase knowledge of two gaps in the customer satisfaction feedback and social housing literature. The first gap relates to the need for better understanding of *what* the relationship between customer satisfaction and service quality actually is, i.e. empirically, can a phenomena be identified and is the relationship between the two variables significant? This will be investigated using quantitative research. If a significant relationship can be identified, there is then a further question of exploring *how* this works in practice – what are the processes, actions and practices associated with this to maintain and improve service performance? This will be explored using qualitative research.

Taking both of these themes of investigation together, a mixed methods approach will be used addressing the following research questions and aims:

> ***Research Question 1 (Central Research Question):*** *"How does customer satisfaction feedback influence service quality and service performance in English social housing?"*

Table 6: Sequence and Characteristics of the Research Studies

	Year/s	Study	Sampling Approach	Type of Participant	Type of Data Collection	Data Source
	2012-2019	N/A	Quantitative	N/A		
	2012/13	**Exploratory Quantitative Research: Study 1**		Respondents with responsibility for customer satisfaction measurement	Primary Data: Online Survey	National Housing Federation
	2014/15	**Exploratory Quantitative Research: Study 2**		Service users / customers (both within and outside of social housing to gain an 'inside' and 'outside' perspective)	Secondary Data: TLF Research data directly comparable with UKCSI data	TLF Research (the company who oversee the UKCSI on behalf of the Institute of Customer Service)
	2015/16	**Exploratory Quantitative Research: Study 3**		UKCSI survey respondents (social housing)	Secondary Data: UKCSI data	Institute of Customer Service
	2016/17	**Main Qualitative Research**	Qualitative	Social housing staff: Senior Management; Housing Management; and research staff	Face to Face Interviews	Two housing associations using the UKCSI measure identified and initially introduced to the Author via TLF Research. Also, one pilot study organisation identified by the Author.

Aim 1: *Timed just 3 years after de-regulation of customer satisfaction measurement in the English social housing sector, this study explored whether customer satisfaction measurement remained relevant*

Aim 2: *This study aimed to understand how tenants perceive service performance in the social housing sector and compared to other sectors.*

Research Question 2: *"What are the key stages involved in the customer satisfaction feedback / service performance improvement process?"*

Research Question 3: *"Are higher performing social housing organisations more effective at using customer satisfaction feedback to influence service performance improvements than lower performing social housing organisations?"*

It should be noted that the English social housing sector is specified in the central research question as opposed to social housing across the UK as a whole. This is due to different regulatory, policy and performance requirements in other parts of the UK.

3.3 Philosophical and Theoretical Position: Pragmatism and Practice Theory

This study applies pragmatism as its philosophical position and practice theory as its theoretical position.

Firstly, pragmatism has been chosen as Denscombe (2008, P.273) states it is generally regarded as the philosophical partner for the mixed methods approach, distinguishing the approach from purely quantitative approaches that are based on a philosophy of (post) positivism and from purely qualitative approaches that are based on a philosophy of interpretivism or constructivism.

Pragmatism originated from the twentieth-century American philosophers including William James (1842 – 1910) and John Dewey (1859-1952) and is centred on the linking of practice and theory. Easterby-Smith et al (2012, P.32) write that "*Dewey, in particular, talks about the need to balance concrete and abstract on one hand, and reflection and observation on the other*" whilst Hollis (2008, P.77) describes pragmatism as follows:

> *"Pragmatism insists that the mind is always active in deciding what counts as knowledge. Yet, although that makes all our concepts and beliefs revisable, revisions are to be made in the light of experience. To put it paradoxically, theory governs experience and experience governs theory".*

Pragmatism can be argued to justify mixed methods research due to the fact that it offers a middle position philosophically through a practical and outcome orientated method of inquiry that is based upon action, offering a way for selecting methodological mixes that assist researchers in better addressing many of their research questions (Johnson and Onwuegbuzie, 2004, P.17).

To complement the philosophical position, this research study is presented through a theoretical lens of practice theory, whereby contemporary thinking on questions of practice in philosophy recognise the "*parallels between and complementariness of pragmatism and practice theory*" are noted (Buch and Schatzki, 2019, P.1).

Feldman and Orlikowski (2011, P.1240) describe that practice theory is an emerging field which "*has much to offer scholars of organisation …with its focus on dynamics relations, and enactment, [it] is particularly well positioned to offer powerful analytical tools*". They write that "*central to a practice lens is the notion that social life is an ongoing production and thus emerges through people's recurrent actions*". Feldman and Orlikowski suggest that practice theory can offer three ways of studying practice – i) an empirical focus recognising the centrality of people's actions to organisational outcomes; ii) a theoretical focus concerned with specific explanations for everyday activities, for instance how these are created and how they operate within different contexts over time, and iii) a philosophical focus which "*sees the social world as brought into being through everyday activity*" (Feldman and Orlikowski, 2011, P.1241).

Schatzki (2002, P.87) writes that "*a practice is a temporally evolving, open-ended set of doings and sayings linked by practical understandings, rules,* *teleoaffective structure, and general understandings*”[1], and that practices “*are social phenomena*”. Writing in 2006 (P.1863), Schatzki goes onto explain that organisations have two basic components, that of the performance of its constituent actions and practices, and additionally the occurrence of events whereby its material arrangements causally support these activities. These are set in the context of real-time events as they are happening, but also in the context of the teleological past, present, and future of organisational actions, therefore structure of practice should be understood as organisational memory.

Nicolini (2012, P.11) argues that practice theories are particularly attractive for modern organisational studies and have the capacity to provide a processual view of organisational matters. Nicolini (2012, P.6/7) argues that a practice-based view of social and human phenomena is distinctive in five ways:

1. It emphasises that behind all the apparently durable features of our world, there is some type of productive and reproductive work which transforms the way we conceive social order and conceptualise the apparent stability of the social world;
2. It forces us to re-think the role of agents and individuals, e.g. managers, the managed, etc;
3. It foregrounds the importance of the body and objects in social affairs;
4. It sheds new light on the nature of knowledge and discourse; and,
5. It reaffirms the centrality of interests and power in everything we do.

Importantly, Nicolini adds that adopting a practice-based approach also constitutes a radical departure from the traditional ways of understanding social and organisational matters and includes seven examples as follows:

1. A practice-based approach suggests that the basic units of analysis for understanding organisational phenomena are practices, not practitioners;
2. Practice theories do more than just describe what people do (they are meaning-making, identify-forming, and order-producing activities);
3. They consider cognition and sense-making as emerging from the practices carried out in an organisation;

[1] Welch (2017, P.1) explains teleoaffective formations as “*configurations across multiple practices that enjoin those practices to common ends, ordering their affective engagements and offering general understandings through which participants make sense of the projects they pursue*”

4. The practice view embraces the idea that organisation emerges as the result of sense-making;
5. Practice theories suggest that organisations are made and remade thanks to material and discursive work;
6. Practice theories accept that discursive practices are central to the construction and reproduction of all organisational and social things, but resist the idea that language and discourse alone can explain all the features of organisational life.
7. Practice theories depict the world in relational terms as being composed by, and transpiring through, a bundle or network of practices.

Feldman and Worline (2016, P.307) write that practice theory consists of a family of ideas which rather than providing a unified theory, place emphasis on practice and the human action involved in practice. Additionally, they recognise that "*practices are always unfolding*" (Feldman and Worline, 2016, P.321). It is also recognised that practice theory fits with service operations management and can bring novel insights, particularly when operations are complex and emergent (Brandl et al, 2017). It can therefore be argued that practice theory is particularly useful when considering the topic of customer satisfaction feedback, service quality and service performance improvement, as it allows for active agency and the recognition that services continually change shape and evolve.

In the book entitled 'How to conduct a practice-based study', Gherardi (2012 P.2) writes that, "to assume a practice point of view is therefore to develop a conception *of the organisation as a texture or web of practices which extend internally and externally to the organisation…. which makes it possible to bring the study of work closer to the study of organising, and to view both of them not only in their interrelations but as processes which take place in time and therefore in a 'becoming'*". Gherardi (2012, P.4) continues by saying that "*from a theoretical point of view, practices enable us to see how normativity (of sense, consensus, as well as prescription) emerges from situated action; whilst from the methodological point of view, the practice-based approach enables us to analyse a practice as the locus of ordinary prescription*".

3.4 Ontology, Epistemology and Methodology

Derived from the Greek word for ‘being’, ontology concerns itself with what exists (Blackburn, 2016). Referring to ontology as *the nature of being*, Easterby-Smith et al (2012, P.19) summarise four different ontologies, as illustrated in Table 7. Using this, the ontology for the thesis research can be best described as ‘internal realism’.

Table 7: Four Different Ontologies (Easterby-Smith et al, 2012, P.19)

Ontology	***Realism***	***Internal Realism***	***Relativism***	***Nominalism***
Truth	Single truth.	Truth exists, but is obscure.	There are many ‘truths’.	There is no truth.
Facts	Facts exist and can be revealed.	Facts are concrete, but cannot be accessed directly.	Facts depend on viewpoint of observer.	Facts are all human creations.

Epistemology can be described as *the theory of knowledge*. Blackburn (2016) writes that central questions around epistemology include “*the origin of knowledge, the place of experience in generating knowledge, and the place of reason in doing so; the relationship between knowledge and certainty, and between knowledge and the impossibility of error; the possibility of universal scepticism; and the changing forms of knowledge that arise from new conceptualisations of the world*”.

When considering epistemological factors, Easterby Smith et al (2012, P.25) present a table (illustrated in Table 8) of the methodological implications of different epistemologies. Using this, the epistemology for the thesis research can be best described as ‘internal realism’.

Table 8: Methodological Implications of Different Epistemologies (Easterby-Smith et al, 2012, P.25)

Ontologies	***Realism***	***Internal Realism***	***Relativism***	***Nominalism***
Epistemology / ***Methodology***	**Strong Positivism**	**Positivism**	**Constructionism**	**Strong Constructivism**
Aims	Discovery	Exposure	Convergence	Invention
Starting point	Hypothesis	Propositions	Questions	Critique
Designs	Experiment	Large surveys; multi-cases	Cases and surveys	Engagement and reflexivity
Data types	Numbers and facts	Numbers and words	Words and numbers	Discourse and experiences
Analysis / interpretation	Verification / falsification	Correlation and regression	Triangulation and comparison	Sense-making; understanding
Outcomes	Confirmation of theories	Theory testing and generation	Theory generation	New insights and actions

When expanding this further, the research ‘onion’ presented by Saunders et al (2016) illustrating the various sub-layers of thinking behind research proposals acts as a useful guide. This is shown below in Figure 26.

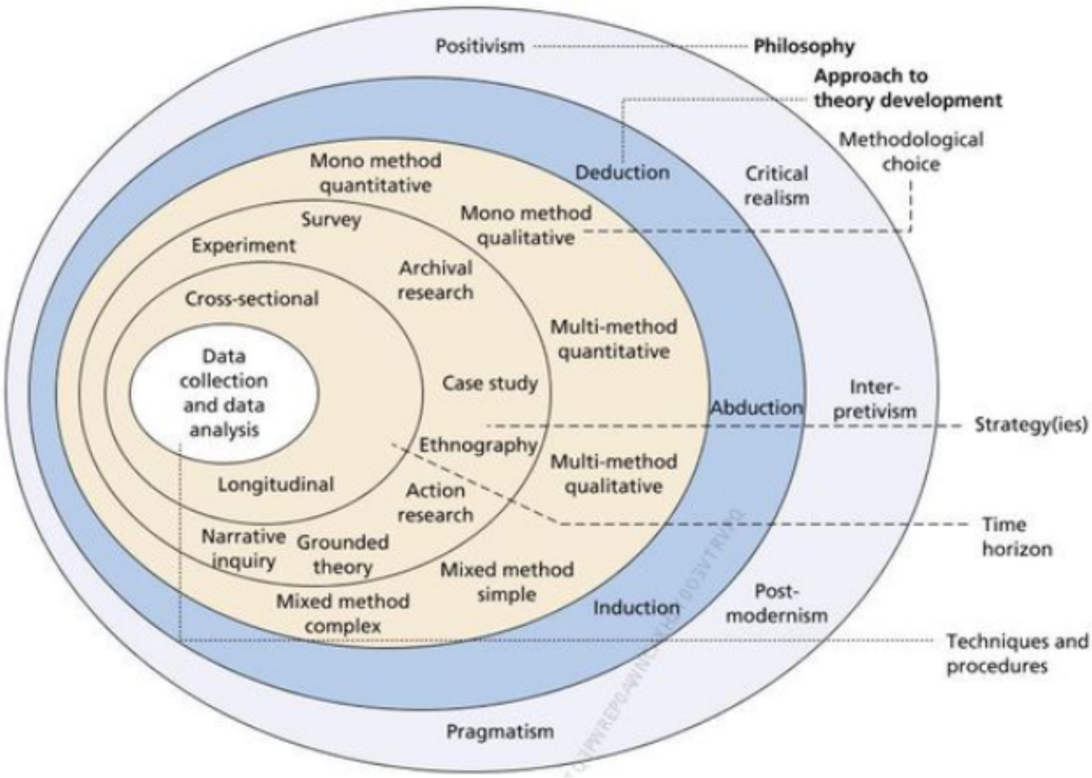


Figure 26: The Research 'Onion'. (Saunders et al 2016, P.124)

Using this as a basis to illustrate an overview of the research proposal, the following elements for this study can be seen:

i) *Philosophy*: Pragmatism (thus enabling mixed methods research);

ii) *Approach*: Deduction (quantitative research) and abduction (qualitative research);

iii) *Methodological Choice*: Mono-method quantitative and multi-method qualitative;

iv) *Strategies*: Experiment (quantitative research) and case study (qualitative research);

v) *Time Horizon*: Cross-sectional (for both quantitative and qualitative approaches);

vi) *Techniques and Procedures*: Quantitative analysis of secondary data (Mixed Methods Study 1), and qualitative analysis of primary data gained through case study interviews (Mixed Methods Study 2).

Before presenting specific details of the quantitative and qualitative research designs, it is firstly worth addressing the fact that some academics perceive a mixed methods methodological choice to be controversial and incompatible. Therefore, the following section explores some of the debates around mixed methods research and a justification for its use in this study.

3.4.1 Justifying Mixed Methods Research

To justify the use of a mixed methods research design it is necessary to clarify the key differences, strengths, and weaknesses of positivist and interpretivist research positions.

Positivism is credited to the French philosopher Auguste Comte (1798-1857) whereby information is obtained through sensory experiences or observed facts, and then logical and mathematical approaches are applied to the information gained. For social science research, positivist research designs usually seek ‘social facts’ based on data by investigating hypothesis about the world, looking for patterns, causal relationships or predictions, which will be either proved or disproved.

Quantitative research designs offer a range of potential strengths such as the fact they offer a relatively quick process and can provide broad coverage whilst being delivered efficiently. Criticisms against purely positivist research designs raise issue with the fact that the narrow focus does not suit all aspects of social science research, and indeed could therefore be limiting to understanding social phenomena. Easterby-Smith et al (2012, P.27) cites that weaknesses in positivist methods include a tendency “*to be rather inflexible and artificial, they are not very effective in understanding processes or the significance that people attached to actions, and they are not very helpful in generating theories*”.

When considering interpretive research designs using qualitative methods, Rosenberg (2008, P.27) acknowledges that over the course of the past hundred years positivist (or as he describes it as ‘naturalist’) reconciliation of prediction and intelligibility has been subject to repeated objection, whereby critics argue that the aim of social science must be intelligibility and its means should be interpretation. According to Benton and Craib (2011, P.234), the term ‘interpretivism’ can be defined as “*a name given to those approaches that concentrate on the interpretation of human actions and cultural products*”. Max Weber (1864-1920), the German philosopher who is widely regarded as one of the three founders of sociology was “*primarily* *concerned with meaning, and in particular with individual meaning or the ways in which shared cultural meanings affected the actions of individuals*" (Benton and Craib, 2011, P.77). Hollis (2008, P.147 / P.148) cites Webers' declaration in the opening pages of Economy and Society published in 1922 which stated, "*the science of society attempts the interpretative understanding of social action*", by which he defined 'action' as "*all human action when and in so far as the acting individual attaches subjective meaning to it*".

Single qualitative research designs can offer strengths of providing a wealth of information in terms of identifying the reasons, motivations, or behaviours behind certain beliefs, decisions or actions, and therefore present a very different approach to the quantitative / positivist research methods described earlier. Like quantitative research designs, qualitative approaches also have limitations. Weaknesses can typically include longer time scales to collect and analyse data (therefore leading to potentially higher costs to undertake the research due to additional time and resources needed), smaller (but perhaps more defined) scope, and responses are likely to need coding (or interpreting) to gain clarity of key themes emerging from multiple sources.

Mixed methods research designs can offer an alternative approach. Creswell et al (2007, P.5) define mixed methods research as follows:

> *"Mixed methods research is a research design with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many phases in the research process. As a method, it focuses on collecting, analysing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach alone".*

When considering the use of mixed methods research designs, it is interesting to note that debates on the use of the approach still continue, with even academics themselves not openly stating the use of mixed methods approaches in their research. This is illustrated by Harrison (2013, P.2153) who undertook a literature review of mixed methods approaches in the Journal of Business Research over a 20 year period. During this time, 2,072 mixed methods articles were identified but he argued that not one recognised or mentioned knowledge of mixed methods procedures or cited mixed methods research.

Johnson et al (2007, P.112), writing in the work ‘Toward a Definition of Mixed Methods Research’, sees mixed methods research as “*the third methodological or research paradigm (along with quantitative and qualitative research)*”. Aside from philosophical debates around the use of mixed methods research, limitations can be considered in that it is not a solution for all situations – other single method research designs may better. Creswell et al (2011, P.7) states that:

> *“There are times when qualitative research may be best, because the researcher aims to explore a problem, honour the voices of participants, map the complexity of the situation, and convey multiple perspectives of participants. At other times, quantitative research may be best, because the researcher seeks to understand the relationship among variables to determine if one group performs better on an outcome that another group”.*

Despite these challenges, it is recognised that “*some of the strongest research programs are built upon multiple methods of data collection*” (Abbot, 2004, cited in Tracy, 2013, P.25). For example, when looking at the practical benefits that mixed method research can offer, Onwuegbuzie et al (2005, P.383) highlight that becoming a pragmatic researcher offers a number of advantages – first by enabling researchers to be flexible in their investigative techniques; secondly pragmatic researchers are also more likely to promote collaboration among researchers, regardless of philosophical orientation, and thirdly, pragmatic researchers are more able to combine empirical precision with descriptive precision. Lund (2012, P.157) identifies further advantages of mixed methods research, including a greater ability to answer certain complex research questions than one method used in isolation; qualitative or quantitative results may be complimentary to each other in mixed methods research; mixed methods research may provide more valid inferences; and finally, new theoretical insights may be generated where qualitative and quantitative results are divergent or contradictory due to greater reflection, revision of hypotheses, and further research.

Based on this, the rationale can be argued that the researcher who adopts a pragmatist philosophical position has the ability to apply quantitative, qualitative, or combined mixed methods approaches to research as they best see fit to investigate the research problem at hand, and is in a much stronger position than those who remain individually focussed on just one philosophical tradition.

Finally, writing from a qualitative perspective, Miles et al (2014, P.42) argue that "*we have to face the fact that numbers and words are both needed if we are to understand the world. The question is not whether the two sorts of data and associated methods can be linked during a study design but whether it should be done, how it will be done, and for what purposes*".

With this in mind, when identifying which types of research problems fit mixed methods approaches, Creswell (2011, P.8-11) puts forward a wide range of examples. These include that fact that: i) a need may exist because one data source may be insufficient, ii) a need exists to explain initial results, iii) a need exists to generalise exploratory findings, iv) a need exists to enhance a study with a second method, v) a need exists to best employ a theoretical stance, and finally, vi) a need exists to understand a research objective through multiple research phases.

For this study, the rationale for undertaking a mixed methods approach was simple – despite there being an established history of customer satisfaction measurement usage in English social housing, and despite there being empirical evidence of positive benefits of customer satisfaction predominantly in the private sectors, there had been (to date) no identifiable evidence of the empirical relationship between customer satisfaction and service quality specific to the social housing sector. There was a clear need to firstly establish what type of phenomenon - if any – existed. This formed the justification for the quantitative research approach. Once (or indeed 'if') this phenomenon was established, there was then a further need to extend this knowledge to understand more about how the influence took place, i.e. what processes and actions were involved. This formed the justification for the qualitative research.

The ordering of the mixed methods described above follows Creswell's 'Explanatory Sequential Mixed Methods' design (2014, P.220). Within this, Creswell describes the research as involving "*a two-phase project in which the researcher collects quantitative data in the first phase, analyses the results, and then uses the results to plan (or build on to) the second, qualitative phase*" whereby "*the overall intent of the design is to have the qualitative data help explain in more detail the initial quantitative results*" (Creswell, 2014, P.224). This is illustrated in Figure 27.

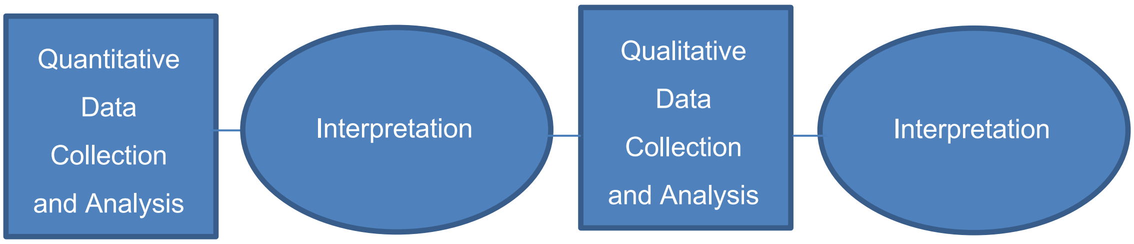


Figure 27: Creswell's 'Explanatory Sequential Mixed Methods Research Design'. (Creswell, 2014, P.220)

Following this justification of the use of a mixed methods approach in this study, further details of the quantitative and qualitative research designs are explained below.

3.5 Quantitative Research Design

3.5.1 Exploratory Quantitative Research: Study 1

Based on the social housing literature, it is clear that at the time of the data collection (2012/13) there were fundamental changes in the way customer satisfaction measurement was undertaken in the social housing sector. This de-regulation of the sector in 2010 meant that customer satisfaction measurement was no longer a regulatory requirement – this first exploratory research study therefore aimed to explore if social housing providers still perceived customer satisfaction to be relevant when it had become a voluntary practice.

A survey consisting of 32 questions (see Appendix 2 for the list of reported questions) was developed with the Author and PhD Supervisors using SNAP survey software, an online survey tool to generate a survey hyperlink from which responses would be returned directly to the Author for analysis. This explored the following themes:

- Current budgets and changes in annual budgets for customer satisfaction research
- Methods used for customer satisfaction and service quality
- The influence of customer satisfaction in decision making and having a positive influence on service improvement

- Reporting of findings for customer feedback
- Communication of customer satisfaction results
- Perceptions of organisational capability for innovation and the external environment associated with this

Agreement to circulate the survey was gained from the National Housing Federation, a representative organisation for social housing providers and who describe themselves as ‘the voice of affordable housing in England’ (2014). By using their in-house mailing list, it enabled the survey to be directly distributed to relevant staff in the sector, i.e. those with knowledge of customer satisfaction using their in-house mailing list. In total, 704 English housing associations were issued with the survey from which 95 usable responses were received.

The results are presented in Section 4.2 of Chapter 4.

3.5.2 Exploratory Quantitative Research: Study 2

Based on criticisms in the literature of benchmarking approaches in social housing in that it only provides a limited single-sector organisational perspective rather than a holistic perspective of the customer (who would benchmark their perceptions against their experiences with several different companies and organisations), this study aimed to better understand how tenants perceive service performance in the social housing sector compared to other sectors, exploring whether it makes a difference if customer satisfaction performance is benchmarked ‘inside’ or ‘outside’ of the social housing sector, and how tenant perceptions of performance are seen over time.

In order to investigate these issues, TLF research (the independent research company overseeing the UKCSI data collection and analysis on behalf of the Institute of Customer Service) were approached to analyse comparable data for both ‘within’ the social housing sector and ‘outside’ of the social housing sector. This can occur because TLF Research collate the data for the UK Customer Satisfaction Index on behalf of the Institute of Customer Service, but in doing so, they are able to use this national perception of customer satisfaction for all sectors and compare it to housing associations they work with on an independent basis. Thus, a unique perspective on social housing sector performance can be obtained for the first time.

Data analysis was requested, processed and provided in an MS Excel file format by TLF Research for six areas:

- Average Housing Association score set against the social housing sector only
- Average Housing Association score set against all sectors
- Average Housing Association score set against all sectors, reflecting the context of highest and lowest performing housing association
- Average Customer Satisfaction – All sectors, 10-year perspective
- Average Customer Satisfaction – Social Housing Sector, 10-year perspective
- Average Customer Satisfaction – Social Housing, Highest and Lowest Performers, 10-year perspective

The results are presented in Chapter 4, Section 4.3.

3.5.3 Exploratory Quantitative Research: Study 3

The aim of this element of quantitative research, previously presented at the 23rd International Annual EurOMA Conference, Trondheim, Norway (Williams et al, 2016) was to empirically investigate the relationship of customer satisfaction feedback and service quality in English social housing. This used secondary data sourced from the UKCSI Business Benchmarking Survey overseen by the Institute of Service (see ‘Data Access, Institute of Customer Service, Appendix 3), and was provided in an MS Excel file format.

