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Strategic alignment between relationship marketing and human resource management in financial services organizations

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This paper notes the critical importance of financial services firms being able to successfully implement services and relationships orientated marketing strategies. Through summarizing recent literature and outlining strategic practice, the necessity of aligning human resource management (HRM) policies with relationship marketing (RM) to achieve and sustain corporate goals is demonstrated. The results of a set of case studies and managerial interviews with senior retail banking executives from the Greek financial services sector are used to develop a framework by which this might be done. Specifically, the role of the strategically significant Human Capital Chief Enabling Officer as a link between HRM and RM is proposed and defined.

Keywords: relationship marketing; human resource management; strategic alignment; human capital chief enabling officer; financial services; Greece

Introduction

The fundamental understanding of what marketing is, what success looks like and how it might be achieved is something that has undergone significant change in recent times. The professional academic body in the USA has gone as far as to make a literal redefinition in terms of services and relationships (American Marketing Association [AMA], 2004). Consensus is far from achieved, but what is agreed upon is that the provision of high-quality services is a basic requirement to ensure survival, let alone dominance in many sectors (Vargo & Lusch, 2004, 2008b). Financial services organizations such as retail banks are continuously adopting and adapting relationship marketing (RM) strategies inside a highly volatile marketing environment in order to build and sustain a competitive market share, profitable accounts and quality customer portfolios.

This issue is one which has received significant attention in papers previously published in this journal, with specific attention given to the role technology and information management systems might play in developing and sustaining a relationally orientated strategy (Dibb & Meadows, 2004; Ryals & Payne, 2001). More recently, this journal has also considered the topics of marketing orientation and strategic plan implementation (Blankson et al., 2013), and very recently the role and significance of line management in marketing strategy implementation (Ramaseshan, Ishak, & Rabbanee, 2013). This is a line of discussion we wish to maintain, and to extend it further by considering further the *human* elements in respect of developing and implementing relationally orientated strategies and attempting to make a specific contribution in respect of better structuring management processes.

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The key themes of the literature review in this paper are therefore the switch from product to services/relational orientations and the concept and importance of alignment within business operations and processes, with special focus on the Strategic Alignment Model (SAM) presented by Henderson and Venkatraman (1993) (see also Henderson, Venkatraman, & Oldach, 1996) in describing the strategic choices that financial services line managers face. Attention then turns to extant literature and prior field-research findings on the strategic alignment of RM and human resource management (HRM) specifically, as a means of successfully implementing relational corporate-level strategies where we argue that people within and outside organizations are of critical importance in relational- and service-oriented and strategizing organizations.

The paper continues by outlining the method and methodology of the primary research component of this project, namely the development of five in-depth case studies of Greek retail banks in combination with 20 interviews with senior managers across a range of business processes and functions (please refer to Appendix 1). The results of the fieldwork are combined with the emergent ideas and theory from the literature as a means of reflecting and considering how alignment between marketing and HR might best be achieved. The specific and original contribution of this paper is the introduction and definition of a proposed senior management role – that of the Human Capital Chief Enabling Officer (HCCEO) – which, if adopted appropriately would allow and enhance alignment between these two critical business functions.

