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Customer orientation in highly relational services: antecedents and consequences

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Customer Orientation in Highly Relational Services: Antecedents and Consequences.

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A full thesis submitted to the University of West London in fulfilment of the requirements for the degree of Doctor of Philosophy.

Dedication

To my wife Ainhoa, and my daughters Macarena and Alejandra. Without her loving support and their motivating smiles, it would have been impossible.

Acknowledgments

Abstract

The aim of this study is to investigate the role and implications of the customer orientation of service employees (COSE) in highly relational services (HRS) and its front-line employees.

Customer orientation (CO) is considered a key pillar in the development of relationship marketing (RM). However, there are not COSE studies trying to fully exploit its potential by the use of highly relational settings and the introduction of new consequences from the original COSE model aligned with those of RM goals. Accordingly, the COSE model was adequately framed under the relationship marketing (RM) theory, compared with other different CO models and then assessed via a qualitative study. For this study, private banking (PB) was chosen as HRS due to its particular characteristics, namely; a dyadic relationship between customers and employees (private bankers), a high customisation of the service, a needed judgement of the employee, and a particular way of delivery.

The qualitative study was comprised of 25 semi-structured interviews to PB practitioners in order to address different research questions regarding the importance and applicability of the COSE model. Additionally, this research questioned what changes to the COSE model should be introduced for it to be adapted to HRS. Furthermore, new potential outcomes of COSE were examined together with the current situation related to the application of measurements of COSE in practice.

This analysis confirmed the validity of the construct. COSE was proved to be notably important in PB, as in any HRS. Regrettably, no PB firm has a standardised process for measuring COSE. Moreover, the four dimensions that make up COSE received different grades of importance. Social skills were agreed to be more important than technical skills. Motivation was also considered as less important than social skills. Likewise, decision-making authority generated some disagreement as it can eventually result in a worse performance of the service delivery. There is a risk of the private banker to lose his or the focus on the service delivery due to the close relationship with the customer. Therefore, the interests of the three parties (company, employee and customer) have to be calibrated and aligned. Regarding the different COSE outcomes, new consequences were elicited; trust, loyalty, word of mouth, and customer-oriented deviance, from which some of the consequences were confirmed to be outcomes of RM too.

Finally, an improved and extended COSE model has been proposed, including the potential effect of some characteristics of the firm and the employee. This is as well as a questionnaire to use in a future quantitative study that is adapted to the reality of the PB service.

Numerous academic and managerial implications have also been extracted; (1) an innovative application of a qualitative methodology to an area where quantitative studies are the norm, (2) the application of the COSE model to a HRS setting like PB, whose academic classification and characterisation was also provided, (3) the identification and validation of new consequences of COSE, and (4) the adaptation and improvement of the COSE model that was provided by the proposition of a new conceptual model and a new questionnaire.

Dissemination

Articles and Conferences

Morales Mediano, J. and Ruiz-Alba, J (2018) 'The Market Orientation and Customer Orientation continuum in services', *Journal of Services Marketing*. (Submitted).

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Morales Mediano, J. (2017) 'Moderating variables and consequences of Customer Orientation of Service Employees in the private banking sector', *UWL Annual Doctoral Students' Conference*. London, 24 May. (Awarded with the 1st prize to the best oral presentation).

Morales Mediano, J. and Ruiz-Alba, J. (2016) 'La toma de decisiones en el servicio de banca privada y la orientación al cliente', *First on/off Conference in Marketing Decision Making – Universidad de Barcelona*. Barcelona, 29-30 September.

Morales Mediano, J. (2016) 'Customer Orientation of Service Employees in the private banking sector: A managerial perspective', *UWL Annual Doctoral Students' Conference*. London, 25 May. (Awarded with the 2nd prize to the best oral presentation).

Other Research

Villanueva, J. and Morales Mediano, J. (2018) 'Generali seguros: El lanzamiento de una marca'. *IESE Publishing Case Study Collection*. (In progress).

Ruiz-Alba, J., Soares, A., and Morales Mediano, J. (2016) 'Servitization in the pharmaceutical distribution', *3rd International Symposium SRUK (Society of Spanish Researchers in the United Kingdom)*. London, 4 July.

Ruiz-Alba, J., Soares, A., and Morales Mediano, J. (2016) 'Servitization and co-opetition in the pharmaceutical distribution', *The Spring Servitization Conference*. Birmingham, 18-19 May.

Ruiz-Alba, J., Soares, A., and Morales Mediano, J. (2016) 'Servitization and co-opetition in the pharmaceutical distribution: back to Basics?', *Universia Business Review*, 49 (February), pp. 96-115.

Teaching Activities

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List of Abbreviations

CAQDAS	Computer Assisted Qualitative Data Analysis
CEO	Chief Executive Officer
CO	Customer Orientation
COD	Customer-Oriented Deviance
COSE	Customer Orientation of Service Employees
COSW	Customer Orientation of Service Workers
EFPA	European Financial Planning Association
EU	European Union
HRS	Highly Relational Services
HNWI	High Net Worth Individuals
IEAF	*Instituto Español de Analistas Financieros* (Spanish Institute of Financial Analysts)
IFA	Independent Financial Advisor
MO	Market Orientation
MiFID	Markets in Financial Markets Directive
PB	Private Banking
RM	Relationship Marketing
RQ	Research Question
SEM	Structural Equations Model
SOCO	Selling Orientation – Customer Orientation
UHNWI	Ultra High Net Worth Individuals
UWL	University of West London
VHNWI	Very High Net Worth Individuals
WOM	Word of Mouth

Chapter 1: Introduction

1.1. Research Background and Justification

1.1.1. Relationship Marketing and Customer Orientation

Relationship marketing (RM) was developed for the first time by Berry (1983), and since then, numerous research about the topic has been published. RM is about "maintaining, attracting, and enhancing customer relationships" (Berry, 1983, p. 25). In the last decade of the 20th century, RM gained importance because of the maturity of the service sector, the increasing easiness for it to be implemented thanks to new technologies, and the benefits that it produces for companies and customers (Berry, 1995).

Heskett Jones, Loveman, Sasser and Schlesinger (1994) suggested that when RM goals are attained, not only does the customers' satisfaction increase, but so does their loyalty and their likeliness to get involved in word-of-mouth communications with their peers. Indeed, RM highlights the need to assess customer value and to provide adequate service to make the customers loyal (Fisk, Brown and Bitner, 1993), to increase their trust (Berry, 1995), or to encourage word of mouth activities (Hennig-Thurau, Gwinner and Gremler, 2002).

Moreover, customer orientation (CO) is considered critical in the development of relationship marketing (RM) strategies in companies (Webster, 1988). CO attracts the interest of many researches in the service marketing arena, despite being an old concept in the field (Kelley, 1992). Since Saxe and Weitz (1982) designed their selling orientation - customer orientation (SOCO) scale, and empirically tested the scale amongst sales forces from different retail, industrial, and service companies, a selected group of distinguished scholars have profusely studied CO. Its importance emerges from the difficult challenge that implied its conceptualisation and the further development of a measurement instrument with the aim of assessing and evaluating the construct, and eventually, its impact on business success. Such a variety of perspectives have made it difficult to achieve a consensus about the meaning of CO, and its differentiation, with the construct of Market Orientation (MO) proposed and tested in two different approaches; one by Kohli and Jaworski (1990), and another one by Narver and Slater (1990).

In this regard, three main research streams have been identified, defined and compared for the first time in this study. The first one considers both concepts, CO and MO, as being synonymous (Shapiro, 1988; Kohli and Jaworski, 1990; Deshpandé, Farley and Webster; 1993). The second stream is comprised of a group of scholars that interpret CO as part of MO (Narver and Slater, 1990; Siguaw, Brown and Widing, 1994; Chang and Chen, 1998). A third school of thought differentiates CO from MO as being independent constructs (Kelley, 1992; Hoffman and Ingram, 1992; Brown *et al.*, 2002; Hennig-Thurau and Thurau, 2003; Donavan, Brown and Mowen, 2004).

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In the present thesis, after a thorough revision of the eleven most accepted definitions of CO and their respective measurement scales, each one being part of one of the three research streams highlighted above, it is the latter of the three streams that has been embraced for two reasons:

− CO is considered to be a behavioural construct, in opposition to a cultural one.
− It is the employee, and not the organisation, that develops and applies CO.

In particular, the adopted definition of customer orientation of service employees (COSE) is as follows: Customer orientation is the characteristic of the service employee that (1) has the capacity and skill to identify, understand and satisfy the needs of their clients, and (2) acts to that end (Hennig-Thurau and Thurau, 2003).

According to this model, COSE consists of four dimensions in relation to service employees: a) technical skills, b) social skills, c) motivation and d) decision-making authority. Technical and social skills are the knowledge and capacity needed by an employee to respond to the customer's requirements. Motivation refers to the personal incentive that the service employee has to fulfil those needs, while decision-making authority is the perceived freedom (by the employee) that he or she enjoys in order to fulfil the customer's needs (Hennig-Thurau and Thurau, 2003). In order to assess the level of COSE, Hennig-Thurau (2004) developed a scale that was used and validated in up to 18 empirical studies in different service industries and countries. The four dimensions of COSE were found to positively impact on customer satisfaction, employee commitment and retention by Hennig-Thurau (2004) in an empirical study of media retail and travel agent companies. Although the relationship with these three consequences of the COSE construct were not of the same strength, they were still considered as crucial factors for a service companies' success and were assumed to be an indirect measure of business performance.

In fact, the outcomes of successful RM activity are those from COSE, according to Hennig-Thurau and Thurau (2003). However, neither COSE nor the other CO models that were studied proved to be adequate to further develop the RM theory. This is so because no highly relational services (HRS) settings were chosen to conduct these studies. In other words, if COSE is a means to achieve RM goals and COSE is based on the RM theory, it is surprising that the empirical test that Hennig-Thurau conducted in 2004 (1) did not include any of the outcomes of RM that he and his co-authors studied in 2002, and (2) was set in a retail context, as did many others that followed, where almost no formal relationship exists (Lovelock, 1983). The settings that were chosen by Hennig-Thurau (2004) were travel agencies and retailers of media products. Both services can be considered as mostly transactional, discrete and without a formal relationship between the customer and the employee (Lovelock, 1983). The fact that these two settings were chosen, that could be considered as transactional rather than relational ones, is probably the reason why no explicit connection to the RM theory was made by Hennig-Thurau (2004), limiting the contribution of COSE's empirical test towards RM theory development. These two aspects of the original study (exclusion of RM outcomes and focus on transactional services) significantly limited the potential of the COSE model.

This is so provided that neither COSE nor the other CO models that were studied proved to be adequate to study the construct of CO in an HRS setting. The idea behind this is to try to choose the adequate context to further develop the construct and therefor the field of RM.

1.1.2. The Service Sector Interest

Finally, the growing importance of the service sector in the modern economy over the last few decades has generally been highlighted by authors as a justification for further research in the field (Ostrom *et al.*, 2010; Anderson *et al.*, 2013; Gustafsson *et al.*, 2015). The estimated weight of the service sector in the EU's gross domestic product (GDP) in 2016 was 74%, and in Spain, it was 75%, compared with that of the global economy which was 64% (Central Intelligence Agency, 2017).

Moreover, the role of service employees and their characteristics are a prominent part of the different research priorities due to:

- The particularities of services, and the importance of the participation of customers (Ostrom *et al.*, 2015).
- The impact of how the service is defined in relation to customer satisfaction and company performance (Ostrom *et al.*, 2010).

Within the different service industries, financial services receive special attention because of their role within societies and their development (Anderson *et al.*, 2013; Ostrom *et al.*, 2015). In fact, from the macroeconomic viewpoint, the weight of financial services in the EU's GDP is noteworthy, close to 5% in 2015 (The Economic Intelligence Unit, 2016). Despite the maturity of the industry, another aspect that makes financial services an appealing research field for marketing academics is the opportunity that it offers to further develop theories and constructs within the service marketing field because of the situation of the sector being at the forefront in the development of RM (Berry, 1995; Dibb and Meadows, 2001)

1.2. Research Aim, Questions and Objectives

The overarching aim of the research, corresponding to this final thesis, is to study and understand the implications of the customer orientation of service employees in a highly relational service and that of its employees. The idea behind this aim is to provide an improved model of customer orientation with full utility capabilities for highly relational services by considering their particularities.

As a consequence of the above, the following research questions (RQ) are proposed:

RQ 1: What is the consideration about customer orientation in highly relational services?

RQ 2: What are the dimensions that comprises the customer orientation of service employees in highly relational services?

RQ 3: How do these dimensions change depending on the characteristic of the service, the customer and the employee?

RQ 4: What are the outcomes of COSE?

RQ 5: How can the level of COSE be improved?

In order to address the above research questions, there are several objectives that should be accomplished:

1. Systematically studying the theoretical evolution of the CO concept from its inception, and differentiating it from the concept of MO, in order to confirm if the COSE model is adequate for the particularities of HRS.

2. In parallel, enquiring into the PB service in order to identify the characteristics that make the service an adequate setting as HRS for the further development of COSE.

3. Investigate the understanding, importance and existence of a private bankers' level of COSE from a managerial perspective (through a series of qualitative interviews). This will be done in an exhaustive manner so that the different customer segments, types of entities, and level of employee seniority are considered.

4. Critically analyse the COSE construct and its constituent dimensions from a practitioner's perspective, and to evaluate their impact on the overall level of COSE and the COSE outcomes that have been tested in previous studies.

5. Simultaneously, drawing on the practitioners' points of view, this study will identify and analyse other potential outcomes should be generated by a high level of COSE in HRS.

6. Together with the outcomes, the study will identify and critically analyse the different variables that affect the importance of each COSE dimension.

7. Designing and proposing a concise and adequate model to assess the antecedents and consequences of the customer orientation of service employees in HRS, as well as the different variables that can act as moderators and mediators of the established relationships.

8. Configuring a detailed questionnaire adapted to the new model that can be used to test the identified outcomes and relationships in HRS.

9. Suggesting several recommendations to academics and practitioners.

1.3. Private Banking as a Research Setting

1.3.1. Importance of the Research Setting

Undoubtedly, it is a challenge to conduct new research in a mature field with the purpose of exploiting the undercover potential of well-established theories and constructs like RM and COSE. In such a situation, the research contexts and sources must be carefully selected to accomplish the research objectives (Saunders, Lewis and Thornhill, 2009). This is probably the reason why the literature already offers a broad collection of the financial services employees' CO outcomes, *e. g.* trust (Tam, 2001), the intention to recommend the service (Guenzi and Georges, 2010), or satisfaction

(Lassar, Manolis, and Windsor, 2000; Halstead *et al.*, 2008). The idea behind these studies was to try to choose the adequate context to further develop the construct of CO and therefor the field of RM.

However, one may wonder if there is still room for further development of the COSE construct. To answer this, the first question to be answered would be if there is any context out there where COSE is of such importance that it becomes intrinsic to the type of service itself and where it not only produces a series of specific outcomes, but where it also serves as a critical factor for the survival of firms. Here is where the characteristics of the private banking service (PB) service and its employees should make a difference from anything that has been said before.

1.3.2. Private Banking Services

PB or wealth management is particularly significant for the wider banking industry in Europe, where according to an industry report published by J.P. Morgan and Oliver Wyman (2014), 82% of financial services professionals rated the wealth management industry as being attractive or very attractive. In the same report, it was stated that the PB services catered to 39% of the total assets under management (AUM) in 2014, with further growth in this proportion expected in the following years (J.P. Morgan and Wyman, 2014). Prior to this, it has been recognised that the PB service is one of the most profitable within the financial service industry (Baglole, 2004).

PB is a group of products and services specifically designed and managed to address the special financial needs of high worth customers, commonly known as High Net Worth Individuals (HNWI). These needs can be different from one customer to another, thus the customer relationship has to be personalised and made to measure, as was defined by Javier Marín, the former chief executive officer (CEO) of Santander Bank (Marín, 2005).

PB service is generally based on only one contact employee, the private banker, whose relationship with the customer is expected to last for as many years as possible. This is even through different family generations, when young individuals inherit an older current customer's wealth. In order to do so, there are two basic pillars; confidentiality and trust. This makes the banker-customer relationship very close and the alignment of interests between them and the banking firm a critical aspect (Molyneux and Omarini, 2005).

Based on Marín (2005) and Molyneux and Omarini (2005), the PB service is usually provided by the following three types of firms:
- PB business units of larger commercial or retail banking corporations (such as the PB services offered from HSBC and Santander).
- Specialised private banks (not related to commercial banks), such as UBS Wealth Management or Pictet & Cie.
- Independent Financial Advisors (IFA) focused on HNWI which include local and usually smaller firms that are not incorporated as banks and therefore use the financial products of third parties.

PB firms can be paid either indirectly or directly by the customers. The indirect way occurs where a part of the management fee charged for each investment product is transferred to the private bank

for selling and distribution activities. The direct payment approach, in contrast, occurs where the customer pays a fee calculated by a percentage of the total assets that are managed by the PB firm.

Therefore, the group of products and services that are offered to HNWI is justified by the minimum amount of investible assets that are required to have access to the PB services. This minimum varies between different entities, being in the vast majority over €500,000 in investible assets in total (Pinto, 2015). Regarding that minimum, three sub-segments of customers are often defined as HNWI with a total worth between €500,000 and €5 million, Very High Net Worth Individuals (VHNWI) with assets between €5 million and €30 million, and Ultra High Net Worth Individuals (UHNWI) with a wealth over €30 million. To be accurate, it is important to clarify that HNWI has two meanings; one is the subsegment of customers described before, and another meaning is the broadest term to refer to PB customers in general.

In the last two decades, PB customers have become more demanding, more active and involved in the management of their assets, and more sceptical and disloyal towards their banks and private bankers (IEAF, 2006). These transformations have come alongside a progressive modification of regulations affecting the PB business. This is a change that will culminate with the introduction of the second law of the European Union (EU) on Markets in Financial Markets Directive, also known as MiFID II, by which it is expected that transparency in the provision of financial services will increase and, consequently, private banks will be forced to charge direct fees for their services (McKinsey & Company, 2013; Accenture and Afi, 2014; European Commission, 2014).

All of these changes have made the industry focus on the role of the private banker with particular interest, as the means to enhance service, and consequently, to increase the level of customer satisfaction and loyalty. Private bankers must therefore be more proactive, open to participate in continuous learning, and able to identify, understand and adequately respond to their customers' needs (IEAF, 2006).

Consequently, the relevance of PB as a field of academic research does not only come from its importance for the financial service industry as a business, but also from the specific characteristics that configure such a service and its employees (Lassar, Manolis and Winsor, 2000; Molyneux and Omarini, 2005). These characteristics are particularly related to the role of PB front-line employees, the private bankers. This is because the private banker is, in the vast number of cases, the only contact person with the customer and the only one that takes care of and is responsible for the adequate delivery of the service (Molyneux and Omarini, 2005; Halstead *et al.*, 2008). PB is a purely relational service (Lovelock, 1983), in comparison with other more transactional services, where CO is essential. PB employees work with a high level of judgement and freedom when serving clients. Moreover, the client-employee dyadic relationship has to be based on mutual trust —the private banker advises the customer and manages his or her worth and also knows, in some cases, every detail of the private life of the customer, so that the service can be customised to the maximum (Stanley, Moschis and Danko, 1987; Javalgi, 1992; Baglole, 2004). These judgements, dyadic closeness and level of customisation make such relationship expressly different to other service relationships, even within financial services.

Because of that, the private banker and his or her CO could be considered an ideal field of inquiry in the service marketing and RM fields. However, despite the importance of PB within the financial services industry and the attractiveness of the private bankers' CO as role models for other service employees, such a service has been the subject of very few academic studies (Horn and Rudolf, 2011, Burgstaller and Cocca, 2011). The majority of these studies have been based on the simple application of what has been researched in the retail banking service (Strandberg, Wahlberg and Öhman, 2012). No specific research about the level of CO of private bankers from the customer perspective, and its consequences, have been conducted. This is, to put it mildly, a gap that should not continue to exist, not only because of its potential for research about financial services, but also because PB has proven to be an exceptional investigation field for any highly relational services.

1.4. Contributions

As will be presented in full detail in chapter 7, several contributions for both academics and professionals can be found in this research. From the academic perspective, the contributions are as follows:

− An innovative application of the qualitative methodology to a field where quantitative methodology is mostly used.
− The review about MO and CO, and the identification of three different research streams in that regard.
− The application of the service classification developed by Lovelock (1983) to PB.
− The recompilation and consolidation of several academic and professional sources about PB, so that a concise definition and characterisation of the service can be provided.
− The extension of the use of CO measurement to an HRS where it has never been studied before (Hennig-Thurau 2004).
− The adaptation and improvement of the methodology created by Hennig-Thurau (2004) tested by other authors.
− The identification and qualitative validation of the new consequences of COSE, that are of particular importance for HRS like PB.

From the practitioners' perspective, the most important contribution is the proposition of a variable like COSE that is not extensively used in the industry but that has proven to be of enormous value in increasing the financial performance, customer satisfaction and other several variables related to the relationship marketing goals.

1.5. Thesis Structure

The thesis is structured into five chapters that are divided into sections, subsections, and items. Each of them is numbered accordingly in order to facilitate the reading of the document.

The first chapter, that has been already presented, is the introduction. It should serve to contextualise the research. It begins with a research background and justification. Next, the goal of the thesis and the research questions that are addressed. Then, it gives a concise introduction to the

research setting. Due to the particularities of HRS and PB, it is important that those readers less familiarised with the service are able to have an actual overview of the key features comprising PB, the type of clients that are served, and the characteristics of the private banker. Chapter 1 is closed with a brief explanation of the contributions and the thesis structure.

In the literature review, the second chapter of the thesis, a thorough look at the different concepts that relate to this study is provided. The chapter is divided into three sections:

- The first section presents a few key elements of the marketing field; the study of some relevant aspects of marketing theory and RM, its outcomes, and the differentiation between MO and CO.

- Secondly, an outline of the most important constructs regarding CO is offered together with the detailed explanation of the COSE model that have been used in the research.

- In the third section, the research gap is presented.

Chapter 3 commences with a short explanation of the research philosophy that has been assumed. The research strategy and ethical positioning of the study is then addressed, followed by a detailed explanation of the qualitative methodology. Then, the research setting is further developed. The chapter continues with the explanation of how the qualitative study conducted has been organised and put into practice.

This last section of the chapter also includes a detailed revision of the different software that is generally used in qualitative research and closes with a description of the limitations. The closing section, dedicated to the empirical component, provides the actual analysis that has been conducted and the results obtained. This part contains an explanation of the codification process that was undertaken, the description and characterisation of all of the data collected by groups of participants, and the results from the codification process. A series of charts has been provided in order to visually present the analysis of the information collected.

Chapter 4 consists of the presentation of the findings from the interviews that were conducted in order to grasp the managerial viewpoint about the topic. To do so, every interview transcription (and the corresponding codes) has been meticulously dissected and analysed to expose the different ideas and to identify any opposing viewpoints. Several literal quotes from the interviews accompany the different findings, so each finding is reinforced and/or clarified. These findings follow the structure of codes that was presented in the previous chapter.

Next, the critical discussion of the results is presented. This discussion supposes the closure of all research, both reviewed and originally conducted, that ultimately serves to address each one of the research questions. It is here where the academic literature, the professional sources and the contributions from the qualitative interviews are used. Then, it has been included a table where each research question is reviewed, the main findings from the interviews are gathered, the academic and professional sources are cited, and answers to the questions are definitively stated. To close the chapter, the new extended COSE model with diverse research propositions is presented.

Finally, in chapter 5, the research culminates with a summary of the conclusions, the theoretical and managerial implications of the study, a series of limitations, and an invitation for further research in different fields related to service marketing or to the PB industry. For further research, an extra resource is offered; a quantitative questionnaire adapted to the particularities of PB.

Chapter 2:   Literature Review

2.1. Introduction to the Literature Review

Before entering into the detail of the literature review, it is worth dedicating a few lines to clearly define what the purpose of a literature review should be. Several authors have offered a series of goals for literature reviews (Bell, 2005; Saunders, Lewis and Thornhill, 2009; Neuman, 2014) that can be summarised, namely:

1. To get familiar with the research field and to prove it to the reader. The author may gain confidence about the topic under study and, in parallel, the reader may notice it and be confident about the professionalism and research dexterity of the author.

2. To identify the potential interest of the research that is about to be conducted by finding explicit mentions to research avenues in previous studies or by spotting research gaps that have been overlooked so far.

3. To support the research design that is more adequate to the purpose of the study, according to different existing methodologies and the common use for the specific field of knowledge.

2.2. Marketing Research Background

2.2.1. Relationship Marketing

Berry (1983) defined Relationship Marketing (RM) as the attraction, sustainment and enhancement of the customer relationship. RM is founded on the idea that retaining customers is more profitable that acquiring new ones (Berry, 1983), and the fact that employees should take a prominent role in the relationship, as it has already been pointed out by several authors during the 1970s (Berry, 1995). especially in service companies.

Indeed, service companies have been incorporated into the marketing literature as part of the research for many years (Black, 1951; Baumol, 1957; Kotler and Levy, 1969; Lavidge, 1970). According to Grönroos (2000), in relation to service marketing it is necessary nowadays:
- To accept an extended, as opposed to a simple exchange, role of marketing,
- To evaluate how the marketing process is able to fulfil customer expectations,
- And to focus on the marketing process and the relationship instead of the outcome.

To do so, it is required to implement RM initiatives. Berry (1983) stated that there are five elements for incorporating RM strategies within service companies:
1. Focusing on the service that is central to meet the customer needs and on which the customer relationship is built.
2. Customising the relationship based on the specific characteristics of each customer.

3. Incorporating extra benefits to the core service in order to differentiate from the competitors.
4. Adjusting pricing to the particularities of the customer in order to increase customer loyalty and consolidate the relationship.
5. Involving employees in the marketing activity so the marketing activity and the service delivery is performed adequately in front of the customer.

Definitively, since the concept of RM was coined for the first time by Berry (1983), an enormous amount of research about the approach has been published, making the field considered to be a mature one (Berry, 1995). Being a mature concept does not necessarily mean that is no longer of interest, but that it has been already integrated as a cornerstone of the marketing theory (Hennig-Thurau and Hansen, 2000). However, when facing the challenge of conducting new research in such a mature field, academics should try to find out which contexts, research settings and sources must be used in order to broaden a theory. It is the objective of the research that will ultimately determine the context and sources to be used (Saunders, Lewis and Thornhill, 2009). Indeed, "one important challenge for the future development of relationship marketing theory is therefore the integration of industry-specific knowledge into a general theory base" (Hennig-Thurau and Hansen, 2000, p. 13).

Surprisingly, despite the consideration of CO as the key in the development of RM strategies in companies (Webster, 1988), the vast majority of the studies in the field of CO do not address the theoretical framework that should support the development of new knowledge (Kelley, 1992; Susskind, Kacmar and Borchgrevink, 2003) or only vaguely refer to the marketing concept as the underlying theory (Saxe and Weitz, 1982; Brown, Mowen, Donanvan and Licata, 2002). Certainly, Ifie (2014) is an exception to the lack of theoretical haven. However, in a different context, it is purely related to motivation of employees and their fit within organisations, by the use of balance theory and fit theory, as explained in item 2.3.1.10.

In order to escape from the lack-of-theory trap, in this study, similarly to Hennig-Thurau and Thurau (2003), it has considered COSE as a model within the RM discipline that still has room for further development. This is assuming that the appropriate setting conditions are procured. It is acknowledged that just embracing one theory that gives shelter to the construct that is under study is not a justification in front of other theories, like social exchange or resource-based. However, it was considered out of the scope of this study to enter into such a theoretical debate.

2.2.2. Relationship Marketing Outcomes

As it has been stated, RM pays attention to the importance of assessing customer value and providing continuing service accordingly in order to make them remain loyal and to further develop their value (Fisk, Brown and Bitner, 1993). Together with loyalty, other elements highlighted as a key component of RM include trust (Berry, 1995) and word of mouth (Hennig-Thurau, Gwinner and Gremler, 2002). Nevertheless, there are some potential negative aspects of a long-term relationship (Moorman, Zaltman and Deshpandé, 1992). For instance, trust is potentially harmed in those relationships where customer and service provider have been collaborating for years (Grayson and Ambler, 1999). These four outcomes of RM are analysed in detail next.

2.2.2.1. Trust

Any exchange implies certain levels of risk and uncertainty, particularly in high credence services (Zeithaml, 1981) like it is in the case of financial services (Eisingerich and Bell, 2007). In such cases, trust takes a prominent role in creating a competitive advantage for companies (Barney and Hansen, 1994), creating higher value for customers (Sirdeshmukh, Singh and Sabol, 2002), and therefore making them become more attractive for customers.

Regrettably, while it is generally accepted how important and omnipresent trust is in every relationship and commercial exchange, currently, a consensus about its exact definition and meaning is lacking, nor has there been a classification of the different types of trust (Tyler and Stanley, 2007). According to them, trust is contextual and subjective. Therefore, it is very complex to define, yet a universal phenomenon, which is why it has resulted in largely concentrated extensive research with divergent results. Morgan and Hunt (1994) have highlighted that trust between parties is fostered if each partner demonstrates reliability and integrity, and also if they have the confidence from the other in the relationship outcome.

In the case of relational services, like banking, numerous studies have explored the particularities of trust within the financial services industry (Tyler and Stanley, 2007). The existence of this kind of relational services is related to the existence of trust at personal and corporate levels (Knights, Noble, Vurdubakis and Willmott, 2001). Tyler and Stanley (2007), based on 147 interviews with bank professionals (53) and bank customers (147), concluded that trust was, effectively, a mutual way of managing risk between the parties involved (bank, banker and customer). Nevertheless, they reached the following conclusions:

- Personal and corporate trust, (*i.e.* trust in the financial service employee and trust in the banking firm), are not necessarily related due to the particular relevance of the banker in the provision of any financial services, as is the case for PB.

- Personal trust is provided by the reliability, efficiency, and honesty of bankers, and their personal behaviour in a certain context of service.

In fact, reliability and honesty, together with trust itself, are extensively used in the literature as items to measure the level of trustworthiness in relational service settings (Morgan and Hunt, 1994; Doney and Cannon, 1997; Chiou, Droge, and Hanvanich, 2002; Eisingerich and Bell, 2007; Chenet, Dagger and O'Sullivan, 2010; Hansen, 2012).

In addition to the definition and measurement of trust, several authors have attempted to study the consequences of trust:
- Continuity (Anderson and Weitz, 1989; Selnes, 1998)
- Loyalty (Chiou, Droge, and Hanvanich, 2002; Sirdeshmukh, Singh, and Sabol, 2002; Eisingerich and Bell, 2007)
- Customer's future intentions (Morgan and Hunt, 1994; Doney and Cannon, 1997; Garbarino and Johnson, 1999)
- Word of mouth (Sichtmann, 2007)

Whereas amongst the antecedents of trust; satisfaction (Selnes, 1998; Garbarino and Johnson, 1999), and service quality (Chiou, Droge, and Hanvanich, 2002; Chenet, Dagger and O'Sullivan, 2010) are the most recurrent in the literature. However, only a few have considered the characteristics of service employees that manages the relationship with the customer as determinants (Selnes, 1998; Sirdeshmukh, Singh and Sabol, 2002) and none of them under the form of a validated construct like customer orientation.

2.2.2.2. Loyalty

In a seminal article, Oliver (1999) defined the four levels at which customer loyalty is developed:

- Cognitive loyalty, which refers to the information regarding a product or service that is believed or known by the customer.
- Affective loyalty, which is the development of liking or a positive attitude towards the company.
- Conative loyalty, whose effect is the behavioural intention of the customer to repatronise the product or service.
- Action loyalty, which is the mechanism that results in the effective repetition of the purchase or use of the service.

Based on Oliver's (1999) conceptualisation of loyalty, several authors have developed similar and reliable scales to measure the level of loyalty in services (McMullan and Gilmore, 2003; Harris and Goode, 2004), and more specifically in relational contexts, like banking (Pedersen and Nysveen, 2001; Henrique and Matos, 2015). Oliver defended that there are other factors affecting loyalty in addition to satisfaction. However, when using RM constructs as antecedents of satisfaction, one could wonder if every dimension of COSE affects customer satisfaction equally, and therefore customer loyalty as well. In other words, the different antecedents of customer satisfaction can eventually affect customer loyalty, making the direct connection between satisfaction and loyalty more complex than it was originally considered by Oliver (1999).

According to Jones and Sasser (1995), customer loyalty makes companies more profitable, just like customer satisfaction contributes to loyalty. However, research about the connection between satisfaction and loyalty has resulted in the following assertion; only a high level of customer satisfaction translates into a higher loyalty. As soon as satisfaction is not at the highest level, the loyalty rate decreases exponentially. Developing customer loyalty is more than just continually seeking to achieve customer satisfaction, it is about enhancing the relationship with the customer.

For the purpose of this study, in a highly relational context, loyalty is the attitude and behavioural intention of the customer to remain as such, therefore making the relationship with the front-line employee last for as many years as possible while maintaining the service firm as the preferred one in font of others. Despite the importance of front-line employees, the role and impact of these service employees –and their characteristics– as a key component of the RM strategy has been generally excluded because of the specific context of their research, where employee-customer relations are not necessarily as close as that found in HRS. This particularity is supported by Seiler and Rudolf (2014), who tested the impact of the existence of a relationship manager on customer loyalty in an HRS like PB.

Nevertheless, they did not study what characteristics of the employee influence customer loyalty and they also failed to differentiate between loyalty to the employee and loyalty to the firm.

Due to the nature of HRS with a high level of personalisation and a long-term relationship perspective, the loyalty attained by the customer, to both the employee and the firm, are crucial. These characteristics should be considered because loyalty to the service employee can be different to the firm, as was pointed out. Such a differentiation was already proposed by Dick and Basu (1994), who stated that customer-employee loyalty is determined by the linkage between both (affective loyalty) rather than technical and measurable considerations about the company (cognitive loyalty).

2.2.2.3. Word of Mouth

Word-of-mouth communication (WOM) is informal communication about a product or service that is held between people, independent of the company providing the service or product, and therefore it is somehow out of its control (Silverman, 1997). The influence of WOM when considering the use of a new service provider has been studied and confirmed (Herr, Kardes and Kim, 1991), and also compared to traditional marketing (Trusov, Bucklin and Pauwels, 2009). Silverman (1997) lists several aspects that make WOM one of the most powerful marketing tools:

- It is independent of the firm whose product/service is the object of the conversation.
- It is honest and enjoys superior credibility compared to a firm's other communications.
- It constitutes an indirect experience for the potential consumer.
- It is customer-driven, relevant and complete as it is custom made.
- It is a powerful persuader and triggers behavioural reactions.
- It is self-fed, unperceived and acts silently.

These aspects are most notable in the service context due to its particular characteristics regarding the relationship marketing strategy (Murray, 1991). For instance, some studies have concluded that WOM is particularly crucial when deciding about financial service providers (File and Prince, 1992; Choudhury, 2014).

The antecedents of WOM were originally studied in a research conducted by Oliver (1980), whose analysis confirmed the fact that satisfaction does not only influence the consumer's attitude, but also the behavioural aspects that occur after the transaction, as is the case of WOM. However, Dick and Basu (1994) suggested that, due to the level of personal engagement that is required to participate in WOM activities, they are more influenced by the attained level of loyalty than of satisfaction. Similarly, but in the particular context of banking, Chochol'aková *et al.* (2015) confirmed that WOM is affected by satisfaction, but they suggested that there may be other factors influencing WOM.

In parallel, Zeithaml, Berry and Parasuraman (1996) pointed to service quality influencing several behaviours associated with WOM, although they considered them under the umbrella of loyalty. This consideration of WOM as part of the loyalty construct was also assumed by Dagger, David and Ng (2011), who consider it as a consequence of customer commitment. To see WOM as an independent construct, one has to refer to other studies. Noteworthy is the research conducted by Chahal and Dutta (2015), where evidence for the positive impact of customer experience on WOM has been found.

In terms of the variables that form WOM, Zeithaml, Berry and Parasuraman (1996) defined three; the positive message about a service, the recommendation to use it, and the encouragement to use it. The first two were further developed by Harrison-Walker (2001) by adding the intensity of the recommendation –by means of the frequency, the number of people to whom the service is recommended, and the details of the service that is shared–, and the praise of the message –by means of the positive nature and pride from using the service–. In both studies, as mentioned above, it was proven that there is a direct impact from service quality towards WOM (Zeithaml, Berry and Parasuraman, 1996; Harrison-Walker, 2001).

Hence, in relation to an HRS, WOM can be defined as the informal communication from one customer to another about the service employee and firm (intensity and frequency) and eventually the encouragement to contact them banker in order to explore the possibility of also becoming a customer. Whether or not WOM is ignited by customer satisfaction or loyalty, the logic dictates that the CO of the front line employee and the relationship that is established with the customer is the ultimate argument used by customers to provide recommendations to other potential customers.

Nevertheless, as it was previously demonstrated for loyalty, it has not been possible to identify any study where the influence of the front-line employee characteristics over WOM attitude and behaviour has been assessed. Not even in the case of electronic WOM, despite the increasing interest on it (Rossmann, Ranjan and Sugathan, 2016).

2.2.2.4. Customer-Oriented Deviance

As has been highlighted in the literature review so far, CO is a means of the RM strategy of service companies for developing long-lasting relationships and improving their business performance. However, long relationships could negatively influence some of the outcomes of RM (Moorman, Zaltman and Deshpandé, 1992; Grayson and Ambler, 1999). In fact, deploying a customer-oriented behaviour consumes substantial financial and personal resources (Homburg, Müller and Klarmann, 2011), particularly in the industries or companies that offer highly customised services and products to meet customer needs (Niraj, Gupta and Narasimhan, 2001).

Therefore, it is important to ensure that the level of CO that is attained in a relationship is adequate to the service that is provided and also to the specific customer. In order to operationalise the consequences of a negative excess of CO in the relational service context, Leo and Russell-Bennett (2012) developed, the construct of customer-oriented deviance (COD). Their definition was based on a qualitative analysis of 22 interviews with service employees. According to Leo and Russell-Bennett (2012), COD is the use that front-line employees make of adaptation, communication, and the utilisation of resources, to favour customers, even if it implies challenging a higher authority and the company's rules, and therefore, harming its interests.

In a subsequent study, Leo and Russell-Bennet (2014) developed a measurement scale to assess the level of COD, with the following dimensions considered:
- Deviant service adaptation when the service is modified and departing from the firm's guidelines.

- Deviant service communication of a company when information regarding the firm is inappropriately disclosed to the customer.
- Deviant service communication of product when the recommendation of products is unaligned with the interests of the firm.
- Deviant use of resources when extra time or costs are incurred in serving the customer.

The scale was validated in a quantitative study with the participation of 616 service employees (311 from the retail industry and 305 from the hospitality industry). Yet it was not tested what characteristics of the employee are the cause for such deviation, nor the potential impact this could produce.

2.2.3. Market Orientation

Even though the term of market orientation (MO) and how to implement it was already mentioned by the middle of the last century (Keith, 1960), it was not until the last decade of the twentieth century that relevant MO research and a theory was published. Kohli and Jaworski (1990) stated that the implementation of the marketing concept underpinned by a sufficient framework has not been adequately addressed in the literature.

They defined MO as the "implementation of the marketing concept" and therefore defined a market-oriented organisation as "one whose actions are consistent with the marketing concept" (Kohli and Jaworski, 1990, p. 1), and identified the three elements that support MO:

- Market intelligence that includes not only the identification of present and future customers' needs and preferences, but also monitors how the preferences can be influenced by exogenous factors like competitors, regulation or technology.

- Intelligence dissemination by involving the entire organisation and communicating with relevant departments horizontally, and with subordinates vertically in the organisation.

- Responsiveness to market intelligence through: (1) choosing adequate markets where to operate, (2) developing and launching products and/or services to satisfy market needs, and (3) obtaining a positive response from customers by producing, distributing and promoting the products/services.

Simultaneously, Narver and Slater (1990) developed an empirical approach to MO by measuring its effect on business profitability. According to them, MO is the company culture that has three behavioural components:

- Customer orientation, which is the understanding of the present and future characteristics of a company's buyers.
- Competitor orientation, which consists of the perception of short- and long-term competitors' strengths and weaknesses as well as their capabilities and strategies.
- Interfunctional coordination for the better utilisation of company resources aiming at creating a customer value differentiation.

By measuring these three components, they demonstrated that profitability is determined by the level of MO. This connection was also demonstrated by Jaworski and Kohli (1993) who concluded that the MO of a company has a significant impact on its performance, in spite of any exogenous factors like competition, market context or technological changes. Yet despite that similarity in the outcomes of the company MO, it is important to point out that the approach of Narver and Slater was different to that followed by Kohli and Jaworski (1990), with regards to one significant aspect. MO was considered to be a behaviour that emanates from organisational culture, thus, MO was not considered to be a cultural aspect itself (Slater and Narver, 2000).

Provided such difference exists between both conceptualisations of MO, it is surprising how several studies have tried to compare the performance of them (*e.g.* Polo Peña, Frías Jamilena and Castañeda García, 2015) instead of looking for a conciliation, not only between them but also with the concept of customer orientation (CO).

2.2.4. Market and Customer Orientation Continuum

In the preceding subsection, it has been seen how two teams of researchers have presented different approaches to the definition and measurement of the MO construct. Despite that divergence, there is the general agreement that MO is a necessary means for the implementation of the marketing concept (Gray and Hooley, 2002; Alhakimi and Baharun, 2009).

However, even prior to the development of the generally accepted concept of MO as proposed in two different and independent studies by Kohli and Jaworski (1990) and Narver and Slater (1990), CO was already identified as a key factor in the marketing sector and was measured empirically in sales teams (Saxe and Weitz, 1982). CO was defined as the practice of the marketing concept at the employee level. Since then, the construct of CO has been studied by several authors, whose research will be presented in the following subsection.

Despite the high acceptance of both MO and CO constructs, Shapiro (1988) expressed his consternation at the vague differentiation that academic literature had made up until then between MO and CO. Unfortunately, such differentiation has not been sufficiently discussed in the literature, and there is limited consensus in terms of an interpretation of the constructs (Hennig-Thurau, 2003). For instance, Homburg, Müller and Klarmann (2011) grouped the positions into two; those that consider CO as part of MO at the company level, and those that consider CO as an independent and employee-level construct. However, that differentiation is imprecise, as there are actually three different research streams that treat the relationship between both constructs differently:

- CO and MO are analogous terms for the same construct. This conception is assumed by Shapiro (1988), Kohli and Jaworski (1990), and Deshpandé, Farley and Webster (1993).

  "We see customer and market orientations as being synonymous" (Deshpandé, Farley and Webster, 1993, p. 27).

- CO is a component of MO. Narver and Slater (1990), Deng and Dart (1994), Siguaw, Brown and Widing (1994), Chang and Chen (1998), and Barroso Castro, Martín Armario and Sánchez del Río (2005) support this view.

   "The components indicated in the market orientation scale represent the instruments with which salespeople are equipped to use customer orientation" (Siguaw, Brown and Widing, 1994, p. 107).

   Furthermore, a few authors give explicit priority, theoretically (Peters and Austin, 1985) and empirically (Siguaw and Diamantopoulus, 1995; Polo Peña, Frías Jamilena and Castañeda García, 2015) to CO –over MO– considering the former to be of vital importance in the most successful companies, particularly those operating in the service sector.

- CO is different to MO, particularly in the service sector. The differences are twofold; (1) CO is a behavioural concept, whereas MO can be cultural or behavioural, depending on the author, and (2) CO is at the individual level, while MO is at the organisational level. This position is endorsed by Kelley (1992), Hoffman and Ingram (1992), Brown *et al.* (2002), Hennig-Thurau and Thurau (2003), Donavan, Brown and Mowen (2004), and Yoo and Arnold (2014).

   "Researchers working at the organisation level have identified several organisational outcomes of market orientation… However, our research [about customer orientation] addresses how the marketing concept is implemented at the level of the individual [service] worker." (Donavan, Brown and Mowen, 2004, p. 128).

Table 2.1 shows a summary of the three research streams identified:

Research stream	Main aspects	Authors
MO and CO are synonyms.	− MO and CO are the same, and therefore, both terms are interchangeable. − They do not refer to a behavioural construct of the employee but to an organisational construct related to the culture and beliefs.	Shapiro (1988) Kohli and Jaworski (1990) Deshpandé, Farley and Webster (1993)
CO is part of MO.	− CO is a behavioural construct but part of MO which has an organisational scope. − MO influences the customer-oriented behaviour.	Narver and Slater (1990) Deng and Dart (1994) Siguaw, Brown and Widing (1994) Chang and Chen (1998)
CO and MO are independent.	− CO is always a behavioural construct at the employee level. − Therefore, it is possible that companies with low level of MO have employees with high level of CO, and the other way around.	Kelley (1992) Hoffman and Ingram (1992) Brown *et al.* (2002) Hennig-Thurau and Thurau (2003) Donavan, Brown and Mowen (2004)

Table 2.1: Summary of the three research streams regarding MO and CO

Source: Own elaboration

This dispute between concepts is a constant in the literature and theoretical debate, and one cannot say that it has been solved. This is the reason why researchers should take a stance themselves in order to conduct their studies adequately and having the three research streams clearly differentiated could be a good starting point. In this research, in order to choose the most appropriate model for application, all of the most widely known models where the concept of CO is explicitly mentioned in one way or another have been analysed. An exhaustive review and critical evaluation of eleven associated models follows now, including the model of customer orientation of service employees (COSE).

2.3. Customer Orientation of Service Employees

2.3.1. Customer Orientation Models

Similar to MO, the construct of CO has received diverse interpretations and measurement models. This wide variety of models makes it necessary to review and discuss the main, and more prolific, conceptualisations that have been published by scholars so far.

Table 2.2 shows a summary of all of the CO models that have been reviewed in detail (plus the COSE model that will be reviewed in the following subsection), including the year of publication and the number of citations according to Google Scholar (2018).

Scale or Model	Article	Author/s	Year	Citations*
The SOCO scale	The SOCO scale: A measure of the customer orientations of salespeople	Saxe and Weitz	1982	2,050
The MKTOR model	The effect of a market orientation on business profitability	Narver and Slater	1990	10,759
The CO among service employees model	Developing customer orientation among service employees	Kelley	1992	701
The Quadrads-based CO model	Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrad analysis	Deshpandé, Farley and Webster	1993	5,279
The Multi-factor, Multi-item Approach	Measuring market orientation: A multi-factor, multi-item approach	Deng and Dart	1994	770
The short SOCO scale	The Selling Orientation-Customer Orientation (S.O.C.O.) scale: A proposed short form	Thomas, Soutar and Ryan	2001	236
The COSW model	The customer orientation of service workers: Personality trait effects on self- and supervisor performance ratio	Brown *et al.*	2002	1,108
The service provider's CO model	Customer service providers' attitudes relating to customer service and customer satisfaction in the customer-server exchange	Susskind, Kacmar and Borchgrevink	2003	288
The internal benefits model	Internal Benefits of Service-Worker Customer Orientation: Job Satisfaction, Commitment, and Organizational Citizenship Behaviors	Donavan, Brown and Mowen	2004	917

Scale or Model	Article	Author/s	Year	Citations*
The COSE model	Customer orientation of service employees: Its impact on customer satisfaction, commitment and retention	Hennig-Thurau	2004	587
CO of frontline employees model	Customer orientation of frontline employees and organizational commitment	Ifie	2014	17

(*) Number of citations provided by Google Scholar (Google, 2017)

Table 2.2: Compilation of CO models
Source: Own elaboration

This list is the result of an exhaustive review of the published research regarding CO claiming to measure the construct. It is noteworthy to mention that more than 200 articles were reviewed before arriving to that short list. The majority of the found models were discarded because of the lack of originality as they were based on previous models or their limited impact on further research, and some of them because they lacked enough of an insightful approach to the conceptualisation of CO.

2.3.1.1.   The SOCO Scale (Saxe and Weitz, 1982)

Saxe and Weitz are considered the first authors to define the CO construct and to develop a measurement tool termed 'Selling Orientation – Customer Orientation' (SOCO), which was originally related to salespeople.

According to the authors, CO is the willingness to apply the marketing concept, by which all of the activities and process of a company are leveraged to satisfy customer needs and to develop mutually beneficial long-term relationships. In particular, the CO of salesmen implied helping the customer to undertake purchasing decisions that would ultimately develop the marketing concept. Conversely, selling orientation was seeking to stimulate the demand of products, regardless of if they fully respond to customer demands.

