

**Engagement of employees to internal  
service development  
Case: Development of the contract  
management tool**



Piiroinen, Sari

**Laurea University of Applied Sciences**  
Leppävaara

**Engagement of employees to internal service  
development**

**Case: Development of the contract management tool**

Sari Piironen  
Degree programme in Service  
Innovation and Design  
Master's thesis  
10, 2012

Sari Piironen

**Engagement of employees to internal service development. Case: Development of contract management tool**

Year	2012	Pages	69
------	------	-------	----

The common thing and the main idea to the most of the service design theories are to involve the end customers to designing the services companies are producing to their customers. In those theories, the customers mean end users; external customers.

Companies are also producing and developing internal services to their internal customers, the employees. The purpose of this thesis' study was to find out if the early involvement and engagement of the employees to the development of the internal service would be beneficial and what would the possible benefits.

Thesis' theoretical framework is concentrating to the employees' engagement and motivation theories including service development and service design point of views.

The case study of this thesis is a qualitative study with exploratory research approach in one case company and the study process was divided into two parts. The first part consisted of engaging the employees to the development, design, and the usage of the future internal service, a contract management tool, and finding out what were the benefits the early engagement brought. The second part of the study concentrated to find out how the engagement in the early development phase influenced to the employees' opinions, behavior, and change resistance, and what the employees thought about the whole process.

Several qualitative research methods such as semi structured interviews, questionnaire, and focus groups were used during the study, and all in all 72 employees participated to the study.

The study results showed that employee involvement and engagement will bring benefits not only to the developed service, but for the whole process. The results of the study also showed that the employees are keen on to be part of the process development already from the start. They brought plenty of good ideas and real service requirements to the development and design process. By using these ideas, the service development team could concentrate to the rights things already from the beginning. This made the service development process faster. Knowing the employees' requirements helped when selecting the tool supplier, it helped to develop the user-friendly, easy-to-use, logical service, and it eased the implementation. All in all the employees involvement reduced the change resistance, made the process smoother and brought cost and time savings during the process.

Keywords: Employee engagement, internal service, service design, service development

## Contents

1	Introduction .....	5
2	Definition of the key concepts.....	6
3	Service design and development from employee’s point of view .....	10
	3.1 Service Design is an iterative process .....	11
	3.2 Service Profit Chain.....	18
	3.3 Employee’s role in service development.....	20
	3.4 Engagement and motivation of employee’s .....	21
	3.4.1 Employees’ needs for purpose and satisfaction .....	24
	3.4.2 Self-management of the work in employees’ engagement.....	24
	3.4.3 Customer-Oriented service delivery and engagement of employees..	27
4	Case company and case study introductions .....	32
5	Research approach and selected research methods .....	33
	5.1 Focus groups .....	35
	5.2 Questionnaire .....	36
	5.3 Interviews .....	37
6	Study process .....	38
	6.1 Planning the study .....	40
	6.2 Planning the Focus groups .....	41
	6.3 Planning the Questionnaire.....	43
	6.4 Planning the Interviews in the both parts of the study .....	44
	6.5 Study in practice .....	46
7	The results of the study.....	51
8	Conclusions and suggestions for future research .....	56
	References: .....	59
	Attachments .....	65

## 1 Introduction

The common thing and the main idea to the most of the service design theories are involving the end customers to designing the services companies are offering to their customers. In these theories the end customers' needs, requirements, and expectations, in other words, the customer focus and increasing the customer satisfaction are the base for the design and development work. The theories are dealing with subjects like how to involve the customers, how to co-create with customers and how customers' opinions can be taken into account when designing and developing services.

For example, a main theme on Zeithaml, Bitner and Gremler's book (2009) is the customer focus. They have even added "integrating customer focus across the firm" to the title of their book (2009, 27). Christian Grönroos, on the other hand, mentioned the customer focus several times already in the preface on his book *Service Management and Marketing - Customer Management in Service Competition* (2007, vii-ix).

Other common thing to the service design theories is that when they are talking about the customers, they are focusing on the external customers and services designed to them. They focus customers who are outsiders and are not working in the company. They focus on customers who are paying and consuming the services and have a possibility to change a service provider in case they do not like the services (Earl 2004).

In service design theories, co-creation is one leading term. It means that all possible stakeholders should be included to the service design process. In those theories, for example, employees are mentioned as one important stakeholder group which should be involved. But in service design theories employees are mentioned as an important stakeholder group when designing services for external customer. But if we are thinking about the internal services to the internal customers; the employees, and especially the design and development of the internal services, could these same theories be applied?

The internal customer is anyone in an organization who is supplied with services by others in the organization (Gremler, Bitner and Evans 1993, 35). In the internal services, the employees of the department which is developing and designing the service or the company's other department's employees, those who will use the developed service, are the customers. They are called the internal customers because they work in the company and they do not have a choice to change the service provider even if they would not like the service (Earl 2004). Would it be beneficial to involve these internal customers, the employees to the design and development work of the internal services in the same way as they are asked to be involved when designing services to the external customers?

While improving their services, companies are already asking their employees to take more responsibility and be involved to customer situations. The employees should adapt to end customer's needs, simplify, and improve the internal processes, co-operate internally with the other employees and teams, and also initiate and develop new services and products based on customer needs and requirements. (Thomas 2009, 3-20.) So would it be beneficial to involve the employees to the design and development of internal services as well?

In the case company, the employees are involved when the design and development concerns practical working methods, for example, in a production line. The employees can affect how the practical way of working is organized. But when the company is designing or developing processes and systems, especially the IT-systems and tools, the internal customers; the employees are involved only in the last phase of the development, in the user acceptance testing. On that phase their possibilities to effect to the design and development of that new system or a tool are quite minimal.

In the case study of this thesis, the design and the development of the new IT based service, contract management tool was done differently. The future users', meaning the company's employees' needs, requirements, and expectations were found out as a first step of the development and design process and the whole tool was then designed based on the employees' needs.

The purpose of this thesis work was to find out what are the benefits of the early involvement and engagement of the employees. Would the early involvement, for example, reduce the change resistance when the system was taken in use, and would it help to design user friendly tool and thus improve the satisfaction of the users? And would it engage the employees for the usage of the tool?

The structure of this thesis report starts with the definition of the key concepts and the theoretical background. Then follow the case company and case study introductions. The study phase, which comes next, is divided into four parts: the selected research methods, the study plan, the study in practice, and results of the study, which is presented in the own chapter. The thesis report ends to conclusions and suggested future research topics.

## 2 Definition of the key concepts

To gain easier the understanding of the central themes of this thesis the key concepts are defined briefly in this chapter. The following terms

- Internal services,
- Service profit chain,
- Engagement of employees,
- Service development, and

- Service design

have been selected by their relevance to the thesis topic and form the basis for the theory of this thesis.

### **Definition of services**

Services are defined by Grönroos (2007, 52-54), Zeithaml et al. (2009, 4; 20-22), and Bruhn and Georgi (2006, 13-15) as processes which include the series of actions. All of them also continued the definition saying that services have some unique characteristics:

- Services are produced and consumed simultaneously,
- Services cannot be transported,
- Services are perishable which means that they cannot be stored,
- Services are intangible so they cannot be e.g. touch or tasted, and
- Customers or service receivers participate as a co-producer in the service production process. (Grönroos 2007, 52-54; Zeithaml et al. 2009, 4; 20-22, Bruhn and Georgi 2006, 13-15.)

Internal services have of course the same characters as the service offered to external customers, but these services are produced inside of the company to its internal customers; employees. The employees are the users of the service. “Internal customer service is the service provided within a company to other employees. For example, if one person needs help completing a report they can go to a co-worker for the information needed to finish the task”. (Hickman, 2012.) Often tangible evidences of the internal services are different IT-tools used in a company or forms that need to be filled in before the usage of the internal service is possible (Bruhn and Georgi 2006, 325).

### **Service profit chain**

The service profit chain is a chain of actions starting with the internal service quality (including, for example, work space design, employee selection and development, rewards), ultimately leading to greater employee satisfaction and productivity, customer satisfaction, loyalty, and company profitability. (Cooil, Aksoy, Keiningham, and Maryott 2009, 279; Heskett, Jones, Loveman, Sasser, and Schlesinger 1994, 166.)

### **Engagement of employees**

Wollard and Shuck (2011) defined employee engagement as “an individual employee’s cognitive, emotional, and behavioral state directed toward desired organizational outcomes”. This is presented in figure 1.

Macey and Schneider (2008, 4) had more common explanation, and according to them engagement is a “common intuitive sense that people, and particularly leaders within organizations have about work motivation”.

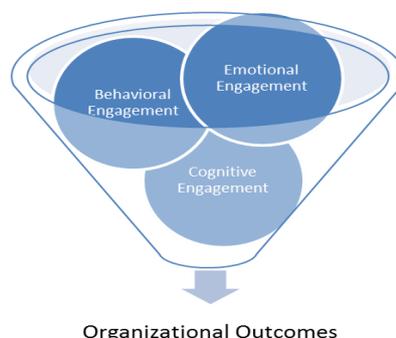


Figure 1: Employee engagement, (Wollard and Shuck 2011, 429).

Both Macey and Schneider (2008) and Wollard and Shuck (2011) were saying that employee engagement is a desirable condition related to organizational purpose, involvement, commitment, passion, enthusiasm, focused effort, and energy, so it has both attitudinal and behavioral components.

Employee engagement is about how people behave at work. It means that the employees are emotionally committed to their organization and its success. The engaged employees know their purpose and meaning of their work and are willing to give more for the work. There is a difference between people coming to the work and doing a satisfactory job and people coming to the work and really giving of their best, displaying creativity and using their initiative. (Improvement and Development Agency, 2009.)

Outcomes of the employee engagement are that engaged employees tend to be more productive, innovative, they are absent less, they are willing to go the “extra mile” to reach the targets, and they are more committed to staying in the company (Shuck and Wollard 2010, 90; Macey and Schneider 2008, 4).

Heskett, Sasser, and Schlesinger (1997) suggested that improvements in the employee engagement increase the satisfaction of the employees, which then reflects on the customers, and vice versa, resulting in a cycle of good service. The ultimate result of this cycle is increased profitability of the company. (Heskett et.al. 1997, 11-38.)

### **Service development**

The service development has in the literature many different descriptions, and all of those have plenty of similarities. Edvarsson, Gustafsson, Johnson, and Sandén described the service development (2002, 28-29) as a framework which has four phases:

- Service idea generation,
- The service strategy and culture gate,
- Service design and,
- Service policy deployment and implementation.

In the first phase ideas are generated and evaluated. In the second phase the ideas are selected to be taken further if they fit to the companies' strategies and cultures. Detailed design and idea development happen in the third phase, and the developed ideas are taking in use in the fourth phase. (Edvarsson et al. 2002, 29.)



Figure 2: Service development process by Edvarsson et al. (2002, 28-29.)

Zeithaml et al. had on their book (5<sup>th</sup> edition, 2009, 257) little similar approach. They have only two main phases:

- Front-end Planning and
- Implementation

which include the same kind of actions as Edvarsson's et al. framework (2002). The front-end planning includes for example, developing ideas further and different analysis. The implementation phase includes testing and commercialization.

### Service Design

Service design is closely related to service strategy, service innovation, and service implementation. Service design kind of gives life to the service strategy and innovative service ideas. Service design is a human-centred approach that focuses on customer experience and uses different methods, systems, and processes to create services, which are useful, desirable, efficient, and according the needs of the customers. On the best, service design is an activity, which involves all parties in a company from marketing, human resources, operations, employees, and customers to interactive design process. (Bitner 2010, 14; Sago and Goncalves 2008, 13.)

Co-creation is one of the key terms in service design. Co-creation means that the users and all other stakeholders (customers, employees, partners, suppliers) of the service to be designed are involved to the design process.

In the design process to these stakeholders are given the position of expert of his/her experience and they have an important role in knowledge development, idea generation and concept development. (Ramaswamy and Guillard 2010, 5-6; Sanders and Stappers 2008, 11-12.)

Service design can also be understood as a process to develop services and sometimes it is difficult to separate service development and service design. As a matter of fact, Stickdorn and Schneider (2010, 120-127) are presenting service design process more or less in the same way as Edvarsson et al. (2002, 29) were describing service development process.

Stickdorn and Schneider (2010, 120-126) were using little different terminology for their four phases, which are exploration, creation, reflections, and implementation, but the actions during different phases are similar as in Edvarsson's et al model (2002,29).

In this thesis separation is done in the following way: the project follows the service development logic as a main process and the service design is then the methods used in different phases during the development process.

### 3 Service design and development from employee's point of view

Professionals working in service design field have realized that the services because of their special characteristic cannot be design in the same way as products (Stickdorn and Schneider 2010, 56). Services are intangible, perishable, and services are consumed while produced (Meroni and Sangiorgi 2011, 16), and all these special elements effect to the service design process.

This is why own process descriptions and methods especially for service design have been developed (Stickdorn and Schneider 2010, 56; Meroni and Sangiorgi 2011, 16). Stickdorn and Schneider (2010, 34) pointed out that there is no single way to define a service design process. Therefore, they were presenting the way of thinking which is needed when designing the services and is, according Stickdorn and Schneider (2010, 34), more important than the method which is used.

Once you have a right thinking mode, the services can be designed no matter which method is used. Their thinking model includes five principles, which should be followed. These principles are user-centred, co-creative, sequencing, evidencing, and holistic. (Stickdorn and Schneider 2010, 34-45.)

The user-centred principle means that the services cannot be design without involving the users to the process. The designers need to understand the customers' needs and behavior well before they can design the service that fulfills the customers' needs and works with certain behavior. (Stickdorn and Schneider 2010, 36-37.)

The co-creative principle means that all possible stakeholders not only the customers need to be involved to the service design process. This means, for example, that the front-line as well as the back-office employees are taken in to the process and their opinions and ideas matter when designing the service. (Stickdorn and Schneider 2010, 38-39.)

The sequencing principle means that the service is designed so that it flows naturally from the beginning to the end. The service process should follow the customers' expectations and the service design process should consist of the pre-service period (for example, cleaning the store), the actual service moment and the post service period (for example, customer receives extra recipes after buying a baking machine). (Stickdorn and Schneider 2010, 40-41.)

The evidencing means that the service is done more tangible for the customers. Purpose is to make the service experience last longer than the service moment itself lasts. For example, the customer gets free sample shampoos from the hairdresser or in a hotel room customer's favorite newspaper is waiting for him when he arrives. Aim of the evidencing is to increase the customer loyalty and recommendations to other potential customers. (Stickdorn and Schneider 2010, 42-43.)

The last principle, holistic means that when designing the service its whole environment is included to the design. The service is not a separate action or moment. It is a piece of bigger entirety that customers are feeling and experiencing. Holistic means that the service design includes interior, employees' attitudes, location, marketing etc., all aspects that could effect to the customers' opinion about the service. (Stickdorn and Schneider 2010, 44-45.)

With this service thinking model Stickdorn and Schneider (2010) tried to explain that even if the customers should be the centre of the process, the service design cannot work if only customers' needs are in focus. The designer needs to follow the thinking model and think more creatively and openly and involve all required parties and take in account the company's processes, history, objectives, and technologies and remember that the aim is the company's success.

### 3.1 Service Design is an iterative process

Stickdorn and Schneider (2010, 120-127) presented one service design process even if they thought that there is not only one way of doing the service design. The model they presented is quite general as according to them any problem solving method is as good when you understand that "at every stage of the service design process, it might be necessary to take a step back or even start again from scratch" (Stickdorn and Schneider 2010, 124-126).