From product to service-centricity

The evolution – some might say revolution – in marketing theory in the last 25 years has taken it a long way away from its origins (Harker & Egan, 2006). Key figures in the early development of marketing (Alderson, 1957; McGarry, 1950; McKitterick, 1957) created 'lists' of variables deduced from econometric, profit-optimizing equations. This was labelled as the 'functionalist school' of marketing (McGarry, 1950). Herein lie the origins of the in/famous marketing mix (Borden, 1964) – an abbreviated/truncated subset of 4 variables (McCarthy, 1960) from 12 identified as being strongly correlated with profitability – *product*, *price*, branding, *distribution*, fact finding and analysis, personal selling, advertising, *promotions*, packaging, display, servicing, physical handling. For many years, the primacy of this simple framework was unquestioned, but by the beginning of the 1990s this was no longer true (Waterschoot & Van den Bulte, 1992). This concern stemmed from the fact that whilst the original microeconomic variables, derived through empirical induction, had solid theoretical foundations – in terms of economic theory at least – the marketing mix had only second-order links to these foundations. Furthermore, many businesses were operating in situations and markets with characteristics significantly different from those of North American consumer goods markets – Europe or Asia, industrial or services markets (Elg & Johansson, 1996). Transactional marketing was failing to satisfy modern marketing conditions. This issue was and continues to be exacerbated by the transition of developed economies to being service-based. When marketing a service, it has long been argued that the objectives should be not just to only attract, but also to then keep and *maintain* the customer – to *develop* a *long-term* relationship with them (Bitner, Booms, & Mohr, 1994; Cravens & Piercy, 1994; Grönroos, 1991; Gummesson, 1987). When selling a physical product, the costs of production can be offset by the purchase. With a service, the majority of costs are often incurred whilst 'setting-up' the service (Berry & Parasuraman, 1991; Booms & Bitner, 1981), for example accountancy and banking. The implication of this is that a longer-term strategy, in conjunction with placing significant emphasis on customer retention would yield dividends (Berry, 1995; Grönroos, 1990; Parasuraman, Berry, & Zeithaml 1991; Payne & Richard, 1993).

For these reasons and others, in 2007 the AMA produced a customer-centric definition of marketing where the discipline was defined as follows: 'Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large'. In their academic work, Vargo and Lusch (2004, 2006, 2008a; Vargo, 2009) – who are key movers in the AMA – described the derivation of this definition, defending it [primarily] on the basis that a *service*- rather than *product*-focused definition was a more natural and accurate reflection of the primacy of service concepts in contemporary marketing practice. Vargo and Lusch (2004, 2008b) suggest that marketing is evolving into a new dominant logic – one in which relationships and services hold primacy over products. Is a service part of a relationship, or is a relationship perhaps part of a service? Regardless, both current services marketing and RM literatures make the case that the *people* responsible for service provision and/or customer contact are of very significant importance in respect to successful implementation of marketing strategy and therefore to the success of the organization as a whole. The people they meet are critical in the mind of the consumer when they are assessing the ability of the company to serve them well. People working for the organization are the ones the customer trusts or does not trust, people in the organization give good customer service and do the job properly or they do not. It is the people – not the abstract concept/entity/branding of the firm – who truly learn about the customers and whom the customers learn about the firm through, it is the people from whom the customer expects (and sometimes gives to) loyalty, trust and commitment. *To many customers, the firm is its people*.

It can be argued, therefore, that a successful service organization must have a focus on *firm–customer relationships* and therefore have relationship management at the heart of *tactical* marketing processes and *strategic* corporate philosophy. The implication thereof is that senior management must give great consideration as to what and who is at the other end of the relationship to the customer (Dwyer, Schurr, & Oh, 1987; Ingram, 1990, 2004; Levitt, 1983; Swan & Nolan, 1985; Tzokas, Saren, & Kiziridis, 2001). That is, marketing success will be, to a great extent, the result of successful management of people – customers outside the business, and front-line staff providing services within. Consider the implications of Vargo and Lusch's position. Successful marketing strategy is principally concerned with developing and retaining competitive advantage through excellent services marketing. Most fundamentally, excellent services' marketing is based on services provision, service provision is based on service providers, and the quality and ability of service providers is a function of HRM. In short, *successful implementation of marketing requires successful implementation of HR strategies and operational tactics*.