From a more practical perspective, Saxe and Weitz emphasise that a customer-oriented approach has to be used only if the benefits (short or long-term) are greater than the associated costs. Furthermore, the authors assert that the cost effectiveness of CO would be reached when the employee has all of the required resources to satisfy customer needs. Consequently, CO was influenced by long-term relationships and the ability of the employees to help the customer. In such circumstances, when the relationship and the helpfulness factors were present, they proved that a high correlation between CO and sales performance occurred. Figure 2.1 presents the conceptualisation of the model.
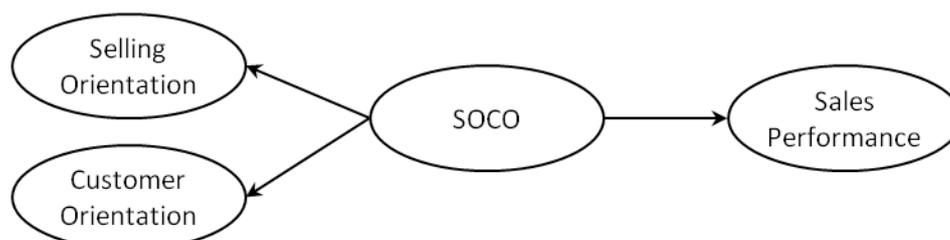
Figure 2.1: SOCO model
Source: Own elaboration based on Saxe and Weitz (1982)

The authors found support for such correlation. The research was divided in two; a qualitative and quantitative part. The qualitative part consisted of a first round of interviews with 25 salespeople to generate a long list of attitudes and behaviours that characterised customer-oriented sales employees. A total of 104 items were generated and subjected to the opinion of 11 sales managers and 13 marketing academics. In the quantitative section, a tentative list of 70 items was sent to 470 salespeople. They were asked to evaluate each item on a scale from 1 to 9 depending on how often they acted accordingly in relation to the item in front of their customers. There were 191 salesmen that returned the list adequately addressed. A short list of 24 items was chosen. 12 were positively stated to measure the degree of CO and 12 negatively stated measuring the degree of selling orientation. Appendix 1 provides a full list of these items. Finally, the list of 24 items, together with a list of 18 items to assess the sales performance, was tested with the valid participation of 95 salespeople (out of 133 respondents) to assess the possible correlation between both constructs.

The development of the SOCO scale was a crucial step in the advancement and validation of the CO concept. Indeed, the most notable aspect of this model was that it served as an inspiration for several other models that will be discussed in the following sections. Unfortunately, despite its valuable contribution, there is a striking limitation of the model and its applicability, which is the fact that it was tested only on salespeople. Additionally, the model was tested only on product-based companies and not on service companies like banking. Lastly, the participants of the surveys were restricted to the salespeople whose CO was being measured. Such an approach sets aside the customers as another potential group of respondents, and possibly more importantly, for the assessment of the CO level of employees.

2.3.1.2.   The MKTOR Model (Narver and Slater, 1990)

As addressed above, Narver and Slater identified the need to develop a valid measure of MO. They defined MO as the company culture that generates the behaviours that create higher value for customers and a sustainable competitive advantage (Narver and Slater, 1990). They considered MO a feature of organisational culture, whilst CO is considered to be a behaviour.

According to them, MO consists of three behavioural components (see figure 2.2 for the original representation of the model); customer orientation, competitor orientation, and interfunctional coordination, this is in addition two decision criteria; Long-term Focus, and Profitability. Therefore, CO is not considered as an independent construct, but as a part of their idea of MO. Consequently, the importance of their concept of CO derives from the relevance gained by their MO scale, commonly referred to as 'MKTOR'. Such scale has been extensively used, as Polo Peña, Frías Jamilena and Castañeda García (2015) point out: The MKTOR scale has been used on 23 occasions in cases within the service sector from 1990-2013, in articles indexed in the databases of the ABI/INFORM Collection, ScienceDirect and Wilson Business Abstracts.
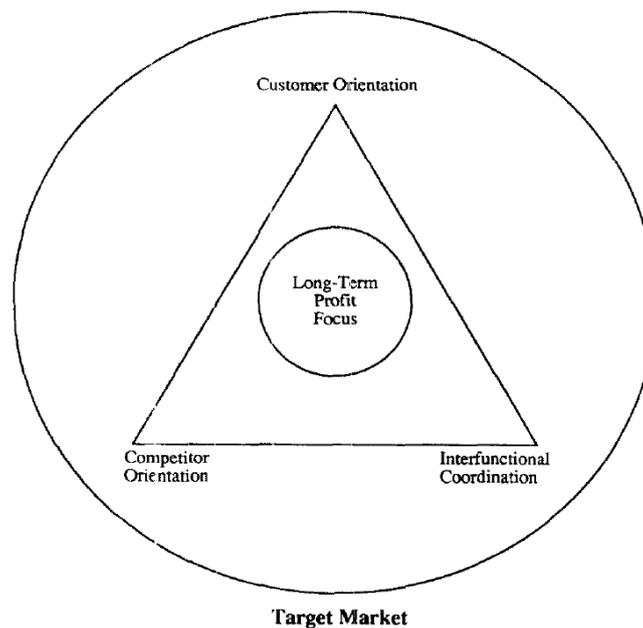
Figure 2.2: The MKTOR model
Source: Narver and Slater (1990)

The MKTOR model defines CO as the understanding of customer needs and characteristics (its value chain) now and in the future. The value chain is regarded as the way to create superior value for customers.

In order to validate the MKTOR scale, Narver and Slater (1990) conducted an empirical analysis based on 371 questionnaires completed by the top management team of 113 strategic business units of a large corporation in the forest industry. The participants also assessed the performance of each business unit by valuing the return on assets in relation to that from their competitors.

The items on the questionnaire were previously validated by two three-academician panels and they were pretested by six business unit managers. In the case of CO, the final questionnaire was formed by six items (see appendix 2) that were phrased to describe favourable and unfavourable practices in order to avoid any bias from the respondents.
   − Customer commitment
   − Create customer value
   − Understand customer needs
   − Customer satisfaction objectives
   − Measure customer satisfaction
   − After-sales service

The results indicated the high reliability of CO (together with the other two behavioural components) as a measure of MO and its positive effect on business performance. However, the higher importance of CO in comparison to the other components, as suggested by Peters and Austin (1985), was not tested. There are three other limitations of the study. The first is that the questionnaires were

responded to by management teams, not by employees or customers, whose perspective could differ significantly. The second was that these teams were a part of only one company. The third limitation was that no service industries were included in the sample of the empirical analysis.

2.3.1.3.   The Customer Orientation Among Service Employees Model (Kelley, 1992)

The model and scale developed by Saxe and Weitz (1982) has inspired numerous studies related to CO, as mentioned before. The majority of them have been a mere application of the scale to different sectors and research settings. This does not mean that they were good or bad research studies, but as a matter of fact, they used the SOCO scale as an instrument to prove different propositions and not to delve into the CO concept itself. However, amongst the long list of articles based on the SOCO scale, it is still possible to find some studies that, for diverse reasons, are worthy to be mentioned. That is the case of Kelley's (1992) study of the CO of service employees.

Kelley (1992) studied the applicability of the SOCO scale (see appendix 1 for the copy of the scale) to a service setting where the relationship component (Lovelock, 1983) was predominant, such as the retail banking service. The importance of that aspect rests in the idea that customer-oriented behaviours help to develop and maintain long lasting relationships with customers, as should be the aim of the retail banking business.

The author investigated the antecedents of the CO of service employees in the retail banking context. These antecedents were part of the process of organisational socialisation, which influences organisational commitment, climate for service, motivational direction and the effort of the service employee. See figure 2.3 for the original representation of the model. In his investigation, based on 249 customer-contact employees from four different banking companies, covering all of the hierarchical levels from tellers to branch managers, it was proven that a relationship exists between a high level of CO and organisational commitment, organisational climate for service, and motivational direction. Unfortunately, there are two drawbacks in this research. First, the author did not study any consequence of CO, and second, he assessed the level of the employee's CO based on their own perception, excluding the customer's perception who are the eventual recipient of the service. This second aspect is acknowledged by Kelley (1992) in his suggestions for further research.
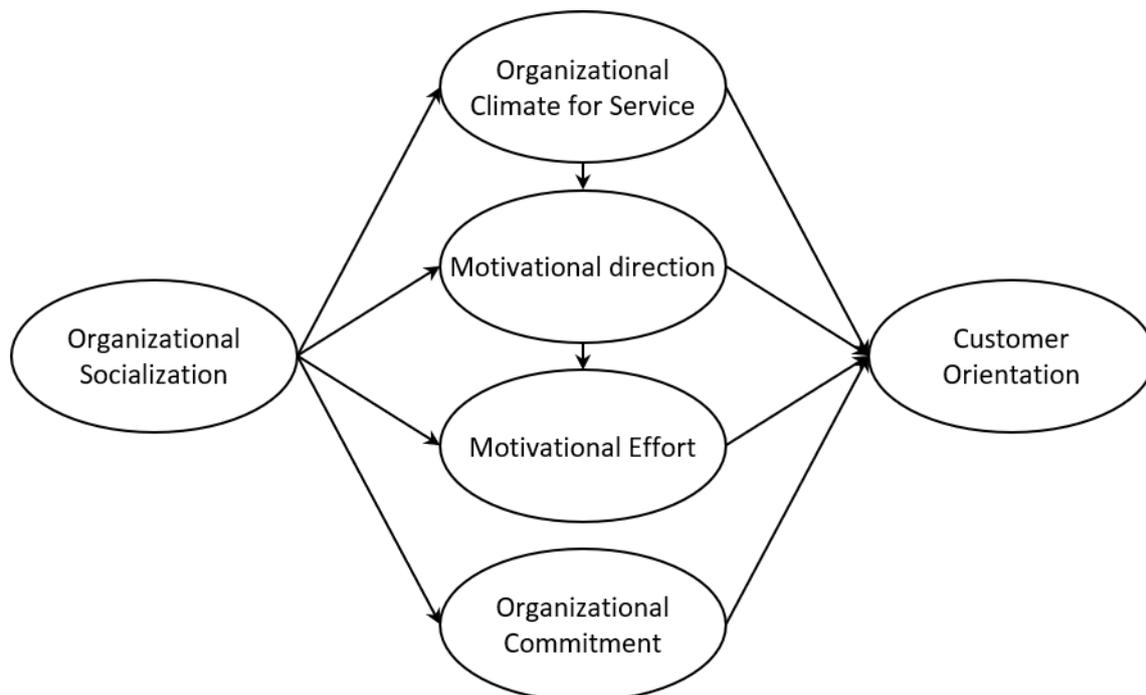
Figure 2.3: The CO among service employees model
Source: Own elaboration based on Kelley (19992)

2.3.1.4.   The Quadrads-based Model (Deshpandé, Farley and Webster, 1993)

The particular name that has been given in this study to this model originates from how the test of the model was conducted. On this occasion, the authors tested the model by collecting data from double dyads of sales executives and their counterparts of purchasing managers from their customers within the same two companies. This was done in order to solve some of the limitations of the previous models as addressed above.

In their article, Deshpandé, Farley and Webster (1993) argue that whereas CO is the group of beliefs that prioritises the customer's interest without excluding that of the other stakeholders (like owners or employees), it has to be assessed by both the customers and the company. They also consider the possibility that both assessments may not be equal and hypothesise the positive impact of CO on business performance. Figure 2.4 shows the conceptualisation of the model.
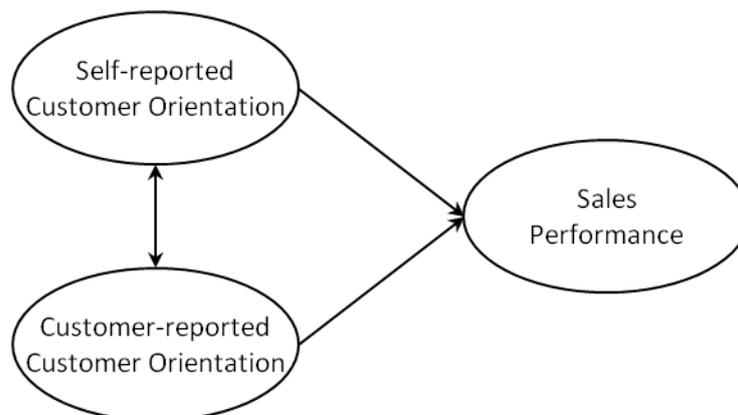
Figure 2.4: The Quadrads-based Model
Source: Own elaboration based on Deshpandé, Farley and Webster (1993)

A total of 50 quadrads (two sets of buyer-seller pairs) from top Japanese companies (listed in the NIKKEI index[1]) participated in the empirical test. They developed a list of 9 items to assess the level of CO, and 4 items for business performance in relation to the competitors. Appendix 3 details these items. The scale was based on the results of a series of qualitative interviews, a literature review of the construct, and a pretest conducted on a small sample of firms.

Based on the results, they concluded that there was no correlation between the company and the customer perspective about the level of CO. Indeed, the correlation of the latter was significant, while the correlation between the CO, as seen by the company, and its performance was notably low.

The most important contribution of their research was to prove that the lack of self-criticism amongst companies and their employees, could lead to an incorrect assessment of the level of CO. Therefore, it was critical to consider the evaluation from the customer perspective. However, due to the geographical context of their research, it was difficult to conclude if the lack of self-criticism was some particular characteristic of Japanese firms or if it was a cross-cultural aspect.

Additionally, the fact that the research was conducted in the business-to-business context is another limitation in that such results do not apply to business-to-consumer settings. Finally, customers and users behave differently to firms and have a different perspective of the firm's CO.

2.3.1.5.   The Multi-factor, Multi-item Approach to MO (Deng and Dart, 1994)
Similar to Narver and Slater (1990), Deng and Dart (1994) considered CO as a dimension of MO. They developed a scale of MO based on four behavioural dimensions; CO, competitor orientation, interfunctional coordination, and profit orientation. Despite the significant similarity with the scale developed by Narver and Slater (1990), Deng and Dart (1994) claimed that their approach was related

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[1] The NIKKEI index is the stock market index grouping the 225 biggest companies listed in the Tokyo stock exchange (NIKKEI, no date).

to the daily activities and behaviours that exist in a business organisation. Particularly, the dimension of profit orientation was not considered a behavioural component, like Deng and Dart (1994), but a decision criterion instead. See figure 2.5 for the original representation of the model.
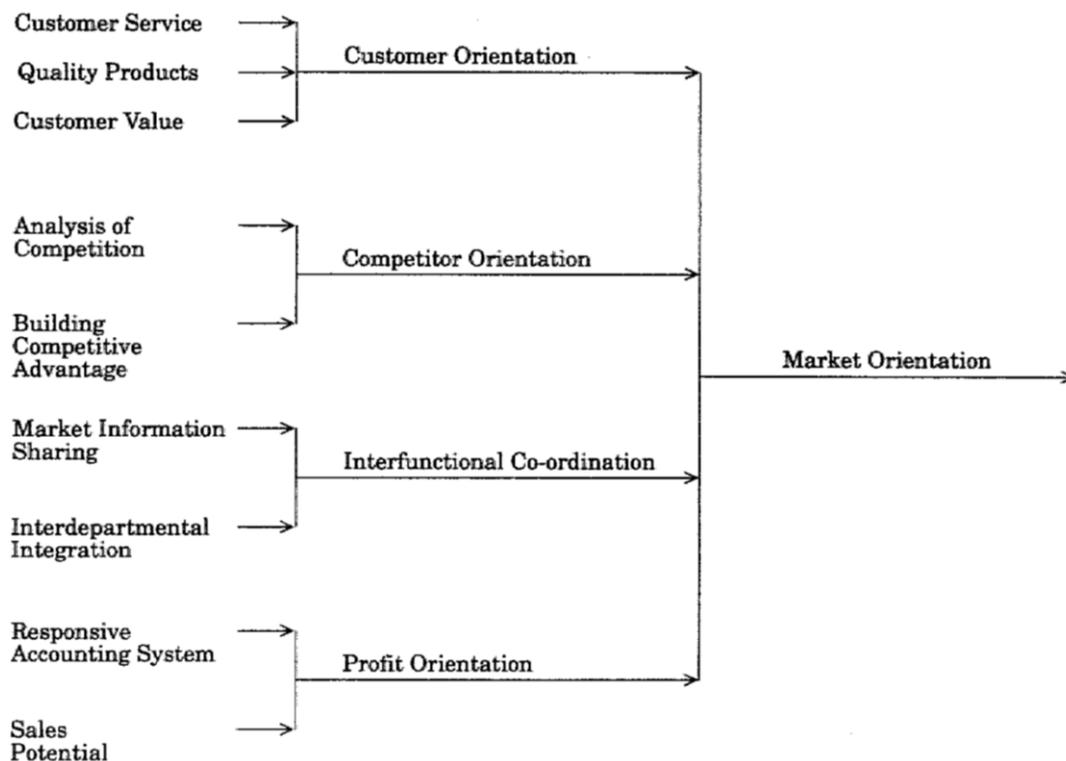
Figure 2.5: The multi-factor, multi-item model
Source: Deng and Dart (1994))

To define their own scale, Deng and Dart (1994) sent a questionnaire to 500 general managers and marketing managers from Canadian companies, from which they ended up with 248 usable responses. In the original questionnaire they had 33 items that were reduced to 25. See appendix 4 for the original list of items.

One of the improvements of this scale in front of some of the previous ones was the fact that it was tested amongst several industries, which made the scale more applicable in the future. Nevertheless, as with many other models, it was tested only from the employee perspective. This may be considered logical in the case of competitor orientation and interfunctional coordination, however, in the case of the CO dimension, it would be reasonable to confirm the results with the input from customers.

2.3.1.6.   The Short SOCO Scale (Thomas, Soutar and Ryan, 2001)
Provided the utility and extensive use given to the original SOCO scale developed by Saxe and Weitz (1982), Thomas, Soutar and Ryan (2001) refined the scale to make it more reliable and manageable, particularly when used with the measure of other constructs. Furthermore, similarly to Deshpandé, Farley and Webster (1993), they tested the shortened version not only with salespeople but also with customers.

They analysed the previous applications of the SOCO scale and concluded that other shortened versions of it have been applied to adapt the scale to particular circumstances and not with the same aim that they had. The authors based their analysis on the response to the original SOCO scale from 250 salespeople, 157 sales managers and 276 business-to-business customers. After a thorough statistical analysis of the results for the 24 items, they reduced the list to 10 items (5 for the Selling Orientation measure and 5 for the CO), while still keeping the validity and ensuring that no information was lost. The list of the 10 items used has been presented in appendix 5.

The most positive outcome of Thomas, Soutar and Ryan's (2001) work was to see how to measure a construct in a more parsimonious way, which does not necessarily imply worse results. Unfortunately, the new shortened version of the SOCO scale was applied in product-oriented companies and within the business-to-business context, which was a significant limitation regarding the purpose of this research.

2.3.1.7. The COSW Model (Brown *et al.*, 2002)

Brown *et al.* based their research on the assumption that CO was different from MO. According to them, CO was a construct at the employee level from those service companies that aim to be market oriented.

Due to the particularities of service companies, the level of CO of their employees would depend on the context and how much the individual tended to satisfy customer needs. There were two dimensions of the customer orientation of service workers (COSW); the needs dimension that represented the employees' self-perception about their capacity to meet customer needs, and the enjoyment dimension that referred to the level of enjoyment experienced by the employee when interacting with and servicing the customer.

They considered CO as a surface trait produced by the combination of various basic personality traits, as determinants of the construct, acting simultaneously within the service context. Figure 2.6 below presents the original conceptualisation of the model. In their empirical analysis they tested the following personality traits: extraversion, emotional stability, agreeability, conscientiousness (degree of order, precision and organisation), creativity, and the need for activity. To test these personality traits, they adopted a previous measure developed by Mowen and Spears (1999) and the ideas of Buss (1988), with a total of 23 items for the 6 attributes. Regarding the components of CO, they used six items from the SOCO scale (Saxe and Weitz, 1982) to measure the needs factor, and developed a new six-item scale (based on discussions with several practitioners) to measure the enjoyment component. See appendix 6 for the details of the different items.
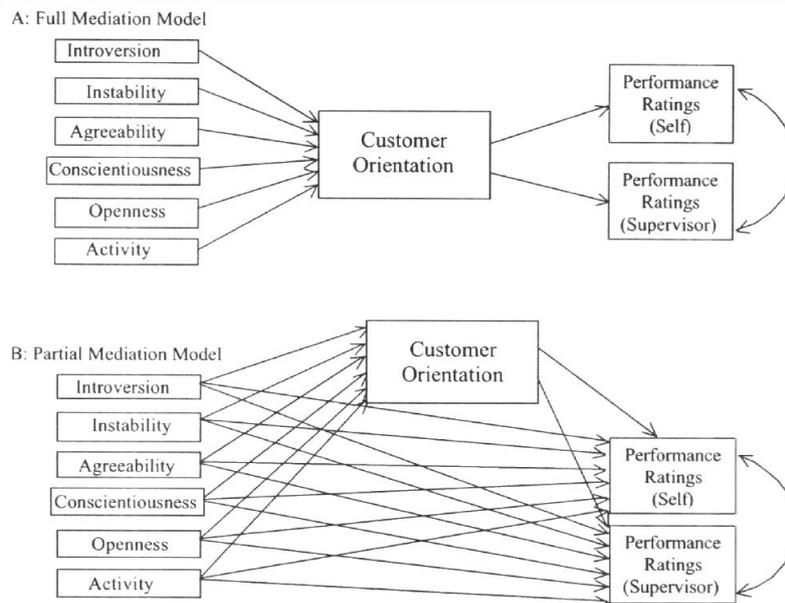
Figure 2.6: The COSW model
Source: Brown *et al.* (2002)

The survey was completed by 249 participants operating in the food service industry and the data was analysed using structural equation models. The results indicated that several basic personality features impact the degree of CO, notably stability, agreeability, and the need for activity being the three most influential, while extroversion and conscientiousness, were found to be the two weakest determinants.

There were two remarkable contributions from this research regarding the development of the CO construct. The first contribution was that CO was considered a behavioural aspect of employees, which was determined by their basic traits. Secondly, was the consideration of the service sector being strongly influenced by the contextual aspects and therefore, the behaviour of the employee was what impacted the service outcome.

Amongst the limitations, the one that was most prominent was the limited number of traits considered and not only personality features, but also the attitudinal aspects or other additional dimensions of CO that were completely excluded from the study. For instance, motivation was frequently mentioned throughout the article like it was one of the possible outcomes of the stability or the need of activity traits. However, it was not included in the final model. Another noteworthy drawback is the result they obtained regarding the importance provided by supervisors to the level of COSW. Whether or not CO is an important characteristic of certain service companies is undoubtedly a question that should be further addressed.

2.3.1.8. The Service Provider's CO Model (Susskind, Kacmar and Borchgrevink, 2003)

As in the case of Brown *et al.* (2002), Susskind, Kacmar and Borchgrevink (2003) considered CO as a personal behaviour notably influenced by the context in which the service provision occurs. Indeed,

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they focused their attention on understanding; (1) how the support coming from supervisors and co-workers, as part of the service context, could influence the level of CO of service employees, and (2) how CO impacts the level of customer satisfaction. Figure 2.7 below illustrates the conceptualisation of the model.
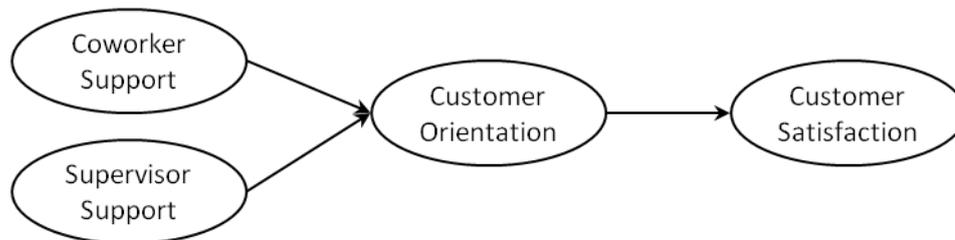
Figure 2.7: The service provider's CO model
Source: Own elaboration based on Susskind, Kacmar and Borchgrevink (2003)

In order to test the two mentioned relationships, the authors conducted a survey of 269 customers and 354 service employees from different industries. The questionnaire was based on a pilot study conducted amongst 400 Master's students and consisted of 33 items in total, from which 5 were to measure the degree of CO (see appendix 7 for further details).

The results, which were assessed using structural equation modelling, highlighted the strong relationship between customer satisfaction and CO. However, it was only the support from co-workers that proved to influence the level of CO, and not supervisor support. That lack of connection was justified by the speculation that supervisors are not always on the front line when customers are served, an aspect that might reduce the influence of their support to front line employees.

A flaw of this research however, is the fact that the content and direction of the support (coming from co-workers or supervisors) did not necessarily have to be aligned with customer-oriented behaviour. In other words, if one supervisor was not customer-oriented, any support coming from him or her would not help or incentivise the subordinate to be customer-oriented in turn. Another potential improvement of the research would be to identify which other consequences of the level of CO in addition to customer satisfaction could exist. As has been discussed, RM's goals are large and none of them should be excluded when studying an important construct within the RM field such as CO.

Nevertheless, it is important to highlight how Susskind, Kacmar and Borchgrevink's (2003) study reinforced the idea that, in the field of service companies, context aspects somehow influence frontline employees' behaviour, and therefore, their level of CO.

2.3.1.9. The Internal Benefits Model (Donavan, Brown and Mowen, 2004)
The last work to be reviewed is the CO model proposed by Donavan, Brown and Mowen (2004). In their study, they developed a new conceptualisation of CO and analysed its impact on different internal benefits for service employees; job satisfaction, commitment, and organisational citizenship behaviour. It was also part of the study to understand how the impact of CO can be influenced by the

contact time between the employee and the customer. Figure 2.8 shows the conceptualisation of the model.
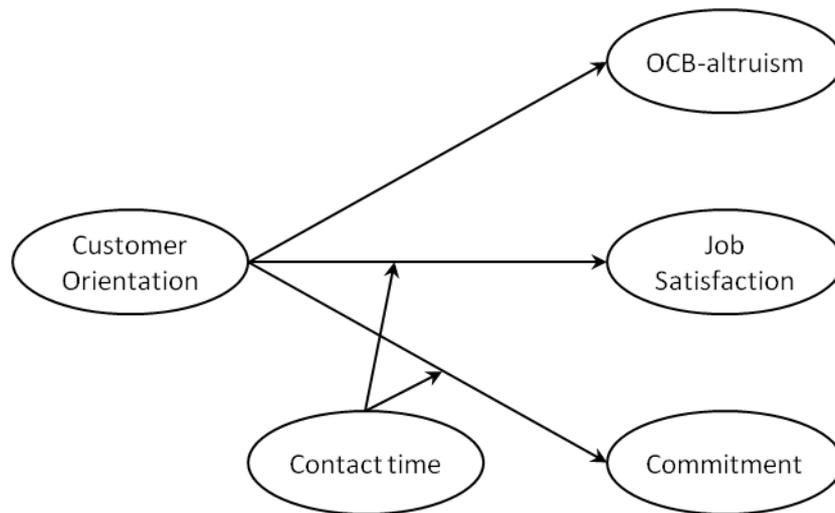
Figure 2.8: The internal benefits model
Source: Own elaboration based on Donavan, Brown and Mowen (2004)

Donavan, Brown and Mowen (2004) addressed how the implementation of the marketing concept is executed at the individual worker level, particularly in service companies, instead of the company level as defined before. The "implementation of the marketing concept in service firms is accomplished through service employees and their interactions with customers" (Donavan, Brown and Mowen, 2004, p. 128)- Therefore, in order to improve service company performance through the adequate implementation of the marketing concept, it was the CO of its employees which was highlighted as a relevant dimension to be measured and developed.

They define CO as a trait of the employee consisting of four dimensions. The level of CO will depend on the employee's desire (1) to pamper the customer, (2) to communicate with the customer, (3) to establish a personal relationship with the customer, and (4) to deliver a successful service. These dimensions were assessed using a total of 13 items (see appendix 8) that resulted from a thorough qualitative study, a review from academics and practitioners, and statistical analysis of an initial list of 98 statements concerning the different aspects comprising CO.

The survey was completed by 249 participants operating in the food service industry and the data was analysed using structural equation models. The results indicated that several basic personality features impact the degree of CO, notably stability, agreeability, and the need for activity being the three most influential, while extroversion and conscientiousness, were found to be the two weakest determinants.

There were two remarkable contributions from this research regarding the development of the CO construct. The first contribution was that CO was considered a behavioural aspect of employees, which was determined by their basic traits. Secondly, was the consideration of the service sector being strongly influenced by the contextual aspects and therefore, the behaviour of the employee was what impacted the service outcome.

Amongst the limitations, the one that was most prominent was the limited number of traits considered and not only personality features, but also the attitudinal aspects or other additional dimensions of CO that were completely excluded from the study. For instance, motivation was frequently mentioned throughout the article like it was one of the possible outcomes of the stability or the need of activity traits. However, it was not included in the final model. Another noteworthy drawback is the result they obtained regarding the importance provided by supervisors to the level of COSW. Whether or not CO is an important characteristic of certain service companies is undoubtedly a question that should be further addressed.

2.3.1.10. The Frontline Employee Model (Ifie, 2014)

Despite its still limited impact, probably due to the short amount of time that has elapsed since it was published, the research conducted by Ifie (2014) is of enormous interest for the body of knowledge related to CO. This is due to the use the author applied of the CO concept. He aimed his study at identifying whether or not a similar level of CO between the company and the employee would lead to a higher degree of organisational commitment from the employee. It was not about looking at the impact of the company characteristics on the employee's behaviour, but on the match between employee and company characteristics which determined different outcomes.

The study was based on the response from 252 frontline service employees of a retail bank. The author used previously published scales to measure the level of CO, like Brown *et al*. (2002) or others also based on previous studies (Saxe and Weitz, 1982; Narver and Slater, 1990). A copy of the original list of items used in the study is shown in appendix 9. The aspect provides some originality to this research. However, the main contribution was related to the importance of the organisational positioning regarding CO and its influence on the employee's organisational commitment, particularly on those with a similar or higher, than the organisation, level of CO.

Unfortunately, no consequences of such an alignment were studied in this research. The author proposed to further study other consequences of the alignment of CO in his suggestions for further research. Such a proposition opens the door for studies looking to extend the range of consequences that the CO of service employees may have.

2.3.2. The COSE Model (Hennig-Thurau and Thurau, 2003)

2.3.2.1. Definition

For the first time in 2003, Hennig-Thurau and Thurau attempted to clarify the concept of CO, distinguishing it explicitly from the concept of MO. Its definition, in the terms that will be considered in this study, can be summarised in the following way: CO is the characteristic of the service employee that (1) has the capacity and skills to identify, understand and satisfy the needs of their clients, and (2) acts to that end (Hennig-Thurau and Thurau, 2003). Therefore, CO at the employee level is a behavioural characteristic, as opposed to MO, which is a cultural and organisational characteristic at a company level, as it concerns the structure of and processes within the company.

The importance of CO as a behavioural characteristic derives from the role that it plays in the RM context. According to Hennig-Thurau and Thurau (2003), CO can be considered as a means to achieve

RM outcomes, as they share the same goals. In other words, CO is an implicit pillar of RM (Hennig-Thurau and Hansen, 2000). Such a statement was strongly defended by Hennig-Thurau and Thurau (2003) in their conceptual article about the customer orientation of service employees (COSE), but surprisingly, it was not explicitly mentioned in the empirical test about the consequences of COSE conducted by Hennig-Thurau (2004). There are several behavioural outcomes of an adequate RM (Heskett *et al*., 1994; Hennig-Thurau, Gwinner and Gremler, 2002), namely customer loyalty, customer trust and word of mouth, which were shockingly ignored by Hennig-Thurau (2004).

As mentioned above, in accordance with the previous definition of CO, Hennig-Thurau and Thurau (2003) theoretically developed the construct of COSE and designed a measurement scale that was applied empirically. Its validity was confirmed along with its consequences in a subsequent investigation (Hennig-Thurau, 2004). In the literature review, there have been presented and critically discussed other models and scales that worked with the CO construct within the service sector (Kelley, 1992; Ifie, 2014), and with the consequences of CO (*e. g.* Susskind, Kacmar and Borchgrevink, 2003; Homburg and Stock, 2005; Ha and John, 2010). However, none of the reviewed studies used a comprehensive and multi-dimensional model like COSE aimed at testing its relationship with the customer's perception of the service and his or her relationship with the service provider.

Indeed, a year before Hennig-Thurau and Thurau (2003), as presented earlier in item 2.3.1.7, Brown *et al.* (2002) worked on a modification of the scale originally developed by Saxe and Weitz (1982). In it, they added motivation level and social skills as factors that influenced the CO level, which in a certain way can be viewed as a precursor to the model presented by Hennig-Thurau and Thurau (2003). However, there are two clear differences –and in turn deficiencies– in the model of Brown *et al.*, in relation to the COSE model: (1) Just like Saxe and Weitz (1982), they tested their model based on employees' self-perceptions and not on the client perceptions, and (2) they omitted the other two dimensions of the COSE model: technical skills and decision-making authority, which were confirmed as being equally important as the others by Hennig-Thurau (2004).

In said model, according to the 2004 version developed by Hennig-Thurau, there are four characteristics of the service employees involved, namely technical skills, social skills, motivation and decision-making authority, that the service employee should have in order to be customer-oriented. Figure 2.9 illustrates the structure of the model.
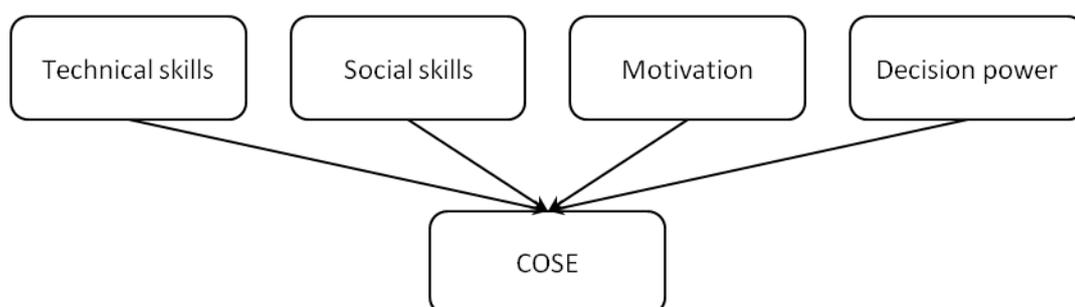
Figure 2.9: COSE model
Source: Own elaboration based on Hennig-Thurau and Thurau (2004)

2.3.2.2. Advantages of the COSE model

In summary, the COSE model was considered the best alternative amongst all the CO models because it satisfies the five following conditions:

- It is framed within the RM theoretical context, which is the context where the study of the service employees' characteristics should be studied and eventually further developed.

- It refers to the service employee, in our case the private banker, and not to the organisation. As introduced in subsection 1.3.2, the private banker plays a central role from the side of the company in the provision of the service. For that reason, having a customer-oriented organisation without ensuring a high level of COSE of the private banker would be ineffective, as was proved by Ifie (2014).

- It is the most complete of the models developed to date. In the analysis of the different conceptualisations of CO, from the perspective of the private banking (PB) service, the flaws are evident with regards to the measure of CO, particularly in relation to the different characteristics that the private banker needs to have in order to be customer oriented.

- It has been empirically validated in different investigations. Despite being one of the latest models to be published, it has been cited numerously (see table 2.2 in subsection 2.3.1) which highlights the high level of acceptance that the COSE model has received by the academic body.

- Despite all the work that it has inspired, it still has enormous potential due to the fact that it has been only tested in service settings where transactions are prioritised in front of relationships and a limited number of consequences has been taken into consideration (see items 2.3.2.4 and 2.3.2.5).

Table 2.3 shows a summary of all the CO models that have been analysed.

Scale or Model	Author/s	Year	Research Stream	Main Characteristics	Study Subject
The SOCO scale	Saxe and Weitz	1982	n/a	− First validated scale of CO. − CO is based on attitudes and behaviours of salespeople. − Tested on product companies.	Employees
The MKTOR model	Narver and Slater	1990	CO is part of MO	− CO is the understanding of customer needs and characteristics. − Tested on products companies.	Managers
The CO among service employees model	Kelley	1992	CO is independent from MO	− Application of the SOCO scale to a service context.	Employees
The Quadrads-based CO model	Deshpandé, Farley and Webster	1993	CO and MO are synonyms	− Tested in a B2B context. − There are differences between employee and customer perspective on CO.	Employees and customers

Scale or Model	Author/s	Year	Research Stream	Main Characteristics	Study Subject
The Multi-factor, Multi-item Approach	Deng and Dart	1994	CO is part of MO	− Not only CO is a behavioural construct but also MO at the organisational level.	Employees
The short SOCO scale	Thomas, Soutar and Ryan	2001	(n/a)	− Shortened and validated version of the SOCO scale.	Employees
The COSW model	Brown *et al.*	2002	CO is independent from MO	− CO is based on the capacity and interest of the employee.	Employees
The service provider's CO model	Susskind, Kacmar and Borchgrevink	2003	CO is independent from MO	− CO is a behavioural aspect of the employee. − The service context influences the level of CO.	Managers and employees
The internal benefits model	Donavan, Brown and Mowen	2004	CO is independent from MO	− CO is a behavioural aspect of the employee. − The service context influences the level of CO.	Employees
The COSE model	Hennig-Thurau	2004	CO is independent from MO	− Model focused on the employee's characteristics. − Tested on transactional services.	Customers
CO of frontline employees model	Ifie	2014	CO is independent from MO	− Mixed use of different scales in order to measure the level of CO of companies and employees	Employees

Table 2.3: Summary of CO models
Source: Own elaboration

There are three common drawbacks in the rest of CO models; (1) CO is not independent of MO and therefore is not considered a behavioural construct at the employee level, (2) the model has been not tested based on the customer perspective, so they just refer to the self-perception of the CO level of the employee, and (3) they were based on product related companies or not sufficiently relational for confirming they applicability within the RM theory.

2.3.2.3. Antecedents

In their original model, Hennig-Thurau and Thurau (2003) established the three dimensions of COSE as comprised of (1) the employee's skills to behave in customer-oriented ways, (2) the motivation that the employee might have to act in such ways, and (3) the perceived authority to respond to the customer's needs. The antecedents thus can be summarised as possessing the knowledge (or capacity), willingness, and power to act in a customer-oriented way.

It is noteworthy to mention that, for the purpose of this study, technical and social skills also include the knowledge that the employee has to perform his or her activity, as expressed by Hennig-Thurau

and Thurau (2003). This conception of skills is not fully aligned with the concept of capabilities as the group of skills and knowledge used by several authors (*e.g.* Morgan, Worhies and Mason, 2009; Wu, 2013), and therefore it is suggesting that skills and knowledge are different concepts at the same level.

After the presentation of the conceptual model of COSE, in the empirical research conducted by Hennig-Thurau (2004), the skills dimension was proposed to be split into social and technical skills. Thus, the four dimensions that enable the employee to be customer-oriented were definitively characterised as follows:

2.3.2.3.1. Technical Skills

Technical skills incorporate the knowledge that the employee requires to provide a high-quality service to the client (Argyle, 1967). This includes training as well as the experience of the employee, along with all of their knowledge of the technologies and products that can improve their capacity to both, sufficiently understand the needs of the client and to effectively deliver the service that is required. Technical skills can include tangible elements, for instance the employee's numerical skills, but also more intangible aspects, like the employee's knowledge about the latest products and services offered by the firm. This is why the learning orientation of the employee becomes crucial.

2.3.2.3.2. Social Skills

Social skills concern what the employee needs in order to be able to see things from the client´s point of view, which is coined as the perspective-taking capacity (Hennig-Thurau and Thurau, 2003). This capacity needs to be cognitive as well as emotional, and sometimes physical. That is to say, the employee puts themselves in the client´s place in order to have a view of what the client perceives, sees, thinks, knows, understands and feels.

Social skills are closely related to the employee's personality, and therefore, they are more difficult to acquire than technical skills. Hurley (1998) defined three factors of personality of service employees; extroversion, agreeableness, and adjustment.

- Extroversion refers to the need for attention and social interaction, which eventually makes the employee more active and communicative when relating with customers.

- Agreeableness is the desire of the employee to establish amiable relationships with customers by trying to avoid confrontational communications and to foster cordiality with customers.

- Adjustment means the capacity of the employee to feel a situation and the environment as threatening or under control, and therefore to overcome difficulties to communicate and to react according to the customer's requests.

2.3.2.3.3. Motivation

Motivation is the personal incentive that the service employee has in order to respond to the customer's needs. According to Vroom (1967), the employee's motivation is determined according to:

- The value that the employee places on being customer-oriented in terms of self-satisfaction and personal commitment to the organisation.

- The likelihood of achieving such behaviour and the different resources or factors that contribute to increase the probability of success.
- The probability that the employee feels they have of being rewarded when being customer-oriented.

Hennig-Thurau and Thurau (2003) used Vroom's (1967) motivation model in the development of COSE but, surprisingly, they did not explore other consolidated definitions of human motivation. In particular, Maslow's (1943) theory could have provided the COSE model with further robustness, providing the higher acceptance that it had amongst academics (Wahba and Bridwell, 1976).

2.3.2.3.4.   Decision-making Authority

Decision-making authority is the freedom perceived by the employee to act according to the needs and requirements of the client. Hennig-Thurau and Thurau (2003) stated that, although such authority is felt by the employee, the level of freedom that employees have available depends on:

- The structure of the organisation, its rules and practices as they foster the use of power by the service employee.
- The organisational culture and how it is perceived by the management in relation to the use of decision-making authority.
- The relationship that the employee has with their supervisor and how trustful he or she is considered to be.

2.3.2.4.   Consequences

Under the assumption that the four above mentioned dimensions of COSE impact equally any potential outcome of the model, *i.e.* COSE is a construct with four second-order factors, Hennig-Thurau (2004) modelled customer satisfaction, emotional commitment, and retention as the constructs that will be positively influenced by a higher level of CO:

- Customer satisfaction is defined as the difference between the customer's expectations regarding the service employees' anticipated actions and how the employees really behave during service delivery.

- Emotional commitment is based on the nearness to and interconnection with the service employee.

- Customer retention stems from their likely return to the service providers where a high level of CO is present, and where a trustful relationship is formed in those circumstances.

In this study, since customer satisfaction has been proven to be a consequence of RM (Ndubisi and Chan, 2005), it is also acknowledged as a direct consequence of COSE. However, in relation to emotional commitment and customer retention, there are two limitations to Hennig-Thurau's (2004) conclusions. On the one hand, the importance of commitment derives from its potential to offset a low-performance service (Hennig-Thurau, 2004). However, missing other forms of commitment (Garbarino and Johnson, 1999) goes against the principle of COSE as formed by the four dimensions. For instance, the technical skills of the employee will influence the instrumental component of

commitment rather than the affective component, which is probably more affected by social skills or motivation. On the other hand, Hennig-Thurau (2004) referred just to the emotional cause of such retention. The customers will go back to the service providers whose employees they like and who make them to feel pleasant. It might happen that the customers can stay loyal to the service providers because of the high expertise they may have or the service's technical quality that they offer (Heskett *et al.*, 1994).

2.3.2.5. The First Test and Subsequent Studies

The original test of the COSE model was done through a questionnaire presented to the service customers. The questionnaire was formed of 24 items in total: 12 for the four service employees' characteristics (each characteristic had three questions) and 12 for the three model consequences (each consequence had four questions). The original questionnaire is provided in appendix 10. The test was completed by customers from two different services; travel agencies and media retailers (Hennig-Thurau, 2004).

It is worth questioning why these two highly transactional settings were used, instead of other more relational settings (see further information about the differences between both type of settings in section 3.5). Such question is difficult to answer. However, what is possible to assert is that the use of these transactional settings was probably the cause for the lack of connection between the COSE and RM as manifested in the first empirical test of COSE (Hennig-Thurau, 2004), as mentioned above in item 2.3.2.1.

Nevertheless, the reality is that in the first test, Hennig-Thurau proved the relationship between COSE and the three above discussed consequences via structured equation modelling (SEM). Figure 2.10 shows the strength of the relationships that were tested.

Figure 2.10: Path coefficients between COSE and the consequences studied in the original test
Source: Own elaboration based on Hennig-Thurau (2004)

Due to the practical approach of the model it was possible to extract several implications for the management of service companies from the budget allocation for staff training to recruiting strategies.

These actions should be aimed at improving the four dimensions considered in the COSE model (Hennig-Thurau, 2004).

The following years after the publication of the model had a limited influence on further studies. However, Kuppelwieser, Chiummo and Grefrath (2012) remarked that Hennig-Thurau's COSE model gained significant importance, as evidenced by the number of studies that used the COSE model after 2009. Table 2.4 below presents a summary of all COSE model related articles that have been found:

Title	Author/s	Year	Industries	Country	Publication
COSE – Its impact on customer satisfaction, commitment and retention	Hennig-Thurau	2004	Book/CD/DVD retailing Travel agents	Germany	International Journal of Services Industry Management
Customers' responses to customer orientation of service employees in full-service restaurants: A relational benefits perspective	Kim	2009	Restaurant	United States	Journal of Quality Assurance in Hospitality and Tourism
Customer orientation of service employees and organizational performance: Empirical evidence from Indian banking	Siddiqi Sahaf	2009	Retail banking	India	Decision - Official Journal of Indian Institute of Management Calcutta
After the horse has left the barn, it's too late to close the door: a study of service firms' conflict handling ability	Walsh Ndubisi Ibeh	2009	Retail banking Healthcare	Malaysia	ANZMAC Conference
Customer orientation of service employees and rapport: Influences on service-outcome variables in full-service restaurants	Kim Chihyung	2010	Restaurant	United States	Journal of Hospitality and Tourism Research
Customer orientation of service employees: A case study of Iranian Islamic banking (based on COSE model)	Hanzaee Mirvaisi	2011	Retail banking	Iran	International Journal of Marketing Studies
Effective communication styles for the customer-oriented service employee: Inducing dedicational behaviours in luxury restaurant patrons	Kang Hyun	2012	Restaurant	United States	International Journal of Hospitality Management
A replication and extension of Hennig-Thurau's concept of COSE	Kuppelwieser Chiummo Grefrath	2012	Rental car Insurance	Germany	Journal of Customer Behaviour
Customer retention structural model of direct selling employees	Lee Mat Saidin Ludin	2012	Direct selling	Malaysia	American Journal of Economics
Mindfulness, reliability, pre-emptive conflict handling, customer orientation and outcomes in Malaysia's health sector	Ndubisi	2012	Healthcare	Malaysia	Journal of Business Research

Title	Author/s	Year	Industries	Country	Publication
Determinants of customer retention: Offering a model to banking industry	Moghadam	2013	Retail banking	Iran	Journal of Applied Business and Finance Researches
The effect of employees' customer orientation, customer's satisfaction and commitment on customer's sustainability	Raie Khadivi Khdaie	2014	Retail banking	Iran	Arabian Journal of Business and Management Review (Oman Chapter)
Impact of customer orientation of service employees on customer satisfaction towards retention in finance companies	Sivesan Karunanithy	2014	Retail banking	Sri Lanka	European Journal of Business and Management
The impact of customer orientation of service employees on customer satisfaction, commitment, and retention in logistics service provider	Baihaqi Wibawa	2016	Logistics services	Indonesia	7th International Conference on Operations and Supply Chain Management
Impact of relationship marketing, service quality and customer orientation of service employees on customer satisfaction and behavioral intentions and its impact on customer retention	Bramulya Primiana Febrian Sari	2016	Retail banking	Indonesia	International journal of Economics, Commerce and Management
Customer orientation of service employees: A phantom model approach	Farooghi Waseem Qasim	2016	Mobile communications	Pakistan	Journal of Business Studies
A study of customer orientation in the Iranian banking industry: The case of Mellat Bank	Rouholamini Alizadeh	2016	Retail banking	Iran	International Journal of Research in Management, Economics and Commerce
Customer perceived value and customer orientation of salespeople in purchasing luxury natural products	Jansri Trakulmaykee	2016	Luxury cosmetics	Thailand	7th International Research Symposium in Service Management

Table 2.4: Compilation of articles based on COSE model
Source: Own elaboration

It is interesting to see how retail banking is a recurrent industry that has been used to test the COSE model in these articles. This has been as a result of the important role that COSE plays in a service with the particularities of the banking industry and its employees, namely highly competitive (Moghadam, 2013), service complexity (Raie, Khadivi and Khdaie, 2014), the necessity to know the customer's needs to provide an adequate service (Bramulya *et al.*, 2016), and the high level of interaction and duration of the relationship (Rouholamini and Alizadeh, 2016). In addition, there is the special interest of services marketing in banking and the important changes that the financial services industry has experienced in some developing countries (Baglole, 2004). However, none of the studies were carried out in a developed country with a high level of banking access, nor in the specific context of PB, where all of the above-mentioned characteristics are even more prominent.

Additionally, some authors simply based their research on the original model (Ndubisi, 2012; Jansri and Trakulmaykee, 2016), but did not fully utilise the measurement instrument as originally developed by Hennig-Thurau (2004). Likewise, Kim (2009), Walsh, Ndubisi and Ibeh (2009), Kim and Ok (2010), Kang and Hyun (2012), and Kuppelwieser, Chiummo and Grefrath (2012) tried to go further than the original COSE model, either introducing new consequences or by implementing control variables as Hennig-Thurau (2004) suggested. Table 2.5 summarises the list of consequences, the number of times that it has been tested in different research, and the path coefficient value (Hair *et al.*, 2014), or the range of values of the relationship between COSE and its consequence.

Consequence	Number of times tested	Path coefficient value (or range)
Satisfaction	9	0.24 – 0.84
Commitment	8	0.08 – 0.51
Retention	8	-0.31 – 0.31
Confidence benefits	1	0.83
Social benefits	1	0.30
Loyalty	1	0.63
Rapport	1	0.25
Advocacy	1	0.78
Enhancement	1	0.62
Cooperation	1	0.63
Behavioural intention	1	0.17

Table 2.5: Compilation of COSE consequences
Source: Own elaboration

Hence, although the hypothesised consequences of COSE were somehow validated by every research study, it was only customer satisfaction which showed a strong relationship with COSE across all of the studies.