Stickdorn and Schneider (2010, 120) presented that the service design process is an iterative process.

This means that while testing, trying, developing and even concentrating to details, you need to be able to keep the entire service concept in mind and be ready to start all over again if needed.

Stickdorn and Schneider's (2010, 120-126) iterative process is a four step process. It starts with exploration, which means that the designers are gaining the clear understanding about the company's culture, processes and goals, problem itself, the customers' needs and behavior, environmental things etc. Aim is to get an overall picture about all possible attributes which can effect to the new service.

Second step is called creation. During this step, the designers should "generate and develop solutions based on the identified problems and in-depth insights generated in exploration step" (Stickdorn and Schneider 2010, 130-131). While the designers are generating ideas and solutions, it is important to keep the Thinking model (Stickdorn and Schneider 2010, 34-45) in mind. The user needs to be kept in the center, all needed stakeholders should be involved while creating the service steps, while evidencing the service, and during every phase the entire service concept needs to be kept in mind.

Third step in the Stickdorn and Schneider's service design process is reflection (2010, 132-133). This means that the ideas developed earlier are tested with the end users in reality or at least in circumstances which are as close to reality as possible.

Final step in Stickdorn and Schneider's (2010, 134-135) process is implementation when the new developed service is taken in use. The implementation needs to be planned and communicated between the different stakeholders. Communication especially between and to the employees who will deliver the new service is crucial. There needs to be also a plan how the possible problems occurring in the process are solved. (Stickdorn and Schneider 2010, 134-135.)

While Stickdorn and Schneider (2010) were focusing on how the service design process should go, Meroni and Sangiorgi (2011, 201-209) took more human-centred approach. Their approach meant that, in the service design, the focus is on people, who can be the users, the employees, or any other stakeholders, and engaging them to the service design process by given them right tools to develop the service in hand (Meroni and Sangiorgi 2011, 201-209).

Meroni and Sangiorgi (2011, 204) described four focus areas related to the service experiences, the service systems, the service models, and the future scenarios, and each of these areas represent specific focuses and aims of the design process. They stated that for the each focus area there are tools or methods that suit best to develop the services on that specific focus area than they would suit to other areas. (Meroni and Sangiorgi 2011, 204.)

The specific feature for the focus area service experiences is that the development of services often focuses on people's experiences about the services. The designers are using the users' experiences as a starting point for the development work. The understanding of the experiences is a key and thus designers use tools where for example, co-creation, visualization, and observations of the users are the main methods. (Meroni and Sangiorgi 2011, 37-38; 206.)

The services in the focus area service system are related to innovations, organization changes and business development. The purpose is to create the services that are more human based and have more interaction between people. The focus of the development is on interactions. The designers use methods where they can get a good picture about the current service process and then can implement new redesign services. (Meroni and Sangiorgi 2011, 83; 206-207.)

In the service model area, the focus is on the development of new services and their social, economic and technological influence to the users. (Meroni and Sangiorgi 2011, 119; 207-208.) The services in this area are often public or community services and target group of users is normally wider than when developing services for the private sector. The designers use methods and tools where co-creation, collaboration, facilitated participation like using prototypes, and experiencing are key terms. (Meroni and Sangiorgi 2011, 119; 207-208.)

As the name future scenarios already hints, the designers are focusing in this area to generate the services that will be in use in the future. They create scenarios about how the services could be, and could change and effect to local or global patterns, behavior or systems. Idea is to create visions about possible futures and thus help, for example, companies on their strategic planning. (Meroni and Sangiorgi 2011, 155-156; 208-209.)

The scenario building methods like storytelling are used, and involving different stakeholders, for example, professionals from different fields, is important so that scenarios are built trustfully. (Meroni and Sangiorgi 2011, 155-156; 208-209.)

In the service design, there is no right or wrong way of doing it. It does not matter which process or methods are used. When designing the services most important is that different stakeholders are involved and everything starts by understanding the needs of the users, the customer company involved, and the service environment. Only by working together can be designed a workable and usable service. (Stickdorn and Schneider 2010; Meroni and Sangiorgi 2011.)

#### **Examples of Service design methods**

Stickdorn and Schneider (2010, 120-127) pointed out that any problem solving method is good when designing services.

Main thing is that when designing services workable tools are used, ideas are developed, tested and eventually implemented. Every phase of the design process includes different tasks and those tasks are intermediate steps which help to reach the goal. There are plenty of different service design methods to do the specific task. (Moritz 2005, 62.) Selecting the methods depends on the phase of the process, aims, and skills of the designers.

In Figure 3 is presented a general service development process by Edvarsson et al. (2002, 28-29) and collection of the service design methods as an example.

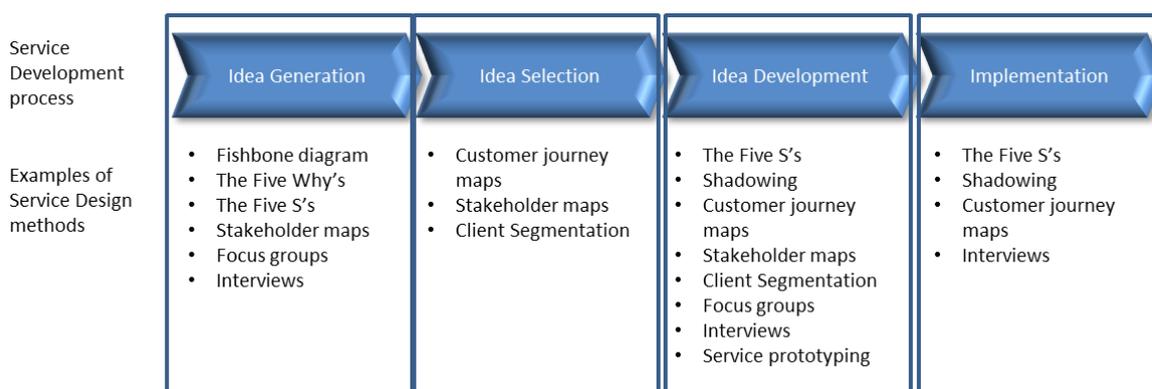


Figure 3: Service development process (Edvarsson et al. 2002, 28-29) and examples of service design methods

These service design methods can be used in any stage during the development process and often several methods are used in each phase. These examples of the service design methods are explained in more detailed in following chapters.

### Fishbone Diagram

A fishbone diagram can be used especially in the beginning of the service design process. By breaking down the service process, with the help of fishbone diagram, root causes and relationships of them can be found and at the same time, the developers' thoughts can be structured easier about issues to be handled. (QSB Consulting 2010, 97; Business Excellence Solutions 2009, 8-16.)

There are many different versions of the fishbone diagram as problems are different. It is important that when using a fishbone correct categories or bone names related to the topic are used. People, equipment, measurement, methods, environment and materials are one example of category names as this listing is quite generic and suits to the most areas. (QSB Consulting 2010, 97; Business Excellence Solutions 2009, 8-16.)

Idea of the fishbone diagram is that the developers draw a fish bone (see Figure 4) by placing the problem or the service to be develop to the head of the fish and then start to identify, develop and list areas that affect or give input to the service, and place them under the correct category in the fishbone.

After creating all possible causes the developers can think of, they can see if some root causes are recurring in several categories. (QSB Consulting 2010, 97; Business Excellence Solutions 2009, 8-16.)

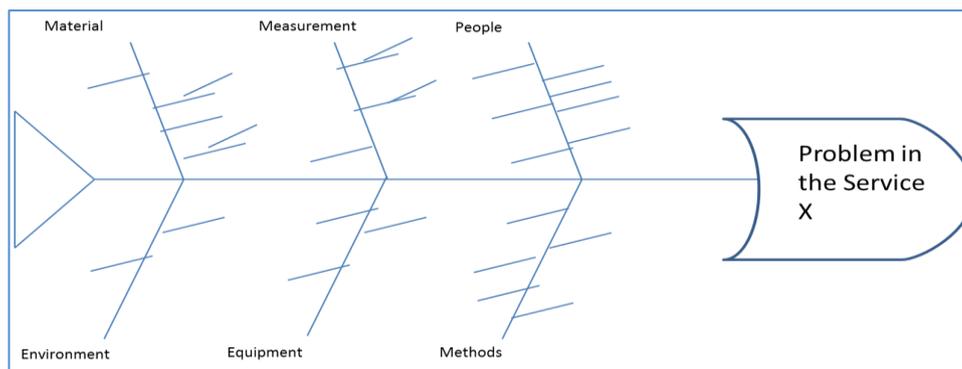


Figure 4: Fishbone diagram. (QSB Consulting 2010, 97.)

The developers can list causes and then classify them with different criteria, for example, most important / less important or short term / long term development and thus decide which part of the service they will develop first. (QSB Consulting 2010, 97; Business Excellence Solutions 2009, 8-16.)

### The Five Why's

The Five Why's is another method what can be used in the beginning of the service design process. It can be also used to find out the real root causes of the problems. It can be easily combined to the Fishbone diagram or used by its own. Once the developers create the list of causals by the Fishbone, with the help of The Five Why's deeper explanation for causals can be found.

Problem: Parcel get lost in post

1. Why: Because if got stolen from the customer's front door
2. Why: Because the customer was not in to sign for it
3. Why: Because the customer had gone out during the agreed delivery period
4. Why: Because the customer had forgotton the delivery was due
5. Why: Because the delivery was arranged several weeks in advance, and the customer was not reminded

Solution: The lead time between arrangement and delivery could be reduced or reminders could be send out

Figure 5: The example of The Five Why's questions. (QSB Consulting 2010, 96.)

Once the real root cause is understood, then chance to create an effective solution is greatly improved. (QSB Consulting 2010, 96; Stickdorn and Schneider 2010, 166-167.)

It is important that the answers to Why - questions are explanatory (see example in Figure 5), and it is easy to understand the answer. The answers cannot be too broad, for example, terrible supplier or bad management even if they might be the real reasons, but they are not specific enough to help solve the problem. (QSB Consulting 2010, 96.)

### **The Five S's**

The Five S's: sort, shine, set in order, standardize and sustain, is a visual management technique which enables a company to improve the quality of the services by creating an environment that prevents most errors before they occur, and if an error occurs, enables fast response and correction. The Five S's also improves a workspace's safety and the employees' health by improving communication and maintaining standards, and it will also improve the overall efficiency of the service. (MacInnes 2002, 29.)

The Five S's is a technique which can be used in the service design on several phases, for example, when a service is under testing and needs some corrections to work perfectly or when the existing service needs fast improvement. (MacInnes 2002, 29.)

The first S sort means that the employees go through their working area and remove all unnecessary items which are not needed when producing the service and keep in immediate working area only what they actually need. The items the employees need only every now and then should be placed in storage near enough so that getting them do not disturb the service event. (MacInnes 2002, 32-33.)

The second S shine essentially means cleaning. It is important that, on the working area, there is no dust, dirt or fluids and all the equipment used are in good condition. Also, areas not visible to the customers should be in order. (MacInnes 2002, 33-34.)

The third S set in order means that the employees evaluate and try to improve their current work flow. The employees will create a map about their workspace showing all the equipment and the tools and then draw lines to show steps they must perform during their work. Idea is to find out the best and efficient solution to perform the service. (MacInnes 2002, 34-35.)

The fourth S standardize means that all the employees know and follow the procedures set during sort, shine and set in order phases. Information should be shared so that there are no confusions why something is done in a certain way. (MacInnes 2002, 36.)

The last S sustain means that you follow-up and evaluate the processes develop during earlier phases and ask improvement ideas from the employees and will try to maintain a cycle of continuous improvement. (MacInnes 2002, 36-37.)

### **Shadowing**

Shadowing is a good technique to find out what is happening during the service moment. Shadowing means that the researchers follow what a service provider and a customer do and say during the service. During shadowing the researchers try to stay as invisible as possible so that they do not disturb the service situation. They make notes; they can take photos or even video so that they can document their findings.

They follow also behavior as sometimes people say something, but act differently. Purpose of shadowing is to get an overall and clear picture about the service in the real situation and find possible areas to develop. (Stickdorn and Schneider 2010, 156.)

### **Customer journey maps**

Customer journey map means visualizing the service from the customer's point of view. It tells in written how the service happens from the beginning to the end. Pictures, drawings or other visual elements can be of course used to make a map more concrete. The idea is to map the overall service experience so that it includes all the touch points between the customer and the service provider.

With the help of customer journey map, the service will be more tangible, and it is easier to find the areas of development. (Stickdorn and Schneider 2010, 158-159; Meroni and Sangiorgi 2011, 241 -242.)

### **Stakeholder maps**

Stakeholder maps are used to find out all possible groups the service has an impact and which have an impact to the service. By listing all stakeholders and then analyzing and visualizing the network of relationships between the stakeholders and the service itself, all elements of the service process can be understood easier. Relationships can be described, for example, as in different flows, which can, for example, be money, information or material flows. By drawing a stakeholder map the groups which have similar needs and interests, but also the special groups with individual needs can be found. In this way, the service can be developed either so that it serves all the stakeholders or the service can be developed to fulfill only the needs of the certain stakeholders group. (Stickdorn and Schneider 2010, 150-151; Koivisto 2011, part 2. Thinking.)

## Client Segmentation

Once you have created a stakeholder map for your services to be developed, you can do a deeper analysis of each stakeholder group by client segmentation. With this method, you can classify, for example, your current and potential customer groups and identify their special characteristics, needs, and level of interest. You can use several different classification types, for example, locations, ages, incomes, hobbies, frequency of use the current service etc. (Moritz 2005, 186.) This classification and segmentation will help the developer to understand needs for different service types to be developed as quite seldom one model suits to all customers. (Moritz 2005, 186.)

Focus groups and interviews are methods used in the case study of this thesis and are explained later on in Chapter 5.1 Selected Research methods.

### 3.2 Service Profit Chain

According to Heskett, Sasser Jr., and Schlesinger (1997, 7) the key for success and profitable business is the quality of the services companies are delivering to their customers. Heskett et al. presented The Service Profit Chain (1997), and the basic idea on their theory is “that there are direct and strong relationships (presented in Figure 6) between profit, growth, customer loyalty, customer satisfaction, the value of goods and services delivered to customers, and the employees capability, satisfaction, loyalty, and productivity” (Heskett et al. 1997, 11).

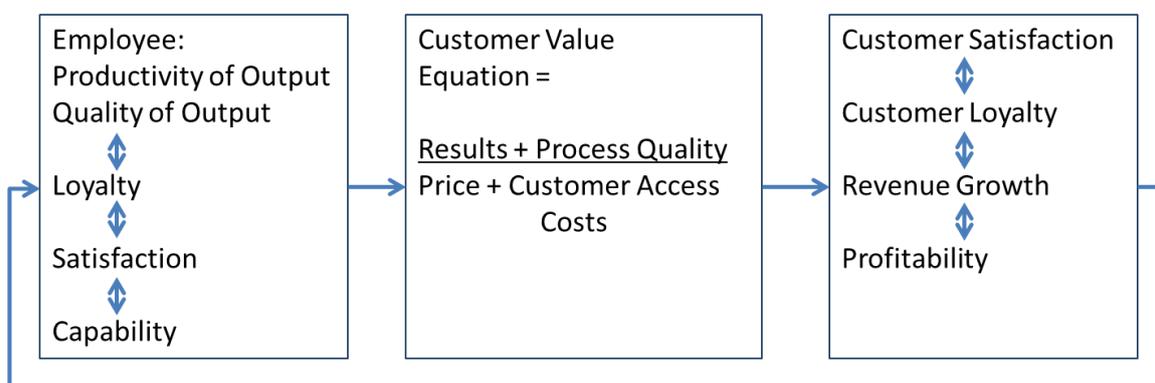


Figure 6: Service Profit Chain. (Heskett et al. 1997, 12.)

