



A Lindblomian perspective on customer complaint management policies

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ABSTRACT

This research reports the findings of an exploratory study on the everyday management of customer complaints in the French business-to-business sector. A web-based survey rendered 57 eligible responses from managers who deal with customer contacts on an everyday basis. A Lindblomian perspective is applied to analyze customer relationship management (CRM) systems and policies for managing customer complaints. Findings indicate that such systems do not influence how managers perceive their communication with customers. Furthermore, the findings demonstrate that a formal policy for managing customer complaints affects the adjustments that companies make in situations marked by difficulties in choosing solutions to a customer's problem and knowing what the outcomes will be.

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1. Introduction

In a seminal paper, Lindblom (1959) notes that “muddling through” is both a highly sophisticated form of problem solving and widely denounced as no method at all. Muddling through, or disjointed incrementalism, describes an exploratory process for solving problems in a step-by-step mode, according to the constraints set by the specific situation in which the problem occurs (Lindblom, 1959). Such muddling through approaches might also appear in companies' efforts to manage customer complaints, because managers often lack sufficient time to evaluate all alternative solutions and their consequences. Some good solutions also result without analysis; if customers are happy, managers have no reason to dig further into the problem. Therefore, not until customers complain is managers' problem-solving ability put to the test (e.g., Johnston and Mehra, 2002). This paper analyzes the role of policies in such situations, which are defined as guidelines, or rules that help managers to resolve conflicts (Mintzberg and Quinn 1992).

The quality of companies' customer relationships is tested in everyday customer relationship management (CRM) practice. This testing is apparent because every interaction with customers may involve unforeseen events, which make it difficult for companies to control quality. Both suppliers and customers recognize this issue, but the two parties might disagree on the causes of a problem and the appropriate solution (Bitner et al., 1994). Managing unforeseen events is critical, because customers who perceive inferior supplier performance are likely to signal their intentions to switch supplier (Gruber et al., 2006; Hansen et al., 1996; Zeithaml et al., 1996). For example, customers might complain directly to the supplier, engage

in negative word-of-mouth communication, or take legal action (Gruber et al., 2006; Zeithaml et al., 1996). Consequently, suppliers must undertake complaint management efforts, including communication with complaining customers and attempts to restore customer satisfaction by rectifying mistakes or bringing products back into working order (e.g., Fornell and Wernerfelt, 1988). In turn, managing customer complaints demands an identification of the problem and the factors that cause that issue. To investigate the role of policies in this context, this study reports on the complaint management in 57 companies in the French business-to-business (B2B) sector.

The view on policies for the management of customer complaints in the context of companies' CRM activities draws upon Lindblom (1959, 1968), who suggests that a policy is sometimes a compromise among policy makers, none of whom had in mind the problem to which the policy is the solution. A policy might stem from an opportunity, not a problem, and other policies never involve agreement but nevertheless “just happen.” Analyses of policy alternatives could be limited to those options that differ only marginally from the practiced policy (Lindblom, 1959), such that a policy for managing customer complaints might develop out of unanticipated problems and opportunities. A policy that “just happens” illustrates how managers adopt procedures that evolve into an informal policy, which later becomes a formal policy for dealing with customer complaints. With regard to the factors that influence policy making, Hirschman and Lindblom (1962) highlight that policies might adjust according to available means. A company's policy for managing customer complaints thus might reflect the resources available. Furthermore, a Lindblomian perspective on policies in the CRM context allows for a deeper analysis of the relationship between a policy and measures used to handle customer complaints when no best solution exists, and when it is difficult to identify what the outcomes of efforts to solve a problem will be.

