Enhancing Internal Customer Satisfaction Through Organizational Development Intervention: A Case Study
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Abstract
This action research identifies and investigates the impact of organizational development intervention (ODI) on enhancing internal customer satisfaction. The two foci of satisfaction in this study were organizational communication and information/knowledge sharing. AB, an in-house tour production unit of an Airline, was used as a case study. The ODI was designed and implemented by using a knowledge management project through the creation of the selling office’s community website which acts as a virtual community for selling offices to strengthen and improve organizational communication and information/knowledge sharing. The informants consisted of representatives from AB’s fifty-five selling offices worldwide. Both quantitative and qualitative approaches using questionnaires, interviews and observations were used to collect and analyze data. After the ODI, it was revealed that the satisfaction of selling offices, as internal customers, with both organizational communication and information/knowledge sharing was increased. Strong positive relationships between internal customer satisfaction with organizational communication and internal customer satisfaction with information/knowledge sharing, including the moderate to strong relationships among all dimensions were discovered. In addition, a strong positive relationship between the number of website visits and packages sold was also revealed.

Keywords: Organizational development intervention, internal customer satisfaction, knowledge management, organizational communication, information/knowledge sharing.

Introduction
This action research focused on identifying and investigating the impact of organizational development intervention (ODI) on enhancing internal customer satisfaction in two areas, namely, organizational communication and information/knowledge sharing. AB was used as a case study.

AB was founded in 1969 as a tour production unit of an airline company in Thailand. It produces a variety of packages ranging from regular holiday tour plans of 1 to 10 days to specialized holiday packages catering to groups with special interests; e.g., golfing, diving, Thai cooking classes, spa stays, health check-ups, self-drive hire car tours, etc. Currently, AB offers more than 800 packages to 70 destinations in 35 countries on 5 continents. The head office has 32 permanent employees and 12 outsourced staff members.

Currently AB has 132 selling offices; 66 selling offices of the airline and 66 general sales agents (GSAs) serving a total of 49 countries. Fifty-five selling offices, as internal customers, of AB worldwide were used as the respondents in this research.

With economic and other external crises, such as political unrest and natural disasters, having been unusually common in the past few years, and competition in the tour and travel industry remaining high, AB has been struggling to survive in the business and increase revenue for the airline. Despite its best efforts, AB’s revenue and number of passengers served has continually declined over the past four years.

A SWOT analysis was done to identify its weaknesses and then take corrective measures. Its weaknesses include insufficient and ineffective organizational communication and insufficient information and knowledge sharing between its head and selling offices as well as among its selling offices. ODI in this research was thus designed and implemented in order to strengthen and improve AB’s organizational communication and information/knowledge sharing.

After reviewing the relevant literature and considering the methodology applied this research, the findings of the analytical will be discussed and some recommendations made.

1. Literature Review

- Organizational Development (OD)
The term organization development, or “OD,” the label most commonly used for the field, has been in use since at least 1960. Up
until now, the term OD still suggests several meanings, both explicit and implicit, and has been defined differently by various scholars. The definition most suitable for this research was put forth by Cummings and Worley (2005). OD is a process that applies behavioral science knowledge and practices to help organizations build the capacity to change and achieve greater effectiveness, including increased financial performance and improved quality of work life. With respect to the definition, it can be concluded that the goals of all OD efforts are to improve effectiveness in performance and organization health coupled with the ability to remain effective.

- Organizational Change

OD largely encompasses change, and many organizations realize that successful companies will be those that respond quickly to and implement dynamic changes. Therefore, the literature on OD has directed considerable attention at fostering and managing change, which has been defined by scholars in many ways. However, Weiss (2001) put it simply and posited that change can be planned or unplanned responses to pressures and forces inside an organization and/or from the environment. Planned responses are definitely preferable if change is to be affected in a desired direction. Cummings and Worley (2005) also pointed out that OD is directed at bringing about planned change to increase an organization’s effectiveness and capability to change itself.