It is worth noting that the UKCSI dataset can be considered to be a trusted source of data, as it is collected and analysed in a consistent and robust manner through a single Market Research Society accredited company (TLF Research, Huddersfield, UK) who are employed directly by the Institute of Customer Services to collect and analyse all of the UKCSI data. The company has organisational membership of the Market Research Society and neither they, nor the UKCSI, has been subject to criticism unlike the alternative measure of customer satisfaction in the social housing sector (Housemark’s STATUS survey, now STAR) which, as described earlier in Chapter 2, was subject to methodological concerns raised by Pawson and Sosenko (2012).

The empirical analysis sought to test a specific hypothesis. Creswell (2014, P.143) states that quantitative hypotheses “*are predictions the researcher* *makes about the expected outcomes of relationships among variables*". For the purpose of this thesis, a hypothesis is proposed as follows:

> *H1: There is a positive relationship between customer satisfaction and service quality orientated business performance*

A number of statistical approaches were used to test the hypothesis, including factor analysis and multiple regression as the main techniques. According to Field (2013, P.666 / 667) factor analysis is used to "*measure things that cannot be measured directly (so-called latent variables)*" and is "*a technique for identifying clusters of variables which correlate highly with each other*". Tabachnick et al (2014, P.57) state that factor analysis is often used when researchers want to understand underlying structure, Pallant (2013, P.188) writes that "*it is often used in the early stages of research to gather information about (explore) the interrelationships among a set of variables*", whilst Norman et al (2003, P.144) illustrate that factor analysis is perhaps the most widely used multivariate statistical technique. Multiple regression analysis will be used to estimate the relationships between the variables, which is in line with the goal of regression analysis to investigate the relationship between a dependent variable and several independent variables (Tabachnick et al, 2014, P.155).

The results are presented in Chapter 4, Section 4.4.

3.5.4 Strengths and Limitations of the Quantitative Research Design

For 'Exploratory Quantitative Research: Study 1', strengths can be identified as sourcing the data from a well-respected source (the National Housing Federation), whilst limitations can be noted associated with the quality of their database used to circulate the survey. Whilst this may not possibly hold details of every potential respondent in England, it offers a better probability of reach compared to the Author attempting to engage researchers across social housing providers on an individual basis.

For 'Exploratory Quantitative Research: Study 2', strengths can be noted through using the fat that secondary data was sourced from a highly respected organisation, TLF Research, who work on behalf of the Institute of Customer Service for the UKCSI measure. Conversely, limitations can also be noted in that the Author is required to have an element of trust that the data provided is accurate.

Finally. for ‘Exploratory Quantitative Research: Study 3’, a major strength of the quantitative research design can be seen in the use of UKCSI dataset. Again, although it is a secondary data source, the UKCSI dataset from the Institute of Customer Service is a highly trusted source, and gathered by TLF Research on their behalf. A further strength is seen within the *quantity* of data provided – a total base dataset of 627 surveys with multiple questions within each case. This enables a strong platform from which to undertake empirical research.

Limitations could be considered as the fact that the UKCSI is a secondary data source, there is an element of trust between the researcher and organisation. However, in this instance, no issues of concern were identified.

3.6 Qualitative Research Design

The following section provides an overview of the qualitative research design, including the aim and research design, research questions, data access, and analysis, and reflects on the strengths and limitations of the quantitative research design.

3.6.1 Qualitative Research Aim

On identifying when a case study approach should be adopted, Yin (2014, P.4) writes;

> *“there’s no formula, but your choice depends in large part on your research question(s). The more that your research questions seek to explain some present circumstance (e.g. “how” or “why” some social phenomenon works), the more that case study research will be relevant. The method also is relevant the more that your questions require an extensive and “in-depth” description of some social phenomenon”.*

Additionally, Hartley (2004, P.323) states case studies are “*particularly suited to research questions which require detailed understanding of social or organisational processes because of the rich data collected in context*”.

As analysis of organisational processes and practice is at the heart of this study, along with seeking to understand *how* customer satisfaction influences service quality, a case study approach can be argued to be the most appropriate method to apply. In doing so, the study follows Gephart (2004, P.455) who writes "*an important value of qualitative research is description and understanding of the actual human interactions, meanings, and processes that constitute real-life organisational settings*". Additionally, as noted by Brandl et al (2017), qualitative research is also consistent with practice theory due to approaches fostering a high level of detail and providing a multi-level, dynamic, and micro-foundational perspective on processes (Langley, 2007).

The study employed a purposive sampling strategy (Saunders et al, 2016) to select cases based on their ranking in the UK Customer Satisfaction Index (UKCSI), the national measure of customer satisfaction. A multiple case study approach was used identifying two housing associations for the main case study research (the third being for a pilot study, described in Section 3.6.5) - the first organisation was amongst the *highest* levels of service quality (as defined by being amongst the top performing housing associations in the UKCSI, that is, positioning in the top quartile of the UCKSI index) whilst the second organisation was amongst the *lowest* levels of service quality (as defined by being amongst the lowest performing housing associations in the UKCSI, and positioning in the bottom quartile of the UKCSI index). Prior to undertaking the main case studies, a pilot case study was firstly undertaken to test the question set.

The sample organisations were sourced from the UKCSI for two reasons:

i) since its introduction in 2009, there has been a paucity of research on the UKCSI, therefore presenting an opportunity for new knowledge, and;

ii) since de-regulation of the social housing sector in 2010, social housing providers have for the first time been able to benchmark customer satisfaction performance outside of their own sector in a full 'real world' context.

Whilst currently only 120 (approximately 10%) of England's social housing providers have now adopted the UKCSI approach (as confirmed by TLF

Research, March 2015) more are keen to do so (e.g. Housemark, 2019). This was illustrated in recent research commissioned by Housemark (the organisation who oversees the historical sector-only benchmarking service) which found that 79% of housing organisations would like to see the UKCSI measure linking up with the traditional sector measure (Acuity Research & Practice, January 2015, P.3).

Additionally, both of the organisations identified for the case study were created as LSVT's ('Large Scale Voluntary Transfer' organisations), meaning their organisations commenced by inheriting stock previously owned by the local council. This is important as it means both organisations share similar backgrounds in structure and culture. Additionally, despite being in different regions of the UK, both organisations work in areas with high levels of multiple deprivation.

Yin (2014, P.31) writes that "*the more a case study contains specific questions and propositions, the more it will stay within feasible limits*". With this in mind, as stated previously, the central research question is presented as follows:

> ***Research Question 1:*** *"How does customer satisfaction feedback influence service quality and service performance in English social housing?"*

In order to use a qualitative research approach to contribute to answering this, two further research questions are presented as follows:

> ***Research Question 2:*** *"What are the key stages involved in the customer satisfaction feedback / service performance improvement process?"*
>
> ***Research Question 3:*** *"Are higher performing social housing organisations more effective at using customer satisfaction feedback to influence service performance improvements than lower performing social housing organisations?"*

3.6.2 Data Access for the Case Study Organisations

Building on the initial formal approach to the Institute of Customer Service for data access for the research (Appendix 3), the researcher approached TLF Research, the Market Research Society accredited research company who collect and analyse the data for the UKCSI process, asking them to identify two appropriate case study social housing organisations. An approach was then made on the researcher's behalf, and agreement to participate was obtained.

Participant consent forms were completed for each of the individual organisations taking part in the case study, and all data was managed following the University of Leeds Policy on Safeguarding Data (2014 [b]).

3.6.3 Description of the Case Study Organisations

The first housing association was amongst the higher performing housing associations (upper quartile) using the UKCSI index and was based in Yorkshire, northern England. The second housing association was amongst the lower performing housing associations (lower quartile) using the UKCSI index, and was based in London, southern England.

Both organisations shared four key similarities. Firstly in terms of their heritage, both organisations were formed as stock transfer organisations during the 2000's. This meant that they formed from the transfer of former council housing stock being moved into housing association ownership. This is important to note, as Pawson and Fancie (2003) write that the organisational structure of transfer housing associations can be different from pre-transfer housing services, with transfer organisations commonly emphasising the need to secure widespread employee ownership of business plans and targets which formed an essential foundation for the development of a performance culture. Had one of the case study organisations had a differing heritage, such as perhaps like the 150 year old Peabody Housing Association which in July 2017 completed a £6bn merger deal with Family Mosaic Housing Association (The Times, 2017), then the comparability of the two case study organisations may have not been so suitable.

A second similarity between the two case study organisations was in their duration of time using the UKCSI – both had introduced it around 2013. Similarities were also seen between the organisational structure, in that whilst the higher performer was a larger organisation, the research teams were still relatively small with three full time staff in the higher performer and two in the lower performer. Finally, whilst no two neighbourhoods are ever the same, in terms of the stock managed by the two organisations, similarities were seen by the fact they both managed housing stock in areas of multiple deprivation, as defined by the Department for Communities and Local Government (2015).

3.6.4 Case Study Pilot

Whilst the case study design was developed with the full intention of ensuring both quality and a robust approach to maximise the richness of the results, a third case study, treated as a pilot, was also introduced into the research design with the aim of pre-testing the quality and effectiveness of the interview question set. Unfortunately a third housing provider using UKCSI and willing to participate could not be sourced at the time.

Therefore, a Yorkshire-based local authority known to the author was approached and agreed to participate. This organisation had a long history of using annual customer satisfaction feedback (10 to 15 years) and had a team structure in place similar to the two main case study organisation (e.g. similarities in role types, role functions, and team size). Although they did not use UKCSI, they did have a formalised customer-feedback structure using the more traditional Housemark STAR. Taking all this into account, on this basis it was deemed suitable to for pilot study purposes.

3.6.5 Undertaking Semi-Structured Interviews

King (2004, P.11) writes that interviews remain the most common method of data gathering in qualitative research. He goes on to cite Kvale (1983) who defines the qualitative research interview as "*whose purpose is to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena*".

For the purpose of this study, the interviewees were limited to staff who were knowledgeable about the topic and were pre-identified before the interviews. In practice this included a mix of research-based staff and operational-based staff, plus also a mix of seniority including manager and Head of Service / Director level.

A semi-structured approach was specifically chosen to achieve a balance between structure and gaining new observations. In illustrating this, Alvesson (2011, P.52) states that "*a high degree of structure reinforces the chances of the interviewees responding to rather specific and clear expectations of the research"* whilst "*a low degree of structure means it is easier to encounter new and unexpected views*". Whilst structure is welcomed to ensure interviewees provide relevant information, a semi-structured approach means this is not *so* structured as to stifle new or surprising views. To support this, anonymity will be offered to participating staff to facilitate openness and honesty during discussions.

In terms of the order of the case study organisations undertaken, it was decided to undertake the higher performing housing association first as it was anticipated this may produce a richer picture, followed by the lower performing housing association.

The case study interviews were arranged to take place on-site in each organisation. Questions aimed to seek a fine level of detail with a ‘thick description’, the concept developed by Geertz (1973) referring to the “*practice of going beyond surface understandings to explore the contextual meanings of behaviours*” (Tracy, 2013, P.63). Finally, when describing the *type* of interviewing technique, Rubin and Rubin (2005, P.5) present a matrix of the variety of qualitative interviews. Using this, the interview type in this study is best described as ‘investigative interviewing’, whereby it represents a narrowly focussed scope whilst being focussed mainly on events and processes.

The question set used for the two main case studies organisations are shown in Appendix 5. These were influenced by the model presented by Customer Champions 2014 (the “Feedback Loop”: Percentage of organisations who feedback effectively; presented earlier in the thesis, Figure 24) in terms of identifying the key stages involved in the feedback loop process. This additionally included questions exploring the general background / context setting, identifying the specific stages in the customer feedback process, and then looking in further detail at each of the key feedback loop stages including measurement, analysing data, reporting, action / performance improvement, and the communication of actions to staff, customers and stakeholders.

The interviews were recorded using two devices, firstly an Apple iPhone voice recorder, and then secondly using the standard Microsoft recording device on the laptop as a backup.

3.6.6 Ensuring Quality in the Case Study Research

Miles et al (2014, P.293) write that “*qualitative analysis can be evocative, illuminating, masterful – and wrong*”. Whilst it is important to recognise strengths and weaknesses in the design, ensuring quality in the research will help support research impact.

Tracy (2013, P.230) identifies eight criteria for excellent qualitative research including worthy topic; rich rigour; sincerity; credibility; resonance; significant contribution; ethical; and meaningful coherence. Yin (2014, P.168) offers four criteria including, attending to all the evidence, addressing all plausible rival interpretations, analysing the most significant aspect of the case study, and finally, using your own prior expert knowledge in your case study. Alternatively, Miles et al (2014, P.294) offers thirteen such criteria, including checking for representativeness, following up surprises, and getting feedback from participants.

As a semi-structured interview approach is being used in the case studies, it is also worth considering the quality of the interviews. Brinkman and Kvale (2015, P.192) cite six such criteria as follows:

1. *The extent of spontaneous, rich, specific, and relevant answers from the interviewee;*
2. *The shortest interviewer's questions and longest subjects' answers possible;*
3. *The degree to which the interviewer follows up and clarifies the meanings of the relevant aspects of the answers;*
4. *The interviewer attempting to verify their interpretations of the subject's answers over the course of the interview, and;*
5. *The interview being "self-reported", a self-reliant story that hardly requires additional explanations.*

Consideration will be given to these themes as the study is delivered in practice to ensure highest standards of quality are achieved.

3.6.7 Qualitative Research: The Interview Schedule and Transcription

The focus of this chapter now moves to the second part of the mixed methods results – the qualitative research involving in-depth qualitative analysis of case study interviews undertaken with two purposively sampled social housing organisations based on their ranking in the UK Customer Satisfaction Index.

A total of ten participants were interviewed across three organisations between July to October 2016. The case studies were undertaken as one ‘pilot’ case study and two ‘live’ case studies. Each were approached in the same way, as if they were all ‘live’ cases. Perspectives from two research-based staff and at least one senior operational member of staff (typically a Head of Housing or Director) were obtained for each organisation. Table 9 presents a summary of the case study interview schedule detailing the organisation type, date of interview, job type, duration of each interview, and the number of words once transcribed.

The pilot case study interviews were held between July and August 2016, and followed the format of holding semi-structured interviews as described in Chapter 3. Over three hours of interviews were obtained during the pilot. This proved to be useful by testing and improving the research questions, in particular drawing attention to the fact that the initial question set (at nearly 40 questions) was too long to be suitable for an hour long interview.

In light of this, it is worth noting that the final case study question set was slightly amended prior to undertaking the two ‘live’ case studies. This mainly focussed on reducing the number of questions from an original 38 questions down to 31 questions to keep it focussed and be able to keep it within a reasonable timeframe for participants (e.g. around 1 hours’ duration). This amendment was also in keeping with the feedback suggested from ethical review. The final question set used in the research is seen in Appendix 5. Due to the fact that the purpose of the pilot was to test the question set, the pilot case study results are therefore not presented in the thesis.

Finally, with regards to the transcription, audio files were transcribed using Express Scribe Transcription software into Microsoft Word in a style whereby everything that was said was typed but which omitted fillers such as ‘ers’ or any stumbling over words. Once completed, a total of over 76,000 words were obtained.

Table 9: Case Study Interview Schedule

Interview Number	Organisation	Date of Interview	Interviewees	Job Type	Duration	Number of Words Transcribed
1	*Pilot* Case Study (Yorkshire)	July 2016	1	Researcher Perspective (Research Analyst: Feedback and Satisfaction)	1 hour 2 minutes	7,784
2	*Pilot* Case Study (Yorkshire)	August 2016	1	Researcher Perspective (Research Manager: Feedback and Satisfaction)	1 hour 11 minutes	9,541
3	*Pilot* Case Study (Yorkshire)	August 2016	1	Operational Perspective (Head of Housing Management)	50 minutes	5,464
4	*Live* Case Study 1 (Yorkshire)	September 2016	1	Research Perspective (Research Manager)	1 hour 15 minutes	9,642
5	*Live* Case Study 1 (Yorkshire)	September 2016	1	Research Perspective (Research Development Manager)	1 hour 18 minutes	12,180
6	*Live* Case Study 1 (Yorkshire)	September 2016	1	Operational Perspective (Area Manager)	1 hour 15 minutes	9,200
7	*Live* Case Study 2 (London)	October 2016	2	Researcher Perspective (i. Head of Business Support and ii. Projects Officer)	1 hour 9 minutes	8,593
8	*Live* Case Study 2 (London)	October 2016	1	Operational Perspective (Director of Housing)	43 minutes	5,150
9	*Live* Case Study 2 (London)	October 2016	1	Operational Perspective (Assistant Director, Housing Operations)	1 hour 8 minutes	8,906
TOTAL =			**10 Participants**		**9 Hours 51 Minutes**	**76,460 Words**

3.6.8 Strengths and Limitations of the Qualitative Research Design

Hartley (2004, P.323) identifies advantages of case studies by stating they are widely used in organisational studies, they can be theoretically exciting, and they are data rich. Also, as stated earlier, a significant advantage is the ability to answer '*what*, *why*, and *how'* type questions, whilst a depth of insight can be gained that simply cannot be obtained from other techniques. Also, when looking at multiple case study designs, Yin (2014, P.57) writes that advantages include being perceived to be more robust, considered, and compelling than single case designs.

In relation to semi-structured interviews, advantages can include achieving the balance between structure whilst retaining opportunities for capturing new ideas, phenomena can be examined in detail to explore specific issues as required, and it is generally accepted that research participants will often readily participate in interviews.

When considering weaknesses of multiple case designs, firstly the [potentially significant] additional time and resources required to conduct the research can be problematic. Data overload through the sheer volume of data obtained can pose difficulties, from which the researcher might drift from the main focus of study. Additionally, Yin (2014, P.57) argues that it is single, not multiple case designs that are likely to include unusual, extreme, critical or revelatory cases (a hypothetical example of which was proposed by Siggelkow, 2007, where he argued you would only need *<u>one</u>* 'talking pig' to support a strong argument of a whole new phenomenon!). Also, criticisms from positivist researchers might include that case studies do not have the level of rigour required, and could even be considered unscientific. Finally, some may argue that multiple case studies are not necessary - Llewellyn et al (2007, P.204) for instance argues a singular view may be made from a position that gives more insight into "what's going on".

Weaknesses associated with semi-structured interviews should also be considered. Again, this includes the time required for interviewing, whilst an element of trust is also necessary whereby interviewees are taken at face value - as Alvesson (2011, P.129) writes, "*in the conventional view of empirical material the interviewee is assumed to have provided the researcher with reliable data about a phenomenon, as long as there are no reasons to believe otherwise*". Finally, Rubin and Rubin (2005, P.30) recognise that because of the interaction between the interviewer and interviewee, the interviewer has to be self-aware and consider biases or other factors which could have an influence over the process. They offer the example that if strong personal feelings or biases cause you to distort what you are hearing, you may not follow up on leads that contradict your preconceptions, thereby missing subtleties, evidence, or details (Rubin and Rubin, 2005, P.82).

It can also be noted that as the case study design used a purposive sampling approach with just two case study organisations used in the main qualitative research, these cannot be considered to be statistically representative of the population (Saunders, 2016).

Despite potential weaknesses, it can be argued that on balance, the case study presented here is still the most appropriate approach to take to answer the research questions in this study, as the combination of structure and flexibility, understanding of organisational and human processes, and the '*what*, *why*, and *how'* style approach, should all support the basis for a compelling and rich story to be told.

3.7 Mixed Methods Research Design: Intended Contribution to Knowledge

This mixed methods research design presented in this chapter contributes to the gap in academic knowledge in five distinct ways:

i) By providing research on the topic of customer satisfaction and service quality in a social housing context – a limited area of academic study;

ii) By investigating empirical evidence for the influence of customer satisfaction on service quality in housing associations – to date no such research exists academically or through practitioner literature within the sector, despite customer satisfaction being a key part of social housing performance framework since 1999;

iii) By seeking to identify the detailed service processes involved for housing associations in transferring customer satisfaction feedback into service quality improvements – again, to date no such research exists academically or through practitioner literature within the sector;

iv) By investigating the potential differences in how higher performing and lower performing housing associations might apply customer satisfaction feedback in their service processes – this academically based knowledge could have significant impact for practitioners in the sector by supporting practical knowledge and improved understanding of how housing associations can maximise the influence of customer satisfaction feedback to improve the quality of their services.

v) In addition to this, there is currently no identifiable academic-based research using the national measure of customer satisfaction, the UK Customer Satisfaction Index. This research proposal provides new knowledge in this area.

Further to the detail above, it is intended that the research outcomes will be promoted to maximise their impact – for academics, practitioners and policy makers. This may include contributions to journal articles, book chapters, and / or conference proceedings.

3.8 Ethical Considerations

For the empirical research, formal agreements were signed between the principle researcher and the Institute of Customer Service (as data owner of the UKCSI information). Signed participant consent forms were also required between the principle researcher and each individual organisation participating in the research. All statistical data was completely anonymised for both the organisations and individual customers. The anonymisation process was undertaken by the Institute of Customer Service in advance of it being passed to the author.

For the qualitative case study research, organisations would have to agree to participate in the research, as this will require time and input on their side (i.e. giving up staff time to enable interviews to take place). However, as the social housing sector is widely collaborative, it is felt that this should not present significant difficulties. Prior to the interviews, participant consent forms were completed along with a research information sheet provided to each interviewee for contextual information. A formal ethical review (Reference LTLUBS-130) was submitted and approved in July 2016 (see Appendix 7).

3.9 Chapter 3 Conclusions

This chapter presented the methodological approaches and research design necessary to implement the research proposal in practice. Using the gaps in knowledge identified through the literature review, the philosophical and theoretical positions were firstly stated. After presenting the ontological and epistemological positions, the mixed methods research design was presented, with both elements contributing to ultimately answer Research Question 1 ("*how does customer satisfaction feedback influence service quality and service performance in English social housing?"*), along with the other research questions (RQ 2, RQ 3) and aims (Aim 1, Aim 2).

Strengths and weaknesses have been identified and acknowledged along with ethical considerations. Overall, it is felt that the methodology offers a balanced approach which provides interesting and illuminating findings which extends academic knowledge and operational practice.

The following chapter, Chapter 4, presents the results from the mixed methods approach, beginning with the quantitative statistical research results.

Chapter 4 Results

4.1 Introduction

This chapter presents the results from both aspects of the mixed methods research used in the thesis. The chapter commences with the results from the three exploratory quantitative research studies, including establishing the relevance of customer satisfaction measurement in English social housing (Exploratory Quantitative Study 1); understanding how tenants perceive service performance in the social housing sector compared to other sectors (Exploratory Quantitative Study 2), and using UKCSI data to investigate the empirical relationship between customer satisfaction feedback and perceptions of service quality (Exploratory Quantitative Study 3).

This is followed by the main qualitative research, an in-depth qualitative analysis of case study interviews undertaken with two purposively sampled social housing organisations based on their ranking in the UK Customer Satisfaction Index. This analysis followed Saldana's codes-to-theory model for qualitative inquiry (Saldana 2016) with the main aim of exploring the detailed processes, practices and actions of transferring customer satisfaction feedback into service quality improvements.

4.2 Exploratory Quantitative Research Results: Study 1

A total of ninety-five survey responses were obtained, of which seven were received from Chief Executives, eight from Directors and sixteen from Heads of Service. This indicated that the survey achieved reasonable success in reaching a relatively senior level.

When asked about the methods used in customer satisfaction measurement, the results suggested that in the three years since the de-regulation of the sector in 2010, there has been limited diversification in the core methods used for customer satisfaction measurement in the social housing sector. This was reflected by a total of 91% of respondents who stated they used traditional housing-sector focussed customer satisfaction measurement methods such as STAR (Survey of Tenants and Residents – the new voluntary version of the original STATUS survey) or STATUS surveys themselves (i.e. directly continuing the regulatory format as opposed to the more modern adoption of UKCSI for instance, for which only 6% of respondents stated they used). Interestingly, 57% of housing providers stated they used ‘other’ methods. These included service-specific surveys which were developed in-house and applied as transactional surveys for high frequency service areas (e.g. for the repairs service) – for which there is a long tradition of undertaking such work - and also, to a lesser degree, a mixed approach blending STAR and STATUS surveys was used alongside in-house developed questions. Customer journey mapping was also cited as an alternative method used to understand customer satisfaction.

A question was also asked about the methods used for measuring service quality. This found a broader range of answers. For instance, a majority of 66% stated their use of the ‘Investors in People’ award (who are a non-profit organisation who state they “*lead the drive for better leadership and better workplaces*” (Investors in People, 2018), whilst 55% used mystery shopping. A further 39% stated ‘other’, which included a wider range of formal and informal themes. Formal methods included the use of the EFQM model, which is described as “*a non-prescriptive framework… that can be used to gain a holistic view of any organisation, regardless of size, sector or maturity… to develop a culture of excellence, drive, innovation, and improve results*” (EFQM, 2018); the Stonewall Workplace Equality Index, described as “*the definitive benchmarking tool for employers to measure their progress on lesbian, gay, bi and trans inclusion in the workplace*” (Stonewall, 2018); and Care Quality Commission reports (described as an organisation who “*make sure health and social care services provide people with safe, effective, compassionate, high quality care and we encourage them to improve*” (Care Quality Commission, 2018). Informal methods cited for measuring service quality included the use of tenant panels and tenant auditors.

A question was also asked about the extent to which customer satisfaction feedback was perceived as being ‘essential’ in decision making in housing associations. This provided a high response rate whereby 94.3% agreed that customer satisfaction feedback was essential at Board level, whilst 94.2% agreed it was essential at ‘Senior Management’ level, and 89.5% agreed with was essential in decision making for ‘Staff Teams’.

When asking about the extent to which social housing providers agreed or disagreed that customer satisfaction feedback has a positive influence on service improvement in their organisation, a large majority of 93.1% agreed (which comprised of 52.9% stating they ‘strongly agreed’ and 40.2% ‘agreed’).