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The purpose of this research is to examine the role of policies in dealing with customer complaints. Akin to studies by [Homburg and Fürst \(2005, 2007\)](#) and [Johnston and Mehra \(2002\)](#), this investigation analyzes customer complaints from the supplier's perspective, in an attempt to provide further insights into organizational responses and the guidelines that facilitate complaint management. Insights about the role of policies for managing customer complaints can inform the corrective measures that suppliers must adopt to follow standardized procedures (e.g., [Johnston and Mehra, 2002](#)). [Homburg and Fürst \(2005\)](#) demonstrate differences in complaint satisfaction when companies follow mechanistic (formal) guidelines versus organic (informal) procedures for complaint management. However, these authors do not examine how formal and informal policies might affect complaint management when all available solutions have drawbacks and decision makers cannot foresee the outcomes of their decision. The Lindblomian perspective in this paper sets out to close this gap. By analyzing how a policy affects complaint handling when managers experience uncertainty, this study contributes to the current body of knowledge on complaint management and offers findings of interest for academics and marketers who investigate the factors that affect companies' CRM.

The paper is structured as follows. The next section discusses existing literature to develop a framework of hypotheses that address CRM systems and the role of policies in companies' complaint management. The third section describes an online survey of firms in the French B2B sector. The fourth section presents the methods of analysis and this research's findings. This paper closes with a discussion of the results and some avenues for further enquiry.

2. Background

2.1. Complaint management in the context of customer relationship management

In the B2B sector, the adaptation of sellers' decision-making structures to their problem-solving experiences can affect the overall buyer–seller relationship and the surrounding atmosphere ([Barclay, 1992](#); [Håkansson and Wootz, 1979](#)). An analysis of the potential link between CRM systems and interactions in connection with complaint management might, therefore, shed light onto which arrangements facilitate problem solving when decision makers react promptly to emerging problems and difficulties ([Hirschman and Lindblom, 1962](#)). To enable prompt reactions, formal customer complaint management procedures must incorporate practices for dealing with unforeseen problems. Although this is a well-known fact, earlier studies report that approximately half of all complaining customers are dissatisfied with complaint handling ([Homburg and Fürst, 2005](#)). However, events causing dissatisfaction occur in all relationships. Even firms in successful partnerships acknowledge that disagreements are inevitable ([Anderson and Narus, 1990](#); [Johnston and Mehra, 2002](#)). Consequently, companies must train personnel to be sensitive to “trouble spots” and assign appropriate authority to those who can expedite resolutions before conflicts escalate ([Anderson and Narus, 1990](#)). The complaints that a company actually receives often represent only the “tip of the iceberg” of many more unhappy customers who need similar resolutions ([Johnston and Mehra, 2002](#)).

To deal with the abovementioned problems, many companies have, over the past decades, made substantial investments into customer relationship management (CRM) projects to achieve higher customer loyalty ([Langerak and Verhoef, 2003](#)). In spite of this development, there is no agreed definition of CRM in the research literature ([Richard et al., 2007](#)). Clearly, CRM means different things to different people ([Winer, 2001](#); [Wright et al., 2002](#))—from narrowly defined functional (analytical and operational) and technical tactics (e.g., [Goodhue et al., 2002](#); [Ling and Yen, 2001](#)) to broad business philosophies and strategic perspectives ([Day, 2003](#)). Despite such confusion, CRM emerged as a popular buzzword at the turn of the millennium ([Gummesson, 2004](#); [Storbacka and Lehtinen, 2000](#)). In particular, CRM projects gained popularity by

promising tools to shape the interactions between a company and customers so that they would maximize the current and lifetime value of business relationships ([Rajagopal and Sanchez, 2005](#); [Richard et al., 2007](#)). However, the failure rate of CRM projects has been high ([Langerak and Verhoef, 2003](#), [McLaughlin, 2010](#)). In fact, several reports suggest that CRM projects have, in some cases, even damaged existing customer relationships ([Davids, 1999](#); [Reinartz et al., 2004](#); [Richards et al., 2007](#); [Rigby et al., 2002](#)). Uncovering which factors explain these high failure rates is thus a critical research goal.