- Organizational Development Intervention (ODI)

As previously noted, OD largely involves planned change. Thus, an ODI can be defined as a set of sequences, planned actions, or events intended to manage change and help an organization increase its effectiveness (Cummings & Worley, 2005). ODIs can be divided into 4 types: (1) human process programs, (2) techno-structural methods, (3) human resources management interventions, and (4) strategic programs (Ibid). The ODI implemented in this research was mainly “Techno-structural,” which is directed at organization technology and structures aimed at linking people and technology. Examples include structural design, downsizing, reengineering, and total quality management.

- Organizational Effectiveness (OE)

Organizational effectiveness is considered to be the goal of OD and has been one of the most extensively researched issues since the early development of organizational theory (Rojas, 2000). For this research, the most suitable definition of OE is that of Cummings and Worley (2005). According to them, OE is an overall term that refers to the outputs of organization strategy and design, which typically includes financial performance (e.g. profits); stakeholder satisfaction (e.g. employee, customer satisfaction); and measures of internal productivity (e.g. cycle times).

- Internal Customer Satisfaction

One of the key outputs of organization effectiveness is stakeholder satisfaction, which occurs only when perceptions of performance live up to its expectations (Schmalensee, 1991). Stakeholder satisfaction, especially internal customer satisfaction, is important for an organization. A number of studies indicate that internal customer satisfaction is closely linked up to organizational effectiveness (Gilbert, 2000; Tansuhaj et al., 1987). This research focuses on the satisfaction of one set of stakeholders - internal customers - who can be defined as anyone who helps the service firm serve its external customers (Schmalensee, 1991).

Many studies have shown a positive relationship between internal customer satisfaction and external customer satisfaction which result from the customer’s perception that his or her expectations have been met or surpassed (Bowen & Johnson, 1998; Davis, 1992; Gerson, 1993; Gummesson, 1987). Additionally, attention to internal customer satisfaction has become more widespread since firms’ management teams have begun to realize that no service firm can give its external customers the quality they want and expect without the active participation of all its employees or internal customers.

This research views internal customer satisfaction from the OD perspective and focuses on it in terms of how organizational communication and information/knowledge sharing, through the use of knowledge management as ODI, can enhance internal customer satisfaction.
- **Organizational Communication**

Communication is the process by which information is exchanged and understood by two or more people, usually with the intent to motivate or influence behavior (Daft & Marcus, 2007). Organizational communication specifically involves the concepts of process, meaning, message, network, relationship, environment, and uncertainty (Goldhaber, 1983). It was more specifically defined by Price (1997) as communication by which information about job is transmitted by an organization to its members and among the members of an organization.

Organizational communication has been studied in many areas, which include the relationship between organizational communication and organization climate (Muchinsky, 1977); the link between organizational communication and employee engagement (“Effective,” 2008); the impact of internal communication and organizational structure on employee organization relationships, using organizational justice as a mediating factor (Kim, 2007); the implications of organizational learning for organizational communication (Lundberg & Brownell, 1993); and the relationship between organization communication and organization forms (Fulk & DeSanctis, 1995).

A particularly good example of organizational communication research was the study by Johlke *et al.* (2000) using the integrated model of communication to explore the links between sales manager communication practices and salesperson job outcomes. This research adapted their hypothesized model incorporating the four characteristics of communication proposed by Krone *et al.* (1987) as the framework to explore the satisfaction level of internal customers with organizational communication between the head office and selling offices, as well as among its selling offices. These four unique characteristics are the frequency of communication contact, the mode or channel used to transmit a message, the content or type of influence strategy used, and the direction of the flow of communication.

- **Information/knowledge Management**

The study of knowledge management (KM) began modestly in the early- and mid-eighties (Wiig, 1997) and received particular attention at a conference held in Boston in the early 1993 (Prusak, 2001). With this increasing interest, KM emerged from the world of academia and became a burning issue for business and technology leaders (Frappaolo, 2002).

One of the most common ways of describing knowledge is to distinguish it from data and information. Data can be classified as raw numbers, images, words, and sounds derived from observation or measurement. Information represents data arranged in a meaningful pattern (Nonaka & Peltokorpi, 2006). Knowledge, as defined by Davenport and Prusak (1998), is information that has been combined with experience, context, interpretation, and reflection.