Basically Heskett's et al. proposed in their Service Profit chain that the internal service quality is the base for the customer satisfaction, the customer loyalty, and in the end that turns to the companies' profit and growth. (Hallowell, Schlesinger, and Zornitsky 1996.)

Bruhn and Georgi (2006, 306) presented the Internal service profit chain structure (presented in Figure 7) which has a direct link to Heskett's et al (1997) service profit chain.

Bruhn and Georgi (2006) named the service profit chain to the external service profit chain on their model. Based on Bruhn and Georgi (2006) the employees' behavior affect to the companies' economic value by influencing directly and indirectly to the customers' behavior (2006, 306, 334). To the employees' behavior influences the quality of the internal services, that effect to the employees' satisfaction, which then leads to employees' loyalty (Figure 7). All these three points effect how the employees treat the customers. O'Riordan and Humphreys (2003, 15) said "the frontline employees can only meet the needs of external customer, with the standards of timeliness, courtesy, consultation etc., if the same level of service is given to them by colleagues" in the company. So, the better the internal service quality, employees' satisfaction and loyalty are, the better the customer service is. All these effect directly to the company's profit.

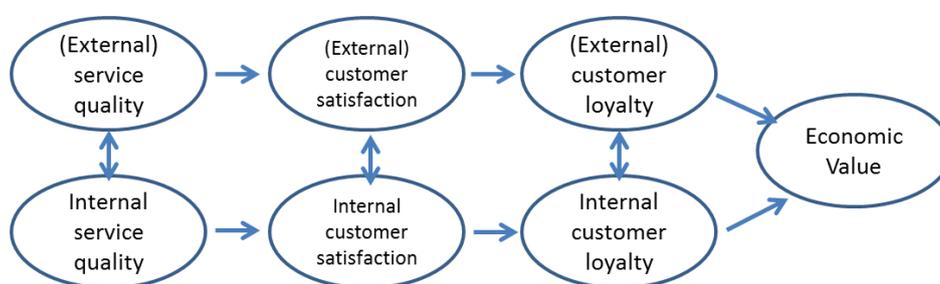


Figure 7: Internal profit chain, Bruhn & Georgi, 2006, 306.

Bruhn and Georgi (2006, 306) and Heskett et al. (1997, 11-12; 18) have all stated that, when the internal processes and services work well the front-line employees can serve their customers even better. The well-trained, motivated, satisfied, and dedicated personnel can enhance the customers' service experiences and thus influence highly to the organizations' success, results, and reputations (Benoy 1996, 3-6; Bruhn and Georgi 2006, 306).

Harting (2008) and Kaplan- Williams (2009) were both stating "the employees are the most valuable asset of the companies" as, without them, there would not be anybody serving the customers or doing any activities in the company. The employees bring their skills and talents to the companies, and they also bring their ideas and creativity to be used in the companies. If the companies manage to motivate and engage the employees to the development of the services, the companies will grow, reach their targets and in fact, survive (Kaplan-Williams 2009).

Gebauer and Lowman (2008) were presenting on their study that nine out of every ten employees want to participate to the development work, they want to take on challenges, they are eager to learn, and they are ready to give extra effort to their work, but only two employees in ten do so.

The management of the companies should understand that the most valuable source of competitive advantage is the employees that consistently and willingly perform their best. (Gebauer and Lowman 2008.)

Yet, when companies are developing their services they are mainly concentrating on based on Benoy (1996, 3-6) to the external services they are offering to their external customers; end users. Instead, the companies should aim to achieve the highest levels of satisfaction for both, the external as well as the internal customer groups (McDermott & Emerson 1991, 61).

### 3.3 Employee's role in service development

Both Edvarsson et al. (2002) and Zeithaml et al. (2009) frameworks showed that the companies' employees have an important role in the service development process, and they should be part of the process from the beginning. Shekar (2007, 3-5) also stated that because the services have special characterizes, the employees who will deliver the services should have a bigger role already in the development phase. They know customers' requirements and needs and can bring this knowledge to the development work (Edvarsson et al. 2002, 61). When the employees are involved already from the beginning, they have more complete knowledge about their work and operations related to that and can thus provide better information (Tegarden, Sarason, Childers, and Hatfield 2005, 75).

Those employees who are in a contact with the customers can also be good sources of the customer information. They can be good sources of new service ideas because they do hear, experience, and see the customers' needs. (Edvarsson et al. 2002, 82.) The companies should make sure that they have a proper mechanism to encourage their employees, especially the front-line employees, to bring forth new ideas and also reward the employees about the new ideas. (Edvarsson et al. 2002, 82.)

The employees are also in a critical role when implementing the new services (Edvarsson et al. 2002, 61). Often the employees are the first and the only contact to the customer in the service process so the quality of the service is affected a lot of how the companies' frontline employees treat the customers. (Edvarsson et al. 2002, 49.) Involving these frontline employees to the implementation decisions will enhance their motivation to strive for success (De Jong and Vermeulen 2003, 13). Thus, when developing the services the employees should be seen as part of the service as a customer experience depends in a great deal about the employees' experience, motivation, and enjoyment. (Edvarsson et al. 2002, 49.)

The companies are expecting that their employees do decisions independently while serving the customers (Thomas 2009, 20 - 25.)

This, on the other hand, means that the employees should feel that they have enough authorization to adapt and develop the service based on the customers' needs. The employees need to feel that they are in control of their own work. (Thomas 2009, 20 - 25.)

The companies should pay attention to the employees' involvement, and they can do this by creating attractive jobs, stimulating environments, by offering trainings and education to their employees and involving the employees to the service development process. Also employees' possibilities to influence their own job development and design as well as to development of the reward system should be planned while developing the services. (Edvarsson et al. 2002, 49.)

### 3.4 Engagement and motivation of employee's

The engaged and motivated employees affect increasingly on the companies' efficiency, effectiveness, productivity, and targets' accomplishment (Forsyth 2006, 2, 26). The motivated employees are interested in the whole performance of their organization, and they care more than just about their own work. They are inspiring others, and they take responsibility for the quality of the whole business processes, not just the part they are working. (Harvard Business School press 2005, 10-11.) There is no magic formula for motivation or engagement. It is an on-going, active process, affected by many, and disparate, factors (Forsyth 2006, 2, 26) and from the managers it requires quite a lot of different skills (Harvard Business School press 2005, 4).

The managers need to understand that not the same things motivate or engage all the employees. Some appreciate money, some public recognition, some like the growth of responsibilities, for some it is enough that they understand their role in the organization and they have a job which is meaningful for them. It is the managers' duty to find out the right motivations factors for each employee. (Harvard Business School press 2005 4, 16-18, 46-56.)

Most often used, recognized, and traditional motivators' factors in the companies are achievements, recognitions, the work itself, responsibilities, advancement and growth (Forsyth 2006, 22, 26).

The achievements and the recognitions are based on that the most people want to achieve something on their work. By making the achievements measurable, they can be used as powerful motivators. A vital part of this motivation is that the employees get recognitions about their achievements. The recognitions can come from managers, colleagues or even from the customers. They can be minor and verbal, for example, simplest form is just saying "Well done". The recognitions can be major and more tangible, for example, salary increases, company cars, bonus schemes, extra holidays etc. (Forsyth 2006, 40 - 48.)

The work itself as a motivator means that people like the work they are doing and they like the working place where they are doing it. Important parts of this motivator are the work environment (e.g. atmosphere and location), the equipment used at work (e.g. computers and technology), and colleagues, and the managers. (Forsyth 2006, 48 - 52.) A survey done by Holton, Dent and Rabbetts (2009, 3), showed that the relationships between people are more important from a motivational perspective than the relationships between the organization and its people. This area is something the companies should pay attention when hiring new employees as people, who work on positions they do not fit, are difficult to motivate, and they will never be as productivity as the companies want (Forsyth 2006, 48 - 49).

Many people like responsibility and when the employees have a feeling that they are in charge of something, they tend to do the work more efficiently and faster as they value the work more important than it used to be. When given the responsibility to the employees they often show great creativity and will start to develop the work. (Forsyth 2006, 52 - 54.)

The advancement and the growth are two aspects of the same area. The advancement means that the employees are getting promotions and are making progress on their career in the same company in the same field. For example, a person gets promoted from Sales Assistant to Sales Specialist, then to Sales Manager, and so on. The growth basically means the same thing, but in a wider way, meaning that the employee moves forward either in the same company but changes, for example, the country or the segment or the person changes the company to get a better job. The advancement and the growth are good motivators especially when the employees know that other benefits like salary increases are related to them. (Forsyth 2006, 54 - 56.)

Different recognitions and rewards energize the employees and boost the employees' behavior because:

- They confirm the employee's feelings of competence. Rewards or recognitions from the managers make the employees trust their own capabilities and give them a feeling that they are good on their job.
- They show that the organization values the employees. Rewards demonstrate that employees' contribution is appreciated by the company.
- They are desirable. As rewards and recognitions can be in any form, from dinner voucher to extra holidays, many employees work extra to get the reward.
- They demonstrate what kind of work, attitude, and behavior the company considers valuable. When rewarding in a proper way, rights things, and right behavior the employees learn fast how they should work in a company. (Deepröse 2003, 116-117.)

Each company needs to define which motivator factors and combination of them suit best for them and to their strategies and, which factors will bring the best results in the employees' engagement (Holton et al. 2009, 3). Each company need to create their employee engagement culture in different ways, using different strategies, and methods which are unique to them (Wollard and Shuck 2011, 7).

When creating the engagement culture and methods, it is important to keep in mind that engagement consists of three different parts; cognitive, emotional, and behavioral, and thus methods to influence to all these need to be developed (Wollard and Shuck 2011, 7). Often these motivation factors and methods are linked together, and the best results from them will come when they are combined. Holton et al. (2009, 3) named this kind of combination of the different factors to the Motivational framework (presented in Figure 8). The Motivational framework means that the organization will provide the structure and the processes for motivation, the management leads the motivation, the colleagues create the team to work together, the customers give feedback about the company's and employees' behavior, and the individual employees take responsibility for their own development and tells his/hers needs to the management.



Figure 8: Motivational framework, Holton et al. (2009, 3).

When all the parts of the company are working together, the best results are achieved. (Holton 2009, 3.) The companies have to remember that communication and motivation are in a central role if they want that the employee engagement and involvement will bring higher satisfaction and productivity (Tegarden et al. 2005, 78).

This means that when companies are investing and developing the employee engagement, they have to make a proper plan for it. Developing the employee engagement alone does not bring any benefits to the companies. The companies need to keep in mind that everything starts from the customer's point of view, and understanding what kind of expectations the customers have for the company.

Once customer expectations are understood, the company can develop internal processes, technologies, management practices, and employee motivation factors which all together will bring out the benefits. (Capek 2007, 1-2.)

#### 3.4.1 Employees' needs for purpose and satisfaction

Fast developing and consuming of the services mean that the services are not only developed before the service actions, but also during the service process. This means that the employees need to know the services, the company's strategic targets and the quality expectations well to be able to develop and deliver the services in a right way during the customer contacts. (Edvarsson et al. 2002, 43.)

In many companies, the frontline employees are often the only contacts to the customers. The customers see the employees as a service and based on this contact make their perceptions about the company. (Zeithaml et al. 2009, 352.) Of course, there are other issues like marketing, location and word to mouth communication which effect also to the customers' perception, but the face-to-face contact is often the most critical and if that fails the whole company fails (Zeithaml et al. 2009, 352).

To be able to develop the service and work independently, the employees need to be committed and to be able to commit, the employees need to understand the purpose of the work (Thomas 2009, 20 - 25). Thomas wrote (2009), that "Purpose engages the employees, makes them committed and drives their passions. Work can be structured by certain activities, but knowing the purpose of those activities, makes the activities more meaningful" (2009, 20).

This is what the employees are expecting as they have a need for meaningful work and they want to have a work that serves better the purposes they care (Thomas 2009, 20 - 25). This is one factor which affect to the employees' satisfaction, and as Zeithaml et al. stated "satisfied employees make for satisfied customers and satisfied customers can, in turn, reinforce employees' sense of satisfaction in their jobs" (2009, 354).

#### 3.4.2 Self-management of the work in employees' engagement

Thomas presented on his book (2009) another view for the employees' engagement and motivation. He presented that top of the traditional engagement and motivation methods self-management is one of the most powerful tools for the engagement and motivation of the employees. As mentioned in the earlier chapter everything starts with the commitment and once the employees are committed, they can self-manage their duties.

The self-management process (described in figure 9) starts when the employees commit to the meaningful purpose, apply their intelligence to choose how best to accomplish the purpose, monitor their activities to make sure they are doing them competently, check to make sure that they are actually making progress towards to the purpose, and make adjustments as needed (Thomas 2009, x).

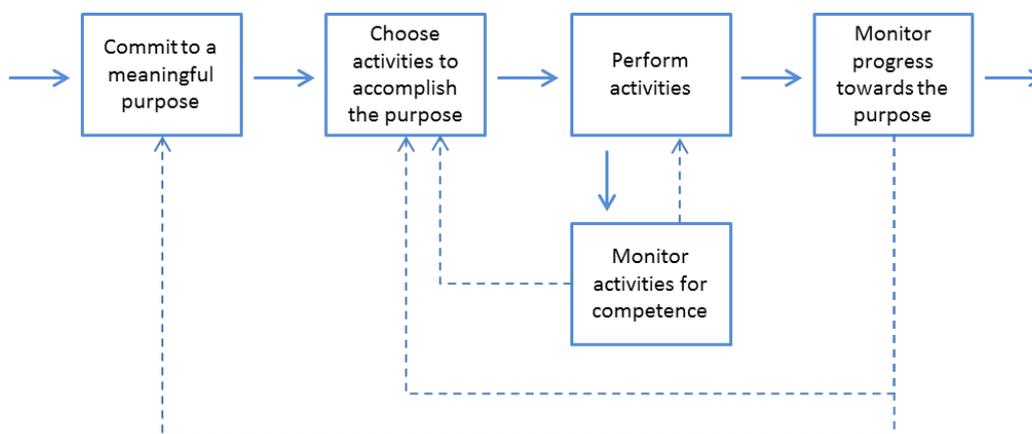


Figure 9: Self-management diagram by Thomas (2009, 29).

Note: The solid arrows show the main sequence of tasks, from left to right. The dotted arrows show the feedback adjustments and learnings.

### Intrinsic rewards

Thomas said “workers are engaged in the work to the extent that they are actively self-managing at the work” (2009, 38). Active self-management gives to the employees more than the usual economic rewards do. By self-managing the employees get intrinsic rewards, in other words psychological rewards directly from the work they do. Based on four phases of the self-management, there are also four intrinsic rewards which drive the employee engagement:

- A sense of meaningfulness; an opportunity employees feel when pursuing a worthy purpose,
- A sense of choice: an opportunity employees feel when selecting activities that make sense,
- A sense of competence, a feeling employees feel when performing skill-fully the activities they have chosen,
- A sense of progress, a feeling employees feel when achieving the purpose (Thomas, 2009, x).