[Gummesson \(2004\)](#) suggests that although the Internet and other technology-based tools are essential to CRM applications, the imminent risk remains that such tools overwhelm the minds of executives, such that technology-centric CRM systems neglect the human side of communications. This risk illustrates the importance of procedures for managing customer complaints. Although many companies stress the provision of consistently high quality in interactions with customers, organizational structures and service delivery systems virtually guarantee failure in reaching this goal ([Yavas and Shemwell, 1997](#)). Barriers within organizations can thus prevent the implementation of effective complaint management procedures ([Homburg and Fürst, 2007](#)).

Accordingly, regarding CRM systems merely as software applications represents a false view ([Gummesson, 2004](#); [Langerak and Verhoef, 2003](#); [Lassar et al., 2008](#); [McLaughlin, 2010](#)). Information technologies (IT) might facilitate the processing of customer information, but the CRM system is useless unless managers know how to deal with the information such systems generate. A readiness to act is particularly important if recorded events indicate problems in customer relationships. As [Bartikowski and Braunmüller \(2006\)](#) note, CRM failures more often reflect poor organizational and marketing alignment than IT problems. The high rates of CRM system failure (e.g., [Langerak and Verhoef, 2003](#)) and the detrimental impacts on customer relationships ([Reinartz et al., 2004](#); [Richard et al., 2007](#); [Rigby et al., 2002](#)) in turn should affect managers' views of their effectiveness for supporting relationships with customers.

This list of shortcomings is not unique to CRM systems; similar concerns emerge in any area in which decision makers implicitly trust the accuracy of sophisticated analytical tools. As [Lindblom \(1959, 1979\)](#) notes, the inherent incompleteness of any analyses means that decision makers need step-by-step approaches that proceed toward solutions to specific problems as they arise. Such approaches may be particularly important for the everyday management of customer complaints. Although several studies highlight the importance of aligning organizations' various departments to undertake CRM implementation, very little research considers the managerial tools that facilitate control over such activities. Insights into these tools could avoid the harmful effects of a singular focus on technology-based (electronic) eCRM for relationships with customers ([Gummesson, 2004](#)). According to [Gummesson \(2004\)](#), functional CRM demands better management of the human input, or hCRM. Thus, technology cannot replace people for managing unforeseen events or customer complaints. Furthermore, as [Hirschman and Lindblom \(1962\)](#) note, a sophisticated analytical system depends on not only the capacity to process data but also on inputs from other components in the system. Considering the importance of people's problem-solving skills, it is suggested that the human factor reduces differences between companies with computerized CRM systems and those without such systems when communicating with customers who experience problems. Therefore,

H1. *Companies with computerized CRM systems do not differ from those without such systems in their communications with customers who experience problems.*

2.2. Policies and adjustments for dealing with customers' complaints

Because a CRM system depends on people who know how to act in customer complaint situations, the effective management of customer

complaints requires a careful review of their causes (Johnston and Mehra, 2002). Homburg and Fürst (2005) present an interesting viewpoint when suggesting that the recent years' focus on soft factors such as leadership and culture has distracted focus away from hard factors such as guidelines for complaint management. The quality of a formal policy for complaint handling can, therefore, be assessed with regard to its fit customers' needs (Homburg and Fürst, 2005). An informal policy is, on the other hand, necessary since there are situations which are difficult to cover using formal guidelines. In other words, there are several factors which can explain why companies develop both formal and informal policies to guide their complaint management.

Following the proposals of Homburg and Fürst (2005), a guiding assumption is that managing activities to restore dissatisfied customers' trust requires policies that clarify what should be done and by whom. Organizational policies are, therefore, vital in facilitating managers' decision-making at times when a company needs to act swiftly to restore customers' confidence. However, a pre-requisite for acting swiftly is that there is an agreement about the policy among the pertinent actors. Such agreement among the involved parties confirms the policy's viability (Lindblom, 1959), which is critical because policies often take the form of contingent decisions for conflict resolution (Mintzberg and Quinn 1992).