Knowledge management is defined as the systematic, effective management and utilization of an organization’s knowledge resources and encompasses the creation, storage, arrangement, retrieval, and distribution of that knowledge (Saffady, 1998).

Given the increased attention it has received from academics and practitioners in recent years, a numbers of KM models have been developed. As an indication of the growing interest in this field, a recent bibliometric analysis shows that 2,727 authors have contributed 1,407 KM publications since 1975 (Gu, 2004). An example of a well-known model is the KPMG Knowledge Management Framework by Alavi (1997). And a prime example of a local model is TUNA, developed by the Knowledge Management Institute of Thailand in 2004 (Pasukyeud, 2005).

The intervention in this research was conducted using the KM intervention proposed by Cummings and Worley (2005). The process starts with generating knowledge, organizing knowledge, and distributing knowledge respectively. Generating knowledge involves identifying the kinds of knowledge that will create the most value for the organization and then creating mechanisms for increasing that stock of knowledge. Organizing knowledge includes putting valued knowledge into a form that organizational members can use readily. It may also involve refining knowledge to increase its value to users. With regard to distributing knowledge, it involves making knowledge easy for people to find and encouraging its use and re-use.

- **Information/knowledge Sharing**

Knowledge sharing consists of the activities of transferring or disseminating knowledge from
one person, group, or organization to another (Lee, 2001). In order to encourage and facilitate knowledge sharing, Van den Brink (2001) concluded that there are three entities which are considered as key enabling factors in knowledge sharing: namely, people, organization, and technology. This research, in relation to technostructural intervention, focused on the technological conditions that enable knowledge sharing within an organization, which includes three dimensions.

The first dimension focused on explicit knowledge, which means having information components online, mapped, with easy access and accurate retrieval for all users. This can be done by creating a knowledge repository. The second dimension emphasizes both tacit and explicit knowledge, by offering pointers to people with a special expertise or to documents that describe knowledge. This can be done by creating knowledge routemaps. The last dimension stresses tacit knowledge to improve coordination, communication, and collaboration among people, teams, or groups to transfer knowledge from those who possess it to people who need or can use it. This can be done by building collaborative platforms. In summary, this research focuses mainly on enabling the technological conditions to foster information/knowledge sharing and to investigate whether it links to internal customer satisfaction.

- Website Development

The World Wide Web (the web) is a set of communications applications and software that execute on the Internet (Hobuss, 1997). Over the next decade, the web is expected to increase by a factor of 20 and the number of actual web pages will increase even more, with existing websites continuing to add pages (Palmer, 2002). At first, just being innovative was enough for success; now, however, sites must meet increasing user expectations in order to survive (McCracken & Wolfe, 2004). Hence, there are increasing attempts at trying to find the basic steps to develop preferred websites (Alexander, n.d.; Taylor et al., 2002; Palmer, 2002).

Website development consists of website design combined with back-end programming. The steps of developing a website, suggested by Alexander (n.d.), are analysis, specification building, design and development, content writing, coding, testing, promotion, and maintenance and updating.

- Action Research

In general, there are a number of different types of research. However, in OD, the basic intervention model that runs through most organizational development efforts is action research, which has been defined in several ways. One definition by Coghlan and Brannick (2002) noted that it is an approach to research based on a collaborative problem-solving relationship between researcher and client aimed at both solving a problem and generating new knowledge. O’Brien (1998) on the other hand, defined action research as “learning by doing,” which means that a group of people identifies a problem, does something to resolve it, evaluates the success of their efforts, and, if not satisfied, tries again. French and Bell (1990) pointed out that the payoff from a good action research project is high: practical problems get solved, a contribution is made to theory and to practice in behavioral science, and greater understanding grows among scientists, practitioners, and laypersons.

2. Conceptual Framework

This research aims to identify and investigate the initial impact of an ODI designed to enhance internal customer satisfaction. The two foci of satisfaction in this study are organizational communication and information/knowledge sharing. As shown in figure 2.1 below, organizational communication includes four sub-variables as determined by Krone et al. (1987), namely, communication frequency, communication mode, communication content, and communication direction. As to information and knowledge sharing, the sub-variables are based on the technological conditions for knowledge sharing as determined by Van den Brink (2001). They include: knowledge repository, collaborative platform, and knowledge route maps.
3. Research Methodology

The methodology used in this research was action research. It involved four stages: diagnosing, planning action, taking action, and evaluating action (Coghlan & Brannick, 2002). The stages run as a spiral along the research process. They include pre-ODI, ODI, and post-ODI.

