

# Consistency of socio-economic theory of organisations and organisational innovation: An example of customer complaint management strategy

*Anh Tu Nguyen*

## **Abstract**

This present study discusses appropriate selection of research paradigm and research strategy of socio-economic theory of organisations for organisational innovation in general, customer complaint management (CCM) in particular. Ontology and epistemology of socio-economic approach to management (SEAM) methodology, mixed quantitative and qualitative methods are proved to be consistent with the implementation of CCM in small-to-medium sized enterprises (SMEs).

The research indicates how to produce and generalise theoretical and practical knowledge through abductive reasoning and early-versus-latter-stage research design for a pragmatic-oriented action research. The conceptual model highlights that CCM can positively and simultaneously impact technical innovation, economic performance and social performance. One more interesting result is that economic performance can positively affect social performance.

The research process includes two five-step action plans in the early stage and empirical study in latter stage. The two five-step action plans (2015-2016 and 2017-2018) analyse customer complaints, explore the causes of customer complaints from employees' viewpoints, put forward action plans, implement action plans and evaluate organisational performance. The empirical study applies structure equation modeling, to test whether technical innovation mediates the relationship between CCM and organisational performance.

**Keywords:** Action research, Customer complaint management, SEAM, organisational innovation, abductive reasoning

## **Consistencia de la teoría socioeconómica de las organizaciones e innovación organizacional: Un ejemplo de estrategia de gestión de reclamos de clientes**

### **Resumen**

El presente estudio discute la selección apropiada del paradigma de investigación y la estrategia de investigación de la teoría socioeconómica de las organizaciones para la innovación organizacional en general, y la Gestión de Reclamos de Clientes (GRC) en particular. La ontología y la epistemología de la metodología del enfoque socioeconómico para la gestión (SEAM, en inglés) y los métodos mixtos cuantitativos y cualitativos, han demostrado ser consistentes con la implementación de la GRC en pequeñas y medianas empresas (PYMES). La investigación indica cómo producir y generalizar cono-

cimientos teóricos y prácticos a través del razonamiento abductivo y el diseño de la investigación de etapa inicial versus etapa tardía para una investigación de acción orientada y pragmática. El modelo conceptual destaca que la GRC puede impactar positiva y simultáneamente en la innovación técnica, el desempeño económico y el desempeño social. Otro resultado interesante es que el desempeño económico puede afectar positivamente el desempeño social. El proceso de investigación incluye dos planes de acción de cinco pasos en la etapa inicial y un estudio empírico en la última etapa. Los dos planes de acción de cinco pasos (2015-2016 y 2017-2018) analizan las quejas de los clientes exploran las causas de las quejas de los clientes desde el punto de vista de los empleados, presentan planes de acción, implementan planes de acción y evalúan el desempeño organizacional. El estudio empírico aplica el modelo de ecuaciones de estructura para probar si la innovación técnica media la relación entre la GRC y el desempeño organizacional.

**Palabras clave:** Investigación-Acción, gestión de reclamos de clientes, SEAM, innovación organizacional, raciocinio abductivo

## Introduction

The relationship between action research and organisational innovation attracts attention from numerous researchers with regard to topics such as action research and organisational learning (Eikeland, 2012), action research and individual knowledge use in organisational innovation process (Sousa et al., 2015), action research innovation cycle (Salehi et al., 2015), systematic approaches to designing and implementing change in organisations (Benn and Baker, 2009; Molineux, 2018), and design-led innovation (Price, 2018). They confirm that “flexible loop which allows action (exploration and exploitation Innovation) and research (organisational learning and feedback system) to be achieved at the same time”. However, evaluation of the strategic action plans after implementation stage of action research and generalisation of the case study research have not been focused. Therefore, SEAM is considered as a methodology to shorten this gap.

Customer complaint management (CCM) strategy is often considered at functional level by empirical studies applying deductive reasoning. A few researchers implement this strategy, based on action research with deductive reasoning. Therefore, there has not been any research adopting abductive reasoning and SEAM to recognise both operational specificities of organisation as well as stability of core knowledge for broader community of SMEs over the world.

The study including two stages: early and latter, uses abductive reasoning that means a process of deductive – inductive – deductive logics. In the abductive approach, the research starts with “surprising facts”, and then is devoted to their explanation (Bryman et al., 2015).

First, deductive reasoning is applied to suggest a CCM project. The reason is that the intervention research project starts with “puzzles” of a SME in passenger transport industry of Vietnam such as significant decline of customers, strong decrease of profits of flagship service: inter-city bus, high turnover rate of employees, receiving many customer complaints about service quality, serious competition on the crowded market, and needs a framework with specific intentions to be implemented as soon as possible. In the early stage or production of knowledge called professional knowledge (or practice knowledge), a five-

step CCM framework is suggested with regard to analysing problems of the company and literature review on intervention methodology, customer relationship management (CRM) and customer complaint management combined with SEAM. In this stage, knowledge is science-based, with characteristics of relevance and responsibility. CCM framework is approached from system and relational approach of relationship marketing; integrated and holistic combination between people, process and technology of CRM from a strategic angle; aggregate complaint analysis; organic aspects of exit-voice theory; led to achieve multifaceted organisational performance, and human capital development.

Second, inductive reasoning is applied during the implementation of the CCM project. Key ideas occurred through transformations created by the processes of interactions between researcher and organisational actors, as well as transferring tools of management. These key-words are necessary actions formulated in the CCM project. Then, they are coded into constructs including organisational learning, human resource management and strategic management led to form customer complaint management; as a result technical innovation of innovation capabilities is created, including types of innovations such as service, process, technology and marketing; economic performance, social performance, customer complaint management profitability, and hidden costs are coded into organisational performance.

Third, deductive logic is repeated. The three variables stemmed from the inductive process are customer complaint management, technical innovation and organisational performance, that will be tested through an empirical research in order to be actionable in a larger social context, applied and disseminated to a broad network of audiences.

## Research design

Buono et al. (2018) suggest a research process applying SEAM methodology including two stages as presented in the below figure.

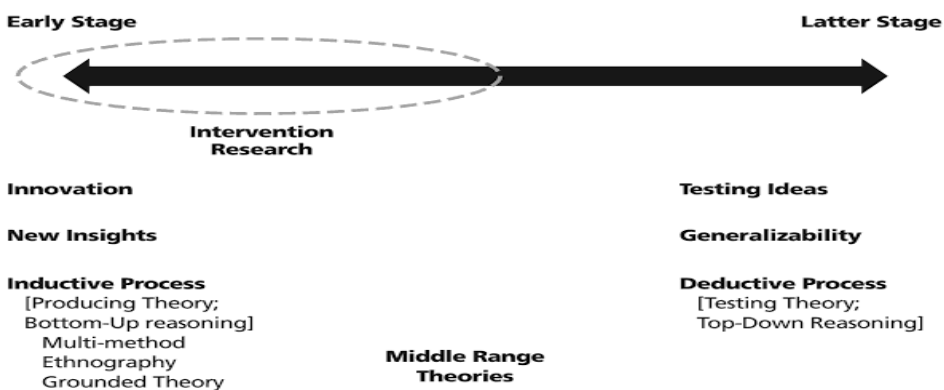


Figure 1: Conceptualising intervention research: Early-versus latter-stage research (Source: Buono et al., 2018)