When discussing policies for managing customer complaints it is important to recognize that the implementation of a policy is both complex and uncertain; a decision to adopt a policy does not guarantee correct implementation (Stevens et al., 1980). Deviations may result from unforeseen events that demand a departure from the policy. Indeed, these unforeseen events make policy-making difficult and, as Lindblom (1979) notes, there is a risk that policy makers fail to separate the "ought" from the "is". Balzer (1979) highlights this problem in an analysis of public dissatisfaction and the identity crisis of the San Francisco police department. He concludes that the problems the police department experienced resulted from policy makers' agreement on a policy without determining the means to achieve the related objectives. As Balzer (1979) clearly states, new colors on police cars cannot change public confidence in the police. In line with these proposals, a new policy in a customer complaint context is unlikely to change dissatisfied customers' opinions unless that policy encompasses actions.

Although the policy problems that Balzer (1979) highlights may seem far removed from those that face managers who deal with customer complaints, a common denominator underlies these issues: regardless of the context, the successful implementation of a formal policy requires an anchoring in reality. A formal complaint handling policy therefore should derive from common procedures for assisting customers. Informal policies may compensate for shortcomings in the formal policy or emerge when formal policies are missing. As Hirschman and Lindblom (1962) suggest, some situations are not (or cannot be) subject to clear guidelines, so new means of acting must emerge to ensure effective complaint handling (Homburg and Fürst, 2005). Consequently,

H2. *To describe how to handle customer complaints in practice, a formal policy is better than an informal policy.*

As discussed above, customer complaint management includes acting swiftly to restore customer satisfaction (Homburg and Fürst, 2005; Johnson and Mehra, 2002). Radical changes are usually avoided because it is necessary to stay within established routines to control quality in work processes (e.g. Johnston and Mehra, 2002) and to avoid chaos in relationships with customers. To avoid such outcomes, managers choose approaches which may differ only marginally from those that caused the problems (e.g. Hirschman and Lindblom, 1962). Also, it is not unheard for companies to adjust ends with respect to financial means. Thus, we may find situations where impossible actually means prohibitively costly (Braybrooke and Lindblom, 1963). Following their proposals it is likely that those who handle complaint management

encounter situations when there is no best solution because all available alternatives have one or more drawbacks. An immediate replacement of a malfunctioning component might be possible, for example, only if the complaint handler offers a component that is very costly. Waiting for a delivery of a cheaper component may, on the other hand, result in the customer leaving the company. Likewise, those who handle complaints may face situations when it is difficult to foresee how customers will react to a proposal, and whether a proposed solution will solve a customer's problem. To handle such situations, it may be necessary to depart from established procedures, and hence, make adjustments that, to some part, deviate from the policy. It is suggested that the adjustments that a company makes in such situations are dependent upon its policy for complaint management. Therefore, the third hypothesis predicts:

H3. *Companies with a formal policy for managing customer complaints make fewer adjustments than companies with an informal policy when experiencing uncertainty about which solution to choose and the outcome of solutions to a problem.*

3. Methodology

To carry out this study, 405 managers in the French B2B sector were asked to answer a web-based questionnaire on their everyday relationships with customers. The respondents' companies were identified from a database of companies predominantly headquartered in northwestern France maintained by the ESC Rennes School of Business. The respondents in turn were selected on the basis of their jobs: marketers, salespeople, service personnel, engineers, and others who came in frequent contact with customers. E-mails with a cover letter explaining the study's purpose and a link to the questionnaire were sent to the respondents' personal e-mail addresses during February–April 2009. This approach ensured that the recipients of the questionnaire had experience with the topics covered by the questions.

Of the 77 respondents who answered the questionnaire, 19 did not complete it. The remaining 58 respondents consisted of 30 who answered immediately, 18 after a reminder 2 weeks later, and 10 who responded after a second reminder 3 weeks later. A further review of these responses revealed that 1 respondent's company worked primarily in a consumer market, prompting exclusion; 7 respondents who worked for companies that operated in both B2B and consumer markets remained in the sample. The overall response rate was 14.1% (57/405). The small sample size, therefore, makes this study explorative rather than conclusive.