Out of the 132 selling offices which AB has, 55 active offices (representing a total of approximately 275 people selling AB packages) were selected as a sample group by using a sampling technique called judgment or purposive sampling.

To be considered an active office, an office had to be selling packages to at least 800 passengers per year - approximately 2 passengers per day.

The first tool used for the research was a questionnaire using Likert’s scaling (quantitative methods). It included three sections. The first section sought to gain general information about the respondents’ profile through close-ended questions. The second one was tailored to gather data on the satisfaction level of the selling offices with organizational communication and information/knowledge sharing. This second part was subdivided into two parts; organizational communication and information and knowledge sharing.

The questions in the organizational communication part measured the level of satisfaction by looking at 4 dimensions: communication frequency, communication mode, communication content, and communication direction.

Those in the information/knowledge sharing part measured information and knowledge sharing by considering three dimensions: knowledge repository, collaborative platform, and knowledge route maps.

The last section of the questionnaire consisted of open-ended questions seeking recommendations and comments for improving the services in the future.

In addition to interviews (qualitative method) with management, staff, and sampled selling offices, the other tools used to collect additional data included observations, open-ended questions, logbooks and annual reports to name a few.
- **Pre-ODI**

This pre-step was about examining the context and purpose of the project. It was found that the project was relevant since AB had seen its revenue and the number of passengers decrease. The diagnosis revealed that AB needed to pay special attention to its selling offices, the only channels with direct contact with customers.

- **ODI**

The ODI on organizational communication and information and knowledge sharing involved the design and development of a selling office community website through the conjugated efforts of management, the selling offices (both in Thailand and overseas), staff, and a website development team. Interviews, meetings, and brainstorming sessions were conducted to collect the information to be featured as website content and discussed the structure of the website itself.

After the website production process was completed, it was tested by a website developer team for system stability and reliability and presented to management and staff at the head office. It was then launched for a few weeks on a trial basis so as to obtain internal comments and optimize its content. After the trial period was over, it was ready to be accessed.

In order for the selling offices to understand the structure, contents, and systems, an online user manual was created on the website ready for the selling offices to retrieve and study on their own at anytime. And to encourage people to familiarize themselves with the website, rewards such as hotel vouchers, t-shirts, and bag tags were offered to those taking parts in the various activities on the website designed to this end. For example, hotel vouchers in Bangkok were awarded to those most actively sharing photos with others, and t-shirts were given to those who would answer correctly the quizzes on the website.

Several sales tools activities also took place on the website in the course of the ODI such as requests for Agent Educational Trips (AET), statistics, and promotional materials.

Communication and information/knowledge sharing was carried out via a web board. For example, questions from the selling offices were answered on a web board, which would then be shared with other selling offices worldwide.

In addition, a number of activities involving the AB community, such as for instance, the AB booth at the Thailand Grand Festival in Australia were shared worldwide in the news and events sessions.

Several sessions were also set up for information/knowledge sharing. For example, three AB stars from the top selling offices were interviewed to share their techniques and experiences in selling AB packages as part of the AB star forum. Two management people were also interviewed to share their insights.

The information and knowledge identified was communicated and placed on the website to be readily retrieved and used. Personalization strategies (Cummings and Worley, 2005), which emphasize tacit knowledge, were also introduced. For example, the best performing salespersons were asked to share their experiences and selling techniques with others. Their interview scripts were also put in the website.

The website makes knowledge easy for people to find and can be used and reused easily at any time relying on the control of selling offices. It also enables the four characteristics of communication as defined by Krone et al. (1987) to be fulfilled, namely, the frequency of communication contact, the mode or channel used to transmit a message, the content or type of influence strategy used, and the direction of the flow of communication.