The questionnaire also sought to explore about the headline measures reported for customer feedback. For this, 100% of respondents stated they used the ‘overall % satisfied’ score, i.e. the central score most often cited from customer satisfaction surveys. The Net Promoter Score was used by 16.1% of respondents, whilst 12.6% of respondents answered ‘other’. This included reporting the number of compliments and complaints, satisfaction with value for money of services, and satisfaction with the quality of the home.

When asked about how the social housing providers say they act on customer satisfaction feedback, 89.6% agreed they do act upon it, whilst a total of 10.3% were less positive (comprising of 9.2% stating they neither agreed nor disagreed and 1.1% who disagreed).

In terms of communicating customer satisfaction feedback results, 100% of respondents stated they communicated customer satisfaction results to staff. Slightly lower results of 96.6% stated they communicated their results to tenants, whilst 75.0% stated they communicate customer satisfaction results to external contractors (who deliver services on the organisations’ behalf, such as a repairs service. A further 72.7% stated ‘other’ in response to the question, for which they stated this included feeding back to Board members, other parts of their organisation, elected members and stakeholders, funders, commissioners, and partners.

In terms of annual budgets for customer satisfaction measurement (excluding salary costs), the majority of respondents (41.1%) stated they held an annual customer satisfaction budget of ‘less than £10,000’ per annum, which can be compared to 11.1% who stated they held the highest ranked figure of ‘over £50,000’ per annum. Additionally, a majority of 61.9% stated their annual budget for customer satisfaction measurement had remained the same since the previous year, whereas only 8.8% of respondents saw increases in their annual budget and 6.7% had experienced a reduction.

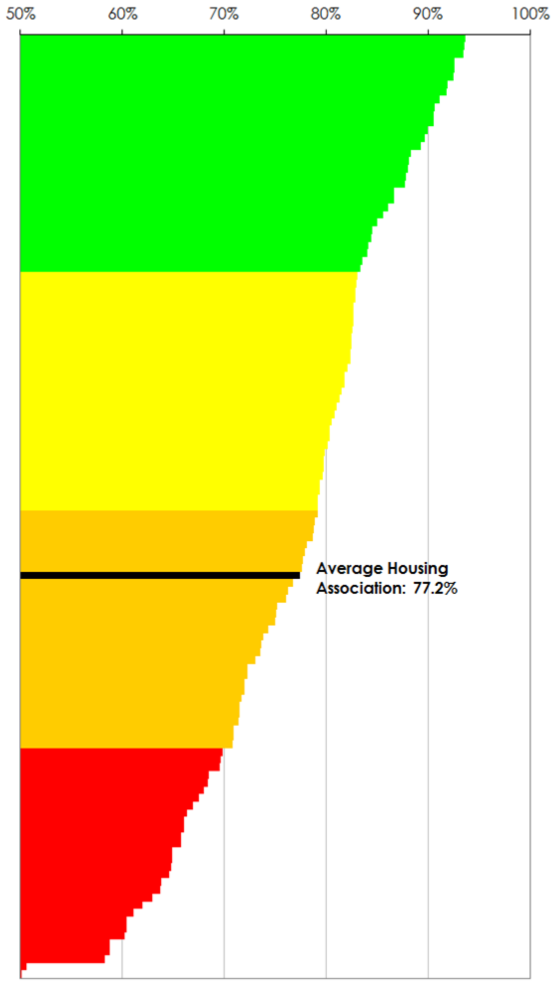
Finally, regarding innovation in social housing, a total of 77.9% of respondents agreed that their organisation could be described as innovative. A higher proportion however of 95.4% of respondents agreed the social housing sector is capable of using innovative approaches in service delivery, whilst a total of 60.9% agreed that the social housing sector has the right external conditions to develop innovative approaches to service delivery. A total of 8.0% of respondents stated ‘no’ to this question, for which they provided their reasons as cost, the limitations of the regulator (i.e. approaches being too formulaic), and the political climate.

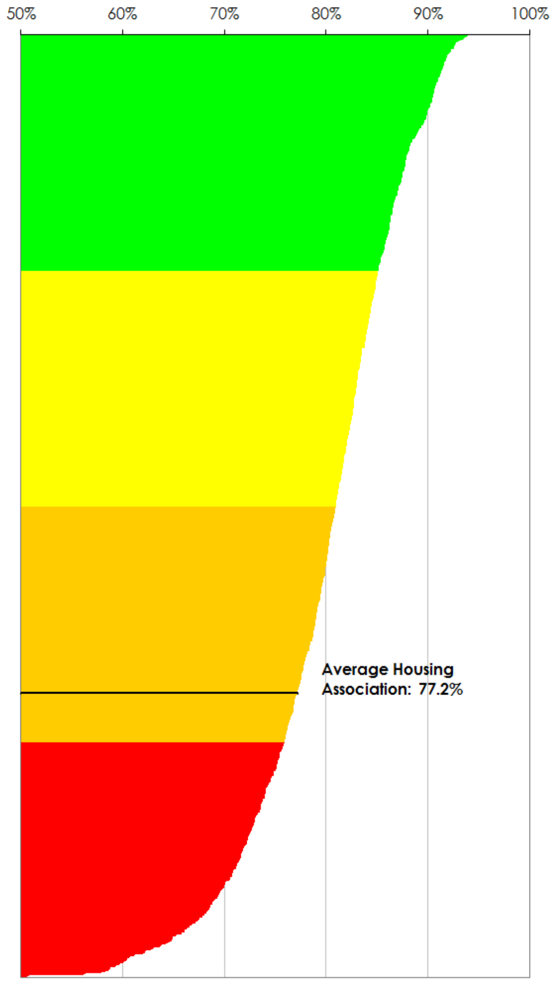
4.3 Exploratory Quantitative Research Results: Study 2

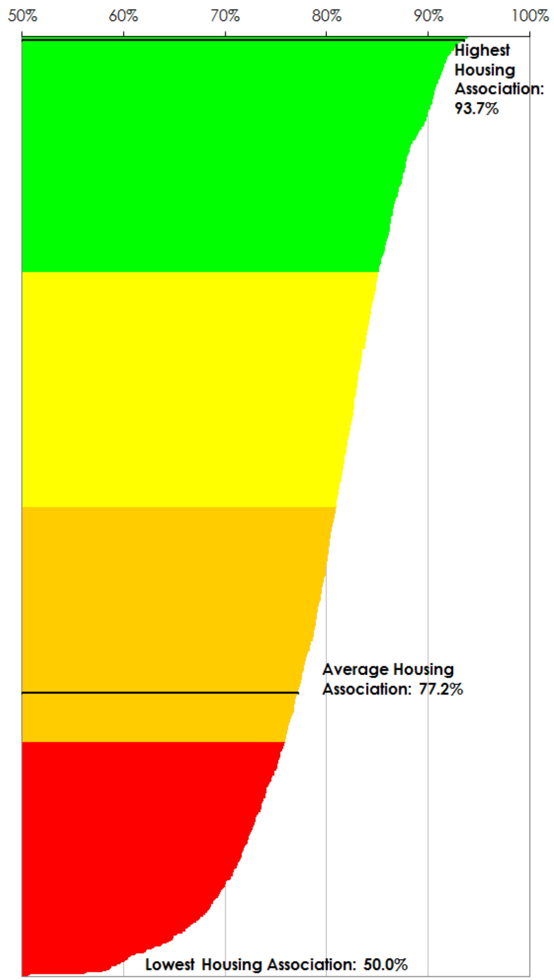
When answering Research Aim 2 (‘*understanding how tenants perceive service performance in the social housing sector compared to other sectors’)*, a range of findings can be seen from the secondary data presented in Figure 28 to Figure 30. This shows the social housing league table, calculated in exactly the same way as the UK Customer Satisfaction Index, which contains 120 housing associations for 2015 only and shows an average housing association score of 77.2% in context of the housing sector only (Figure 28). This can be considered as being illustrative of the approach social housing providers have traditionally benchmarked customer satisfaction measurement in the sector since the early 2000’s.

However, it is interesting to note the effect when the average housing association score for 2015 of 77.2% is set against all sectors - it appears to drop in terms of relative performance against the all sectors context whereby 77.2% is not as good a score relative to others. This is seen in Figure 29, again showing 2015 data but this time in the context of approximately 1,000 other companies (e.g. first direct, M&S, public organisations as well as private).

Figure 30 presents the average housing association score of 77.2% set against an all sector context, but this time shows the highest housing association in 2015 (93.7%). This demonstrates that it ***is*** possible for housing associations to operate at this level of service, challenging stereotypes, service expectations, and setting the parameters for what is possible in a performance improvement context.







From left to right:

Figure 28: Satisfaction Index Social Housing League Table (2015). Benchmark: Average Housing Association score set against the social housing sector only (TLF Research, 2016)

Figure 29: Satisfaction Index Social Housing League Table (2015). Benchmark: Average Housing Association score set against all sectors. (TLF Research, 2016).

Figure 30: Satisfaction Index Social Housing League Table (2015). Benchmark: Average Housing Association score set against all sectors, reflecting the context of highest and lowest performing housing association. (TLF Research, 2016).

This part of the study also sourced data exploring a longitudinal perspective, and thereby addressing Aim 2. Again secondary data was sourced from TLF Research in March 2016, this time showing a 10 year span of data. Firstly the customer satisfaction average can be seen for all sectors (Figure 31). This shows that across all sectors, a slight but continual improvement over time can be seen over time (78.6% to 80.1%).

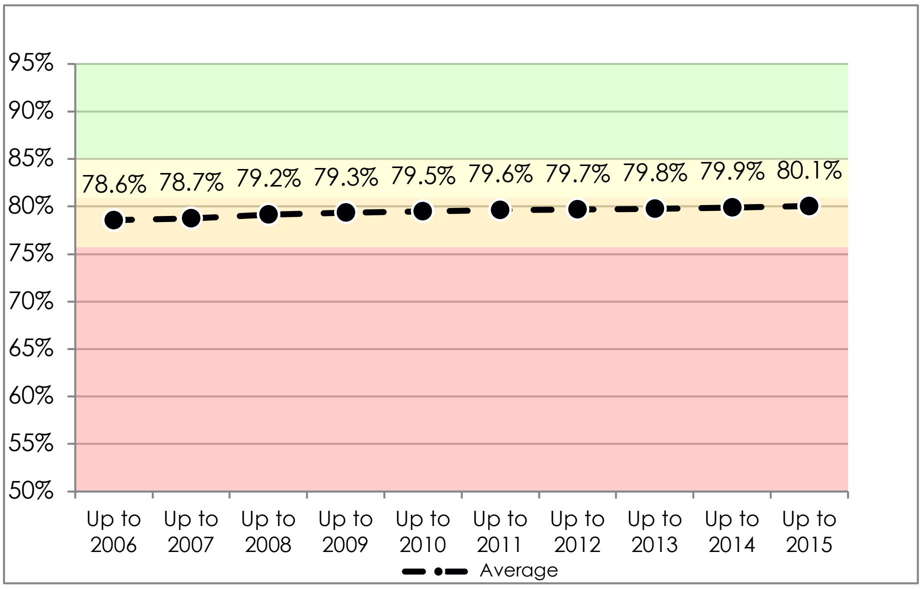


Figure 31: TLF Average Customer Satisfaction – All Sectors, 10-Year Perspective (TLF Research, 2016)

When comparing the longitudinal performance of the social housing sector over 10 years, a more static picture of performance emerges. Figure 32 suggests that from 2006 to 2015, the sector hasn't managed to increase performance levels.

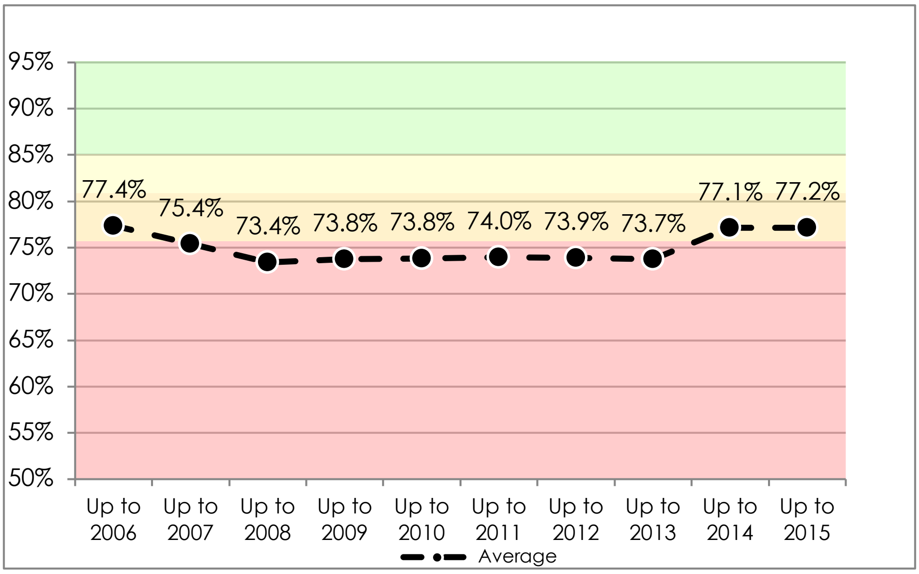


Figure 32: TLF Average Customer Satisfaction, Social Housing Sector, 10-Year Perspective. (TLF Research, 2016)

Taking this further by introducing the highest and lowest social housing performers (Figure 33), it appears that the lowest performing organisations have *declining* performance over time (69.7% to 50.0%) whilst the higher performing organisations are *improving* performance over time (rising from 83.0% to 93.7%). In effect, this suggests there is increasing disparity in service performance, as measured through customer satisfaction, over time.

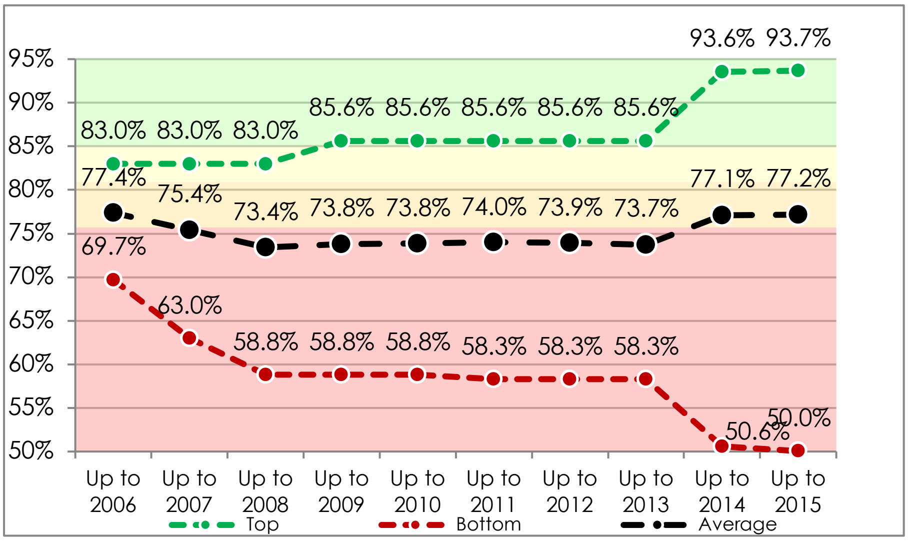


Figure 33: TLF Average Customer Satisfaction – Social Housing, Highest and Lowest Performers, 10-Year Perspective. (TLF Research, 2016)

Overall, the secondary research data presented here has provided unique contextual knowledge by extending the established social housing 'sector only' perspective to an 'all sector' perspective. The research found observable differences between the relative service performance of English social housing providers when benchmarked inside and outside the sector. Whilst both perspectives offer ways of understanding service performance, this finding challenges the existing traditional model of social housing performance benchmarking by offering a perspective reflective of the all sector context gained by customer's everyday service experiences. This suggests there are opportunities for social housing providers to raise their game in relation to other sectors. The challenge for the sector to improve performance has been clearly set.

4.4 Exploratory Quantitative Research Results: Study 3

Author's Note: Before proceeding with this section, it should be clearly noted that as stated on Page ii of this thesis, Section 4.4 (P.172) to the end of Section 4.4.3 (P.176) was written by Dr N. Boso, Leeds University Business School, University of Leeds, as part of a conference paper: Williams S.C, Boso, N., Shaw, N. and Allen, D.K. (2016) *Customer satisfaction as a performance measurement and management tool in English social housing;* 23rd International EurOMA Annual Conference, Trondheim, Norway, June 2016.

The purpose of this element of the study was to investigate the relationship between customer satisfaction and perceptions of service quality. A hypothesis was proposed as follows:

H1: There is a positive relationship between customer satisfaction and service quality orientated business performance

Data was sourced from the UK Customer Satisfaction Index (UKCSI) overseen by the Institute of Customer Service. The UKCSI provides insight into customer satisfaction across thirteen sectors of the UK economy with data gathered on a six monthly basis. Customer satisfaction data from five social housing providers (all English housing associations) was obtained, totalling 627 cases of individual customer feedback spread across fourteen variables. After addressing missing data variables through a process of removing missing data cases and expectation maximisation, a total of 311 cases remained.

To assess the core constructs of customer satisfaction and service quality within the hypothesis, multi-item scales were obtained from the UKSCI data: nine items to capture business performance and five indicators to capture customer satisfaction. All the multi-item scales were assessed in Exploratory Factor Analysis (EFA) using the Principal Component Analysis and Oblimin Kaiser Normalization Rotation. Results, showed that the fit for the EFA model is excellent, returning a cumulative Eigen value of 88.19% for a two-factor solution. While the first factor corresponding to service quality returned 10.53 Eigen value, the second factor corresponding to customer satisfaction produced an Eigen value of 1.56.

Additionally, from Table 10, the standardised factor loadings obtained from the pattern matrix for all items are significant ($p < .01$), and the alpha values for each extracted factor are greater than 0.60 and 0.50 respectively, exceeding the benchmarks recommended in the literature (Bagozzi & Yi, 1988). In particular, the alpha value for service quality is .98 and that of customer satisfaction is .95. Thus, it is argued that the measures used to assess the two key constructs in the study are reliable.

Table 10: Construct Reliability and Validity Tests

Variables	**Factors Extracted**	
	Service Quality	***Customer Satisfaction***
1. Reputation of the organisation	.98	
2. Valued Customer	.93	
3. Product Range	.96	
4. Product Quality	.94	
5. Product Reliability	.93	
6. Information Quality	.91	
7. Enquiries handling	.90	
8. Kept Informed	.88	
9. Ease of Obtaining Service	.92	
10. Satisfaction with Speed		.85
11. Satisfaction with Helpfulness		.94
12. Satisfaction with Friendliness		.94
13. Satisfaction with Competence		.89
14. Overall satisfaction with Service		.93
Alpha (α)	**.98**	**.95**

Note: All loadings are significant at 1% significant levels.

Overall, the study has established that both constructs studied have sufficient convergent validity (as shown by item loadings on expected factors) and discriminant validity (as cross-loadings are absent from the EFA model). Therefore, it can be argued that the measures can be used for theory testing purposes. Table 11 presents summaries of descriptive statistics and inter-construct correlations for each construct studied included in the conceptual model.

Table 11: Descriptive statistics and inter-construct correlation

	Variables	MEAN	SD	1	2	3	4
1.	Ease of Obtaining Service	6.59	3.22	.81**			
2.	Customer Loyalty	7.30	3.15	.62**	.57**		
3.	Customer Experience‡	0.63	0.48	.94**	.83**		
4.	Service Quality	6.46	2.93	.68**	.59**	.66**	
5.	Customer Satisfaction	7.37	2.25	.81**	.57**	.52**	.71**

Note:
** Correlation is significant at the 0.01 level (2-tailed test);
* Correlation is significant at the 0.05 level (2-tailed test);
Sample Size (N) = 311
SD = Standard Deviation
‡ = Dummy Variable: Positive = 1; Negative = 0

To test the study's hypotheses, ordinary least squares (OLS) estimation method and hierarchical regression analysis were used. Overall, two regression equations were estimated in a nested model. In Model 1, the effect of the control variables were modelled on service quality. In Model 2, the effect of customer satisfaction was added to Model 1. The regression model estimated in Model 2 is presented in the equation below:

$$\text{Service Quality} = \alpha_1 + E + C + L + S + e_1$$

Where: E = Ease of obtaining service from service provider; C = customer experience with service provider; L = customer loyalty to service provider; S = customer satisfaction; and e1 = error terms.

4.4.1 Quantitative Results

In total, two regression models were estimated. Table 12 presents a summary of the findings of the two regression models. As can be seen from Table 12, the findings indicate that the F-values for the full regression model (i.e. Model 2) are significant ($p < 0.01$). None of the regression equations have multicollinearity problems: the largest variance inflation factor (VIF) is 2.15, which is well within the recommended limit of 5.00.

Furthermore, from Table 12, it can be seen that change in the adjusted R2 values on moving from Model 1 to Model 2 is significant ($p < .01$). More importantly, the adjusted R2 value for Model 2 is 81% relative to an R2 of

78% for Model 1, suggesting that customer satisfaction experienced an additional 3% variation in service quality over and above the control variables examined. This finding confirms the study's hypothesis that variations in customers' satisfaction causes changes in the quality of service provided.

Table 12: Results of the Hierarchical Regression Analysis (Williams et al, 2016)

		Dependent variable = Service Quality	
Hypotheses	*Independent Variables*	*Model 1*	*Model 2*
	Control Paths		
	Ease of Obtaining Service	-.22**	-.17**
	Customer Experience	.17**	.13**
	Customer Loyalty	.59**	.50**
	Direct Effect Path		
H1	Customer Satisfaction		.24**
	F-value	1038.43**	826.74**
	R^2	.77	.81
	Adjusted R^2	.77	.80
	ΔR^2	-	.06**

* $p < 0.05$; ** $p < 0.01$ (2-tailed test)

4.4.2 The Direct Effects of the Control Variables

As expected, our control variables exhibited varying effects on service quality. The study finds that ease of obtaining service from a service provider is negatively related to service quality (β = -.17; t = -4.80; p< .01). Positive customer experience with a service provider is positively related to service quality (β = .13; t = 3.87; p< .01). Additionally, results show that customer loyalty to a service provider is positively associated with service quality (β = .50; t = 14.19; p< .01).

4.4.3 The Direct Effects of the Independent Variable

The study argues that increases in customer satisfaction will be associated with increases in levels of service quality delivered by service providers. Findings indicate that customer satisfaction is significantly and positively related to service quality (β = .24; t = 7.32; p < .01). A more interesting finding is that customer satisfaction seems to have a positive quadratic effect on service quality. We find that in addition to the direct effect of the mean value of customer satisfaction on service quality, the relationship is strengthened at one standard deviation above the mean values of customer satisfaction ($\beta = .11$; $t = 3.01$; $p < .01$), with additional 1.3% of variance explained in service quality.

These findings reveal interesting characteristics of the customer satisfaction–service quality nexus: unlike previous research that has often argued for the direct effect of service quality on customer satisfaction, this study reveals a competing finding to show that the reverse is also true: namely that increasing levels of customer satisfaction is associated with increasing the levels of perceived service quality provided by organisations.

Author's Note: As stated on Page ii of this thesis and earlier in Section 4.4, Section 4.4 (P.172) to the end of Section 4.4.3 (P.176) was written by Dr N. Boso, Leeds University Business School, University of Leeds, as part of a conference paper: Williams S.C, Boso, N., Shaw, N. and Allen, D.K. (2016) *Customer satisfaction as a performance measurement and management tool in English social housing;* 23rd International EurOMA Annual Conference, Trondheim, Norway, June 2016.

4.5 Qualitative Research: Coding and Analysing of the Data

The process of coding and analysing the data was predominantly guided by two books – Miles, Huberman and Saldana's "*Qualitative Data Analysis*" (2014) and Saldana's *The Coding Manual For Qualitative Researchers*" (2016). Consideration was also given to ensuring quality in the case study research as outlined earlier in Section 3.6.6. A process of analysis was followed including first cycle coding and second cycle coding, leading to the development of a theoretical statement. Overall, the whole process of analysis is best illustrated using Saldana's *streamlined codes to theory model for qualitative inquiry*, illustrated in Figure 34.