As Table 1 shows, a majority of respondents came in contact with customers at least once a week. With one exception, any respondent who reported that he or she rarely met and/or contacted customers by telephone or e-mail received frequent contacts initiated by customers.

A Kolmogorov–Smirnov test of a variable that comprises all six continuous variables tested in the study indicates a normal distribution ($D(57) = 0.52$, $p = 0.13$). The test of non-response bias, using an independent samples *t*-test to explore potential differences between early and late responses, reveals no significant difference in the scores of early respondents ($M = 3.84$, $N = 29$) and late respondents

Table 1
Frequency of respondents' contacts with customers.

Contact frequency	Meetings with customers	Contacts by phone or e-mail	Contacts initiated by customers	Total	Percent
Everyday	8	25	17	50	29
Three times per week	15	5	8	28	16
Once per week	2	8	9	19	11
Once every 2 weeks	2	7	9	18	11
Once a month	15	8	6	29	17
Once every 6 months	11	3	8	22	13
Never	4	1	0	5	3
Total	57	57	57	171	100

($M = 4.05, N = 28; t(55) = -0.98, p = 0.33$, (two-tailed). Armstrong and Overton (1977) suggest that this lack of difference is sufficient evidence that non-response bias is not a concern. However, the exploratory nature of this study means that the findings do not necessarily generalize beyond the respondents.

The questionnaire included several questions, which the respondents may have perceived as intrusive in drawing attention to the fact that they, as all companies, sometimes fail to satisfy all customers. Although such failure is inevitable, managers may be reluctant to admit this feature of their own company (e.g. Homburg and Fürst, 2007). To reduce the risk of asking overly intrusive questions, the focus remained on sources of problems in general and preventive measures aimed at assisting customers.

4. Results

4.1. CRM and the human factor

This study predicts that companies with computerized CRM systems should not differ from those without such systems in terms of their communication with customers who experience problems. The questionnaire results show that 34 of the sample companies used such systems, but 23 did not. The data to test their differences with regard to customer communication consist of the answers to three questions about (1) the extent to which customers discussed problems with the respondents, (2) if customers were subject to frequent problems, and (3) whether multiple customers experienced problems of the same character (seven-point Likert scales).

The descriptive data in Table 2 reveal that customers often contact the respondents to discuss problems, although the problems were infrequent, and rarely did other customers experience the same types of problem. The *t*-tests from Table 2 confirm this observation; the *p*-values indicate that the mean values are significantly lower than 4, the scale's midpoint.

For the test of H1, this study creates a new variable, CWCEP, that reflects the data contained in the answers to the three questions. A reliability test of the CWCEP scale demonstrates that the scale has good internal consistency, with a Cronbach's alpha coefficient of 0.72. The Kolmogorov–Smirnov test reveals that the variable also meets the assumption of normality ($D(57) = 1.05, p = 0.22$, two-tailed). An independent samples *t*-test, which explores the impact of CRM systems on communication with complaining customers, as measured by the CWCEP, demonstrates no significant difference in scores between companies with CRM systems ($M = 2.84, N = 34$) and companies without such systems ($M = 2.86, N = 23; t(55) = 0.04, p = 0.97$, two-tailed). Furthermore, the magnitude of the difference in the means (mean difference = 0.01, 95% confidence interval: -0.64 to 0.66) is very small. This result supports H1; companies with computerized CRM systems do not differ from those without in their communications with customers who experience problems.

Table 2
Respondents' communication with customers experiencing problems.

CWCEP	N	T	df	Test value = 4 Sig. (2-tailed)	Mean	SD
When customers contact you, they want to discuss problems that have occurred.	56	-5.38	55	0.00	3.1	1.29
Customers that contact you want to discuss problems that happen frequently.	57	-8.08	56	0.00	2.4	1.48
Customers that contact you want to discuss problems that are of the same type as those that other customers have experienced.	56	-5.06	55	0.00	2.9	1.66

Notes: 1 = rarely, 7 = always.