The concept of alignment in business

We now move on to outline the concept of alignment in a business process context. In recent years, Labovitz and Rosansky (1997, p. 5) defined alignment 'as both a noun and a verb – a state of being and a set of actions ... alignment ... refers to the integration of key systems and processes and responses to changes in the external environment'. Often the concept of alignment when used in business literature is a reference to *strategic fit* (Smaczny, 2001), *strategic match* (Mintzberg, Ahlstrand, & Lampel, 1998) or simply the *interface* between two things (van der Zee & de Jong, 1999). In fact, Beal and

Yasai-Ardekani (2000, p. 735) identified alignment as 'moderation, mediation, profile deviation, gestalts, covariation, and matching'. In recent years, the term 'alignment' has grown in use – especially in HRM literature – as a descriptive idiom to symbolize a range of management-driven processes towards the accomplishment of strategic goals. This is an arrangement of groups or forces in relation to one another (Short, 2008, 2009). However, what this particular definition fails to capture is the magic of alignment. These are all the extraordinary things that can be achieved when teams start to share the same sense of purpose. It is the degree of mutual support arising when team members buy into a common set of assumptions, the shared commitment derived from striving to achieve shared goals; the elegance that is the by-product of a team balanced in skills and competences (Burdett, 1994). The strategic RM and HRM alignment framework, as it later appears in this paper, has as its basis a bank's organizational ability and adaptability to accomplish a 'strategic fit' and 'functional integration' (Henderson et al., 1996; Venkatraman & Camillus, 1984) in two different chronological stages. In this context, the strategic alignment framework capitalizes on the SAM (as shown in Figure 1) of Henderson and Venkatraman (1993; Henderson et al., 1996) in describing the strategic choices that managers face when aligning the corporate business strategy and a business activity – in this case, RM.

Henderson and Venkatraman (1993), in their academic work, developed the SAM to describe the strategic choices that line managers face when aligning the corporate business strategy and a function. The basic assumption of the SAM is line management's ability to

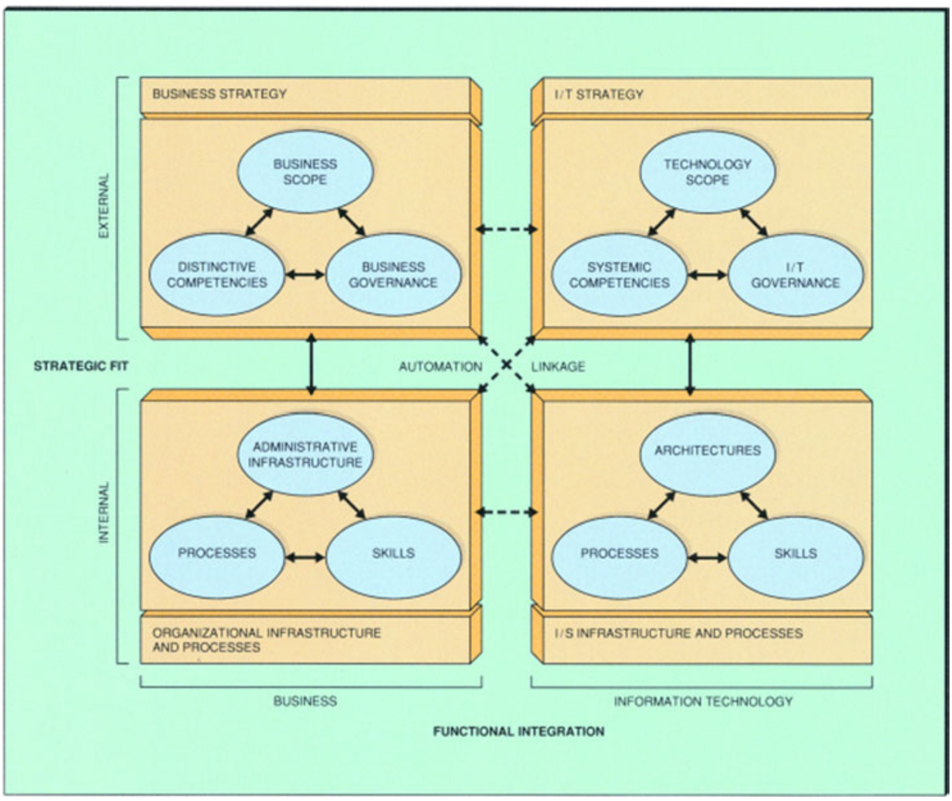

Figure 1. Strategic alignment model of Henderson and Venkatraman. Source: Henderson and Venkatraman (1993).