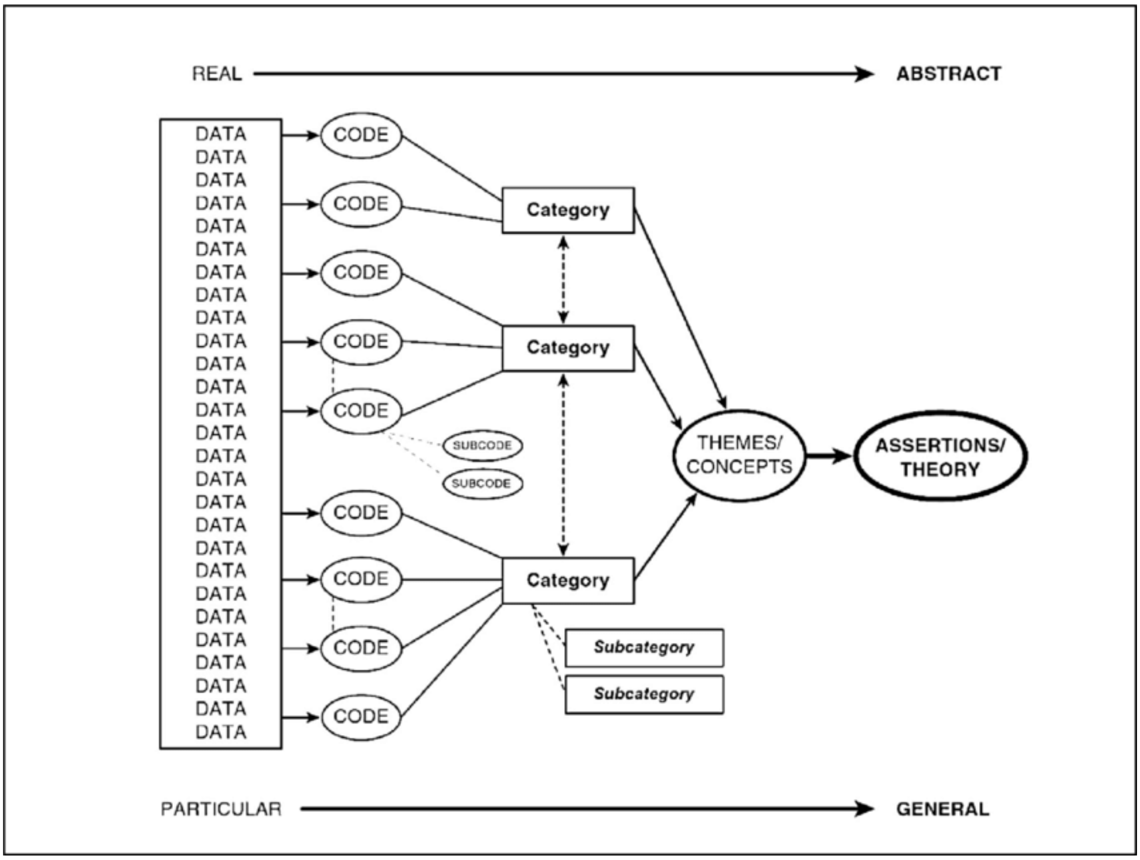


Figure 34: A Streamlined Codes-to-Theory Model for Qualitative Inquiry. (Saldana, 2016)

4.5.1 First Cycle Coding: Initial Coding of Data

Saldana (2016, P.4) defines a code in qualitative inquiry as most often being "*a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data*". With the study's research questions in mind, the interview transcriptions were firstly coded into initial data chunks using an elemental first cycle method of In Vivo coding. An In Vivo coding approach codes the words or short phrases used by the interviewees themselves and is recognised to be appropriate for virtually all qualitative studies including practitioner research (Saldana 2016, P.106).

This first draft of the coding was undertaken using NVivo software. This took an approach of creating new codes for everything in the interview transcripts of relevance to the qualitative research question (*Research Question 2: "What are the key stages involved in the customer satisfaction feedback / service performance improvement process?"; Research Question 3: "Are higher performing social housing organisations more effective at using customer satisfaction feedback to influence service performance* *improvements than lower performing social housing organisations?"*). When moving from one interview to the next, the set of previous codes were retained and expanded as required, allocating In Vivo sub-codes as necessary throughout the process. Where In Vivo sub-codes were not apparent to a specific code in an interview, the codes in this instance numbered zero for that interviewee.

When following this process for evaluating the complete interview transcriptions, 12 first cycle codes were identified which allocated 377 individual In Vivo words or phrases as sub-codes. The frequency of the allocation of first cycle codes and In Vivo sub-codes can be seen in Table 13.

Table 13: Frequency of First Cycle Codes and Sub-Codes

First Cycle Code	**Higher Performing Organisation: Number of In Vivo Sub-Codes**	**Lower Performing Organisation: Number of In Vivo Sub-Codes**	**Total Number of all In Vivo Sub-Codes**
1) Benchmarking	3	6	*9*
2) Challenges	20	19	*39*
3) Customer expectations	5	17	*22*
4) Customer satisfaction definition	3	8	*11*
5) Feedback loop	82	60	*142*
6) Leadership	1	4	*5*
7) Positive Examples	31	14	*45*
8) Negative Examples	9	20	*29*
9) Service Quality / Performance	5	3	*8*
10) Strategic Issues	28	11	*39*
11) Transactional Surveys	1	6	*7*
12) Why measure customer satisfaction?	13	8	*21*
TOTALS	**201**	**176**	**377**

Additionally, to ensure consistency of coding, Miles et al (2014, P.84) recommend that clear operational definitions of codes can be indispensable in guiding consistent application by a single researcher over time. The definitions of the 12 first cycle codes are listed in Table 14.

Table 14: Definition of First Cycle Codes & Frequency of In Vivo Sub-Codes

First Cycle Code	Definition
1) Benchmarking	*Refers to historical and contemporary benchmarking performance context of customer satisfaction feedback.*
2) Challenges	*Identifies any challenges the organisations or staff have faced when measuring and managing customer satisfaction feedback.*
3) Customer expectations	*Identifies the contextual issue of changing customer expectations in the business environment which may affect perceptions social housing performance.*
4) Customer satisfaction definition	*Seeks to identify organisational understanding of the concept of customer satisfaction.*
5) Feedback loop	*Identifying details relating to the practices and actions associated with processing customer satisfaction feedback and any subsequent organisational learning.*
6) Leadership	*Cultural and operational issues of leadership which may have a bearing on the management and measurement of customer satisfaction.*
7) Positive Examples	*Any issues relating to customer satisfaction which may be construed as positive.*
8) Negative Examples	*Any issues relating to customer satisfaction which may be construed as negative.*
9) Service Quality / Performance	*Identifying issues relating to service quality and / or service performance.*
10) Strategic Issues	*Focusing upon the cultural and operational context of strategy in customer satisfaction, service quality, or service performance.*
11) Transactional Surveys	*Identifying any issues relating to a wider context of survey use in their organisations for other service areas (e.g. repairs services etc).*
12) Why measure customer satisfaction?	*Seeking to identify raw organisational knowledge and understanding of customer satisfaction and gain insight into the motivations behind it.*

Following this, each of the first cycle codes are described in detail. Of all the first cycle codes identified, Code 5 (the feedback loop) is of particular importance as it significantly contributes towards answering Research Question 2 ("*What are the stages involved in the customer satisfaction feedback / service performance improvement process?"*).

The first cycle codes are explained in further detail below.

Code 1 - *Benchmarking*

Both organisations acknowledged the role of benchmarking customer satisfaction for performance purposes. Interestingly, when referring to the historical context of benchmarking, the Research Development Manager of the Higher Performing Organisation noted that whilst customer satisfaction feedback "*was being used to report performance, we had a lot of benchmarking groups, we had to put our figures down, it was being reported to Board, it was being used for PR and performance but not a performance tool for [action or changing the service]*".

The lower performing organisation acknowledged the historical context of benchmarking was apparent by saying simply that "*it was expected [to use] benchmarking against others*" (Head of Business Support, Lower Performing Organisation). It was also noticeable that whilst they currently measured the core 7 Housemark STAR questions (the minimum required to enable benchmarking with Housemark), the step of undertaking national level benchmarking was not carried out for the Lower Performing Organisation. Instead, benchmarking groups were undertaken at a local level. Overall, this suggests that whilst benchmarking was a feature in customer satisfaction measurement, the previously enforced benchmarking regime through Housemark did not currently seem to be particularly well used in the formal sense, despite the measures still being gathered for historical comparison purposes.

Code 2 - *Challenges*

Differences were seen in the perception of challenges in the customer satisfaction process. The lower performing organisation cited a key challenge to them as "*the idea that it generates more lines of enquiry, the more questions you ask*" (Director of Housing, Lower Performing

Organisation). The Director of Housing cited this in the context of being the most challenging aspect of the whole feedback loop process, stating that "*the biggest barrier to me is the idea that it is never ending*". This suggests that there was some degree of corporate gap in knowledge in the lower performer in fully understanding the key issues arising from customer feedback, despite using the fairly sophisticated UKCSI methodology.

The Head of Business Support (Lower Performing Organisation) also noted how difficult it was to get feedback into the organisation separate to the UKCSI (these mainly being through transactional or ad hoc surveys, such as for their repairs service or reception service), whereby "*once people experience the service, they're not that interested in telling you about it unless it went wrong*". This is interesting in itself as it tended to suggest a broader negative perception of respondents' motivation for feeding back which was apparent in other elements of the interview.

The higher performing organisation did not seem to identify with the same issues of challenge, and instead cited their in-house concept of 'performance challenge'. This was a concept where Directors and Managers could be "*challenged on [their] performance in terms of the stated facts*" by their peers (Area Manager, Higher Performing Organisation), and suggested a much more positive perception of challenge in the higher performing organisation, where negative contexts did not seem to arise in the dialogue. The only additional concept of challenge was from the Research Manager (Higher Performing Organisation) who cited an issue whereby "*the only barrier would be people's understanding of the process and understanding the data*". Whilst the research team would have expert knowledge in this area, there was some frustration cited that this was not the case with all staff. This was interesting in the sense that even the higher performing organisation found difficulties in maximising the impact of customer satisfaction measurement.

Code 3 - *Customer Expectations*

An area of surprise in the interviews was the issue of changing customer expectations, with a potential shift towards an increasing sense of commercial expectations. This was exemplified by the Director of Housing, Lower Performing Organisation, saying:

> *"It's almost like a completely different set of expectations, certainly than when I start working in housing 25 years ago. I think they're more informed, I think that the comparators that they use are different*

to when I first started in the sector and again this maybe around the expectations that we have set, that they compare us now with retail and banking and the service industries much more explicitly than when I first started, so I think it's about them having an expectation that we will deliver the experience that they're getting elsewhere in their lives, which was never the case before".

Linking to this, the example of government policy changes in the housing sector and how this interplays with the roles of customer satisfaction and service performance was also noted. The Director of Housing went on to explain:

> *"The big driver of them all is because of the impacts of welfare reform, our big emphasis at the moment is viability and sustainability as an organisation. …Traditionally, if people were claiming housing benefit, that money was paid directly to [the organisation]. And this is probably where the relationships with our customers potentially could be changing. Previously as a tenant in receipt of housing benefit I didn't have a choice whether I paid the landlord because the DSS did that. With Universal Credit, that relationship is very different as all of a sudden I'm going to get £400 - £500 in my bank account to say, I can now choose whether I pay my landlord or not, do I want to pay [the organisation] for the services that I've had?. So that will change the relationship, clearly as a business… we have to make it work".*
> (Director of Housing, Lower Performing Organisation).

The issue of changing customer expectations was not, however, raised in the discussions with the higher performing organisation.

Code 4 - *Customer Satisfaction Definition*

Overall, knowledge of customer satisfaction for staff across both organisations appeared strong, demonstrating the ability to define it confidently with key elements noted. This included noting essential concepts such as how happy customers were, whether they were satisfied with the services provided to them, and a focus upon ultimately meeting or exceeding customer expectations.

Recognition of the fact that this could include both products and services and the difference between the customer perspective being both distinct and separate to the organisational perspective was also noted (e.g. "*it's providing a product or service that the customer is actually paying for and the customer being satisfied with that product or service in its simplest sense*" (Area Manager, Higher Performing Organisation); and, "*I think it's what the customer is thinking, so you can have customer service levels but ultimately it's what your customer is thinking or feeling or saying, after receiving a service*" – Assistant Director, Housing Operations, Lower Performing Organisation).

Code 5 – *Leadership*

Boards and senior management teams in both organisations appeared interested and engaged in the process of customer satisfaction measurement, with nothing significantly suggesting otherwise. The Director of Housing in the Lower Performing Organisation referred to the fact that "*it's taken [the Board] a bit of time to get to the stage where they're not just knee jerking because a number has gone up or down, they actually are asking the questions around what does that mean*".

In the higher performing organisation, the Research Development Manager cited a somewhat different approach of the leadership team, where "*yes, it's quite harsh to say, it was used to bash people with*", alluding to the fact that historically, any reduction in customer satisfaction performance had quite a significant effect from the leadership team on operational management. For both organisations, an influence of customer satisfaction feedback at the strategic level was clear.

Code 6 - *Positive Examples*

One of the positive examples from the Lower Performing Organisation was the staff incentive for achieving good customer satisfaction performance. In this instance, if their satisfaction score enabled them to remain in the upper quartile benchmarked against their local peers, each staff member would receive £1,000. The Director of Housing, Lower Performing Organisation said, "*We've got some guys on the London Living Wage, we don't do it in proportion, we don't have a percent, so actually the impact on our lower paid staff is significantly different, it makes a big difference to them.*"

Another positive example from the Lower Performing Organisation was their acknowledgment about proactively acting on customer satisfaction. The Director of Housing said,

> "*I'm not interested in giving people the numbers, in fact I'd rather steer clear of the numbers because people get completely fixated on it, but rather the tone of what residents have been saying… So that's worked incredibly well at the micro level, so it could be something as simple as changing the time that they turn the lights on in one of the blocks because we had that specific feedback, but that will make a difference because the resident now knows, we'll knock on the door and say, 'you said this, we're going to do that'*".

This latter point was reflected in the Higher Performing Organisation: "*The shift has focussed to be more of looking at other things than the overall figure, obviously the overall figure is interesting but it feels like there's less emphasis because we know what we can change to make the impact"*. (Research Manager, Higher Performing Organisation).

Code 7 - *Negative Examples*

The most stark negative example identified here was the fact that both organisations missed opportunities to fully act upon customer feedback. For the Higher Performing Organisation, it was acknowledged that some staff did not see customer feedback as part of their job, resulting in the fact that they would seek to address the "*quick action for the tenant survey… rather than looking at processes as a whole and changing them or modifying them*" (Research Manager, Higher Performing Organisation).

For the Lower Performing Organisation, the Assistant Director of Housing acknowledged that for negative comments received from tenants, not all of them would be contacted: "*I'm not saying we would be able to do them all but we would do a good quality sample*". Again this misses opportunities to deal with issues that could potentially escalate into further dissatisfaction or turn into a formal complaint.

Code 8 - *Service Quality / Performance*

When asked if they felt customer satisfaction feedback influences service quality, the Lower Performing Organisation appeared to be less confident of the two organisations studied. The Assistant Director of Housing said, "*Yes and no. Yes it does, but on the other hand it doesn't because someone would still maybe think they would want more than they're actually getting. That goes down to residents' aspirations as well and us raising the game every year, then obviously residents' aspirations and expectations are matched as well, they go up in parallel*". Whilst clearly linking to customer expectations, this issue also acknowledges a lack of confidence or ability to use feedback to improve service quality.

In contrast, the Higher Performing Organisation appeared to be much clearer on how customer feedback influenced service quality. For instance, the Area Manager of the Higher Performing Organisation was able to cite an example of how negative feedback obtained on one service area generated additional in-house analysis by staff to better understand the issue in future, using this information to improve the quality of service.

Code 9 - *Strategic Issues*

Both organisations were asked if they thought customer satisfaction was a strategic priority in their organisation. The Higher Performing Organisation felt that the UKCSI approach was "*more strategic*" than what they used before, and that it was "*definitely*" a strategic priority (Research Development Manager), acknowledging that customer satisfaction *"forms part of our management information reporting systems…[and] goes to the Board [and] is reported at every level"*. The Area Manager of the Higher Performing Organisation also linked it to government policy changes and the impact that could have on their organisation on their viability and sustainability – by listening to customers, this impact could be better understood.

The Lower Performing Organisation seemed less definitive about the link to strategic priority. The Director of Housing said "*It's not <u>the</u> strategic priority but it is a strategic priority. It probably would hit the top five, I'm not sure it would hit the top three*", whilst the Assistant Director of Housing said, "*I think it's getting more strategic and its getting more embedded. If I'm honest, I think it's taken us a while to get it around everyone's head how important [it is]*".

Code 10 - *Transactional Surveys*

Transactional surveys refer to service-specific surveys where a transaction had been undertaken, such as a repair service being delivered or a visit to reception in the main office. This item was coded as it was noticeable that the Lower Performing Organisation cited the use of transactional surveys much more than the higher performing organisation. This was mainly driven by their desire to have real time feedback in the belief that this would provide improved insight. In the interview with the Head of Research and Projects Officer in the Lower Performing Organisation, it was acknowledged that they thought "*feedback, having real time information over time will give you a more accurate picture of satisfaction*".

This was somewhat at odds with their use of UKCSI (which does not produce live / real-time data) and also with difficulties they cited with some transactional surveys whereby low response rates resulted in the fact that "*it doesn't mean very much [whereby] it always shows 90% or 100% satisfaction and so there's no real issue there when in theory you could flag up something that deteriorates*", thereby alluding to a missed opportunity to identify service improvements.

Code 11 - *Why Measure Customer Satisfaction?*

Both organisations were able to convey this clearly. One interviewee in the Lower Performing Organisation said, "*it's understanding whether the services and the service standards we have are being delivered and if there are issues… But more importantly, its giving residents the opportunity and us understanding from a residents perspective, how well we're doing as an organisation*" (Head of Business Support, Lower Performing Organisation).

For the Higher Performing Organisation, the Research Manager answered by saying that it was "*because [the organisation] wants to be the best at everything and they're very keen to be seen as being the best and so I think quite often customer satisfaction lets us – figures have always been very high, very positive, and I think it gives us another string to our bow in that we're seen as being the best. I think more recently, it has been used as a tool for developing services and making improvements…*"

Code 12 – *The Feedback Loop*

In line with Research Question 2, this coded the specific processes associated with turning customer satisfaction feedback into action and constituted an important element of the interview process. Interviewees were asked to describe the key stages of customer satisfaction feedback in their organisation. Whilst being described, this was sketched out by the interviewer into a rough diagram which, at the end, was shown to the interviewee for clarification or amendment until receiving confirmation that it was a representative illustration.

These key stages are illustrated as a feedback loop seen in Figure 35, which provides a conceptual customer satisfaction feedback loop model for service performance improvement. It is worth noting that the stages identified from the initial sketches were later confirmed through the first and second cycle coding, i.e. no further key stages were identifiable. These included: i. questionnaire design, ii. data collection, iii. data analysis, iv. performance reporting, v. feedback (staff and customers), and finally, vi. action planning and delivering.

Each of these key stages were analysed in further detail to identify the specific processes involved in both the higher and lower performing organisations, and these are summarised in Tables 10 and 11.

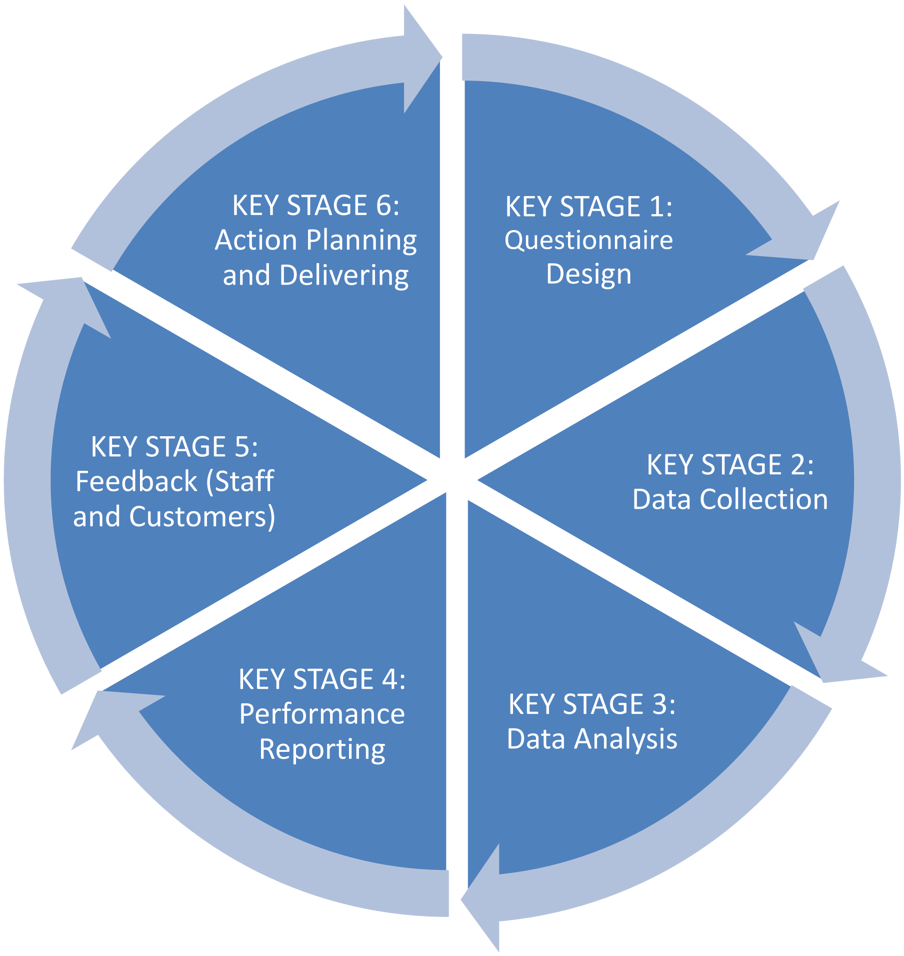


Figure 35: Customer Satisfaction Feedback Loop – Six Stages of Action

Table 15: Summary of the Key Stages and Processes - Higher Performer

STAGE	OPERATIONAL PROCESSES
KEY STAGE 1: Questionnaire Design	1) Questions initially influenced by a one-off, 3x pre-survey focus groups undertaken prior to the first questionnaire to ensure customer focus. 2) Research Team consult with staff on the question set to ensure it reflects current priorities (this is for the flexible questions which would complement the necessary fixed questions for UKCSI comparison). 3) Prior to the survey commencing, the question set is circulated to key people to ensure it is capturing what they want.
KEY STAGE 2: Data Collection	4) During data collection, 'Hot Alerts' (more urgent issues of potential service failure or complaint) are received if issues arise. These are sent to Area Managers to deal with as urgent priorities.
KEY STAGE 3: Data Analysis	5) Data is analysed by the independent market research company overseeing the UKCSI.
KEY STAGE 4: Performance Reporting	6) UKCSI forms part of the performance management reporting framework. For instance, scores generated from the data collection process are added to the main balanced scorecard and team level scorecard.
KEY STAGE 5: Feedback	***FEEDBACK TO STAFF*** 7) The CEO is informally updated first, then formal presentations are given to the Board, CEO and Service Directors. 8) Formal presentations are given the same day to Operational Staff. 9) Research staff work with the Communications Manager on internal and external communication plans. 10) Feedback is provided to all staff in the form of a weekly team briefing. Typically the same slides as presented to Board are used, but with only the relevant slides for that particular team retained. 11) A direct informal discussion between the Research Team and Area Managers about potential areas for service performance improvement. 12) Feedback is added to the intranet and posters to promote to all staff. 13) Feedback information is included in a special edition of the corporate magazine focussing upon research. 14) Feedback is added to the plasma screens in supply depots where maintenance staff who may not have access to email can see it. 15) There is a final offer made from the Research Team that they are willing to present to any smaller staff teams who request it.

	FEEDBACK TO CUSTOMERS 16) Feedback is distributed to customers all over the district through local offices / service access points. 17) Feedback is also provided to Neighbourhood Panels (a mix of tenants, independents, and local councillors). 18) Finally, approximately 4 months after the data collection, all customers who participated in the UKCSI are sent a personalised letter thanking them for participating, and on the reverse of the letter there is a summary of the actions taken and what other action will be undertaken as a result.
KEY STAGE 6: Action Planning and Delivery	19) Quick wins are undertaken as soon as possible – 'hot alerts' during the data collection process, quick wins asap afterwards, and also informal telephone calls made by Area Managers to customers showing low satisfaction asking to find out more / what can be done. 20) Action plan created with the Corporate Investment Team. Action plan is then managed by the Tenant Engagement Team, who chase actions to ensure they are completed. 21) Action plan is reported to the Operational Committee, which includes staff and tenants. 22) Customer satisfaction is linked to an annual staff pay award.
Back to start…	*The process then begins again after 6 months, commencing at key stage 1, point 2.*

Table 16: Summary of the Key Stages and Processes - Lower Performer

STAGE	OPERATIONAL PROCESSES
KEY STAGE 1: Questionnaire Design	1) Questions initially influenced by a one-off, 3x pre-survey focus groups undertaken prior to the first questionnaire to ensure customer focus. 2) Internal discussion between Director of Housing and Board about what information they want to explore in the survey (this is for the flexible questions which would complement the necessary fixed questions for UKCSI comparison).
KEY STAGE 2: Data Collection	3) During data collection, 'Hot Alerts' (more urgent issues of potential service failure or complaint) are received if issues arise. These are sent to the relevant managers to deal with as urgent priorities.
KEY STAGE 3: Data Analysis	4) Data is analysed by the independent market research company overseeing the UKCSI.
KEY STAGE 4: Performance Reporting	Note: Customer satisfaction performance scores are not part of the formal performance management framework (e.g. balanced scorecard).

KEY STAGE 5: Feedback	***FEEDBACK TO STAFF*** 5) Director of Housing (who oversees the customer satisfaction research) travels to the research company to receive a half-day, one to one presentation about what the data is saying. 6) Board report (created by the Director of Housing) is presented by the Director of Housing to the CEO, Board, and Corporate Management Team (Directors). 7) Presentation of feedback to the Operational Managers. 8) An anonymised copy of the raw data is added to the shared computer drive – all staff can access it. 9) Article added to the staff magazine. ***FEEDBACK TO CUSTOMERS*** 10) Feedback is provided to the Estate Boards (if required). 11) Feedback is added to the website. 12) Customer satisfaction is mentioned in the annual report.
KEY STAGE 6: Action Planning and Delivery	13) Discussion between the Research Team and Heads of Service for which issues are most important to focus upon operationally (*Note: Actions are not monitored corporately. There is no formal link between customer satisfaction feedback and action plans, but feedback is raised with managers indicating where improvements need to be made. Managers are then left to set up their own action plans). 14) Link the customer satisfaction feedback / operational priorities to staff 'one to one' appraisals.
Back to start…	*The process then begins again after 12 months, commencing at key stage 1, point 2.*

The first key stage, ‘Questionnaire Design’, included three processes for the higher performer and two for the lower performer. Both organisations undertook a process of influencing of the question set by undertaking up to three one-off focus groups held with a representative group of the organisations’ customers to ensure the questionnaire retained an element of being customer-focussed. A second process involved consulting with operational staff to gather opinions on the question set and to offer them input into influencing the questions asked. In the third process (seen in the higher performer only), the finished draft questionnaire was also sent to senior staff for information and final checks before data collection commenced.