These intrinsic rewards are those qualities of the work which make the employees feel good and create positive emotions.

They energize and reinforce the continued engagement and are rewards the employees are getting at the same moment as they are doing the work (Thomas 2009, 48, 63-64). Figure 10 below shows the grouping of these intrinsic rewards as a table format.

First, as shown in the rows of the table, two of the rewards involve purpose and two involve activities. The purpose means the degree to which the work purpose is important or worthy and the degree to which it is actually being accomplished.

	Opportunity rewards	Accomplishment rewards
From task activities	Sense of Choice	Sense of Competence
From task purpose	Sense of Meaningfulness	Sense of Progress

Figure 10: The Four intrinsic rewards (Thomas 2009, 49).

Activities mean that the employees are able to choose the activities that make sense and from performing those activities well (Thomas 2009, 48 - 49).

Second, the columns in the table show that two of the rewards involve opportunities and two involve accomplishments. The opportunities are feelings of work opportunity, meaning that the employees are able to use their own judgement and to pursue a worthwhile purpose and these appear in the early steps of the self-management.

The accomplishments, on the other hand, are feelings related of accomplishment of the activities and gaining the purpose and these occur in the latter part in the self-management process (Thomas 2009, 49 -50).

The intrinsic rewards are linked to the self-management. They make an on-going symbiosis system where self-management events provide the judgements that produce the intrinsic rewards (Thomas 2009, 64). The positive feelings involved in those intrinsic rewards, in turn, energize the active self-management, which provides updated judgements, and so on (Thomas 2009, 64). This kind of system can create upward or on the other hand, downward spirals.

A change in any of the components can make the spiral turn either in a positive or a negative way (Thomas 2009, 64). Finding the right balance is a challenging duty of the management.

Different researches show beneficial results of the intrinsic rewards which contribute to the performance, the job satisfaction, the organizational commitment, retention, and reduced stress (Thomas 2009, 71). They create positive emotions that reinforce the work. The four intrinsic rewards are not connected to an obsessive need to work or that the employees need to force themselves to do things for salary. (Thomas 2009, 66-69.)

The intrinsic rewards create a relatively healthy and sustainable form of the work motivation that fulfill the employees rather than push them to do things they may not enjoy. (Thomas 2009, 66-69.)

### 3.4.3 Customer-Oriented service delivery and engagement of employees

In the customer-oriented companies, they have a common culture in the whole organization which aim is that all the decisions done start from the customers and their needs. The structure of the customer-oriented company is built to support this culture and all functions and their actions are integrated to deliver superior customer value. (Shah, Rust, Parasuraman, Staelin, and Day 2006, 115-117.)

When companies are concentrating to deliver the customer- oriented service quality through their employees, they should pay attention how to motivate, engage and enable their employees to deliver the customer-oriented promises successfully (Zeithaml et al. 2009, 361).



Figure 11: Human Resource Strategies for delivering Service quality through people (Zeithaml et al. 2009, 361).

There are many ways to ensure this and Zeithaml et al. (2009, 361) have presented one model. In this model (illustrated in figure 11), human resource strategies are organized around four central themes, which are 1. Hire the right people, 2. Develop people to deliver service quality, 3. Provide the needed support systems and 4. Retain the best people.

All four themes have several sub-strategies to open and explain themes better (Zeithaml et al. 2009, 360-361). Sub-strategies in themes two, three and four are especially that kind of strategies which enable the employee's engagement.

### **Hire the right people**

The customer-oriented service delivery starts with hiring the right people to the companies. The companies should be able to identify and hire the best people to their needs. The companies need to define well what kind of education, competencies and qualities are needed from their service employees. The companies should also identify possible employees' service willingness; how interested are these people doing service-related work. (Zeithaml et al. 2009, 362-364.)

From the customer's point of view, the core of the services is seen as an interactive communication (Edvarsson, Gustafsson, Kristensson, Magnusson, and Matthing 2006, 192). During service moments, the customers should feel that their needs and expectations are taken into account and that the service persons are sensitive to their perceptions (Edvarsson et al. 2006, 189). Emotional expressions and non-verbal communication are important and necessary in the customer contacts but also in contacts with the colleagues, in the internal services (Edvarsson et al. 2006, 198-204). It is said that empathy cannot be learned, so it is important to the companies, when hiring people that they try to find persons who can carry out the service work in a polite and helpful way. (Edvarsson et al. 2006, 204- 205.)

### **Develop people to deliver service quality**

The theme Develop people to deliver the service quality is divided into three sub-categories:

1. Train for technical and Interactive skills,
2. Empower Employees, and
3. Promote teamwork.

When the companies develop and engage themselves to these three subcategories, their employees will benefit and feel that their needs are taken into account and hence they will be more engaged with their work (Zeithaml et al. 2009, 366).

The companies need to train their employees to be able to grow and maintain a workforce that is customer oriented and focused to the service quality. (Zeithaml et al. 2009, 366.)

### **Train for technical and Interactive skills**

To be able to work efficiently and according the companies strategies and business goals, the employees need trainings in both technical and interactive skills. The technical training includes, for example, information about operational rules, technical information about the equipment and different systems (e.g. accounting) used in the companies while the interactive training develops the employees' skills in the customer contacts.

The interactive training can improve the employees' way to serve the customers as in the training are often developing courteous, caring, responsive, and empathetic service skills. (Zeithaml et al. 2009, 366-367.)

### **Empowering Employees**

There are two basic ways to manage the employees. The other is that the employees are supervised closely, and corrective actions are taken when they fail to perform base on standards. The other way is that the employees are made responsible for controlling their own actions. (Palmer 2005, 444.)

Based on Zeithaml et al. (2009, 367) and Palmer (2005, 444) this is called empowering and it means "that the companies give to their employees the authority, skills, tools, and desire to serve customers" and allow the employees the freedom to behave and to make decisions based on their own judgement. Empowering means that the employees can make decisions not only suggest them or be part of making them (Tegarden et al. 2005, 79).

The employees should feel that they are in charge of their own job, and they have the power independently to use their own judgement when answering the customers' requests and needs as they occur without always asking the right way of working e.g. from their superiors. (Zeithaml et al.2009, 367; Edvarsson et al. 2006, 205.)

Top of this the employees should understand how they job is related to other processes in a company, they should understand that they are accountable of their own actions, that they have shared responsibility for unit performance and that they rewards are based on individual and collective performance. This all requires a lot of communication from the managers so that the employees understand and know the context in which they work. (Palmer 2005, 445.)

The empowered employees are often more motivated which leads to increased job satisfaction and that in the other hand leads to improvements in customer situations (Palmer 2005, 445).

### **Promote Teamwork**

Quite often the services in the companies are delivered as a result of teamwork. Teams can consist, for example, of only the companies' front-line employees serving customers or teams can be formed of all the companies' employees who are participating to the whole value chain, from planning to the customer contacts. (Zeithaml et al. 2009, 368-369.) In these kinds of teams, also those employees, who are not in direct contact with the end customers, know their role in the service process. They understand that even if they are serving the internal customers in a process instead of the end customers what their inputs to the whole process are. (Zeithaml et al. 2009, 369.)

Serving the internal customers means that the employees need to behave in internal customer orientated way, and the employees need to understand that "everyone has a customer" (Zeithaml et al. 2009, 369). This way of behavior is supported the best when employees are working in teams (Zeithaml et al. 2009, 369; Bruhn and Georgi 2006, 308).

By creating a culture which promotes the teamwork and serving the internal customers the companies' management can support their employees (Bruhn and Georgi 2006, 308). The employees who feel that they are supported and feel that they have a team backing them up will be better able to maintain their enthusiasm and provide quality service (Zeithaml et al. 2009, 368).

Relationships between the employees working together in teams are quite often less formal and the better the employees understand the customer-oriented way of working towards each other's, the better they will reach teams' common targets (Bruhn and Georgi 2006, 308). These common targets, goals, and rewards are the other way the companies can promote the teamwork (Zeithaml et al. 2009, 369). When working together towards common performance "team efforts and team spirit are encouraged" (Zeithaml et al. 2009, 369).

Training, empowering and effective teamwork will give the employees needed and necessarily skills to be able to handle their work properly and in this way the employees' satisfaction, enjoyment, and eventually engagement to their job grow (Zeithaml et al. 2009, 367-376).

### **Provide needed support systems**

In value-oriented technologies different types of technologies are divided based on how service providers or companies are using different technologies. Technologies can, for example, be used to manage or improve services, in interactions with the customers or handling the customer relationships, or in internal processes of the company. The division is shown in figure 12. (Bruhn and Georgi 2006, 328-331.)

The customer contract technologies are used in contacts between the company and the customers. These kinds of technologies can be divided into support technologies and interaction technologies. The employees are using the support technologies, for example, reservation system to be able to serve the customers. The interaction technologies are used either by the employees or the customers to produce the service. The interaction technologies can consist of several phases: pre-process, in-process, and post- process technologies. From these the in-process technologies are most important as without them the service cannot be delivered. (Bruhn and Georgi 2006, 329-331.)

The internal technologies are used to support and modify the companies' internal processes. They are not connected to the customer interface but are full-filling several tasks, for example, in service marketing, information analysis, internal communication or networking. (Bruhn and Georgi 2006, 330-331.)

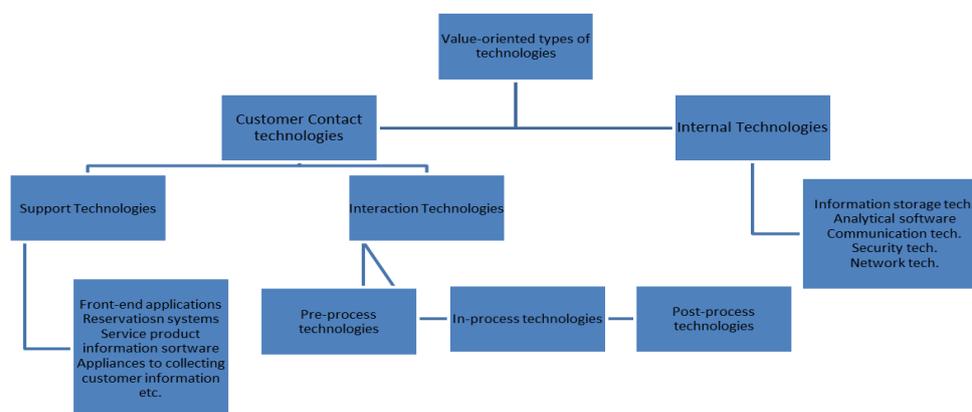


Figure 12: Types of service technologies, Bruhn and Georgi 2006, 330.

To be able to work properly and in an efficient way, the employees need good internal support systems, processes, and technologies. The organizations' internal processes should be planned with the customer value and the customer satisfaction in mind. The processes should be designed together with the front-line employees so that they are aligned with the customer oriented service delivery. (Zeithaml et al. 2009, 371.)

The chosen technology and equipment should not make the employees' work more difficult, but they should support the employees' work, as struggling with the technology while serving the customers will cause frustration and will reflect directly to the customers' and employees' satisfaction. (Zeithaml et al.2009, 369-371.)

To make sure that the companies' internal services and support systems are effective and supporting the employees in a right way, the services should be also measured.

By measuring the quality of the internal services, the internal organization identifies their customers, determines needs, finds out how the services are performed and finally based on the results can make improvements. (Zeithaml et al. 2009, 369-371.)

### **Retain the best people**

Once the organizations have managed to hire the best people and train them to be even better on their work, the companies should also pay attention how to keep these employees in their company. (Zeithaml et al. 2009, 371-373.) Some of them might be motivated and engaged by salary, performance rewards and other benefits like discounts, extra holidays etc., trainings, and defined career progression, but the best way to engage these people is to share the company's vision, goals and strategy with them.

When the vision and the company's direction are clear and motivating, when the employees feel valued and feel that their needs are taken into account and that they are involved to the company's decisions, the employees are more likely to stay in the company. (Zeithaml et al. 2009, 371-373; Palmer 2005, 457-459.)

#### **4 Case company and case study introductions**

The case company is a global two billion euro water chemistry company that is focused on serving customers in water-intensive industries. Global demand for clean water will increase by 50 % over the next 20 years. With current technologies, the gap between demand and supply of the clean water will be 40 percent in 2030. Water is a business-critical raw material and the production of many companies and services is entirely dependent on water. The case company and the whole water industry are concentrating to develop new technologies which enable more efficient water usage and recycling, as well as the creation of more environmentally sustainable and energy-efficient solutions for water-intensive industry. The research field includes, for example, energy- and cost-efficient production of freshwater from sea water, biofuel production of biomass generated in wastewater treatment as well as product biodegradability. (Finnish Water Forum; Company Annual report 2010, 10; VTT.)

The case company is specialized to offer water quality and quantity management that improves its customers' energy, water, and raw material efficiency. The company operates globally in North America, South America, Asia- Pacific - China (APAC) and Europe- Middle East- Africa (EMEA) regions and it employs about 5000 people. The company's goal is to be a leading water chemistry company. (Company Annual report 2010, 60.)

The case company has started a project, which is aiming to implement a company-wide, uniform process and working methods for the contract management after the contracts are signed.

The purpose of the project is to improve internal process efficiency and service as well as improve the service the front-line employees are given to the end-customers. To ease a common working way an electronic contract management tool will be developed and taken in use simultaneously.

The case study on this thesis is focusing to the development of that new IT- tool, which can be understood as a tangible evidence of the internal service. The aim of the case study was to find out what benefits engaging of the employees to the development and design of the service in the early phase would bring.

## 5 Research approach and selected research methods

The case study of this thesis is a qualitative single study with exploratory research approach. The case study in its simplest form “consists of observing a single group or event at a single point in time” (Ghuri and Gronhaug 2010, 68). Ghuri and Gronhaug (2010, 109) continued saying “the case study research is particularly useful when the phenomenon under investigation is difficult to study outside of its natural settings”. That is why the case study was conducted only in the case company. Purpose was to gain a deeper understanding about the status of the research topic; the employee engagement. In the case study, several qualitative research methods such as semi structured interviews, questionnaire, and focus groups were used to secure some variations and more reliable results.

The main difference between qualitative and quantitative methods is in procedure. Qualitative research is a mix of the rational, explorative, and intuitive, where the skills of the researcher are in important role. Typical characteristics for qualitative research are:

- Focus is on understanding from respondent’s / information’s point of view
- Concerned with meanings and often studies phenomena in the contexts in which they arise
- Use of words and simple numeric data without statistical correlations
- Observations and measurements in natural settings. (Ghuri and Gronhaug 2010, 104-105; Silverman 2011, 4-5.)

In qualitative research findings are not found by statistical methods, but more by understanding the collected data. As the research problem in this thesis was human related and the aim was to find out how employee engagement affect the service design process, the qualitative research methods were seen more appropriate methods to be used.

Exploratory research is a research method which can be used when the research phenomena is not clear or well-understood. The aim of the exploratory research is to gain a deeper understanding and insights about the problem by using different research methods, and thus find the answers.

The possibility to use different research methods makes exploratory research flexible. The most common methods used in exploratory research are interviews, focus groups and, of course, literature research. (Business dictionary 2012; Ghauri and Gronhaug 2010, 56; Marshall and Rossman 2006, 34.)