Another conclusion that can be extracted from the subsequent studies applying the COSE model, is the exclusivity of the quantitative approaches used to test the model. While the model was originally conceived with that purpose, it would be reasonable to contemplate the utilisation of a qualitative study in order to clarify the reasons behind some of the quantitative results obtained so far, and also to justify further development of the model. This is what has been done in the present study, where the model has been further developed, improved, and adapted to a sector with the particular characteristics of PB, compared to the other service settings used so far, where it has still not been assessed before.

2.4. Research Gap

As it has been noted, according to Hennig-Thurau and Thurau (2003), the outcomes of successful RM are the same as those of COSE. RM is defined as the enhancement of the relationship with customers through the active engagement of front-line employees (Berry, 1983), especially in service companies. So, if the idea of the present study is to further develop the construct of COSE and definitively integrate it with the RM theory, several research gaps that were never considered in the literature and were needed to be addressed, namely:

1. The differentiation of CO from MO (Kohli and Jaworski, 1990; Narver and Slater, 1990) and the implications for the RM theory. This was necessary to differentiate the COSE model from other models proposed in the literature.

2. The lack of confirmation of the COSE model as the adequate to study the RM theory. This gap appeared because of the underused that it had been given to the COSE model so far (see the examples in item 2.3.2.5).

3. Since the COSE model had been tested only in transactional services, a third gap was the identification of a highly relational service where front-line employees and customer relationships were key for the success of a company to be used as the appropriate research setting.

4. COSE marked only three characteristics of customers as the determinant factors of business success; customer satisfaction, customer retention, customer commitment (Hennig-Thurau, 2004), from which, only customer satisfaction was considered as a consequence of RM. So, another gap that was covered by the present study was to establish if these aspects were sufficiently relevant and whether or not they should be completed with other measures of business performance that would ultimately be related to RM

5. COSE was defined as a four equally-important dimensions, however, it had not been questioned if such affirmation was correct. Therefore, a last gap was covered by the detailed analysis of the COSE model in order to identify the potential variables of the service that could eventually influence its four dimensions.

6. Once PB was identified as an adequate setting for this research, an academic definition and characterisation of this service was identified as missing in the literature.

Chapter 3:   Methodology

3.1. Research Philosophy

Before going into detail with the formulated research design, it is necessary to first address the philosophical paradigm informing the design of this current research. Guba and Lincoln (1994) pointed out that the research design is secondary to paradigm choice, as it underpins how the research will be guided in terms of beliefs and views when developing new knowledge according to a specific research philosophy. Although the research philosophy should determine the research methodology and the perspective within regards to the field of study, any research paradigm could be used with both qualitative and quantitative methods (Saunders, Lewis and Thornhill, 2009).

On the one hand, an important goal of this research was to address the practitioner's perception of the customer orientation of service employees (COSE). To do so, a series of qualitative interviews were conducted, where inevitably, the researcher had to take part and somehow guide the participant. Therefore, for this part, subjectivism was a more suitable ontological position (Saunders, Lewis and Thornhill, 2009). On the other hand, the fact is that a conceptual model of the COSE construct and its consequences were taken as a starting point and guided the overall inquiry of this research. In such a perspective, a position aligned with objectivism was possible to bring in to play (O'Gorman and MacIntosh, 2015). Since subjectivism and objectivism are not discriminatory, the use of both perspectives is accepted as common in research in management (O'Gorman and MacIntosh, 2015). Indeed, adopting a unique and clear research paradigm continued to fuel the academic debate (Saunders, Lewis and Thornhill, 2009) and is sometimes a complex step (Johnson and Onwuegbuzie, 2004; Hall, 2013). The present research is not free of such difficulty.

The above-mentioned dichotomy consequently led this investigation to be positioned somewhere between both paradigms, or better said, it moves from one to the other depending on the specific research question to be addressed and the stage of the study, as suggested by Tashakkori and Teddlie (1998). This has led to the adoption of a pragmatic philosophical outlook. Pragmatism provides the researcher with the needed freedom to undertake the research that is considered more valuable for him or her, skipping any fruitless debate about his or her perception of the reality and concept of truth, amongst others (Tashakkori and Teddlie, 1998).

Despite the criticism levelled at this outlook, pragmatism enjoys notable support from researchers nowadays (Johnson and Onwuegbuzie, 2004; Hall, 2013). Pragmatic philosophy is characterised by multiple views based on the observable phenomena, which depends on the research questions, and which focuses on practical research to integrate different viewpoints to interpret data (Saunders, Lewis and Thornhill, 2009).

3.2. Research Design

The research design concerns how the research is configured in terms of the type and origin of the evidence, and the way it is used to work with the theory and to answer the research questions. It consists of deciding about the research approaches and strategies that will be followed (Saunders, Lewis and Thornhill, 2009). These are two features of any investigation that are chiefly dictated by the type of research questions (Remenyi, 2002) and the research philosophy (Saunders, Lewis and Thornhill, 2009). However, trying to rigidly link research philosophies and approaches, like positivism and deductivism, might be equivocal and unrealistic in practice (Saunders, Lewis and Thornhill, 2009).

3.2.1. Research Approach

In this qualitative research study, the main aim was to investigate how COSE was understood in highly relations services (HRS) and what other outcomes a high level of COSE in the front-line employees should produce in addition to those already studied and proven in previous research. To do so, several interviews with practitioners were conducted and, although the theory regarding the COSE model was used as a guideline in a somehow deductive approach, the study was open to inductively extracting several different viewpoints in this regard. Such an approach allowed the researcher to gain very interesting insights about the PB industry and private bankers. These ideas suggested that a modified version of the theoretical model could eventually adapt better to the reality of an HRS such as private banking (PB).

The approach taken by an investigation will mainly depend on where the theory is placed in relation to the data collection. It is reckoned as a deductive approach if the starting point is the proposition of a theory and hypothesis, and data will be collected and analysed to check such propositions according to the research strategy. In other words, by following a deductive approach, the theory and hypothesis are tested in order to be confirmed, rejected or modified according to the results (Saunders, Lewis and Thornhill, 2009). On the contrary, if the proposition of a theory is the result of the collection and study of data free of previous hypothesis, then it is considered an inductive approach (Neuman, 2014).

Saunders, Lewis and Thornhill (2009) provide a list of most general and common characteristics of the deductive approach, that are mostly accomplished in the deductive part of this research:

- The aim is to give an explanation to casual relationships between concepts from an objective perspective.
- To test the hypothesis adequately, it requires using controls over certain variables.
- The methodology is structured and possible to replicate.
- In order to measure the variables, they have to be operationalised.
- It generally uses quantitative data and samples large enough to generalise conclusions.

They also list the main features of the inductive approach, which are fulfilled in the corresponding part of this thesis:

- It helps to understand how humans see and read their social context.
- Since it tends to be a more flexible approach, different perspectives can be considered to provide an explanation of the issue.

- The context that surrounds the events is an important aspect of the research as it may influence how the researcher observes the reality under analysis, *i.e.* the subjective philosophy.
- It generally uses qualitative data to extract conclusions.

3.2.2. Research Strategy

Although the number of research strategies has notably increased during recent years (Creswell, 2009), there is a general agreement about the list of common strategies that researchers may follow to conduct their inquiries (Bell, 2005; Creswell, 2009; Saunders, Lewis and Thornhill, 2009). The strategies that are mentioned the majority of the time include:

- Action research, where there is a strategy commonly followed by the practitioners to generate a change. Such a change should be aimed at improving the current situation in an organisation and its related individuals. Action research consists of a continuous cycle where results generate actions that have to be evaluated and, eventually, motivate further research and implementation (Bell, 2005).

- The case study consists of an empirical research about a specific circumstance, involving events, processes and/or individuals, within an actual business context and using several sources of information (Saunders, Lewis and Thornhill, 2009). Within this strategy, observation and interviews are the most common methods used. However, no methods are excluded (Bell, 2005). Whereas the possibility of studying one aspect of a problem is an advantage of a case study research, a lack of generalisation due to such a level of focus is seen of as a main drawback for this kind of strategy (Bell, 2005).

- Grounded theory is an approach to generate theory by a general comparative analysis of the data coming from different sources (Glasser and Strauss, 1967). Due to this variability of sources, several ones close to the reality are commonly used. That is why the data must be contextualised and systematically gathered in order to ground the theoretical development. This is the context of the data where theory development occurs as a result of analysis (Goulding, 2002).

- Ethnography is a research strategy prominently considered as being inductive that requires the researchers to immerse themselves for a significant period of time, which is significantly time consuming, in to the social environment which is the object of study in order to collect data via observations and/or interactions with individuals belonging to an unaltered cultural group. Because of this level of interaction, the researcher has to show some degree of flexibility and responsiveness to changes, as well as a capacity to adapt to the research setting (Creswell, 2009; Saunders, Lewis and Thornhill, 2009).

- The experimental style is a form of research that seeks to demonstrate the link between two measurable variables. The link is assessed by comparing the effect on two groups of individuals, one in which the inputs have not changed, named the control group, and one where they have, the experimental group. Whether or not an individual belongs to each

group must be randomly decided so both groups are exactly the same in all of the relevant aspects related to the research (Bell, 2005; Saunders, Lewis and Thornhill, 2009).

– Surveys are, together with experiments, the most common research strategies for quantitative studies (Creswell, 2009). Some authors also include interviews under this rubric (Saunders, Lewis and Thornhill, 2009). Bell (2005) highlights how difficult it is to agree on a clear definition of what exactly constitutes a survey research strategy. Nevertheless, surveys are commonly conducted with the use of questionnaires to a large group of individuals from which standardised data is extracted and analysed (Saunders, Lewis and Thornhill, 2009).

Similar to the case of surveys (Bell, 2005), it is accepted that sometimes it is complicated to develop a specific research strategy for a project that clearly falls under one of the standard categories (Bell, 2005; Saunders, Lewis and Thornhill, 2009). However, knowing them can help researchers to be aware of the difficulties that they can face when developing their research, and also in understanding other authors' works (Bell, 2005).

For this thesis, although the idea was not to fully develop a new theory, the reality was that the aim was proposing original considerations regarding the COSE model by the use of several sources (from scholars, in the form of academic publications, and practitioners, in the form of industry reports, informational articles, and qualitative interviews). These two features were an invitation to inductively explore the PB business, to eventually ignore the theoretical framework of COSE to be free of previous conceptions, and finally to come up with a new formulation of the model.

To sum up the first two sections of this chapter, an explanatory table with the whole research design and philosophical stance has been presented below (see table 3.1table 3.).

	Philosophy	Approach	Strategy
Qualitative Research	Pragmatism	Deductive (COSE model confirmation) Inductive (new outcomes of COSE)	Qualitative surveys

Table 3.1: Summary of the research philosophy and design
Source: Own elaboration

3.3. Research Ethics

One of the main ethical concerns with any research involving individuals is taking care of their wellbeing so they are not negatively influenced in any personal or professional aspect, as highlighted by Saunders, Lewis and Thornhill (2009). According to them, whether or not the research sample is aware of their participation in the research has a significant influence on the ethical perspective.

In the particular case of this thesis, since attaining the highest standards of ethical and academic conduct was one of the foremost purposes of this study, all of the directions provided by the Research Office of the University of West London regarding the ethical aspects of any research were strictly

followed, in particular the aspects related to professional standards and principles affecting the research participants (UWL 2014; 2015).

Regarding professional criteria, the researcher's honesty and openness were considered particularly important, as well as the obligation to document any source, data, activity, or finding, and to store them securely at least for five years after termination.

In relation to the participants, written permission was given by the practitioners participating in the qualitative interviews (a copy of the permission used in the qualitative interviews is provided appendix 11). In such a document, the purpose of the study, the activity in which the participants will be involved, an explanation of how the collected information will be treated, and an explicit request for their consent is covered. Moreover, all of the contact details of the researcher were provided to provide the opportunity for the participants to withdraw from the research at any time beyond the data collection phase.

In all of the interviews and surveys, the strict requirements of anonymity were observed. To do so, the following measures were taken:

– Names and companies of participants were not disclosed at any time during this research. Likewise, the contributions and opinions of participants were not shared with other participants, especially particular and sensitive business matters about the companies not relevant to the research.

– Special care was taken when quoting the comments of participants to avoid any kind of identification due to the comment itself, the context or the profiling information (participant position, customer segment and/or type of firm).

– The specific actions that were undertaken in relation to the information transcription, management and analysis have been provided in section 3.6.

The safeguarding of individual and organisational anonymity is particularly important as a result of the research topic, as the majority of professionals and customers involved in the PB service, are reluctant to disclose any information related to the service.

Accordingly, the present study received its correspondent approval from the University Research Committee and the pertinent School Research Ethics Panel in due date during the proposal period in 2015. Although the project is filed in the second category as having some ethical implications (UWL, 2015), after completing the Research Ethics Assessment Form, it is possible to conclude that minimal ethical risk exists, except those that have been identified above.

3.4. Qualitative Method

This section describes the research methodology that have been used in the present study. Harwell (2011) pointed out that the term 'research method' can refer to the research process as a whole or just to the specific methodology that will be used. In this document, the research method is

understood as its most constricted definition, *i.e.* the process of collecting and analysing the data. Such conceptualisation of research methodology is embraced by Saunders, Lewis and Thornhill (2009). This is a crucial aspect of choosing and proposing one or another methodology; informing about the way in which the data will be gathered and studied (Harwell, 2011).

Historically, the origins in the 1930's of qualitative research are divided between scholars from Germany and the US, with the former being regarded as more developed in terms of the consolidation of methods and research practice (Flick, 2010). According to Saunders, Lewis and Thornhill (2009), the qualitative research methodology consists of any data collection and analysis techniques that make use of and generate non-numerical data, in contrast to the quantitative methods that involve numerical data collection and analysis. The dynamic world in which academic research is immersed in nowadays has made qualitative research significantly relevant, particularly in the new contexts where more traditional quantitative research is failing (Flick, 2010). The reasons for such a failure are attributed to a lack of appropriateness, applicability, closeness, and, in some circumstances, even a lack of independence (Flick, 2010).

Such a movement from quantitative to qualitative research has also been suggested by Gray and Hooley (2002) in the context of marketing in the service sector, particularly when the object under study is a behavioural construct and its link with different organisational outcomes is being investigated. Flick (2010) defines the qualitative method goal as the formulation of affirmations related to the subject and the situation, which have adequate empirical support. Creswell (2009) lists the characteristics of qualitative research as follows:

- Qualitative research is normally conducted in the natural setting of the research object or participants
- The researcher is another instrument of the research, as he or she collects the information to be analysed by him or herself
- Sources of data can be multiple. For instance, gathered via interviews, field observations, and internal documents
- The analysis of data is inductive, as the construction of conclusions is a bottom up process
- It is about the meaning and perspective of the participants about the object under study
- It is a dynamic and changing process, and not necessarily will it be fully adjusted to the initial plan by the end of the research
- Theoretical lenses can be used to study issues from different perspectives
- The research is open to interpretation, not only from the researcher, but also from participants and readers
- Qualitative research forms a holistic approach, trying to depict a broad and complex view of the problem

Amongst the different alternatives for data gathering in the qualitative methodology, qualitative interviews have proven to be a valid and reliable procedure, and they have been extensively accepted and used (Kvale, 1994). On the one hand, there is a classification of qualitative procedures in terms of the number of participants that take part in one interview at a time, and the level of involvement of the researcher. In the present research, personal interviews were chosen against other procedures,

like focus groups or field observations (Creswell, 2009), given the particular characteristics of the PB business characterised by the lack of willingness to share sensitive information in front of peers, for confidentiality or competition reasons (Marín, 2005).

On the other hand, Qu and Dumay (2011) highlight three main types of interviews, depending on how rigid the structure of the questions is, (*i. e.*, whether structured, semi-structured, or unstructured interviews). However, Saunders, Lewis and Thornhill (2009) only considered the two latter types as appropriate for qualitative research. According to them, unstructured interviews, also known as in-depth interviews, usually have a broader scope, are less formal, and do not follow a strict protocol (with a precise list of predetermined questions). Conversely, semi-structured interviews do follow the same guideline for each interview, although the interviewees are free to provide answers in their own words. Qu and Dumay (2011) highlighted the virtues of semi-structured interviews: they are more flexible and accessible, in that the interviewer can adapt the discourse of the researcher as long as the interview is carried out. This adaptability allows the interviewer to find and highlight the most relevant information, which usually is difficult to elicit. Nevertheless, as with any data collection method, they are not without their criticisms and objections, which relate to the lack of representativeness and the problems related to language communication (Qu and Dumay, 2011), the problems of validity, reliability and generalisability (Creswell, 2009), and, in the eventual bias of the participants (Bell, 2005). These limitations are addressed in subsection 3.6.6.

3.5. Research Setting

3.5.1. Importance of the Research Setting

Undoubtedly, it is a challenge to conduct new research in a mature field with the purpose of exploiting the undercover potential of well-established theories and constructs like RM and COSE. In such a situation, the research contexts and sources must be carefully selected to accomplish the research objectives (Saunders, Lewis and Thornhill, 2009). This is probably the reason why the literature already offers a broad collection of the financial services employees' CO outcomes, *e. g.* trust (Tam, 2001), the intention to recommend the service (Guenzi and Georges, 2010), or satisfaction (Lassar, Manolis, and Windsor, 2000; Halstead *et al.*, 2008). The idea behind these studies was to try to choose the adequate context to further develop the construct of CO and therefor the field of RM.

However, one may wonder if there is still room for further development of the COSE construct. To answer this, the first question to be answered would be if there is any context out there where COSE is of such importance that it becomes intrinsic to the type of service itself and where it not only produces a series of specific outcomes, but where it also serves as a critical factor for the survival of firms. Here is where the characteristics of the private banking service (PB) service and its employees should make a difference from anything that has been said before.

3.5.2. Private Banking

Since the 1980s, banking corporations' attention has been attracted towards the specialisation and customisation of services toward wealthier customers (Stanley, 1985). These companies were therefore motivated to develop their PB business units (Stanley, Moschis, and Danko, 1987). Such

business initiatives joined the most traditional group of PB institutions, generally comprised of Swiss companies, whose origins date back to the Middle Age (Gilbart, 1834). The couple formed by big banking corporations and traditional private banks has been completed over the last few years with the emergence of agents and independent companies, especially in some European countries, to create the competitive scenario that is found today in the majority of developed countries (Molyneux and Omarini, 2005).

3.5.2.1. Definition of the Private Banking Service

For the purpose of this investigation, PB, also known as wealth management, is defined as the series of services that are specifically designed or managed to satisfy the financial needs of individuals with a high level of assets (Javalgi, 1992; Stevenson and Plath, 2006; Yu and Ting, 2011), which have to progressively be adapted to the client's financial needs over the years. Therefore, it is a service that is based on a personal and long-lasting relationship between the private banker and the client, commonly known by the acronym HNWI (High Net Worth Individual). This definition is consistent with that provided by Thomas, Rao and Javalgi (1990), and Horn and Rudolf (2011).

According to Molyneux and Omarini (2005), there are a series of aspects that make the PB service different in relation to other banking services:

– The PB service is based around a single contact person, the private banker.
– The relationship is expected to last for several years, and even between different generations.
– Confidentiality and trust are the basic pillars of the relationship and the service.
– The alignment of interests between the three parties (bank, private banker, and client) is critical due to the very close relationship that is created between the client and their private banker.

From the academic perspective on service classifications, the categorisation of services proposed by Lovelock (1983) is widely accepted in order to establish differences and commonalities between services, even between those belonging to the same industry that are apparently identical, as is the case of PB and other financial services. In his seminal work, Lovelock (1983) developed five schemes for classifying services. Each considered the following characteristics of services:

– The nature of the service in terms of tangibility and object processed (things or people).
– The relationship with the customer based on the service continuity and level of membership.
– Levels of customisation and judgement (of the service employee).
– The nature and limitation of demand and supply.
– The method of service delivery.

Based on this classification, PB could be considered to be similar to retail banking or insurance service in terms of the nature of the service, the relationship with the customer and the demand/supply nature. However, due to the implications of the service employee, the private banker, his or her level of judgment is well above that of an employee from retail banking and he or she is more similar to a legal or healthcare service professional. Additionally, because of the personal nature of the

service, the method of service delivery will vary accordingly to the customer's needs. In other words, the private banker will happily move where the customer is and not the other way around as it is in retail banking or healthcare services most of the time.

Since relevant differences between retail banking and PB exist, making the former mainly a transactional service and the latter a relational one, all of the companies involved in the PB service have followed different strategies for their corresponding business units than for the retail banking unit, with the aim of offering a differentiated service to their PB customers based on their employees (Stanley, Moschis and Danko, 1987; Lassar, Manolis and Winsor, 2000; Mylonakis, 2009; Horn and Rudolf, 2012).

In spite of the series of general aspects of the service and the fact that all PB customers could be considered more oriented to saving products (Stephenson, Worthington and Russell-Bennett, 2013), there is no clear consensus about which specific related services and products should be included as part of the PB business (Molyneux and Omarini, 2005).

This disagreement arises particularly in relation to the services/products that are not linked to investments, such as loans, securities, current accounts, payment methods, and other services that are more common in traditional banking. These are indeed considered by Stanley, Moschis and Danko (1987), Marín (2005), and Mylonakis (2009), for example. However, on the other hand, they are considered to be explicitly or implicitly excluded in other sources (Horn and Rudolf, 2011; TheBanks.eu, 2015).

Due to the particular characteristics of the clients, approaching and serving them results in a complex process where different steps comprise the service. TheBanks.eu (2015) has grouped them into the following four phases of the service process:

1. Definition of the client profile. During this phase, the private banker compiles as much information as possible about the client. The client profile is defined based on all of the information that can be provided and via a series of interviews. This profile should contain all of the financial information, the investment profile and client's objectives.

2. Design of the investment strategy. With the support of the resources provided by the bank, the banker designs an investment proposal for the client. Occasionally, the client also participates in this phase by contributing their knowledge and experience with regard to the matter.

3. Implementation. The strategy defined previously is put into practice by the banker and their team, or by the client, depending on their participation level. Depending on the particular features of the strategy, it may be necessary to have access to a wide range of products, beyond those offered by the bank itself.

4. Monitoring. The performance of the investments is reported back repeatedly to the client, and corrective actions that may be necessary or requested by the client are taken.

As is possible to observe, and as previously outlined, the entire service requires a high level of interaction with the client, and even their necessary collaboration. According to Coskun and Frohlich (1992) and IEAF (2006), the current relationship is the result of changes that have taken place over the last few decades, whereby clients have switched from being more passive with simpler investment demands, to clients that are more:

- Demanding with the banker and the services received.
- Active and involved in the management of their assets, with a higher level of sophistication and finance culture.
- Sceptical, following the events of the last few years, and consequently, less loyal.

Simultaneously, there are other emerging factors that have been highlighted by recent studies about the industry (McKinsey & Company, 2013; Accenture and Afi, 2004) that refer to gradual modifications to the regulations, especially what is known as MIFID II, and the need to begin to directly transfer to the client the cost of the financial advisory and management services offered. As Galán Zazo and Zúñiga Vicente (2003) expressed, the banks' flexibility and rivalry has been increased due to political, regulatory, socioeconomic and technological changes in the last quarter of the 20th century.

3.5.2.2. Private Banking Models

Despite the particularities and complexity of the PB service, several players have been attracted to taking part in the business, more or less specialised depending on the type of firm and its capacity to offer a particular portfolio of services and products. These firms are not necessarily banking institutions, as also insurance companies or mutual funds compete to capture part of the assets from wealthier customers (Molyneux and Omarini, 2005). Whatever the type of company, Marin (2005) classified three notable service models:

- The Swiss model, which focuses almost exclusively on investment portfolio management with a high level of service and independence. This is the most common model in European countries.

- The American model, which is closer to retail banking traditional services and which tries to cover all financial services that a customer may need, with a higher orientation towards financing products. This model has barely developed in Europe, and almost does not exist in Spain.

- The global model, which seeks to combine the advantages of the two previous models by offering a blend of complex investment services and traditional banking products/services. This model is usually pursued by big banking corporations.

Thus, for the purpose of this research and based on the definitions proposed by Marín (2005) and Molyneux and Omarini (2005), the PB service in Spain is usually provided by the following three types of firms:

- PB business units of larger commercial or retail banking corporations (i.e. HSBC and Santander PB units). These firms tend to follow a global model.

- Specialised private banks (not related to commercial banks), such as UBS Wealth Management or Pictet & Cie. These firms tend to follow the Swiss model, although occasionally can also offer more traditional-banking products.

- Independent Financial Advisors (IFA) focused on HNWI. They are local and usually smaller firms that are not incorporated as banks and therefore use the financial products of third parties. The majority of advisors therefore exclusively follow the Swiss model.

Nevertheless, the definition of the service model also depends on how the customer pays for the service and related to that, the level of involvement of the customer in the definition and execution of the investment strategies (TheBanks.eu, 2015). There are two ways that PB firms can be paid by customers:

- The indirect way, in which the customer is charged a fee by the firm that manages the investment products (*e.g.,* mutual funds or pension plans), which is a different company than the private bank, usually named as asset management companies and sometimes belonging to the same corporation as the private bank. Then, part of that management fee charged for each investment product is transferred to the private bank for the advising, selling and distribution activities. The transfer is commonly known in the industry as rebates that are very often completely unknown to the customer.

- The direct way, in which the customer, in addition to the fee paid to the asset management company, pays a fee calculated by a percentage of the total assets that are managed by the PB firm, whom can in addition receive the aforementioned rebates. In this case, all of the fees are generally transparent and well known to the customer.

3.5.2.3. Customer Segmentation

Thomas, Rao and Javalgi (1990) noted that identifying the market segments, characterised by their growth potential, size and profit opportunities, is critical for banking firms. The main difference of HNWI customers is mainly due to their behaviour in relation to investment banking services. Some authors (Thomas, Rao and Javalgi, 1990; Baglole, 2004; Marín, 2005) summarise these differences in the following way:

- Clients with greater resources demand higher returns on investments.
- They have less aversion to risk.
- They lack the time to manage their savings and deal with service providers.
- Taxes play an important role in their financial decisions.
- They normally operate with several banking institutions at the same time.
- They appreciate better service and are willing to pay for it. Therefore, they require total transparency and have greater expectations.

Affluent customers show more interest in the knowledge and experience of bank employees, the safety of the deposited funds, and the wider offering of products and services. Indeed, they are open to working with non-banking institutions such as independent advisors (Javalgi, 1992).

On the other hand, all of these made to measure services are justified with a minimum amount of client assets when managed by the private banker. This amount varies significantly between banks (TheBanks.eu, 2015). Sometimes, banks prefer to avoid openly stating minimum requirements to access PB services, as a question of strategic positioning. Indeed, according to Pinto (2015), in his article published in the specialised magazine *Funds People*, of the 40 Spanish banks and other wealth management institutions analysed, only 30 declared the minimum level of assets required to access services. Of those, 14 establish the minimum level at assets worth 1 million Euros or more, while the remaining 16 establish the threshold at €500,000 or less. This level is also considered to be relevant to other studies (Molyneux and Omarini, 2005; IEAF, 2006), and is the start point from which subdivisions are made in the levels shown in figure 3.1:
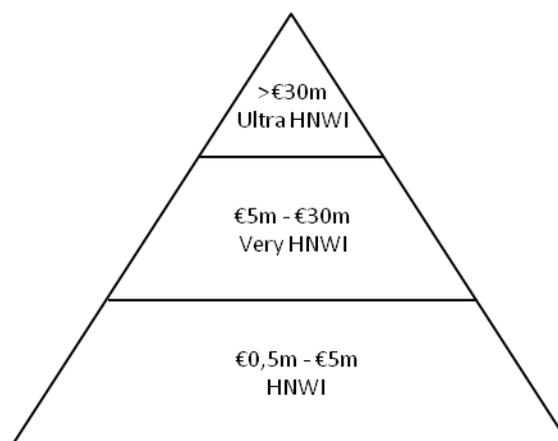
Figure 3.1: Segmentation of private banking clients
Source: Own elaboration based on Molyneux and Omarini (2005) and IEAF (2006)

As depicted in figure 3.1, three subsegments of customers coexist in the PB industry:

- HNWI; customers with a total worth between €500,000 and €5 million
- Very High Net Worth Individuals (VHNWI) whose assets are valued between €5 million and €30 million
- Ultra High Net Worth Individuals (UHNWI), the richest group, with a wealth over €30 million.

In order to be precise, it is noteworthy to explain that HNWI has, according to this classification two slightly different meanings; the first one is the general group of PB customers that accomplish the minimum amount of assets required by the firm to have access to their services, as was used by Yu and Ting (2011), and the second is the lowest sub-segment of customers, in terms of the range of investible assets that they dispose of, that conforms to the entry level for the group of PB services.

3.5.2.4. The Private Banker as a Service Employee

Despite the general identification of PB clients as individuals with a large amount of assets, their situation and needs may vary significantly. For instance, the situation of someone young that wins the lottery is completely different to that of someone who inherits a fortune. Hence, there is no possibility of having a standardised service, and why the relationship with the client has to be personalised and custom-designed (Marín, 2005).

These aspects make the private banker a key component of the service, as they are the ones that must develop the trust that the client places in the bank. They are also the only person that can (and should) handle all of the client´s personal, sensitive and confidential information. The role of the banking institution is to provide the bankers with the resources and specialised support that they need, to endow them with the capacity to create sufficient trust and a close relationship with the client that allows them to maintain the client-supplier relationship in the long-term.

Nonetheless, the customer-banker relationship needs up to five years to consolidate and prevail over the customer-bank relationship (Baglole, 2004). Moreover, the service level that the customer can receive from the employee is often more important than little differences of the investment return made by the banker with the customer's money (Baglole, 2004). This is why PB is not about the company, but about individuals. At the same time, customers can become especially demanding, exceeding in some cases the logical responsibilities of the private banker with personal requests (Morrow, 1998; Baglole, 2004). For that reason, private banks have to pay special attention in hiring and retaining good employees, not only in terms of technical knowledge, but also in other aspects like public image or social connections.

Therefore, PB is a specific service whose main pillar is the personal relationship that is established between one employee, the private banker, and the customer (Javalgi, 1992; Baglole, 2004; Yu and Ting, 2011). The role of the private banker is rendered even more important because they are the only contact person taking care of and responding in relation to the adequate design and delivery of the service (Molyneux and Omarini, 2005; Halstead, Jones, Lesseig and Smythe, 2008). The private banker's performance results from their superior preparation and specialist skills (Lassar, Manolis and Winsor, 2000; Molyneux and Omarini, 2005), but also from his or her capacity to establish a strong relationship with the customer. Such a relationship, as it happens in other services, should be created thanks to the employee's customer-oriented behaviour.

All of these features in general, and the need for a customer-oriented behaviour in particular, as already pointed out by the IEAF (Spanish Institute of Financial Analysts), poses the challenge for banks in attracting private bankers that are more versatile and proactive, who have an adequate amount of working experience, willing to receive suitable ongoing training, and that identify, understand and provide a response to client needs. Howcroft (1991) stated that banks are required to improve in areas such as recruiting, training and internal communication. Additionally, because of the high human implication and variability of the service, it is crucial to have staff with intelligence, commitment, and enthusiasm (Sanghera, Chernatony and Brown, 2002). Besides, the level of seniority is highlighted as a key factor by IEAF (2006). According to them, due to the characteristics of the service, a private banker with less than five years of experience is still considered a junior professional, and it is not common that someone is able to lead a team of peers unless more than ten years of experience have been acquired.

These characteristics of the PB service and its employees lend sense to the use of conceptual models regarding the behaviour of service employees that make up the level of CO, its different elements, and its key aspects of the service offered. In fact, the literature already offers a broad collection of financial services employees' CO, *e.g.,* trust (Tam, 2001), the intention to recommend the

service (Guenzi and Georges, 2010), or satisfaction (Lassar, Manolis and Windsor, 2000; Halstead *et al.*, 2008).

3.5.2.5.   Financial Performance in Private Banking

As has already been presented in the literature review , business performance is on the top of the list of outcomes when trying to evaluate the consequences of CO. The reason for that interest is that the level of COSE is considered by several authors as a significant determinant of the economic success of service firms (Hennig-Thurau, 2004). Therefore, the capacity of measuring the business performance of service companies plays a key role in academic research activity with clear implications for practitioners. However, because of the lack of objective measures, only the subjective measures of financial and non-financial variables are used to measure business performance.

In relation to financial indicators, the difficulty is due to the kind of entities that are usually found in a specific sector and that are part of academic research. According to Dess and Robinson (1984), the most common types of entities for which obtaining objective information is not possible are privately owned companies, which do not provide public information, and business units belonging to corporations, whose public data is usually provided at the corporate level. Both cases are applicable to the PB service where the majority of firms are privately owned (particularly, independent advisors and the majority of specialised entities), or who are owned by bigger banking corporations. Therefore, the lack of information makes it necessary to look for an alternative, but still valid, way of assessing the level of business performance of the companies. To be a valid method, it will need not only to be accurate and measurable, but also to provide a clear definition of what business performance will be considered (Dess and Robinson, 1984).

Regarding the accuracy of the method, several studies have demonstrated how subjective measures are highly correlated with objective ones (Dess and Robinson, 1984; Pearce, Robbins and Robinson, 1987; Wall *et al.*, 2004). The framework used to conceptualise financial performance is not free of difficulties and has to be sufficiently backed by empirical research, where the majority of contributors have drawn on subjective measures in the different fields of business-related studies (Wall *et al.*, 2004). According to the authors, and provided the validity of the measure pans out, the reasons for such a trend is twofold. Firstly, subjective measures are cost effective, as these kinds of measures can be collected through questionnaires, and secondly, and probably the most important, there are no feasible alternatives to subjective measures.

Moving on to what applies to the banking industry in general, and to investment-related services, Tung-Zong and Su-Jane (1998) highlight an extra difficulty associated with the collection of subjective data, namely the high levels of confidentiality that are given to the matter. Furthermore, several differences between retail banks and private banks have to be considered in order to identify the most appropriate framework to measure the latter's financial performance.

The first of these differences is the fact that the vast majority of private banks are only focused on the savings management business, which means that credit or financing services are barely offered to customers. This has an enormous impact on how the balance of the bank is built, and therefore discards the extensive use of the Return on Assets (ROA) indicator as a measure of its profitability. An

example of this use of the ROA in traditional banking is evident in the case of Tung-Zong and Su-Jane (1998).

Another difference concerns the way that customers and accounts are managed. As a result of the high level of personalisation, customers are usually treated individually or as a family account, independent of the number of members or bank accounts that they may have. This characteristic discards the use of the number of bank accounts as a measure of business performance, as it is used by Lytle and Timmerman (2006).

The last difference is the absence of products to sell, such as insurance or a credit card. Private Banks obtain their revenue as a percentage of the investible assets of their customers. These revenues are always supported by the customer, but their source can be attributed to two factors; the customer itself via fees, or the entity that elaborates the investment products via rebates of management commissions. Therefore, any measure related to sales, like in Appiah-Adu, Fyall and Singh (2001) or Singh, Darwish and Potočnik (2016), has to be discarded.

Consequently, taking into account these three differences and based on the research from academics (Horn and Rudolf, 2011) and practitioners (EYGM Limited, 2016; McKinsey & Company, 2015), the following three variables to be used and asked to customers, when measuring the level of financial performance, are as follows:

- Assets under management (AUM), which refers to the total amount of investible money (generally savings) from customers that are managed by the firm or the private banker at a certain moment. It may vary as a result of two reasons: the value fluctuation of the different financial instruments in which the sum of money is invested, and the net new assets coming (or leaving) from new and current customers. The AUM measures how the financial advisor is performing in technical terms, whether or not the asset allocation decisions are accurate, and in terms of the attraction and retention of customers and their assets.

- Net new money (NNM) refers only to the latter part of AUM and it can be positive when new money deposits exceed withdrawals, or negative when withdrawn assets outbalance new funds captured by the firm or the banker.

- Number of accounts, which refers to the total number of group accounts (also known as family accounts), that are managed by the private banker or the firm. A group account can be an individual customer account or a group of them for which there is only one customer This person can act as the representative of the other members of the group or family and is the liaison with the financial advisor or the bank. It is not exactly the same as a standard bank account.

3.6. Empirical Study

Preparation is highlighted by several authors as the most important step to succeed in any type of research (Bell, 2005; Saunders, Lewis and Thornhill, 2009). This is particularly important in qualitative

studies based on interviews. That is because the production and collection of information is simultaneous and not supported by software, as is usually the case of quantitative surveys. Production refers to the process in which the participant goes through, thinks about and respond to the different questions, whereas collection means that even if interviews are recorded, it is the researcher who holds the responsibility of collecting adequately all the responses, verifying them in real time to confirm if they are appropriate and detailed enough to fulfil the aim of the interviews. The more preparation, the higher credibility of the researcher in front of the interviewees, the better management of the interview itself, and the more the data can be obtained from the different responses (Saunders, Lewis and Thornhill, 2009). There are three areas that are of special interest when planning a qualitative study; the interview protocol (Creswell, 2009), the sampling of participants (Flick, 2010), and the management and analysis of data (Creswell, 2009). Each of these areas have been respectively addressed below.

3.6.1. Interview Protocol

An interview protocol is the document used to guide the interview and to ensure that the same guideline is always followed in every interview. It will consist of an introduction, a main body with the questions and a closing thank-you statement (Creswell, 2009).

As stated in the earlier subsection, personal semi-structured interviews were finally chosen for this stage of the research. The first version of the interview protocol was divided into 6 sections, one to introduce the topic to participants, followed by 5 parts with a total of 24 questions:

- Part 1, Introduction: In addition to the information included in the written permission (see section 3.3), a brief and more readable introduction of the research is presented. It includes a presentation of the researcher, a short theoretical background of the COSE concept, and a request for the potential interviewee to sign the permission document. This part also served to agree on the terminology that was going to be used during the interview, so that, for instance, the term COSE was used to refer always to the customer orientation of the private banker.

- Part 2, Participant profile: consists of 5 items intended to contextualise and better understand interviewees' responses, and also to create diverse classifications during the analysis stage.

- Part 3, The PB business: This was a group of 5 questions designed to explore the interviewee opinions and perspectives about the PB sector.

- Part 4, PB employees: In this part, there are 5 initial questions plus 2 that were planned to be asked depending on the previous responses. They were meant to explore how the PB employee should be and whether or not COSE is considered a foremost characteristic amongst their most important characteristics.

- Part 5, Customer orientation: It was formed by 6 questions, being two of them divided in four parts, one about the COSE antecedents and one about the COSE consequences (see

items 2.3.2.3 and 2.3.2.4). This part was the most important of the interview and was planned to explore interviewees' understanding of COSE as a relevant aspect of PB employees, how it potentially impacts on the firm's outcome, and if it is somehow measured by his or her company.

— Part 6, Final comments: It was formed by only 1 question inviting the interviewee to add any aspect that could be missed in the questionnaire and was considered important.

This version of the interview guideline was presented to two academics, who suggested minor amendments, and which was then tested in three pilot interviews with PB professionals. As a result of the test, the introduction was extended, and the total number of items was reduced to 19 and partly reorganised, to make the interview easier to understand, further clarifying the purpose of the research, and to limit the total duration of the meeting. The idea here was to make it shorter than one hour including the formalities. Appendix 12 includes the final version of the interview protocol and a translated Spanish-to-English version (for informational purpose only). In addition to the written script, every interview started with a personal introduction and finished with a special thanks to the participant, with the agreement that findings would be provided to the participants once is the research was concluded. Moreover, a complimentary present was given to every participant as a sign of gratitude.

3.6.2. Sampling Strategy

There are two decisions that have to be taken regarding the sampling of participants in an interview procedure (Flick, 2010). First, whom the researcher is going to choose as participants (case sampling), and second, whence these participants will come from (sampling of groups cases). In order to do so, Flick (2010) defines two different approaches; abstract (or statistical) sampling and theoretical sampling. The former is commonly used in quantitative methods and there is a previous knowledge of the size and characteristics of the population, so the sample size can be defined in advance. In the latter approach, generally applied in qualitative studies, there is no previous knowledge about the population, thus the sample size will be determined by theoretical saturation (Glasser and Strauss, 1967).

The idea behind the sampling process is to collect as many cases as they are needed in order to cover a series of specific criteria related to the key content intended to be addressed (Flick, 2010). To ensure that all of the criteria are included in the sample, Patton (2002) suggests clearly defining the criteria before the sample is constructed. In subsection 3.5.2, the different characteristics that may be used to categorise the professionals working in PB were provided; the years of professional experience that they have (seniority), the type of customers they focus on (customer segment), and the kind of company that they work for (type of firm).

The first and third criteria could be known before the interview, based on the profile of the participant. So, these features have been used to classify a list of 83 potential participants using information from two sources; an open source business-oriented social networking internet site (Linkedin, no date), and a closed source, the alumni database of a top globally ranked Spanish business school (IESE, no date). For each participant, all of the information available (regarding the working

experience and the type of firm) was collected, and a potential contact person was identified. The practitioners were then approached (via the contact person) and invited to participate in the study.

Since the criteria of the customer segment could be known only once the interview was conducted, a first group of 15 participants were invited to participate. Since the three segments of customers were not sufficiently represented, another group of 10 participants were contacted so the three inclusion criteria – years of experience, type of firm and group of customers – were finally satisfied. As stated by Patton (2002), in qualitative research, no rules about sample sizing are applicable, and it will be determined by the criteria of the researcher in terms of the aim of the research, usability and credibility, and also available time and resources. In total, 25 practitioners took part in the interviews, with the following characteristics:

- In terms of seniority (years of experience as a private banker): 4 participants with between 5 and 10 years of experience, 7 with between 11 and 15 years, 10 with between 16 and 20 years, and 4 participants with more than 20 years of experience.

- In terms of customer segment (the group of clients they serve); 13 participants serve the HNWI segment, 8 of them work with the VHNWI segment, and 4 participants are dedicated to the UHNWI segment.

- In terms of the type of firm (kind of banking company they work for): 10 participants belong to large corporations, 8 within institutes that are exclusively for PB, and 7 participants are from independent companies (independent Financial Advisory Firms or assets agencies). It is worth highlighting the fact that the interviewees are employed at the institutions constituting almost 70% of the market share in Spain, measured as a percentage of the total assets under management according to data from Pinto (2015).

See table 3.2 for a summary of the participants' profiles. Note that the segments with no participants are indeed not targeted by the types of firms for strategic and positioning reasons, as was initially explained in subsection 3.5.2**¡Error! No se encuentra el origen de la referencia.**.

		Type of firm		
		Banking corporation	Boutique	Independent
Customer segment	HNWI	7	0	6
	VHNWI	3	4	1
	UHNWI	0	4	0

Table 3.2: Distribution of participants by customer segment and type of firm
Source: Own elaboration

3.6.3. Data Collection

All 25 interviews were conducted between 25th November 2015 and 8th January 2016. All of them were face to face interviews in the city of Madrid (Spain), except one that was conducted by phone as the interviewee was on a business trip in Valencia. Before the interview date, each participant was emailed a copy of the interview protocol together with the consent document to be signed. The

majority of the interviews took place in the participating interviewees' company premises, while a minority of the interviews were conducted in alternative settings, such as the IESE Business School, which is the former institution where the researcher was based. The choice of such places allowed the researcher to conduct the interviews in the adequate environment, avoiding any kind of interruption.

A total of 23 of interviews were recorded with the explicit verbal authorisation of the participant. In the 2 interviews where voice recording was not possible, written notes were taken, and they were completed immediately after the interview, so then no relevant information was missed.

Although the interview was prepared to last less than one hour in total, the reality is that extra time was spent during the introductions making the interviews to last longer. This excess of time was on purpose, as it was very helpful to establish an adequate rapport between the researcher and the participant in order to help enrich the conversation and the results of the interviews. In terms of net time (excluding presentation, introduction and closing), the average duration was 51 minutes, making a total of more than 18 hours of audio material.

3.6.4. Data Management and Analysis

All of the recordings were stored in the personal computer of the researcher, which is equipped with a fingerprint-based security feature for accessing the system. Since the total amount of recording time was considerable, the transcription of the recordings was procured from a transcription service company, subsequent to the signature of a confidentiality agreement. Nevertheless, it is worth mentioning that the recordings were edited before being sent for transcription in order to eliminate any name or personal reference, so no sensitive information was disclosed. Once the transcriptions were received, the systematic approach suggested by Creswell (2009) was followed. Such a process, adapted to the present research, was divided into the following six steps:

1. Organise and prepare the transcripts.
2. Read through all of them.
3. Code and classify the information.
4. Establish the different categories or themes.
5. Interrelate themes and categories.
6. Interpret the information.

Therefore, following this guide, the transcriptions were checked against the audio and some amendments were done, particularly in the cases where the audio was not clear enough or some complex vocabulary related to the PB industry was used. The final text was loaded into a program for content aggregation and qualitative data analysis (see subsection 3.6.5 for further detail on these programs). This program was used to codify and analyse the content. This codification process made it possible to identify the relevant pieces of data and to group them into different conceptual categories in accordance with the objective of the investigation and the proposed research questions (Talanquer, 2014). These codifications and categories were not only based on the theoretical concepts identified in the literature review or the questions asked during the interviews, but they were also based on the different ideas presented by participants, as they did not always coincide or somehow overcame the scope of the specific question.

Additionally, the process was iterative. It started with an initial list of codes associated with a question or a theoretical construct that was explicitly mentioned in the questions. In parallel to the codification of the text accordingly to that first list, another list of codes was created. These new codes were associated with the ideas related to other constructs or potential differentiation between the groups of respondents (*e.g.,* trust between the customer and the private banker or differences between levels of seniority of the interviewees). The text was analysed again in order to classify them with the new list of codes. Such an approach is aligned with Miles and Huberman (1994) and Creswell (2009). Further detail of the data analysis process and its execution is provided in section 3.7.

Furthermore, the use of the content aggregation feature of a CAQDAS program like NVivo (see item 3.6.5.4) helped to preserve the anonymity of participants, as once the transcripts have been codified, the resulting texts do not show the author of the ideas outlined. It is noteworthy that extreme caution has been taken to protect the interviewees' privacy and anonymity. The importance of it, as highlighted by Qu and Dumay (2011), derives from the fact that participants were talking about their work, and therefore any answer or comment out of context could eventually have negative consequences for them.

3.6.5. Content Aggregation and Qualitative Data Analysis Software

One of the main characteristics of qualitative research is the enormous amount of unstructured data that has to be managed (Talanquer, 2014). This is due to the way data is usually gathered, via interviews, reports or observations, to name but a few. For example, assuming a speech rate of 120 words per minute, an interview where the participant talks for 30 minutes (net time), and a total of 25 interviews, the result would be 90,000 words of data to manage and analyse. This is more than a full thesis at the UWL.

For that reason, over the last two decades, several analytical software solutions have appeared (Talanquer, 2014). These solutions are content aggregation and qualitative software, also known as packages for computer assisted qualitative data analysis (CAQDAS).

Qualitative research requires working thoroughly with data. Some of the activities involved are copying, transcribing, organising, segmenting, coding, categorising, and getting immersed in every piece of information (Talanquer, 2014). CAQDAS packages are meant to help the researcher to perform most of those tasks in more systematic and efficient way. Talanquer (2014) defined these tasks as follows:

- Handling and organising data by the import of the different sources, their classification according to different criteria, and the linkage of them into an integrated one project.
- Coding data through the construction and continuous modification/adaptation of a hierarchical coding system.
- Retrieving coded data to check the codes that apply to a specific data, or the other way around; gathering all of the data linked to one code.
- Analysing and generating reports according to the researcher's needs.
- Visualising the data in maps, graphs, and diagrams to elicit trends and relationships and to support the researchers in their interpretations.

Despite the numerous actions that can eventually carried out with CAQDAS packages, there are still some authors that prefer to conduct qualitative studies without the use of specific software. This is due to the challenges that using CAQDAS may offer to some researchers (Valles, 2002). Manual analysis, as is computer assisted, is not better or worse by definition and will depend largely on the amount and type of data, and the previous experience of the authors. There are good examples of manually-conducted qualitative studies (*e.g.* Wang, 2012).

Regarding the different CAQDAS packages available in the market, it seems that there is somehow a consensus about four systems being the best, namely, NVivo, MAXQDA, Dedoose, and ATLAS.ti (Valles, 2002; Kuş Saillard, 2011; Franzosi *et al.*, 2012; Talanquer, 2014). NVivo is the one that was used for this research as no critical differences were noted between all of the packages and also because of convenience, as it was the most accessible one because it was provided by the UWL. A brief introduction to each one of the systems has been presented next.

3.6.5.1.   Dedoose

Dedoose is a CAQDAS package developed by SocioCultural Research Consultants, LLC. The main feature of the Dedoose package is that it is web-based, so no information is stored in the researcher's computer but in the cloud, allowing for permanent access through the internet to the research project and a much easier collaborative environment (SocioCultural Research Consultants, 2018). It includes a tool to assess the level of agreement between different researchers (Talanquer, 2014). As shown on the company's web site, the price ranges from $10.95 to $14.95 per month, and the import of video or audio is charged as an extra. The latest version is number 8 and this was released in December 2017.