4.2. Policy and the management of customer complaints

This study also proposes that to describe customer complaint handling in practice, a formal policy is better than an informal policy. The data to test H2 include responses to a question that asks respondents to assess, on a seven-point Likert scale (1 = "does not correspond at all," 7 = "corresponds 100%"), whether their policy for managing customer complaints is consistent with actual complaint-handling practices. A Kolmogorov–Smirnov test indicates that the variable violates the assumption of normality ($D(57) = 1.61, p = 0.01$, two-tailed). Therefore, the test of H2 uses a Mann–Whitney *U*-test that reveals a significant difference between companies with a formal policy (Mdn = 5.00, $N = 34$) and companies without formal guidelines (Mdn = 4.69, $N = 23; U = 542.50, p = 0.01$, two-tailed; $r = 0.34$). Because the effect size estimate *r* is greater than 0.3, the test demonstrates a medium effect of a formal policy that is consistent with customer complaint handling in practice. These results therefore provide support for H2.

As predicted in H3, companies with a formal policy for managing customer complaints may make fewer adjustments than companies with an informal policy in the face of uncertainty. To test this prediction this study uses the data obtained from two questions about the extent to which companies adjust their procedures when dealing with customer complaints if no best solution to customers' problems exists and if the outcomes of efforts to restore customer satisfaction are difficult to foresee (both seven-point Likert scales). These questions, inspired by Braybrooke and Lindblom (1963), seek to obtain information about the relationship between a formal policy and the adjustments that companies make to respond to unforeseen customer complaints in conditions of uncertainty.

The mean values in Table 3 indicate that companies tend to adjust to the situation at hand both when no best solution to customers' problems exists and when the complaint handlers have difficulty foreseeing the outcomes of their efforts to restore customer satisfaction. The *t*-tests reported in Table 3 confirm this observation, because the *p*-values indicate mean values significantly higher than 4, the scale's midpoint.

The test of H3 also features a new variable, UNCERT, with data from both questions. A reliability test demonstrates that the combined scale has good internal consistency, with a Cronbach's alpha coefficient of 0.78 and correlation coefficient of 0.64 ($p = 0.00$). A Kolmogorov–Smirnov test of UNCERT indicates the variable is normally distributed ($D(57) = 1.16, p = 0.13$, two-tailed). The investigation of the relationship between a formal policy and UNCERT uses Pearson product-moment correlation coefficients, which demonstrates a medium negative correlation between the two variables ($r = -0.34, n = 57, p = 0.01$). Companies with a formal policy make less extensive adjustments than companies without them.

However, data gathered from a question about whether companies use an informal policy for managing customer complaints indicate

Table 3
Complaint management when experiencing uncertainty.

UNCERT	N	t	df	Test value = 4 Sig. (2-tailed)	Mean	SD
How do you usually handle situations when there is no best solution to customers' problems?	55	4.30	54	0.00	5.0	1.72
How do you handle situations when it is difficult to foresee what the consequences of measures to rectify a problem will be?	54	4.38	53	0.00	5.1	1.89

Notes: 1 = follow procedures, 7 = fully adjust to the situation.

that the policy variable actually is a continuous dichotomy that consists of four categories: companies with a formal policy ($N=19$), companies with an informal policy ($N=12$), companies with both formal and informal policies ($N=15$), and companies with no policy ($N=11$). Recalculating the ρ value as a biserial correlation coefficient reveals $rb = -0.43$, which is a better description of the continuum within the variable. The squared value of the biserial correlation coefficient reveals that the policy variable accounts for 18.6% of the variability in adjustments companies make to deal with customer complaints in the face of no best solution and a lack of ability to foresee outcomes of measures to restore customer satisfaction.