For the order to collect data and get information to solve research problems, different methods are used. The most suitable and selected method for the research depends on the research problem and its purpose. (Ghauri and Gronhaug 2010, 104.) The methods differ by techniques and data collection. In data collection, different methods like literature review, surveys, and case studies are used. Technique means a step-by-step procedure what is followed in order to collect the data and analyze it. (Ghauri and Gronhaug 2010, 104.)

### **Selected research methods**

Three different research methods were selected for the first part of the study process. The methods to engage the employees and found out requirements and needs of the employees in the first part of the study were

- Focus groups,
- Questionnaire, and
- Interviews.

The focus groups were selected to be a primary method as the project group wanted to collect as much information (requirements, needs, and wishes) as possible in a short time from as many employees as possible globally and at the same time get people involved and participated to the process. The questionnaires were used to get the participants be prepared for the focus groups and gain insight to current ways of working. The interviews were used to same purposes with those people who could not participate to the focus groups.

The objective of the interviews and the questionnaire were little different than the focus groups. The interviews and the questionnaire were concentrating on the current contract management methods to find out possible best practices, but also the employees' special needs and requirements for the new system were asked. In the focus groups were only concentrated to find out the users' needs, wishes, and concerns about the future process and the tool for the contract management.

In the second part of the study, only interviews were used as a research method. The interviews were concentrating mainly to find out the participants' experiences and benefits of the engagement, so the researcher thought that the interview as a method would suit best to this situation.

## 5.1 Focus groups

Idea of the focus group is to gather a group of people for guided session to share their thoughts, learning, experiences, expectations, opinions etc. about the selected topic. (Moritz 2005, 190.)

Focus group participants can be current or future users. They can be frontline employees who will deliver the service, or they can be back office employees. They can be managers, experts, and basically the focus group participants can be from any stakeholder group (Moritz 2005, 190) who has knowledge about the topic.

During the focus group, it is important to remember “The focus group itself might have an influence to the discussing and information that is exchanged. The discussion is influenced by the size of the group, its composition and personalities of people involved.” (Ghuri and Gronhaug 2005, 114.) Therefore, it is important to use facilitators who make sure that the discussion stays related to the subject. There can be only one facilitator or there can be several facilitators. In case the facilitator is not familiar with the topic, it might be good to use several facilitators where at least one of them knows the topic. The facilitators guide the group during the work and discussion and collect the findings. Facilitators also make sure that the aim of the focus group is achieved. (Koivisto 2011, part 1 Understanding; Moritz 2005, 109.) The focus group needs proper preparation. Facilitators need to prepare topic or topics for discussion, questions, and possible methods used beforehand. They need to select the participants and be prepared to guide the sessions. (Moritz 2005, 109; Ghauri and Gronhaug 2010, 134.)

It is important to pay attention to the size of the focus group. Recommendable size is from six to around ten people. If the group size is bigger or smaller, it might make the focus group ineffective as either participants are not able to tell their opinions and participate to discussion or there will be too little discussion. (Ghuri and Gronhaug 2010, 134.)

The focus group can be held in any stage of the development process; in early development phase to gather ideas or later on to evaluate the new ideas developed. The focus group can be only discussion or during the focus group several service design methods can be used to achieve the goal which was given. (Moritz 2005, 109.)

The focus groups are relative cheap method to collect information from several respondents in a short time (Ghuri and Gronhaug 2010, 108), especially if it is done without travelling, for example, with the help of different e-meetings tools.

## 5.2 Questionnaire

Questionnaire is one of the most popular structured data collection method when there are a large number of respondents involved (Ghuri and Gronhaug 2010, 118- 121). It is an effective method to collect opinions, attitudes, and descriptions.

When using a questionnaire as a research method, it is important to remember that there are several things, which might influence to respondents, their reactions, and most of all their answers either positively or negatively. These things include, for example, following:

- Sponsor: if the sponsor of study is known it might effect to respondents' answers or willingness to answer depending on their attitude towards the sponsor.
- Questionnaire's format: layout, color, length and the overall appearance might affect how the respondent reacts to the questionnaire.
- Covering letter: the tone of the covering letter will have a huge impact to respondent. (Ghuri and Gronhaug 2010, 118- 119.)

The type of research defines what kind of questionnaire is used. It can either be analytical or descriptive questionnaire. In the analytical questionnaire, the independent, dependent, and extraneous variables are emphasized and controlled through statistical methods.

The descriptive questionnaire, on the other hand, is used to identify a certain phenomenon and its variance. The focus is on particular characteristics of the subject among the respondents instead of the analytical design. (Ghuri and Gronhaug 2010, 119.)

When planning the questionnaire, the first step is to define what information is needed as that guides the planning process. Then is defined how the questionnaire is done, will it be done by email, by post, or by telephone, will the sponsor be mentioned etc. After that, the questions itself need to plan carefully; are all questions needed, what will be the length of the questionnaire, and will they be open-ended or closed question. In open-ended questions, respondents can freely answer as they want and that might lead to the large amount of different answers and might prolong the analyzing phase, but on the other hand, the open-ended questions might lead to better data quality as answers are not limited like in closed questions. (Ghuri and Gronhaug 2010, 121- 122). Especially if, the researcher does not have enough information about the topic to make right closed questions, it is better to use open-ended questions.

All in all, when planning the questionnaire, following guidelines should be followed:

- Questions should be simple and in concise language so that a respondent understands them easily.

- Questions should be in an appropriate level with the respondent's know-how, memory and willingness to answer.
- One question should concentrate to one aspect of the topic. They should be specific and not too general, and they should be straightforward without any hidden meanings.
- The questions should be formed so that "No comments" as an answer is not possible to use.
- The questions should not be suggestive by nature, and they should be polite.

Top of these guidelines the questions should be in right, logical order e.g. simple questions should be first, and the appearance of the questionnaire should be nice and neat. (Ghuri and Gronhaug 2010, 123 - 125.)

### 5.3 Interviews

Interviews are one of the best ways to collect information, for example, from the future users when a new service is developed or from the current service users when the existing service is improved. (Ghuri and Gronhaug 2010, 125; Koivisto 2011.)

There are several different methods to do interviews. They can be done by mail, by phone or by interviewing person directly individually or in groups. (Ghuri and Gronhaug 2010, 125.)

Interviews can be theme interviews where the interview is focusing on a certain theme, expert interviews where the experts of the field are interviewed, and the focus group interviews where several people are interviewed at the same time. (Koivisto 2011, part 1. Understanding.)

Above mentioned interviews are not place related and can be done everywhere, but when interview is done in the environment where the service is done it is called a contextual interview. In the contextual interview also users' behavior can be followed, and questions can be asked during the service process to get real-time feedback. (Stickdorn and Schneider 2010, 162-163.)

Top of the various methods, the interviews can be divided into three different groups by their structure. These groups are structured, unstructured, and semi-structured interviews. (Ghuri and Gronhaug 2010, 126.) Structured interview means that the interview is done always in the same way, with the same questions, and with the same order, with the respondents found out in systematic sampling method, on the other hand, in a structured way. Quite often also the answer options are predefined with fixed categories. For example, if the question is "How old are you?" the set of answers are 1. Less than 25 years, 2. Between 25-35 years, 3. Between 36 and 45 years, and 4. Above 46 years.

The advantages of the structured interviews are that a researcher does not need to know the topic that well and others than just a researcher can also do the same interview. (Ghuri and Gronhaug 2010, 124-126.; Hesse-Biber and Leavy 2011, 102.)

Unstructured interviews are basically the opposite of the structured interviews. In the unstructured interviews the interviewer only leads the discussion and the respondent has full liberty to discuss his/ hers reactions, opinions, and behavior related to discussed topic. The questions are normally not planned beforehand, but are arisen during the discussion based on the respondent's answers. (Ghuri and Gronhaug 2010, 126.)

Semi-structured interviews are a combination of the structured and the unstructured interviews. The topic, sample, and questions can be decided beforehand but new questions might arise during the discussion based on the respondent's answers. Also, answers are not predefined, and the respondent can answer freely. (Ghuri and Gronhaug 2010, 126; Hesse-Biber and Leavy 2011, 102.)

The unstructured and the semi-structured interviews require more from the researcher. The researcher needs to know the topic of the interview well to be able to make further questions, to understand and interpret respondent's answer in a correct way and thus be able to lead the discussion. (Ghuri and Gronhaug 2010, 126.)

Also, interview questions can be classified in several ways. For example, there can be open-ended questions, for which a respondent can freely answer what he or she wants, or questions can be closed-ended questions where a respondent needs to select answer options from a limited selection. (Ghuri and Gronhaug 2005, 127-128.)

## 6 Study process

The company's project as a whole followed the service development process. First the ideas where generated, then selected the best ones, then the selected ideas were developed, and design further and eventually implemented. The study in this thesis is a part of the case company's project. The study is concentrating to the idea generation phase and how the information gathered from the employees and the employee engagement in the beginning of the project benefited the project in design and implementation phase.

The process in the case study was divided into two parts (illustrated in Figure 14). The first part included finding out the requirements and needs of the employees, as well as the engagement of the employees to the development, design, and usage of the future internal service. Purpose was to find out what were the overall benefits the early engagement brought. This first part of the thesis work was planned and organized together with the project group which included four people.

The second part of the study was done just after the new internal service; the tool was taken in the use, and after the employees, who participated to the first phase of the study, have used the tool for a while.

Purpose of the second part was to find out how the engagement in the early development phase influenced to the employees' opinions, behavior, and change resistance, and what the employees thought about the whole process.

The second part the thesis's case study was done individually by the thesis author.

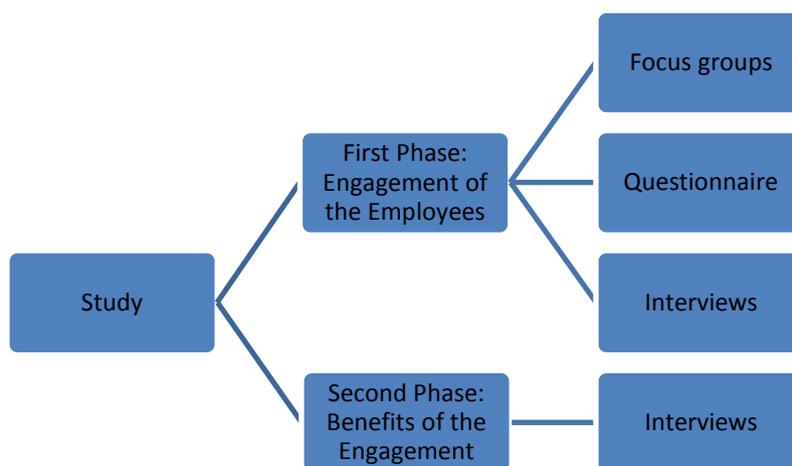


Figure 14: Study process and methods used in different phases

The study was done during one and a half year. The study process timeline is illustrated in figure 15. The first part of the study was done between April and August in 2011.

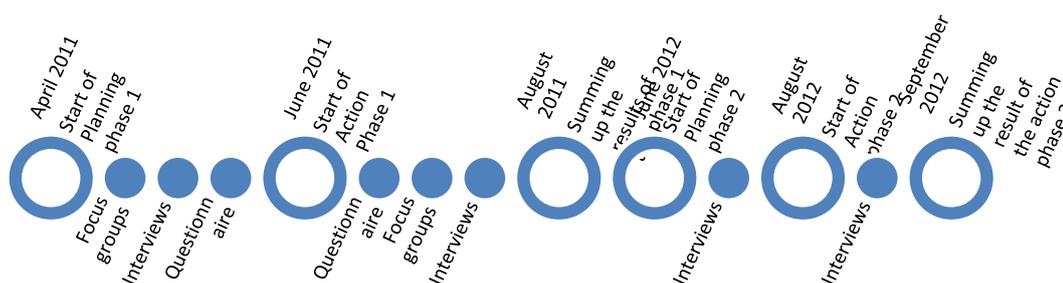


Figure 15: The study process timeline.

Due to some difficulties in the system's supplier side, the implementation of the system was postponed with several months. That is why the second part of the study was possible to perform only in August 2012.

## 6.1 Planning the study

The first part of the study was concentrating to the engagement of the employees to the development, design and usage of the new service; the new tool for contract management. Other target was to find out the requirements and needs of the employees. This part was planned and executed together with the project group which included four people. In Table 1 below is presented a short summary about all tasks during the Planning phases in both parts of the study and who was responsible of a specific task.

The tasks are divided into the tasks which were done together with the project group and tasks which were done individually by this thesis author.

Table1: Tasks and responsibilities during both Planning phases

First Part						Second Part	
Planning phase						Planning phase	
Focus groups	Responsibility	Questionnaire	Responsibility	Interviews	Responsibility	Interviews	Responsibility
Find out possible participants	<i>Sari</i>	Define the main aim	<i>Project Group</i>	Define the main aim and technique	<i>Sari</i>	Select interview method	<i>Sari</i>
Make agenda	<i>Project Group</i>	Prepare questions	<i>Sari</i>	Prepare questions	<i>Sari</i>	Select responders	<i>Sari</i>
Divide participants to different focus groups	<i>Sari</i>	Check questions with project group	<i>Sari</i>	Check questions with project group	<i>Sari</i>	Define questions	<i>Sari</i>
Reserve meeting rooms	<i>Project Group</i>	Send it to all focus group participants	<i>Sari</i>	Select responders	<i>Sari</i>	Send invitations	<i>Sari</i>
Send invitations	<i>Sari</i>	Follow-up that questionnaires are returned	<i>Sari</i>	Send invitations	<i>Sari</i>	Check that all accepts or defines substitute	<i>Sari</i>
Follow-up acceptance/declines	<i>Sari</i>			Follow-up acceptance	<i>Sari</i>	Plan the pilot interview	<i>Sari</i>

Check that all parts of the company have representative - send more invitations if needed	<i>Sari</i>			Send questions beforehand	<i>Sari</i>		
Make presentation material	<i>Project group</i>						
Make presentation script/ divide roles	<i>Project group</i>						
Practice script per role	<i>Project group</i>						

## 6.2 Planning the Focus groups

The study was started by planning the focus groups. Aims of the focus groups were to gain insights into the users' opinions and understand their needs and requirements for the post-signing contract management process and the IT-tool, and collect ideas, and best practices for the process and the tool to be taken in use. Top of this knowledge gathering the aim was to get the employees involved, engage them to the development of the new internal service and future usage of the tool, and get them to understand the need for the global process and the tool.

The participants for the focus groups were selected with two different criteria (presented in high level in Figure 16):

- Persons who are dealing with the contracts in a daily basis and
- Persons who are achieving the current contracts.

People in the first group were persons who can make decisions about the future model and can, when needed, also decide resources for the implementation, and were dealing with the contracts in a daily basis. People in the second group were persons who were achieving the contracts. Finding the right persons from the organization were done by asking from the managers of each unit who are the people who currently are working with the contracts and thus might have some knowledge. The managers were asked to classify the names to the two groups based on above mentioned criteria.