Regarding the particularities of the system, Talanquer (2014) highlighted that it uses the term descriptor to refer to data characteristics, like the question of the interview, the participant, or other characteristics than can be added lately. Segments of data are referred to as excerpts and, once they are marked, they are linked to one or more codes. Codes are organised hierarchically and associated with colours depending on their status. Codes can also be renamed, reordered, grouped and merged. The different codes associated with one excerpt are shown on a panel located at the right side when the code is selected on the hierarchy of codes.

A drawback of Dedoose package is that it does not support mapping functionalities to visualise data (Talanquer, 2014), but only the graphic visualisation of code frequencies. These graphics are interactive and can be used to navigate through the different codes. Another inconvenience, as noted by Schmieder (2014), is the lack of sophistication for some tasks, requiring in some cases too many actions from the user. Lastly, the author considers the documentation provided as insufficient to help users start using it.

3.6.5.2.   MAXQDA

MAXQDA was developed by the German company Verbi Gmbh in 1989, so they claim to be the first one to develop quantitative data analysis software (Verbi, 2018). One characteristic that differentiates this CAQDAS package from others is the two identical versions that they offer for Windows and Mac OS. A broad range of licenses are offered on the company's web page. In the case of the standard version, the prices range from almost €1,200 for a single professional user to €89 for a two-year

subscription for students. The latest version MAXQDA 2018 was released in December 2017 with a new interface equipped with a ribbon menu to access the different tools (Verbi, 2018).

In terms of the way that MAXQDA works, it classifies data by the attributes that are assigned to each data source when uploaded (Talanquer, 2014). Similar to Dedoose, the codification follows a hierarchical scheme and colours are used to identify the different status of codes. The package offers the possibility to work with a specific coding tool bar that make it easier to code new text using already created codes (Kuş Saillard, 2011). Another particularity of MAXQDA highlighted by Valles (2002) is the possibility of assigning higher or lower importance to different segments of text, in order to weigh their relevance in the analysis. Once the text is coded, all of the codes linked to a segment are shown on an interactive margin view. It also has different options to note reflexive thoughts; the direct way of creating memos, text-linking two or more segments from different sources, and adding comments to the data (Valles, 2002). As explained by Talanquer (2014), MAXQDA offers different visualisation tools to build maps to represent the sources and the analysis that has been developed.

In general, it seems to be one the best option amongst the four packages as it ranks at the top on every feature (Schmieder, 2014). However, the author pointed out the limitation of MAXQDA to work sufficiently smooth in on-line collaborative environment.

3.6.5.3.   ATLAS.ti

ATLAS.ti is another German-origin package created for the first time in 1993 by the company Scientific Software Development Gmbh (Scientific Software Development, 2018). According to Valles (2002), ATLAS.ti was the first CAQDAS to incorporate the use of audio and video sources. The company claims for offering just one price for the whole package without hidden costs and it is true they do not offer different packages with different functionalities. However, the reality is that prices also vary significantly from depending on the type of user from €75 for a two years license for students to €1,200 for a full license for a single commercial user. The latest version available is number 8 and was launched in 2016, although several updates have been released since then (Scientific Software Development, 2018).

In relation to the system, the data is organised by families depending on their characteristics (Talanquer, 2014). It also includes an interactive margin view to visually provide the information regarding linked codes and segments. A choice of tools for mapping data is included under the form of conceptual networks, offering higher systematicity and analytical resolution (Valles, 2002). It offers the best integration of mapping tools amongst the four packages, according to Schmieder (2014). In the case of multiple researcher collaboration, as stated by Talanquer (2014), ATLAS.ti allows for the calculation of different statistics to assess the reliability of the codification process.

The main disadvantage of ATLAS.ti highlighted by several authors is the lack of hierarchical trees for codification (Valles 2002; Schmieder, 2014; Talanquer, 2014). Not having coding trees, but just one organised exclusively by families, can become an important issue when working with massive amounts of code.

3.6.5.4. NVivo

NVivo is the CAQDAS package developed by QSR International Pty Ltd, a company based in Australia that was founded in the 1995 (QSR International, 2018), although the team involved in the company starting to produce qualitative data analysis software in the early 1980s. They claim to have more than 1.5 million users and offer three levels of the same package from a starting version to a full equipped version that includes extra features like the social network analysis. Prices range from €85 for a one-year license for students to €970 for a standard full license.

The NVivo package is quite similar to MAXQDA in most of the aspects; it also refers to data characteristics as attributes, offers a hierarchical coding scheme, and includes different visual mapping tools (Talanquer, 2014). However, the advantage of NVivo, in front of MAXQDA, is the possibility to collaborate online with others. Another feature where NVivo stands out is the ease of working with numerous codes (Schmieder, 2014), as its hierarchy of nodes (term used for codes in NVivo) is simple to dropdown, allowing the user to see or hide the full collection of codes.

There is one aspect in which NVivo is not at the same level as the other packages, and that is the navigation and visualisation of the different codes and associated segments. Another negative characteristic is the redundancy of the menus, making too long to conclude some of the actions (Schmieder, 2014).

Since NVivo is the CAQDAS package that was used in this research, further details on its functionalities and how they are applied in practice can be found in chapter 4 where the analysis of data has been presented.

3.6.6. Limitations

The capacity of qualitative research to generate and verify theory has been criticised since its first attempts to do so in the 1930's (Glasser and Strauss, 1967). They expressed that the limited capacity was because of the lack of a rigorous and systematic approach by the qualitative researchers. Many things have changed in the qualitative arena since then. However, this does not mean that qualitative research is free of limitations. According to Lincoln and Guba (1985), credibility, transferability, dependability and conformability are the four pillars of trustworthiness in any qualitative research, and therefore, the four potential limitations that should be got over.

Credibility is concerned with the truth value of the analysis and the confidence that the results of the research offer (Guba, 1981; Creswell, 2009). This limitation has been largely addressed in the present study. On the one hand, by the means of the size and saturation of the collected data; no effort was spared during the interview and analysis stages. As is presented in the corresponding subsection 3.7.1, the significant amount of information that stemmed from the interviews should serve as a guarantee that all of the viewpoints were elicited, and no relevant information was omitted. On the other hand, the deep and thorough literature review about the PB service and the outcomes identified during the qualitative study (see subsections 3.5.2 and 2.2.2, respectively), from both sources – industry reports and academic research – has allowed to triangulate and support any findings that have arisen from the qualitative research.

Second, regarding the extent to which it is possible to consider the results and conclusions as transferable to a different context (Lincoln and Guba, 1985; Saunders, Lewis and Thornhill, 2009), generalisability concerns two potential changes; the industry and the geographical/cultural context. In the case of a different sector, it has to be admitted that further research could be conducted in order to support the generalisation of the results. However, the fact that PB was defined as one of the most representative HRS makes the conclusions transferable to other settings where the importance of the relationship should be necessarily lower. Likewise, for the geographical and cultural setting, certain generalisations of the results could be accepted as this research has considered a definition characterisation of the service that applies to any geographic market where PB services are offered. Therefore, the applicability (Guba, 1981) of this research would exist even if the research setting would be different and no new and diverse conclusions should be expected.

Thirdly, dependability is about the consistency of the research across different research settings, like the researcher or the occasion (Guba, 1981). In order to overcome this limitation, special care was taken to design and document the research procedure. Providing the interview protocol (see appendix 12), the sampling approach, and the way that the collected data was treated, it should be feasible to conduct a similar study by any other researcher in a completely different time and context. Such a structured procedure has been the cornerstone to restrain an eventual error or bias coming from the participants and the researcher (Kvale, 1994). In relation to the participants, this is because of the following three aspects; the guarantee of anonymity, the minimum level of professional seniority that was required to participate, and the number and heterogeneity of participants. These three considerations helped the participant to respond to the questions free of concern, and to collect enough and appropriate responses to hinder any potentially misleading or biased opinion.

Fourth, regarding the conformability, it refers to the objectivity of the researcher. Such limitation is addressed in first place by the level of validity and generalisability that this research attained, as described by Lincoln and Guba (1985). Additionally, in relation to the interviews, the *a priori* structured procedure and self-demand in not allowing any improvisation worked to restrict the researcher's error or bias and to ensure the neutrality in relation to the participants. Lastly, as suggested by Pandey and Patnaik, several original data have been provided in the present document, in the form of quotes from participant, so the interpretation process is transparent for the readers.

3.7. Analysis and Codification of the Interviews

As was introduced in subsection 3.6.4, a systematic approach was followed to analyse and code the interview data. In this chapter, steps 1 to 4 of the process outlined in the preceding chapter were completed. This process comprises of the following six steps:

Steps	Stages
1. Organise and prepare the transcripts.	Examination
2. Read through all of them.	
3. Code and classify the information.	Codification
4. Establish the different categories and themes	
5. Interrelate themes and categories.	Interpretation
6. Interpret the information.	

Table 3.3: Steps and stages of the interview analysis and codification process
Source: Own elaboration based on Creswell (2009)

Steps 1 and 2 belong to the examination stage, whose analysis and results are presented in the next section. The aim of this stage is to analyse the data that has been collected during the research in terms of the amount and characteristics of the data. It is important to clarify that it is not the purpose of this stage to study the content in order to extract findings and conclusions from the responses of the participants.

Then, steps 3 and 4 are part of the codification stage whose results are exposed in section 3.7.2 of this chapter. During this stage, the data is carefully reviewed in order to identify the different codes that can be used to code the data to facilitate the analysis. Once the codes are identified, the data is coded following an iterative process until no more new codes are identified and no more data fitting the current codes is available. The last step in this stage is to categorise the data according to specific criteria in order interpret the information through different perspectives.

Thereafter, by completing steps 5 and 6, the interpretation and findings are provided in chapter 5.

3.7.1. Analysis of Collected Data

In this stage of the analysis and coding process corresponding to steps 1 and 2, the transcripts were uploaded to the qualitative data analysis software (NVivo) and read thoroughly. After a last careful check and some wording corrections, the net content of the 25 interviews (excluding questions) resulted in a total of over 130,000 words, which makes an average of 5,200 words per interview. This number of words corresponded to the 23 interviews that were recorded, totalling close to 20 hours of recording time, plus the two interviews where recording was not possible and therefore hand-writing notes were taken.

Nevertheless, the classification of the participants according to the type of firm they work for, the customer segment they focus on, and their level of seniority brings in some slightly different results in terms of the number of words and the length of the interviews. The details of this data will be presented next.

Afterwards, the collected data is portrayed in a series of scatter plots to visually show how all of the information from the different perspectives of the participants was sufficiently covered. The idea behind these representations is to offer a more visual way to interpret and prove the validity of the present study.

3.7.1.1. Collected Data by Groups of Participants

3.7.1.1.1. Customer Segment Served Groups

As was introduced in the research setting analysis (see item 3.5.2.3) there are different segments that are served by the PB firms. Despite the fact that all of them are considered as affluent customers within the global banking industry, the reality shows that, when contacting professionals of the PB business, they tend to make a great differentiation between the different levels of affluent customers.

This differentiation comes in first place due to the exact amount of investible assets each customer has, which means that the customer is allocated in each of the three groups already explained in the literature review (see subsection), whose classification, based on Molyneux and Omarini (2005), IEAF (2006) and Pinto (2015), is as follows:

- High net worth individuals (HNWI) when they have between 0.5 and 5 million euros.
- Very high net worth individuals (VHNWI) with between 5 and 30 million euros.
- Ultra high net worth individuals (UHNWI) with over 30 million euros of investible assets.

In second place, PB professionals tend to make such differentiation due to the total amount of investible assets that they are able to manage, and consequently the number of customers they will serve depending on the segment that they belong to.

For those reasons, the data collected is distinguished by the group of customers that each participant is focused on. The group of participants in this study is hence divided as follows:

- A first group with 13 participants serving HNWI.
- A second group with 8 participants serving VHNWI.
- A third group with 4 participants serving UHNWI.

The first group, HNWI, totalled 674 minutes of interview net time, which results an average duration of 52 minutes per interview. In the case of the VHNWI segment, the total net time was 376 minutes for the 8 interviews and an average of 47 minutes of net duration for each interview. For the UHNWI segment, the 4 interviews took 223 minutes which resulted in an average net time of 56 minutes each.

Regarding the word count, the transcribed text from the interviews with the participants serving the HNWI segment turned out to be 73,568 words long. The interviews with private bankers of the VHNWI segment was 36,380 words in length. The word count for the participants from the UHNWI segment was 20,876.

The following table (see table 3.4) shows a characterisation of the data from the interviews classified according to the customer segment served by the participant.

			Interviews net time in minutes		Interviews word count	
		Participants	Total	Average	Total	Average
Customer segment	HNWI (€0.5m - €5m)	13	674	52	73,568	5,659
	VHNWI (€5m - €30m)	8	376	47	36,380	4,219
	UHNWI (> €30m)	4	224	56	20,876	4,548

Table 3.4: Characterisation of interviews data by customer segment
Source: Own elaboration

The bigger size (in number of words) of the average interview in the HNWI segment was due to one specific interview in which the participant had a high speech rate (>200 words/minute) and the duration was particularly long (15,695 words and 78 minutes). Such a difference is attenuated when looking at the medians of each segment, which ranged from 4,572 words in the VHNWI group to 5,617 words in the UHNWI group.

The homogeneity shown by the figures of duration and length across the three different segments of customers suggests that all of the opinions were adequately collected, which confirms the consistency of the interviewing process, and therefore underpins the validity of the conclusions extracted for the customer segment as a relevant variable for the analysis of COSE.

3.7.1.1.2.   *Type of Firm Groups*

The different types of firm were presented in item 3.5.2.2. Provided the description based on Marín (2005) and Molyneux and Omarini (2005), there are three main groups of companies that offer PB business:

– Banking corporations that offers PB services through a specialised business unit.
– Boutiques or specialised private banks, for which PB services are one of their most important business offerings.
– Independent firms that are not incorporated as banks and offer products of third parties.

In the mentioned subsection the different business models that each type of firm usually follows were introduced. However, there are some other differences amongst each of the three types of firms. These differences are related to many aspects of the companies, organisational and cultural ones. Although analysing those distinguishing characteristics is not part of the scope of this study, the three groups were considered separately through the sampling process (see subsection 3.6.2) in order to gather their potentially unique perspective of COSE, and therefore it is reasonable to analyse the data according to this classification.

In terms of the number of participants per type of firm, the figures are as follows:

– Banking corporations: 10 participants.
– Boutiques: 8 participants.
– Independent firms: 7 participants.

The interviews with the banking corporations' employees had an aggregate duration of 517 minutes, what resulted in 52 minutes per interview on average. Those with private bankers from boutiques had a total duration of 404 minutes and an average duration of 51 minutes, whereas the

interviews with the participants working in independent firms lasted 353 minutes in total and 50 minutes on average.

In relation to the word count, the interviews to participants from the first group, the banking corporations, summed up 59,755 words, whereas the interviews with the boutiques' participants were 40,108 words long in total. The responses from the participants working for independent firms totalled 30,961 words.

Table 3.5 shows a characterisation of the data from the interviews classified according to the type of firms in which the participants were employed.

			Interviews net time in minutes		Interviews word count	
		Participants	Total	Average	Total	Average
Type of firm	Banking corporations	10	517	52	59,755	5,976
	Boutiques	8	404	51	40,108	5,014
	Independent firms	7	353	50	30,961	4,423

Table 3.5: Characterisation of interviews data by type of firm
Source: Own elaboration

In this case, the homogeneity of the data collected is ensured by the balanced number of interviews amongst the three groups of firms. In terms of the interview length, the groups of boutiques and independent firms resulted in shorter interviews because in both groups, there was one interview that could not be recorded and so the number of words in the notes taken was fewer than the fully recorded interviews. Indeed, looking at the median values, the range is narrowed to 4,650 words for independent firms to 5,553 words for banking corporations, which supports the validity of the conclusions extracted regarding the type of firm as a relevant variable when analysing COSE in PB.

3.7.1.1.3. *Employee Seniority Groups*

Item 3.5.2.4 of the methodology introduced the characterisation of the private banker. A key aspect of the employees was their ability to develop a long-lasting relationship with their customers. Building up such relationship could take up to five years and because of that a private banker with less than that number of years is still considered a junior professional in the industry. Assuming that threshold as a minimum, the participants of the interviews were classified according their total specific working experience in private banking as follows:

- Group 1: Employees with 5 to around 10 years of working experience as private bankers, usually corresponding to the private bankers that only manage their portfolio of customers but no other employees.

- Group 2: Employees with more than 10 years of experience up to 20 years of experience as private bankers, who are private bankers that, in addition to their customers also manages a team of less experienced private bankers.

- Group 3: Employees with more than 20 years of experience as private bankers are those that normally hold an executive position within the firm, leading teams of several private bankers, and with a limited number of direct customers.

Although the number of years of experience is usually associated with positions within the firms with higher responsibility, it was observed in the sample that such a relationship did not always appear. That was because some private bankers, after several years of working for a firm, decided to start working independently, probably keeping the majority of their portfolio of customers but not managing a team of employees. Nevertheless, since the aim of this research is to study how the private banker manages his or her customer, the fact that he or she has a responsibility within the firm should not necessarily influence the results of the analysis.

Consequently, the three groups were covered sufficiently with the idea of having at least a few participants in each group both holding and not holding a management position. The distribution of participants was as follows:

- Group 1 (5 - 10 years of experience): 7 participants.
- Group 2 (10 - 20 years of experience): 12 participants.
- Group 3 (over 20 years of experience): 6 participants.

In terms of the total duration of the interviews, group 1 summed 351 minutes of net time, with an average of 50 minutes per interview. For the second group, there was collected a total net time of 587 minutes from which each individual interview lasted 49 minutes on average. Group 3 totalled 337 minutes of net time and its participants lasted an average of 56 minutes for each interview.

Regarding the number of words, the participants with the shortest working experience (group 1) produced 33,098 words. Those from group 2, with 10 to 20 years of professional experience, turned out to consist of 61,277 words. The third group, the one with the most experienced private bankers as participants, resulted in a total of 36,449 words.

The following table (see table 3.6) shows a characterisation of the data from the interviews classified according to the level of seniority (measured in number of years of working experience).

| | | Participants | Interviews net time in minutes | | Interviews word count | |
			Total	Average	Total	Average
Seniority	5 to 10 years	7	351	50	33,098	4,728
	10 to 20 years	12	587	49	61,277	5,106
	Over 20 years	6	336	56	36,449	6,075

Table 3.6: Characterisation of interviews data by the level of seniority

Source: Own elaboration

Similar to the type of firm classification, there is a slight deviation of the average number of words in group 3 of private bankers due to the existence of one participant with a high speech rate. However, looking at the median values amongst the three groups, the values tend to be more homogenous; 4,650 words in the first group, 5,490 words in the group 2 and 5,152 words in the group 3.

The higher number of participants in the second group is because in the range of 10 to 20 years of experience, there is a high heterogeneity of participants in relation to the other two variables which made this group naturally bigger. Nevertheless, since each group contained at least one fourth of the participants, using seniority as a variable influencing COSE in this study is still reasonably valid.

3.7.1.2.   Visual Representation of Collected Data

In order to visually show how the data from the different groups of participants was covered, firstly, the two column charts have been presented. Figures 3.2 and 3.3 show the distribution of interview time and counted words by the group of participants.
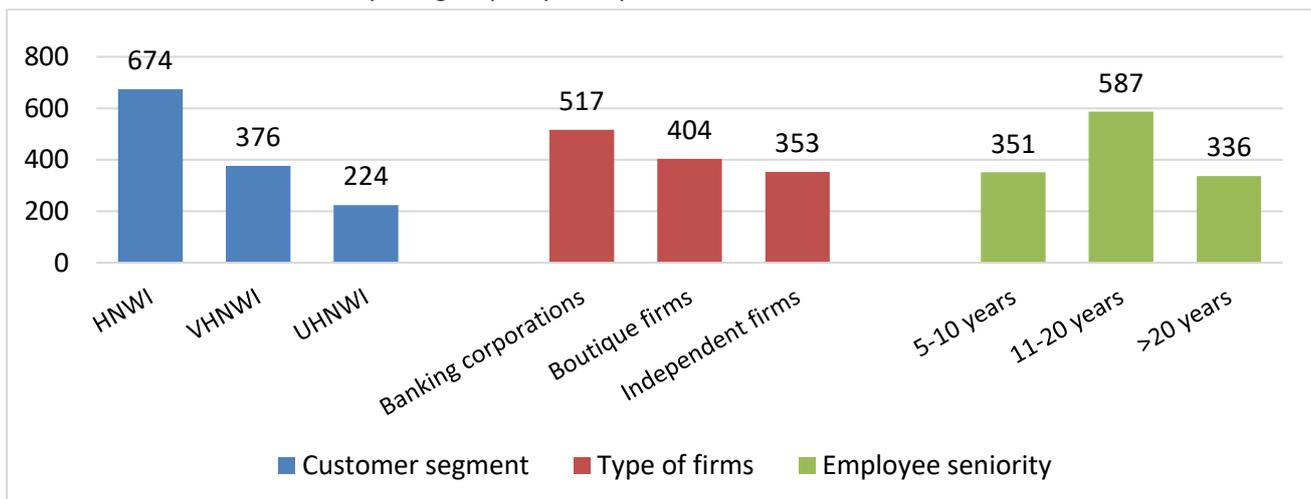
Figure 3.2: Aggregated net interviews time in minutes by group of participants
Source: Own elaboration
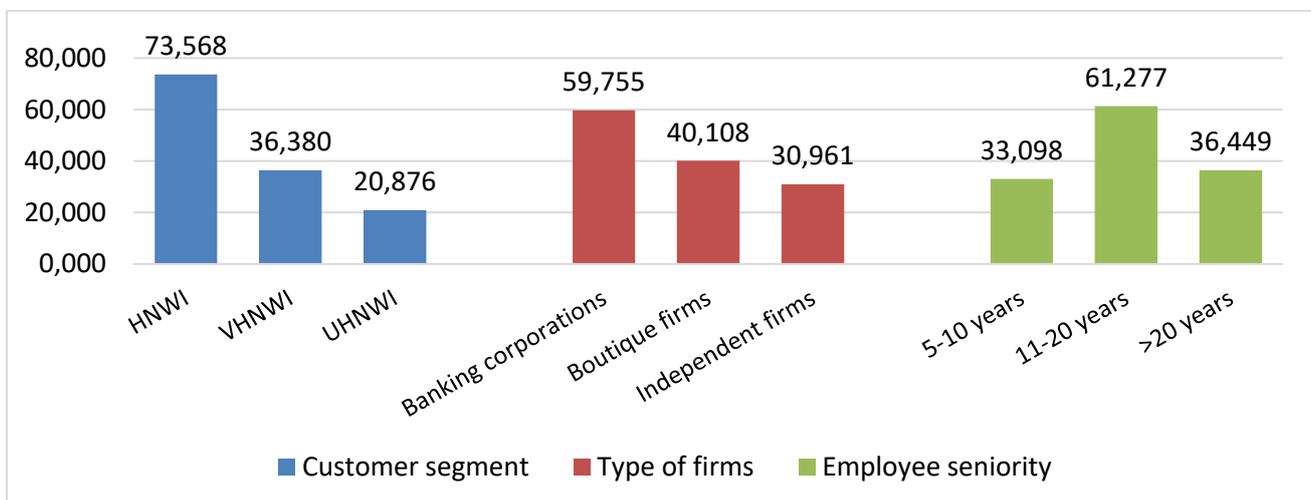
Figure 3.3: Aggregated interviews word count by group of participants
Source: Own elaboration

Secondly, a series of scatter plots is presented. In both figures, all of the participants are represented according to the number of years of working experience (seniority) in the vertical axis and the customer segment in the horizontal axis, which is represented by the average amount of investible

assets of each customer for every participant. The actual figures of the horizontal axis were omitted for confidentiality issues so only the lines dividing the participants in the three groups are provided. The size of the circles in figure 3.4 corresponds to the total duration (in net minutes) for each interview, and the size in figure 3.figure 3.5 represents the total number of words in the transcription of each interview.
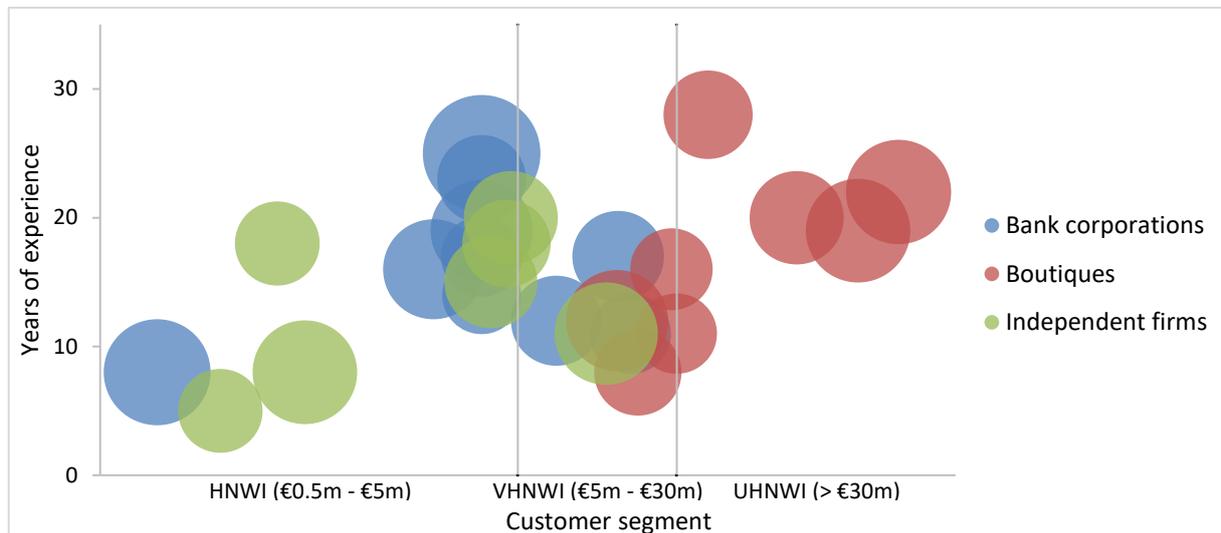
Figure 3.4: Participant distribution and interview duration by customer segment and seniority
Source: Own elaboration
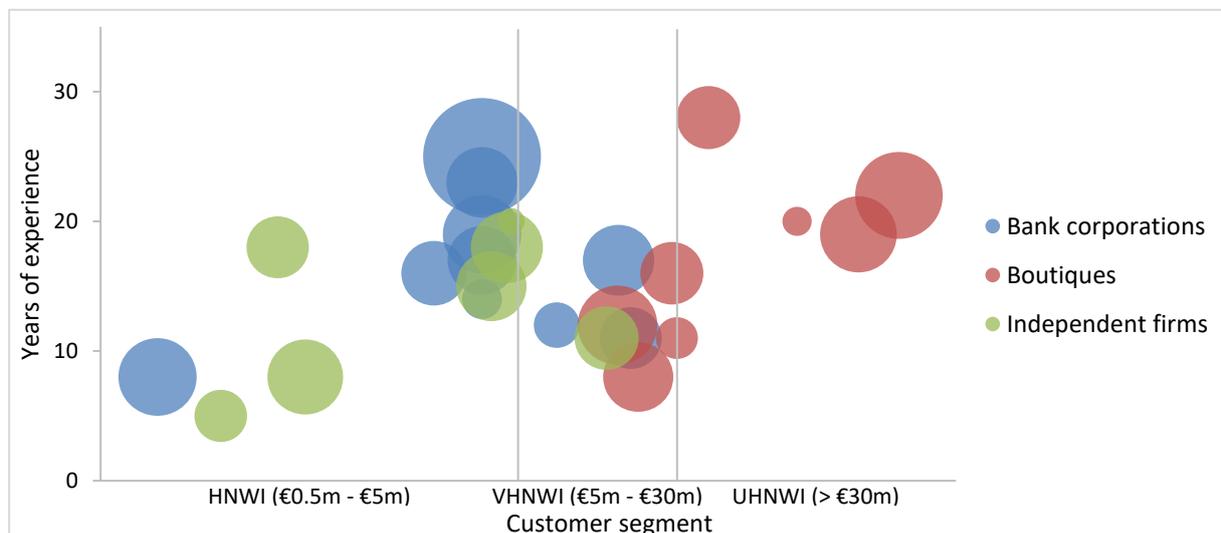
Figure 3.5: Participant distribution and word count by customer segment and seniority
Source: Own elaboration

3.7.2. Codification Results

In this section, steps 3 and 4 of the analysis and codification process are presented. The aim of coding the information is to identify the pieces of text from the sources (the interviews with PB professionals) that has a special meaning to the corresponding research question. It is noteworthy to mention that meaning can take one of the following forms:

– Explicit, when the text says a response to one of the questions exactly. For instance, if the research question is about the importance of COSE in PB, a participant's reply saying: 'customer orientation is very important' has an explicit meaning for confirming that fact.

– Implicit, when the text does not directly state a meaning but it is implied from what is said. An example, regarding the previous situation would be the participant saying: 'customer orientation is crucial for the success of our company'.

– Inferred is the form of meaning that is extracted when one or several connections between the ideas that are transmitted have to be done in order to identify the meaning that is looked for. An example would be an answer from a participant talking about the financial resources his or her firm invests in providing their employees with the resources to better serve their customers or to train them to know all of the different products there are available to invest in. In such a case, provided one of the COSE's goals is better to meet the customer's needs, then it is possible to infer that investing money in training your employees is proof of COSE being important for that firm.

These three forms of extracting the information make the whole process of coding a considerable workload take a significantly long time. This is because explicit meanings are very often identified directly when reading the text for the first time. However, other meanings associated with new codes are difficult to identify and extract, and more complex reasonings and connections of the text fragments that are apart in the source are also needed. Also, because of the fact that some new codes may appear in one of the sources analysed last, it is frequently necessary to go back to the text already revised and read again to see if segments belonging to the new code exist. Such difficulty is what makes codification an iterative process.

Once the coding is completed, a second stage of classification is conducted. This classification consists of assigning the different attributes to each source or the data part of it in order to facilitate the extraction and analysis of the information provided by the codes. Such classification is organised in code hierarchies and categories:

– Code hierarchies, also known as themes, refers to groups of data whose content has related information about one specific topic. This level of aggregation is customised to each research study and will depend on the detail and depth that is sought by each research question. For instance, 'private banking' could work as a code hierarchy if the purpose of the research is to investigate the different financial services, but it would not serve if the goal is to study a specific characteristic of its employees, as it is the case in this study. The data will belong to one code hierarchy depending on their content and meaning, and not on the source.

– Categories are the classifications applied to the sources, so in the case of interviews, they could refer to some of the characteristics of the participants, like the age of the company they work for, but also to aspects like the time when the interview was conducted. So, the

data will belong to one category or another independently of the content and meaning that they may have.

Following this process of classification, three main code hierarchies, or group of codes, were created:

1. Qualitative assessment of COSE in PB, which included the two following code hierarchies: The importance of COSE; which concerns the interviewees' views about the relevance of COSE and the prevalence of COSE; which refers to how often COSE is found within PB practices.

2. COSE antecedents or characteristics, which included the four dimensions of COSE as codes hierarchies: technical skills, social skills, motivation, and decision-making authority.

3. COSE consequences, which itself was divided into three hierarchies: old consequences (customer satisfaction, customer retention and customer commitment), new consequences (trust, customer-oriented deviance, loyalty and word of mouth), and financial performance.

In total, 66 codes were created. Figure 3.6 shows the grouping of the codes with the number of corresponding main codes (level 1 codes) and secondary codes (levels 2 and 3 of codes) for each code hierarchy.
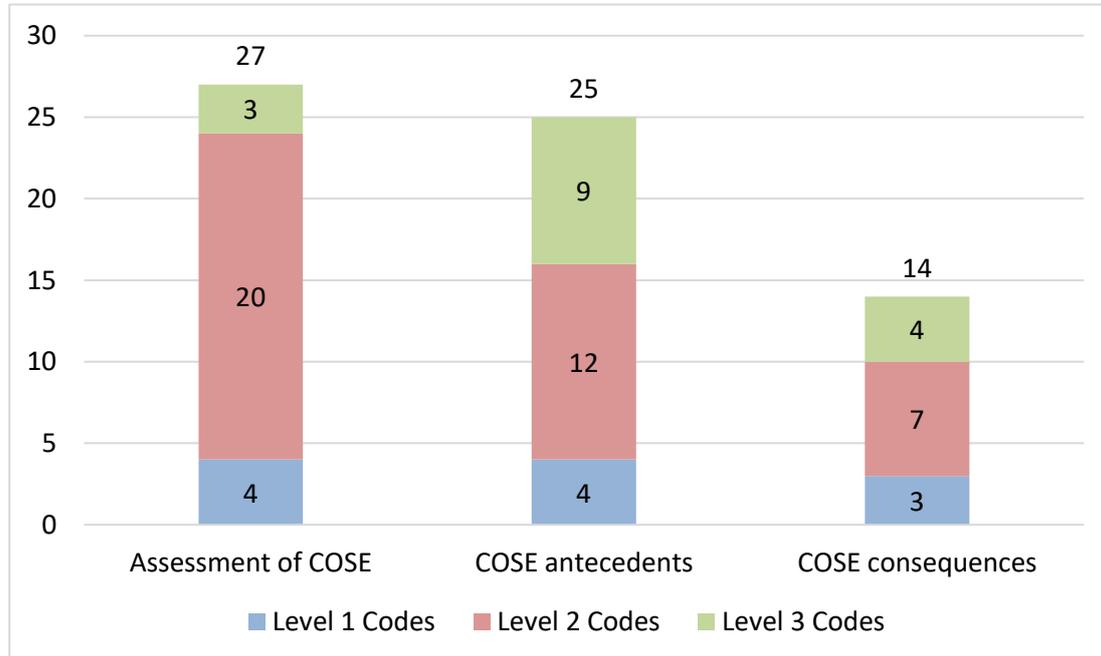
Figure 3.6: Number of codes per group and level of codes
Source: Own elaboration

Regarding to the categories, they were identified mainly by looking at the introduction part of the interviews, where each participant provided the information related to their professional characteristics:

– Their total number of years of experience in PB, their current position, and their assignments and level of responsibility.
– The total amount of assets under management, and the number and type of customers they serve.
– The name and type of firm that they work for.

It is noteworthy that, although this stage appears to follow the coding stage, in reality it can also be executed in parallel to codification, facilitating the iterative aspect of the whole process. Following the details of each code group, the aggregated results by category have been presented. For each code, the text coverage is also provided. This text coverage is measured as the percentage of the total text (number of words) that was coded for each code over the total number of words contained in the qualitative data.

3.7.2.1. Qualitative Assessment of COSE

The goal of this part of the coding process was four-fold according to research questions 1 to 3 and 7, and the objectives of the study, namely to:

– Assess the importance of COSE in PB.
– Enquire if COSE is an aspect considered in the management strategies of PB firms.
– Collect what initiatives regarding the measure of COSE are carried out in PB firms.
– Identify the initiatives that are undertaken by PB firms in order to improve the level of COSE.

In order to do so, and despite segments of texts being coded that could be found in any part of the sources due to the semi-structured nature of the interviews, the following questions of the interview protocol were considered as the main sources to look at when trying to identify segments of the text to be coded:

– What are the key success factors and main concerns for a PB firm?
– If you have to choose three main characteristics that any private banker must have, which one would you choose? Why?
– How important do you consider the level of CO of a private banker?
– Which internal parameters or key indicators do you use to measure the level of customer orientation?

Therefore, four main codes were defined according to the list of questions, from which a series of secondary codes was dependant. Figure 3.7 shows the hierarchy of codes and their corresponding code level for the qualitative assessment of COSE in PB.

Main codes	Secondary codes		Code level
COSE Importance			1
	Differentiation		2
	Relationship		2
		Long-term perspective	3
	Responsibility		2
	Risk		2
	Service		2
COSE Pervasiveness			1
	Customer intimacy		2
	COSE span		2
	Organisational level		2
	Portfolio strategy		2
	Resources definition		2
COSE Measurement			1
	No direct measure		2
	Portfolio performance		2
	Customer surveys		2
	Service performance		2
	Unstructured measure		2
COSE Improvement			1
	Motivation		2
		Incentives	3
	Number of customers		2
	Organisation		2
		Resources	3
	Social training		2
	Technical training		2

Figure 3.7: Hierarchy of codes for the qualitative assessment of COSE
Source: Own elaboration

As shown in figure 3.7, the four main codes were the direct codes defined by the research questions. The list of secondary codes were identified simultaneously to the coding process and fed

with both the text generating the code and the text coming from the rest of sources. The description of each code, together with an example of the source text, is shown in table 3.7.

Level	Code name	Description	Example
1	COSE Importance	How important is COSE for the firm.	"Customer orientation is very important"
2	Differentiation	COSE serves as a differentiation.	"Part of the differentiation is customer orientation"
2	Relationship	COSE helps to develop the relationship with the customer.	"You must know your customers very well, their needs, and what they want"
3	Long-term perspective	Such relationship has a long-term perspective.	"COSE is vital because this is a long-term business."
2	Responsibility	COSE is important due to the employee responsibility.	"We are talking about money, which is a very sensitive issue"
2	Risk	COSE is important due to the risk that is managed by the employee.	"If I am customer-oriented, I will try to avoid unnecessary risks"
2	Service	COSE is important because PB is a service.	"CO is fundamental if you understand PB as a service"
1	COSE Pervasiveness	COSE is present in all the aspects of PB…	"Everything in PB is customer-oriented"
2	Customer intimacy	… when dealing with sensible information from the customer.	"Customers open their hearts to us"
2	COSE span	… in both the short and the long-term.	"You can focus on the customer because the results come in the long-term"
2	Organisational level	… all across the company.	"Our success has been from putting the customer at the centre of everything"
2	Portfolio strategy	… when managing the investment strategy.	"CO is apparent in our technical knowledge about investment products"
2	Resources definition	… when defining the resources needed.	"Another factor of CO is the tools that you can work with"
1	COSE Measurement	If COSE is measured and how.	"We do not measure COSE, probably because we are a small firm"

Level	Code name	Description	Example
2	No direct measure	It is not directly measured.	"There is no tool to measure COSE"
2	Portfolio performance	It is measured through the performance of the investments portfolio.	"Internally, we look at the new deposits and withdraws"
2	Customer surveys	Some kind of survey to customer is conducted.	"We conduct quality surveys with our customers"
2	Service performance	It is measured the level of service.	"We use parameters such as the number of visits or calls"
2	Unstructured measure	It is measured informally.	"We check COSE by visiting other employee's customers"
1	COSE Improvement	How COSE should be improved.	"CO can be improved by many things"
2	Motivation	By increasing the employee's motivation…	"You have to increase the motivation of your team"
3	Incentives	… by increasing their remuneration.	"Creating the adequate incentives"
2	Number of customers	By adjusting the number of customers.	"It is important that the number of customers by employee is limited"
2	Organisation	By involving the whole organisation…	"You need some guidelines within your organisation"
3	Resources	… and introducing the adequate resources.	"It has to be coherent with the technology you use"
2	Social training	By providing training related to the social skills.	"You have to act on the social part of your employees"
2	Technical training	By providing training related to the technical skills.	"First, this can be improved with technical training"

Table 3.7: Description of codes for the qualitative assessment of COSE

Source: Own elaboration

Table 3.8 presents the codes, the number of repetitions (or number of text segments assigned to that code), the number of words for each code, and the percentage of the data that was coded (also known as text coverage) for the codes related to the qualitative assessment of COSE.

Level	Code name	Repetitions	Number of words	Percentage
1	COSE Importance	51	2,646	2.02%
2	Differentiation	7	194	0.15%
2	Relationship	5	185	0.14%
3	Long-term perspective	5	108	0.08%
2	Responsibility	2	25	0.02%
2	Risk	3	80	0.06%
2	Service	7	118	0.09%
1	COSE Pervasiveness	42	5,829	4.46%
2	Customer intimacy	5	146	0.11%
2	COSE span	6	270	0.21%
2	Organisational level	4	131	0.10%
2	Portfolio strategy	8	360	0.28%
2	Resources definition	3	81	0.06%
1	COSE Measurement	26	5,275	4.03%
2	No direct measure	10	211	0.16%
2	Portfolio performance	14	991	0.76%
2	Customer surveys	12	577	0.44%
2	Service performance	11	810	0.62%
2	Unstructured measure	17	1,187	0.91%
1	COSE Improvement	35	4,265	3.26%
2	Motivation	5	210	0.16%
3	Incentives	5	160	0.12%
2	Number of customers	4	180	0.14%
2	Organisation	12	591	0.45%
3	Resources	8	294	0.22%
2	Social training	5	147	0.11%
2	Technical training	9	313	0.24%

Table 3.8: Coding main figures in the qualitative assessment of COSE
Source: Own elaboration

3.7.2.2. COSE Antecedents

In the second part of the coding process, the focus was to work with the antecedents of the COSE proposed model of Hennig-Thurau and Thurau (2003) and its tested version (Hennig-Thurau, 2004). As was presented in the literature review, there are four dimensions of COSE, namely:

- Technical skills
- Social skills
- Motivation
- Decision-making authority

For each characteristic, the goal of the analysis was to analyse the dimensions of the COSE construct from the point of view of PB professionals, and to qualitatively evaluate their expected impact on the overall level of COSE. The accomplishment of this goal served to respond to research question 4: 'What role is played by each of the four dimensions that comprises the customer orientation of service employees: technical skills, social skills, motivation, and decision-making authority?'.

This research question was addressed during the interviews by the following items of the protocol:

- How would you describe the perfect private banker in terms of experience and qualifications?
- And again, in terms of interpersonal skills and personality?
- If you have to choose three main characteristics that any private banker must have, which one would you choose? Why?
- Which factors do you think determine the level of Customer Orientation of a private banker?
- How do the following factors impact on the level of Customer Orientation of a private banker?
  - o Technical skills:
  - o Social skills:
  - o Motivation:
  - o Decision-making authority:

As explained in the item 2.3.2.3., each dimension has its own definition, from which the majority of codes used in this part of the coding process were identified. Figure 3.8 shows the hierarchy of codes and their corresponding code level for the antecedents of COSE in PB.

Main codes	Secondary codes		Code level
Technical skills			1
	Experience		2
	General knowledge		2
	Learning orientation		2
	Product knowledge		2
	Tools		2
Social skills			1
	Personality		2
		Adjustment	3
		Agreeableness	3
		Extroversion	3
	Perspective taking		2
		Affective	3
		Cognitive	3
		Perceptive	3
Motivation			1
	Consequences valence		2
		Job satisfaction	3
		Org. commitment	3
	Probability of success		2
		Resources	3
	Reward expectation		2
Decision authority			1
	Org. structure/culture		2
	Self-perception		2

Figure 3.8: Hierarchy of codes for the analysis of the antecedents of COSE
Source: Own elaboration

Figure 3.8 shows how the four main codes are the characteristics conforming to COSE as mentioned by Hennig-Thurau (2004). Secondary codes mostly spring from the definition provided by Hennig-Thurau and Thurau (2003) for each characteristic. Table 3.9 provides a description of each code together with an example from the sources.

Level	Code name	Description	Example
1	Technical skills	The knowledge required to provide a service by…	"They allow you to provide solutions to your customers' problems"
2	Experience	… an adequate working experience.	"Your experience is also part of your training"
2	General knowledge	… an adequate knowledge of the profession.	"The better your knowledge, the broader the product portfolio that you can offer"
2	Learning orientation	The interest to receive relevant training about…	"There has to be a continuous training to be up to date with the markets"
2	Product knowledge	… products and services related to PB.	"You have to know about the latest products"
2	Tools	… tools to adequately perform the service.	"The tools you use must be adapted to your customers"
1	Social skills	The traits required to provide an adequate service.	"They are essential, and something that is innate"
2	Personality	The traits of the employee that allow to…	"If you have people skills, then you have to exploit them"
3	Adjustment	… overcome difficulties to communicate and react.	"On some occasions, you have to face unpleasant customers"
3	Agreeableness	… establish amiably relationships.	"Customers prefer to be with someone that they are comfortably with"
3	Extroversion	… enjoy attention and social interaction.	"You must be able to interact with your customers"
2	Perspective taking	To be able to see things from the clients' point of view related to…	"Sometimes it is difficult to put yourself in the shoes of an old man"
3	Affective	… their emotions.	"Your customer is someone that you can talk, sit and have lunch with"
3	Cognitive	… their knowledge about the PB service.	"It is not the same dealing with a customer who is an engineer"
3	Perceptive	… their physical environment.	"You need to understand the social environment of your customer"

Level	Code name	Description	Example
1	Motivation	The incentive of the employee to be customer oriented.	"This is a very hard job where you need to be motivated"
2	Consequences valence	The employee's value for being customer-oriented…	"You have to be enthusiastic about what you do"
3	Job satisfaction	… due to their personal job satisfaction.	"If you have a bad working environment, then your motivation is low"
3	Org. commitment	… due to their commitment with the firm.	"It is important to have a strong company culture"
2	Probability of success	The likelihood of being customer oriented.	"You have to work on 15 potential customers to get one secured"
3	Resources	The firm resources to help on the employee customer orientation.	"If you don't have the adequate tools, then your motivation is low"
2	Reward expectation	The probability of reward when being customer oriented.	"If your bonus is not as you expected, then you feel frustrated"
1	Decision authority	The employee's perceived freedom to be customer oriented.	"I don't recommend a product that is not suitable for my customer"
2	Organisation structure and culture	When company and management foster CO related decisions.	"We have almost no restrictions regarding the products that we offer"
2	Self-perception	Employees' perception of their decision-making authority.	"If you are free to tailor your offer, then you will be successful"

Table 3.9: Description of codes for the antecedents of COSE
Source: Own elaboration

Table 3.10 presents the codes, the number of segments or repetitions and their number of words, and the percentage of the total aggregated text covered by each code, for the codes related to the characteristics of COSE.

Level	Code name	Repetitions	Number of words	Percentage
1	Technical skills	64	3,207	2.45%
2	Experience	6	212	0.16%
2	General knowledge	8	343	0.26%
2	Learning orientation	7	453	0.35%
2	Product knowledge	17	1,202	0.92%
2	Tools	2	127	0.10%
1	Social skills	74	5,684	4.34%
2	Personality	41	3,322	2.54%

Level	Code name	Repetitions	Number of words	Percentage
3	Adjustment	9	1,120	0.86%
3	Agreeableness	6	207	0.16%
3	Extroversion	14	810	0.62%
2	Perspective taking	14	1,448	1.11%
3	Affective	4	291	0.22%
3	Cognitive	5	431	0.33%
3	Perceptive	1	19	0.01%
1	Motivation	77	7,534	5.76%
2	Consequences valence	33	2,542	1.94%
3	Job satisfaction	16	892	0.68%
3	Org. commitment	15	1,577	1.21%
2	Probability of success	19	2,144	1.64%
3	Resources	14	1,613	1.23%
2	Reward expectation	14	2,021	1.54%
1	Decision authority	70	8,022	6.13%
2	Organisation structure and culture	34	3,907	2.99%
2	Self-perception	30	3,722	2.85%

Table 3.10: Coding main figures in the COSE characteristics

Source: Own elaboration

Although it does not pretend to provide a quantitative conclusion, the higher percentage of the coverage of some codes corresponding to one of the four COSE dimensions showing a qualitative indicator of those that could be highlighted as being the more important or those that generates the greatest concern for the practitioners of PB.

3.7.2.3. COSE Consequences

Following the codification of the antecedents, the codification of the COSE consequences is presented. In this part of the coding process, two groups of codes were utilised plus one code that was used separately. The first group was that comprising the three consequences from the original work of Hennig-Thurau (2004): customer retention, commitment and satisfaction. The second group included the new consequences that were implicitly identified through the interviews and that are supported by the literature regarding the financial service industry. Whereas the last consequence considered, financial performance, was not explicit in the original study but was considered as relevant given the importance it has for the PB service (see previous item 3.5.2.5).

Therefore, there are two research questions that are meant to be elicited and addressed in this part of the codification:

  − What are the potential outcomes of the private banker's COSE?
  − What is the effect of COSE and each one of its dimensions on those potential outcomes?

The following questions from the interview protocol were used for this purpose:

  − To what extent and how does the level of customer orientation impact the following aspects of the firm?
    o Customer satisfaction:

- o Customer commitment:
- o Customer retention:
- o Financial performance of the firm:
- − Which other aspects of the firm could be influenced by the level of customer orientation?