The processes identified within the second and third key stages were identical for both organisations. The second key stage, ‘Data Collection’, involved the collection of the customer feedback data (by telephone in this instance, which is the sole method used by the independent research company collecting the UKCSI data), during which ‘hot alerts’ could occur. These identified instances of service failure or potential complaint identified during the telephone interviews, and which were sent to the relevant managers to deal with as urgent priorities. The third key stage, ‘Data Analysis’, involved the process of staff receiving the [already] analysed data from the independent research company who oversee the UKCSI – any additional analysis could be undertaken by the organisation at a later point in time. The fourth key stage, ‘Performance Reporting’, involved just one process, that of formally reporting the scores. Interestingly, this was only undertaken by the higher performer, with the lower performer saying that customer satisfaction feedback performance scores were not included in their formal performance management framework.

The fifth key stage, ‘Feedback (staff and customers)’, proved to be the most detailed of all the stages. In general terms, both organisations followed a process of firstly feeding back to senior staff, with the CEO, Senior Management Teams, and Board, followed a second activity of feeding back to Middle Managers / Team Leaders. For both organisations, this tended to be undertaken in person via large meetings with presentations to 30 or 40 staff at one time. Feedback to all remaining staff occurred in a variety of ways, such as adding results to the staff intranet system or staff magazine. Both organisations also provided feedback to customers through formal structured methods, such as through neighbourhood panels or estate boards, and non-formal methods, such as through other various forms of customer literature including their website, newsletters, or the customer magazine.

In the sixth and final stage, ‘Action planning and delivering’, whilst some similarities could be observed in terms of using feedback for discussions between the research and operational teams, further differences between the higher and lower performing organisations could again be observed around the formalisation of processes.

4.5.2 Second Cycle Coding: Codes to Categories

Saldana (2016, P.234) writes that second cycle coding methods are “*advanced ways of reorganising and reanalysing data coded through first cycle methods*” and that the “*primary goal is to develop a sense of categorical, thematic, conceptual, and/or theoretical organisation from [the] first cycle codes”.* In doing so, whilst first cycle coding was “*a way to initially summarise segments of data*”, the second cycle coding “*is a way of grouping those summaries into a small number of themes, categories, or constructs*” which “*are explanatory or inferential codes, ones that identify an emergent theme, configuration, or explanation*” (Miles et al 2014, P.86). Following this, a process of further reflection and reorganisation was therefore undertaken on the first cycle coding.

Resulting from this process, the initial 12 first cycle codes were re-organised into 6 second cycle categories. These included a description of the historical context for the organisations, knowledge of customer satisfaction, and the way customer satisfaction feedback is used as a performance measurement and improvement tool. In particular, Category 6 is of particular significance as this identifies the differences between the higher and lower performing organisations to address Research Question 3 (*“Are higher performing social housing organisations more effective at using customer satisfaction feedback to influence service performance improvements than lower performing social housing organisations?”*). These are described in further detail below.

Category 1 - *Historical Context and Integration of Customer Satisfaction Feedback*

Both organisations stated they had been measuring customer satisfaction for 12 to 13 years (commencing in either 2004 or 2005). This confirmed that the concept of customer satisfaction measurement was not new to each organisation and suggests that, at the very minimum at least, there has been sufficient time and opportunity for customer satisfaction measurement to be integrated into organisational culture and operational processes.

Both organisations commenced using the UKCSI measure around 2012/13, and both cited that they found the transition from STAR (the traditional survey for the sector) to UKCSI a cultural challenge. Whilst both organisations confirmed they used their UKCSI survey as their core customer satisfaction perception survey, both continued measurement of the seven core questions (the minimum used) from the traditional STAR survey. This was partly to mitigate these challenges and partly to maintain a sense of consistency. In addition to the UKCSI, both organisations also used a combination of planned and ad-hoc transactional surveys for various services. These included ongoing 'transactional' surveys such as for the repairs service (one of the areas with the highest interactions with customers), lower-frequency services such as for anti-social behaviour, or surveys for short periods of time such as for the reception service. Indeed, these additional surveys were described by one interviewee as potentially being for "[*anywhere] where someone's had a bespoke individual service from us rather than what do you think generically about us*" (Director of Housing, Lower Performing Organisation). Additionally, a small number of non-service focussed surveys were also conducted such as annual employee or stakeholder surveys. As described earlier in Code 1 however, the Lower Performing Organisation placed a greater emphasis upon the importance and recognition of these types of survey than the Higher Performing Organisation.

Both organisations perceived the UKCSI survey to be more interesting than the previous STAR measure as it introduced insights into the performance of other organisations outside the social housing sector. This was still a relatively new concept to social housing providers. For the higher performing organisation, this acted as *"a big boost for employees"* (Research Development Manager, Higher Performing Organisation) knowing that their performance in the UKCSI was at similar levels to M&S Food, Waitrose of John Lewis.

Category 2 - *Knowledge of Customer Satisfaction*

Both organisations employed small teams of two or three staff to manage their core research processes. The roles were similar in both organisations and involved aspects such as project managing the research survey process, writing questionnaires, analysing data and reporting results. Due to the nature of their roles, the research staff could be considered to be close to the concept of customer satisfaction. However, it was apparent that the operational staff interviewed in both organisations also demonstrated a good understanding of the concept of customer satisfaction. As alluded to previously however, limitations of staff engagement could be observed with the higher performer acknowledging that some staff remained pessimistic towards the concept of customer satisfaction (*"some people get it, some people… have a view that it's only the people that have an axe to grind that will report things"* - Area Manager, Higher Performing Organisation).

Category 3 - *The Influence of Customer Satisfaction within the Organisation*

In terms of the influence of customer satisfaction within the two organisations, one interviewee stated they felt the UKCSI was generally perceived as being a focus for making customer satisfaction more influential in the organisation as it had enabled a new perspective to be gained – that of being able to compare against outside the social housing sector for the first time. This enabled staff to be able to relate to the concept of customer satisfaction a lot more: "*When you start talking about John Lewis and Amazon and First Direct, I think people know these organisations and they have something to relate to*", and "*people can start to think about their own experiences as customers*" (Research Manager, Higher Performing Organisation).

Interviewees felt that the influence of customer satisfaction had not changed much within their organisations until more recently with the introduction of the UKCSI. With this, the emphasis had become more influential ("*it changed hugely*", Research Development Manager, Higher Performing Organisation). This may have been simply through additional emphasis given to introducing a new organisation-wide performance measure, however either way, the effect was acknowledged. There was recognition that the UKCSI was providing more "*operational insight*" (Research

Manager, Higher Performing Organisation) and *"it's the depth of which you can actually start to look at what's influencing our customers, [and] what we need to do as an organisation in terms of delivering their priorities*" (Area Manager, Higher Performing Organisation). For another interviewee, there was recognition of a cultural change through the introduction of cross-cutting performance themes rather than purely asking about individual service performance in that "*we're much more interested in how people feel about the organisation, [we've] started asking questions about how easy is it for you to deal with us or to connect with us, do you trust us, those sort of things. I don't think it would have occurred to us a few years back why that would be important or what influence that would have going forward*" (Director of Housing, Lower Performing Organisation).

It was recognised by the Lower Performing Organisation that they didn't have to undertake the UKCSI survey, but by doing so it was demonstrating their commitment to good service. Building on this theme, interviewees agreed that if their organisation did not obtain customer satisfaction feedback, it would be detrimental to their organisation (e.g. "*we would go backwards*", Research Development Manager, Higher Performing Organisation). Interestingly, however, it was perceived that in the short-term nothing significant may change, but it was in the long-term that there would be a greater impact. For example, in relation to decision making it was said that "*they wouldn't be informed by what our customers wanted, they would go back to being informed by what we wanted as a business. I would probably go back to 'we think this is important so that's what we'll do*'…" (Research Development Manager, Higher Performing Organisation). Following a similar theme, the Assistant Director of the Lower Performing Organisation simply said, "*we need to know what we are doing right and what we are doing wrong*". This suggests that customer feedback makes a contribution in supporting good decision making which are in the interests of the organisation.

Category 4 - *Customer Satisfaction Feedback Informing Service Quality*

Five sub-categories emerged here. Firstly, there was the process of customer satisfaction feedback supporting decision making. For instance, the Area Manager of the Higher Performing Organisation stated that customer satisfaction enables the organisation to more easily identify "*what is going to make a meaningful difference [to] prioritise and understand what the drivers for people being satisfied are*". These are identified by finding those service attributes which reflect both the highest correlation with overall satisfaction and the highest importance to customers. By focussing upon improving these priorities for improvement, it presents the greatest likelihood of improving service quality and overall customer satisfaction. Ultimately by having this information, it is easier to focus operational decision making on these areas.

Secondly, it was acknowledged by the Higher Performing Organisation that where customer satisfaction measurement had identified lower levels of service quality, it enabled the organisations to focus upon that area in the next survey by adding additional questions, undertaking a 'deep-dive' of the service aimed at better understanding what they key issues of concern were. This information would in turn be used to inform changes in the service delivery with the specific aim of improving service quality.

Thirdly, examples could also be seen where customer satisfaction was being used to influence service quality by challenging organisational cultural issues. For instance, in terms of trying to reduce silo working, the Director of Housing, Lower Performing Organisation stated that they have used their customer satisfaction data to undertake cross-departmental exercises with operational managers, stating:

> *"Off the back of the data that's been presented for them to try and understand their own service, what's been said about their own services that they can try and identify back at the ranch with their own teams, what they might do differently. But also the interplay between services, as people may say there are no silos in their organisation, there's loads here and we tend to revert particularly when under pressure".*

Fourthly, the interviewees also identified recognition of the consequences of poor customer satisfaction (or a lack of focus on customer satisfaction) seen in particular through the following example:

> *"If you don't know what your customers think, you don't know how valued those individuals are and I think if you take a step back, most housing providers, certainly the social housing providers, get a gauge of what customers think because that is retention and allocating your properties in terms of what we do. It's the most important thing, so if your customers are having a bad experience, then usually there's a*

consequence to that and what happens is people leave". (Area Manager, Higher Performing Organisation).

Fifthly and finally, the issue of a moral duty could be noted here too, as illustrated in the following comment:

> *"As a landlord, if somebody is paying us rent, we have to substantiate that that rent they pay is value for money, they're paying for a service. So we are here to help them in their homes, we're here to help them sustain their tenancy because whilst they're under in effect our umbrella, they're our responsibility, so we have a duty of care to make sure we actually do provide a service*". (Assistant Director, Housing Operations, Lower Performing Organisation).

Category 5 - *Customer Satisfaction Feedback as a Performance Measurement and Improvement Tool*

The concept of performance measurement being intertwined with customer satisfaction feedback was clear throughout all the interviews. For example, customer satisfaction measurement was seen as a direct performance management and monitoring tool in that by having a specific percentage figure to refer to in the results, this could demonstrate a particular performance benchmark by citing a percentage score which could be reported and promoted both internally and externally. This is seen by one interviewee who stated, "*it's used as a tracking tool to see if we are keeping standards as high as we like them to be*" (Research Manager, Higher Performing Organisation). This is also illustrated in the following quote:

> *"[the organisation] wants to be the best at everything and they are very keen to be seen as the best, and I think quite often customer satisfaction let us…. I think it gives us another string to our bow in that we're seen as being the best"* (Research Manager, Higher Performing Organisation).

Interestingly however, despite conveying a sense of the UKCSI being a strategic priority during the interviews, the Higher Performing Organisation confirmed that when formally reporting customer satisfaction scores for the annual report or other externally facing performance reporting, they reverted back to quoting the STAR performance score rather than the UKCSI performance score. Due to the way the two measures are structured (STAR using a 5 point Likert scale and UKCSI using a 10 point numeric scale), the results tend to appear higher as a single percentage score using STAR. Additionally, when it came to benchmarking customer satisfaction performance, the Higher Performing Organisation continued to use the traditional service from Housemark to benchmark STAR scores (instead of completely moving away from it). The lower performer also continued to measure the core seven STAR questions, but did not benchmark using Housemark STAR. Therefore it can be said that some continuation of the use of the traditional methods was evident, despite the introduction of UKCSI.

It was also clear that customer satisfaction was being used as a tool to enhance service performance, for instance as "*a tool for developing services and making improvements*" (Research Manager, Higher Performing Organisation). This also occurred by using customer feedback to retain a focus on the most important issues at a strategic level. On this issue, one interviewee said,

> *"It's very easy particularly for the board to get distracted by headlines, so if something changes massively but actually it's not really important, they could spend and we could spend an awful lot of resource down blind alleys, that isn't going to drive improvement and just frustrate us all in the process…. One of the things I like about what [the UKCSI data] does for us is around that prioritising and understanding what the drivers for people being satisfied are".* (Director of Housing, Lower Performing Organisation).

For the Lower Performing Organisation, there was a clear link between customer satisfaction feedback and identifying where to improve services. This was illustrated by one interviewee saying:

> *"If we know there's a problem or even if we know something tells us that we're good at something, it's about us having that information so anything we get in, it's part of change, it's part of what we need to then improve services"* (Assistant Director, Housing Operations, Lower Performing Organisation).

An acknowledgement of the move towards more commercial ways of operating for social housing providers also became clear here, for example, "*I think it's around the recognition that we need to be more competitive in the market and that if we don't up our game to a commercial level, we may struggle to survive*" (Research Development Manager, Higher Performing Organisation).

A further way in which customer satisfaction was being used was as a service performance 'safety net', that is, contributing towards *"understanding whether the services and service standards we have are being delivered, and if there are issues, then it's an opportunity for residents to raise it through us at that point"* (Head of Business Support, Lower Performing Organisation). Expanding this point, the Assistant Director of Housing Operations in the Lower Performing Organisation summarised this concept by saying, *"I could think everything's going wonderful and I'm not going to know any different unless someone tells me*", whilst the Director of Housing in the Lower Performing Organisation also noted the importance within a Board context:

> *"For Board and for… senior management, there's an assurance aspect of that, about actually what's going on on the ground. It's almost like you tend to get your information filtered through layers of the organisation, whereas if you're getting feedback directly from the people at the sharp end, there's that assurance".*

Using these examples, the concept of customer satisfaction feedback providing a service performance 'safety net' can therefore be considered from both operational and strategic perspectives.

Category 6 - *Identifying the Differences between the Higher and Lower Performing Organisations*

In order to explore Research Question 3 (*"Are higher performing social housing organisations more effective at using customer satisfaction feedback to influence service performance improvements than lower performing social housing organisations?")* further assessment of the differences in the processes illustrated in Tables 10 and 11 presented earlier are required.

A first difference which becomes visually apparent is the *frequency* of operational processes. Listing the operational processes cited from the interviews, the Higher Performing Organisation can be seen to undertake 22 operational processes across the 6 key stages compared to 14 for the lower performer. Further analysis using a word frequency query for all nodes in NVIVO 11 identified a higher occurrence of relevant keywords in the Higher Performing Organisation. Whilst the interviews were longer in total for the Higher Performing Organisation (3 hours 48 minutes compared to exactly 3 hours for the Lower Performing Organisation), the author felt that the difference in time did not influence the operational process citations substantially.

Table 17: Word Frequency Query for all Nodes, NVIVO 11

Keyword	Higher Performing Organisation	Lower Performing Organisation
"Satisfaction"	245	89
"Customer"	238	65
"Service"	154	77
"Feedback"	142	64
"Performance"	80	25
"Information"	75	45
"Business"	41	9
"Quality"	22	8
"Challenge"	10	4
"Improvement"	9	7

A second difference can be seen in the type of processes undertaken. When looking in greater depth, it is possible to observe that the actions undertaken by the Higher Performing Organisation are arguably much more formal and robust in terms of feeding back to staff and customers. The most interesting example of these actions is the unusual step of the Higher Performing Organisation writing personally to each survey participant thanking them for participating, stating what they have been working on to improve their service delivery, detail about the survey results, and what they are going to do next. An example copy of the letter can be seen in Appendix 6. This process was not undertaken by the Lower Performing Organisation. Indeed, when discussing about the formalities of their performance processes associated with customer satisfaction feedback, the Director of Housing Operations in the Lower Performing Organisation mentioned that *“there’s nothing formal, there’s nothing I could point you to, there will be examples of how that’s happened but it’s much less structured in terms of how we would capture that happening”*.

A third difference is the culture between the two organisations. This is particularly stark in their approaches to dealing with performance management and performance reporting. The Higher Performing Organisation cited several instances of formal performance reporting through their *“performance driven culture”*, with balanced scorecard for Board level and team level in place, and also their in-house performance challenge described earlier in this chapter. This is *“where the Service Director and appropriate managers, myself included, will be challenged on our performance in terms of the stated facts, so if we’re over budget or if we’re down on voids or arrears are creeping up where they shouldn't be, then that’s scrutinised and challenged by our peers as to what we’re doing, so again that’s another motivator in terms of making sure that all your things are in green”*. (Area Manager, Higher Performing Organisation).

A further example of cultural differences can be seen in the example where interviewees were asked how influential customer satisfaction was in their organisation. In answering this it could be observed that the Higher Performing Organisation responses were generally more positive, such as *“totally, it’s probably one of the, if it’s not the biggest driver, it’s probably one of the biggest drivers”* (Area Manager, Higher Performing Organisation), and *“it’s become more influential since we introduced UKCSI”* (Research Manager, High Performing Organisation), however the responses from the Lower Performing Organisation were more hesitant, such as *“it’s a difficult one because if you asked people, they’d say it isn’t that much and I think it’s subtly important than explicitly so”* (Head of Business Support, Lower Performing Organisation).

A fourth difference is associated with the timing of the UKCSI survey. The Lower Performing Organisation undertook the UKCSI survey every year compared to the higher performer who undertook the UKCSI every 6 months. Interestingly, the higher performer had previously tried to undertake the UKCSI on a quarterly frequency, but found it was impossible to complete the feedback loop and implement changes effectively within a 12 week period. The lower performer however found it difficult to maintain an annual frequency, with the researchers citing they would rather have a bi-annual frequency.

A fifth area of difference was acting on satisfaction. Clear differences in the way in which the two organisations applied and acted on customer satisfaction feedback were noticeable. These could be considered on two levels – firstly, the higher performer conveyed a strong desire to achieve quick-wins as soon as feedback was available. Secondly, the formality of having a dedicated action planning process to operationalise implementation in the higher performer ensured that actions were identified. Thirdly, the structure in the higher performer was that the action plan, once set, was then separately managed by a Tenant Engagement Team who ensured operational staff implemented the action plan. A final form of checks ensured that the completed action plan was reported back to the Operational Committee. These processes are vastly different in the lower performing organisation, where no formal link between customer satisfaction feedback and action plans was made, only informal discussion occurs between research staff and managers, and managers are left to set up their own action plans which are not formally scrutinised or checked for implementation.

It is worth noting that despite the Lower Performing Organisation not reflecting as sophisticated operational processes involved as the Higher Performing Organisation, there were still some aspects which were arguably better practice. One example of this is the fact that customer satisfaction feedback was used at the individual staff level in staff appraisal one to one meetings. This ties customer satisfaction feedback right back to the front line of operations, which could be considered as being useful in conveying direct feedback to those delivering the services first-hand.

Finally, it is interesting to observe that the greatest differences between the two organisations occur in the latter half of the feedback loop. The first stages of the feedback loop were similar (during stages 1 to 3, i.e. *questionnaire design*, *data collection,* and *data analysis*) whereby both organisations initially had the same type of data collected (UKCSI) by the same independent research company, and (initially) provided to them using the same analysis and reporting, and in the same format (Powerpoint and Excel). The more significant differences begin to become noticeable immediately after this with during stages 4 to 6, i.e. *performance reporting, feeding back to staff,* and *action planning and delivering*, where the organisations themselves have more control of the processes. This aspect of the research findings suggests that by following a more structured set of actions, more heavily integrating customer feedback into all aspects of operational culture (including performance reporting, operational planning, and implementation of actions), whilst robustly communicating to customers how their feedback has made changes for the better to them, could be key factors in making a positive difference on service performance.

Based on the evidence observed in the qualitative research findings, an assertion can be made that Research Question 3 (*"Are higher performing social housing organisations more effective at using customer satisfaction feedback to influence service performance improvements than lower performing social housing organisations?"*) is supported, i.e. *higher performing social housing organisations are more effective at using customer satisfaction feedback to influence service performance improvements than lower performing housing associations*.

4.5.3 Second Cycle Coding: Categories to Themes

Continuing with Saldana's *streamlined codes to theory model for qualitative inquiry* (Saldana 2016), this section describes the process of developing the categories to themes. Saldana (2016, P.198) writes that a theme is "*an outcome of coding, categorisation, and analytic reflection, not something that is, in itself,* coded", whilst Rubin and Rubin (2012, P.118) advocate that "*themes are statements qua (in the role of) ideas presented by participants during interviews that summarise what is going on, explain what is happening, or suggest why something is done the way it is*".

Therefore, in the context of the analysis presented so far in this chapter, and with the research questions still at the forefront of thinking, a further stage of reflection was undertaken. This led to the formation of three second cycle themes described below – these can be considered as distinct standalone themes on their own, however, they should also be seen as overlapping, 'weaved' together, and complimentary.

Theme 1 – *Culture & Influence*

Culture and influence can be considered as providing wider context for enabling how customer satisfaction feedback organisationally functions. In this context, culture can be considered to include structures ranging from the very top of the organisation (leadership) to those processing the actions (operational teams) which enable time and focus to be given to the topic of customer satisfaction feedback, and the corporate motivation throughout these levels to use customer satisfaction feedback as a stimulus for positive action. The operational *'structure'* associated with culture appears, in the instance of the two organisations presented here, to be a fundamental part of success of using customer satisfaction feedback.

Culture also supports *influence*. Influence as a theme can be considered as the extent to which customer satisfaction feedback is '*listened to*' and '*acted upon*'. It can also be considered to include how customer satisfaction feedback is recognised as something '*worth doing*', something which is not just measured and reported as a tick box exercise, but has a clear operational and strategic presence and value with the ability for change. In this context, customer satisfaction feedback is proactively applied in practice to positively influence in the minutiae of day to day operational delivery, but also informs strategic direction.

Theme 2 - *Knowledge & Understanding*

The theme of knowledge and understanding refers to the organisational capacity to know not only *what* customer satisfaction feedback is as a concept, but also *how* it can be best applied as an operational tool for performance improvement. It is about knowing how to harness the information received and convey findings to the right people leading to appropriate levels of action planning which encapsulates and facilitates the range of responses from 'quick wins' to the foresight of longer-term goals.

It is also about having the structures in place to facilitate the gaining and accepting of new understanding by listening to customers' perceptions of service (which may be different to that of the organisation's perspective). It is then about using this to enable a process of organisational reflection (both at a level of day to day operational minutiae and long-term strategy) and proactively feeding back to customers what they have collectively said and how this information has been used – in effect providing a level of feedback which is providing an ongoing large-scale conversation with the customers, with the organisation demonstrating and conveying that they are listening and understand what is being said.

Theme 3 – *Organisational Learning & Performance Improvement*

The theme of organisational learning and performance improvement refers to taking customer satisfaction feedback a stage further than its traditional concept of simple customer satisfaction *measurement*, that is, performance measuring the percentage satisfied scores achieved over time. This theme fundamentally refers to the concept of *making customer satisfaction feedback actionable*.

This means having a structure in place to enable learning and action from customer satisfaction feedback at every level, micro and macro, day to day operational minutiae to strategic foresight. It is building upon Themes 1 and 2, whereby customer satisfaction feedback is embedded in the organisational culture and is influential, where there is organisational knowledge of how to use and apply customer satisfaction feedback and that what this brings is understood and acknowledged. Theme 3 refers to that fact that this is then used and applied to inform operational action and practice with the clear intention of maximising and continuously improving service performance.

4.5.4 Codes to Theory: A Theory for Operationalising Customer Satisfaction Feedback for Service Performance Improvement

Following the last stage of Saldana's *streamlined codes-to-theory model for qualitative inquiry* (2016), this section presents a theory for operationalising customer satisfaction feedback for service performance improvement, developed from the case study analysis.

Saldana writes that in general "*a theory states what and how and preferably why something happens*" (Saldana, 2016, P.278) and cites Gibson and Brown (2009, P.11) who write that "*at its most practical, a theory is an elegant statement that proposes a way of living or working productively*". Using these as a guide, and based on the qualitative analysis presented throughout this chapter, the following theoretical statement was produced:

> ***Customer satisfaction feedback focusses service performance improvement through continuous feedback loops when integrated in strategic and operational service delivery***

This is developed further in the next chapter, Chapter 5, by presenting a visualisation of a theoretical model for the operationalisation of customer satisfaction feedback for service performance improvement.

4.6 Chapter 4 Conclusions

Chapter 4 presented the results from the quantitative and qualitative research.

The first exploratory quantitative research established the position that customer satisfaction measurement in the English social housing sector still has relevance in practice. The second quantitative exploratory research established differences in the relative position of the average housing association score when benchmarked within and outside of the social housing sector. However, whilst noting that housing associations can perform at the highest levels when compared to top performing organisations outside of the social housing sector, when considering performance longitudinally, higher performing social housing providers appear to be increasing performance over time whereas lower performing social housing providers are decreasing.