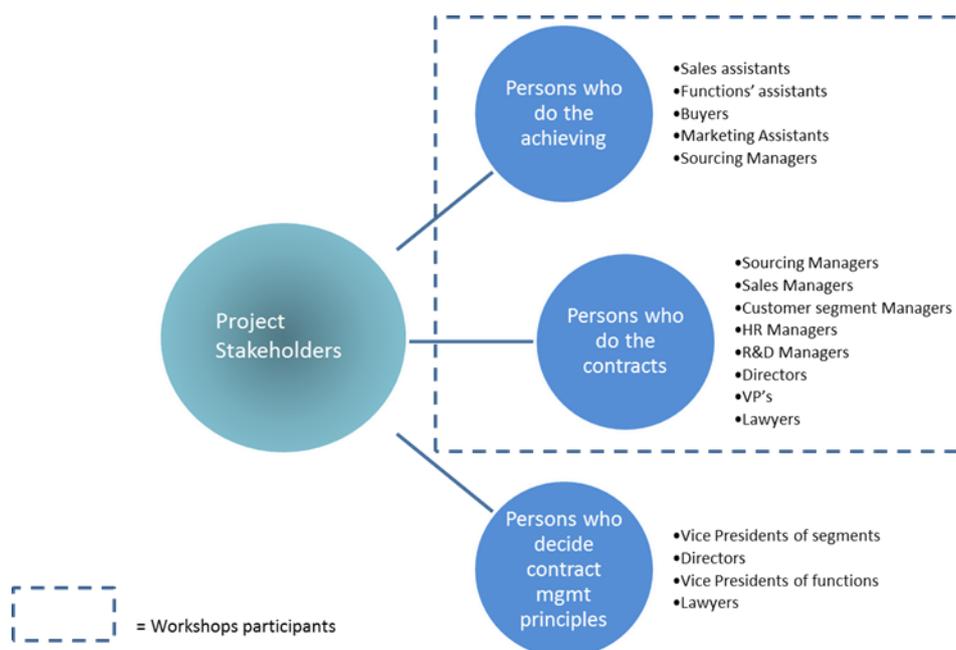


Figure 16: Focus group stakeholders in high level (Case study material).

After collecting the basic information about each possible participant (name, title, unit, location, e-mail, phone number), a summary were made based on the organization's chart to check that all parts (countries, units, segments, functions, companies, plants) were presented and preferable with more than only one person. All in all 74 persons were identified as possible participants of the focus groups.

“The focus group itself might have an influence to the discussing and information that is exchanged. The discussion is influenced by the size of the group, its composition and personalities of people involved” (Ghuri and Gronhaug 2005, 114). This was why the defined participants were divided by their home unit to three different groups:

- Sales,
- Sourcing and procurement, and
- Others which included people from human resources, communication, marketing, R&D, legal, and risk management functions.

The other criteria for this selection were that the different groups might have different needs for the contract management, for example, sales contracts include some different information as do the sourcing contracts, and that might effect to the meta-information collected about the contracts.

Even if the participants were divided into groups by the working area, the project group decided to be flexible as it was better to get all people involved than trying to strict and keep the predefined groups.

Also, the amount of focus groups' participants was planned to kept small so that each participant could tell his or hers opinions during the session. The plan was to have five between 10 employee participants and four persons from the projects side as facilitators in each focus group. Totally nine focus groups were planned to be organized during three days. The plan was to have four focus groups for group sales, three for group others, and two for group sourcing & procurement.

After defining the participants, the dates, the times for each focus group, the invitations were sent out, and good track who accepted, declined or asked to re-schedule the meeting, were kept.

Planning of the focus groups continued with material and presentation preparation. When the project group was preparing the material it was kept in mind that duration of each focus session is only two and half hours and that time also included conversations. That was why the presentation was done so, that it included only few slides with the main headlines. The project team had separate notes with the questions to lead discussion. The aim was to keep interactive sessions, which were concentrating on discussions, involving the participants, and hearing their opinions about contract management rather than lecturing and presenting a readymade plan.

The project group divided their roles during focus groups beforehand and made a good script for each focus group. In each focus group, there was a chairperson who was leading the discussion and keeping the time, two persons were presenting the material, and one person was taking notes and taking care of technical aid as sessions were partially organized by video and office communicator systems.

It was also decided to circulate the roles between the project group as the project group thought that presenting the same thing for nine times would make it too automatic and discussions and results of the groups might suffer.

### 6.3 Planning the Questionnaire

Ghuri and Gronhaug's instructions (2005 and 2010) for questionnaires were read before planning the questions. Leading ideas, when planning the questions, were the practical need to get the participants to be prepared to the focus groups and collect information about current ways of working in contract management area in the company.

Selected questions were open ended questions. As the questionnaire was concentrating mainly to find out the participants' experiences and opinions about the current ways of working, the researcher thought that open ended questions without limitations suited best to this situation. Also, as the project group did not know how contract management is currently taken care in different units, ready- made answers were not possible to prepare.

The questionnaire was planned to send by e-mail to all focus group participants. That is why the aim was to keep the questionnaire short and simple. In the questionnaire, there were only three main question groups. The questions were kept clear and short so that the participants would understand with the first reading what is meant with each question (Ghauri and Gronhaug 2010, 123). Questionnaire's questions are in attachment 1.

The project group was thinking that perhaps not too many participants will return the questionnaire, but decided to send it anyway so that the participants would start to think the contract management before they come to the focus groups and thus, might be more prepared.

The questionnaires were sent out one week before each focus group together with the focus group material, so the participants would have some time to answer and also get familiar with the focus group material.

#### 6.4 Planning the Interviews in the both parts of the study

Respondents of the interviews, in the first part, were planned to be those people who could not participate to the focus groups. By interviewing those people, they were involved to the design process, as in working life, the involvement is a powerful motivation factor and an engagement tool (Ramaswamy and Gouillart 2010, 5-6). So, only after receiving the answers to the focus groups invitations, amount of interviews could be found out. The interviews were planned to keep before the focus groups.

The main aims of the interviews were to find out how currently different functions and segments are handling their contract management, and to see if there are any similarities on those methods. The purpose was to understand what good points the current working methods have, what the employees would improve on the current processes and tools, and what they thought about global tool.

Selected interview structure was semi-structured interview with open ended questions. As the aims of the interviews were the same as in the questionnaire, the same questions were used. Thus, the interview questions are also in the attachment 1 in the end of this thesis. Even if, the questions were the same as in the questionnaire, the researcher hoped that the respondents would talk freely (Hesse-Biber and Leavy 2011, 102) about their own interest or important matters in the contract management area. So it could happen that more questions arise during the interviews.

Interviews were planned to last 45 minutes each and times were booked beforehand via calendar invitations. The questions were sent to the respondents together with the invitations so that they had some time to prepare.

Some of the interviews were planned to be done face-to-face, but most of the interviews were planned to do via e-meeting tool as the respondents were located abroad.

The first part of the case study was concentrating to find out the needs and requirements the employees have for the new tool. The other target was to engage the employees to the development and design process as well as to the future usage of the contract management tool. The third target was to understand what benefits the early engagement would bring.

In the second part, the purposes were to find out if the engagement was successful and what were the benefits the engagement brought from the employees' opinion. Thus, the questions were created based on these aims.

From the respondents were asked, for example, if they have participated earlier in so early phase to the development of IT-tools, what they liked about the process and the organized focus groups, and what would be, on their opinion, good methods to engage the employees. Interview questions with summaries of the answers are in attachment 2 in the end of this thesis.

The participants, for the second part of the case study, were selected from the focus groups' participants. As the interviews in the second part were planned to do as face-to-face interviews, it meant that not all 62 participants could be interviewed. It would have taken too long, and it would also have been quite expensive and, thus a sample was selected from the focus group participants (Ghuri and Gronhaug 2010, 138).

The face-to-face method also caused that only people from the head office could be selected to the sample as there was no possibility to travel and meet persons on their locations. As the participants in focus groups were divided by their working units into three different focus groups, the interview sample was planned to follow the same logic and six people were planned to select, two from each focus group. This presented almost ten per cent of the focus group participant.

In this second part, the interview structure was also semi-structured interview. The questions were open-ended questions. (Hesse-Biber and Leavy 2011, 102; Ghauri and Gronhaug 2005, 127-128.) There were a certain set of questions, but the researcher hoped that the interviews would be open discussions about respondents' experiences, feelings, and possible benefits or possible disadvantages. Thus, the researcher did not want to limit the answers by making closed questions.

Invitations with the questions were sent advance, and duration for the eleven questions' interview was planned to be 45 minutes.

It was planned to use the first interview as a pilot interview to test that selected questions work well in practice, and if the reserved time, 45 minutes, is an adequate time. Purpose was to test that a respondent understands the questions easily and that one questions is focusing only to one point and that not the same issue is asked twice.

### 6.5 Study in practice

As the study was done partly together with the project group in Table 2 below is presented a short summary about all tasks during study Action phases in both parts of the study, and who was responsible of a specific task. The tasks are divided into tasks which were done together with the project group and tasks which were done individually by this thesis author.

Table 2: Tasks and responsibilities during both Action phase

First Part						Second Part	
Action Phase						Action Phase	
Focus groups	Responsibility	Questionnaire	Responsibility	Interviews	Responsibility	Interviews	Responsibility
Make technical check up	Sari	Go through returned questionnaires	Sari	Explain background	Sari	Conduct the pilot interview	Sari
Check that all participants are online/ in room	Sari	Gather feedback/ needs/ wished and make a summary	Sari	Ask questions	Sari	Make changes to questions if needed	Sari
Make presentations / role	Per role	Go through feedback/ wishes/ needs and decide which request changes are possible to include the process & tool proposals and if these are different than from focus group	Project Group	Make sure that responder can freely tell his/ her opinion	Sari	Explain background	Sari
Keep notes/ role	Per role	Inform participants and share results	Project Group	Check if responder wants to tell something more than answers to questions	Sari	Ask questions	Sari
Make sure that all participants participate	Project group			Gather answers and make a summary	Sari	Make sure that responder can freely tell his/ her opinion	Sari

Gather feedback and make a summary	Per role			Go through the summary and decide which request changes are possible to include the process & tool proposals	Project Group	Check if responder wants to tell something more than answers to questions	Sari
Go through notes, feedback and decide which request changes are possible to include the process & tool proposals	Project group			Inform participants and share results	Project Group	Read the answers, write up the notes, translate them to English, and read again	Sari
Inform participants and share results	Project Group					Gather main points and make a summary, and send it to respondents	Sari

### The Focus groups

All in all the focus groups went almost according the plan. The biggest change to the plan was that there were only eight focus groups instead of nine. The cancelled focus group was the other one planned for sourcing and procurement. The persons, who were planned to participate to this focus group, wanted to change the focus group time. Part of them participated to the only remaining sourcing and procurement focus group and the rest to the focus groups others. Luckily it did not increase the amount of the participants on those focus groups to be too big. In the end, there were quite few changes among the participants as the invitations were sent out about one month before the actual focus group time, and the time, which was free for most of the participants, was selected.

The biggest point of concern beforehand was more technical concern as the focus groups were organized by video and office communicator, and people were not yet that used to use those methods in meetings. The project group was prepared to that and sent detailed instructions to all participants beforehand. Also during each focus group one member of the project group was concentrating to technical issues. That member also contacted to every participant personally when the focus group was about to start to help in case of problems. In this way, all participants where on time and could participate.

Other possible point of concern beforehand was the short time reserved for each focus group.

The project group knew that they could easily spend more than two and a half hours per focus group. They also knew that their stakeholders are quite busy, so the project group decided to be strict with the timetable.

Other point, which affect to the timetable, was the meeting method. Participating by video or office communicator is harder than participating to face-to-face meeting, it needs more concentrating, and thus the meeting cannot be very long. Two and half hours were already on the limit. That was why the project group paid special attention to the time schedule during the focus groups. With the good preparations, they managed to cover all the subjects detailed enough in the given time. They also practiced presentations beforehand, thus they were confident that reserved time is enough. Changing the roles between the focus groups was not difficult either as the project group practiced all roles beforehand. They also made good notes and a script which were followed during the focus groups. The same notes with more detailed questions about every subject were used, so same questions were asked even if the presenter changed.

The project group also supported each other during presentations and gave supporting questions and comments when needed.

Each project group member kept writing down notes during the focus groups. After the focus groups, a meeting where those notes went through was organized. During the meeting, the requests and needs were classified by two themes as a summary: 1. Best practices from the current ways of working to give guidance for the project group on their work when developing the process and 2. Respondents' requirements and needs for the future tool. In this way, every member of the project group could tell her opinion and understanding about the discussed topics and in the end everybody shared the same opinion.

### **The Questionnaire**

The questionnaire concentrating to the current working methods were sent by email to all workshop participants (62) as a pre-work.

The returned answered were collected to the excel table so that everybody in the project group could easily read them before the focus groups. After the focus groups, more detailed analysis was done for the answers. The answers were classified by the same two themes as were the focus groups results and the results were added to the focus groups' results list.

During the focus groups, it was easy to notice who had filled in the questionnaire beforehand and who had not. Those who filled it in were clearly more prepared and had more thoughts about the contract management process. Also, their requirements were clearer. This was helpful during the focus groups as it resulted to truly lively discussion and also those who were not that prepared became inspired about others' opinions.

### **The interviews in the first part**

The interviews in the first part of the study went quite according to the plan. The most of the interviews were done before the focus groups, and only the few were kept afterwards.

As the interviews concentrated on more to the current project management model it did not matter. The halves of the interviews were done face-to-face, and the other halves were done by phone or office communicator. This was because the respondents were located in different countries and there were not a possibility to travel. The interviews took about 45 minutes each, and the same questions were asked. After each interview, the answers were checked together with the respondent to make sure that they were correct.

After the interviews, the notes were written up and shared with the rest of the project group. This made them better prepared to the focus groups. After the focus groups, the same two themes were used to classify the interview answers. The results were added to the same excel table with the questionnaires' and focus groups answers.

Then the data were reduced by selecting the similarities, highlighting the exceptions, and finally summaries of each topic were written to the table. Then the project group analyzed the summaries and decided what requirements and needs can be taken into account when designing the tool. Also, the best practices for the future process were selected.

The summary of all gathered data were also sent to all participants.

### **The interviews in the second part**

The actual interviews started with the pilot interview to make sure that the selected questions work well. After the pilot interview, the questions were changed a little by dropping out one question as it was a repetition of the other question.

It was planned to interview six focus group participants, but after four interviews, the researcher realized that all the respondents are answering more or less in the same way, and no new answers or points were coming out. That was why the researcher decided to interview two project managers instead of sticking on the plan. The purpose was to find out what they, as employer's representative, thought about the engagement of the employees. Of course, the planned ten questions did not suit to these interviews, so only two questions were asked from the project managers. In this way, two from the original questions were possible to use.

After the each interview, the answers were checked together with the respondent to make sure that they were understood correctly. Once all the interviews were done, the notes were written up in the word document.

The image shows a printed document with a table of interview questions and answers. The table has multiple columns, each representing a different interview question. The questions are written in Finnish, and the answers are also in Finnish. The answers are highlighted with various colors (green, blue, red) to indicate key points or themes. To the right of the table, there are handwritten notes in red and blue ink, which appear to be summaries or additional comments related to the interview answers. The notes are written in a cursive style and provide context for the answers.

Figure 17: The interview answers in table format.

Then the notes were read a couple of times and translated to English as the interviews were done in Finnish. Then the answers were placed to an excel table, and analyses of the answers started. First the answers were compared to each other, and the similarities and key differences were highlighted (Ghuri and Gronhaug 2010, 199-202).

Then the unified themes and patterns were searched and those were written in the end of each question row (Figure 17 is presenting this). After this, the summaries were added (rewrote) to the original excel table and at the same time a second thought was given to the summaries, themes, and patterns which led to rephrasing some parts of the summaries and adding text to some. The summaries of the answers with the interview questions are presented in attachment 2.