A direct logistic regression to assess the impact of UNCERT on the likelihood that respondents report the use of a formal policy for managing customer complaints reveals that the model is statistically significant ($\chi^2(1, N=57) = 7.05, p = 0.01$). Thus, the model can distinguish between respondents who report a formal policy and those who do not. The model also achieves acceptable fit, with a Cox and Snell R^2 of 11.6 and Nagelkerke R^2 of 15.7%. The B value of -0.46 demonstrates that an increase in adjustments to the situation, as measured with UNCERT, results in a decreased probability that the respondents report their companies use a formal policy for complaint management. The results from the correlation and the logistic regression tests therefore offer support for H3.

5. Discussion

5.1. CRM systems and managing customer complaints

The test of *H1* demonstrates no significant difference between companies with CRM systems and those without them with regard to how managers perceive their interactions with customers who report problems. Thus, the analysis indicates neither shortcomings nor benefits of CRM systems. However, the lack of evidence of benefits demands some caution: companies with computerized CRM systems might be worse off without them. This study cannot confirm the high failure rate of CRM systems reported by Langerak and Verhoef (2003) and McLaughlin (2010); instead, the findings support Gummesson's (2004) proposal for a balance between eCRM and hCRM, where "h" refers to the human factor.

A traditional relationship management approach is evident in the data pertaining to companies' communication with customers. Clearly, this communication facilitates prevention of mistakes in the environments directly controlled by the respondent companies and their customers. Thus, hCRM supports the development of joint knowledge of subsystems affecting the final service or product configuration. Discussing this topic Hirschman and Lindblom (1962) suggest that subsystems that develop independently are likely to end up being out of phase with each other. Communication and coordination through hCRM thus are central to avoiding such misfits.

Complaint management appears to put the coordination of CRM activities to the test especially with regard to the activities to restore customer satisfaction (e.g. Homburg and Fürst, 2005; Johnston and Mehra, 2002; McLaughlin, 2010). Following Hirschman and Lindblom (1962) it is, therefore, possible to conclude that an eCRM system is a component, which performance depends not only on its own capacity to process data but also on the inputs gathered from other components that constitute a CRM system.

5.2. The role of policy for managing customer complaints

The test of *H2* indicates that, compared with respondents working in companies with an informal policy, respondents from companies with a formal policy are more convinced that their policy truly describes how they handle customer complaints in practice. The testing of *H2* indicates that, compared with respondents working in companies with an informal policy, respondents from companies with

a formal policy are more convinced that their policy truly describes how they handle customer complaints in practice. This finding, therefore, suggests that the accuracy of formal and informal policies can be tested with regard to how companies deal with complaints in reality. This insight is important since such tests can facilitate agreements among those involved on measures to improve complaint management (e.g. Johnston and Mehra, 2002). Thus, because snags, difficulties and tensions are inevitable, firms should exploit these challenges to improve policies and procedures designed to deal with the factors that cause them (e.g. Hirschman and Lindblom, 1962).

The respondent companies' use of formal and informal policies demonstrates that complaint management can include different strategies to rebuild the relationship with a customer with whom the service or product has failed to meet expectations (e.g. Parasuraman, et al., 1985). A critical step of the complaint management is, therefore, a careful review of the factors that affect the customer's perception since hasty and inappropriate demands for quick responses may inhibit analysis of the underlying causes (e.g. Braybrooke and Lindblom, 1963). As Homburg and Fürst (2005) note, after a complaint, customer loyalty depends essentially on complaint satisfaction and not as much on satisfaction that has accumulated over time.

The tests of *H3* highlight the fact that there are circumstances to which no plan is especially suited (Braybrooke and Lindblom, 1963). Thus, complaint handlers may encounter situations whose solutions they cannot discern and whose outcomes are unclear. An interesting finding is, therefore, that there is a relationship between having a formal policy and the adjustments that companies make when facing such uncertainties. The more adjustments to such situations a company make the lesser the likelihood that the company has a formal policy for complaint management. In other words, this finding suggests that people involved in adjustment processes are capable of achieving a kind of co-ordination not necessarily centrally envisaged prior to its achievement, or centrally managed (Hirschman and Lindblom, 1962).