The third element of the quantitative research (‘Exploratory Quantitative Research: Study 3’) aimed to establish if there was a positive relationship between customer satisfaction and service quality. Through empirical statistical testing, this suggested a positive relationship did exist in a social housing context, with not only evidence suggesting the direct effect of service quality on customer satisfaction, but also revealing findings that the reverse is also true: i.e. increasing levels of customer satisfaction is associated with increasing levels of perceived service quality provided by organisations.

The qualitative research undertook semi-structured interviews with senior and middle management staff in research and operational roles in two social housing providers using the UKCSI measure. Qualitative analysis identified that customer satisfaction measurement was used in multiple ways, including to measure service performance, as a means and focus from which to improve performance, and as a trigger for action in cases of service failure. A customer feedback model for service performance improvement was developed along with a detailed summary of the processes undertaken at each stage within the higher and lower performing organisations. This addressed Research Question 1, i.e. *“How does customer satisfaction feedback influence service quality and service performance in English social housing?”*

The case study organisations were purposively sampled to represent polarised examples of UKCSI performance, reflecting different extremes of service performance (one high, one low). Differences were noted between the two organisations, with these being especially apparent in the second half of the feedback loop where each organisation had control of operational processes. In relation to Research Question 3, the qualitative research findings suggest support for the position that higher performing social housing organisations are indeed more effective at using customer feedback to influence service performance improvements than lower performing social housing organisations.

Based on the qualitative analysis, the findings suggest that for Research Question 3 this indeed

Finally, a theoretical statement for operationalising customer satisfaction feedback for service performance improvement was developed based on the qualitative analysis. A discussion of the results is presented in the Discussion chapter, Chapter 5, expanding these concepts further.

Chapter 5 Discussion

5.1 Introduction

This section presents a discussion in the context of the literature review and research findings. In doing so, an argument is put forward that whilst the research evidence suggests customer satisfaction is highly relevant in the English social housing sector, there is a lacuna of research exploring how this occurs, or more specifically, how customer satisfaction feedback can be used in the best way. Based on the research findings, a theoretical framework for operationalising customer satisfaction feedback for service performance improvement is presented.

5.2 The Efficacy of Customer Satisfaction Practice

With customer satisfaction as the focal element of this study, it is reasonable to consider the efficacy of customer satisfaction feedback.

Taking a service operations management perspective, customer satisfaction measurement can be used to understand how an organisation is performing from the customers' perspective at a certain moment in time [i.e. the time of measurement]. From this, it can be used to understand where it is performing well, but more fundamentally, it can show where an organisation needs to improve, enabling that information to influence improvements. Conversely, it can be argued that if customer satisfaction feedback is *not* used to influence service improvements, it is not fully 'operationalised'.

Despite performance management tools seeking a balance of the operational and customer perspectives (e.g. Kaplan and Norton's Balanced Scorecard, 1992), challenges of organisations aligning customer and service operations perspectives together still exist (e.g. Shah, 2006; Hult 2017). It is therefore reasonable to argue that more could be done to help organisations bring these two perspectives closer together.

Customer satisfaction feedback is well placed to do this. However, the intention and purpose of collecting customer satisfaction feedback should not be simply to *measure* performance, it should also be explicitly to *improve* performance. This differentiated role is seen in the case study research findings: whilst the Lower Performing Organisation noted customer satisfaction feedback was used to assess “*how well we are doing as an organisation*”, the Higher Performing Organisation “*used* [it] *as a tool for developing services and making improvements*”.

Related to the *efficacy* of customer satisfaction is *relevance*. This is evidenced through the author’s first exploratory research undertaken in 2013. This assessed voluntary usage of customer satisfaction after deregulation and established there were good levels of engagement with customer satisfaction in social housing, thereby suggesting it remain a relevant performance tool. Importantly, since then, it can be argued that the requirement for obtaining tenant views has only become more important, with governmental recognition that tenant involvement could save millions (Ministry of Housing, Communities and Local Government, 2015) and a renewed interest since the Grenfell Tower tragedy (24 Housing, 2018). Without the relevance of customer satisfaction feedback, the central emphasis of the thesis would have been fundamentally undermined due to a lack of relevance and practical application.

Maintaining this theme, a further finding worthy of note from the first exploratory study was the high proportion of social housing providers who agreed customer satisfaction feedback was ‘essential’ in decision-making. This is an important finding for a sector where financial budgets have historically been limited and carefully monitored due to being funded by public monies (via welfare support). This suggests customer satisfaction feedback is perceived by practitioners as contributing to achieving social housing aims – if it did not, it is highly likely it would have ceased. It is also important through providing a justification of the decade-long governmental requirement for social housing providers in England to measure customer satisfaction – the findings suggest it has become, for many social housing providers, an established part of day to day operational and performance monitoring infrastructure.

It was also reassuring to see the relevance, and therefore efficacy, of customer satisfaction at senior levels within social housing organisations, and its influence specifically on service improvement. Within this, it was particularly interesting to observe that customer satisfaction was most strongly regarded as essential at strategic levels of the organisation, i.e. highest at Board level (where 94.3% agreed that customer satisfaction feedback was essential), followed by 94.2% for Senior Management, compared to 89.5% for ‘Staff Teams’). This, however, contradicts the finding by The Economist Intelligence Unit (2014) which suggested customer service related issues may not be taken as seriously at Board level as in other departments.

Using a focus upon the UKCSI, the second exploratory study built upon the findings of the first by aiming to understand how tenants perceive service performance in the social housing sector, and how this might compare to other sectors. When undertaken in 2014, this was a very new concept for the sector and provides an important step in understanding the nature of customer satisfaction in a social housing performance context via the UKCSI providing new insights.

From this research it is interesting to observe that the relative nature of the overall satisfaction scores change depending upon the benchmarking context of 'within sector' or 'all sector' contexts. This challenges how the sector benchmarking average score (used during the regulatory years) is perceived and what that means in a service quality context. For example, often in social housing contexts where there are limited budgets and an element of working with, or supporting, vulnerable tenants, debates would occur on what good service looks like, and is 'good' good enough to meet needs. Both the 'within sector' approach (advocated by the STAR survey) and 'all sector' approach (advocated by the UKCSI) can be considered relevant, however it can be argued that from a customer perspective, the UKCSI offers a more enhanced position from which to view service quality as social housing tenants themselves cannot easily take a single sector view. It also follows then that the lens of the customer rather than the lens of the organisation (Hill et al 2007, Kordupleski 1993) and the view that service expectations between public and private sectors can be seen to converge (Caemmerer, 2013) have credence.

The longitudinal findings from the second exploratory quantitative research also offer new insights. At the time of writing Housemark have not made public any longitudinal data from the STATUS or STAR surveys, with data collection being conducted only at single organisation level with Housemark as a facilitator. Therefore the provision of data presented in this study offers a view not seen previously, with not only customer satisfaction performance measured over time, but also indicative of these trends for the highest and lowest social housing performers. The fact that differences can be seen between these two groups, where higher performers can be seen to be slightly increasing over time whilst lower performers are not, suggests that better understanding needs to be gained into why this is the case. It sets a context and rationale for the research undertaken in this study, and from the findings in the qualitative research in this study again suggests that differences in the approach to applying customer satisfaction feedback in practice to a greater or lesser degree could influence performance.

A final consideration in the efficacy of customer satisfaction practice is its relationship with service quality – without evidence of the relationship that one can positively influence the other, it would seriously reduce the argument of customer satisfaction feedback's effectiveness in practice. The empirical findings from the third exploratory research study presented at the EurOMA annual conference in Norway, 2016 (Williams et al, 2016) which found customer satisfaction *can* positively influence service quality in the English social housing sector, is important on a number of levels, as explained below.

1) The research findings contribute broadly to the scope of wider academic knowledge on the links between customer satisfaction and business performance (e.g. Anderson et al, 2000; Anderson et al, 2004; Gruca and Rego, 2005) whilst also expanding upon other sector-specific studies (e.g. banking - Cooil et al 2007; retail - Terpstra et al 2014) where previously no such study has been undertaken for social housing.

2) The research provides the first academic research independently using UKCSI data, extending earlier academic papers using national-level customer satisfaction index models such as the ACSI, the American Customer Satisfaction Index (e.g. Fornell et al, 1996; Yeung et al, 2000) and the SCSB, the Swedish Customer Satisfaction Barometer (e.g. Anderson et al, 1994; Johnson et al, 1996). This precedent extends opportunities for further academic research activities, providing a new emphasis on UK-orientated customer satisfaction research.

3) The results also offer insight into the debate upon the antecedents of customer satisfaction. As presented in the literature review, academic debate on customer satisfaction has occurred on this topic whereby the majority of academics found that service quality is an antecedent of customer satisfaction, as illustrated by Brady and Robertson (2001) in the

top half of Figure 36, rather than supporting the opposite where customer satisfaction is an antecedent of service quality (the lower half of Figure 36).

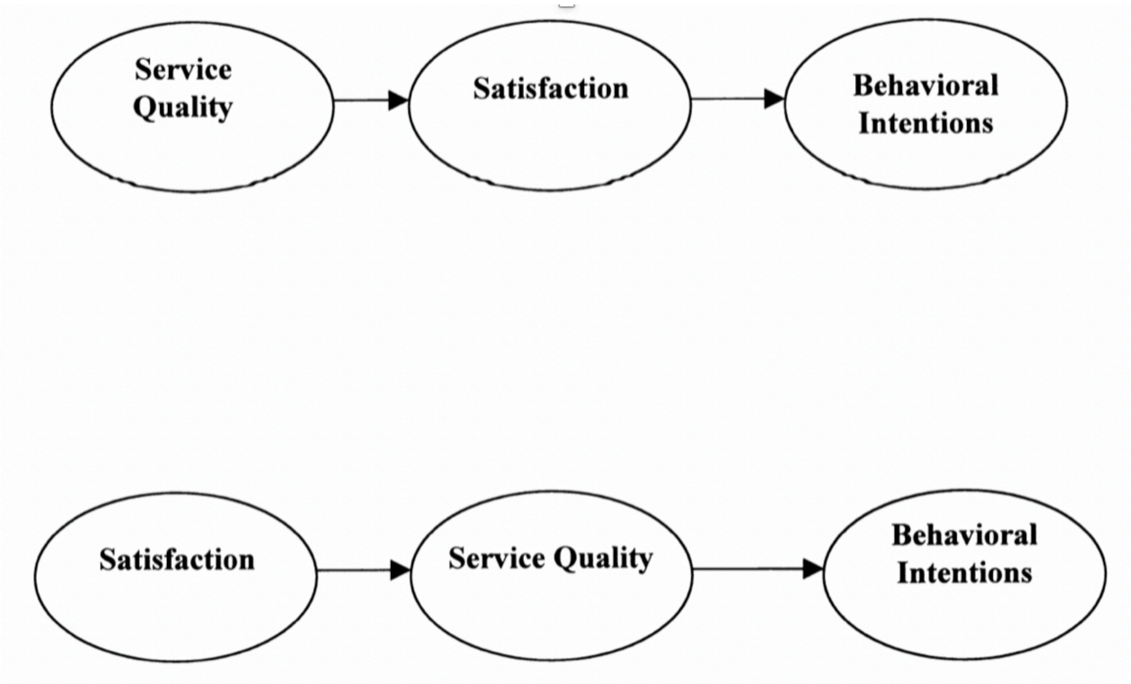


Figure 36: The Antecedent Role of Service Quality and Satisfaction. (Brady and Robertson, 2001, P.54)

However, from the results presented earlier in 'Exploratory Research: Study 3' (see Chapter 4, Section 4.4), the findings suggest that the reverse can also be true; i.e. that customer satisfaction can also have a positive effect on service quality (as per the lower half of Figure 36 above). When seeking to explain this in practice, it can be suggested that when seen as a stand-alone, one-off encounter (e.g. the very first service encounter) a customer can only form customer satisfaction judgements based on service quality of that single service interaction with an organisation.

However, service relationships often do not end there – using the concept of customer feedback, the relationship between the customer and organisation is two way and ongoing. To illustrate this, it can be seen that the organisation provides the service; the customer participates in and encounters the service first hand; the customer forms customer satisfaction judgements based on the quality of the service; the customer then holds this psychological position until the next service encounter when new perceptions of the service are formed.

If the organisation collects the customers' feedback from the first encounter and uses it to inform practice, service delivery may be changed and improved in line with what the majority of customers want. In this part of the scenario, the relationship turns to customer satisfaction being an antecedent of service quality (as it is the customer satisfaction feedback which directly informs practice / service improvements), and should therefore, from the eyes of the customer, improve service quality. So when service is subsequently experienced by the customer, service quality is perceived to have improved and customer satisfaction has the potential to be higher. Immediately following this, when the customer encounters the service again, service quality once more becomes the antecedent of customer satisfaction. This is illustrated in Figure 37.

Figure 37: Continuous Antecedents Model: Customer Satisfaction and Service Quality

Following from this, service operations management perspectives can also be considered. The empirical research findings also have application for managers working in social housing management and relevance for CEO's and Boards making strategic decisions by giving them additional confidence that customer satisfaction measurement can positively influence service. This addresses recent concerns raised from within the social housing sector about the effectiveness of customer satisfaction (e.g. Pawson and Sosenko, 2012), such as inconsistencies of local survey practice.

Other concerns have also been raised from within the sector. For instance, a report by the English social housing provider Family Mosaic (2014) asked whether a new measure was required, possibly including aspects such as health, wealth, wellbeing, and basic services. Interestingly the report wrote that "*in time… [the new satisfaction index] should be able to show not just how good we are operationally, but to reflect on how demanding, aspirational and, at times, dissatisfied our customers are with us. Only then will we be able to measure how successful we really are*" (Family Mosaic, 2014, P.17). However, to quote Strickland (2014), "*there is undoubtedly a political objective to the 'customer satisfaction is dead' rhetoric popular today among market research professionals. It is certainly difficult to sell a new and ground-breaking idea without first telling potential customers why the incumbent methods they've invested in are no longer adequate*". Taking Family Mosaic's concept further, HACT (2018, P.3) undertook a study seeking to find a more sophisticated methodology extending customer satisfaction measurement for social housing. However HACT concluded that "*[their] findings should, however, signal the end of that search, not because we've discovered the silver bullet, but because we think there is no silver bullet*". In other words, despite "*[customer satisfaction measurement] not telling the whole story*" (HACT, 2018, P.3), there is still no better methodology available for customer feedback.

Over the last 30 years, whilst customer satisfaction measurement has altered slightly through the addition of specific service operations questions – such as 'trust' (Kramer, 2009), 'customer effort' (Dixon et al, 2010), or the challenge of the single question net promoter score (Reichheld, 2003) - fundamentally as a performance measure used across countries, sectors and industries, customer satisfaction measurement has principally remained the same. This suggests that to add new knowledge to customer satisfaction measurement, focussing upon new data gathering techniques may only yield limited results. However, it can be argued that considering techniques for the application of customer satisfaction feedback to practice offers new opportunities for understanding. Exploring this concept forms the next focus of the Discussion.

5.3 Operationalising customer satisfaction feedback - Levels of Influence on Practice

The key contribution of the qualitative research within this thesis is illustrating the specific operational practices involved in each stage of the feedback loop (see Section 5.5). As far as can be seen, this is not an area covered in this level of detail by the operations management or customer satisfaction literature, and as such takes the operationalisation of customer satisfaction to a new level of insight.

Before presenting the theoretical model, additional context can be provided by illustrating the levels of customer satisfaction measurement and influence (Figure 38).

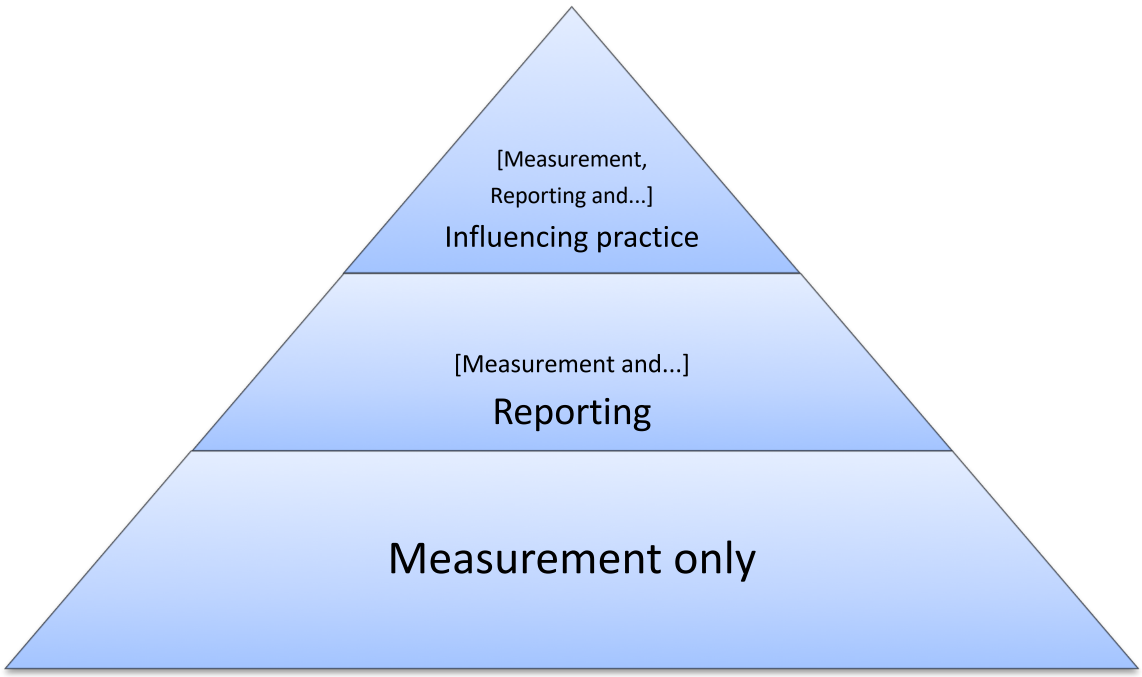


Figure 38: Levels of Customer Satisfaction Measurement and Influence

Within this illustration, the most basic level is at the bottom, where an organisation simply measures customer satisfaction but (intentionally or non-intentionally) does not report or act on them in any meaningful way. Examples of this might be when unexpected or poor results have been found and the information is purposefully not used by the organisation, or alternatively underreporting occurs where individual questions are not actively used in reporting mechanisms. An example of this can be seen by the Higher Performing Organisation who said that before they used the

UKCSI measure, far too many questions were asked in the customer survey leading to a situation where "*there was stuff that definitely went under the radar and wasn't reported*". This follows a general point acknowledged by many service operations managers in practice, that it is much easier to 'measure' and far more difficult to 'act'.

The second level in the illustration posits that customer satisfaction is both measured and reported. This suggests that some communication around the customer satisfaction findings exists, which could be internal and / or external reporting. Whilst an enhanced position from the basic stage, this does not successfully use results to influence future practice – albeit well intentioned, there is not a direct and clear link between measurement and change. Based on the evidence in this study, it could be argued that the Lower Performing Organisation is operating at this level (for instance when the Director of Housing, Lower Performing Organisation stated "*I'd struggle to tell you the very concrete example of what's come out of an annual satisfaction survey, that's been taken through the full works in order to make an improvement at the end of it*").

The third and final level in this model posits that both customer satisfaction measurement and reporting more clearly influence practice. At this level, it can be suggested that 'influence' is a key differentiator of operationalising customer satisfaction feedback effectively for service performance improvement. Based on the evidence in this study, it could be argued that the Higher Performing Organisation is operating at this level, for instance as seen with clear links for how operational teams use feedback to inform action plans with accountability to the tenants themselves (e.g. *"The action plan will go to the operational committee and the operational committee is made up of tenants. We have seven neighbourhood panels, we have seven neighbourhoods within the* [redacted] *district, there is a chair for each panel and the chairs attend the operational committee").*

The general themes identified here are recognised by Kordupleski et al (1993, P.85). They acknowledge that to ensure a quality improvement program links to the customer, two concepts must be achieved: firstly, identifying and measuring customer needs, but secondly, linking customer satisfaction measures to internal process measures. The authors summarise difficulties in applying it to practice as follows:

> "*a common scenario is repeated all too often at corporations throughout the world. The company collects measures of service quality and/or customer satisfaction to see where is stands with the*

customers. The results are tabulated and then scrutinized carefully by management. But the results are not used systematically and logically to make changes. The result is that the customer surveys have little direct impact on management. For all practical purposes, the customer satisfaction/quality information might as well not have been collected." (Kordupleski, 1993, P.87).

5.4 Entwinement of Practice

It is interesting to note that the three areas of literature presented in this thesis can be argued to present 'entwinement', i.e. how people, actions, technologies are all inter-related, that practices are *multi-faceted in nature* (simultaneously social, discursive and material), *contextual* (where the practice is taking place and is embodied) and *temporal* (how practices develop and are improved over time) (Sandberg & Tsoukas, 2015).

When revisiting each definition and bringing them together, they suggest an overall process linking the three together (Figure 39). This includes customer satisfaction measurement for an organisation to understand the gap in service performance in the customers' eyes. Then, once acknowledging a gap, there has to be the ability and the means to do something about it. This could be in the form of physical infrastructure but also could be conceptualised in the form of political will, or the motivational desire of managers and staff to seek improvement. Finally, using Slack's definition of performance, this alludes to the deployment of practice, of action, to achieve performance improvement.

Topic	Source	Definition	Suggested Process
Customer Satisfaction	Institute of Customer Service	***"the extent to which a customer feels their experience with an organisation has met their needs"***	***Acknowledgement / understanding that a gap exists; measuring that gap through % satisfaction/dissatisfaction***
Service Quality	Kordupleski et al (1993) and adapted by the author	***"the ability of an organisation to meet their customers' needs"***	***The actual capability of the organisation to meet needs, or if required, change and adapt to meet needs. Could refer to 'physical' business infrastructure or even 'political' issues such as the desire/motivation to improve***
Performance	Slack et al (2015) and adapted by the author	***"closing the gap between the current and desired performance of an operation or process"***	***The actual practice/s of improvement***

Figure 39: Entwinement of Customer Satisfaction, Service Quality, and Performance Improvement Practices.

Buch and Schatzki (2019, P.9) recognise that questions of practice and the importance of best practice concern:

> "*…how practices should be organised, what is authoritative in them, the ends – general or specific – that should be pursued, how practices are best taught, and how they can be improved. This is the domain of so-called 'best practices'. It is also where processes of transformation and self-transformation transpire: where questions about how society and individual lives can be improved are irrepressible. Questions of these sorts, like answers to them, are not the province of social science or theoretical reflection alone. They are fundamentally – even exclusively, some claim – the concern of the relevant practices themselves and the people who carry them on.*"

Therefore, it can be argued that it is service operations managers who are best placed in order to enact practices associated with performance improvement. Johnston et al (2012, P.15) argue service operations managers hold responsibility for managing both the design and delivery of services, have responsibility for managing most of the organisation's resources, and have a significant impact on the success of the organisation. However, referring back to Aksoy (2013), it could be argued that more could be done by managers when transforming customer perspectives into actionable insights to improve service performance, with his findings suggesting that the majority were not taking full advantage of the tools available to fully understand, model and analyse the customer information gathered. A similar general finding was reflected in the Lower Performing Organisation in this study, i.e. when comparing to the Higher Performing Organisation, more could have been done to integrate customer feedback to inform service performance, such as a clearer link to inform action plans.

With this in mind, the next section considers a theoretical framework for operationalising customer satisfaction feedback for performance improvement.

5.5 A Theoretical Framework for Operationalising Customer Satisfaction Feedback for Service Performance Improvement

As seen in Chapter 3, practice theory can be considered to be suited to the concept of customer satisfaction feedback for performance improvement. This is because it resembles the ongoing production and reproduction of practice as customer feedback is received by the organisation and the organisation responds by changing practices, providing opportunity to change for the better. Writing about a methodological framework for practice theory, Gherardi (2012, P.206) stated that,

> "*as dynamic and indefinite practices emerge from activities, they progress by drawing on sensible knowledge, the materiality of the body, language, and objects anchored in the social dimension, eliciting other people's activities and responding to them. In short, they are material-discursive practices. On the other hand, activities inscribe themselves concretely in the social organisation through communities which structure them by defining roles (the division of labour), vocabulary, and rules*."

Within this, customer satisfaction feedback ('the dynamic and indefinite practices') is assessed by staff ('who draw on the sensible knowledge' – i.e. they will consider feedback but unlikely to consider extreme suggestions) who consider the current work practices ('the materiality of the body, language, and objects') and are actively listening and responding to feedback (‘eliciting other people’s activities and responding to them’) by creating new practice and/or improving upon previous practices.

Considering this, and based upon the qualitative research findings, Figure 40 and Figure 41 present a theoretical framework for operationalising customer satisfaction feedback for service performance improvement, including a detailed list of practices, respectively.