To improve the frequency of contact between organizational members, the website was designed to be a channel for the selling offices to communicate at any time. Messages from the head office were updated immediately when new products came up or events occurred. The information on the web board was also updated in real time.

The website was created to be the medium or the method of transmitting information between the head office and the selling offices as well as among selling offices. It helped speed up communication and could reach a large number of receivers simultaneously.

The content placed on the website, such as, for example, the promotion and product updates sections, basically aimed to influence the actions of selling offices and push up sales. It also aimed to enhance the satisfaction of selling offices by providing information to assist them in selling and facilitating their work.

The website was designed to change the communication direction from mostly a one-way (from the head office to the selling offices) to a two-way communication system. In
addition, it provided a lateral channel of communication among selling offices via the ABC worldwide network section.

Regarding information/knowledge sharing, it involved three dimensions (Van den Brink, 2001): Sharing explicit knowledge through the creation of a knowledge repository, such as, for example, the work process section that acted as a user manual for selling offices or the staff and responsibilities section that provided contact points categorized by department and responsibilities; Sharing explicit and tacit through knowledge route maps such as, for instance, the FAQ and the AB star sections that allowed the top-notched sellers of ABC products to share their knowledge and experiences with others; and Sharing tacit knowledge which required that a collaborative platform be built. The knowledge and experience shared under AB worldwide network section is a good example of tacit knowledge sharing. This section provided a valuable forum for the head office and selling offices to share information/knowledge with others around the world in a web board form; all the more as it can be used without limitations of time and distance.

In addition, training as to how to use this website was also conducted online via an online website user manual for the selling offices to be able to study on their own at any time.

- Post ODI

An evaluation process followed. The same set of questionnaires were distributed to the same group of selling offices in order to determine whether the satisfaction level increased after the ODI had been implemented. Interviews with selling offices were also carried out and internal statistics reports, open-ended questions, and observations used for additional analysis.

4. Analysis of the findings

- Data Analysis

The quantitative data were analyzed by using the Statistical Package for the Social Sciences (SPSS). Data in part I (general characteristics of respondents) was analyzed in terms of frequency and percentage. For part II (assessing the satisfaction level of internal customers), means, the standard deviation, and t-test were used for hypothesis testing and for examining the differences between the pre- and post-ODI results. And the Pearson correlation was used for investigating the relationship between internal customer satisfaction with organizational communication and information/knowledge sharing.

With regard to qualitative data, a content analysis was conducted to analyze the data obtained from interviews, meetings, observations, and Part III open-ended questions. The information gathered was used as supporting data for the purpose of clarifying and enhancing the understanding of the context of the study.

- Summary of Findings

The majority of the respondents, of whom 52.7% were from GSAs and 47.3% from the airline selling offices, were in Asia, followed by Europe. Only a small proportion of them were in Australia and America. Most of them had been working for the selling offices for more than 15 years and a large number of them had been selling AB packages for between 5 and 10 years. The majority of them had taken an AB course and had been contacting AB on monthly basis.

The findings show the following:

- The level of satisfaction of the selling offices, as internal customers, with organizational communication and information/knowledge sharing increased after the ODI was completed.
- The sharpest increase in terms of organizational communication pertained to communication direction, followed by communication mode, communication frequency, and communication content.
- The highest increase in the level of satisfaction with information/knowledge sharing pertained to knowledge route maps, followed by collaborative platform and knowledge repository. The descriptive ratings of the first two dimensions and overall satisfaction moved up from ‘neutral’ to ‘satisfied’.
- The results also indicated that the increases in terms of satisfaction level with regard to both organizational communication and information/knowledge sharing were statistically significant.
- As to the qualitative analysis, it was discovered from the interviews, observations, and open-ended questions that the website was beneficial to the selling offices in terms of strengthening and improving organizational communication and information/knowledge.
sharing.

- A strong positive relationship between the level of satisfaction with organizational communication and with information/knowledge sharing was also found.
- Additional findings indicated that the relationships between the levels of satisfaction among all the dimensions of organizational communication and information/knowledge sharing, ranged from moderate to highly positive.
- Furthermore, findings from the research indicated that there was a highly positive relationship between the number of website visits and number of packages sold during the ODI (March and April 2010).