Final stage of the study was to collect all the gathered data and analyses and write the conclusions as the final results of the study. It was easy to understand the practical results from the interviews, questionnaires and focus groups. It was easy to summarize requirements and needs for the developed service itself. Also, the conclusions from the second interviews were quite straightforward. But top of these practical results, the engagement and employees' involvement brought also benefits what the project team has not expected. Those benefits were related to the future usage and the implementation of the tool as well as for the whole project process. These parts of the results were more difficult to analyze and explain as they were based on the project team members' experiences and discussions during the whole project. The project team discussed plenty about the process and employee's effect on it during the project.

They compared their experiences from the earlier projects to this project. Based on those discussions and experiences, the thesis writer wrote up the summary of all the benefits the project team experienced during the project.

## 7 The results of the study

The results of the study are divided into two parts. First part of the results explains the concrete benefits the project group got by involving the employees. There were benefits for the service itself, its usage and for the project process. These results are summarized in table 3.

Table 3: Summary of the results from the first part of study

For Service		For Usage		For Project process	
Functionalities		Key Users		Faster process development	
Metadata information		Pilot teams		Faster tool development	
Way of access		Faster implementation		Cost savings	
Access rights		Reduced change resistance		Ease of communication	

The second part of the results explains what the employees thought about the used methods and how being part of the development and design phase influenced to their opinions, behavior, and change resistance, and what benefits the early engagement will bring on their opinion.

The results of the focus groups, questionnaire, and interviews from the first part of the study were divided into two main themes: 1. Best practices from the current ways of working to give guidance for the project group on their work when developing the future process, and 2. Respondents' requirements and needs for the future tool. As the thesis study is concentrating to design and development of the tool, only results of the theme 2 are explained here.

All in all there were 74 identified focus group participants and 62 of those participated to the focus groups. This resulted that, in the end, it was 12 persons who were interviewed in the first phase of the study. The returning rate of the questionnaire was also good as more than a half of the participants returned the questionnaires. The project group was surprised about the good results. The questions in the questionnaire were short and easy to understand so that might have effected to the high returning per cent.

The big amount of people who wanted to be part of the study indicated that people were interested in about the topic and wanted to contribute.

Also, the quality of the answers (interviews, questionnaires, focus groups) was good, so project group managed to collect good and useful information. This helped them when planning the tool and the new process further.

The answers of the questionnaire and interviews also helped the project group in preparations of the focus groups. They got beforehand the understanding of the future users' requirements and needs and could compare those to the planned requirements. Then, during the focus group discussions, it was possible to highlight the similarities between the participants' requirements and the plan.

The respondents' requirements and needs for the future tool were categorized still further by two different themes. The themes were:

- Requirements and needs for the metadata information, and
- Requirements and needs for the system functionalities.

The contracts are managed and classified in the database based on the metadata information. Metadata describes the basic information about the contract. The project group had prepared a draft proposal about the needed metadata information to be presented in focus groups. During the discussions, it came clear that the proposal was too heavy.

The users did not need or want all that information. Their requirements for the new tool were more basic than the project group thought. The future users, the employees wanted a simpler system which would be fast to use. As the results of the focus groups, the metadata information list was shortened and simplified by making fewer fields mandatory. In this way, the users could fill in more information if they want to, but those how want only the basic information to be visible could use the tool faster.

The focus group participants also told few exact requirements which the project group had not thought. One example was that the contract terms, for example, a notice period, needed to be possible to inform both in days and months, instead of only in months. Other example was that the noticed period and the expiration date need more explanations, and thus those were added.

Third example was that the users wanted a field to explain the renewal and the termination terms of the contract in the metadata. In figure 18 is presented a snap-shot about the metadata information including these examples.

The screenshot shows a software interface with a sidebar on the left containing a list of date-related categories: Signing date, Effective date, Effective date with preconditions, Contract term, Automatic renewal period after fixed term, Notice period, Notice period (other party), Expiration date, Automatic alarm period, Additional obligation expiration date, Renewal term notes, and Termination term notes. The main area contains several input fields and controls:

- Two date input fields, each with a 'Get' button and a 'Today' button.
- A dropdown menu with 'No' selected.
- A date input field with a 'Get' button and a 'Today' button.
- Two 'Months' dropdown menus with associated text: '(Mandatory if Contract term 2. has been selected)' and '(Mandatory if Contract term 2., 3, or 4. have been selected)'. The second dropdown also includes '(Mandatory if Contract term 2., 3, or 4. have been selected)'.
- A date input field with a 'Get' button and a 'Today' button.
- A numeric input field containing the value '2'.
- A 'Months' dropdown menu with associated text: '(Mandatory if Contract term 1., 2, or 3. have been selected)'.
- Two empty text input fields.

Figure 18: A snap-shot about implemented the users' requirements

In the focus groups from the participants were asked what their requirements are and what the needed functionalities in the future tool are. Discussions were quite lively about this subject, and still only few things were highlighted. The users wanted that they can create different reports about the contracts inserted to the tool, they wanted to be able to search the contracts from the database with the few basic criteria, and they wanted to be able to set alarms both automatically and manually. The users were saying that the new tool should be easy to access, and it should be user-friendly and fast to use. Based on the requirements, needs and wishes the project group realized that the users want simpler tool than they have thought.

The biggest request and perhaps most important one was concerning the access rights. Access rights should be given to all people who need the contract information, but still in very limited way so that not all users can see all the contracts or even all the metadata information. Based on the short pre-study, which the project group did about the different tool options in the market, the access right requirements seemed to be the biggest challenge to overcome in the whole project.

Based on the focus groups', the questionnaires', and the interviews' results the project group got plenty of ideas. Based on the results, they knew the real requirements the tool has to fulfill, and how it should work, and what requirements are kind of nice-to-have requirements. Based on the results the project group was able to concentrate to the rights things when developing and designing the tool. This made the process faster, and it helped and brought cost savings when selecting the tool supplier. Without involving the users to the design phase, the project group would have designed the tool which would have been all too complicated to use. It would have included unnecessary data and functionalities, and its access rights model would not have been answered to the needs. Without the users' involvement, there would have been a risk that the project would have delivered a tool, which nobody would have been using.

Top of getting the requirements and needs, the other main aims for the focus groups were to get the employees to be engaged to the new tool and its usage during and after the implementation. Based on the results and the comments during the focus groups the target was reached. During the focus groups, few participants voluntarily told that they could join to the project group if needed and could work as key-users for the future tool. Also, few new stakeholders were identified by the focus groups' participants. Most of all, few functions of the company voluntarily informed that they could be pilot teams once the tool is ready for the roll-out. Engaging and involving the future users, the employees, created a kind of "hype" between the users and they wanted to start to use the tool as soon as possible. The demand for the tool eased the implementation as instead of pushing the tool to the users, the users wanted to start the use of it. By organizing the focus groups, the project group managed to reduce the change resistance during the implementation.

### **Results of the Second part of the study**

In the second phase of the study, six focus group participants were interviewed. The results showed quite clearly that engagement of the employees to the development of the internal services is not very common in the case company. There was only one respondent who said that he has been involved, and that was because he was leading a project with the Agile method. In this method, the end users are involved in every phase of the project and not only in the development phase so it in a way takes the engagement even further (Wells, 2009).

The other Project manager interviewed said "employee engagement is not a habit in our company". That was easy to see as when informing the case project's steering group about the plan to involve the end users to the development work the project manager had to work quite hard, and convince them that it will be a praiseworthy thing. By engaging the employees, the project group managed to create the process and the tool that corresponded to the employees' needs and requirements.

Based on the interviews' answers, one thing which affected to the change resistance during the implementation, was that all respondents have told about the new tool to many people in their own organization as well outside of it. They had, in fact, worked as change agents. The respondents were saying "the earlier you get the information, the better it is".

They were all saying that communication early enough helps during implementation, and it reduces the change resistance as the future user has time to adapt to the coming change and the new way of working does not come as a surprise. When the information comes from the colleagues it is more effective than if it comes from persons you do not know (Lunenburg 2010).

All respondents were telling about the new tool and the process to others because they felt proud and happy that they have been participating to the focus groups. During focus groups they truly felt that their opinions mattered.

Most of them were involved for the first time, during their career in the case company, to the development of the new service in this early stage, and focus groups were important and memorable situation to the participants.

As involvement and communication are essential parts of engagement (Palmer 2005, 448), it is important, that the employees are taken with to the development process, and they are informed early enough about the future changes. The involved employees feel that they are important, their opinions matter and thus they will be more motivated to be part of the company and its development tasks. (Palmer 2005, 448.) This came out also from the answers of the interviews. All respondents were saying that it was important, that in the focus groups, there were presented a proposal and indeed only a proposal, not a ready solution for the new the new tool. The participants could comment on it and tell truly their own opinions, requirements, and needs. The participants felt that their opinion mattered which affected to the respondents' motivation and eagerness during and after the focus groups. They were all saying that well - prepared and well organized workshops (focus groups) are the best models to engage the employees. The workshop needs to be a real thing, not a workshop organized just because of the workshop. One respondent said that if the workshop (focus group) is organized so that the employees do not have a possibility to influence as everything is, in fact, decided beforehand, participating to that kind of session is demotivating.

The other thing according the responders affecting decreasingly to the change resistance was that, in the focus groups there were participants from all parts of the company. In this way, the participants heard and understood other's needs and requirements as well. They learned that the new tool will be a compromise of all the needs and requirements and not all the requirements are possible to take into account. When the tool was taken in use, they understood why it works the way it works. They were, in a way, more prepared to the logic of the tool and its usage. Of course, this required that they got the information about accepted requirements and not-accepted requirements early enough.

During the interviews, the respondents described also other benefits than just things, which effect to the change resistance. These things were cost savings during and after the project, faster project, and concentrating to the things which actually matters when developing the new service. Basically these all are related. When you focus on your project work to those things which truly matter to the end users instead of things you thought might be important, you are doing rights things from the beginning and therefore, can make the project faster. This brings cost savings.

Also, if you know the requirements well in advance, it helps when selecting the supplier for the tool. You are better prepared for suppliers negotiations, and you understand what is needed. Thus, you do not need to trust only to suppliers and their opinions. You can select the supplier who can fulfill your requirements.

You also know what is really required and what things are kind of “nice to have” functions and could be drop off if they are too difficult or expensive to fulfill. So you are not buying anything extra. Again you might get cost savings. When you build a tool which matches to the users’ requirements directly it is faster and easier to implement. There is no need to make corrections afterwards and thus money and time are saved.

Top of all these things, the respondents mentioned, that it is important to select carefully those employees who are involved to the development process. You need to have right persons, those who are working with the current process and tools, those who can consider as experts. This is important so that you get a proper and real understanding about the users’ needs and requirements.

Interesting thing in the interview results was that there were no differences in project manager’s answers and in the employees’ answers when asking the benefits of the employee engagement. Both groups were defining the same things.

The benefits of the engagement of the employees were proved in user acceptance testing. In testing phase participants were saying that they liked the tool, it is easy and logical to use, and they cannot wait to start using it in real life. There was nothing big to be changed or corrected; only few minor corrections to the text of the metadata fields and help-text fields were needed.

By engaging the employees to the development phase, the project group was able to create and deliver the tool which matched to the end users’ needs and requirements. This made the implementation faster and easier. The respondents of the interviews in the second phase were listing the same things, the same benefits what the project group experienced during the development and design phase. This was kind of reconfirmation that is it beneficial to involve the employees early enough the development and design of the internal service.

## 8 Conclusions and suggestions for future research

The main aim of the study in this thesis was to find out what benefits the early engagement of the employees to the development and design of the internal service would bring.

When starting the process and planning the focus groups, the project team was hoping to get clear requirements and needs from the employees.

Top of that they were hoping that the employees, at least part of them would be interested in about the topic, and would like to be part of the project also in the later phase. The team got the requirements, yes. Top of that they got so much more. The focus group participation really engaged the employees. More than the project group had even dreamed.

The employees were excited about their participation. They have told about it to many colleagues, which increased the interest towards the new service. This helped the implementation as the project group did not need to push and force the service to the users. Instead, the users wanted to take it in use.

Knowing the real needs and requirements helped when selecting the tool supplier, it helped to develop the user-friendly, easy-to-use, and logical service, and it eased the implementation. All in all the employees involvement reduced the change resistance, made the process smoother and brought cost and time savings during the process. The study results showed that the employees want to be part of the design process already from the beginning.

However, even if the engagement of the employee brought excellent benefits, we need to remember that this thesis' study was conducted only in one company and thus gives quite narrow picture about the benefits of the employee engagement.

The results, however, indicated clearly that employee engagement pays off. It is hard to believe, that the case company, a global company, would be only the one, where employee engagement is not used as efficiently as it could be. In fact, Gebauer and Lowman were presenting on their study 2008 that nine out of every ten employees want to participate to the development work, they want to take on challenges, they are eager to learn, and they are ready to give extra effort to their work, but only two employees in ten do so. Why is that? Have companies not understood the potential what their employees could bring to the service design process? Have they not understood that the engaged employees can be the competitive advantage for them? So I believe that there are plenty of opportunities to study this field more.

The selected research methods: focus groups, questionnaire, and interviews worked well when developing the internal service. I strongly believe that the focus groups were the best method for this research. We managed to engage the people and got great results. We had interesting and enlightening discussions. It was wonderful to see how the employees enjoyed the situation. Now, after the study it is easy to say, that the amount of the participants could have been smaller. Also, we could have managed without the interviews in the first part of the study. We should have been stricter when selecting the participants. But we were just so happy that people wanted to participate.

The problem was that the big amount of the participants also resulted to the big amount of answers, opinions, comments, needs, and requirements to go through. So finding the key ideas and analyzing the results from three different methods took time.

The project group instead could have been bigger and include few more professionals from the contact management side. Problem was that it was difficult to find those professionals before the focus groups. During the focus groups, we found several, but they were all too busy to participate with the appropriate amount of time. Based on the service design theories it is important that you have users involved in design and development process. In practice, this means that it is important to plan the project participants; the participants from the users' side, as well as from the company's side to make sure that you have the right people involved. In a real life, I think, the situation is not often that ideal, you involve those people who have time. I'm not saying that we had the wrong people in the project group; I just think that there were too few of us.

The theory part of this thesis was concentrating on how companies can engage their employees and what the engagement means. Other fascinating future research topic could be what means the opposite of the engagement. It is carelessness towards work and the organization. Or is it perhaps workaholic or burnout as the employees are working too hard and given the best all the time.

I think employee engagement is a field which has lately again started to be the interesting topic to researchers. On that field, there are still a lot of different areas, benefits, and ways of usage to be discovered. I hope the companies are starting to pay attention to the possible benefits of the employee engagement. The companies should understand what kind of asset their employees are and thus, should develop together with their employees the best ways for engagement. The result of this study showed clearly that employee engagement and involvement do not only bring benefits for the developed service, but it will bring benefits for the whole design and development process.

## References:

Bruhn, M. and Georgi, D. 2006. *Services Marketing. Managing The Services Value Chain*. Essex: Pearson Education.

Deeprouse, D. 2005. *Smart things to know about Motivation*. Oxford: Capstone Publishing (a Wiley company).

Ghauri, P. and Gronhaug, K. 2005. *Research Methods in Business Studies; A practical Guide*. Essex: Pearson Education.

Ghauri, P. and Gronhaug, K. 2010. *Research Methods in Business Studies. Fourth Edition*. Essex: Pearson Education.