A behavior which can explain why informal policies are common is the tendency among decision makers to stop analyzing alternatives once a satisfactory policy is found (Lindblom (1959, 1979). The remedial nature of informal policies might, therefore, make managers disregard alternatives once they find a solution that works. This behavior illustrates a problem because, at the same time as speedy responses are essential if complaining customers are to be satisfied (Johnston and Mehra, 2002), the time pressure reduces the opportunity to identify an alternative solution, which can lead to the formulation of a formal policy for managing customer complaints.

5.3. Managerial implications

The importance of establishing and maintaining relationships with customers is evident in modern competitive markets. Tools to support customer relationship management, such as eCRM systems, may be useful if managers understand their limitations and fit them into the overall context of their relationship management.

Keeping CRM systems "alive" is essential, because new problems constantly appear, along with the fast pace of technological development. Furthermore, managers should recognize that analyses enabled by CRM systems are never complete. Dealing with the inherent incompleteness of analyses and the changing market environment therefore requires muddling—not at random, but through actions determined in cooperation with those with insights about the final desired product and service configurations.

The analysis of the respondent companies' complaint management illustrates that when complaints occur it is important to develop a joint understanding with customers of what the problem is and how to deal with it. This is apparent because a joint understanding facilitates swift measures to restore the customer's confidence in the supplier's problem solving ability. Also, problem solving generates

knowledge about the measures to prevent similar problems from occurring anew. These insights should, therefore, serve as a foundation for the policy that a company adopts.

As mentioned above, policies that define procedures and areas of responsibility for customer complaints are critical because complaint handlers almost invariably face time pressure. The more a complaint management policy reflects what happens in practice the less time managers need to spend discussing what should be done and by whom. However, managers should realize that no policy is ever complete in defining appropriate actions. Thus, a formal policy cannot provide complete guidance in all areas. A lasting informal policy is, on the other hand, a sign of something being wrong with the formal policy or that formal guidelines are missing. In either case, managers need to investigate the underlying causes for an informal policy. This is important because an informal policy may be a sign of a misfit between a customer's expectations and a supplier's resources and procedures.

5.4. Conclusions

This explorative study examines the effect of CRM systems on interactions with customers and the role of policies for managing customer complaints across 57 French companies working in the B2B sector. Compared with respondents working in companies with informal policies, respondents from companies with a formal policy are more convinced that their policy truly describes the methods they use to handle customer complaints in practice. Furthermore, this study indicates that companies with a formal policy make fewer adjustments to uncertain situations with unclear outcomes.

The differences between policy categories highlight one fundamental challenge for policy making. This challenge refers to the fact that the policy makers are not always faced with a given problem; rather they have to formulate it and try their best to identify appropriate responses. Furthermore, as Lindblom (1968) notes some problems need to be invented before an appropriate solution can be found. An informal policy for managing customer complaints may thus be a sign of an ongoing problem identification process and/or that a new strategic objective has created (invented) a new problem, to which it is necessary to adjust the company's policy.

5.5. Limitations and direction of future research

This study's findings have several limitations, which are openly acknowledged. Factors that limit generalization are the small sample size and that the sample only includes French companies. Also, the study only examines the suppliers' viewpoints. The respondents' opinions with regard to customers' complaints may thus differ from those of their customers. In other words, there is a risk that the respondents' answers describe what they would like their customer relationships to be rather than what they are.

A way to deal with such concerns in future research on complaint management is to compare suppliers' responses to those of their customers. A comparison of viewpoints of customers and suppliers is interesting because it is possible to analyze circumstances that trigger defensive behavior in supplier firms. Also, an avenue for future inquiry is to investigate the areas where informal policies are common and examine why they are common in these areas. Furthermore, it is of interest to learn whether culture affects policy-making in companies. To analyze the role of culture future studies should include companies from more than one country.

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