Figure 3.9 shows the hierarchy of codes and their corresponding code level for the antecedents of COSE in PB.
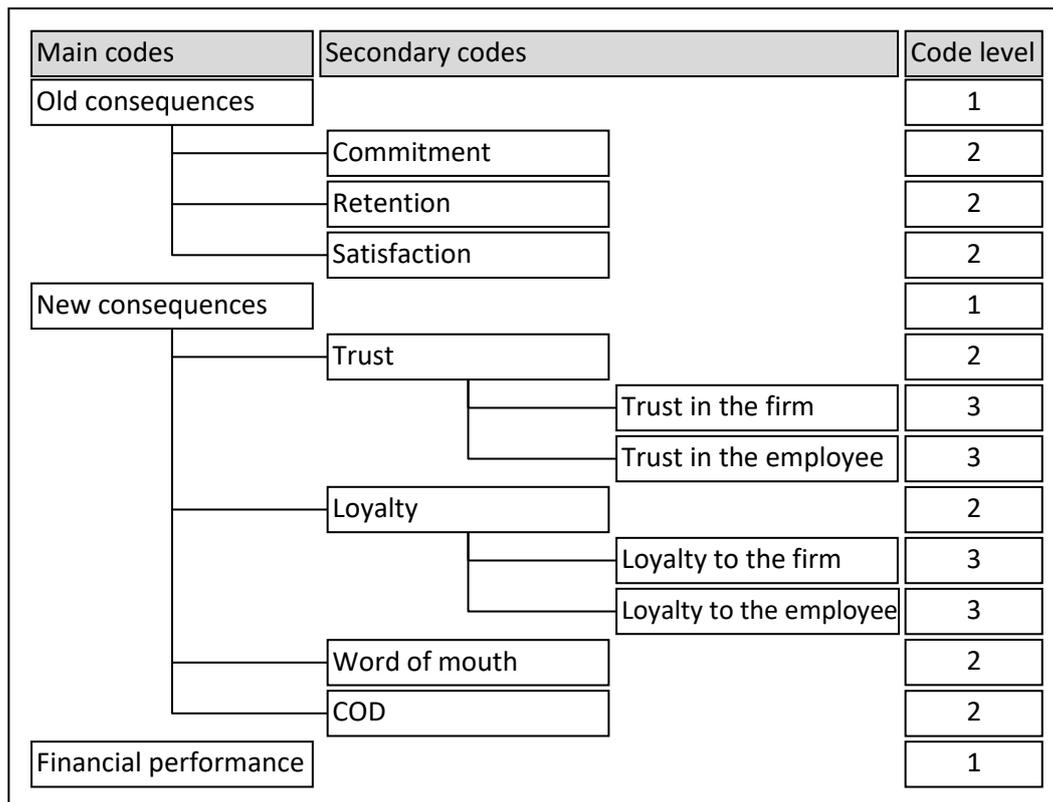
Figure 3.9: Hierarchy of codes for the analysis of the consequences of COSE
Source: Own elaboration

Next, table 3.11 provides a brief description of each code of the COSE consequences accompanied by a brief extraction from the sources as an example.

Level	Code name	Description	Example
1	Old consequences	Group of consequences studied in the original COSE model.	"If I'm not customer-oriented, my customer will be dissatisfied and quit"
2	Commitment	Nearness and interconnection with the service employee.	"Your customer commitment will depend on your customer orientation skills"
2	Retention	Likeliness of return to the same service provider.	"It's difficult to see a customer that comes back if he or she is not satisfied"

Level	Code name	Description	Example
2	Satisfaction	The extent to which customer's expectations are met.	"If you are customer-oriented, customer satisfaction will always be 100%"
1	New consequences	Group of consequences that were mentioned during the interviews.	"There are a few other consequences: loyalty and brand"
2	Trust	The mutual way of managing risk between the parties involved.	"In the end, this is a trust-based business"
3	Trust in the firm	Trust in the company for which the private banker works.	"A simple warning from the regulatory body can ruin a firm"
3	Trust in the employee	Trust in the employee him or herself.	"In this business, you cannot stray from the truth"
2	Loyalty	The attitude and intention of the customer to remain as such.	"Sometimes, customers fly"
3	Loyalty to the firm	The customer remains as such if the employee leaves the firm.	"In our bank, customers stay with us because we are a big corporation"
3	Loyalty to the employee	The customer changes to another firm following the employee.	"Eventually, you end up being a friend of your customer"
2	Word of mouth	The informal communication about the service between people.	"This is a business based on word of mouth"
2	COD	The excess of COSE that could go against the firm's interest.	"You must be customer-oriented but know where to bring your customer"
1	Financial performance	The financial indicators commonly used to measure the performance.	"There is a certain moment when it is not about making 2 or 3 percent"

Table 3.11: Description of codes for the consequences of COSE
Source: Own elaboration

Table 3.12 presents the codes, the number of text segments coded, the total number of words these segments represent, and the percentage of the total aggregated text covered by each code, for the codes related to the COSE consequences.

Level	Code name	Repetitions	Number of words	Percentage
1	Old consequences	68	9,500	7.26%
2	Commitment	17	2,020	1.54%
2	Retention	34	4,526	3.46%
2	Satisfaction	22	3,958	3.03%
1	New consequences	63	4,504	3.44%

Level	Code name	Repetitions	Number of words	Percentage
2	Trust	29	2,461	1.88%
3	Trust in the firm	9	449	0.34%
3	Trust in the employee	3	126	0.10%
2	Loyalty	14	824	0.63%
3	Loyalty to the firm	4	88	0.07%
3	Loyalty to the employee	5	194	0.15%
2	Word of mouth	14	705	0.54%
2	COD	11	827	0.63%
1	Financial performance	37	6,217	4.75%

Table 3.12: Coding main figures in the COSE consequences
Source: Own elaboration

Logically, the new consequences are supported by a smaller amount of data, not due to a lack of relevance, but because these consequences were not explicitly included in any of the questions unlike the original consequences. Indeed, the fact that these new consequences were mentioned spontaneously is what supports the findings that are explained in the corresponding chapter.

3.7.2.4. Codification Results by Category

In addition to the quantity of information that was collected by category, which was presented in subsection 3.7.1, the contribution, in the number of words, of each category to the codification process by the group of codes is presented in the following figures.
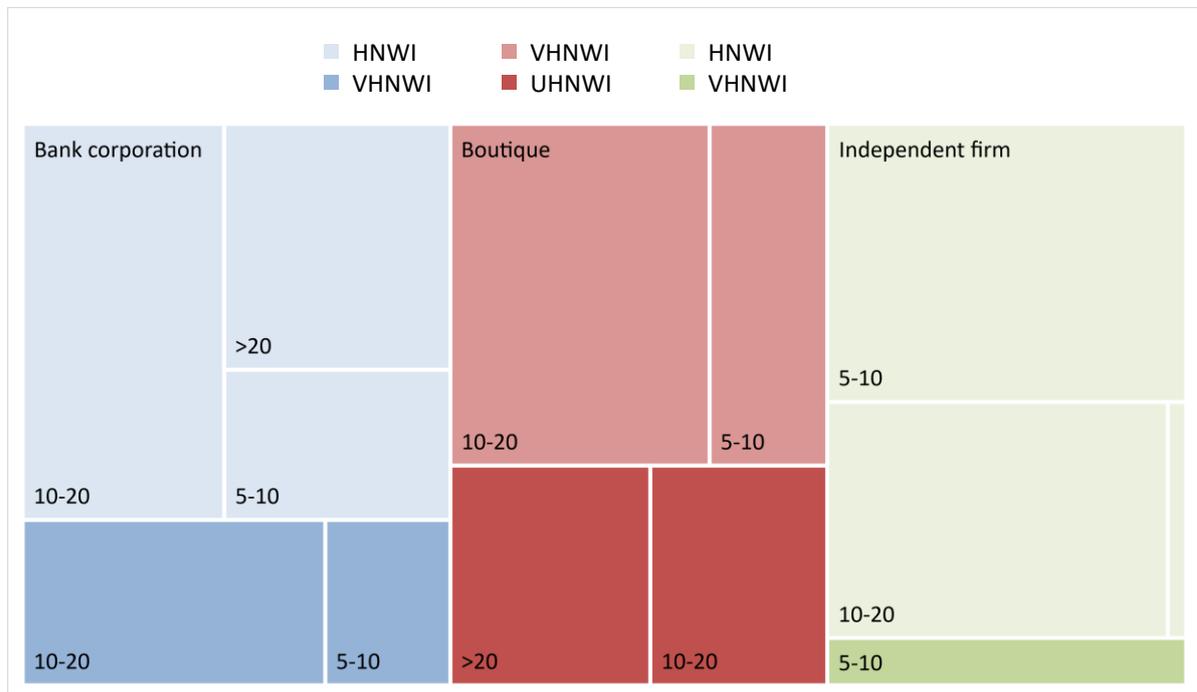
Figure 3.10: Number of words coded for the assessment of COSE by participant category
Source: Own elaboration

As shown in figure 3.10, the participants from banking corporations contributed the most to the codes for the assessment of COSE with a total of 9,333 words, followed by the participants working in

boutique firms and independent firms, both with around 8,000 words. By customer segment, HNWI contributed with almost 14,000 words, whereas VHNWI and UHNWI totalled 8,412 and 3,215 words respectively. Regarding the level of seniority, the group with 10 to 20 years of experience contributed 13,120 words, followed by the most junior group with 8,228 words and the most senior with 4,036 words.
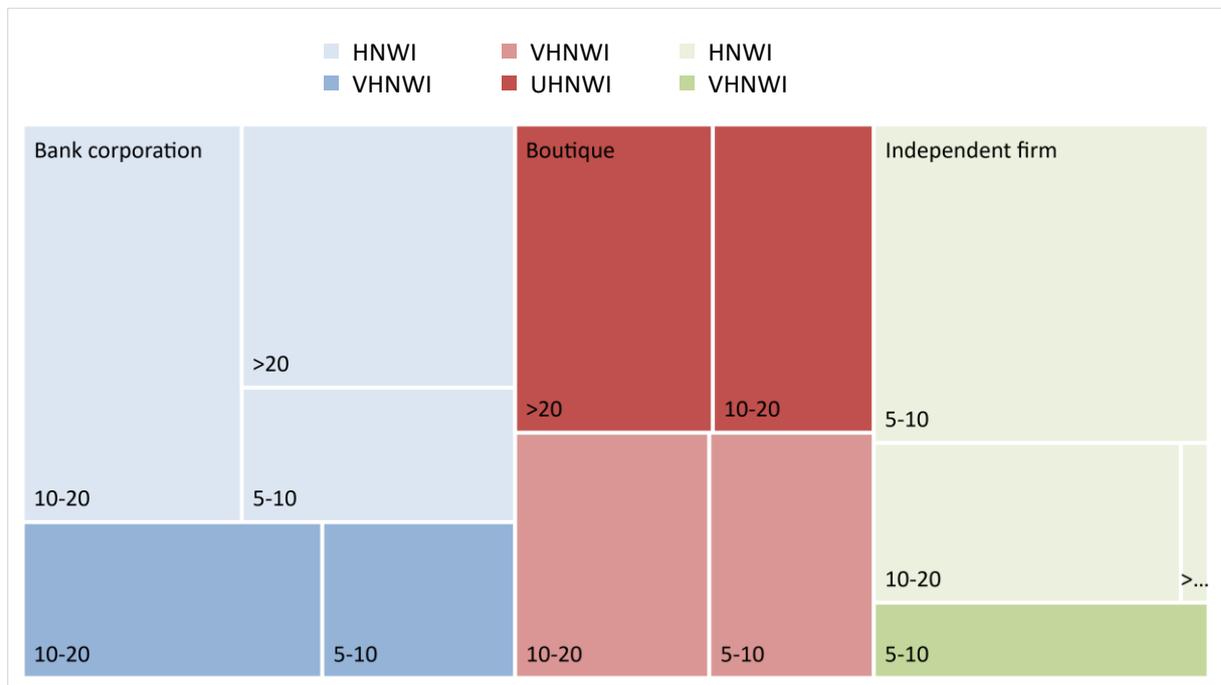
Figure 3.11: Number of words coded for the COSE antecedents by participant category
Source: Own elaboration

In figure 3.11 the contribution in number of words to the codes for the COSE antecedents is shown. The group of participants from banking corporations accounted for 21,944 words, the boutique firms, 15,988 words, and independent firms summed 14,918 words. By the type of customer segment, participants serving HNWI contributed with 28,651 words, followed by UHNWI segment with 15,298 words, and VHNWI with 8,901. Regarding seniority level, the participants with 10 to 20 years of experience accounted for 22,564 words, the most junior group with 5 to 10 years of working experience contributed 19,238 words, and the most senior participants with over 20 years of experience summed 11,048 coded words towards the codification of COSE antecedents.
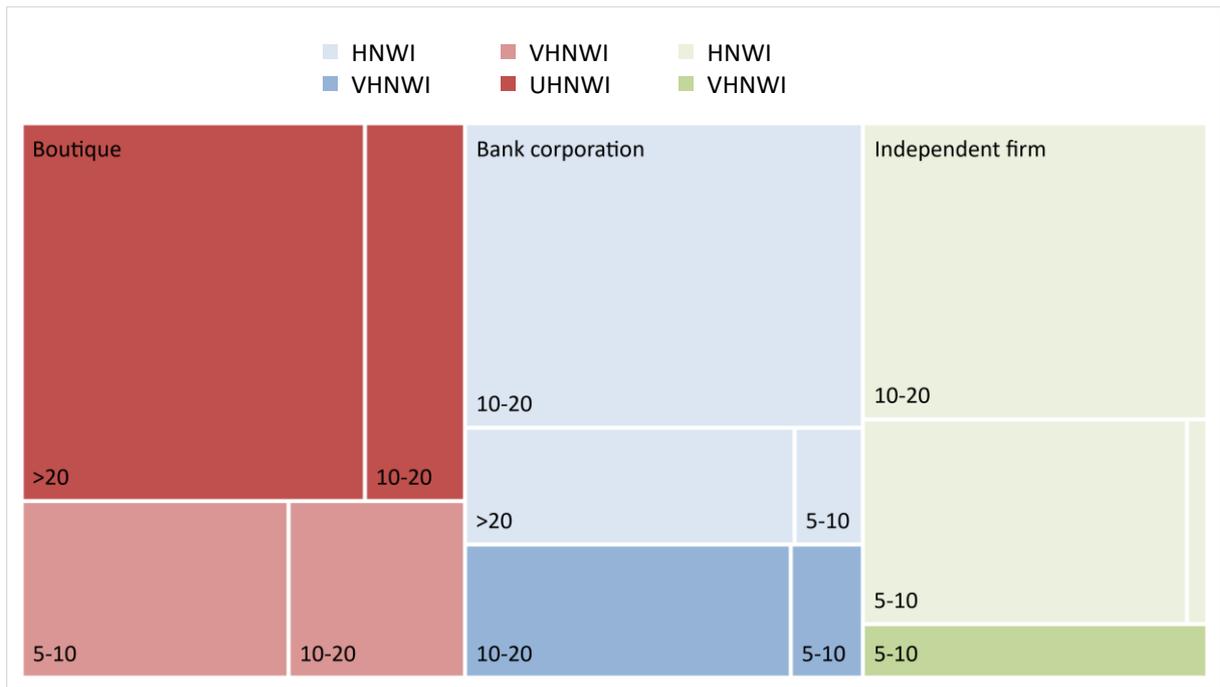
Figure 3.12: Number of words coded for the COSE consequences by participant category
Source: Own elaboration

In the case of the COSE consequences, the main category in terms of coded words was the group of participants from boutique firms with a total of 13,614 words, as shown in figure 3.12, followed by the banking corporations with 12,214 words, and independent firms with 10,571 words. By customer segment, HNWI represented 18,838 words, UHNWI accounted for 9,281 words, and VHNWI, 8,298 words. Regarding the level of seniority, the participants with 10 to 20 years of experience contributed with 18,577 words, whereas the participants with over 20 years of experience totalled 9,537 words, and those with 5 to 10 years of experience contributed 8,285 words.

Chapter 4:   Findings and Discussion

4.1. Findings from the Interviews

In this stage of the whole study, steps 5 and 6 of the data analysis and interpretation process as presented in subsection 3.6.4 were followed. As has been presented in the previous chapter, an enormous amount of information has been collected, coded and classified (over 130,000 words, 66 codes, and 3 classification criteria resulting in 13 different classes). From that moment onwards, the data was no longer seen as belonging to one source in particular, but rather as belonging to one code or a specific classification. This change of perspective is possible thanks to the use of a computer assisted qualitative data analysis software (CAQDAS) like NVivo. This software allowed the user to navigate through the different hierarchies of codes and, by opening a code, to retrieve all of the segments of text that were previously coded. Such change is crucial as it helped to access the information in a more organised way coherently, fit to the purpose of the research. Once the coded text was retrieved, the different segments were read and studied jointly, so the most prevailing and relevant information was identified.

Following on, the qualitative findings will be presented, starting from the most general ones about COSE, progressing to the more specific aspects of the private banking (PB) service characteristics, and to finish with the particular considerations regarding the COSE model (dimensions, moderators and consequences). The findings are supported with several original quotes of the participants that were considered to clearly illustrate the corresponding finding, as suggested by Flick (2010). In order to keep the confidentiality of the author, only the following data has been provided together with each quote:

- Position hold.
- Seniority level, defined as group 1 for those with 5 to 10 years of experience, group 2 with 10 to 20 years, and group 3 for those with more than 20 years of working experience in PB.
- The customer segment, as defined in item 3.5.2.3.
- The type of firm, as defined in item 3.5.2.2.

4.1.1. Importance of COSE

The construct of COSE was introduced in the literature review (see subsection 2.3.2). As has been proven in the different empirical studies that have been reported and discussed, the importance of COSE is justified by the role that it plays in attaining the different RM goals. However, due to type of research settings in which the model of COSE was tested, there was still room to further explore what importance COSE has in a highly relational service (HRS). That was one of the objectives of the research question (RQ) 1 and with that in mind, there was a series of questions in the interview that tried to elicit whether or not COSE was an important construct in an HRS context like PB. One of them was a direct question; 'How important do you consider the level of CO of a private banker?', and the others were indirect questions about general aspects related to the highly relational characteristic of the PB service that helped not only to reinforce the findings identified by the first question, but also to determine other general aspects of COSE in PB, particularly its pervasiveness, as explained in the following section.

All of the data collected through these questions was coded under the main code of COSE importance, and then coded again in each one of the aspects that makes COSE an important characteristic of the PB service, namely:

- The fact that PB is a service, and therefore a front-line employees' CO is important; coded as 'service'.

- COSE as a mean to differentiate the service delivered by the firm and the employee in front of competitors. This idea was coded as 'differentiation'.

- The relationship that has to be developed by the private banker and the customer; coded as 'relationship'.

- The importance of COSE in keeping this relationship over time. This idea was coded as 'long-term perspective' under the previous code of 'relationship'.

- The responsibility of the employee because of the characteristics of PB services; coded as 'responsibility'.

- The risk that are associated with the service and the need to be customer-oriented in order to adequately manage this; coded as 'risk'.

Therefore, moving on to the findings, in general, the interviews showed a very broad consensus about the great importance of the customer orientation (CO) level that a private banker should have. Such affirmation was repeated by 23 out of 25 participants without any exception. Some examples are:

> *"Customer orientation is very important"*
>
> Private banking supervisor, group 1, VHNWI, boutique firm.

> *"I believe this is the most important thing"*
>
> Senior private banker, group 1, HNWI, independent firm.

> *"Customer orientation for us is the most important thing"*
>
> Director, group 2, VHNWI, boutique firm.

> *"In two words; absolutely crucial"*
>
> Managing director, group 3, UHNWI, boutique firm.

> *"If we put it in a 1-to-10 scale, it is 10"*
>
> Director, group 2, HNWI, banking corporation.

> *"How important is it? Crucial"*
>
> CEO, group 2, HNWI, banking corporation.

> *"I consider it to be the most important thing"*
>
> Partner, group 2, HNWI, independent firm.

Next, the other findings related to the importance of COSE are detailed.

4.1.1.1. Service

The main reason for the importance of COSE could be the fact that PB is a service, which may be evident, but not irrelevant. According to seven participants, PB, as a personal service, has its *raison d'être* in the customer, even to the extent that customers should be the main thought in the head of the employee. Three participants explained it as follows:

> *"This is a service, you sell a very premium service, a luxury one, and in that sense, you have to be very customer-oriented."*
>
> Director, group 2, VHNWI, banking corporation.

> *"Customer orientation is very important. Ours is pure customer orientation, […] we are completely focused on the customer. Our work is service, service, and service."*
>
> Private banking supervisor, group 1, VHNWI, boutique firm.

> *"Customer orientation is 100% fundamental. Without customer orientation, that is, without going to sleep thinking about your customers and waking up thinking about your customers, you cannot be a good banker"*
>
> Director, group 1, HNWI, independent firm.

4.1.1.2. Differentiation

In addition to service, COSE is considered as a differentiation strategy by 6 of the participants. In other words, the level of COSE attained by the private banker is what determines the difference between a banker or a bank, and their competitors. Such differentiation is even more significant these days. First, this is because there is not (or there should not be) a difference between the product offerings that a PB customer can access through one bank or another, thanks to the use of open architecture platforms, for example Allfunds Bank[2]. As expressed by one participant:

> *"Customer orientation is crucial. If you see the private banking business as a service, and provided that nowadays there is limited product differentiation, unless you are customer-oriented or you are able to offer a differentiated service to that offered by your competitors, then you have too few possibilities to generate recurrent revenue"*
>
> Private banking supervisor, group 2, HNWI, banking corporation.

Secondly, it is also more necessary with the new regulation (see item 3.5.2.1 for more detail about this new regulation named with the acronym MiFID II), where financial advisory firms will have to transparently communicate to customers how much they pay for the service. Therefore, clients should

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[2] Allfunds Bank is an open architecture platform which offers integral solutions for the contracting of funds targeted exclusively to institutional clients. Further information at www.allfundsbank.com.

become aware of the true cost of using PB services. Consequently, they will eventually end up being even more demanding with the bank, the banker and the results of the service received. According to one of the practitioners:

> *"If you follow a [business] model in which you want to get paid for doing a professional and quality service, then you have to differentiate yourself to justify the cheque"*
>
> Senior private banker, group 1, VHNWI, independent firm.

4.1.1.3. Relationship and Long Term

Another factor that directly contributes to the importance of COSE is that it was considered by seven interviewees as an essential instrument for establishing an adequate rapport and relationship with the customer, chiefly by gaining knowledge about the client. That is to say, the fact that a banker is more customer-oriented means that they are better active listeners, have greater attention to detail, and lastly, have a broader and more precise knowledge about the customers' real needs, even when they are not explicitly expressed. This was commented by two interviewees as follows:

> *"Customer orientation is the most important characteristic because you have to be very close to the customers, know them very well, and understand their particular circumstances in order to offer a solution to their financial needs."*
>
> Senior private banker, group 2, HNWI, independent firm.

> *"Customer orientation is very important because, in the end, it is necessary to understand and know the customers, their needs and what they want."*
>
> Partner, group 2, HNWI, independent firm.

Nevertheless, such a relationship gains more relevance in the long term. Being customer oriented is not a matter affecting only the first contact between the customer and the private banker, but something that has to be present throughout the relationship with the customer. Three respondents confirmed the fact that a relationship with a new customer can take up to five years to consolidate as was stated in the methodology (see item 3.5.2.1). This long-term perspective was mentioned by five of the participants. Two of them did so in the following way:

> *"[Customer orientation is] vital because this is a long-term business"*
>
> Director, group 1, VHNWI, banking corporation.

> *"The value of the bank is based on the number of the years that the customer is with you"*
>
> CEO, group 2, HNWI, banking corporation.

4.1.1.4. Responsibility and Risk

There are two other aspects that was decisive on the importance of COSE, according to five of the professionals that took part in the interviews. One is the responsibility that is held by the private banker, and the other is the risk associated with this kind of service. The responsibility emerges precisely because of the kind of relationship that is developed with the customer through the

employee's COSE and judgement. The result of a wrong service can eventually result in a significant economic loss for the customer, as explained by two of the practitioners:

> *"[Customer orientation is important] because you play with other people's money, which is a huge responsibility"*
>
> Private banking supervisor, group 1, VHNWI, boutique firm.

> *"You are talking about money, which is a very sensitive issue"*
>
> Private banking supervisor, group 2, VHNWI, banking corporation.

It is economic loss that generates certain risks that must be adequately addressed. Firstly, is because of the position that the private banker has to keep in front of the customer, and secondly is due to potential loss that can be produced by inappropriate advice. The following quotes refer to these aspects:

> *"Customer orientation is the most important thing, but at the same time, it is the riskiest one because you must know where you are with them"*
>
> Senior private banker, group 1, HNWI, independent firm.

> *"If you have your eye on the customer 100%, then you will be concerned about avoiding any fail in the [investment] operation"*
>
> Director, group 2, VHNWI, boutique firm.

4.1.2. Pervasiveness of COSE in Private Banking

Together with the importance of COSE, there was another aspect of COSE that appeared repeatedly during the data analysis process. This is the fact that COSE is not a characteristic that is exclusively shown in the customer-employer relationship but in other several aspects of any HRS. To identify these other aspects was also the goal of RQ 1. This characteristic of COSE was coined in this study as the pervasiveness of COSE as it became spread throughout the components of the service.

This pervasiveness is therefore represented by a few concepts that were not inquired by a direct question from the interview protocol, but that were mentioned spontaneously or implicitly in answer to other questions. The questions in which the idea of pervasiveness appeared with more frequency were:

- How important do you consider the level of customer orientation of a private banker?
- Which factors do you think determine the level of customer orientation of a private banker?
- How would you try to improve the level of customer orientation of private bankers?
- Do you have any other comments that you would like to add or change from your previous answers?

From the answers to these questions, and to some others to a lesser degree, the following concepts associated with the idea of pervasiveness together with the codes used were the following:

- COSE is noticed not only in the front-line employee's behaviour, but also in every employee whose work and performance influence the service that is delivered last of all by the private banker. This concept was coded as 'organisational level'.

- In addition to the organisation, COSE is also present in what features of the different resources of the company are and how the auxiliary services are configured. These other aspects were coded as 'resources definition'.

- Despite the occasions where the customer-employee relationship faces some difficulties, COSE must continue to be applied every time. A necessity that was coded as 'COSE span'.

- There is a particular time in the service provision when COSE is significantly present, which is the moment of defining and proposing the portfolio strategy to the customer. This is the code of 'portfolio strategy'.

- Lastly, COSE is shown in every detail when in contact with the customer, even in those insignificant ones, but this will make the customer feel comfortable in these situations. This aspect was coded as 'intimacy'.

It is noteworthy to say that all of these codes hung upon the main code of COSE pervasiveness. Such an aspect of COSE was very often mentioned by the participants as the following quotes show:

> *"[Customer] orientation? All of it, in every sphere!"*
>
> Managing director, group 3, HNWI, banking corporation.

> *"Everything in private banking is customer-oriented"*
>
> Director, group 2, HNWI, banking corporation.

> *"I have built a business model […] where the customer knows that I am completely aligned with him"*
>
> Managing director, group 3, UHNWI, boutique firm.

Moving on to the detail of each aspect of COSE pervasiveness, the following findings were identified.

4.1.2.1. Organisational Level

The first place where COSE pervasiveness is found is the organisational level. The idea behind this is that front-line employees are not the only ones that should possess a high level of COSE when working in HRS. Every employee should be integrated in a COSE philosophy, regardless whether or not they work in front of the final customer. They keep in mind a twofold idea; first, who the final customer of the firm is, and second, the role played by their internal customer. One participant stated the following:

> *"In our sales department, we say that our customer is the private banker. […] because I do not reach the final customer. The private banker is who has to say on*

> *what the customer needs. […]. Our success is because […] we have put our customer at the centre of everything."*
>
> Director, group 2, VHNWI, boutique firm.

By doing so, the whole organisation can be activated in order to further look for new ideas that could eventually better serve the customer, and therefore make the firm more customer oriented. This involvement was expressed by one of the participants in the following way:

> *"You must have all of the people thinking and providing ideas [on being customer-oriented]"*
>
> Managing director, group 3, HNWI, banking corporation.

4.1.2.2. Resources Definition

The next level where the effects of COSE are noticed is the processes of resource definition. These resources are auxiliary to the core service of the firm and incorporate several others. For instance; the administrative processes of registration and subscription of products, portfolio performance reporting, or even the reception of customers and the organisation of meetings. All of them must be designed in a customer-oriented fashion so they facilitate the activity of the private banker and his or her COSE. The utilisation of these resources in order to be customer-oriented is described by two participants:

> *"From the point of view of technology, we can do a thousand things [to be customer-oriented]"*
>
> Director, group 2, HNWI, banking corporation.

> *"Other factors are the tools, products and services that you can work with [to be customer-oriented]"*
>
> Senior private banker, group 1, HNWI, banking corporation.

4.1.2.3. COSE Span

Nevertheless, this presence of COSE should not be limited to one specific occasion in time, like the gaining of a new customer. COSE is important because of the long-term perspective of HRS, therefore it has to be present in every occasion where there is the relationship with the customer. Some of these occasions are, for instance, when the financial markets go down and customer's investments decrease. Such a situation was described by one respondent:

> *"When the financial markets go well, everybody wants to come on board […] but then you have to work with the customer to foresee the worst-case scenarios in the future."*
>
> Senior private banker, group 1, HNWI, independent firm.

Unfortunately, because of the potential misalignment of the firm's interest with that of the customer (an idea that is explained in detail in following sections), there might be occasions in which the private banker risks a lack and adequate level of COSE. An example of such a situation would be when short-term goals are required by the firm from the private banker. This example was illustrated by an interviewee:

> *"Everything in our firm is customer-oriented [...] because we do not have short-term goals as other firms do. Our goals are yearly based"*
>
> > Director, group 2, HNWI, banking corporation.

4.1.2.4. Portfolio Strategy

One particular step of critical importance in the delivery of wealth management services is the definition of the portfolio strategy. In this step, all of the information, both financial and personal, that has been collected from the customer has to be captured in the investment proposal and the configuration of the portfolio. How the investment is prepared and executed will determine the financial results and to some extent, the customer satisfaction with the service. This is why COSE has even more relevance in this stage of the service delivery, so that all of the needs and expectations are taken into account, as highlighted by some of the professionals:

> *"What you have to do here is create a discerning portfolio, aimed at generating value in the medium-term"*
>
> > Director, group 2, VHNWI, banking corporation.

> *"We give to the customer what he needs. We offer what he needs. This can be asset-type products, liability-type products, both or none of them. It can be neither asset- nor liability-type products, and instead purely advisory management"*
>
> > Managing director, group 3, HNWI, banking corporation.

4.1.2.5. Intimacy

The last aspect where the presence of COSE could be somehow considered as being subtle is the level of intimacy that is often reached by the front-line employee and the customer. This intimacy can emerge in some of the details about the way that the customer is treated when the employee deal with him or her, but also in some other aspects of the personal life of the customer which eventually could impact on the service outcome significantly, in particular for PB, on how his or her wealth is managed. Several participants highlighted this aspect during the interviews:

> *"[Customer-orientation] is in the simplest things, like if you know that a customer who is an old lady does not like you to arrive later than noon because she goes to walk with her cousins, then you must be extremely punctual."*
>
> > Managing director, group 3, HNWI, banking corporation.

> *"I have even hand-written 60 Christmas cards last year, personalised for each one of my customers"*
>
> > Senior private banker, group 2, HNWI, independent.

> *"You have to be the person that has been with the customer all of his or her life, who is somehow his or her confessor."*
>
> > Director, group 2, VHNWI, boutique firm.

> *"You have to spend a lot of time understanding everything [about the customer], and really making a 360-degree view of everything. If you have not tried to*

understand what the characteristics or the family situation of a customer are... If you have made an investment plan in the medium and long term, with 80% liquid products, without worrying that he will have a series of cash withdraws within three years, then you have a problem. Or that he is a skirt chaser, and that he is going to have a divorce within four years, or within three years that they put the divorce petition on the table [...] where that guy is going to have a patrimonial breakup, and not only a matrimonial one. Have you tried to anticipate it?"

Managing director, group 3, UHNWI, boutique firm.

4.1.3. Measurement of COSE

The third aspect of COSE that was questioned in the interviews was if the firm had a procedure to measure the level of COSE of their private bankers, so RQ 1 could be completely addressed. The idea behind this inquire was to verify if the concept of COSE was effectively used in practice, provided it was considered to be an important characteristic of HRS employees. For this, only one question was asked of the participants:

– Which internal parameters or key indicators (if any) do you use (or have used) to measure the level of customer orientation? Is there any other that you would suggest?

There was a notable variability in the responses, from those openly recognising that they were not measuring COSE (nor other variables) at all, to those that considered traditional metrics, like level of satisfaction as sufficient to indirectly assess their level of COSE.

To some extent, such a lack of interest for measuring COSE was due to an excess of self-confidence about being customer-oriented, assuming that they were just because it is the pillar of the PB business. Such a feeling was expressed by a participant as follows:

"We know our level of customer orientation because we live with that every day."

Director, group 3, UHNWI, boutique firm.

Nevertheless, a certain consensus appeared when referring to the actual need of starting to collect information regarding how the service was delivered and to progressively increase this number of variables. For instance, one participant from a banking corporation stated the following:

"We are starting to use parameters like the number of visits, calls and investment proposals. Shortly, we will start measuring the acceptance level of those proposals."

Private banking supervisor, group 2, VHNWI, banking corporation.

Another aspect that was noted as critical by four of the participants was the risk that, if any measurement system is adopted, and due to the personal relationship that is created with the customer, the private banker would take any comment about his or her performance as a personal thing, and not professional. One participant explained this point like this:

> *"If we measure anything, it has to be under very aseptic conditions; very independent and very unconnected to the private banker. That is, a client has to enjoy the freedom to say what they want without the pressure of the personal relationship [with the banker]. So, of course, the measurement of anything by the customer's participation is also a complex issue, because you cannot do ten surveys per year. Then you also have to combine the different elements; a survey, an eventual call, which are a series of different tools that you can combine to have a sufficient degree of information to make decisions."*
>
> Managing director, group 3, HNWI, banking corporation.

With all that, there were five different approaches to the measuring of COSE, or related potential outcomes:

− The participants from firms where COSE is measured in no way, whose answers were coded as 'no direct measure'.

− There was some concern about assessing the level of COSE, but it was done through a non-formalised procedure. This approach was coded as 'unstructured measure'.

− An approach of indirectly measuring COSE by the financial performance of the portfolio of customers in terms of value and inputs/outputs of assets, identified by the code 'portfolio performance'.

− Similarly, using service metrics like the number of visits or calls to your customers, without considering the impact of such actions. This approach was coded as 'service performance'.

− A last approach expressed by the participants was to conduct surveys with their customers in order to calibrate their level of satisfaction, and also other metrics related to service quality, coded as 'customer surveys'.

4.1.3.1. No Direct Measure

As noted in the previous section, eight of the private bankers declared that, despite the importance they bestowed to COSE, no method to measure COSE was implemented in their firms. Some of the collected answers were:

> *"There is no such tool"*
>
> Senior private banker, group 1, HNWI, independent firm.

> *"We have not used any here"*
>
> Director, group 3, UHNWI, boutique firm.

> *"Well, honestly, we do not have such tools"*
>
> Director, group 2, VHNWI, boutique firm.

> *"We do not have a defined metric"*
>
> Senior private banker, group 1, VHNWI, independent firm.

Nevertheless, in some cases, the negative answers did not always stand alone but were justified with some explanation. This is the case of the small companies, where due to the limited amount of resources, they were not able to have such a procedure, and also of the firms where asking a customer to complete any kind of questionnaire was seen of as a potential annoyance for the customer and therefore was prevented. These two cases are illustrated in the following quotes:

> *"We do not have [any tool to measure COSE], probably because of the size of our bank, we are a small bank."*
>
> > Private banking supervisor, group 1, VHNWI, boutique firm.

> *"We do not ask our customers about this. It could even be seen of as something negative"*
>
> > Director, group 3, UHNWI, boutique firm.

4.1.3.2. Unstructured Measure

In a significant number of cases (half of the participants), despite the lack of a direct measure of COSE, some employees showed concern about the importance of assessing how customer-oriented they were. In these situations, an informal, qualitative and non-systematised way of valuation of COSE was carried out either by accompanying a private banker to a meeting with a customer or by meeting directly with the customer (without the presence of the employee). This approach was described by respondents from the different types of firms in the following fashion:

> *"What we do here is that our partners talk to other partners' customers, and we converse with them, interviews and so. This is so we can assess how they value our level of customer orientation."*
>
> > Partner, group 2, HNWI, independent firm.

> *"For me, the funniest thing is to visit my private bankers' customers, […] just to see how we were serving them, if we were missing something, to do with the service, […]. All of these kinds of things are better in the end… being out and about."*
>
> > Managing director, group 3, HNWI, banking corporation.

> *"The top management team of the firm knows the main customers that we have. […] We do not run surveys or anything. Once in a while, I have lunch with them alone and ask about my team of private bankers."*
>
> > Managing director, group 3, UHNWI, boutique firm.

4.1.3.3. Portfolio Performance

Providing that a high level of COSE implies an increase of the assets managed by the private banker, either due to the acquisition of new customers or the inflow of new capital brought in by current customers, the performance of the private banker's portfolio is often assumed as an indirect measure of COSE. In such case, as a total of eleven respondents declared, measures are directly extracted from the accounts of each private banker and the financial operations carried out or ordered by customers. Following this, are the explanations about the issue from two of the participants with a certain level of responsibility within their firms:

> *"[We measure] the volume that we gain and how much money we make. Sometimes, we also count the number of customers over a certain threshold of assets"*
>
> Private banking supervisor, group 1, VHNWI, boutique firm.

> *"At the end, the growth of your portfolio is your customer orientation. After all, how do you grow? With your customers."*
>
> Director, group 1, VHNWI, banking corporation.

4.1.3.4.   Service Performance

If the measure of the portfolio performance in quantitative terms was common amongst the participants, the assessment of the service level was also highlighted by eight interviewees as something that is applied very often. In this approach, it is assumed that COSE will exist if an adequate service is provided. Such a service is measured in terms of the number of visits, the number of investment proposals that are delivered to the customer, or any other action aimed at better serving the customer. Two of the interviewees explained how this worked in their firms:

> *"Internally, we have a tool where every contact with a customer is registered, and that way I can know the level of service that a customer is receiving."*
>
> Director, group 2, VHNWI, banking corporation.

> *"There is another aspect that you have to measure too, in order to assess what the customer orientation level is. That is what the level of proactivity is that I have with the customers, what is the level of relationship I have with them, how many times do I visit them per year? Whether or not I anticipate the needs of the client is another parameter that is absolutely critical."*
>
> CEO, group 2, HNWI, banking corporation.

4.1.3.5.   Customer Surveys

Finally, there were a few firms (10 out of 20) where a more systematised approach to measure some COSE-related metrics was used. Although they were not designed to directly measure the level of COSE, in general several outcomes of COSE were included, like the level of customer satisfaction. Unfortunately, there was an important drawback for this approach; the fact that the private banker usually knew who answered what, despite being anonymous, and therefore negative consequences on the established relationship between the banker and the customer could occur if the answers were not as positive as expected. The following quotes illustrate the issue:

> *"We conduct a very extensive questionnaire once a year to see how we are performing."*
>
> Director, group 2, HNWI, banking corporation.

> *"We conduct surveys to measure the level of satisfaction. However, in my opinion, it is something that is complex because you may have two types of participants. The one that is angry will answer the questionnaire with the intention of negatively influencing his or her banker, but then when asked, they will say that*

> *it is because of the firm, and the other type of customer that is happy will praise your banker but will not say anything useful."*
>
> Private banking supervisor, group 2, VHNWI, boutique firm.

> *"We have surveys about service quality twice a year with customers with more than one year of being with us. It is anonymous, however, you end up knowing what your customer has responded with, for better or for worse."*
>
> Private banking supervisor, group 2, HNWI, banking corporation.

Nonetheless, the lack of anonymity was seen of as positive in order to relate the attitude and behaviour of an employee with the particular perception of the customers. Such utility of surveys was explained by one participant as follows:

> *"About the surveys, I know who is answering what, so they were anonymous just relatively. I know someone... I know that he is a customer with €350,000 to €500,000. And whoever says the opposite are lying through their teeth. Because that is the way to get insightful conclusions."*
>
> Managing director, group 3, HNWI, banking corporation.

4.1.4. Improvement Potential of COSE

Amongst all of the aspects related to COSE, the improvement potential (if any) of the construct was also inquired about together with the levers that could eventually be used. In order to elicit the different ideas from the participants for improving the level of COSE so then RQ 5 could be answered, one specific question was formulated in the questionnaire, namely:

– How would you try to improve the level of customer orientation of private bankers?

Despite the apparent simplicity of the question, there was a high variability of responses. Indeed, some of the respondents showed slight confusion about how they would address the issue. In the words of two of them:

> *"That is a tricky question."*
>
> Director, group 1, VHNWI, banking corporation.

> *"The level of customer orientation, in my opinion, can be improved with several things."*
>
> Senior private banker, group 1, VHNWI, boutique firm.

Whereas another participant took a more global and simpler perspective to assert that just making your customer the only aim of your actions should be enough. In his words:

> *"This is truly easy. As soon as you are aware that the customer is the only thing you have, you should not have any problem."*
>
> Director, group 2, VHNWI, boutique firm.

Nevertheless, such a direct approach to answer the question was rare, and the majority of the respondents came with several ideas about how they would work to improve their level of COSE. This is the summary of ideas:

- One of the first mentioned levers was the motivation of the employees. Due to the characteristics of the employees and the profession, it assumed that all of the needed skills are present, and therefore it is the motivation the employees what ultimately makes them use these skills. 'Motivation improvement' was the coded used for this idea.

- One specific component that was highlighted by several participants was the incentives that the PB employee receives. This was coded as 'incentives' hanging upon the previous code.

- Although it is a very specific aspect, the size of the customer portfolio was very often highlighted as a potential constraint for the improvement of COSE, which was coded as 'number of customers'.

- Another lever about where to act was the organisation of the firm in terms of the procedure and culture. This was coded as 'organisation'.

- As a part of the firm's organisation, special attention was assigned to the resources provided to the employees in order to improve their CO, which was coded as 'resources' depending on the previous code.

- The improvement of social skills by the attendance of specific training was seen of as another important lever for CO. This was coded with the term 'social training'.

- The last lever identified by the participants to improve the level of COSE was technical training to increase the private banker's knowledge, which was coded as 'technical training'.

It is noteworthy that some of the findings from this aspect of COSE are significantly related to the determinant factors of COSE that have been presented in the following section.

4.1.4.1. Organisational Motivation and Incentives

Amongst the four dimensions of COSE, there is one that seems to be a kind of ignition for the others, and hence for customer-oriented behaviour, which is motivation. Provided that all of the professionals in PB have adequate skills, otherwise they would not be working as private bankers, motivation stands out as the last lever to be activated for four of the participants. One director of a banking corporation expressed himself as follows:

> *"I would say motivation. That is the best lever that you can have."*
>
> Director, group 1, VHNWI, banking corporation.

Nevertheless, despite motivation is a personal trait. Some participants referred to it as the implication of the whole organisation in order to have a motivated team, as a mean of the firm's success. In words of one of the respondents:

> *"I believe that you have to motivate your employees, and motivation is the responsibility of everybody. In the end, a motivated employee, that believes in what there is behind them and what he or she is selling, is a big part of the success of whatever you want to do."*
>
> Private banking supervisor, group 2, VHNWI, boutique firm.

There was a group of three participants that elaborated on the idea of motivation to highlight that, in addition to organisational involvement, there must exists a clear incentive framework too. This incentive structure should consist of two aspects; a career plan and an aligned economic reward. Two of the participants concluded the following:

> *"An appropriate career plan, and a rewarding plan according to that"*
>
> Managing director, group 3, HNWI, banking corporation.

> *"Through motivation, by incorporating incentives for being customer-oriented."*
>
> Private banking supervisor, group 2, VHNWI, banking corporation.

One of the most important reasons for the need of a clear and adequate incentive structure was to avoid a counter-productive effect that appears when the private banker focuses his efforts on achieving his or her maximum bonus even if that implies not being customer oriented and damaging the customer's interest. The following quote supported this idea:

> *"Motivation and implication. If you are here just to make your P&L and your morning motivation when you wake up is just to sell a specific product to get your bonus, then you are doing bad business."*
>
> Director, group 3, UHNWI, boutique firm.

4.1.4.2. Number of Customers

Another concern for two participants was related to the difficulty for being more customer-oriented, which was the number of customers that are managed by a private banker. Because of the personalised nature of the service, the number of customers has a significant impact on the level of COSE. Therefore, a logic way of improving it would be to reduce the size of the customer portfolio. This movement was already tested by one of the participants:

> *"Now I am more customer-oriented. Some years ago, I had 300 hundred customers, and that was loads. Now I have fewer customers and my customer orientation is higher."*
>
> Senior private banker, group 2, HNWI, independent.

The size of the portfolio of the customers is somehow related to the customer segment (HNWI, VHNWI or UHNWI) that the private banker is focused on, which produces significant variations in the

appropriate level of service offered. Based on the interviews, the number of customers that each banker serves can vary from around 80 customers in the case of HNWI, more common in large corporations, to 10 customers as a maximum for the UHNW of smaller, specialised and/or independent banks. One participant from a boutique firm said the following:

> *"There are private bankers that have too many customers and then it is impossible to serve all of them. In our firm, we have a limit. If not, then there is not time to serve them adequately. And in private banking, you have to offer a high-quality service. If you have a big customer portfolio, in the end, you provide an average service to all of them."*
>
> Private banking supervisor, group 1, VHNWI, boutique firm.

4.1.4.3. Organisation and Resources

Similar to motivation, firms take on a key role in improving the level of COSE by mean of their organisation and culture. Standardisation of the processes and involvement of the whole value chain should ultimately provide better support to private bankers to act customer oriented. This was expressed by ten interviewees, from which three examples are as follows:

> *"This is about having the guidance in your organisation to provide the banker with higher independency, and therefore, higher customer orientation"*
>
> Director, group 3, UHNWI, boutique firm.

> *"Improving the customer service chain within the firm"*
>
> Director, group 3, UHNWI, boutique firm.

> *"Leading, supporting a*nd *helping to improve your employees"*
>
> CEO, group 2, HNWI, banking corporation.

A particular aspect of organisations role in COSE improvement is the development and incorporation of adequate resources, as declared by five of the interviewees. Three are the areas where the participants suggested companies should work. First, increasing the product offering; second, improving the technologies and access to information and third, facilitating the administrative work of the private bankers. In their words:

> *"Having a coherent organisation. Coherent in terms of your value proposition, your teams, your products, your technology, etc."*
>
> Managing director, group 3, HNWI, banking corporation.

> *"Improving the technology, the information… facilitating the part of back office."*
>
> Director, group 2, HNWI, banking corporation.

> *"Procuring the appropriate tools"*
>
> Senior private banker, group 1, HNWI, banking corporation.

4.1.4.4.   Social and Technical Training

Last but not least, it is the area of training to improve the level of COSE, which was pointed out by 12 participants. On the one hand, the training could be aimed at improving social skills. Although difficult to work on, training should be received to develop the capacity of empathy, listening or communication should exist on a continuous basis and help to improve the level of COSE. These ideas were expressed by a few practitioners:

> *"Providing training in social skills, and in empathy"*
>> Director, group 2, HNWI, banking corporation.

> *"Evidently with training on improving your customer orientation, you should complete some training every three months at least about the different types of customers, the exceptions that they can present, and any obstacles you can find."*
>> Director, group 1, HNWI, independent.

> *"You must act on the social and psychological part too. It is more complex, but you have to act too."*
>> CEO, group 2, HNWI, banking corporation.

> *"I believe that to make your customer orientation improve, you have to be well-trained, and explain things well to the customer. You need to communicate the strategy well, the decisions made and the reasons for absolutely everything.*
>> Partner, group 2, HNWI, independent firm.

On the other hand, in addition to social training, there is the possibility to receive training about technical skills in order to improve the level of COSE. Despite the high qualifications of private bankers, the complexity of financial markets and the type of products that are managed require a continuous interest in learning and being updated. Nevertheless, technical skills were identified as the most accessible factor when it comes to developing adequate customer orientation. Two participants explained this point like this:

> *"It is always good, and it consists of constant and recurrent training […] about financial topics, market issues, management techniques, etc."*
>> Director, group 3, UHNWI, boutique firm.

> *"The first thing would be training in the technical qualifications."*
>> Director, group 2, VHNWI, banking corporation.

4.1.5. Antecedents of COSE

As outlined in the theoretical development of the investigation, there are four dimensions that form the construct of COSE; technical skills, social skills, motivation and the decision-making authority perceived by the employee. In this part of the research, the practitioners were firstly inquired about which aspects of the private bankers could influence the most on the level of COSE according to them, and secondly, the four dimensions from the model were presented to the participants by directly

asking about each one. This twofold approach was set to answer the RQ 2 with the following questions from the protocol:

- How would you describe the perfect private banker in terms of experience and qualifications?
- And in terms of interpersonal skills and personality?
- What would you say makes a private banker different from other service employees?
- If you have to choose the three main characteristics that any private banker must have, which one would you choose? Why?
- Which factors do you think determine the level of Customer Orientation of a private banker?
- How do the following factors impact on the level of Customer Orientation of a private banker?
  - o Technical skills.
  - o Social skills.
  - o Motivation
  - o Decision-making authority.

The respondents expressed their view over whether or not the influence of a specific factor could be direct, and what its impact was on the CO level of the private banker. The findings showed an overall agreement about their impact, however, not all the factors were considered to be of equal importance. Indeed, in specific cases, some of them were even outlined as being potentially negative if they are not managed appropriately.