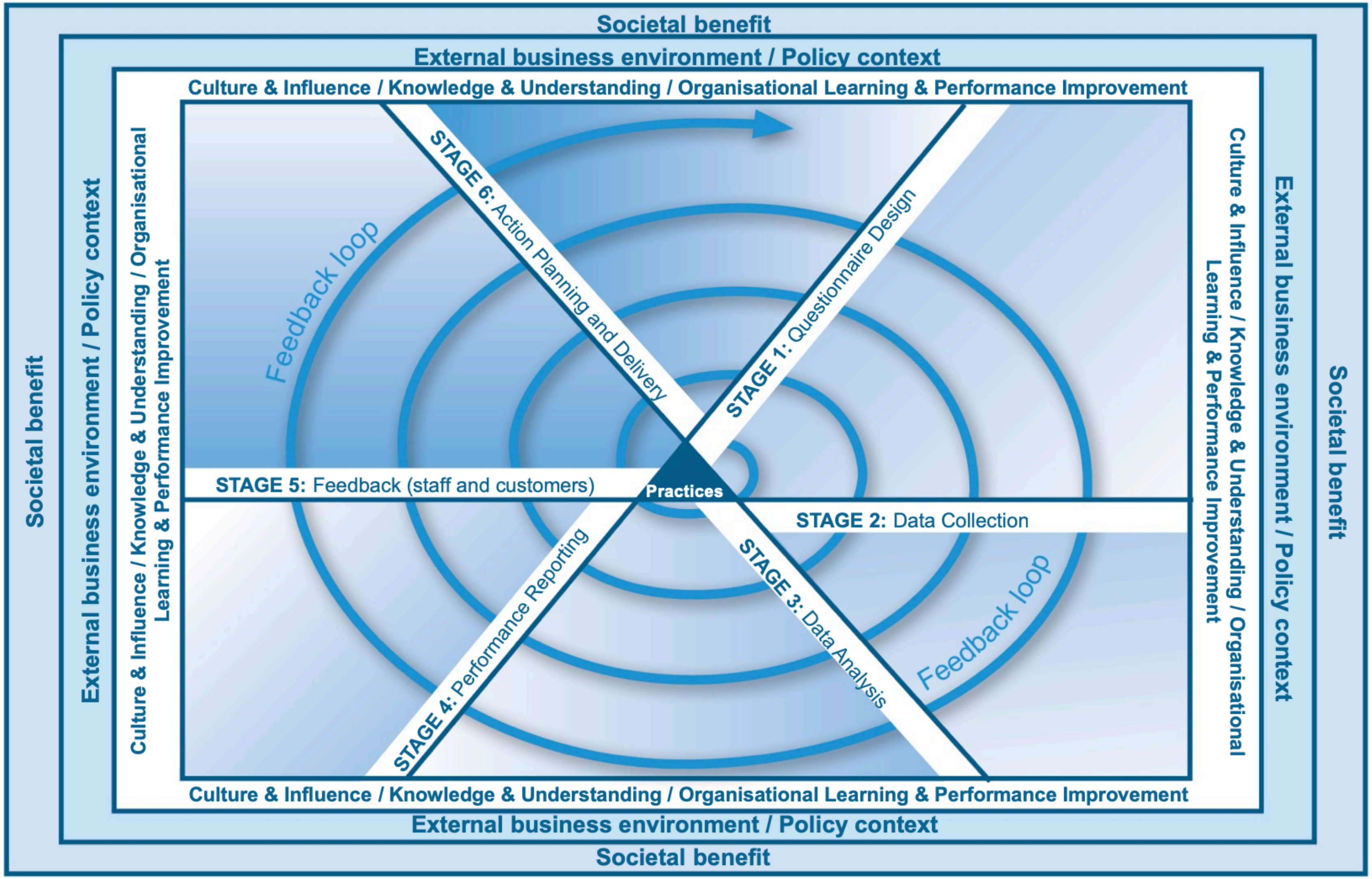


Figure 40: A Theoretical Framework for Operationalising Customer Satisfaction Feedback for Service Performance Improvement (The Author, 2019)

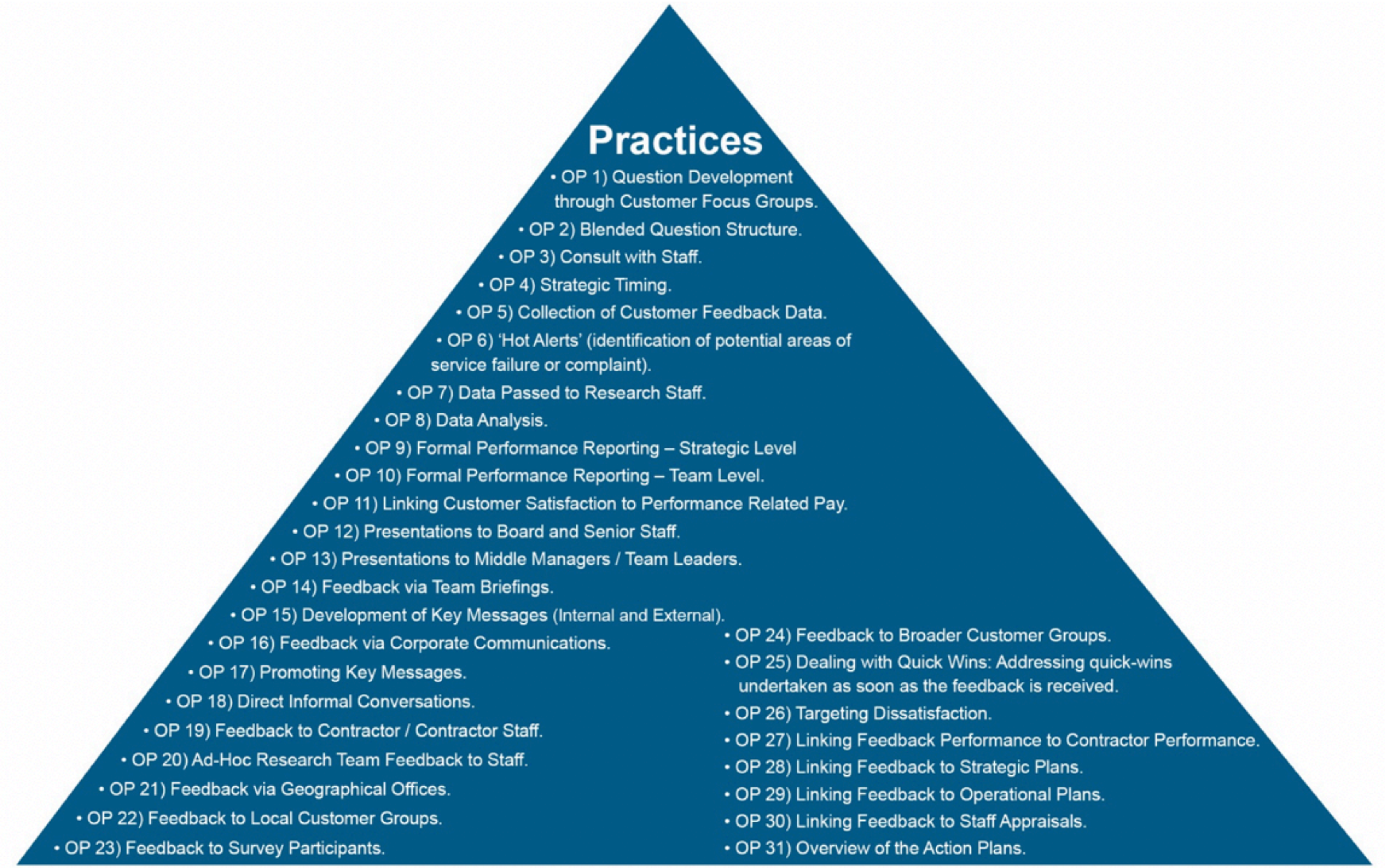


Figure 41: Theoretical Framework – Detail Of Practices. (The Author, 2019)

Figure 40 and Figure 41 present 31 operational practices seen across 6 stages, with this final model combining elements of practice from both the Higher Performing Organisation and the Lower Performing Organisation. Figure 40 acknowledges three ‘outer cores’ to the context within with the model operates. This includes *societal benefit*, i.e. acknowledging the overarching charitable aims of the social housing sector. Within this is the second ‘outer core’ of the *external business environment and policy context*. This acknowledges the fact that the social housing sector in England operates within a business environment where politics has a direct influence on practice through government housing policy. The third ‘outer core’ reflects the three themes emerging from the qualitative research, these being *culture & influence*, *knowledge & understanding*, and *organisational learning & performance improvement*. Without these wider contexts, the model would not be fully reflective of the sector within which it operates, and would also be ineffective.

Sitting within the three ‘outer cores’ of the model (within the spiral of the feedback loop) are the stages and practices. It should be noted that the triangle seen in Figure 41 represents a ‘zoomed in’ image of the smaller triangle located in the centre of the model represented in Figure 40. The stages and practices are detailed below.

The first stage, **‘Questionnaire Design’**, includes four operational practices (‘OP 1’ to ‘OP 4’ on Figure 41). The first of these (OP 1) initially undertakes three pre-survey focus groups prior to the first questionnaire. This is done as a standard practice by TLF Research (the independent research company who oversee the data collection and analysis of the UKCSI data on behalf of the Institute of Customer Service) to ensure that the flexible elements of the question set retain a customer focus relevant to that organisation. It is also influenced by the concept of the lens of the customer as described by Hill et al (2007). It is suggested by TLF Research that this is repeated every 3 years to ensure the question set remains customer focussed.

The second operational practice (OP 2) is having a blended question structure – that is the combination of fixed and flexible questions. This enables the balance between long-term performance monitoring and benchmarking whilst retaining flexibility for asking a smaller amount of questions relevant to current operational and strategic needs at the time. The third operational practice (OP 3) is to consult with staff to ensure they have a say in shaping the flexible element of the question set to suit their needs. The fourth (OP 4), and final operational practice for this stage relates to the strategic timing of the questionnaire. Relevant timing of the survey can be important whereby the new results can directly inform / influence strategic or operational plans. If the timing is not synchronised, this is less likely to happen or be weakened through, for instance, out of date feedback data.

The second stage, '**Data Collection**', comprised of three operational practices ('OP 5' to 'OP 7' on Figure 41). The fifth operational practice (OP 5) includes the physical collection of customer feedback data (by telephone in this instance), whilst during this a further operational process (OP 6) in the form of a number of 'hot alerts' can be reported. These relate to instances which arise during the telephone conversations whereby it may become apparent that a customer is significantly dissatisfied with a service or wants to make a complaint. In such instances, a 'hot alert' is sent through to the operational team the same day, giving them an opportunity to address the potential service failure or complaint in a swift and positive manner and often, in a [near as possible] real-time manner. It is worth noting that 'hot alerts' represent mini feedback loops themselves. In the third and final operational practice for this stage (OP 7), the raw data file is passed to the research staff. This could be useful for any additional future analysis or modelling, for instance, semantic analysis of customer comments.

The third stage, '**Data Analysis**', included just one operational practice ('OP 8' on Figure 41). This related to the process of staff receiving the [already] analysed data from the independent research company, TLF Research, who oversee the UKCSI.

The fourth stage, '**Performance Reporting**', comprised of three operational practices ('OP 9', 'OP 10' and 'OP 11' on Figure 41). Firstly, this requires adding the relevant customer satisfaction performance scores into the corporate performance management system (OP 9), for instance, Balanced Scorecard or equivalent strategic overview, followed secondly (OP 10) by a similar process occurring at a team scorecard level. The third activity (OP

11) for this stage occurs annually, with a staff bonus being associated with targets for achieving set levels of customer satisfaction performance.

The fifth stage, ‘**Feedback (staff and customers)**’ (‘OP 12’ to ‘OP 24’ on Figure 41), proved to be the most detailed stage with thirteen individual practices. This firstly includes multiple operational practices around firstly feeding back to staff (OP 12), with the CEO, Senior Management Teams, and Board. In practice, it is likely that the senior management team would be updated in advance of Board, but the formal presentations would likely occur in a Board meeting setting. Secondly, formal feedback is provided to the middle managers or team leaders (OP 13), ideally using the same information as those presented to the Board – this ensures the same messages are captured for consistency.

Thirdly, the operational practice of feeding back via team briefings (OP 14) would again involve the same set of feedback to be presented to team level operations, however at this level it is reasonable to suggest that the information could be made more bespoke to the relevant team. The fourth operational practice in this stage is the ‘Development of Key Messages (Internal and External)” (OP 15). This is where a member of the research team would work with the Communication Manager (or similar) to identify and develop key messages to promote to staff and customers. This leads into the fifth operational practice (OP 16) which requires feedback to be considered at a corporate communication level, i.e. such as adding results to the staff intranet system and staff magazine.

Similar but separate to this is the sixth operational practice in this stage (OP 17), which requires the promotion of key messages via the intranet and other sources, such as posters round the offices. This helps convey the messages directly to staff in places they would see them. For the seventh operational practice in this stage (OP 18), a direct yet informal discussion is held between the Research Team and Area Managers about potential areas for service performance improvement, from which it would be the responsibility of the Area Managers to take actions. The eighth operational practice (OP 19) involves the housing provider feeding back to the contractor and contractor staff. Within social housing, the majority of housing associations would outsource their responsive repairs service to a third party organisation. Due to the frequency of interaction between customer and landlord via the contractor, it is important to include them in the customer feedback findings. This is followed by a ninth operational practice (OP 20) for the Research Team to convey any informal ad hoc feedback to staff which may be beneficial to them, or to provide any further clarity.

The tenth operational practice in Stage 4 (OP 21) is to ensure feedback is provided to any local geographical offices. This is again to ensure that feedback can be conveyed through relevant touch points where both staff and customers may become aware of it. Following on from this, the eleventh operational practice in this stage (OP 22) is to also provide customer feedback to any local customer groups, such as reporting to local committees and local neighbourhood boards. These are a common occurrence in social housing, and typically may include a mix of tenants, local councillors and independent people with an interest in the local community.

The twelfth operational practice involves feeding back to customers, that is specifically the survey participants (OP 23). This involves a step (undertaken only by the higher performing of the two organisations) where a '*you said we did*' thank you letter to all the tenants who participated in their survey (see Appendix 6). This serves a dual purpose of acknowledging their contribution whilst providing opportunity for the organisation to feedback a short summary of the changes made as a result of customer feedback being received. Finally, the thirteenth operational practice for this stage feedback is also provided to broader customer groups (OP 24) through other various forms of customer literature, including formal sources (e.g. the annual report) and various informal sources (e.g. website, newsletters, and the customer magazine).

The sixth and final stage, '**Action planning and delivery**', proved to be another detailed area with multiple operational practices involving seven operational practices (OP 25 to OP 31 on Figure 41). These firstly includes staff seeking to achieve quick-wins undertaken as soon as the feedback is received (OP 25), and secondly, groups of staff undertaking dedicated, targeted campaigns to address dissatisfaction (OP 26) by making informal contact with customers with the intention of having an open and honest discussion about how to improve service performance. The third important operational practice for this stage involves using customer satisfaction performance to directly inform and contribute towards the formal management of external performance contracts (OP 27), such as for the delivery of repairs and maintenance. Often social housing providers outsource their repairs contracts, which are often multi-million pound contracts. By having annual targets (at the minimum) associated with customer satisfaction, this enables a means of independently checking service performance and acts as a complement to OP 16 (informally feeding back to contractors).

The fourth practice for this stage requires using the customer satisfaction findings to inform strategic plans (OP 28). This is predominantly perceived to be at Board and senior management levels, and in effect introduces customer satisfaction feedback to influence strategic decision making. Similar to this, customer satisfaction feedback can also be weaved into the operational planning level (OP 29) by influencing middle managers and teams, whilst customer satisfaction feedback can also be used at individual levels, for instance for staff appraisal meetings (OP 30). This could be applied generically (for instance enabling the basis of discussion for how a staff member is working on strategic or operational priorities, or their understanding of customer satisfaction performance, or indeed, customer satisfaction data could be analysed (cross-tabulated) by individual staff name to assess relative performance by staff member. Finally, a seventh operational practice in this stage (OP 31) requires ensuring an action plan is created with ownership by Managers but which also has strategic overview at Board level monitoring to ensure delivery.

At the end of the five stages and thirty-one practices – which would likely last several months in duration – the cyclical process of winding down the activities associated with the existing feedback can be completed, and consideration for the next questionnaire design (OP 1) begins once again.

As presented in the results (Section 4.5.4), based on Saldana (2016) and Gibson and Brown (2009), a theoretical statement was asserted that:

> ***Customer satisfaction feedback focusses service performance improvement through continuous feedback loops when integrated in strategic and operational service delivery.***

It can be argued that in this context, customer satisfaction feedback is inherently associated with service operations management practice. Using the lens of customer, service operations management practice is in turn inherently associated with the operational influence on service quality and performance improvement.

5.6 Fit with Contemporary Service Research Priorities

As acknowledged at the start of the thesis in the section entitled '*Why study social housing*' (Chapter 2, Section 2.2.3), alignment of this study with two out of twelve contemporary service research priorities as outlined by Ostrom et al (2015) were noted, namely: 'measuring and optimising service performance and impact', and 'improving well-being through transformative service'. This therefore makes this study extremely timely, and adds relevance beyond the social housing sector.

This general theme of business making a contribution to society has also been central in recent international operations management conferences. For example, the EurOMA (European Operations Management Association) annual conference in Finland 2019 hosted the theme '*Operations adding value to society*' (EurOMA, 2019), whilst POMS (Production and Operations Management Society) held a 2019 conference in Hong Kong following the theme of '*Operations excellence for a better world*' (POMS, 2019), with an earlier 2018 conference in Brazil themed "*Operations Management for Social Good*" (POMS 2018). Continuing this international theme, this arguably suggests the research in this thesis could also extend its relevance beyond its English geographical focus to an international platform.

Overall, Meyer (2018) recognises this new source of business thinking, by writing that:

> "*this is not a theory of socialism, or mutualism, or stakeholder capitalism. It is not about the sharing of benefits to different parties in organisations. It is not about the adoption of religious principles or moral dogma. It is about creation, development, and innovation – how we as individuals and societies can together build a better world for the benefit of all both today and in the future* – and the purpose of business as producing profitable solutions to problems of people and planet" (Meyer, 2018, P.11/12).

5.7 Chapter 5 Conclusions

This chapter has presented a discussion in the context of the literature review and research findings. In addressing the five gaps noted in the literature review, considerations were firstly given to core basics of customer satisfaction feedback, i.e. its ability to produce a desired or intended result.

Within this context, levels of influence were considered and the assertion made that if customer satisfaction feedback is *not* used to influence service improvements, it is not fully ‘operationalised’.

Challenges faced by organisations in aligning ‘customer’ and ‘service’ operations perspectives together were noted (e.g. Shah, 2006; Hult 2017), and it was argued that customer satisfaction feedback is well placed to bring these two often diverse perspectives closer together.

Through the quantitative studies in this thesis, the contexts of customer satisfaction service quality and performance in a social housing context was noted. Whilst it is recognised to still be highly relevant to practice despite being a voluntary activity for social housing providers to undertake, longitudinal findings suggested whilst higher performing providers are improving, lower performing providers are struggling to improve.

From the qualitative research illustrating practices associated with both higher and lower performing social housing providers, a theoretical framework for operationalising customer satisfaction feedback for service performance improvement was presented. This, it is asserted, provides a basis for what, how, and why customer satisfaction feedback influences service quality and performance improvement in an English social housing context.

The next section presents Chapter 6, the final thesis conclusions, including a review of main findings, contribution to knowledge, theory, and practice.

Chapter 6 Conclusion

6.1 Introduction

The research presented in this thesis sought to explore the influence of customer satisfaction feedback on service quality and performance improvement in English social housing.

This chapter sets out the thesis conclusions, including a review of the main findings, contribution to theory, policy, and practice. Research limitations and areas for future research are also noted.

6.2 Review of Main Findings

Social housing was chosen as the setting for this research as it can be argued to provide a rich area of academic study with opportunity for real life impact (e.g. Maslow 1943; Peck and Stewart 1985; Clark and Kearns 2012). Additional context was noted that, i. whilst a core purpose of social housing is helping those in need (Perry and Stephens, 2018), ii. disadvantaged customers can more passively accept inferior service (Halstead et al 2007) and, iii. levels of customer awareness of service quality in social housing can be considered poor (Diffley et al 2009).

Despite there being a decade-long regulatory history of customer satisfaction measurement within the English social housing sector, it was surprising to note a paucity of academic literature examining customer satisfaction in a social housing context.

By undertaking a review of the literature associated with the three topic areas - customer satisfaction, service quality, and service performance improvement – relevant to social housing but acknowledging broader performance improvement contexts, five gaps emerged. These included, i) establishing whether customer satisfaction has remained relevant as a measure since de-regulation of the social housing sector in 2010; ii) limited identifiable academic studies empirically examining the positive benefits leading from customer satisfaction in the social housing sector, such as had been seen in many other sectors and industries; iii) there are no identifiable academic studies, within or outside of the social housing sector, using the UKCSI measure - this is unlike other national indexes of customer satisfaction, such as the ACSI (American Customer Satisfaction Index) from which many seminal customer satisfaction papers have been based; iv) there is a lack of academic writing associated with how customer satisfaction feedback influences services quality in practical ways, and finally; v) through the literature review for performance improvement, a fifth gap in knowledge emerged in terms of understanding what the performance of social housing providers looked like compared to other sectors in the UKCSI, that is to say, establishing if social housing providers could compete at the same levels of performance.

A mixed methods research design aimed to explore these gaps, commencing with the three stages of quantitative research. These firstly presented results suggesting that customer satisfaction measurement remains relevant in the social housing sector; secondly, that whilst social housing providers can achieve the same levels of service performance as other sectors, there remains clear opportunities to improve as longitudinal trends indicate whilst higher performers are increasing their levels of customer satisfaction performance, lower performers are not; whilst thirdly, evidence was presented of a positive empirical relationship between customer satisfaction feedback and service quality within a social housing sector context, that is to say, there is a phenomena worthy of investigation.

Having established these findings, qualitative research was then undertaken to explore the operational practices associated with how customer satisfaction influences service quality and service performance improvement. Following Saldana's (2016) 'codes-to-theory model for qualitative inquiry', 12 first cycle codes (initial coding of data) were identified which allocated 377 individual In Vivo words or phrases as sub-codes. These identified issues such as customer expectations, why the organisations measure customer satisfaction, and their understanding of the feedback loop.

For second cycle coding (codes to categories), six categories were identified, including i. the historical context and integration of customer satisfaction feedback; ii. knowledge of customer satisfaction; iii. the influence of customer satisfaction within the organisation; iv. customer satisfaction informing service quality; v. customer satisfaction feedback as a performance measurement and improvement tool; and, vi. identifying the differences between the higher performing organisation and the lower performing organisation.

Finally, for the next stage of second cycle coding (categories to themes), these were reduced further to three overall themes of ‘culture an influence’, ‘knowledge and understanding’, and ‘organisational learning and performance improvement’.

Following the final stage of Saldana’s (2016) codes to theory model, a theoretical statement for operationalising customer satisfaction feedback for service performance improvement was developed. Following this, a theoretical framework for operationalising customer satisfaction feedback for service performance improvement is presented.

6.3 Contribution to Theory

This thesis aligns with advancing contemporary service research priorities (Ostrom et al, 2015) through “*measuring and optimising service performance and impact*” and “*improving well-being through transformative service*”.

The main contribution to theory from this thesis is seen through the theoretical framework for operationalising customer satisfaction feedback for service performance improvement. This presents a novel and innovative way and extending knowledge associated with customer satisfaction. Rather than looking to expand the measurement technique of customer satisfaction - where some have been successful (Kramer 2009; Dixon et al, 2010) and others not so successful (HACT 2018) – this thesis offers a way of extending customer satisfaction measurement to look to maximise service performance improvement by providing better understanding of how customer satisfaction feedback is applied in practice. This could be considered as a contribution for the public sector / non-profit sector in which the study is set, but also seen as a contribution more broadly to the way customer satisfaction feedback is managed by organisations.

A further angle for which the research makes a contribution is through the quantitative ‘Exploratory Research: Study 3’. Presented at the 2016 EurOMA conference in Norway (Williams et al, 2016), this not only established a positive empirical relationship between customer satisfaction and service quality (which has note previously been undertaken in the social housing sector), but also showed that the reverse is also true: namely that increasing levels of customer satisfaction is associated with increasing the levels of perceived service quality. This challenges many (but not all) scholars on their investigations into the antecedents of customer satisfaction. From this, further explanation is suggested as to how this can occur in practice, essentially focussing upon the fact that customer satisfaction as an influence on service quality and performance improvement is not a singular and linear process, more that it is a continuous and developing dynamic cycle which can positively influence performance.

6.4 Contribution to Policy

This study makes a contribution to policy on two levels. Firstly, it resonates with recent government policy proposals as seen in the social housing green paper "*A new deal for social housing*" (Ministry of Housing, Communities & Local Government, 2018). This provides, amongst other areas, a clear focus upon ensuring residents' voices are heard and that residents views are taken seriously, whereby feedback is used to shape services. Their assertion that "*all landlords should use customer feedback to improve services*" (Ministry of Housing, Communities & Local Government, 2018, P.35) is clear in providing an emphasis on the influence of customer satisfaction feedback for social housing landlords.

Secondly, Housemark, providers of the STAR customer satisfaction measurement tool, have recently instigated a full review of the STAR methodology during the summer 2019 to ensure the method enables a modern yet consistent framework for measuring customer satisfaction. This is involving, amongst others, TLF Research (associated with the UKCSI) and is recognised to be vital that "*the review has input from specialists from within and outside of the sector*" (Housemark 2019).

Therefore, it can be argued that the work presented in this thesis is a very timely piece of work which could influence policy for English housing associations more broadly.

6.5 Contribution to Practice

It can be argued that in addition to a significant contribution to theory, a complementary theme of this thesis is its contribution to practice. Through the quantitative and qualitative research presented in this study, several areas can be noted.

Firstly, based on the ‘Exploratory Research : Study 3’ (Williams et al, 2016) establishing a positive empirical relationship between customer satisfaction and service quality, managers can be reassured that investment in customer satisfaction measurement can lead to positive service outcomes. Despite being a voluntary activity, it provides evidence that customer satisfaction feedback is operationally worthy of investment when compared to other service investment opportunities.