Grönroos, C. 2007. *Service Management and Marketing. Customer Management in service Competition*. Third Edition. West Sussex: John Wiley & Sons Ltd.

Edvarsson, B., Gustafsson, A., Johnson, M. D. and Sandén, B. 2002. *New Service Development and Innovation in the New Economy*. USA: Lightning Source

Edvarsson, B., Gustafsson, A., Kristensson, P., Magnusson, P. and Matthing, J. 2006. *Involving customers in new service development*. London: Imperial College Press.

Forsyth, P. 2006. *How to Motivate People*. Second edition. London: Kogan page.

Harvard Business School Press. 2005. *Motivating people for Improved Performance*. Boston: Harvard Business School Publishing Corporation.

Heskett, J. L., Sasser, Jr. W. E. and Schlesinger, L. A. 1997. *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value*. New York: Free Press.

Hesse-Biber, S. N. and Leavy, P. 2011. *The Practice of Qualitative Research*. Second Edition. Thousand Oaks: SAGE Publications.

Holton, V., Dent, F. and Rabbetts, J. September 2009. *Motivation and Employee Engagement in the 21<sup>st</sup> Century: A Survey of management Views*. Berkmansted: Ashridge.

MacInnus, R.L. 2002. *The Lean enterprise Memory jogger*. New Hampshire: GOAL/QPC.

Marshall, C. and Rossman, G. B. 2006. Designing qualitative research. California: SAGE Publications.

Meroni, A. and Sangiorgi, D. 2011. Design for Services. Farnham: Gower Publishing.

Ramaswamy, V. and Gouillart, F. 2010. The power of Co-creation. Build it with them to boost growth, productivity, and profits. New York: Free Press.

Silverman, D. 2011. Interpreting qualitative data. A guide to the Principles of Qualitative Research. 4<sup>th</sup> Edition. London: SAGE Publications.

Stickdorn, M. and Schneider, J. 2010. This is service design thinking - Basics - Tools- Cases. Amsterdam: BIS Publishers.

Palmer, A. 2005. Principles of Service Marketing. Berkshire: McGraw-Hill Education.

Thomas, K. W. 2009. Intrinsic Motivation at Work- What Really Drives Employee Engagement. Second edition. San Francisco: Berrett-Koehler Publishers.

QSB Consulting. 2010. Six Sigma and Minitab - A Complete Toolbox Guide for all Six Sigma Practitioners.

Zeithaml, V. A., Bitner, M. J. and Gremler, D. D. 2009. Services Marketing - Integrating Customer Focus Across the firm. International edition. Irwin: McGraw-Hill Education.

Benoy, J. W. 1996. Internal Marketing Builds Service Quality. Marketing Health Services; spring 1996; 16, 1. Printed December 2011.

<http://home.bi.no/fgl96053/orgcom/internmkt.pdf>

Capek, F. 2007. A break in the service profit chain: Why increases in employee engagement don't improve the customer experience. Customerinnovations.com. Printed September 2012.

<http://customerinnovations.wordpress.com/2007/11/16/a-break-in-the-service-profit-chain-why-improvements-in-employee-engagement-dont-improve-the-customer-experience/>

Cool, B., Aksoy, L., Keiningham, T. L. and Maryott, K. M. 2009. The Relationship of Employee Perceptions of Organizational Climate to Business-Unit Outcomes. The Journal of Service Research, 11, 277-294. SAGE Publications.

<http://jsr.sagepub.com/content/11/3/277>

De Jong, J. P. J. and Vermeulen, P. A. M. 2003. Organizing Successful New Service Development: A Literature Review. Scales- paper N200307. Printed September 2012.  
<http://www.emeraldinsight.com/journals.htm?articleid=865449&show=abstract>

Gebauer, J. and Lowman, D. 2008. Closing the engagement gap: How great companies unlock employee potential for superior results. Read October 2012.  
<http://www.towersperrin.com/gap/keys.htm>

Gremler, D. D., Bitner, M. J. and Evans, K. R. 1993. The Internal service encounter. International Journal of Service: Industry Management, Vol. 5 No. 2 1994, pp. 34-56. © MCB University. Received April 1993. Revised July 1993. Printed December 2011.  
[http://www.gremler.net/personal/research/1994\\_The\\_Internal\\_Service\\_Encounter\\_IJSIM.pdf](http://www.gremler.net/personal/research/1994_The_Internal_Service_Encounter_IJSIM.pdf)

Earl, D. 2004. What is Internal Customer Service? A Definition and case study. Printed July 2012. <http://www.donnaearltraining.com/Articles/InternalCustomerService.html>

Hallowell, R., Schlesinger, L. A. and Zornitsky, J. 1996. Internal Service Quality, Customer and Job satisfaction: Linkages and Implications for Management. Human Resource Planning. Volume 19. Issue: 2. Page number 20+. Gale Group. Printed June 2012.  
<http://www.questia.com/googleScholar.qst?docId=5000417095>

Harting, D. 2008. Employees - Your Most Valuable Asset. Printed August 2012.  
<http://www.articlesbase.com/leadership-articles/employees-are-your-most-valuable-asset-328247.html>

Heskett, J. L., Jones, T. O., Loveman, G. W., Sasser, W. E. and Schlesinger, L. A. 1994. Putting the Service-Profit Chain to Work. Harvard Business Review. March-April. 163-174.  
<http://pagesetup.com/images/content/hbr-article.pdf>

Hickman, S. 2012. Define Internal Customer service. eHow. com. Read 5.9.2012.  
[http://www.ehow.com/about\\_6534545\\_define-internal-customer-service.html#ixzz25U9wz58F](http://www.ehow.com/about_6534545_define-internal-customer-service.html#ixzz25U9wz58F)

Kaplan-Williams, S. 2009. Employees- a Company's Greatest Asset. Survival of a company depends upon its employees. Printed August 2012.  
<http://suite101.com/article/employees-a-companys-greatest-asset-a125101>

Local Government Improvement and Development, Improvement and Development Agency.  
Employee Engagement. England. Searched 6 Sep 2012 14:16:21 GMT.

<http://webcache.googleusercontent.com/search?q=cache:VLyvtkdP4eoJ:www.idea.gov.uk/id/core/page.do%3FpageId%3D8407178+The+Work+Foundation%E2%80%99s+definition+for+employee+engagement&hl=en&prmd=imvns&strip=1>

Lunenburg, F. C. 2010. Managing Change: The role of the Change Agent. *International Journal of Management, Business, and Administration*. Volume 13, Number 1. Read September 2012.

<http://www.nationalforum.com/Electronic%20Journal%20Volumes/Lunenburg,%20Fred%20C.%20Managing%20Change%20The%20Role%20of%20Change%20Agent%20IJMBA,%20V13%20N1%202010.pdf>

Macey, W. H. and Schneider, B. 2008. The meaning of employee engagement. *Industrial and Organizational Psychology*, 1 (2008), 3-30. Downloaded 8.10.2012: citeseerx.ist.psu.edu, Doi: 10.1.1.182.2845

McDermott, L. C. and Emerson, M. 1991. Quality and Service for Internal Customers. *Training & Development Journal*. January. Printed July 2012.

[http://www.iberopuebla.edu.mx/educacioncontinua/desarrolloejecutivo/quality\\_service%20internal\\_customer.pdf](http://www.iberopuebla.edu.mx/educacioncontinua/desarrolloejecutivo/quality_service%20internal_customer.pdf)

Moritz, S. 2005. Service design - Practical access to an evolving field. Printed 9.10.2011.

[http://stefan-moritz.com/welcome/Service\\_Design\\_files/Practical%20Access%20to%20Service%20Design.pdf](http://stefan-moritz.com/welcome/Service_Design_files/Practical%20Access%20to%20Service%20Design.pdf)

Ostrom, A. L., Bitner, M. J., Brown, S. W., Burkhard, K. A., Goul, M., Smith-Daniels, V., Demirkan, H. and Rabinovich, E. 2010. Moving Forward and Making a Difference: Research Priorities for the Science of Service. *Sage Journals. Journal of Service Research*. Printed June 2012.

<http://jsr.sagepub.com/content/13/1/4.abstract>

O'Riordan, J. and Humphreys, P. C. 2003. Developing an effective internal customer service ethos. CPMR Discussion Paper 24. Institute of Public Administration. Ireland. Printed June 2012.

[http://www.ipa.ie/pdf/cpmr/CPMR\\_DP\\_24\\_Developing\\_Effective\\_Internal\\_Customer\\_Service\\_Ethos.pdf](http://www.ipa.ie/pdf/cpmr/CPMR_DP_24_Developing_Effective_Internal_Customer_Service_Ethos.pdf)

Tegarden, L. F., Sarason, L., Childers, J. S. and Hatfield, D. E. 2005. The Engagement of Employees in the Strategy Process and Firm Performance: The Role of Strategic Goals and Environment. *Journal of Business Strategies*, Volume 2: Issue 22. Read May 2012.

[www.Questionia.com/Online\\_Library](http://www.Questionia.com/Online_Library)

Saco, R. M., Goncalves, A. P. 2008. Service Design: An Appraisal. Design Management Review, Volume 19: No. 1. Read 10.11.2012.

<http://www.dmi.org/dmi/html/publications/journal/pdf/08191SAC10.pdf>

Sanders, E. B. N. and Stappers, P. J. 2008. Co-creation and the new landscapes of design. International Journal of CoCreation in Design and the Arts, 4:1, 5-18.

<http://dx.doi.org/10.1080/15710880701875068>

Shah, D., Rust, R. T., Parasuraman, A., Staelin, R. and Day, G. S. 2006. The Path to Customer Centricity. Journal of Service Research, 9 (2), 113-124. Printed November 2010.

<http://jsr.sagepub.com.nelli.laurea.fi/content/9/2/113>

Shekar, A. 2007. An Innovative Model of Service Development: A Process guide for service managers. Printed February 2011.

<http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan031978.pdf>

Wells, D. Agile Process. 2009. Read 15<sup>th</sup> September 2012.

<http://www.agile-process.org/first.html>

Wollard, K. and Shuck, B. 2010. Employee Engagement and HRD: A Seminar of the foundations. Human Resource Development Review 2010 9: 89-110. Printed September 2012.

<http://hrd.sagepub.com/content/9/1/89>

Wollard, K. and Shuck, B. 2011. Antecedents to Employee Engagement: A structured review of the literature. Advances in Developing Human Resources 2011 13:429-446. Printed September 2012. <http://adh.sagepub.com/content/13/4/429>

Business Dictionary. Read October 2012.

<http://www.businessdictionary.com/definition/exploratory-research.html>

Finnish Water Forum. 2012. Read October 2012.

<http://www.finnishwaterforum.fi/en/introduction/smart+water/>

VTT. 2012. Read October 2012.

<http://www.vtt.fi/references/sweet.jsp?lang=en>

Business Excellence Solutions. 2009. Lean Six Sigma Guidebook. Company X Course material.

Company X Annual report. 2010.

Koivisto, M. September 2011. Service Design Process and Methods, course material. Parts 1 and 2.

## Attachments

Attachment 1: Questionnaire and interview questions in part one

Attachment 2: Questions and summaries of the answers from the interviews in part two

Attachment 1: Questionnaire and interview questions in part one

Questions:

1. Overall types and amounts of the contracts:
  - a. Estimate the amount of valid contracts in your organization?
  - b. Describe the type of contracts (E.g. sales, purchase, licenses, non-disclosure agreements etc.).
2. How are contracts managed in your organization?

Please describe briefly the process and persons involved (agreement creation and signing, possible scanning and electronical filing, paper copy archiving.

  - a) Who creates, negotiates and signs documents in your organization? About how many persons are involved?
  - b) What happens to the contracts after signing? (Do you scan your contracts? Do you use electronic listing or filing methods for your contracts? Describe how you archive paper contracts. Who takes care of these tasks?)
  - c) Who can access the contract information currently?
  - d) Please give your preliminary estimate of the number of persons who need to have access to contract information and documents in your organization in the future?
3. What kind of improvement and development needs, wishes, and concerns do you have regarding contract management?

## Attachment 2: Questions and summaries of the answers from the interviews in part two

<p><u>Question 1:</u> Have you earlier participated in so early phase to the development of some IT-tool/ new internal service?</p>	<p>Only one person out of six has participated earlier in this early stage the development of new service. He was the project manager who is currently running the project with Agile method.</p>
<p><u>Question 2:</u> What did you think about the organized focus groups? (The way it was organized, people involved, topics etc.)</p>	<p>Respondents liked that people from all parts of the company had been invited. It was well organized, interactive session, which included plenty of discussion. All respondents were proud that they had been invited.</p>
<p><u>Question 3:</u> Were you able to tell your needs and requirements in the focus group?</p>	<p>There was a proposal which the participants could comment. It was clear to all participants that it was only a proposal, not a ready solution. The participants felt that there are important, and they could freely tell their own needs and requirements.</p>
<p><u>Question 4:</u> Did you feel that your opinion mattered?</p>	<p>The participants got a feeling that their opinion was important, and it really mattered. They also got an understanding of the needs of the other departments. They realized that the future tool (and the process) will be a compromise of all the needs and requirements.</p>
<p><u>Question 5:</u> Was that the good way to engage the employees?</p>	<p>Well - prepared and well organized workshops (focus groups) are the best models to engage the employees. Participants have to be able to tell freely their opinions, and nothing (or not all at least) can be definitively decided before the workshop. Workshop needs to be a real thing, not workshop organized just because of the workshop.</p>
<p><u>Question 6:</u> Or would some other way be better?</p>	<p>The respondents answered that a questionnaire might work, but on those answering per cent might be low and it does not engage so much especially if the respondent</p>

	<p>need to ask clarification or help regarding the questions. All respondents were saying that f-2-f (either workshop or interview) methods work better.</p>
<p><u>Questions 7:</u> What are the benefits, in your mind, if the employees; the users are participating to the development work of the internal service in the early phase?</p>	<p>By asking and involving the end users, you can focus on your project work to those things which really matter. You can do right things in the right way already from the beginning. Then you do not need to waste money and time to fix things later on after the implementation. You get cost savings (during and after the project), and the service / tool will be taken in use faster because it is ready and no changes needed in that stage anymore. Engagement reduces the change resistance as the participants know early enough that a new service is coming. By engaging the employees, they feel that they have participated, their opinion is important, and they in a way, are proud of the service as they have developed it. The participants also understand better why the tool works the way it works, and they do understand that the tool is a compromise of all parties' requirements. You need to select carefully who to involve, you need to have right persons, those who really are working with the current process and tools, those who can consider as experts to get a proper understanding about the needs and requirements users have.</p>
<p><u>Question 8:</u> Now when using the tool for a while, does it match for your requirements?</p>	<p>Yes, all respondents recognized their individual requirements and were happy with the tool.</p>

<p><u>Question 9:</u> How did the participation to the development affect your opinions when you started to use the tool?</p>	<p>Starting the usage of the tool was easier, it felt familiar and the respondents understood the logic behind the functionalities. Even if all their requirements could not have been taken into account, they were happy with the tool. The new tool did not come as a surprise. All respondents were saying that they felt positive about the tool, because they have got information about it early enough. Communication is a vital thing, and unfortunately it often happens too late.</p>
<p><u>Question 10:</u> Have you talked to your colleagues about the new tool and the process after the workshop?</p>	<p>The respondents have told about the new tool to many people in their own organization as well outside of it. They have in fact, worked as change agents even if they were not asked to.</p>