Based on the answers provided by each participant, the four antecedents were ordered from the first to the fourth place in terms of importance, so a ranking was obtained offering the results presented in figure 4.1 and table 4.1.
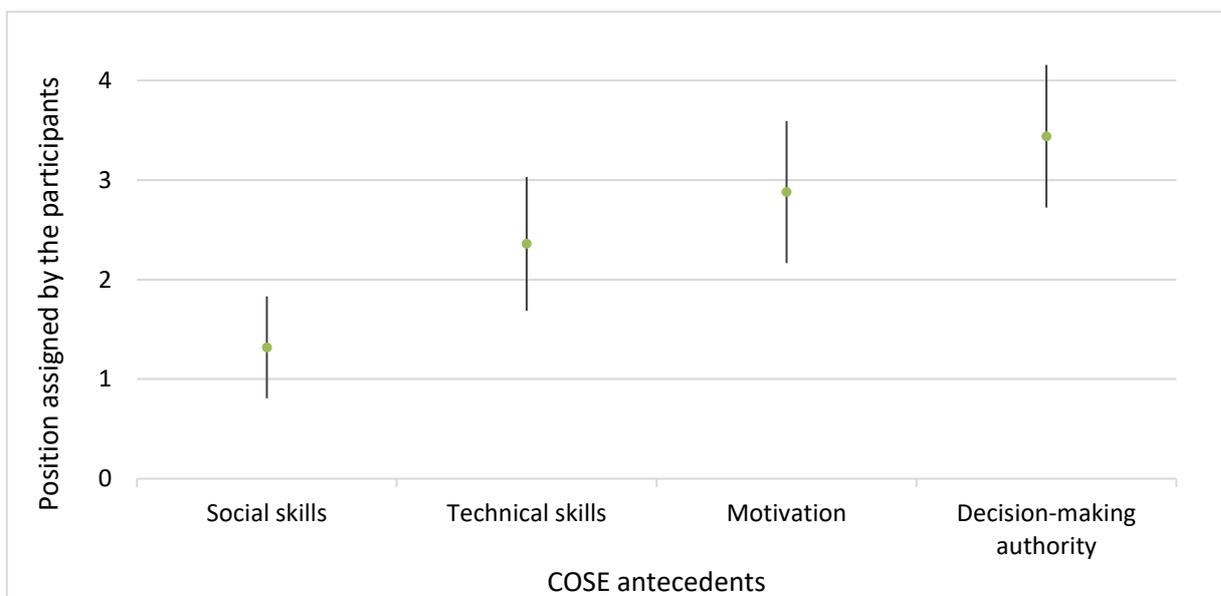

Figure 4.1: Average position and deviation of each antecedent in importance for practitioners

Source: Own elaboration

	Social skills	Technical skills	Motivation	Decision-making authority
1st position	20	3	1	1
2nd position	2	12	8	3
3rd position	3	8	9	5
4th position	0	2	7	16
Average	1.3	2.4	2.9	3.4
Absolute deviation	0.5	0.7	0.7	0.7

Table 4.1: Number of respondents by antecedent and corresponding ranking of importance

Source: Own elaboration

Below, the findings reached for each of the factors are listed. They have been ordered as they were presented in the corresponding part of the literature review (see item 2.3.2.3).

4.1.5.1. Technical Skills

According to the model presented in the literature review, technical skills are the ability and expertise held by the private banker to effectively have a customer-oriented behaviour. As described in item 2.3.2.3 and explained by the different participants, technical skills can take the shape of different elements:

− The total working experience possessed by the private banker that allows for the taking of wiser decisions and the provision of thoughtful and better advice to customers. This element was coded as 'experience'.

− The lore gained by the private banker related to the industry and the service in the most general conception, coded as 'general knowledge'.

− The specific knowledge related to PB and the type of products and service that are offered, coded as 'product knowledge'.

− The interest and effective involvement in continuous learning as a mean to keep all the needed knowledge updated, for instance, with new products or innovative tools. 'Learning orientation' was the term used to code this aspect.

− The adoption and utilisation of the different tools that facilitate the work of private bankers, as well as the technical solutions provided by their firms, coded as 'tools'.

4.1.5.1.1. Experience

The first thing that was identified by six participants as being a key element of the technical skills was the number of years that the private banker had been working in the sector. Logically, it cannot be the same managing a customer when you are new in the profession than when you have been working for several years. In the words of the respondents:

> *"When you understand the basics that are there, the rest is training that you gain with experience"*
>
> Senior private banker, group 1, HNWI, independent firm.

> *"Experience is very important, and you get that with the passing of time. It is not the same; how you manage a customer when you are 40 and how you used to do when you were 25."*
>
> Partner, group 2, HNWI, independent firm.

> *"That is something you learn with the passing of years […]. There is no better way to solve it than with experience."*
>
> Senior private banker, group 1, VHNWI, independent firm.

4.1.5.1.2.   General and Product Knowledge

On the one hand, the increasing level of customer sophistication, as a result of their education, diverse types of customer profiles, and the easy access to sources of information on the internet and other media, requires from the private banker an enormous and varied amount of knowledge, as 8 participants agreed. The knowledge must be not only about the services themselves that are offered by the firm, but also about parallel aspects, like the legal and tax aspects of investments. Some of the contributions to this regard from the interviews were:

> *"In the end, you are a problem-solver. Very often, a private banker is hired to solve a mess that has been created for whatever reason. Then, it is critical to have the capacity to solve problems, to provide distinguishing solutions and different things. That is very important.*
>
> Partner, group 2, HNWI, independent firm.

> *"You need, of course, basic training on financial mathematics, econometrics, as well as on humanities. This is so that you are able to understand the overall situation of a person."*
>
> Director, group 3, UHNWI, boutique firm.

On the other hand, the importance of technical skills for almost half of the participants also stems from the increasingly large and more heterogenous range of investment products, and the complexity of financial markets, as expressed by one of the participants:

> *"Every day, we have a morning meeting, before the stock markets open, where we are informed about everything that is going on. Thanks to that, we are aware of any potential enquiries that can be formulated by a customer along the day. […] Nowadays, there is an infinite number of products that convey a higher risk for the customer, and therefore you have to be aware of them."*
>
> Senior private banker, group 1, HNWI, independent firm.

Regarding this variety of products, three professionals highlighted that a lack of technical knowledge could make it difficult to explain certain products to the customer in a complete and clear way, as well as the accompanying investment strategies to follow with the customer's wealth, which would in turn lead to a loss of customer confidence. In other words, certain technical skills allow the banker to be more customer oriented as they broaden the range of solutions that the private banker

can suggest, which in turn increases the confidence that they convey when informing the customer about them.

> *"Having technical skills allows you to provide solutions to the customer's needs. If you don't have that technical knowledge, then your solutions will be incomplete or not optimal"*
>
> Private banking supervisor, group 2, VHNWI, banking corporation.

4.1.5.1.3.   Learning Orientation

The need for general and specific knowledge is the reason why it is necessary to keep up ongoing training on the different topics that concern the PB profession. The comments from six participants showed that, assuming as a starting point a certain level of knowledge that can reasonably be required and proved with an accreditation like a certification from the EFPA[3], any private banker should be willing to continue to acquire said abilities, and the private banker should also have specialised support from other teams that the financial institution should provide. In their words:

> *"[Private bankers] are individuals that must have the knowledge, but also be eager to keep on learning."*
>
> Managing director, group 3, UHNWI, boutique firm.

> *"There must be continuous learning. You must be a person updated about both financial markets and investment products."*
>
> Senior private banker, group 1, HNWI, independent firm.

> *"Customer orientation consists of generating trust, and that is something that you only achieve with continuous training."*
>
> Director, group 3, UHNWI, boutique firm.

4.1.5.1.4.   Tools

Technical skills also include a last element regarding the different tools that are used nowadays in the PB business. In addition to the specialist knowledge, it is necessary to be able to utilise all of the tools that can be used in order to fulfil the tasks related to the service. On occasion, there are private bankers that still uses old fashioned tools that eventually limit their capacity to be customer-oriented. Two of the participants expressed this concern as follows:

> *"And here is where you note the differences between the various profiles of private bankers, because most senior ones are running out of time. I have a colleague that still uses his squared sheets and a pencil."*
>
> Director, group 2, VHNWI, banking corporation.

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[3] EFPA is the European Financial Planning Association (www.efpa-eu.org), and it is recognised as a relevant institution toward professional certifications of private bankers.

> *"Everything has evolved in a more professional fashion and requires a better knowledge of the different tools."*
>
> Senior private banker, group 1, HNWI, independent firm.

4.1.5.2. Social Skills

Social skills were identified as the most important factor of COSE, regardless of the number of customers and the segment that they come under.

While the role of private banker is to fill an important commercial function, this aspect does not refer to the sale of products in itself, but rather the role played by the professionalism of the private banker, as well as the services that they offer as the customer´s financial advisor.

> *"The private banker should have commercial skills, and these are innate skills. You can train them, but if you have such a gift, then you have to exploit it."*
>
> Senior private banker, group 1, HNWI, independent firm.

> *"I honestly believe that there is one skill, and that is the commercial one."*
>
> Managing director, group 3, HNWI, banking corporation.

Therefore, the different social skills involved in that commercial process are the ones that influence the CO level of the private banker. Two main elements were identified as part of the social skills used during the interviews, namely:

– The skill to see things from the customer's point of view, coded as 'perspective taking'.

– The skills associated with the personality of the private banker that facilitate the socialisation process, coded as 'personality'.

4.1.5.2.1. Perspective Taking

Empathy is the one that most stand out amongst the different social skills. This is understood as the capacity to put oneself in the customer´s position and to take on the perspective he or she has regarding the management of his or her assets. This allows the banker to understand the customer´s situation and needs, as well as to adapt to different customer profiles. This in turn helps the customer identify with the banker, and thus makes it easier to create a close relationship for an adequate service. Up to ten professionals commented on this regard, from which some examples are:

> *"Empathy. This is a business about empathy, and this is what differentiates a good private banker. An empathic person is able to put him or herself in the customer's position, to generate the interest of the customer and to identify his or her problems. That is the core of this business"*
>
> Director, group 1, VHNWI, banking corporation.

> *"Empathy is about putting yourself in the shoes of someone that is 80 years old, and that is tough."*
>
> Senior private banker, group 1, HNWI, independent firm.

> *"I believe you must be a very empathic person. This is so that you are able to capture your customer's concerns, needs and messages many times, even without explicitly mention them.*

> Director, group 3, UHNWI, boutique firm.

> *"It is crucial to know [your customers]. For instance, to know if they are married or single, their family and responsibilities, if they are experts in producing tables but have no idea about investment funds. You have to put yourself in their position continuously.*

> Partner, group 2, HNWI, independent firm.

4.1.5.2.2. Personality

As part of the personality of the private banker, proactivity was highlighted by three of the participants as an ability required due to the type of service offered, where certain investments may not perform as expected. Private bankers need to be alert and be a step ahead of the customer and call them with a message to calm them and suggest solutions when facing possible capital losses. As outlined in the interviews, in these difficult situations, proactivity must always go hand in hand with a high level of honesty. When it is necessary to inform the customer of a setback, or even refuse them some kind of service requested due to the unsuitability of their profile, the banker must speak to them honestly and humbly. In this manner, the customer must be clear about the limits of the banker´s responsibilities, and clearly understand what products are and are not advised for them. Two respondents addressed the issue as follows:

> *"The problem with the lack of proactivity is when a banker lacks self-confidence and delays communicating, then bad things happen to the customer. This may worsen the situation."*

> Private banking supervisor, group 2, VHNWI, banking corporation.

> *"Being transparent and honest with the customers, and always telling them the truth, even if they do not like it. This is essential. There are customers that do not like you telling them how you believe things are, but you still have to tell them. And if the customer is a little grumpy, then you have to repeat the message, and if the customer is very grumpy, then you have to write the message. If it still does not work, the best thing is to hug the customer and ask him to work with another firm. That is the best way because you are hired as an advisor to accompany the customer in absolutely everything. And if you cannot meet the expectations, or in reality you are not able to make the customer to see the strategy that you think is the best, then it is better to stop serving the customer, in a friendly way."*

> Partner, group 2, HNWI, independent firm.

As has been shown, closely linked to proactivity is the capacity to communicate, especially in terms of active listening. Listening to the customer, being able to communicate with them and know how to adapt language in each case to their circumstances is essential to make certain customers feel

comfortable and free to share their situation and needs. Two participants expressed this idea in the following way:

> *"When you listen to someone and let him or her relax and become open, you always find a common ground."*
>
> Senior private banker, group 1, HNWI, independent firm.

> *"What factors determine your customer orientation? Knowing [your customer] and being a good listener. If you know your customers, [this job] is very easy. And to know them, you must have listened them, treated them, and managed them."*
>
> Managing director, group 3, HNWI, banking corporation.

Another two very important social aspects were identified that have a determining role on the personality of the banker. The first was the banker´s level of extroversion and sociability, according to nine of the respondents; not only with current customers, but also with potential customers, which will enable them to increase their portfolio of customers. The second, mentioned by four of the private bankers, was their capacity to work in a team, which is due to the banker´s frequent need to receive support in many cases from other company employees that have specialised knowledge about specific matters (legal, tax, etc.). In the words of one of the interviewees:

> *"You are the link between the customer and the whole team of the bank. […] This is an occupation where you have to deal with many different persons within your organisation, coordinate them, and all of that without the customer noticing any problem."*
>
> Director, group 2, VHNWI, banking corporation.

4.1.5.3. Motivation

PB professionals are characterised by a very direct relationship with the customer, with a high level of responsibility regarding highly sensitive issues, and potential frustration attracting customers. These peculiarities present important challenges for private bankers. Therefore, they need to maintain a high level of motivation to be customer oriented, as a private banker highlighted:

> *"The private banker profession is very frustrating, extremely frustrating. You must be very motivated and have a high tolerance for frustration."*
>
> Director, group 1, HNWI, independent.

Although eleven participants agreed that motivation should be an inherent characteristic of bankers, the majority of practitioners (14 out of 25) also identified the bank as the party responsible for maintaining the motivation of the private banker so that their main concern was being customer-oriented.

> *"Motivation is important, but that is something you must bring from home. It is assumed that everybody works because they are motivated."*
>
> Private banking supervisor, group 2, HNWI, banking corporation.

> *"Motivation? It is the same for everything. If the employee is not motivated, then
> things will not work. So, in our firm, we must wonder how we motivate our people."*
> Managing director, group 3, UHNWI, boutique firm.

Because of the combination of these two ideas, the motivation should be determined by the
following factors:

− The self-incentive of the private banker for being customer-oriented, is seen of as his or her
intrinsic motivation and commitment. This factor was coded as 'consequences valence'.

− The prospect of being customer-oriented by the means of the employee's skills and the
resources that support such behaviour, was coded as 'probability of success',

− The employee's feeling of being adequately rewarded when showing customer-oriented
behaviour. The code 'reward expectation' was used for this factor.

4.1.5.3.1. Consequences Valence

The first aspect of motivation was the job satisfaction that employees of PB have to show, because
of the type of profession that they perform. A participant was quite clear on this aspect:

> *"For being customer oriented, the first thing is liking your profession very much.
> […] The greatest motivation is your willingness to do a good job."*
> Partner, group 2, HNWI, independent firm.

Additionally, there was the design of a service model and a firm culture that satisfies the banker in
his or her job and with which he or she feels identified. This was together with a team of managers
that feel a very deep connection with the bank and are able of transmitting that feeling to their team
of bankers. These many aspects were illustrated in the following comments:

> *"It is important to have a good team and that there is an adequate
> organisational culture."*
> Senior private banker, group 1, HNWI, independent firm.

> *"There must be a working methodology for advising and following [investment
> strategies]."*
> Private banking supervisor, group 2, HNWI, banking corporation.

> *"The banker has to be comfortable working for the firm, as it has a business
> model that guides the employee in being customer-oriented."*
> Managing director, group 3, UHNWI, boutique firm.

> *"The motivation of the employee has to come through his or her manager"*
> Managing director, group 3, HNWI, banking corporation.

4.1.5.3.2. Probability of Success

According to the participants, there were two aspects that influence the employees' probabilities of being customer oriented. First, their personal traits and the confidence that they will be able to have customer-oriented behaviour, and second the existence of resources and methods provided by the bank in order for the banker to adequately carry out their work. These two ideas were illustrated as follows:

> *"One of the key success factors is your determination and motivation"*
> Senior private banker, group 1, HNWI, independent firm.

> *"Customer orientation comes from the top management and from putting the means in place to adequately apply your customer orientation."*
> Private banking supervisor, group 2, HNWI, banking corporation.

> *"If you do not have the supporting tools, your motivation is not good."*
> Director, group 2, HNWI, banking corporation.

> *"You have to equip your banker with the tools needed to fulfil the service you promised."*
> Managing director, group 3, HNWI, banking corporation.

One last aspect, already mentioned as a lever to improve the level of COSE, was to limit the number of customers that are managed by the private banker. This was also mentioned as part of the probability of success in being customer oriented:

> *"A private banker must have a number of customers that he is actually able to attend. This is not about having a lot of customers that you cannot properly serve."*
> Director, group 2, VHNWI, boutique firm.

4.1.5.3.3. Reward Expectation

The expectation associated to receiving an adequate economic reward will depend, according to the participants, on a system of incentives, as well as on a clear and transparent track for career progression. This scheme should also help to align the interests of the banker with those of the bank and those of the customer. If the alignment of interest is missing, there could be a negative impact on final customers. Some comments regarding this aspect were:

> *"[To motivate your people, you need] to have a good salary and incentive scheme, to have a good training plan, and a well-defined and objective progression plan."*
> CEO, group 2, HNWI, banking corporation.

> *"When you have been working for long years, the economic aspect is very important. When you receive your bonus, you feel frustrated if it is not as you were expecting."*
> Director, group 2, HNWI, banking corporation.

> *"Bonuses have to be easy to calculate and for three years, so no short-term actions are undertaken."*
>
> Director, group 1, VHNWI, banking corporation.

> *"There are three agents in private banking; the customer, the bank, and the banker. The perfect situation occurs when the interest of the three parties are aligned. […] There is the economic motivation that is very important. However, it has to be well adjusted, and aligned with the interests of the bank and the customer."*
>
> Director, group 3, UHNWI, boutique firm.

> *"If my firm and my team do not motivate me, then I will not reflect anything good to my customers."*
>
> Private banking supervisor, group 2, VHNWI, boutique firm.

4.1.5.4.   Decision-Making Authority

Lastly, there is decision-making authority, which caused some controversy among most of the interviewees. While twelve of the experts believed that decision-making authority has a positive impact on COSE, the rest thought that the impact could be negative. This effect could occur when it comes to suggesting different strategies or investment products that may be unsuitable for the customer´s profile, hence why there are banks that prefer to limit this decision-making authority.

Because of that, the origin of employees' decision-making authority can be traced to the following ideas:

- The way the firm is organised and the type of culture it has is therefore transmitted to the private bankers, which was coded as 'organisation structure and culture'.

- The perception of the private bankers for applying their criteria and taking their own decisions, was coded as 'self-perception'.

4.1.5.4.1.   *Organisation Structure and Culture*

The type of organisation and culture can influence notably on how the decision-making authority is perceived by the private banker according to almost all of the participants (20 out of 25). First is in relation to the independence that the employee may enjoy when serving customers, as the next comment illustrates:

> *"This is what I consider independence and having an independent criterion. [Some private bankers] are not allowed to have such independence. First, because the firm they work for has different interests, and second, because the business model is more rigid, and the customers are profiled and have access to some specific products, even if they do not match with the employee's criteria"*
>
> Director, group 3, UHNWI, boutique firm.

Second, when it comes to proposing different strategies or investment products, there are banks that prefer to limit that decision-making authority. This limitation was expressed by one participant in the following fashion:

> *"In everything related to [financial] market decisions, banks do not want independent portfolio managers. You are offering a comprehensive service. And this full service emerges from a comprehensive process. If all of the departments are incorporated to decide about the investment strategy, the private banker cannot take on a different strategy. If you want to follow a different strategy, it is better that you become independent"*
>
> Private banking supervisor, group 2, VHNWI, banking corporation.

4.1.5.4.2. Self-perception

Regarding self-perception, there was a high level of agreement regarding the freedom that the private banker feels in relation to managing their customers. According to 19 participants, although certain institutions have some general guidelines, in the majority of cases it is the private banker who decides on the number of visits, calls, etc. In short, it is what service level is provided to each customer in accordance with the customer´s particular characteristics, and the number of customers they have to assist. One participant expressed this as follows:

> *"If we talk about allowing the private banker to decide whom to visit, when and how to serve the customer, then there is no problem. There the banker has all of the decision-making authority"*
>
> Private banking supervisor, group 2, VHNWI, banking corporation.

This level of self-perception was seen by an expert as allowing the banker to be more customer oriented as long as his decisions are backed by the bank´s resources and support teams.

> *"If the private banker is free to choose the best investment strategy, to propose a made-to-measure strategy and that is supported by the bank, then success will come."*
>
> Senior private banker, group 2, HNWI, independent.

Influencing Variables of COSE

In the previous subsection the managerial perspective of the four COSE dimensions was presented. Going through the interviews, it is noticeable how some divergences between the different participants arose. These variations were found to be due to subtle, but still relevant, differences between the profiles of the participants in terms of their seniority, the type of firm that they work for, and the customer segment they serve.

In order to explore these variations between the different groups of participants and to see their effect on the COSE dimensions, as RQ 3 was aiming to answer, all of the sources were classified as explained in subsection 3.7.2.4. From that classification, the data was analysed by groups and several findings were extracted in relation to their effect.

It is in the case of social skills that this dimension was the only one where the majority of the participants expressed agreement, where the weight on CO is constant and important, irrespective of the service model, the customer segment and the seniority of the private banker. No influencing variables were therefore considered.

Regarding the other dimensions, the effects of the categories has been presented in the following subsections.

4.1.6. Characteristics of the Service Influencing COSE

4.1.6.1. Customer Segment

It was presented in the corresponding part that PB customers are commonly segmented according to the total amount of investible assets which are advised and managed by the private banker. Because of this aspect (the wealth that the customer has) a few distinguishing characteristics could eventually affect the importance of each COSE dimension (except for social skills, where agreement was generalised, as explained above), namely:

- Wealthier customers require a more complex and extensive range of products, as they have more capital to invest. Customers belonging to the HNWI segment have access to PB services where some aspects of the offering are somehow more standardise, for instance the different investment strategies.

- Customers with less capital are more used to the retail banking model, where the level of service is usually lower, and the range of products is more limited. Hence, also the specific services that are expected to be included in the overall offering are fewer. For instance, a UHNWI customer would expect advice and support in a real estate operation, whereas a HNWI would not have access to such service.

- Because of the amount of capital that they have, UHNWI and VHNWI has proportionally less time to devote to meet their private banker and discuss about the different investment strategies and products.

- Whatever the payment model, a customer with more assets pays more money in total for the service, therefore, their expectations are higher.

- HNWI usually work with only one firm as they do not have enough capital to split it between different firms. VHNWI and UHNWI usually work with two or more firms.

Provided these differences, all of the codification processes for the three dimensions under study (technical skills, motivation, and decision-making authority) were filtered by customer segment and reviewed from the beginning, producing the findings presented next.

In relation to technical skills, when the interviewees referred to the them, it was found that for certain customer segments, a greater amount of assets were usually associated with a higher technical

knowledge, and therefore, the necessity for higher technical skills to be customer-oriented exists. In the words of some of the participants serving wealthier customers:

> *"Technical skills are important because if the private banker is not technically knowledgeable, then when he or she sits with one of our customers, who usually have a sound financial culture, he or she may lack the confidence to offer an adequate service."*
>
> Managing director, group 3, UHNWI, boutique firm.

> *"Whether you are in the segment from 1 to 5 [millions of euros], the segment from 5 to 20 [million], the segment of more than 20 [million], or the family-office segment, then the technical skills are not equal, and the learning curve of each of the professionals that are there is different."*
>
> Managing director, group 3, UHNWI, boutique firm.

Additionally, these groups of customers will very often demand a broader range of products and services, in addition to investment advice, like tax and legal advisory or the access to more sophisticated loans with special conditions. Consequently, the private bankers serving them must have some knowledge about these other aspects. Two examples were:

> *"I have to know what Lombard credit is, so that I can take some positions so then I can pledge those positions, that according to the risk that each of these investments assumes, so then the credit department will give me more or less credit if I pledge them."*
>
> Director, group 2, VHNWI, boutique firm.

> *"Because of that, taxes are very important. You have to study the financial products, but also the real estate assets, alternative investments, equities in SMEs, [...] and what tax impact this kind of investment has."*
>
> Senior private banker, group 1, HNWI, banking corporation.

Conversely, with HNWI, due to the partial standardisation of the service, the majority of investment strategies are subject to an investment committee and therefore, the technical skills of the private banker are of less importance. One professional working in that segment expressed this process as follows:

> *"Many times, the technical skills have a limited impact. For example, in our case, we have an investment committee, and you cannot escape from that committee even if you have many technical skills. You have to do what your investment committee says. In an investment committee, you talk, you think, you debate, you discuss it and a roadmap is produced as a result. That roadmap is your Ten Commandments in technical terms; your customer profile, portfolio orientation, choice of funds and such. That is your roadmap in technical terms. And of course, you obviously have to know the reason for the choice of a given fund at a particular time, the reason for the choice of the asset allocation and the choice of a fund*

manager. And of course, that is given to you by your technical abilities. They are important, but in the end, as it is a road map that marks you, there are other things that are more important."

Partner, group 2, HNWI, independent firm.

Regarding the motivation, there are two aspects that could be related to the customer segment and how it could influence the private banker's level of motivation:

- One would be the size (in terms of amount of assets) and the number of the customers managed by the private banker. See subsection 04.1.4.2 for other detailed findings related to this.

- Other aspect is the proportionality between the economic incentive of the private banker and the wealth of the customers he or she serves.

The number of customers is determined by the amount of assets each has, which ultimately determine the amount of work the private banker may have. In other words, a private banker's working load and the potential revenue, will depend on both the number of customers and the total amount of AUM that he or she manages. Therefore, the private bankers serving HNWI will tend to accumulate more customers with the associated risk to miss the capacity to serve all of them adequately and then to reduce their level of motivation. In the words of one participant:

"This is not about having a lot of customers and then not being able to provide the service. This is like a responsible 'banking hood', that is, I have the volume that I am truly capable to manage"

Director, group 2, VHNWI, boutique firm.

Accordingly, because of the interest of gaining customers that are as wealthy as possible, their motivation when approaching a UHNWI customer is not the same as with a HNWI customer. An interviewee summarised this idea as follows:

"When you go to a €10-million customer, motivation is vital"

Private banking supervisor, group 1, VHNWI, boutique firm.

The last aspect regarding motivation would be the economic part. First, because the private bankers' salary and bonus should be proportionate to the type of customers that they manage as expressed by one practitioner:

"Undoubtedly, all staff want to be well paid. And when you have the responsibilities that you have and the incentives that you can get, having a good salary is important and is recognition. And in the end, do not forget that you relate to people that what they have, above all, is money."

Senior private banker, group 1, VHNWI, boutique firm.

Therefore, a private banker attending a segment of wealthier customers will have higher income and therefore higher motivation. Indeed, as explained by one the respondents, their salary scheme is somehow different to those working as mere employee for an entity.

> *"Our remuneration system to bankers is quite atypical […]. It is a model like a personal business. We make the employee a partner. It has its individual income statement, and its bonus is a percentage of what your portfolio generates once the salary and expenses have been paid."*
>
> Managing director, group 3, UHNWI, boutique firm.

To conclude with the effect of the customer segment, the decision-making authority is related to the type of service that the private banker wants to offer to his or her customers, especially in terms of standardisation, HNWI customers usually receive a more standardised service than UHNWI, and their private bankers will have lower decision-making authority, according to the participants serving the different segments:

> *"I cannot say to a customer to invest in emerging markets if my investment committee has told me not to do so"*
>
> Partner, group 2, HNWI, independent firm.

> *"I believe that the lower decision-making authority, the better. […] I am inclined towards a model where the banker has to be the best in following a pattern, a structure, the one defined by your firm."*
>
> Director, group 1, HNWI, independent.

> *"I believe that you must have an important level of decision-making authority. I believe that the employee must be free to execute his or her decisions in the adequate moment."*
>
> Private banking supervisor, group 2, VHNWI, boutique firm.

> *"As a firm, if I am telling my private banker, who is my internal customer, that he or she does not have any decision-making authority and he or she is telling that the customer wants one thing, but the firm says that it is not possible and that it has to be another different thing, then there is no possibility of being customer-oriented."*
>
> Director, group 2, VHNWI, boutique firm.

> *"Of course, decision-making authority is crucial. When you have your own criteria, what you want is to be authorised to apply it. First, because you believe it is better for your customer. And second, because the customers will always have someone else that is willing to offer what they want."*
>
> Director, group 3, UHNWI, boutique firm.

4.1.6.2. Type of Firm

There are three types of firms that were defined for the purpose of this research, namely; banking corporations, boutique firms, and independent firms, as was explained in item 3.5.2.2. It was also explained in the corresponding part that the type of firm is a key determinant of the kind of service model that the private banker will offer. Likewise, there are a few aspects of the service that will depend on the service model. They are chiefly:

− The range, variety and complexity of the products and services that are offered to the customer.

− The amount and type of resources that will be available to private bankers to adequately carry out their job.

− The salary and incentives scheme offered to their employees.

Firstly, technical skills from the private banker tend to have a lower importance in banking corporations compared to independent firms, regardless how big the range of products is, due to the different resources that bigger firms are able to offer their employees. These resources could be tools adapted to the service, but also specialised teams that will collaborate with the banker when addressing the customer's demands. A few examples of this are:

> *"The whole service process, as standardised as it is, makes the technical knowledge of the private banker became less important."*
>
> Director, group 2, HNWI, banking corporation.

> *"The private banker […] must have some technical knowledge but not become an expert."*
>
> Managing director, group 3, HNWI, banking corporation.

> *"If a private banker does not have all of the technical skills, he can go to a meeting with a customer accompanied by an expert from the firm"*
>
> Managing director, group 3, HNWI, banking corporation.

An example from a private banker from an independent firm:

> *"I believe that the most important thing is technical skills […]. Because you must perfectly know what you are recommending, you have to be rigorous, and to study adequately the pros and cons of each recommendation and capital movement that you do."*
>
> Partner, group 2, HNWI, independent firm.

In the case of boutique firms, the need of technical skills depends on the complex range of products that they usually offer, despite the fact that they usually count on specialised teams to support their private bankers. Two participants have largely expressed this idea:

> *"You must have some technical skills. You must know about the financial markets, etc. But you do not need to know exactly what the last report published by a company was [...]. The firm should have a fixed-income specialised team that knows what has happened with that fund, with that equity, or what is being sold at that time."*
>
> <div align="right">Director, group 2, VHNWI, boutique firm.</div>

> *"You must have private bankers that realise what they ignore, so you have a specialised team for that, but still they want to know more. Why? Because then, they know how to identify and anticipate some situations, and afterwards, they use the specialist."*
>
> <div align="right">Managing director, group 3, UHNWI, boutique firm.</div>

Secondly, relative to motivation, there were a series of factors identified that influence the level of motivation of the private banker (see item 4.1.5.3). Amongst them, there are a few that depend on how many resources are provided by the firm to support the private banker. Others depend on the organisational culture and service model offered. These two groups of factors are intrinsically associated with the type of firm, as was mentioned above. Nevertheless, some comments were specific about this relationship between the type of firm and motivation:

> *"When you are competing against a big banking corporation, you have to be motivated as there is a lot to do and it is hard to fight to capture a customer because your resources are limited. For instance, in terms of bundling services and products"*
>
> <div align="right">Senior private banker, group 1, HNWI, independent.</div>

> *"In the case of banking corporations, motivation has to come from the top management."*
>
> <div align="right">Private banking supervisor, group 2, HNWI, banking corporation.</div>

> *"Regarding motivation [...] the employee must be happy with the service model that we have [...] and the support offered by the bank"*
>
> <div align="right">Director, group 2, HNWI, banking corporation.</div>

> *"Because if you have someone watching your back, you can be facing the customer all of the time because you do not need to see what is going on with the regulations, with the operations [...]. If you are spending the whole day worried about internal things that are a waste of time, you feel de-motivated. [...] That is what you find in other organisations."*
>
> <div align="right">Senior private banker, group 1, HNWI, boutique firm.</div>

Finally, in the case of the decision-making authority, it should be noted how the type of firm exerts a significant influence on the weight of this dimension in the level of COSE. Following, are the responses of the participants that show the two positions by the type of firm that make clear that difference:

"On the one hand, you have the market and investment recommendations, and on the other hand, there are other types of decisions. Obviously, in all market decisions, you do not want independent bankers. What you are offering to the customer is an integral service. The integral service emerges from an integral process, and if an investment process is decided by involving all of the technical teams of the bank so that there is only one vision of the market, the banker cannot take another vision of the market.

<div align="right">Private banking supervisor, group 2, VHNWI, banking corporation.</div>

"After what happened in 2007, 2008 and 2009, what many banks have realized is that they cannot have people who go their own way, and then they find some problems afterwards. So, there are more and more banks that are very much on top of what each customer has, and when a customer is out of their standards just a little, they keep a close eye on him or her. You have to justify your decisions to avoid that reputational risk. More and more it is happening this way, that the decision authority is becoming secondary."

<div align="right">Director, group 2, VHNWI, banking corporation.</div>

"It depends on the private banking model that you have, and whether or not you are a small banking boutique, or a business unit of a big bank corporation."

<div align="right">Director, group 3, UHNWI, boutique firm.</div>

"It is a must that the private banker has 100% independency. That is the best combination; a good private banker working for a good firm."

<div align="right">Director, group 3, HNWI, independent firm.</div>

4.1.6.3. Employee Seniority

The private banker plays the most important role in PB, as was explained in the literature review. Amongst all of the characteristics of them, there is one that is not fully collected within the four dimensions of COSE, and according to the literature, it still has a special importance in the industry which is the number of years of experience, also named seniority for the purpose of this study.

In order to structure adequately this part of the analysis, there were created three categories of respondents according to the number of the employee's years of experience in PB; group 1 with participants with five to 10 years of experience, group 2 with 10 to 20 years, and group 3 with more than 20 years of total working experience.

Although the position of each participant was also collected during the interviews, it was preferable to work with the number of years as no direct correlation exists between the position and seniority, and based on the interviews, it is the seniority that can eventually influence the level of COSE more than the position that is held by the professional. The chart in figure 4.2 displays the distribution of the participants according to their number of years of experience and the position that they had within the firm.
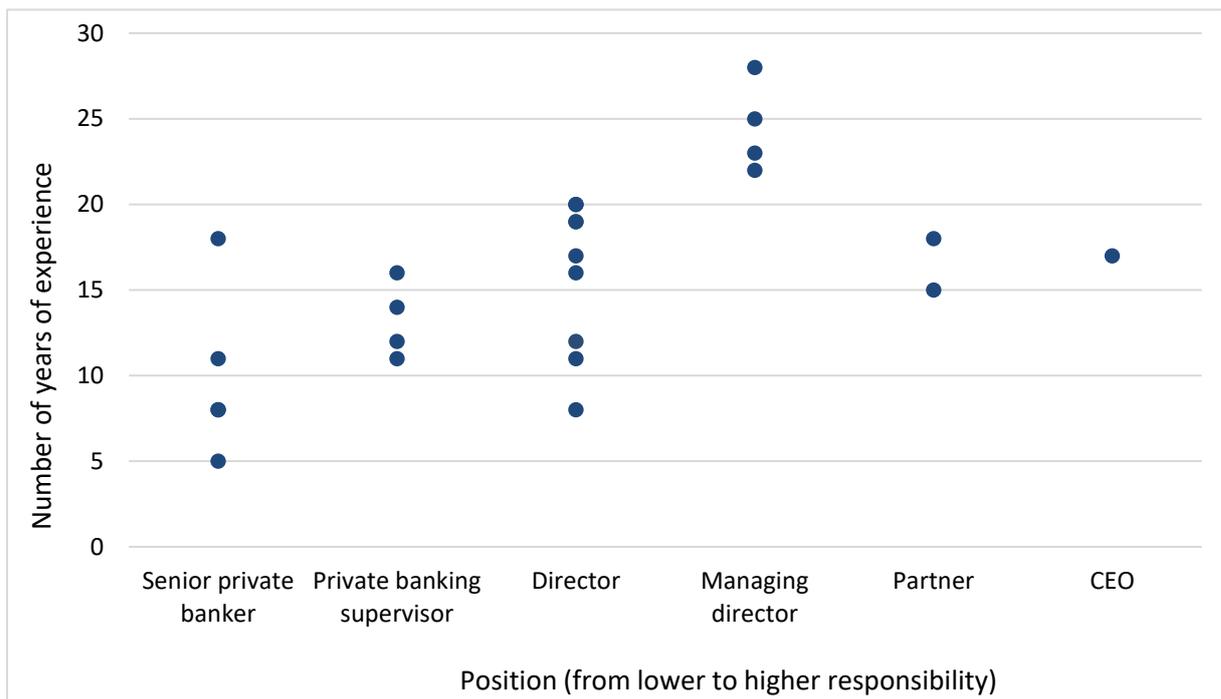
Figure 4.2: Distribution of participants according to their seniority and position.
Source: Own elaboration

The reason for this lack of correlation is that some professionals that are good private bankers, at a certain moment of their careers, prefer not to progress to management positions or simply become independent, keeping their own portfolio of customers.

Looking at the interaction with the technical skills of the private banker, it was found that it is the duration of the relationship with the customer rather than seniority what influences the importance of technical skills. For those who have been customers for years, it is because the customer has already reached a level of trust that makes them certain of the banker´s abilities. Conversely, newer customers are usually more demanding in terms of technical knowledge as well as the private banker´s ongoing training. One participant said the following in this regard:

> *"I have now a few new customers. The customers that have known me for more than 17 years ago take for granted that I have the adequate technical skills. New customers do demand more technical skills at the beginning."*
>
> Senior private banker, group 2, HNWI, independent.

Logically, the private bankers with longer experience usually have a consolidated portfolio of customers. Indeed, when a private banker decides to retire, the firm tries to keep his or her portfolio of customers by transferring the portfolio to another banker, as explained by one participant:

> *"A senior private banker has an important customer portfolio, and we take care to transfer them to a new banker when he or she is about to retire."*
>
> Managing director, group 3, UHNWI, boutique firm.

Regarding motivation, as was presented in item 4.1.5.3, it is an ingrained characteristic of private bankers, whatever working experience they have. Accordingly, the level of seniority was not identified as associated with the motivation of the private banker by any of the interviewees.

Finally, decision-making authority was identified as highly influenced by the level of seniority of the private banker. The employees with a longer amount of experience always received higher levels of responsibility and autonomy, and they had also more self-confidence to act independently and to make their own decisions when serving their customers. Said by a few participants:

> *"About decision-making authority, when you have a minimum amount of experience and knowledge, if you cannot take any decision regarding your customers, then the relationship cannot be sincere and run smoothly."*
>
> Senior private banker, group 1, HNWI, boutique firm.

> *"I see independency as something indispensable, probably because I have attained a certain level of seniority"*
>
> Senior private banker, group 2, HNWI, independent.

> *"Decision-authority level must be proportional to the responsibility and the seniority. Evidently, you will give limited decision-authority to a junior employee, whereas a senior employee will receive higher responsibility"*
>
> Managing director, group 3, HNWI, banking corporation.

4.1.7. Consequences of COSE

In this last part of the findings, the potential outcomes of a high level of COSE, or the lack of it, are presented and supported by the participants' responses in order to answer RQ 4. In the first place, in accordance with the COSE model developed by Hennig-Thurau (2004), the respondents were straightaway questioned about the three consequences identified in the original model. Then they were asked about what they see as the potential consequences of a high level of CO and they had the opportunity to explain how a high level of CO could also impact the financial performance of the firm. Three questions were used to elicit the information related to the impact of COSE:

- To what extent and how does the level of customer orientation impact the following aspects of the firm?
  - o Customer satisfaction:
  - o Customer commitment:
  - o Customer retention:
  - o Financial performance of the firm:
- Which other aspects of the firm could be influenced by the level of customer orientation?

The next items are aimed at giving further details about the findings related to the effects of COSE.

4.1.7.1.   Customer Satisfaction, Commitment, and Retention

In relation to the original consequences of the model, there was a general agreement about the impact of COSE on each of them. In particular, customer satisfaction was pointed out by 20 of the participants as the consequence influenced by COSE. Some examples are:

"I see that in every type of service, if you have certain level of customer orientation, customer satisfaction will always be 10 [over 10], because you will give your customers what they want and not what you want."

Senior private banker, group 1, HNWI, independent firm.

"It impacts on customer satisfaction, no doubt. Let's assume that things are done properly, and that you hit the nail on the head then of course customer satisfaction comes immediately. And it is sustained over time and is much better."

Director, group 3, UHNWI, boutique firm.

"Well, it has a high impact. The higher orientation […], probably has higher customer satisfaction."

Director, group 1, HNWI, independent.

"Customer orientation on satisfaction? A lot. Customers will be much more satisfied if you are oriented towards them, by a lot. It is very important."

Senior private banker, group 2, HNWI, independent.

"It is customer orientation what satisfies the customer, not the private bank that seeks short-term results."

Director, group 3, HNWI, independent firm.

"If you are customer-oriented, then the customer will be satisfied."

Senior private banker, group 1, HNWI, boutique firm.

"That turns into a higher level of customer satisfaction because at the end, the customers are investing as they have to"

Managing director, group 3, UHNWI, boutique firm.

"To me, what I would lose sleep over… customer satisfaction, that is first thing."

CEO, group 2, HNWI, banking corporation.

Secondly, in the case of customer retention, it is also seen as a result of a high level of COSE. However, it is considered to come always after an adequate level of satisfaction has been reached. Ten participants stated that, unless the customer is satisfied, customer commitment will not exist, as expressed in the following answers:

"As long as the customer is satisfied, customer retention is favoured."

Director, group 3, UHNWI, boutique firm.

"If the customer is satisfied, he or she will be more committed. I found both outcomes to be quite similar."

Private banking supervisor, group 2, HNWI, banking corporation.

Thirdly, despite the general acknowledgement of the connection between COSE and customer retention, seven participants declared that such a connection would not be a direct one, because of

the complexity, and similarly to customer commitment, the mediation of customer satisfaction. Again, if customer satisfaction is not present, the customer retention will not exist regardless of the level of COSE. The following quotes support this finding:

> *"Customers fly, [...] if they are not satisfied, then they start listening to other banks."*
>
> Private banking supervisor, group 1, VHNWI, boutique firm.

> *"It is a one to one correlation. If you are not customer-oriented and you do not offer a good enough service to satisfy your customer... if that happens, the customer will go to another place."*
>
> Private banking supervisor, group 2, VHNWI, banking corporation.

> *"If the customer is not satisfied, sooner or later, he or she will offer his or her assets to other firms. It can be directly, or later, indirectly. As I told you, this is war. Another private banker will contact your customer and he or she will leave you for sure."*
>
> Senior private banker, group 1, HNWI, banking corporation.

4.1.7.2. Financial Performance

In order to find out the relationship between COSE and financial performance, a significant part of the participant's explanations were about how the specific financial performance for a PB service should be measured. In this sense, the first finding identified was the significance of the PB business on the overall banking industry. PB is a very important banking service in terms of the total assets under management (AUM). As expressed by one of the participants, the AUM of the PB business is equal to those managed by the other retail banking services from the banking corporation:

> *"Today we [the private banking unit] manage €50,000 million, and that is a lot. Our mass affluent division in Spain has €30,000 million in investments, and if you see to our retail banking division, they manage less, 20 or 15. What means we have practically as much as the others."[4]*
>
> Director, group 2, HNWI, banking corporation.

Indeed, all of the practitioners indicated a tendency to talk about the increase of AUM year after year, not only because of the positive returns from the investments, but also due to new money inflows coming from both current and new customers. As expressed by one of them:

> *"We measure the increase in AUM, and therefore, the amount of money that we make out of it. Occasionally we also keep control of the number of customers that hold a position over a minimum threshold."*

---

[4] Actual figures have been altered for confidentiality reasons, although proportionality between them is real.

> Private banking supervisor, group 1, VHNWI, boutique firm.

In addition to that, the reality is that PB is considered a long-term business, as mentioned in previous parts of this research, where a short-term approach can seriously damage future benefits. Five participants commented on this, and in the words of two of them:

> *"If I start to do the right things today, then I will probably see the results in two or three years. […] If I take action in the first year but also increase my fees, I can see the results immediately but not in the long run."*
>> Private banking supervisor, group 2, VHNWI, banking corporation.

> *"If the bank acts with a long-term horizon, then of course, the results will be favoured. But if the bank, for certain reasons, needs to boost its accounts and decides to increase the fees in the short-term rather than in the long-term, then it will surely go against its financial results and its interests."*
>> Director, group 3, UHNWI, boutique firm.

This long-term perspective is due to the time that it takes to capture and consolidate a customer. Besides, being customer-oriented should help the private banker in increasing the number of customers and also the AUM. However, it also implies increasing the resources in order to keep offering an adequate service. The three comments on this regard were:

> *"For a higher level of customer orientation, you will probably need to increase your resources, which can eventually come with an increase in your costs"*
>> Director, group 3, UHNWI, boutique firm.

> *"A higher level of customer orientation could impact negatively in the short-term. However, the private banking business is a marathon, and working looking at the short-term can be devastating."*
>> Director, group 3, UHNWI, boutique firm.

> *"We live thanks to our customers, and we pretend to do so for the next 100 years. For that, it is crucial that we keep serving the customer in the long-term"*
>> Partner, group 2, HNWI, independent firm.

The equation only breaks even in the long term, when a customer in which the private banker invested in the first years stays working with the same firm for many years. Indeed, according to one interviewee, customers stay with the same firm for years:

> *"In my previous bank, the average length of time that a customer spent with us was 15 or 17 years."*
>> Senior private banker, group 2, HNWI, independent.

4.1.7.3. Trust

As it was presented in the research setting section (see subsection 3.5.2), the banking business is by definition a trust-based service. There is no difference for the PB service, as a banking business it is, according to 16 of the participants. A couple of examples are:

> *"The key [in private banking] is trust and mutual respect. If the customer does not have trust or mutual respect, forget about it."*
>
> Senior private banker, group 1, HNWI, banking corporation.

> *"In private banking, the relationship is based nowadays on trust"*
>
> Director, group 2, HNWI, banking corporation.

In a similar manner, the lack of trust from their customers can damage a bank more than any other thing. Some respondents referred to recent history about profitable banks that failed because of a breach of trust:

> *"The lack of trust is crucial. Indeed, it has affected us recently. But not because of us, but because of others. The mere fact that a bank with the same country of origin of us filed also affected us, even with us being a completely different entity. But it was different in every aspect of the business conception, in the manner of focus and managing the business"*
>
> Director, group 3, UHNWI, boutique.

> *"[Referring to firms], when you have lost trust, which is crucial in this business, you have lost everything"*
>
> Private banking supervisor, group 2, VHNWI, banking corporation.

Trust is not only related to firms. The personal trust and reputation of the private banker also plays a key role. Based on the opinion of 8 participants, trust in PB has two perspectives, one toward the firm and the other towards the private banker. In the words of 3 of the participants:

> *"Our reputation is that of our bankers, and their reputation with the customers. The image of our company is the image that they offer as a mirror of our company in every context."*
>
> Director, group 2, VHNWI, boutique firm.

> *"If you are a nasty piece of work, if you are offside, then no one will ever trust on you and want to do anything with you, absolutely no one, even if you are an expert."*
>
> Partner, group 2, HNWI, independent firm.

> *"You need the customer to trust you. To get that, you have to sell what is better for your customer, and not what is better for the bank."*
>
> Private banking supervisor, group 1, VHNWI, boutique firm.

In brief, it was acknowledged that both, banker and the bank have to work aligned in order to build on the customer trust.

> *"In the end, customer trust is 100% as soon as you are customer-oriented."*
>
> Director, group 2, VHNWI, boutique firm.

> *"[Trust] is about a stretch relationship between the customer with the banker and the institution."*
>
> Director, group 2, HNWI, banking corporation

In conclusion, it is an appropriate CO that ultimately makes it possible to generate more trust, which in turn has a knock-on effect on better service, and consequently, results in a closer and more long-lasting banker-customer relationship. This complex process was explained by a couple of professionals as follows:

> *"In the end, this is a trust business, and to gain the trust of your customer, you have to prove that you are customer-oriented."*
>
> Private banking supervisor, group 2, HNWI, banking corporation.

> *"There is a moment when it is not about the annual return that you offer to your customer, it is 100% about trust. You end up treating the customer as a friend, as someone that you really take care of, and you want the best for him or her. Then, that customer will follow you anywhere that you move to."*
>
> Partner, group 2, HNWI, independent.

4.1.7.4. Loyalty

As in the case of trust, loyalty is also related to the nature of the PB business and was recurrently identified as one of the key consequences of COSE by most of the participants (10 out of 25):

> *"There are other consequences; customer loyalty, brand image, …"*
>
> Director, group 1, VHNWI, banking corporation.

> *"Of course, customer orientation serves to grow in relation to the recurrence and stability of your customer portfolio"*
>
> CEO, group 2, HNWI, banking corporation.

However, loyalty is not only related to the relationship with a firm or a private banker, but also, about having them as the preferred option against others when the customer hold investment position in two or more different banks. Two practitioners described this situation as follows:

> *"And then something else happens; a private banking customer always has a main bank. That main bank is usually managing between 60 and 70% of the assets, and then at least two other banks. So, you have to play with that. To be your main bank is the aspiration that I must have, because your only bank is impossible."*
>
> Managing director, group 3, HNWI, banking corporation.

"Wealthier customers commonly work with two entities, so that they can constantly evaluate both. Thus, making the level of customer orientation determine the bank in which the customer will hold the greatest amount of assets."