Secondly, the longitudinal research presented in ‘exploratory quantitative research study 2’ suggested that whilst higher performing social housing providers are improving their performance, lower performing social housing providers are not. Therefore, this evidence offers a focus and impetus for managers working in lower performing social housing organisations to seek to improve their service performance.

Thirdly, and most significantly, the theoretical framework offers managers of lower performing organisations a method to operationalise customer feedback in practice to improve service – something which previously had little direction and subsequently, can be assumed to have differed greatly between social housing organisations. Additionally, it can be asserted that this offers managers of higher performing social housing organisations direction to improve their levels of service also.

6.6 Research Limitations

A number of limitations can be noted within this thesis.

For the first exploratory quantitative research study, a methodological decision was made that choosing the National Housing Federation as mechanism for distributing the survey was imminently better than a single PhD Researcher sending a survey to a generic organisation email in the hope that a researcher, or similar expert would respond. The National Housing Federation database however was able to identify these people and contact them directly. One limitation was that it was reliant upon the National Housing Federation database to be accurate and up to date, however on balance, compared to writing more speculatively to individual organisations, this was a risk worth taking.

Limitations with the second exploratory quantitative research study focussed upon the fact that secondary data was used from one company. Although this can be determined as a reliable data source (TLF Research, who oversee the data collection, analysis, and reporting of the UKCSI on behalf of the Institute of Customer Service), a certain level of trust is placed in this circumstance.

Limitations associated with the third exploratory study can be considered in that there was reliance upon UKCSI data, therefore arguably limiting choice on the range of measures available.

Finally, when considering the main qualitative research, it is firstly worth noting that *causality* cannot be inferred between the practices undertaken by the higher performing organisation – other factors beyond the remit of the research could clearly play a role.

Additionally, this study was limited to two case study organisations based in different geographic regions of England – one in Yorkshire, one in London. The possibility of regional differences could be noted, however, as customer satisfaction measurement is a global phenomenon, this is likely to be minimal. The study is designed within the social housing sector, and whilst broad in scale and scope, could therefore be considered to be limited within this context.

6.7 Areas for Future Research

Several considerations can be made for future research.

1. To establish the impact of the model, a longitudinal study putting the theoretical model into practice could be undertaken. This would help underpin the framework and establish its strengths and weaknesses.
2. To make it more acceptable to practitioners, the model could be further developed to include an individual scoring system associated with each of the 31 practices, thus enabling a single overall average score to be provided. This could then be benchmarked (both historically within the organisation, or between different organisations) to provide an indication of progress (or deterioration).
3. Within the social housing context of the research, additional focus could be considered for developing greater understanding of customer satisfaction in the relation to disadvantaged groups, extending the work of Halstead et al (2007).
4. It would also prove interesting to explore elements of the model in greater detail. For instance, gaining deeper understanding of why the last

three stages of the model particularly seem to be the focus of the differences between higher and lower performing social housing providers.

5. As this study has focussed up an English context, establishing the applicability in different geographical contexts would be beneficial. This could especially be the case for other countries who have established social housing sectors, such as Europe, Hong Kong, Australia, and Canada.
6. The model developed in the thesis has clearly focussed on a public sector / non-profit organisational context. A further area of exploration may be to assess its adaptability to other public sector organisations (e.g. healthcare, education, and so on), or, given the association with the UKCSI, applicability to the private sector more generally.
7. Finally, using the model as a basis for investigating the impact on the quality of life for individuals or communities would be interesting to establish. However, this would likely be complex as a result of requiring understanding of these relationships before and after an intervention.

With this thesis providing fit with Ostrom et al’s (2015) contemporary service research priorities, it is hoped that this research makes a contribution - and perhaps even an inspiration - to others who want to advance the service field, benefitting customers, organisations, and society alike.

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Appendix 1
List of Acronyms, Terminology and Differences of Key Terms

ACSI / American Customer Satisfaction Index. A national cross-industry measure of customer satisfaction in the United States which commenced in 1994. It measures satisfaction of household consumers with the quality of products and services and includes approximately 70,000 customers, 43 industries and 10 economic sectors, as well as services provided by federal and local government agencies.

Arrears. Refers to late payment of rent.

CIH / Chartered Institute of Housing. The Chartered Institute of Housing is the professional body for housing. Individual practitioners are members, and their aim is to help housing professionals.

HACT: Housing Associations Charitable Trust. Described as the housing sectors ideas and innovation agency, HACT delivers thought leadership and new ideas for business transformation in social housing.

HCA / Homes and Communities Agency. The Homes and Communities Agency acts as the regulator for social housing providers in England.

Housemark. Housemark is a provider of integrated data and analysis, and is jointly owned by the Chartered Institute of Housing and National Housing Federation.

ICS / Institute of Customer Service. The Institute of Customer Service is the independent, professional membership body for customer service.

NHF / National Housing Federation. The National Housing Federation promote themselves as the voice of affordable housing in England. Housing associations are members.

SCSB / Swedish Customer Satisfaction Barometer. A national measure of customer satisfaction.

STAR Survey. Run by Housemark and launched in 2011, the STAR survey offers a free voluntary approach to satisfaction measurement for the social housing sector. It superseded the STATUS survey (see below).

STATUS Survey. Running from 1999 to 2011 and overseen by Housemark, the STATUS survey formed the regulatory method for housing associations to measure customer satisfaction.

UKCSI / UK Customer Satisfaction Index. The UK Customer Satisfaction Index is the national measure of customer satisfaction in the U.K., and was launched in 2008 by the Institute of Customer Service.

Voids / Void Turnover. A 'void' property is a vacant property. Void turnover refers to a tenant vacating a property, and then getting the property ready in order to re-let it to another tenant.

Table 18: Clarification and differences of key terms (extended from Oliver 2011, P.176)

<table>
<tr><th>Comparison Dimension</th><th>Satisfaction</th><th>Quality</th><th>Performance Improvement</th></tr>
<tr><td></td><td>Definition: "the extent to which a customer feels their experience with an organisation has met their needs" (Source: Institute of Customer Service 2006)</td><td>Definition: "the ability of an organisation to meet their customer's needs" (Source: The Author, based on Kordupleski 1993)</td><td>Definition: "closing the gap between the current and desired performance of an operation or process" (Source: Slack et al; and later adapted by the Author)</td></tr>
<tr><td>Experience dependency</td><td>Required</td><td>None required, can be externally or vicariously mediated</td><td rowspan="6">Performance improvement is much more based on organisational practice</td></tr>
<tr><td>Attributes and dimensions</td><td>Potentially all attributes or dimensions of the product or service</td><td>Specific to characteristics defining quality for the product or service</td></tr>
<tr><td>Expectations and standards</td><td>Predictions, norms, needs, etc</td><td>Ideals, "excellence"</td></tr>
<tr><td>Cognition or affect</td><td>Cognitive and affective</td><td>Primarily cognitive</td></tr>
<tr><td>Conceptual antecedents</td><td>Conceptual determinants (equity, regret, affect, dissonance, attribution, etc)</td><td>External cues (e.g. price, reputation, various communication sources)</td></tr>
<tr><td>Temporal focus (short-term vs long-term)</td><td>Primarily short-term, (transaction or encounter-specific)</td><td>Primarily long-term (overall or summary)</td></tr>
</table>

Appendix 2
Exploratory Quantitative Research, Study 1: Online Survey (Reported Questions)

Survey Section 1: "About You And Your Organisation"

Q1. What Are The Annual Budgets For Customer Satisfaction Measurement (excluding salary costs)?
Q2. Have Annual Budgets For Customer Satisfaction Increased, Deceased, Or Remained The Same?

Survey Section 2: "About Your Customer Satisfaction Research"

Q3. What Methods Do Housing Associations Use For Customer Satisfaction Measurement?
Q4. What Other Methods Are Used For Measuring Service Quality?
Q5. To What Extent Is Customer Satisfaction Feedback Perceived As Being "Essential" In Decision Making In Housing Associations?
Q6. To What Extent Does Customer Satisfaction Feedback Have A Positive Influence On Service Improvement?

Survey Section 3: "About Your Results"

Q7. Which Headline Measures Do Housing Associations Report For Customer Feedback?
Q8. To What Extent Do Housing Associations State They Act On Customer Satisfaction Results?

Survey Section 4: "Communicating Your Results"

Q9. How Do Housing Associations Communicate Customer Satisfaction Results?

Survey Section 5: "Innovation In Social Housing"

Q10. How Capable Is the Social Housing Sector In Using Innovative Approaches In Service Delivery?
Q11. Does The Social Housing Sector Have The Right External Conditions To Develop Innovative Approaches For Service Delivery?
Q12. To What Extent Do Housing Associations Agree Or Disagree That Their Organisation Could Be Described As Innovative?

Appendix 3
Exploratory Quantitative Research, Study 3: Data Access, Institute of Customer Service

From: Phil Codling [mailto:Phil.Codling@icsmail.co.uk]

Sent: 04 August 2014 10:02

To: Simon Williams

Subject: RE: Any update from your meeting?

Hi Simon, I hope you are well.

We are in principle very happy to share the UKCSI Business Benchmarking data with you and for you to work with it. The data covers the UKCSI surveys run by around 10-12 Housing Associations across the UK over the past 2 years, typically with around 100 of their customers.

There are a couple of steps that will need to take place before we can share this data:

- A confidentiality agreement will need to be in place between yourself and the Institute (as you'd expect we have one we can use – see attached for an idea of what this will cover)
- You will need to secure permission in writing (i.e. email) to receive and work with the data from the relevant Housing Associations. The Institute can send out the emails to its contacts in each organisation (copying you) to do this. I would appreciate it if you could draft the text of the emails. I know the sector is collaborative in character but we also need to be mindful from the outset that UKCSI Business Benchmarking surveys are run confidentially and some organisations may not want their data shared in this way.

One thing to note is that I'm away from next Tuesday to Sept 2nd, so we're unlikely to be in a position to send out the emails in the coming 4 weeks.

Look forward to hearing from you. best regards, Phil

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Appendix 4
Exploratory Quantitative Research, Study 3: Official UKCSI Questionnaire

As a customer of (---------- ----------), you'll be pleased to learn that they have signed up to the UK Customer Satisfaction index (UKCSI), a nationally comparable measure of customer satisfaction run by The Institute of Customer Service.

(---------- ----------) would really value your input as a customer, allowing them to measure how they compare with other organisations

All Responses are completely confidential, so please feel free to be completely honest with your feedback. When you are finished, place your questionnaire in the pre-paid reply envelope provided.

Satisfaction
We would like to know how satisfied or dissatisfied you are with (---------- ----------) by asking you to score the list of factors below. Give your score by placing a cross in the box like this [**X**]. If you have no experience or views on any of the items, please mark the N/A (not applicable) box.

Q1. So thinking about your most recent experience with (---------- ----------), what score would you give for: (rated on a 1 to 10 scale)

Reputation of the organisation
Being treated as a valued customer
Product/service range
Product/service quality
Product reliability
Quality of information/advice
Handling of enquiries
Being kept informed
Ease of doing business
Billing
Price/cost

In person
Q2. If your most recent contact with (---------- ----------) was in person please complete this section, otherwise ***please leave it blank***. (rated on a 1 to 10 scale)

Speed of service
Helpfulness of staff
Friendliness of staff
Competence of staff

Appendix 4: Official UKCSI Questionnaire (continued)

Over the phone
Q3. If your most recent contact with (---------- ----------) was over the phone please complete this section, otherwise ***please leave it blank*** (rated on a 1 to 10 scale)

The ease of getting through
Helpfulness of staff
Competence of staff
On time delivery
Condition of delivered goods

Website
Q4. If your most recent contact with (---------- ----------) was on their website please complete this section, otherwise ***please leave blank*** (rated on a 1 to 10 scale)

Ease of finding what you want
The check-out process
Availability of support
On time delivery
Condition of delivered goods

Writing
Q5. If your most recent contact with (---------- ----------) was in writing (by letter or email please complete this section, otherwise ***please leave blank*** (rated on a 1 to 10 scale)

Speed of response
On time delivery
Condition of delivered goods

Overall satisfaction
Q6. How satisfied or dissatisfied are you with (---------- ----------) overall? (rated on a 1 to 10 scale)

Q7. Thinking about your overall experience of (---------- ----------), if you had the choice, how likely would you be to: (rated on a 1 to 10 scale)

Stay as a customer of (---------- ----------)
Recommend (---------- ----------) to friends, relatives or colleagues
Buy another product / service from (---------- ----------)

Appendix 4: Official UKCSI Questionnaire (continued)

Q8. How much effort did you have to make to complete your transaction, enquiry or request on this occasion? (rated on a 1 to 10 scale)

Q9. What three adjectives would you use to describe your most recent experience with (---------- ----------)? (open question)

1.
2.
3.

Problems
Q10. Have you had any kind of problem or bad experience with (---------- ----------) in the last 3 months?

a. Yes *If Yes, please go to Q11*
b. No *If No, please skip to Q22*

Q11. What was the nature of your problem? ***(Please only choose one problem)***

a. Quality or reliability of goods / services...
b. Suitability of goods / services (e.g. didn't do what you expected)
c. Availability of goods / services (e.g. couldn't find what you wanted)
d. Late delivery or slow service
e. Staff competence…………………………………………………………………………..
f. Staff attitude
g. Cost
h. (---------- ----------) not keeping its promises and commitments
i. Other...

Q12. How annoyed did this problem make you feel? (rated on a 1 to 10 scale)

Q13. Did you tell anyone at (---------- ----------) about this problem?

a. Yes *If Yes, please skip to Q15*
b. No *If No, please go to Q14*

Q14. Why did you not tell anyone about the problem? ***(Please tick all that apply)***

a. Didn't know how to...
b. Didn't know who to complain to
c. Didn't think it would make any difference
d. Didn't have time…………………………………………………………………………..
e. Don't like complaining
f. The complaints process is too much hassle
g. Other...

IF ANSWERED Q14, PLEASE SKIP TO Q22

Appendix 4: Official UKCSI Questionnaire (continued)

Q15. We'd like to ask you about the way you contacted (---------- ----------) and the way they contacted you. Which methods were used, and what would be your preferred methods? ***Please follow the instructions in bold on each row***.

	Face 2 face	Phone	Email	Post	Fax	Text /SMS	Other
How did *you* contact them? ***Tick all relevant boxes***							
My preferred method ***Tick one box only***							
How did *they* contact you? ***Tick all relevant boxes***							
My preferred method ***Tick one box only***							

Q16. How did (---------- ----------) react to your complaint at the time you first informed them? ***(Please tick all that apply)***

a. Dealt with it immediately...
b. Listened carefully / wanted to fully understand the problem
c. Were sympathetic
d. Apologised
e. Acknowledged your complaint in writing…………………………………………….
f. Told you what would happen next
g. Told you how long it would take to resolve
h. Took responsibility...
i. Seemed uninterested
j. Dismissed it
k. Passed you on to someone else
l. Made excuses...

Q17. Did you have to escalate your complaint?

a. Yes ***Please go to Q18***
b. No ***Please skip to Q19***

Q18. Who did you escalate it to? ***(Please tick all that apply)***

a. Supervisor
b. Head Office
c. External (e.g. Ombudsman, Media, MP, Citizens Advice)..................

Q19. How long did it take to resolve your problem / complaint, and how long do you think it should have taken?

	Immediately	Within 24hrs	2-3 Days	4-7 Days	1-2 Weeks	3-4 Weeks	Over 1 Month	Still Unresolved	N/A
Did take									
Should have taken									

Appendix 4: Official UKCSI Questionnaire (continued)

Q20. Please give a score out of 10 to indicate how satisfied or dissatisfied you feel with the items below. ***If your complaint is not yet resolved please cross the N/A box for 'outcome of complaint'.***

The outcome of the complaint
The handling of the complaint
Staff understanding the issue
Staff doing what they say will do
The attitude of staff
Speed of resolving your complaint

Q21. Did you receive any follow-up contact from (---------- ----------) after the resolution of your complaint?

a. Yes ***Please go to Q24***
b. No ***Please go to Q24***
c. Not applicable – still unresolved ***Please go to Q24***

Q22. Have you had any contact with (---------- ----------) in the last 3 months?

a. Yes ***Please go to Q23***
b. No ***Please skip to Q24***

Q23. What was the nature of this contact? ***(Please tick all that apply)***

a. Face to face
b. Telephone
c. Letter or email
d. Other

Q24. Did you talk to anyone else about this experience?

a. Yes
b. No ***Please skip to Q27***

Q25. How many people did you tell?

a. 1
b. 2
c. 3
d. More than 3 How many?

Q26. Was what you said:

a. Positive
b. Negative
c. A mixture of the two

Appendix 4: Official UKCSI Questionnaire (continued)

Q27. Do you have any other comments about your experience?

PLEASE RETURN IN THE ENVELOPE PROVIDED

Appendix 5
Qualitative Research Design: Case Study Interview Questions

Note: *These provide the outline structure for a semi-structured approach. Unless stated, they are all open questions.*

GENERAL BACKGROUND / CONTEXT SETTING

1) How would you define customer satisfaction?
2) Over what period of time has your organisation measured customer satisfaction?
3) What sort of measures do you use? [*see list below and tick as appropriate*]

Perception survey (list examples, e.g. UKCSI, STAR, or other)	
Transactional surveys (list examples)	
Bespoke / ad hoc surveys (list examples)	
Other types of research (e.g. qualitative research such as focus groups, face to face interviews, etc – list examples)	
Don't know	

4) Why do you think your organisation measures customer satisfaction?
5) How influential would you say customer satisfaction is in your organisation?
    i. Can you give an example of this?
        a) If not, can you explain why not?
6) What would happen if your organisation didn't measure customer satisfaction?
7) Would you agree that customer satisfaction is a strategic priority?

Yes / No / don't know

    i. Please can you expand on your answer?

8) Who leads on customer satisfaction in your organisation? [*e.g.oel/ Senior Management / Operational Staff?*]

    a. Do you feel it is an issue which is 'owned' from the top?

9) From an operational perspective, how many dedicated staff does your organisation have for the day to day management of customer satisfaction feedback?

    a. Is it a stand-alone team or is the customer satisfaction feedback element combined with other job role tasks?

    b. How many people work in total for your organisation?

10) How does customer satisfaction feedback influence service quality in your organisation? (*explore strategic and operational perspectives*)

11) Do staff engage with the concept of customer satisfaction feedback in your organisation?

12) How do you think the influence of customer satisfaction measurement has changed over the last ten years in your organisation?

13) To what extent do you feel customer satisfaction feedback impacts on overall business performance in your organisation?

14) Do you have a dedicated research programme for customer feedback?

THE FEEDBACK LOOP MODEL

15) I'm interested in how customer satisfaction feedback is processed in your organisation. Can you describe the key stages of customer satisfaction feedback in your organisation?

    a. What happens first?

    b. What happens next? *(…map / draw the full loop, question each stage until concept exhausted. Show them the feedback loop they have created to confirm. Continue to amend / update the model until they feel it is representative*).

    c. In an ideal world, can you think of any ways in which it could be improved?

Note: The P.I will then go back into the detail of the feedback loop, looking at the detail of the stages as follows:

Thinking further now about the MEASUREMENT of customer feedback…

16) How is customer feedback data captured?

    i. Is there a single channel or is it a multi-channel approach?

    ii. Do you use digital techniques as well as traditional approaches such as postal?

        a) If yes, what?

17) Typically, how many research activities to capture customer satisfaction feedback are occurring at any one time?

Thinking further now about ANALYSING DATA…

18) When information comes back to the organisation…

    a. Is the analysis instant or is there a time delay?

        i. If so, approximately how long?

        ii. Is it different for different channels (e.g. digital, paper, phone)?

    b. How is it analysed?

        i. By whom?

        ii. What software is used to analyse the data?

Thinking further now about REPORTING customer feedback…

19) How is customer feedback reported ***within*** your organisation?

    a. How frequently?
    b. Does customer satisfaction performance feature in any formal performance reporting methods (*e.g. balanced scorecard*)

20) How is customer feedback reported ***outside*** of your organisation (e.g. to customers and or stakeholders, competitors, etc)

a. How frequently?

21) When reporting customer feedback, do you find that customer feedback has been collected which isn't reported?

a) If yes, what is the reason for this?

22) After data is analysed, typically how long does it take to get this reported?

a. How could this be made more efficient?

23) Do you feel customer satisfaction feedback is reported in the most effective way to:

a) Staff?
b) Board?
c) Customers?
d) Stakeholders?
e) (*If applicable…)* How would you improve this?

24) Do you perceive any barriers to reporting customer satisfaction feedback?

a. How could these barriers be overcome?

ACTION / PERFORMANCE IMPROVEMENT

25) Once the data has been measured and reported, how does this influence action / performance improvement?

a. Is there a formal process for this in your organisation?

i. If formal, what are the detailed stages?

ii. If ad-hoc, what happens?

- Would it benefit from being more formalised?

26) Typically how long does it take for actions to occur from customer feedback?

a. How could this be improved?

27) What do you think might be the key barriers to acting on customer satisfaction feedback?

a. Do you experience these in your organisation?

b. How could these be overcome?

28) Thinking now about decision making, do you feel that customer satisfaction feedback influences...

a. Strategic decision making

b. Operational decision making

c. Can you think of any examples?

29) Thinking back on the feedback loop, what would you say is the most challenging element of the process? (e.g. measuring, acting, communicating etc)

a. [Note: *ask if not adequately brought out in the earlier conversation*] – What is the single thing that could be done to improve this?

COMMUNICATING ACTIONS BACK TO STAFF, CUSTOMERS AND / OR STAKEHOLDERS

30) Once customer feedback has been acted upon, does your organisation tell customers/ staff/ Board / stakeholders about this?

a. If not, do you feel they should?

b. If they do, what benefits do you feel this brings?

ANYTHING ELSE

31) Is there anything else you would like to raise or discuss as part of this interview?

THANK YOU FOR YOUR TIME!

CLOSE OF CASE STUDY SURVEY QUESTIONS

Interview De-Brief

Note: This draws upon informal elements of the interview de-brief as acknowledged by Brinkman and Kvale (2015, P.155).

This includes, for example, asking if the interviewee had anything more to add (this already being captured in Q31 in the question set); asking the interviewee about their experience of the interview; and/or the interviewer summarising the key points raised from the interview and the interviewee feeding back. As noted by Brinkman and Kvale, the de-brief may continue to elicit useful insights even after the sound record has been switched off.

Appendix 6
Example Customer Letter, Higher Performing Organisation

[redacted]

Our reference:
Your reference:

[redacted]

Name and Address

Dear

Thank you for taking part in our Tenant Satisfaction Survey, which our records show you completed over the phone. During the past few months we have spoken to 700 tenants across the district, which has increased our understanding of what is important to you.

As will have been explained to you at the time, this survey is carried out on our behalf by a company called TLF, who are experts in customer service. TLF have helped us to understand our results and what we should be doing in the future to improve the level of customer service we provide.

Over the past few months we have been working hard to improve:

- how easy we are to deal with;
- how good we are at keeping the promises and commitments we make to you;
- your experience with our repairs service; and
- the way we manage nuisance and antisocial behaviour.

On the back of this letter you will find more detail about the survey, the results and what we are going to do next.

If you have any queries or wish to discuss this matter further please phone us on [redacted], or email [redacted]

We are committed to giving everyone equal access to information. If you would like this information in another format please phone us on [redacted].

Yours sincerely,

[redacted]

[redacted]
Chief Executive

Appendix 7
Ethical Review Approval Letter

Performance, Governance and Operations
Research & Innovation Service
Charles Thackrah Building
101 Clarendon Road
Leeds LS2 9LJ Tel: 0113 343 4873
Email: ResearchEthics@leeds.ac.uk

UNIVERSITY OF LEEDS

Simon Williams
Leeds University Business School
University of Leeds
Leeds, LS2 9JT

ESSL, Environment and LUBS (AREA) Faculty Research Ethics Committee
University of Leeds

25 July 2016

Dear Simon

Title of study:	**PhD case studies: How does customer satisfaction influence service quality in English Housing Associations?**
Ethics reference:	**LTLUBS-130**

I am pleased to inform you that the above application for light touch ethical review has been reviewed by the Chair of the ESSL, Environment and LUBS (AREA) Faculty Research Ethics Committee. I can confirm a favourable ethical opinion on the basis of the application form as of the date of this letter.

The following documentation was considered:

Document	*Version*	*Date*
LTLUBS-130 PhD Case Study Ethical Review July 2016.pdf	1	11/07/16
LTLUBS-123 Ethical Review Signed Copy and Survey 12 04 16.pdf	1	12/04/16
LTLUBS-123 further information.txt	1	12/04/16

The Chair made the following comment, for consideration:

- 38 questions seems a lot to cover and increases the possibility of missing/ compromising the most important areas/ questions. Could the question schedule be thinned down a little? The project is an important one and it would be a shame if gathering the data wasn't done as effectively as possible.

Please notify the committee if you intend to make any amendments to the original research as submitted at date of this approval, including changes to recruitment methodology. All changes must receive ethical approval prior to implementation. The amendment form is available at http://ris.leeds.ac.uk/EthicsAmendment.

Please note: You are expected to keep a record of all your approved documentation, as well as documents such as sample consent forms, and other documents relating to the study. This should be kept in your study file, which should be readily available for audit purposes. You will be given a two week notice period if your project is to be audited. There is a checklist listing examples of documents to be kept which is available at http://ris.leeds.ac.uk/EthicsAudits.

We welcome feedback on your experience of the ethical review process and suggestions for improvement. Please email any comments to ResearchEthics@leeds.ac.uk.

Yours sincerely

Jennifer Blaikie
Senior Research Ethics Administrator, Research & Innovation Service
On behalf of Prof Michael Thomson, Acting Chair, AREA Faculty Research Ethics Committee
CC: Student's supervisor