**Conclusion and Recommendations**

As the pre- and post-ODI levels of satisfaction of the selling offices, as internal customers, with organizational communication and information/knowledge sharing showed, the ODI (KM) achieved its goal.

There was a strong positive relationship between the satisfaction level with organizational communication and information/knowledge sharing; as there was also a moderately to highly positive relationships among all dimensions of organizational communication and information/knowledge sharing. Additionally, there existed a highly positive relationship between the number of website visits and number of packages sold during the ODI.

The findings from this research were unique given that the ODI implemented was mainly virtual and as such departed from the traditional face-to-face approach to a new level of OD interaction.

This new approach is more suitable to the present era of globalization where sections of an organization may be located in different parts of the world and where, as a result, face-to-face interaction becomes more limited. Findings from the research also revealed that the ODI worked well under these virtual conditions.

It is the researcher’s view that OD as a science and ODI should become much more adaptive to organizations that are becoming increasingly global and virtual. With this globalizing trend gathering momentum, there is even more of a need for research using virtual models and situations rather than following the traditional ODI approach.

It should also be noted for OD purposes that organizations in the future will be vastly different from those of today as they are becoming more internationalized and less determined by their physical location as a result of the increasingly more important role played by IT technology. It can be assumed that organizations in the future will take advantage of the benefits provided by IT in order to save the costs of a physical space and remain competitive. In addition, with energy sources becoming scarcer and the attendant need to use them more sparingly becoming more pressing, organizations and human beings are making the most of IT and will continue to do so as it keeps evolving. IT will not only make organizations more virtual, it will also limit human interaction in face-to-face settings. OD consultants must therefore prepare themselves for these eventualities. Besides more concrete evidence need to be gathered to determine whether OD and ODI work well under almost exclusively virtual conditions.

- **Recommendations for the Organization**

  Because of the time limitation of this study, the impact of the ODI was only a first step in the development of the website. AB should continue to develop the selling office community website and keep updating information, and encouraging the selling offices to share their information, knowledge, and experiences.

  The scope and content of the website should also be expanded. Social network tools, such as Facebook and Twitter, including live chat, should be featured in the future. Other prominent languages such as Chinese, Japanese, Dutch, and particularly Thai, can be also added since these are AB’s main contributing markets.

- **Recommendations for the ODI**

  In order for the KM project to come to full fruition, the organization should ensure cooperation from all its stakeholders, especially management. This is one of the most important factors of its success. The KM relevance and usefulness should be clarified and each person’s areas of responsibility in the project be assigned clearly and properly in advance, thus enabling cooperation among those involved and gaining attention from the target group.

  Moreover, the KM project should be allowed more time to proceed. Providing more communication and information/knowledge...
sharing should bring about an increase in the satisfaction levels of internal customers and also reflect more accurately the benefits of the ODI.

With respect to organizational communication, the proper content tone should be established through brainstorming involving both groups of message senders and receivers. The messages must also be very practical and useful to make the target group interested and they should be sent in an appropriate quantity, timely, and in a user-friendly format.

A particularly significant factor is the process of how to facilitate people information/knowledge sharing and ensure their involvement in it. Incentives should be created. For instance, in this research, at the start of the process, the researcher used some gifts such as t-shirts, hotel vouchers, and bag tags to enroll the participation from the selling offices.

In addition to the above suggestions, it is important to bear in mind that when involving a sample group worldwide, cultural differences must be taken into account.

Furthermore, when conducting an ODI in an organization with a high hierarchical order and run along a bureaucratic structure, the most important factor becomes management support since this factor is highly determinative of the success or failure of the project.

Finally, when conducting research dealing with the enhancement of satisfaction level, setting the satisfaction level beyond expectation is imperative.

- Recommendations for Future Studies

For future studies, more time should be allowed for running the ODI of the project, especially when conducted worldwide. Particularly for the KM project, allowing more time for the intervention to be processed should help yield a stronger impact of the ODI. Furthermore, if the budget allows, visiting overseas selling offices to observe and gain deeper information for conducting the ODI is recommended to enhance face-to-face interaction and understanding.

References