Private banking supervisor, group 2, VHNWI, banking corporation.

Therefore, loyalty is linked to COSE, but also to satisfaction and trust. They are the pillars upon which a loyal customer-private banker relationship is built throughout the years.

"If I am not customer-oriented, I will not provide good service, and if I do not provide a good service, then the customer will go somewhere else."

Private banking supervisor, group 2, VHNWI, banking corporation.

"Loyalty is linked to satisfaction. It means that an unsatisfied customer is a disloyal customer. At the end, the level of satisfaction is not only measured by the money that the customer has made [last year]. That is good, but [this is about] making money constantly in a clear transparent way, in which the private banker does not act in bad faith to sell a product that is not according to the customer's profile or incorrect. […] Then, a satisfied customer, with whom you have been involved with and worked with for years in a trustful manner, generally is a loyal customer."

Partner, group 2, HNWI, independent.

Finally, there is the potential conflict concerning loyalty to the bank and loyalty to the private banker. As was mentioned above, private bankers very often consider the customers as theirs, and work with the assumption that they will be able to carry them over if they decide to move to a new employer. So, as expressed by three of the participants, it may happen that loyalty to both, (*i.e.*, bank and banker), are not necessarily of the same intensity.

"Private banking is somehow a model of independent agents. The banker is the owner of the customer, and if you leave the bank, you leave it with the customer."

Director, group 2, HNWI, banking corporation.

"If I leave the bank, to make my customers loyal ones, I have to make them understand that I was the expert, so you must have the technical skills and be customer-oriented."

Private banking supervisor, group 1, VHNWI, boutique firm.

"In other countries, where a different model is dominant, some private bankers even criticise the bank so that the customer feels that they can identify with the employee and not with the firm."

Director, group 2, HNWI, banking corporation.

4.1.7.5.   Word of Mouth

Word of mouth was identified as a very important means in PB to acquire new customers by a total of 8 participants. Thus, references from acquaintances, who are satisfied with the private banker and the firm, are the most effective marketing tool. Some comments in this regard were:

> *"Private banking customers do not knock on your door. You reach them through your contacts, so word of mouth is very important. […] This is a service where word of mouth works. A happy customer will refer you, and that is the best marketing you can have."*
>
> Private banking supervisor, group 1, VHNWI, boutique firm.

> *"Many customers come referred by others. If things go wrong, you have the contrary effect. The customer will abandon you and can make others abandon you too."*
>
> Director, group 2, HNWI, banking corporation.

> *"Customers that bring new customers. That is the ideal in private banking. Suddenly, someone calls you saying that they are calling on behalf of one of your customers that is satisfied with your service."*
>
> Managing director, group 3, UHNWI, boutique firm.

> *"Word of mouth is important. How do you think a private banker grows? Cold calling is very difficult. And, unless you are a big bank, new customers do not enter through the door of your office."*
>
> Director, group 1, VHNWI, banking corporation.

Moreover, CO was mentioned by 4 of the participants as the precursor of word-of-mouth communications, as shown in the following quotes:

> *"If you are customer-oriented and your relationship is successful, the customer is satisfied, […] and additionally the customer will refer you."*
>
> Private banking supervisor, group 2, VHNWI, banking corporation.

> *"When you are customer-oriented, and your customers are satisfied, you have preachers in the market giving a good account of the bank. […] In the end, this is a word-of-mouth business, which is the chief marketing resource."*
>
> CEO, group 2, HNWI, banking corporation.

4.1.7.6.   Customer-Oriented Deviance

In addition to all of the positive outcomes that a high level of COSE can generate, 6 of the participants showed concern associated with it, namely the risk that the limits between the banker and the customer are not well defined. In one of the participant's words:

> *"You must know where you are because you may be talking to a customer that wants to put the cart before the horse, but you are the coachman. So, in that, you*

have to be customer-oriented, but know where to bring your customer. […] That is crucial, you must know to what extent your customer can make the decisions and when you start making the decisions."

Senior private banker, group 1, HNWI, independent firm.

On the one hand, the fact that this limit is not clear could lead the banker to carry out actions that, while requested by the customers, could ultimately have a negative effect on the service offered, for example, carrying out ill-advised investment operations for a specific customer profile. On the other hand, this could prevent the alignment of interests between the banker, the customer, and the bank, thus endangering the sustainability of the latter. This was expressed by one participant as follows:

"Customer orientation is also about the alignment of interest between the customer, the banker, and the bank. In some occasions, there are firms where the private banker's interest clashes with that of the bank. However, it may happen that the private banker forgets who pays him or her every month or he or she is put in the customer's position so much that the customer's profitability is eroded because of a high service cost."

Director, group 2, VHNWI, banking corporation.

Based on the interviews, it is important to define the position of the banker adequately by making as clear as possible his or her attributions and what limits should not be trespassed under any circumstances.

"Being customer-oriented has the risk of becoming too pleasant to the customer and treating them as friends. [This could mean] even stopping charging for your services because the customer has become your friend. Your customers, I insist, are not your friends; they are your customers."

Director, group 1, VHNWI, banking corporation.

4.2. Discussion of Results and Answers to Research Questions

Large discussions have resulted from this qualitative research study. Some of them are about the findings confirming what it has been found and discussed in the literature review or completing what it is often stated in the industry reports, through a more academic approach. However, to some extent, several of the answers to the research questions could be considered disruptive as they challenge some of the premises established by the existing features of the COSE model discussed in the literature review, and also further elaborate on its consequences and utility.

As was stated in section 1.2, the aim of the research is to investigate the role of COSE in HRS companies. To do so, a qualitative study was completed by analysing the findings previously presented. The analysis of that data in combination with an extensive literature review is what permits presenting the following results, and therefore, addressing the corresponding research questions.

In order to systematise the presentation of the discussion, all of the research questions have been addressed one by one. In the process of answering the research questions the findings of the

interviews are used together with the whole literature review process. In such a review, in addition to the several academic sources that were studied with the purpose of establishing an adequate theoretical framework, and to identify and understand the state of the art in relation to COSE and PB services, numerous professional sources were considered. Any discussion presented henceforth is obtained from the triangulation of these three inputs, namely; qualitative interviews, academic source reviews, and the PB industry sources review.

4.2.1. Research Question 1

There were three main considerations regarding COSE in highly relational services:

1. COSE is an important characteristic of front-line employees involved in HRS.
2. COSE is present not only in the customer-employee relationship, but also all through the firm and the service delivery.
3. Despite de importance of COSE in HRS, there are no current initiatives aimed at measuring the level of it.

4.2.1.1. COSE Importance in HRS

Regarding the importance of COSE comprised in the first research question, the high importance of COSE within HRS was confirmed. This is the first time that the construct of COSE has been studied in HRS, compared to previous studies that were contextualised in transactional service. So, confirming its importance was crucial in order to validate the relevance of this study. Such importance is supported not only theoretically but also by several aspects emerging from both the literature review and the findings extracted from the interviews with the practitioners.

In the first place, there is the fact that HRS, like PB, are a kind of particular services. The customers and their needs are the main pillars of these services and are also the ignition for the creation of a customised service. These aspects are aligned with the definition of services provided by Grönroos (2007), as was detailed in the literature review (see section 2.2). Additionally, the several studies related to PB that were presented in subsection 3.5.2 also confirmed the special characteristics of this type of HRS, which was ultimately validated by the findings from the interviews.

Secondly, COSE was identified as a key characteristic for HRS firms to differentiate their offering from that of others. Such an aspect is not only highlighted by the majority of academics whose main area of study is an HRS like the PB industry (Stanley, Moschis and Danko, 1987; Lassar, Manolis and Winsor, 2000; Mylonakis, 2009; Horn and Rudolf, 2012), as was explained in subsection 3.5.2, but also by a significant percentage of the practitioners who took part in this study and other several sources from this specific industry (McKinsey & Company, 2013; Accenture and Afi, 2004).

The third aspect that makes COSE of special importance for HRS is the time perspective of the service. Based on Lovelock (1983), PB is defined as a highly relational service. Additionally, the biggest part of the relationship is supported by only one contact employee, as shown in the methodology about PB (see subsection 3.5.2). The findings presented in the previous section highlighted how the PB business is all about the relationship between the private banker and the customer. How positive,

strong and efficient that relationship is will determine the long-term sustainability of the relationship itself and therefore, of the business.

The last two aspects that were found to influence the importance of COSE were the responsibility assumed by the service employee and the risk associated with the PB service:

− The former was introduced with the categorisation of the service based on Lovelock (1983). According to this, there is a certain parallelism between the private banker and other highly skilled professionals, like in healthcare, that exists in terms of technical preparation and judgement. These two aspects were highlighted during the interviews. Therefore, it was confirmed that PB is a service that should not be classified as retail banking but closer to other professional services.

− The latter was because of the financial component of the service; managing customer's money and its potential return is intrinsic to the management of risk assumed by the customer. That is why the part of COSE related to understanding and addressing the customers' needs (Hennig-Thurau, 2004) is so important, and therefore the role of the private banker is so crucial in order to have that understanding.

4.2.1.2. COSE Presence in HRS

As part of the RQ 1, the presence of COSE in HRS was investigated. This presence had a twofold perspective in addition to the dyadic customer-employee relationship; one related to other components of the organisation of the firm, and another related to the different circumstances or moments in which COSE takes its importance.

The first perspective confirms that CO is not something that only concerns front-line employees, as Hennig-Thurau and Thurau (2003) assumed, but that also involves the different levels of the service organisation as proposed by other authors: Narver and Slater (1990) or Deshpandé, Farley and Webster (1993), to name but a few (see subsection 2.3.1 of the literature review for further details). As resulted from the interviews, it is clear that both approaches are embraced by practitioners, and therefore, a potential limitation of the COSE conception may exist. Moreover, the CO of private bankers expands beyond the employee and the organisation, as it is present in the process of resources definition as well. The determination and formalisation of these resources has to be aligned with the COSE philosophy within HRS, as stated also in different PB industry sources – *e.g.* IEAF (2006) and TheBanks.eu (2015).

In the second perspective, the pervasiveness of COSE is seen of as the time and situations in which the private banker has customer-oriented behaviour. Academic and professional authors have highlighted the importance of enlarging the relationship for years in order to make it profitable for the firm (Baglole, 2004; Marín, 2005), and therefore, maintaining and adequate level of COSE through the time and even through different generations of the same wealthy family. During this large period of time, there are a couple of particular contexts when COSE could take even higher importance, which is the definition of the investment portfolio strategy and the disclosure of personal aspects of the

customer. These additional contexts were identified in the qualitative interviews as well as in some of the previous research, for instance Yu and Ting (2011).

4.2.1.3.   COSE Measurement in HRS

The third consideration from the RQ 1 was about the different initiatives (if any) that were undertaken to assess the level of COSE by the firms of the participants. The aim of this question was to confirm whether or not the importance of COSE had any practical implication. Although none of the participants acknowledged having a standardised process to measure COSE, the findings from the interviews proved that some concern exists regarding the need to assess the performance of private bankers.

However, trying to measure COSE or any other indicator, based on questionnaires to customers is seen of as a potential annoyance to customers as one of their characteristics is a lack of time (Thomas, Rao and Javalgi, 1990; Baglole, 2004; Marín, 2005), particularly in the case of UHNWI customers. This is the reason to justify either the absence of a measurement method or the unstructured assessment of COSE by a non-standardised process of colleting qualitative opinions from customers, as it was shown in the findings.

Nevertheless, a few firms try to indirectly measure the level of COSE by evaluating how their customers' portfolios are performing or what the level of service is that is offered to customers (in terms of the number of calls or meetings in a period of time, amongst others). The reality is, as confirmed in some of the professional and academic sources and during the interviews, the limited number of customers that every private banker looks after, whichever quantitative assessment a firm would try to do, would be difficult to keep anonymous and probably lack any statistical significance. Except in the case of bigger firms, usually banking corporations and boutiques, some outcomes like customer satisfaction was measured because of the greater number of customers per employee.

In the literature review, numerous academic models to measure customer orientation based on the employees' or the customers' responses were presented (Saxe and Wetiz, 1982; Kelley, 1992, Susskind, Kacmar and Borchgrevink, 2003; Hennig-Thurau, 2004; Ifie, 2014). Regrettably, none of them are used in the PB industry (or probably in any other industry), not even an adapted version. Such a gap between the academic approach and practitioners' activity explains the largely discussed distance between practice and theory (Roberts, Kayande and Stremersch, 2014), and somehow there is a lack of applicability of several marketing studies (Varadarajan, 2003), like in the case of the original conception of the COSE model.

In summary, despite the importance of COSE in the industry, PB firms have not found yet an adequate methodology to measure it. It is necessary to propose a model that can collect their main concerns regarding what to measure, so firms would feel comfortable addressing their customers. The model should be simple but also theoretically robust so then the practice-research gap can be closed.

4.2.2. Research Question 2

Social skills, technical skills, motivation and decision-making authority are the four COSE dimensions established by Hennig-Thurau (2004) in which he assumed and proved that all of them exert an equal

influence on the outcomes of COSE. As has been shown in the revision of the literature, no other researcher has subsequently questioned such a conclusion since then. However, in this study, it has been identified that the four dimensions do not have the same consideration, based on the qualitative study conducted and the industry literature that has been reviewed. It is for this reason that studying the different antecedents of COSE is crucial to identify those that should be stressed and taken into special consideration, providing the particularities of the PB business and the different types of firms, employees and customers, which was addressed in RQs 3 and 5.

Next, the results for each dimension are described and justified. They are ordered from the greatest to the least agreement amongst the participants.

4.2.2.1. Social Skills

Social skills stood out as being the most important characteristic amongst the four dimensions for any type of firm, level of seniority of the private banker or customer segment. Social skills are seen as a gatekeeper or the trigger for the rest of the COSE skills. A private banker lacking a minimum level of social skills, and therefore behaving in a socially awkward manner, will not have even one chance to establish a relationship with the customer. In other words, it seems that private bankers are given the opportunity to serve a customer because of their social skills, and nothing else.

As was said in item 2.3.2.3 of the literature review, Hennig-Thurau and Thurau (2003) defined social skills as concerning the perspective-taking capacity of service employees. The participants of the interviews matched this conception with the identification of empathy as an important requisite for private bankers. It is the empathising process of the private banker what allows him or her to take the point of view of customers in several aspects, like their specific needs for different investment services, their technical knowledge regarding financial instruments, or even their personal and family situations. Although, there is a minority of customers where social skills may have lesser priority, the majority of them prefer to deal with a private banker with whom a close relationship is potentially established. As Marín (2005) stated, the private banker is the only employee in the firm that must have global knowledge of the customer and be aware of all of the information regarding any personal, sensitive or confidential aspect of the customer.

Additionally, other aspects of the private banker's personality comprised his or her social skills. Hennig-Thurau and Thurau (2004), based on the work of Hurley (1998), assumed three factors as a part of the employee's personality; extroversion, agreeableness, and adjustment.

– During the interviews, extroversion, together with sociability, were directly mentioned as a requisite for the employee to have adequate social skills, as it allows the private banker to establish an appropriate rapport with current customers and to form new relationships with potential customers. Because PB is service based on relationships, it results that having these social skills is the only means to make the business to grow.

– Regarding agreeableness, it was incorporated by interviewees into communication and listening skills of the employee. These two let the private banker maintain cordial communication with customers, avoiding any type of confrontation. PB customers tend to

be highly demanding in certain circumstances, sot that keeping a smooth communication with them is essential.

  – Although adjustment was not explicitly mentioned, several participants referred to proactivity as a needed personal trait of private bankers as it facilitates anticipation, and therefore the adaptation to potentially conflicting situations with customers.

Finally, provided that social skills are something inherent to the personality of each person, and that learning social skills is considered difficult (vs. learning technical skills) as expressed by several practitioners, it is very necessary for social skills to be a factor of the COSE level that the private banker should be required to demonstrate before being hired. Such difficulty when recruiting new employees was highlighted by some of the non-academic sources in item 3.5.2.4 (*e.g.* IEAF, 2006), but was not described in detail. Now, it is confirmed that when hiring new private bankers, social skills should be the main criteria over the technical skills, that are considered as easier to be acquired by any employee with a minimum of technical knowledge.

4.2.2.2.   Technical Skills

In second place, technical skills were posed by the respondents as being important, but not as much as social skills. The reason for this is that technical skills were considered as something the private banker can master or even make up for the lack of them. Nevertheless, it was acknowledged that a certain level of technical skill should exist. This minimum level of technical skills could be endorsed by a professional certification like the one provided by the EFPA (see item 4.1.5.1 in the previous section).

In the same way it was proposed by Hennig-Thurau and Thurau (2003), technical skills are mainly supported by the general and specific knowledge of employees, reinforced by the progressively higher complexity of PB products/services and the heterogeneity of the customers (Marin, 2005). Moreover, technical skills are also upheld by the professional experience of the employee. Indeed, the necessity of larger working experience poses even more importance on the recruiting of private bankers, as expressed by IEAF (2006) and as highlighted above.

However, if for any reason, the private banker does not have them, then the technical skills can be supplied by a continuous learning program and by the support of an adequate technical team provided by the firm. These two circumstances were commonly found in the firms for which the participants worked. In particular, the participation in continuous learning program and therefore, having the adequate learning orientation (Hennig-Thurau and Thurau, 2003).

Finally, the digitalisation process of the financial services is inevitably affecting the PB business (Accenture and Afi, 2014), so that private bankers are also required to be updated not only with the latest products and services, but also with the latest tools that they may use to conduct their job and relationship with customers. The youngest ones are progressively demanding new ways of communication in addition to the traditional face-to-face meeting with their private banker.

4.2.2.3. Motivation

Regarding motivation, it was placed in third position not because it was not considered as important as the social or technical skills, but because it was found that it has to exist by the combination of two different views of motivation:

− The motivation that the private banker must inherently possess because of his or her profession.
− How he or she is motivated by the firm by the provision of adequate incentives and resources.

Therefore, even if the private banker has the skills to be customer oriented and is willing to behave as such, the firm may still have a strong influence on his or her motivation, even to the extent of preventing the banker acting in a customer-oriented way. According to the different participants in the qualitative survey, firms can work with each one of the aspects as identified by Vroom (1967):

1. Through the service model and the organisational culture, so motivation is generated from the top line of the firm and penetrates via the middle management down to the private banker. This would impact the consequence valence.

2. By means of the resources and tools provided by the firm to the private banker, so that, the probability of a customer-oriented behaviour increases.

3. With the definition of remuneration and incentives model that align the interest of the private banker with that of the customer in the short- and long-term, so the decisions and recommendations from the former are those exactly needed by the latter. Such initiative would drive the reward expectancy.

Nevertheless, employees also have their role here. Hennig-Thurau (2004) pointed out that the consequence valence and probability of a customer-oriented behaviour are also based on the employees' self-assessment of both. As it was highlighted during the interviews to practitioners, the greatest motivation of a private banker is his or her willingness to serve the customer and do a good job. Likewise, the probability of being customer oriented depends largely on the employee's traits and self-confidence. Moreover, a private banker with a high level of motivation to be customer-oriented is capable of staying customer oriented in difficult circumstances, and also, providing a positive image, which ultimately results in a better perception of the service received.

4.2.2.4. Decision-Making Authority

The last dimension of COSE, the decision-making authority, was found to generate significant controversy amongst the participants. Hennig-Thurau (2004), and the subsequent authors presented in item 2.3.2.5, proved that the service employee has to enjoy a high level of autonomy when taking decisions that directly affect the customer in order to be customer oriented. However, differences between all of the services being tested so far and wealth management are evident based on the work of Lovelock (1983), as was analysed during the research setting explanation (see subsection 3.5.2).

According to some of the participants, mainly those coming from firms with a more restrictive organisation and culture, the kind of decisions that the private banker takes may have such an impact

on the service outcome that a certain level of control is needed. In these firms, there is the concern related to how the private banker is able to calibrate such a level of COSE. An excess of COSE can eventually misalign the interests of the firm with those of the customer-employee dyad. Conversely, those participants coming from firms with a more relaxed or open culture, and a flatter organisation, claimed that any limitation on the type of actions carried away by the banker would negatively affect the level of COSE of the private banker.

There was, however, an aspect where a higher agreement existed which was how the private banker attends to his or her customer and the level of service that is provided. The idea behind this is that only the front-line employee, based on direct contact with the customer, is able to know whether or not a customer is being served adequately in terms of such things as the number of visits or calls

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4.2.3. Research Question 3

Due to the particularities of the PB as highly relational, it was considered necessary to determine the specific characteristics of the service (defined in subsection 3.5.2) that would eventually require introducing some modifications to the model conceptualised by Hennig-Thurau (2004), with its four equally-weighted dimensions.

These specific characteristics were identified in the previous section (see subsection 4.1.6) as follows; the customer segment, the type of firm, and the level of seniority of the private banker. No previous study considered, or even suggested, the existence of these variables influencing the weight of each COSE dimension. Next, the influence of such characteristic is discussed and supported by both the findings from the interviews and the related literature.

4.2.3.1.   Customer Segment

Thomas, Rao and Javalgi (1990) and Howcroft, Hamilton and Hewer (2007) showed empirically that a customer's wealth is related to his or her expectations regarding the relationship with, and characteristics of, the financial service employee, and the impact of those factors on the service outcome. After reviewing the characteristics of the PB service, it is notable that its delivery differs depending on the specific customer segment being served; HNWI, VHNWI or UHNWI (Yu and Ting, 2011; Molyneux and Omarini, 2005). Such differences were elicited during the interviews to practitioners and can be described as follows:

- From HNWI to UHNWI, the wealthier the customer, the higher importance of the technical skills. In other words, the influence of the technical skills on the level of COSE will be greater when the private banker portfolio of customers is comprised of UHNWI or VHNWI instead of VHNWI.

- Similarly, because of the number of customers (that each private banker serves) and the potential total remuneration associated with higher customer segment, the weight of motivation on COSE will increase with UHNWI and VHNWI over that with HNWI.

− Lastly, the weight of the private banker's decision making-authority will also increase with the higher customer segments, as the service tends to be more customised and adapted to the customer's needs.

All these three effects can also be seen the other way around; there is a reduction of the primacy of social skills over the other dimensions, as described in the previous research question (see subsection 4.2.2), when the customer segment changes from HNWI to VHNWI or UHNWI.

4.2.3.2. Type of Firm

Different types of firm tend to follow different business models (Marín, 2005; Molyneux and Omarini, 2005). Such distinction results in every firm; (1) counting on different resources to support the activities of private bankers, (2) having their own organisation and culture, and (3) offering different portfolio of products and services, in terms of size and level of standardisation. Indeed, a qualitative study conducted by Värlander and Julien (2010) in the banking industry showed that bigger banks exercise a higher control over the employees' decisions compared to smaller financial institutions. This finding aligns with those of Pun and Jaggernath-Furlonge (2012), who concluded that company size affects the level of employee empowerment. If added the findings presented before on this regard and the influence of the type of firm on the COSE dimensions would be:

− Regarding technical skills, in the case of banking corporations, the service model tries to be more standardised, and tends to rely more on the different specialised teams that the bank makes available to the private bankers and their customers. In the case of boutique and independent firms, the service model is far more personalised, and although the specialised teams may also exist, more weight is placed on the private banker´s experience and technical knowledge of the different areas to develop a higher level of COSE.

− Conversely, since banking corporations usually offer more supporting resources to their private bankers than independent firms, motivation will have a higher importance in COSE. Likewise, because of the more consolidated culture and organisation of boutique firms, motivation will play more relevant role than in independent firms.

− Furthermore, independent and smaller firms, precisely because they lack certain support resources, tend to provide higher decision-making authority to their employees. This is why a higher importance is placed on the decision-making authority for the private banker to be customer oriented, when working for independent firms instead of banking corporations. Indeed, in large banking corporations, customers are assigned a specific investment profile, according to their needs, interests and knowledge. The private banker can only offer the products and strategies that the bank deems to be suitable for that profile. Hence, as the bank would argue, limiting the decision-making authority of the private banker has the purpose of protecting the customer´s interest, and in this way, they have a greater customer orientation.

4.2.3.3. Employee Seniority

Employee seniority in private banking is undoubtedly a key asset of employees and companies (Ang, 2010). This is due to two main reasons; first, the depth of the relationship that is established with the customers, and second, the accumulated experience that a senior private banker can have after several years of career.

– In the first case, as it was highlighted during the interviews, having an individual as a customer for long years can influence the importance of technical skills for being customer oriented. By logic, long-lasting customers are those usually belonging to private bankers with certain seniority that have been able to keep them even when moving from one firm to another. The higher the seniority of the private banker, the lower the importance of technical skills as a dimension of COSE.

– The second reason for the seniority as a key variable is the accumulated experience of the private banker. As expressed by the participants, the bankers with higher seniority will always enjoy higher autonomy in their decisions, and therefore it will play a more relevant role in their customer orientation.

Lastly, although motivation was evidenced during the interviews as an antecedent of COSE influenced by the level of seniority, several academic researchers have proven the existence of some relationship between both (*e.g.* Ronen, 1978), therefore, it makes sense to consider seniority as potential variable affecting the importance of motivation on COSE.

4.2.4. Research Question 4

Several consequences of COSE have been tested so far. However, the obtained results showed that, as presented in table 2.1 in item 2.3.2.5, a direct relationship between COSE and these consequences has not always been proven. Because of that, in order to address this research question, a twofold answer was sought; the first approach aiming at the original consequences tested by Hennig-Thurau (2004) was just to qualitatively confirm or reject these consequences, a second approach and not constrained to previous research, intended to identify new consequences of COSE that are integrated in relationship marketing strategies.

This approach served to identify new consequences of COSE never studied before, and more important, aligned with the goals of RM theory.

4.2.4.1. Customer Satisfaction, Retention and Commitment

Looking at the detail of the results of the original test conducted by Hennig-Thurau (2004), see figure 2.10 in item 2.3.2.5., it is noticeable how customer satisfaction is the consequence that showed the strongest relationship with COSE, whereas the relationship of customer retention and commitment with COSE was weaker than that with customer satisfaction. The reason for this is probably due to the too-emotional perspective adopted by Hennig-Thurau (2004) for customer retention and commitment. This perspective eventually limited the impact of all of the dimensions of COSE, particularly the technical skills, as was discussed in item 2.3.2.4. Such a somehow unclear connection

was evinced in the qualitative survey. According to practitioners, COSE does not impact commitment and retention as much as satisfaction does.

This confirmation has a significant implication; provided the importance of COSE, it is necessary to identify which outcomes, in addition to customer satisfaction, are a direct consequence of front-line employee's customer orientation.

4.2.4.2. Financial Performance

After going through all of the findings from the interviews, due to the long-term nature of the relationship and the fact that investment assets are relatively easy to move from one service provider to another, there are three variables that could be considered as a reasonably good reflection of the financial performance of the PB service, namely; total assets under management (AUM), net money inflows and outflows –also known as net new money (NNM)–, and the number of customers (or family units).

- Total AUM, which is the sum of all of the wealth from customers that is managed by the private banker.
- NNM, which is result of adding deposits and withdrawals to the previous figure.
- Number of individual or family accounts, which are the accounts managed by the private banker.

Provided that customer orientation has a direct impact on business performance as was explained in the literature review (see subsection 2.3.2), and consequently, on financial performance, it can be asserted that a clear relationship exists between the level of COSE, and the total amount of assets and the total number of accounts, as well as the money inflows that the private banker can receive through a specific period of time. It is noteworthy that this result is consistent with the contributions of previous academic research (Molyneux and Omarini, 2005; Horn and Rudolf, 2011), and also divulgatory or professional studies (EYGM Limited, 2016; McKinsey & Company, 2015).

4.2.4.3. Trust

As was presented in the literature review, trust is, or should be, an inherent and key characteristic of financial services (Knights *et al.*, 2001). In the case of PB, trust is built on the relationship that is created between the employee and the customer. Being customer oriented is the necessary characteristic for that relationship to exist. Based on the interviews, trust is generated by the social skills of the private banker, in particular his or her empathy, honesty and integrity. By the combination of these three personal traits, the customer tends to disclose all of the financial and personal information that is needed by the private banker to offer an adequate service.

Technical skills also play a key role in developing customer trust. The higher knowledge of the private banker, the higher the customer feeling of receiving appropriate solutions to his or her needs.

Moreover, trust is considered particularly important because a lack of trust can generate a serious problem and put at risk the continuity of a firm, according to practitioners. Such a potential impact and relevance is due to the twofold perspective that trust has as a result of COSE, namely (1) customer trust in the private banker and (2) customer trust in the firm. Such a characteristic was consistent with

the findings in the financial services setting as offered by Tyler and Stanley's (2007) study. However, they demonstrated that trust in the private banker and trust in the firm are not necessarily connected.

From the practitioners' point of view, it may happen that the private banker can try to influence the customer to gain higher trust over the firm in which he or she works for. By doing so, the employee is trying to keep the customer as a personal asset that will eventually follow him or her in the case he or she decides to move to a different firm; a scenario that is further developed in the following item. This potential lack of alignment of interests between the banker and the firm is a main concern for PB institutions. Private bankers admit that, even if the risk of misalignment of interest exists, it is the level of COSE of the private banker the only means to develop the customer trust in him or her. This trust would ultimately develop the customer's trust in the firm, provided that there is an adequate alignment of interests between the three parties; the firm, the private banker, and the customer.

4.2.4.4. Loyalty

Similar to trust, the dichotomy between the private banker and the firm was also pointed out as very important in the case of loyalty being another consequence of COSE. The capacity of the private banker to maintain customer loyalty when moving to a different firm is what determines his or her value as a prospective employee. Conversely, customer loyalty to the firm will help to keep the customer as such, even if the private banker decides to quit. Therefore, a correlation between loyalty to the private banker and loyalty to firm is not requisite.

However, according to the PB professionals interviewed, loyalty is not only about maintaining a certain attachment to a firm or a private banker throughout the years, but also, it is about keeping the banker and the entity as the customer's preferred option to manage his or her majority of assets, provided that it is common that wealthy customers hold investment positions in two or more different banks, as stated by academic and professional authors too (Thomas, Rao and Javalgi, 1990; Baglole, 2004; Marín, 2005). Practitioners asserted that the reason for a customer to do so is, in addition to a logical risk diversification strategy, to compare two different providers and see which one performs better and offers the best service. Consequently, private bankers with higher technical skills will potentially obtain better financial performance, and hence develop higher loyalty from the customer.

Additionally, the private banker's customer orientation and personal behaviour takes a notable role in developing customer loyalty. Indeed, according to Dick and Basu (1994), the loyalty of the private banker tends to be more affective, whereas the trust towards the firm is less affective and more cognitive in nature. Moreover, the creation of customer loyalty in the banking context has been largely discussed by academics and puts customer satisfaction as a key antecedent of trust. This extent was confirmed by the participants of the qualitative interviews, assuming however that the private banker is customer oriented to attain adequate customer satisfaction.

Indeed, other factors related to COSE and the private banking services have been also identified as preceding customer loyalty, such as the existence of the role of the private banker (Seiler and Rudolf, 2014) or the level of personalisation (Ball, Coelho and Vilares, 2006), although they were not explicitly mentioned during the interviews, probably because personal service and customisation are assumed as principles in the PB industry.

4.2.4.5.   Word of Mouth

The next consequence of COSE identified was word of mouth (WOM). Because of the characteristics of the service and the customers, it is very unusual to see any kind of advertising campaign for PB services. Somehow, PB is often surrounded by a halo of mystery and intrigue. Wealthy people do not usually talk about how much money they have and how they made it. For that reason, customers tend to be discreet and very cautious as to whom they choose to disclose their financial information. Such a reality makes it very difficult for private bankers to identify potential customers. With this in mind, market studies suggest that less than 0.5% of the Spanish population have over €500,000 in investible assets (Marin, 2005). That is why firms and private bankers rely particularly on WOM communications to identify and attract new customers, according to practitioners. In fact, some studies have concluded that WOM is particularly crucial when deciding about financial services providers (File and Prince, 1992; Choudhury, 2014).

As was presented in the revision of the literature, both, customer satisfaction and loyalty have been identified as antecedents of WOM in academic studies (Oliver, 1980; Dick and Basu, 1994). However, other authors proposed that there must be other factors (Chochol'aková *et al.*, 2015). Precisely, practitioners identified COSE as the ultimate precursor of making customers to get involved in WOM communications. In other words, such customer's behaviour (the WOM activity) will only occur if a high level of COSE is attained and, therefore, the customer's satisfaction exists.

4.2.4.6.   Customer-Oriented Deviance

A final consequence of COSE was the customer-oriented deviance. Unexpectedly, not all of the consequences of COSE are positive. As the practitioners highlighted, there are some actions carried out by the private banker that may have negative consequences on the service outcome and/or the company's results, even if they were meant to be in favour of the customer. This is something that occurs because of the amount of resources needed to be customer oriented (Homburg, Müller and Klarmann, 2011) and the high level of customisation of the PB service (Niraj, Gupta and Narasimhan, 2001).

Following the model defined and measured by Leo and Russell-Bennet (2014), the four types of deviance (see subsection 2.2.2.4) can also occur in PB as a consequence of a high level of COSE in the following circumstances as identified by the practitioners:

– Deviant service adaptation when the private banker does not follow the firm's guidelines in terms of the way of servicing customers.
– Deviant service communication of company when the private banker tends to criticise his or her own firm, as was stated for the case of trust.
– Deviant service communication of the product when the investment advices are unaligned with the interests of the firm.
– Deviant use of resources when extra use of the firm's resources, like specialised teams, is done by the private banker.

All of this can occur, according to the participants, because of the risk that the professional boundaries between the banker and their customers can become blurred, due to the close relationship that is established. This can provoke that: (1) a private banker spends too much time attending some

customers, negatively affecting the service offered to others, (2) some inadequate products are offered to the customer, (3) or even the customer is not charged according to the firm's policies. It is in such cases where the alignment of interests between the firm and the employee-customer pair is essential. Such alignment can be only attained by the design of the adequate business model and guidelines to be followed by the employees, and which they should feel motivated by.

4.2.5. Research Question 5

In relation to the potential improvement of COSE, although the original COSE model proposed by Hennig-Thurau (2004) considered the four dimensions (technical and social skills, motivation and decision-making authority) as equally important, this research has proven that the weight of each one can vary due to the particularities of HRS, and also depending on the specific circumstances surrounding the dyadic employee-customer relationship (type of firm, customer segment and employee seniority). Additionally, as highlighted in the qualitative interviews, the easiness to act in each dimension in order to improve the overall level of COSE is not the same either.

Because of this, it becomes notably important to take into consideration not only those distinguishing aspects of the service and the relationship, as mentioned above, but also the peculiar needs of the HRS employee. Therefore, from the most to the least actionable element of the service, following, the concrete initiatives impacting some of the COSE dimensions are presented.

Firstly, as it has been proved, PB is a very demanding profession. The fact that the private banker constantly works with the customer in mind makes his day-to-day unpredictable and this requires a high dose of motivation. In order to increase the private banker's motivation, private banking firms must work in several directions:

− Adapting the organisation and the service model, so that the private bankers may feel motivated as they feel aligned with the interests of the organisation and their own customers.

− Related to the previous one, it is crucial to implement an adequate remuneration scheme in which, on one hand, the base salary is reasonable for the quotidian activities, and on the other hand, the bonuses ultimately incentivise a customer-oriented behaviour.

− More specific action would be to adjust the number of customers that each private banker serves. This is so that the employee will feel that the customers are attended to as they deserve, and the needed level of service is manageable.

− Introducing the adequate processes, tools and supporting specialised teams that support the private banker should help him or her to liberate the agenda from tedious and unproductive activities, and consequently, increase their motivation and capacity to be customer oriented.

Secondly, is providing the adequate training, so that private bankers could eventually improve their social skills. It was pointed out as being difficult, and overall, it increases their technical skills by knowing new products and ways of serving their customers.

4.3. Summary of Results

Table 4.2 shows a synthesis of the results for each research question, including a brief note from the qualitative interviews and other literary sources (academic and professionals) used to address each question.

Research Question	Inputs from the interviews		Literary sources	Newness
1. What is the consideration about customer orientation in highly relational services?	COSE importance	− COSE is important because PB is a service more than anything else. − COSE is used as a tool for differentiation. − The long-term perspective of the business makes COSE vital. − COSE is needed to adequately manage the responsibility and risk associated with the PB service.	Lovelock (1983)[a]; Stanley, Moschis and Danko, (1987)[a]; Lassar, Manolis and Winsor (2000)[a]; Accenture and Afi (2004)[p]; Grönroos (2007)[a]; Mylonakis (2009)[a]; Horn and Rudolf (2012)[a]; McKinsey & Company (2013)[p]	COSE is more than important for HRS companies, it is a fundamental pillar. Without COSE, the a highly relational service could not exist.
	COSE presence	− COSE is present all across the organisation and in any employee whose work influences the customer's outcome. − Supporting services have to be configured according to COSE. − COSE should last as long as the relationship and must be particularly noticed during the portfolio definition. − Every detail of the relationship requires COSE to be present.	Narver and Slater (1990)[a]; Deshpandé, Farley and Webster (1993)[a]; IEAF (2006)[p]; Yu and Ting (2011)[a]; TheBanks.eu (2015)[p]	Because of its importance, COSE is present at any time and everywhere within HRS firms.
	COSE measurement	− Some firms do not measure COSE in any way or just asses it informally. − In other firms COSE is measured indirectly through the financial performance of the portfolio of customers or some service. − A last approach expressed by the participants was to conduct surveys to customers in order to calibrate mainly their level of satisfaction, but also other metrics related to service quality.	Saxe and Wetiz (1982)[a]; Thomas, Rao and Javalgi (1990)[a]; Kelley (1992)[a]; Susskind, Kacmar and Borchgrevink (2003)[a]; Varadarajan (2003)[a]; Baglole (2004)[p]; Hennig-Thurau (2004)[a]; Marín (2005)[p]; Ifie (2014)[a]; Roberts, Kayande and Stremersch (2014)[a]	There are not standardise processes in the PB industry to measure COSE as such. The special characteristics of HRS customers impede companies to conduct surveys to measure COSE and only qualitative or indirect approaches are common.

Research Question	Inputs from the interviews		Literary sources	Newness
2. What are the dimensions that comprises the customer orientation of service employees in highly relational services?	Technical skills	− Technical skills are required to be customer oriented due to the extensive and complex range of products, along with the need to adapt to different types of customers. − There are two origins of the technical skills: (1) the experience and general knowledge gained during the private banker's career, and (2) the specific knowledge related to PB products and services acquired in formal training and continuous learning. − Although it is simple to gain a suitable level of technical skills, it is crucial to pay attention to this aspect due to the risk posed by not having this minimum level of technical knowledge. − It is also necessary to be literate in the different tools that facilitate the work of private bankers.	Vroom (1967)[a]; Hurley (1998)[a]; Hennig-Thurau and Thurau (2003)[a]; Hennig-Thurau (2004)[a]; Marin (2005)[p]; IEAF (2006)[p]; Accenture and Afi (2014)[p]	The four COSE dimensions do not have the same importance. Therefore, different consideration must be given to each of them: − Technical skills are important, but not as much as social skills, as they can be acquired or supplied different means. − Social skills are the most important antecedent of COSE, as they trigger the rest. Not having social skills would not allow the HRS employee to initiate a relationship with the customer. − Motivation is a very important antecedent. However, it is not considered the solely responsibility of the employee, but also of the company. − Decision-making authority has both a negative and positive effect on COSE, which depends on how the firm manages the empowerment of their private bankers.
	Social skills	− Social skills are, more than any other, critical in PB. − There is a commercial aspect of the private banker's job that make necessary to have certain social skills. − The skill to take the perspective of the customer is the most important amongst the social skills. − It is also important to have some other personality traits like the ability to communicate, sociability, proactivity and honesty.		
	Motivation	− The characteristics of the profession require the private banker to have a high level of motivation to be customer oriented. − Motivation must be inherent to the private banker. However, it is also the bank that, using incentives, resources and processes, should help to keep its team of bankers motivated. − A motivated private banker is able to tackle challenging situations and offer a positive image to the customer.		
	Decision-making authority	− To be customer oriented, private bankers should have a high level of decision-making authority about how to manage their customers, and when determining the appropriate service level. − In terms of investment strategies and products, this decision-making power and its effect on the COSE level are not equal for every private banker.		

Research Question	Inputs from the interviews	Literary sources	Newness
3. How do these dimensions change depending on the characteristic of the service, the customer and the employee?	**Customer segment** − Technical skills are affected by the customer segment because wealthier customers have a greater amount of investible assets, therefore broader and more complex portfolio of products and services should be offered. On the contrary, HNWI are served through a more standardised process that requires lesser technical skills. − UHNWI and VHNWI segments also positively influences the level of motivation attending them because of the smaller number of customer and the higher salary. − Decision-making authority importance is also higher for wealthier customers because of the less standardised service the customers receive.	Ronen (1978)[a]; Thomas, Rao and Javalgi (1990)[a]; Marín (2005); Howcroft, Hamilton and Hewer (2007)[a]; (Yu and Ting (2011)[a]; Molyneux and Omarini (2005)[p]; Howcroft, Hamilton and Hewer (2007)[a]; Ang (2010)[a]; Värlander and Julien (2010)[a]; Yu and Ting (2011)[a]; Pun and Jaggernath-Furlonge (2012)[a]	There are some variables that certainly influence the weight of each COSE dimension: − The weight of motivation over COSE is high and constant whatever the customer segment, the type of firm and the employee seniority. − Whereas, these three characteristics vary the importance of the technical skills, the motivation and the decision-making authority on COSE (except in the case of employee seniority and motivation).
	Type of firm − Bigger financial entities tend to provide their private bankers with better resources and support, hence technical skills from the private banker tend to have lower importance. Whereas, in independent and boutique firms, the lack of resources and the complexity of the products, respectively, make COSE relies more on the technical skills. − The availability of resources, together with the culture and organisation of each type of firm will also impact the importance of motivation in COSE. This is as well as the importance of decision-making authority, due to the culture and standardisation of process within firms.		
	Employee seniority − Technical skills importance is influenced by the employee seniority because of the age of his or her customer. As such, the total working experience of the employee is affected too. − Motivation was not mentioned as potentially being influenced by the amount of experience of the private banker. − Employee seniority exerts a notable influence on the importance of decision-making as antecedent of COSE. This is because senior employees tend to assume higher responsibility within organisations.		

Research Question	Inputs from the interviews		Literary sources	Newness
4. What are the outcomes of COSE?	Customer satisfaction, retention and commitment	− The majority of the participants agreed on the effect of COSE over customer satisfaction. However, in the case customer retention and commitment, they are seen of as a second level consequence more related to customer satisfaction than to COSE.	Oliver (1980)[a]; Thomas, Rao and Javalgi (1990)[a]; Dick and Basu (1994)[a]; File and Prince (1992)[a]; Jones and Sasser (1995)[a]; Knights *et al.* (2001)[a]; Niraj, Gupta and Narasimhan (2001)[a]; Baglole (2004)[p]; Hennig-Thurau (2004)[a]; Marín (2005)[p]; Molyneux and Omarini (2005)[p]; Ball, Coelho and Vilares (2006)[a]; Tyler and Stanley (2007)[a]; Miguel Dávila *et al.* (2010)[a]; Homburg, Müller and Klarmann (2011)[a]; Horn and Rudolf (2011)[a]; Keisidou *et al.* (2013)[a]; Choudhury (2014)[a]; Leo and Russell-Bennet (2014)[a]; Seiler and Rudolf (2014)[a]; Chochol'aková *et al.* (2015)[a]; McKinsey & Company (2015)[p]; EYGM Limited (2016)[p]	Some previous outcomes of COSE have been refuted and new ones have emerged: − COSE has a direct effect over customer satisfaction but not over retention and commitment. − COSE has a positive effect on the financial performance of the firm. − COSE has a positive effect on customer trust in the employee, but not necessarily on the firm. This will depend on the alignment of interests of all the parts. − COSE has a positive effect on customer loyalty to the employee and the company, but not with the same intensity. − Loyalty is also affected by the level of satisfaction and trust. − COSE has a positive effect on word of mouth. − COSE has a direct impact on the risk of customer-oriented deviance.
	Financial performance	− The financial performance of PB firms is measured in terms of the total AUM, the net money in/outflows, and the total number of accounts. − COSE impacts the financial performance of firms, particularly because of the long-term perspective of the business.		
	Trust	− Trust plays a notable role in the PB industry. − Trust has a double perspective; trust in the firm and trust in the private banker, which are not certainly related. − However, it is preferably that the interest of the firm and that of the banker are aligned. − An adequate level of customer orientation generates a higher level of trust because of social and technical skills.		
	Loyalty	− Loyalty is crucial in the PB business because of the needed long-term approach to the service. − Loyalty has different perspectives; one when the customer has to decide to whom he or she delegates the management of the majority of assets, and another when the private banker moves to another firm and the customer decides whether to follow the banker or to remain loyal to the firm. − Loyalty to the bank and to the employee are related but there is always one that will prevail over the other. − Loyalty is influenced by COSE, as well as by satisfaction and trust. They both are the pillars upon which a loyal customer-private banker relationship is built throughout the years.		

Research Question	Inputs from the interviews		Literary sources	Newness
	Word of mouth	− Word of mouth is the main means to capture new PB customers. − COSE generates positive word-of-mouth communications from the part of the customer.		
	Customer-oriented deviance	− There is the risk that the professional boundaries between the banker and their customers can become blurred because the close relationship that is established. − An excess of COSE could have a negative effect on the customer if the private banker interest is misaligned with that of the firm. − It is crucial to establish clear attributions to the role of the private banker.		
5.	− Motivation is seen as the main dimension where to act if the firm aims to increase the level of COSE of their private bankers. − Motivation can be improved by several means; the remuneration scheme, the number of customer per private banker, the resources, and the organisation and culture of the firm. − By modifying the organisation and culture of the firm, the decision-making authority of the employee can be improved, however it may take a long time. − Social and technical skills can be improved by providing adequate training to private bankers.		Hennig-Thurau (2004)[a]	COSE can be improved by acting on its different dimensions. Motivation is the simplest to act on, followed by technical skills, decision-making authority and social skills.

[a] Academic sources
[p] Professional sources

Table 4.2: Summary of the results for each research question

Source: Own elaboration

4.4. Extended COSE Model

Following on from this, an extended version of the COSE model is presented (see figure 4.3). This model is inferred from the summary presented in section 4.3. and shows the first-degree dimensions that comprise COSE, as well as the consequences and moderating variables.
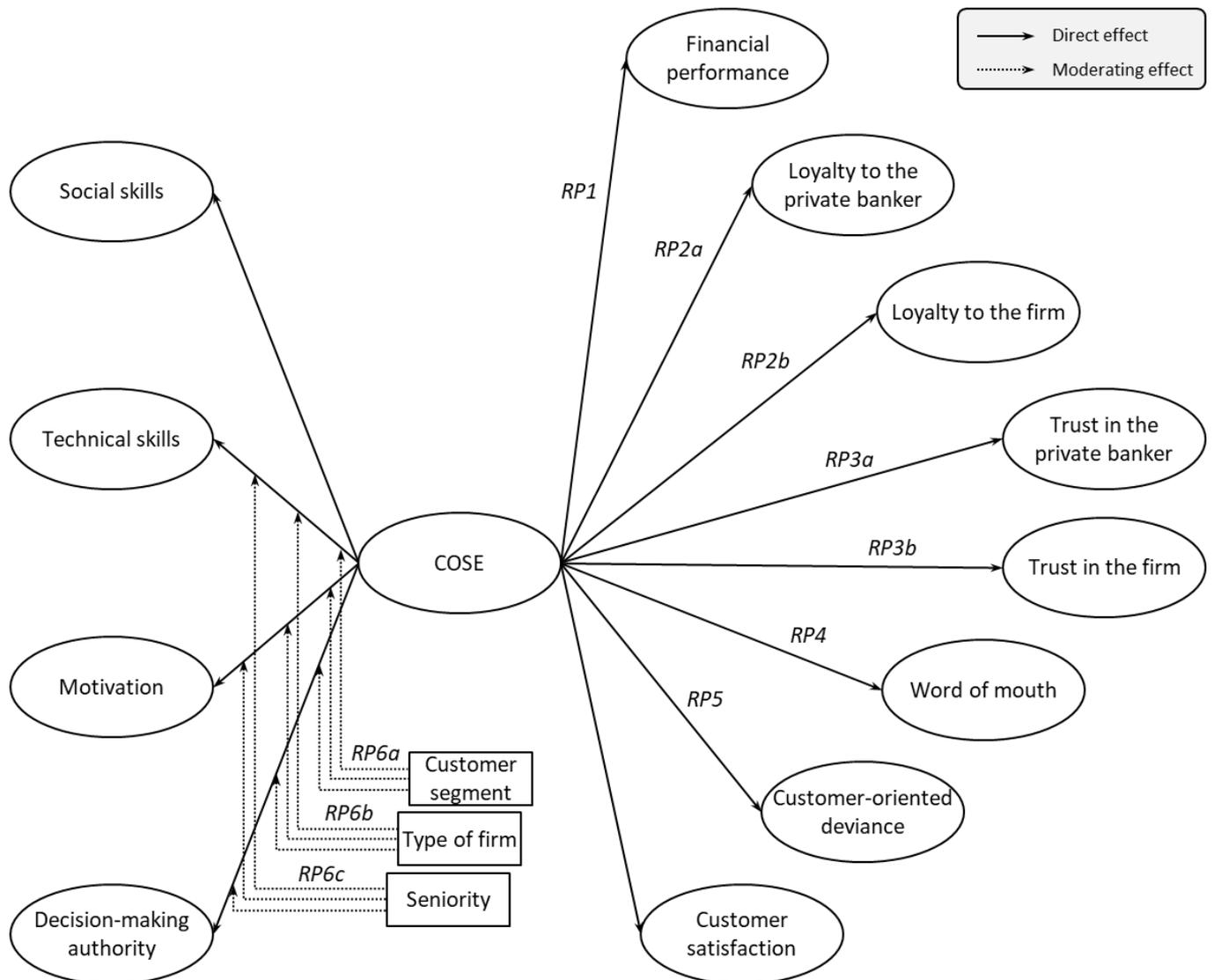
Figure 4.3: Proposed COSE model to be tested quantitatively
Source: Own elaboration

This model represents a series of research propositions (RP) that emanates from the answers to research questions of this study:

– RP1: COSE of the private banker has a direct and positive impact on the financial performance of the firm measured in terms of the increase of assets under management, net new money, and the number of accounts.

- RP2a and RP2b: COSE of the private banker has a direct and positive impact on customer loyalty to both the private banker and the firm.

- RP3a and RP3b: COSE of the private banker has a direct and positive impact on customer trust towards both the private banker and the firm.

- RP4: COSE of the private banker has a direct and positive impact on the word-of-mouth activity of the customer.

- RP5: COSE of the private banker has a direct and positive impact on the level of customer-oriented deviance of the private banker as seen by the customer.

- RP6a, RP6b and RP 6c: The customer segment, the type of firm, and the level of seniority of the private banker are moderating variables of the weight of each dimension of COSE, except for social skills, whose importance remains stable and superior to the other dimensions.

These RPs, and the quantitative test that eventually would confirm and reject them, are undoubtedly one of the most promising research avenues for the future of this thesis.

Chapter 5:   Conclusion

5.1. Implications of the Research

As it was presented in the introduction, the aim of this research was to study and understand the construct of COSE under the perspective of a highly relational service (HRS). With that aim in mind, the different models of customer orientation were critically reviewed. Then, the COSE model was chosen to be further studied and developed, so it could be modified and improved to better work in HRS and within the RM theory.

Consequently, this research incorporated independent and original contributions to knowledge. Based on the work carried out, these contributions were expected to expand the academic knowledge of the marketing field and help managers to better understand the implications of such important construct as COSE, particularly in an HRS context.

On the one hand, for the academic world, the most important and brilliant contribution is the transformation that was discovered as necessary and proposed for the construct of customer orientation of service employees (COSE). Besides, regarding the literature review and the methodological approach, three notable contributions were provided, namely: (1) the innovation in the application of a qualitative method to a field where its use is not widespread; (2) the literature review that was conducted regarding relationship marketing (RM), service marketing, market orientation (MO) and customer orientation (CO); and (3) the theoretical study of the private banking (PB) sector.

On the other hand, for managers, breakthrough contributions have been procured through the proposal of a practical tool that allows financial institutions to work alongside their teams of private bankers to: (1) measure and improve their level of COSE; (2) identify the adequate levers in order to identify the best front-line employees, in whatever customer segment with whom they work; and (3) align their RM goals with those of COSE, and hence with the management of private bankers and firms. Therefore, the mastery of such a tool will be to the benefit of customers, employees and the PB firms.

This series of contributions has been detailed next.

5.1.1. Academic Contributions

5.1.1.1.   Methodological Innovation

As introduced before, numerous and original contributions can be extracted from the present study. The first contribution for scholars is the approach that it took from the beginning. All of the reviewed customer orientation models were somehow developed with the collaboration of practitioners. However, in the literature review, not a single article was identified reporting on the qualitative validation of a model with the participation of practitioners. This innovative approach could be taken as a means to further validate and adapt any CO model to the particularities of any industry. By doing so, this study addressed the demands of Gustafsson *et al.* (2015), who stated that today's

service research is missing relevance because of the lack of connection between theory and practice, and therefore the capacity of generating an impact, not only on the academic environment but also on the managerial environment and wider society. Undoubtedly, this was one of the main objectives of the present study from its inception that has been notably addressed.

5.1.1.2. Academic Characterisation of Private Banking

A remarkable implication of this study is regarding the PB industry from the academic perspective. Despite its importance within the financial services business, it was difficult to identify an appropriate academic definition of the PB business, and this is a clear outcome of this research. By combining academic and professional research on the topic, this study should help to establish a clear characterisation of the PB service. Such a clarification will help future researchers who are looking at the PB industry to be aware of the explicit boundaries of the service, the differences that set it apart other financial services, and its components, including the service/products offered, the customer segments served, the type of firms involved, and the service models applied.

5.1.1.3. Identification of Research Streams Regarding MO and CO

Another one of the most relevant implications from the literature review is the thorough examination of the MO and CO concepts. Such an analysis sought to shed some light on the differentiation between both constructs. It was not something new in the literature (Shapiro, 1988). However, on this occasion, three different research streams have been clearly identified as it has not been done before. Thus, it might be an invitation to take a clear positioning in relation to the mentioned opposition and reconciliation of MO and CO, which has provided a significant theoretical robustness to the present study.

5.1.1.4. Highly Relational Services and Relationship Marketing

Furthermore, while it is acknowledged that RM is now a mature theory (Berry, 1995), this does not mean that there is no room for new contributions to the field. By applying a well-established construct of RM such as COSE to a new context, it is possible to broaden the field. Based on the service classification proposed by Lovelock (1983), a new classification of a group of services was proposed and coined as HRS, in contrast to the transactional settings used by Hennig-Thurau (2004).

Then, PB was chosen as an example of HRS, because the role of the private banker is crucial to establishing and developing a relationship with the customer. Moreover, the characteristics of the PB service make it unique within the financial service industry (Horn and Rudolf, 2012). Therefore, it is an adequate context in which RM and COSE can be further developed. The fact that this research was explicitly framed within the RM context is another contribution over any previous research regarding COSE, where the theoretical framework was generally overlooked. This is another set of contributions made by this study related to the COSE model (Hennig-Thurau, 2004) and RM theory. The COSE model, as is currently conceptualised in the literature, and the measurement of its impact on customer satisfaction, retention and commitment (Hennig-Thurau, 2004; Hanzaee and Mirvaisi, 2011; Moghadam, 2013; Bramulya, Primiana, Febrian and Sari, 2016), falls short in terms of allowing for the further development of RM theory, despite the potential for using COSE to assess other consequences in an HRS setting. This is why PB was chosen specifically for this study. The RM theory and the COSE model needed such a context in order to be studied adequately.

5.1.1.5. Improvement of the COSE Model

When using the COSE model to further develop RM theory, it is imperative to align not only the theory and the construct, but also the outcomes. This alignment will provide the COSE model the greatest opportunity to improve, provided how it has been used so far, and gains the importance it deserves according to research questions (RQ) 1 and 2. It is noteworthy that, despite the numerous articles about COSE, no one wondered before what the reasons were making COSE an important characteristic of front-line employees before and whether or not it was actually present in the delivery of services.

As such, this research also offers a distinguished contribution to the field, derived from the extensive literature review and the propositions made regarding the COSE model. This contribution takes the form of a new conceptual model of COSE, accompanied by the corresponding research propositions and an *ad-hoc* questionnaire to be used in a future quantitative study (see sections 4.4 and 5.3. This broader model of COSE is disruptive in three aspects:

1. It acknowledges the different weights that each dimension of the construct may have (as it was addressed in RQ 2).

2. The model incorporates some moderating variables that sprung from the heterogeneity of the sample, according to the response to RQ 3; the type of firm, the segment of customers and employee seniority. The existence of moderating variables over the COSE dimensions, not only over the outcomes, is a remarkable challenge to any previous study.

3. It considers several new consequences, as addressed in the RQ 4; financial performance, trust, loyalty, word of mouth, and customer-oriented deviance. This adapted COSE model should respond better to the expected outcomes of RM in a highly relational setting, as it is the PB service. Making the present study generalisable as any other before, giving the model the opportunity to be used as a tool to measure COSE and eventually to improve it, as was questioned by RQs 1 and 5.

5.1.2. Managerial Contributions

In the case of private banking institutions, this research offers several contributions for managers and practitioners alike. The fact that it has been possible to collect valuable contributions from an extensive group of professionals, invites researchers to take a deeper look at the subject studied. The research outlines the importance of COSE for private bankers in terms of two major aspects: the characteristics of a customer-oriented private banker and the consequences of COSE.

5.1.2.1. COSE as a Means to RM

It has been confirmed that the institutions that are actually aiming for RM goals should consider COSE as an essential tool to attain them. In order to have an adequate level of COSE, firms should take care of their private bankers to have the adequate characteristics; technical skills, social skills, motivation and decision-making authority. This is something that must be applied to their employees and guaranteed via the adequate levers that were addressed in the RQ 5, according to the different levels of importance of each characteristic as they were presented in the RQ 2. Furthermore, since

talent acquisition is a main concern of companies, particularly in the service industries where frontline employees play a critical role, knowing the exact characteristics that make a private banker more oriented to the customer should help the companies identify candidate private bankers to employ by assessing their level of COSE.

5.1.2.2. COSE as an Instrument for Managing People

Besides, given the importance that expert professionals attach to the level of COSE of private bankers, see RQ 1, financial service firms may wonder if this is something that should be incorporated in a systematised way to measure their employees' performance and in the corresponding design of training activities, as proposed in RQs 1 and 5.

Thus, a possibility emerges to adapt the model to a more managerial sphere, in a way that incorporates the most common working methods of the banks. This adaptation should consider the specific business model of each bank in accordance with the type/size of the company and the customer segment to which it is aimed, so the answer to RQ 3 is incorporated. The measurement of COSE, and the dimensions that comprise it, would be an ideal complement for the metrics that already exist in practice such as the service level, portfolio variation, the number of customers, etc. Said measurement would additionally be accompanied by the clear identification of which factors it could be possible to work on.

5.1.2.3. COSE as a Differentiation

Ultimately, the incorporation of an identical model, or one with similar characteristics, would mark an important step forward for any bank as it aims to distinguish itself from competitors. Due to the importance of the consequences of COSE as addressed in RQ 4; customer satisfaction, financial performance, trust, loyalty, word of mouth and customer-oriented deviance, in the overall performance of the firm, and identifying how COSE influences these outcomes should allow companies to improve the achievement of their relationship marketing strategy goals. Consequently, private banks will offer a better service to customers. This would mean that the customers will not only be more satisfied with the service, but also more secure and protected knowing that the service received is adequate for their investment needs in terms of risk management and profitability.

5.2. Limitations of the Study

Despite all of the efforts that have been taken to make it a robust study, there are a few limitations that have to be acknowledged, as in any research. Limitations can be grouped into two categories: (1) those related to the methodological considerations, and (2) those that have to do with the practical aspects of the research.

Regarding the way that the research was designed, the geographic scope is the most obvious limitation. As has been shown, the PB business is highly regulated and customised to each individual. Consequently, differences between geographies are not irrelevant. Nevertheless, the definition of the three service models offered in this study (see item 3.5.2.2) is applicable to the majority of Western economies, which means that by starting from that classification, it should be possible to identify the particularities of a specific country regarding the prevalence of one or another service model, and to

adapt the research to them. For instance, it is acknowledged that in the British market the presence of independent firms is larger than in the Spanish market, where the banking corporations dominate. This circumstance could change the overall results of the market at the country level but should not affect the particular results for each type of firm. The same should occur with the customer segment and the seniority of the employee; although some cultural differences may exist, wealth is wealth in any part of the globe, and it should be managed similarly if the objective of creating more wealth is pursued.

A second limitation is the research design that has been used itself. In subsection 3.6.6, the lack of credibility, transferability, consistency and neutrality was presented as the most common limitation of any qualitative research. This group of limitations was adequately addressed and offset as much as possible. However, to confirm if such a limitation actually exists, similar interviews should be conducted following the same procedure, but carried out by a different researcher and conducted with a different group of professionals. Such research would not probably challenge this study in depth, due to the special care that has been taken, but it will definitely somehow complete it.

One last and inevitable limitation to be acknowledged is related to the author of the study. Despite the tremendous personal and intellectual adventure that this research meant, a PhD thesis should not be considered as the end but as the beginning of an academic career. So, although a big effort has been extended to excel in this research and the advantage of the long previous managerial experience of the author in different fields, it is fair to accept that lack of academic experience is a limitation that only time and further research experience will compensate.

5.3. Future Research

Notwithstanding the different assumptions and theoretical positioning that have been embrace in this study, there is a first group of research opportunities that are related to the theoretical framework and the literature review. This group of further studies should include first, an extended exploration and confirmation of the three research streams regarding CO and MO; second, a further justification of RM as a framing theory of COSE, and third, a study to confirm that no other capabilities or skills should be included as dimensions of COSE.

A second group of possible future research comprises three possible approaches; a replication of the present study in a different setting, a completion of the qualitative study with a quantitative one, and the extension of the study to other contexts within the PB industry.

On the one hand, further research that could improve the validity and completeness of the proposed model, and at the same time extend the applicability of the study. This would be done by conducting a similar research in a different industry, but with similar characteristics to PB in terms of the customer profile, like luxury hotels or first-class flight services, or in terms of the employee characteristics, like law firms or healthcare services. Another interesting replication of the study would be to apply the same research design and approach to a different country but with a different market configuration to that of the Spanish market, like the British market where the market share of independent firms is much superior than in Spain. It would be interesting to see if a different

distribution of the market between the three different service models would influence the conception and application of COSE.

On the other hand, as addressed above, the qualitative importance of the level of COSE is real, and the dimensions involved have been outlined, along with the way in which they impact on COSE. However, it is necessary to quantitatively measure these results, in a way that makes it possible to numerically calibrate the importance of each factor that comprises the level of COSE. That study should undoubtedly take into account the moderating effect of the type of firm, the customer segment attended to by each private banker, and his or her grade of professional experience, in view of the differences observed in the results of this study. Likewise, it would be interesting to see not only which factors comprise the model, but rather what impact such factors can have on the financial results as well as the levels of trust, loyalty, word of mouth, and customer-oriented deviance. To achieve all the above, it will be necessary to make some adjustments to the model, adapting it and improving it in accordance with the particular needs of the PB sector, as presented in subsection 4.5.3 below. See the following subsection for a proposed questionnaire that could be used for this suggested quantitative study.

Next, a suggested questionnaire to test the proposed model is presented (see table 5.1) which includes the different items, the type of scale and the source where the item has been picked from.

This questionnaire, that derived from the qualitative study presented, pretends to further support some of the aims of this research; the measuring of COSE, not only in the academic context, but also in the managerial one, so theory and practice can be connected. This is a significant contribution of this thesis.

COSE

Technical skills		
Item	Type	Source
My private banker has a high level of knowledge.	7-point-Likert	Hennig-Thurau (2004)
My private banker is expert in his or her job.	7-point-Likert	Hennig-Thurau (2004)
My private banker is highly competent.	7-point-Likert	Hennig-Thurau (2004)
My private banker is not updated with the financial markets performance.	7-point-Likert (R)	Own elaboration
My private banker shows me things about my wealth management that I did not know before.	7-point-Likert	Own elaboration
My private banker does not know adequately all the investment products.	7-point-Likert (R)	Own elaboration
Social skills		
Item	Type	Source
My private banker has extensive social skills.	7-point-Likert	Hennig-Thurau (2004)
My private banker is able to consider my perspective.	7-point-Likert	Hennig-Thurau (2004)
My private banker knows how to treat a customer well.	7-point-Likert	Hennig-Thurau (2004)
I don't feel that my private banker listens to me sufficiently.	7-point-Likert (R)	Own elaboration
My private banker is able to adapt his or her language to my level of knowledge.	7-point-Likert	Own elaboration
My private banker knows my financial and personal needs.	7-point-Likert	Own elaboration
Motivation		
Item	Type	Source
My private banker shows strong commitment to his or her job.	7-point-Likert	Hennig-Thurau (2004)
My private banker does his or her best to fulfil my needs.	7-point-Likert	Hennig-Thurau (2004)
My private banker is always highly motivated.	7-point-Likert	Hennig-Thurau (2004)
My private banker doesn't show any enthusiasm or smile.	7-point-Likert (R)	Own elaboration
My private banker shows a high interest for his or her job.	7-point-Likert	Own elaboration
My private banker receives all the support he or she needs from his or her firm.	7-point-Likert	Own elaboration
Decision-making authority		
Item	Type	Source
My private banker is allowed to decide autonomously in my matters.	7-point-Likert	Hennig-Thurau (2004)
My private banker has appropriate room for manoeuvre in solving my problems.	7-point-Likert	Hennig-Thurau (2004)
My private banker has to ask for his supervisor's authorisation to execute certain operations.	7-point-Likert (R)	Own elaboration based on Hennig-Thurau (2004)
My private banker has the capacity to offer to me autonomously any investment product I request.	7-point-Likert	Own elaboration

Satisfaction

Item	Type	Source
How would you evaluate your overall satisfaction with your private banker?	7-point-Likert	Garbarino and Johnson (1999)
My satisfaction with my private banker is aligned with what I expected.	7-point-Likert	Seiler, Rudolf and Krume (2013)
How would you rate your private banker compared to other private bankers or financial service employees on the overall satisfaction?	7-point-Likert	Garbarino and Johnson (1999)

Trust

Item	Type	Source
I feel that my private banker is very dependable.	7-point-Likert	Sirdeshmukh, Singh, and Sabol (2002)
I feel that my private banker is of very high integrity.	7-point-Likert	Sirdeshmukh, Singh, and Sabol (2002)
I believe my private banker is honest.	7-point-Likert	Hansen (2012)
I don't share all the information about my wealth and personal circumstances with my private banker.	7-point-Likert (R)	Own elaboration

Loyalty

Loyalty to the private banker		
Item	Type	Source
I will invest more funds through my private banker in the future.	7-point-Likert	Auh *et al.* (2007)
The chances of me staying in this relationship are very good, even if my private banker moves to another firm.	7-point-Likert	Own elaboration based on Auh *et al.* (2007)
The likelihood of me trying another private banker is very good.	7-point-Likert	Auh *et al.* (2007)
In the last three years, in relation to the assets managed by my private banker, I have increased my total amount of assets.	7-point-Likert	Own elaboration based on Auh *et al.* (2007)
Loyalty to the firm		
Item	Type	Source
I will invest more funds through my private bank in the future.	7-point-Likert	Auh *et al.* (2007)
The chances of me staying as customer of my private bank are very good, even if my private banker moves to another firm.	7-point-Likert	Auh *et al.* (2007)
The likelihood of me trying another private bank is very good.	7-point-Likert	Auh *et al.* (2007)
In the last three years, in relation to the assets managed by my private bank, I have increased my total amount of assets.	7-point-Likert	Own elaboration based on Auh *et al.* (2007)

Word of mouth

Item	Type	Source
I say positive things about my private banker to other people.	7-point-Likert	Zeithaml, Berry and Parasuraman (1996)
When I tell others about my private banker, I tend to talk about his or her service in great detail.	7-point-Likert	Harrison-Walker (2001)
I mention my private banker to others quite frequently.	7-point-Likert	Harrison-Walker (2001)
I recommend my private banker to someone who seeks my advice.	7-point-Likert	Zeithaml, Berry and Parasuraman (1996)
I encourage friends and relatives to do business with my private banker.	7-point-Likert	Zeithaml, Berry and Parasuraman (1996)

Customer-oriented deviance

Item	Type	Source
My private banker customises the way he or she deliver a service by ignoring company procedures.	7-point-Likert	Leo and Russell-Bennet (2014)
My private banker departs from company guidelines to change his or her product offerings.	7-point-Likert	Leo and Russell-Bennet (2014)
My private banker provides me with an honest opinion on his or her firm even when it is negative.	7-point-Likert	Leo and Russell-Bennet (2014)
Regardless of what his or her firm thinks, my private banker gives me the best advice on products even if it means losing my business.	7-point-Likert	Leo and Russell-Bennet (2014)
My private banker uses extra time to assist me even if it is something he or she should not be doing.	7-point-Likert	Leo and Russell-Bennet (2014)
My private banker uses his or her firm's resources to help me even if his or her company may see this as a waste.	7-point-Likert	Leo and Russell-Bennet (2014)

Financial performance

Item	Type	Source
How many years have you been working with your current private banker? a) Less than 3 years. b) Between 3 and 6 years. c) Between 6 and 10 years. d) More than 10 years.	Multiple choice	Own elaboration
How many assets are managed by your private banker? a) Less than a million euros. b) Between 1 and 5 euro million. c) Between 5 and 30 euro million. d) More than 30 euro million.	Multiple choice	Own elaboration
In the last three years, in relation to your assets: a) I increased them with new contributions. b) I reduced them with cash withdrawals. c) I have not reduced or increased my capital.	Multiple choice	Own elaboration

In case you withdrew some of your deposits, please could you specify the reason: a) I transferred my money to another private banker/firm. b) I need to use the money for other purposes (buying a hose, setting up a company, etc.) c) Others.	Multiple choice	Own elaboration
How was the total return of your investments in the last three years? a) Below my objectives. b) In line with my objectives. c) Above my objectives.	Multiple choice	Own elaboration

Demographics

Item	Type	Source
What is your total amount of investible assets? a) Less than a million euros. b) Between 1 and 5 euro million. c) Between 5 and 30 euro million. d) More than 30 euro million.	Multiple choice	Own elaboration
What is the firm in which you have the majority of your assets? _____	Open text	Own elaboration
What is your total amount of investible assets you have deposited in that firm? a) Less than a million euros. b) Between 1 and 5 euro million. c) Between 5 and 30 euro million. d) More than 30 euro million.	Multiple choice	Own elaboration
How many years have you been working with the same firm? a) Less than 3 years. b) Between 3 and 6 years. c) Between 6 and 10 years. d) More than 10 years.	Multiple choice	Own elaboration
Do you operate with a different private bank for managing your investments?	Yes/No	Own elaboration
Do you operate with a different financial firm to operate with other financial services?	Yes/No	Own elaboration

Table 5.1: Quantitative survey
Source: Own elaboration

A third possibility for future research would be to conduct this study and the proposed quantitative one in another context related to PB services. In this new context, other non-front-line employees or the organisation in general could be incorporated, which would eventually confirm the pervasiveness characteristic of COSE. This third avenue could also include using the whole value chain of the PB services as the empirical setting, which could incorporate, for instance, the asset management sector which relates to PB through a business-to-business relationship.

The last possibility would be combining the use of different constructs related to the service marketing field that have been somehow mentioned in this study but not reviewed in detail. Two examples of these research opportunities would be:

- To study how the level of COSE influences the adoption of new technologies in a highly relational context where the face-to-face interaction is still the norm. The seminal work authored by Davis (1985) could serve as an inspiration for this new venue.

- To investigate the relationship between COSE and co-creation in a service where the level of involvement of both the customer and the front-line employee is notable high. This research could be guided by the concept of co-creation presented by Prahalad and Ramaswamy (2004).

5.4. Research Conclusions

One of the main conclusions of the present thesis is that COSE is different to market orientation and is also crucial for the achievement of RM goals. Therefore, when studying COSE, the goals of RM must be taken into account and the appropriate setting has to be procured. This is a business setting where the customer relationship is core because of the specific characteristic of the service and front-line employees. This is the case of PB and private bankers.

Indeed, another key conclusion of this study is that the customer orientation of service employees (COSE) is vital in order for private bankers to offer an appropriate service to their customers, and that there is a certain tendency towards standardisation when working with the HNWI segment, and a higher level of customisation with the VHNWI and UHNWI segments.

The importance of COSE for private bankers arises not only from the fact that they are professionals whose work largely takes place in contact with the customer, but also from the particular nature of the PB service and the changes that it has undergone in the last few years, and those that are still expected to take place in the future. More than ever, the difference between banks will be determined by (1) their pursuit of CO in every aspect of the service and through time, (2) their ability to offer services that customers really demand and need, and for which they are willing to pay, and (3) the determination to constantly assess and improve the level of COSE of their private bankers.

The dimensions that form part of the COSE model that was presented and discussed are mostly those that are considered by the sector to be key factors in helping private bankers be more customer oriented. This subsequently enables bankers to get to know the customer, to create the conditions for building trust, and to offer the customer products/services that are actually needed for the better management of their savings.

Among these factors, social skills are the one where there is the most agreement regarding its importance in COSE, regardless of the type of bank, the segment and the number of managed customers. The fact that it is usually the private banker who approaches the customer, and not the other way around, makes social skills extremely important because lacking social skills will impede the

approach. It is only after that closeness is attained when the other antecedents of COSE come into play.

Some specific attributes are outlined within these social skills. Empathy and the ability to communicate are the most important, followed by proactivity and honesty. The banker´s level of extroversion, teamwork and the ability to work in a team are in third place. There is also an emphasis on the nature of these social skills as being inherent to each person and difficult to develop.

Meanwhile, assuming that the private banker already has a certain minimum level of knowledge, technical skills are of lesser relative importance. However, the risk involved with them is greater and its weight is influenced by the segment of the customer. Motivation is also valued as a highly important factor. However, the type of firm is considered to be an important aspect of this motivation, due to the mechanisms it has available to influence motivation. These include the incentive and career systems, the resources made available to the employee, and the business model that is followed by the bank. In relation to the last dimension of COSE, professionals disagree about the decision-making authority that they believe that there should be, yet there is a certain limitation, depending on the bank guidelines. There are those that give their private bankers more independence in view of their proven experience and a higher level of technical knowledge.

Finally, several new consequences have sprung from this qualitative study while some of the original ones have been discarded:

- Customer satisfaction is still considered to be a consequence of COSE, whereas customer retention and commitment are moved to a second level and only appear if previous customer satisfaction is generated.

- Financial performance. Because of the long-term perspective of the customer-employer relationship and the relative ease to move savings from one firm to another, COSE plays a key role in this aspect.

- Trust and loyalty are extended to both the private banker and the firm.

- Word of mouth because it is the most important marketing tool used in PB to capture new customers.

- Customer oriented deviance, as a potential negative effect of an excess of COSE.

In short, this study has brought back to the academic arena the construct of customer orientation with two key contributions; (1) it is now clearly differentiated to the concept of market orientation and (2) it is firmly framed within the relationship marketing context. The present study also provided an extreme business setting where the model of customer orientation of service employees has been challenged and further developed, gaining applicability to the managerial field, which is undoubtedly an essential contribution of this research.

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Appendices

Appendix 1

The following figure is a copy of the original scale developed by Saxe and Weitz (1982) to measure the level of selling orientation-customer orientation of salespeople.

SOCO (SELLING ORIENTATION–CUSTOMER ORIENTATION) SCALE

INSTRUCTIONS:

The statements below describe various ways a salesperson might act with customer or prospect (for convenience, the word "customer" is used to refer to both customers and prospects). For each statement please indicate the proportion of your customers with whom you act as described in the statement. Do this by circling one of the numbers from 1 to 9. The meanings of the numbers are:

1—True for NONE of your customers—NEVER
2—True for ALMOST NONE . . .
3—True for A FEW . . .
4—True for SOMEWHAT LESS THAN HALF . . .
5—True for ABOUT HALF . . .
6—True for SOMEWHAT MORE THAN HALF . . .
7—True for a LARGE MAJORITY . . .
8—True for ALMOST ALL . . . .
9—True for ALL of your customers—ALWAYS

For example, if you circled 6 below, you would indicate that you ask *somewhat more than half* of your customers a lot of questions.

                    NEVER   ALWAYS

I ask customers a lot of questions.   1 2 3 4 5 6 7 8 9

Item number	Corrected r^a	Judges' rating $(\%)^b$		Loading on Factor 1	Loading on Factor 2
			Stem—positively stated items		
8	.48	91	I try to help customers achieve their goals.	.57	.36
21	.47	74	I try to achieve my goals by satisfying customers.	.52	.40
13	.46	91	A good salesperson has to have the customer's best interest in mind.	.53	.00
2	.46	74	I try to get customers to discuss their needs with me.	.54	.49
5	.41	77	I try to influence a customer by information rather than by pressure.	.41	.16
16	.41	83	I offer the product of mine that is best suited to the customer's problem.	.47	.21
23	.40	91	I try to find out what kind of product would be most helpful to a customer	.37	.23
9	.39	82	I answer a customer's questions about products as correctly as I can.	.46	.33
14	.38	96	I try to bring a customer with a problem together with a product that helps him solve that problem.	.41	.29
15	.38	—	I am willing to disagree with a customer in order to help him make a better decision.	.42	.20
1	.36	96	I try to give customers an accurate expectation of what the product will do for them.	.43	.27
12	.35	83	I try to figure out what a customer's needs are.	.37	.44
			Stem—negatively stated items		
19	.57	83	I try to sell a customer all I can convince him to buy, even if I think it is more than a wise customer would buy.	.60	−.21
6	.56	96	I try to sell as much as I can rather than to satisfy a customer.	.61	−.38
24	.52	64	I keep alert for weaknesses in a customer's personality so I can use them to put pressure on him to buy.	.60	−.44
3	.51	83	If I am not sure a product is right for a customer, I will still apply pressure to get him to buy.	.52	−.51
22	.50	82	I decide what products to offer on the basis of what I can convince customers to buy, not on the basis of what will satisfy them in the long run.	.51	−.37
20	.46	54	I paint too rosy a picture of my products, to make them sound as good as possible.	.51	−.42
7	.45	83	I spend more time trying to persuade a customer to buy than I do trying to discover his needs.	.50	−.20
17	.45	74	It is necessary to stretch the truth in describing a product to a customer.	.49	−.06
10	.45	52	I pretend to agree with customers to please them.	.52	−.20
4	.44	68	I imply to a customer that something is beyond my control when it is not.	.46	−.02
18	.43	—	I begin the sales talk for a product before exploring a customer's needs with him.	.36	−.12
11	.43	—	I treat a customer as rival.	.41	.02

ª"Corrected *r*" refers to the corrected item-to-total Pearson product-moment correlation coefficient. The correction removes the effects of the item in question from the total score.
ᵇThe "judges' rating" refers to the percentage of judges (from the survey of 23 experts) who rated an item as "clearly representative" of the concept of customer orientation rather than "somewhat representative" or "not representative." Three items were not rated by the judges, and have no rating indicated.

Figure A.1: The SOCO model scale
Source: Saxe and Weitz (1982, pp. 345-346)

Appendix 2

The following figure is a copy of the items included in the original MKTOR scale (Narver and Slater, 1990) where customer orientation is one of the components.

Figure A.2: List of items of the original MKTOR model scale

Source: Narver and Slater (1990, p. 24)

Appendix 3

The following figure is a copy of the original scale developed by Deshpandé, Farley and Webster (1993) to measure the level of customer orientation by both the company and the customer.

Customer Orientation
The statements below describe norms that operate in businesses. Please indicate your extent of agreement about how well the statements describe the actual norms in your business.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neither Agree Nor Disagree**	**Agree**	**Strongly Agree**

Instruction: Answer in the context of your specific product/market or service/market business
1. We have routine or regular measures of customer service.
2. Our product and service development is based on good market and customer information.
3. We know our competitors well.
4. We have a good sense of how our customers value our products and services.
5. We are more customer focused than our competitors.
6. We compete primarily based on product or service differentiation.
7. The customer's interest should always come first, ahead of the owners'.
8. Our products/services are the best in the business.
9. I believe this business exists primarily to serve customers.

[These same items were used with customers with the first-person pronoun replaced by "the supplier," which was identified at the beginning of the interview.]

Figure A.3: The Quadrads-based model scale
Source: Deshpandé, Farley and Webster (1993, p. 33)

Appendix 4

The following figure is a copy of the original scale developed by Deng and Dart (1994).

Appendix 1. The Initial 33 Items Used for Measuring the Critical Factors of Market Orientation

This appendix contains the items contained in the original research instrument. The items noted by an asterisk (*) were eventually dropped to improve the reliability of the instrument.

Factor 1: Customer Orientation

1.* For our customers, price is the most important selling feature.
2. We encourage customer comments—even complaints—because they help us to do a better job.
3. After sales service is an important part of our business strategy.
4.* We concentrate on production and let our distributors worry about sales.
5.* In our company "sales" and "marketing" are pretty much the same thing.
6. We have a strong commitment to our customers.
7. We look for ways to create customer value in our products.
8. We measure customer satisfaction on a regular basis.
9. Our company would be much better off if our salesforce just worked a bit harder.
10.* In our company, marketing's most important job is to promote our products and services to our customers.
11. In our company, marketing's most important job is to identify and help meet the needs of our customers.
12. We define product quality in terms of customer satisfaction.

Factor 2: Competitor Orientation

13. We regularly analyse our competitors' marketing programs.
14. We frequently collect market data to help direct our new product plans.
15. Our salespeople are instructed to monitor and report on competitive activity.
16. We respond rapidly to competitors' actions.
17. Our top managers often discuss competitors' programs.
18. We target opportunities based on competitive advantage.

Factor 3: Interfunctional Coordination

19. In our company, the marketing people have a strong input into the development of new products.
20.* People other than our sales reps (such as top management, research, production) regularly call on customers.
21. Market information is shared with all departments.
22. All departments are involved in preparing company plans.
23. We do a good job of integrating the activities of each department.
24. The marketing people in our organization interact frequently with other departments such as manufacturing, finance, physical distribution, etc.
25.* In our company, marketing is confined to the sales/marketing department.
26. In our company, marketing is seen as a guiding philosophy for the entire organization.

Factor 4: Profit Emphasis

27.* Our company does very little formal marketing planning.
28.* Even though our company uses distributors, we have a good knowledge of the requirements of our ultimate customers.
29. Our accounting system could fairly quickly determine the profitability of each of our product lines.
30. Our accounting system could fairly quickly determine the profitability of each of our sales territories.
31. Our accounting system could fairly quickly determine the profitability of each of our customers.
32. Our accounting system could fairly quickly determine the profitability of each of our distribution methods.
33. We have a good idea of the sales potential for each of our markets.

Figure A.4: The original multi factor, multi item scale
Source: Deng and Dart (1994, pp. 740-742)

Appendix 5

The following figure is a copy of the original and reduced version of the SOCO scale developed by Thomas, Soutar and Ryan (2001).

SOCO Statements—Sales Representative Questionnaire *		
Question	Communality—Total Scale	Communality—Reduced Scale
I try to give customers an accurate expectation of what the product/service will do for them.	0.45	n.a.
I try to get customers to discuss their needs with me.	0.48	n.a.
If I am not sure a product or service is right for a customer, I will still apply pressure to get him/her to buy.	0.46	n.a.
I imply to a customer that something is beyond my control when it is not.	0.26	n.a.
I try to influence a customer by information rather than by pressure.	0.23	n.a.
I try to sell as much as I can rather than satisfy a customer.	0.49	0.53
I spend more time trying to persuade a customer to buy than I do trying to discover his/her needs.	0.45	n.a.
I try to help customers achieve their goals.	0.51	n.a.
I answer a customer's questions about products or services as correctly as I can.	0.41	n.a.
I pretend to agree with customers to please them.	0.35	n.a.
I treat a customer as a rival.	0.28	n.a.
I try to figure out what a customer's needs are.	0.52	0.58
A good salesperson has to have the customer's best interests in mind.	0.60	0.68
I try to bring a customer with a problem together with a product/service that helps him/her solve that problem.	0.61	0.65
I am willing to disagree with a customer in order to help him/her make a better decision.	0.17	n.a.
I offer the product/service of mine that is best suited to the customer's problem.	0.65	0.69
It is necessary to stretch the truth in describing my product / service to a customer.	0.50	0.58
I begin the sales talk for my product / service before exploring a customer's needs with him / her.	0.26	n.a.
I try to sell a customer all I can convince him / her to buy, even if I think it is more than a wise customer would buy.	0.57	0.67
I paint too rosy a picture of my products / services to make them sound as good as possible	0.47	0.55
I try to achieve my goals by satisfying customers.	0.43	n.a.
I decide what products / services to offer on the basis of what I can convince customers to buy, not on the basis of what will satisfy them in the long run.	0.54	0.69
I try to find out what kind of product / service would be most helpful to a customer.	0.63	0.67
I keep alert for weaknesses in a customer's personality so I can use them to put pressure on him / her to buy.	0.45	n.a.

* Response format was from 1 (None) to 9 (All)

Figure A0.5: The original and reduced SOCO scales
Source: Thomas, Soutar and Ryan (2001, p. 69)

Appendix 6

The following figure is a copy of the original scale developed by Brown *et al.*, (2002) to measure the level of customer orientation of service workers (COSW) on its two dimensions.

Customer Orientation (Reliability for the Linear Composite = .92)

Enjoyment dimension (nine-point, "strongly disagree"/ "strongly agree"; $\alpha = .88$)
I find it easy to smile at each of my customers.
I enjoy remembering my customers' names.
It comes naturally to have empathy for my customers.
I enjoy responding quickly to my customers' requests.
I get satisfaction from making my customers happy.
I really enjoy serving my customers.

Needs dimension (nine-point, "strongly disagree"/ "strongly agree"; $\alpha = .87$)
I try to help customers achieve their goals.
I achieve my own goals by satisfying customers.
I get customers to talk about their service needs with me.
I take a problem-solving approach with my customers.
I keep the best interests of the customer in mind.
I am able to answer a customer's questions correctly.

Figure A.6: The COSW model scale
Source: Brown *et al.* (2002, p. 118)

Appendix 7

The following figure is a copy of the original scale developed by Susskind, Kacmar and Borchgrevink (2003) to measure the service provider's customer orientation.

> *Customer Orientation Items*
>
> 1. When performing my job, the customer is most important to me.
> 2. It is best to ensure that our customers receive the best possible service available.
> 3. If possible, I meet all requests made by my customers.
> 4. As an employee responsible for providing service, customers are very important to me.
> 5. I believe that providing timely, efficient service to customers is a major function of my job.

Figure A.7: The service provider's CO model scale

Source: Susskind, Kacmar and Borchgrevink (2003, p. 186)

Appendix 8

The following figure is a copy of the internal benefits model of customer orientation developed by Donavan, Brown and Mowen (2004).

Customer Orientation

Need to Pamper Dimension (7-point "strongly disagree– strongly agree" scale) (Y1 in Figure 1)
I enjoy nurturing my service customers.
I take pleasure in making every customer feel like he/she is the only customer.
Every customer's problem is important to me.
I thrive on giving individual attention to each customer.

Need to Read Customer's Needs Dimension (7-point "strongly disagree–strongly agree" scale) (Y2)
I naturally read the customer to identify his/her needs.
I generally know what service customers want before they ask.
I enjoy anticipating the needs of service customers.
I am inclined to read the service customer's body language to determine how much interaction to give.

Need to Deliver Dimension (7-point "strongly disagree– strongly agree" scale) (Y3)
I enjoy delivering the intended services on time.
I find a great deal of satisfaction in completing tasks pre- cisely for customers.
I enjoy having the confidence to provide good service.

Need for Personal Relationship Dimension (7-point "strongly disagree–strongly agree" scale) (Y4)
I enjoy remembering my customers' names.
I enjoy getting to know my customers personally.

Figure A.8: The internal benefits CO model scale
Source: Donavan, Brown and Mowen (2004, p. 143)

Appendix 9

The following figure is a copy of the CO of frontline employees scale developed by Ifie (2013).

Measures

ECO (Brown et al., 2002; Stock & Hoyer, 2005)
I consider myself to be very customer-oriented.
I enjoy interacting with customers.
I really enjoy serving my customers.
I always have the customers' best interest in mind.
I get satisfaction from making my customers happy.
Organizational commitment (Allen & Meyer, 1990)
I would be very happy to spend the rest of my career with this organization.
I feel a strong sense of belonging to my organization.
I feel 'emotionally attached' to this organization.
Organizational CO (adapted from Evans et al., 2007)
My organization is customer-oriented.
My organization's business objectives are driven by customer satisfaction.
My organization pays close attention to customer service.
My organization always has the customers' best interest in mind.
My organization's competitive edge is based on understanding customers' needs.

Figure A.9: The frontline employees model scale

Source: Ifie (2014, p. 714)

Appendix 10

The following figure is a copy of the customer orientation of service employees (COSE) model scale developed by Hennig-Thurau (2004).

Appendix. List of items in the final questionnaire
Technical skills

- The employees of $ have a high level of knowledge. [*Die Mitarbeiter von $ verfügen über ein großes Fachwissen.*]
- $'s employees are experts in their job. [*$s Mitarbeiter sind Experten in ihrem Job.*]
- The employees of $ are highly competent [*Die Mitarbeiter von $ sind fachlich extrem kompetent.*]

Social skills

- The employees of $ have extensive social skills. [*Die Mitarbeiter von $ verfügen über eine hohe Sozialkompetenz.*]
- The employees of $ are able to consider their customers' perspective. [*Die Mitarbeiter von $ können sich gut in die Lage des Kunden hineinversetzen.*]
- The employees of $ know how to treat a customer well. [*Die Mitarbeiter von $ wissen, wie man Kunden gut behandelt.*]

Motivation

- The employees of $ show strong commitment to their job. [*Die Mitarbeiter von $ zeigen ein hohes Engagement.*]
- The employees of $ do their best to fulfill their customers' needs. [*Die Mitarbeiter von $ setzen sich für die Belange des Kunden ein.*]
- The employees of $ are always highly motivated. [*Die Mitarbeiter von $ sind stets hochmotiviert.*]

Decision-making authority

- The employees of $ are allowed to decide autonomously in customer matters. [*Mitarbeiter von $ dürfen bei Kundenangelegenheiten selbständig Entscheidungen treffen.*]
- The employees of $ have appropriate room for maneuver in solving customer problems. [*Die Mitarbeiter von $ haben einen angemessen großen Handlungsspielraum bei der Lösung von Kundenproblemen.*]
- In the case of customer requests, $'s employees do not need to ask their superior for permission. [*Bei Kundennachfragen müssen sich die Mitarbeiter von $ nicht bei ihrem Chef*

Note: Items are translated from the German original. $ was replaced in the questionnaire by the service provider most recently visited by the consumer.

Figure A.10: The COSE model scale
Source: Hennig-Thurau (2003, pp. 477-478)

Appendix 11

The following figure shows a copy of the consent document that was signed by each participant of the qualitative interviews.

Figure A.11: The consent document for the qualitative interviews
Source: Own elaboration

Appendix 12

The following figures show the three pages of the interview protocol.

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Javier Morales Mediano, PhD student, University of West London
Entrevista a expertos del sector de banca privada

1. Introducción

La siguiente entrevista forma parte del trabajo de investigación de Javier Morales Mediano necesario para la obtención del título de Doctor por la Universidad de West London.

El objetivo de la investigación es explorar qué tipo de relación (si es que alguna) existe entre el nivel de Orientación al Cliente de los empleados de banca privada y el desarrollo del negocio bancario.

El nivel de orientación al cliente, tal y como ha sido definida por varios autores, es la capacidad de conocer, entender, servir y satisfacer las necesidades del cliente. Cuatro son las características que determinan el nivel de Orientación al Cliente de un empleado del sector servicios:

- Habilidades técnicas, es decir, los conocimientos técnicos para conocer, entender y servir lor requerimientos del cliente.
- Habilidades y aspectos de la personalidad que el empleado tiene que tener para desenvolverse en la prestación del servicio.
- Motivación, esto es, la voluntad del empleado a trabajar orientado al cliente.
- Poder de decisión, que permita al empleado a tomar determinadas decisiones autónomamente en pro de ofrecer un mejor servicio al cliente.

Basado en estas cuatro caracterísitcas, un autor alemán (Hennig-Thurau) desarrolló en 2004 una herramienta que permite medir el nivel de Orientación al Cliente de los empleados del sector servicio. El mismo autor también demostró de forma empírica la relación que existe entre dicho nivel de orientación al cliente y diferentes indicadores del desempeño de la firma (satisfacción del cliente, compromiso del cliente y retención de clientes) No obstante, esta metodología no ha sido explotada todavía en el negocio de banca privada. Y por ende, tampoco su relación con el resultado de la firma.

Es por ello que, el objetivo de dicha investigación es analizar la aplicabilidad de esta u otra posible metodología de medición del nivel de Orientación al Cliente en el sector de banca privada, y eventualmente demostrar la conexión con los resultados de la firma.

Por tanto, y como primer paso de la investigación, se van a realizar una serie de entrevistas a diferentes expertos del sector. Los objetivos de dicha entrevista son tres: En primer lugar, estudiar cual es la percepción del entrevistado sobre el

1

Figure A.12: Page 1 of 3 of the interview protocol
Source: Own elaboration

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Entrevistas a expertos

Javier Morales Mediano

sector de banca privada. Lo segundo, ver qué características definen a un empleado de banca privada, y por último, entrar en el detalle de qué determina el nivel de Orientación al Cliente de un empleado de banca privada y cuál podría ser su impacto en los parámetros que miden el éxito de la firma.

En ningún caso esta entrevista pretende medir el nivel de Orientación al Cliente del entrevistado, sino conocer su percepción acerca del tema.

Acompañando a este documento, hay un escrito de aceptación de su participación en el trabajo de investigación y de la utilización de la información obtenida de dicha entrevista.

2. Perfil del entrevistado

2.1.   Nombre completo:

2.2.   Años de experiencia (totales/banca privada) y ocupación actual (última):

2.3.   Último/actual banco:

2.4.   Breve descripción de sus responsabilidades (número de clientes y activos gestionados bajo su responsabilidad, si aplica):

3. El negocio de banca privada

3.1.   ¿Cómo describiría el negocio de banca privada?

3.2.   ¿Cómo ha evolucionado y espera que evolucione el negocio?

3.3.   ¿Cuáles son los factores de éxito clave y principales preocupaciones para un banco privado?

4. Empleados de banca privada

4.1.   ¿Cómo describiría el empleado de banca privada ideal en términos de experiencia y formación?

4.2.   ¿Y en términos de personalidad y habilidades sociales?

4.3.   ¿Qué considera que diferencia a un banquero privado de otros empleados de otros servicios?

4.4.   Si tuviera que elegir tres características que un empleado de banca privada tiene que tener, ¿cuáles serían? ¿por qué?

2

Figure 0A.13: Page 2 of 3 of the interview protocol
Source: Own elaboration

Figure A.14: Page 3 of 3 of the interview protocol
Source: Own elaboration

Next, a translation of the interview protocol is provided for informational purpose only.

1. Introduction

This interview is part of the research study by Javier Morales Mediano, a PhD student of the University of West London.

The goal of the interview is to explore what type of relationship (if any) exist between the level of customer orientation of private banking employees and the development of the private banking business.

The level of customer orientation, as it has been defined by several authors, is the capacity and skills to identify, understand and satisfy the needs of their clients. There are four dimensions that determine the level of customer orientation of a service employee:

- Technical skills refer to knowledgeconcerning how to understand and serve the customers' demands.
- Social skills and other aspects relate to the personality that the employee should have in order to appropriately manage the service delivery.
- Motivation is the willingness of the employee to work in a customer-oriented way.
- Decision-making authority concerns how the employees can autonomously take certain decisions in order to offer a better service to the customer.

Based on these four characteristics, a German author, Hennig-Thurau, developed a scale in 2004 that serves to assess the level of customer orientation of service employees. The same author also found empirical support for the relationship that exists between the level of customer orientation and diverse performance indicators of companies (customer satisfaction, commitment and retention). However, such methodology has not ever been used in the private banking business, and therefore, the relationship between the customer orientation and the firm's results remains overlooked.

Consequently, the objective of this research is to analyse the applicability of this (or other) methodology aimed at measuring the level of customer orientation, and eventually, prove the connection with the firm's results.

As a first step, a series of interviews with private banking experts are being conducted. The goals of the interview are threefold: firstly, to study the participant's viewpoint about the private banking business. Secondly, to see which characteristics determine a private banking employee, and lastly to detail what determines the customer orientation of a private banking employee, and what impact it could have on the parameters that are used to measure the company's performance.

It is not the intention of the interview to measure the level of customer orientation of the interviewee, but understand his or her perspective on the topic.

Attached to this document, there is a written consent to participate in this research and to use the information obtained.

2. Participant general profile

Full name:
Years of working experience (in total/ in private banking) and last position:
Current/last bank:
A brief description of his or her responsibilities (number of customers and AUM if applicable):

3. The private banking business

How would you describe the private banking business?
How has the business evolved in the last years and is it expected to evolve in the future?
What are the key success factors and main concerns for a private banking firm?

4. Private banking employees

How would you describe the perfect private banker in terms of experience and qualifications?
And again, in terms of interpersonal skills and personality?
What would you say makes a private banker different from other service employees?
If you have to choose the three main characteristics that any private banker must have, which one would you choose? Why?

5. Customer orientation

How important do you consider the level of Customer Orientation of a private banker?
Which factors do you think determine the level of Customer Orientation of a private banker?
How do the following factors impact on the level of Customer Orientation of a private banker?
  Technical skills:
  Social skills:
  Motivation:
  Decision-making authority:
How would you try to improve the level of Customer Orientation of private bankers?
To which extent and how does the level of Customer Orientation impact the following aspects of the firm?
  Customer satisfaction:
  Customer commitment:
  Customer retention:
  Financial performance of the firm:
Which other aspects of the firm could be influenced by the level of Customer Orientation?
Which internal parameters or key indicators (if any) do you use (or have used) to measure the level of customer orientation? Is there any others that you would suggest to use?

6. Final comments

Do you have any other comment you would like to add or change from your previous answers?