achieve a strategic fit and functional integration (Venkatraman & Camillus, 1984) between the models domains, and thereby have an impact on overall business success (Henderson et al., 1996). SAM can be of value in guiding strategy formulation and implementation since it helps to prioritize decisions and resource allocation, thus ultimately achieving strategic alignment (Henderson et al., 1996). SAM conceptually represents the framework for the HRM and RM strategic alignment framework in a retail financial services context. Given the SAM, the strategy of a financial services firm is to be viewed in terms of its strategic positioning in its chosen marketplaces, and confined to external considerations (Henderson & Venkatraman, 1993). More explicitly, the business scope (see SAM) sets out the external boundaries of the organization, product and market sectors and segments to be addressed, the geographical limits and any other relevant constraints on the domain of operations of the organization. Corporate business governance defines the ways and means of addressing the chosen business areas (McDonald, 1994). The distinctive competencies relate to some organizational capabilities that make the business scope and governance real, actual, and reflect the strengths of the organization as perceived by external markets – the customers (Henderson and Venkatraman, 1993). These authors also consider the essential capabilities that the organization must have, or have access to, but not the *particular skills of individual employees*. This last part (e.g. the impact of specific skills and competencies of the relational sales-reps towards RM strategy implementation) deserves our research attention since the co-creation of service represents a significant value-adding process (Grönroos & Ravald, 2011; Vargo & Lusch, 2004) and reflects on the sustainability of a competitive advantage of a financial services firm.

We argue that alignment is greatly important in formulating RM strategies as well as in their implementation, and that RM and HRM might be considered as adjacent paths to a common destination (e.g. value development) and that explanations and understanding of human actions, interactions, hierarchy, power, negotiation, learning and development will be of increasing relevance and significance in marketing management. We now explore why an RM-focused financial services firm should strategically align RM and HRM.

There is limited extant literature (Chimhanzi, 2004; Chimhanzi & Morgan, 2005; Jaworski & Kohli, 1993; Piercy, 1997a, 1997b) on the empirical implementation of RM strategies, and this paucity is extended to examinations of the RM–HRM cross-functional interface. This rather limited research exposure is indicative of the challenges presented in exploring RM and HRM alignment in practice – especially in the financial services business. To strategically impact upon firm performance requires aligning the HR system (internal fit) with strategic goals (external fit). This alignment should establish a closer relationship between HRM and other key functions – including, of course, marketing. Legge (1995a, p. 35, 1995b, pp. 66–67) suggests that ‘effective HRM is seen necessarily to involve a focus upon fostering employee motivation, commitment and development’. This is a business approach acknowledging the importance of HRM to the aims of a relational-oriented business, whilst reflecting attempts by management to create a work environment that emphasizes employee development through practices such as training, participation and communication, and the importance of having innovative, flexible, committed employees who are valued resources (Beer, Spector, Lawrence, Quinn Mills, & Walton, 1984a, 1984b; Boxall, 1992; Boxall & Purcell, 2003; Boxall, Purcell, & Wright, 2007; Guest, 1987, 1997, 2000).

In a relational-oriented financial services firm, it becomes important for HR [as a management team] to carefully monitor key personnel issues such as the selection and recruitment of sales-reps, training them and developing their skills, and certainly periodically evaluating their actual performance based on strategic and hence, on operational objectives. In their academic work, Vargo and Lusch (2004, 2006, 2008b; Vargo, 2009) claimed that a *service*- rather than *product*-focused approach to marketing was a more natural and accurate reflection of the primacy of service concepts in contemporary marketing practice. These services are provided by people that consumers engage with, thus making these relationships the context within which services are provided. This means that high-quality services need high-quality people, and they must be recruited, developed and maintained by HR. HR and marketing must be aligned.

Relationship quality: financial services

Hennig-Thurau and Klee (1997, p. 751), whilst reflecting on a customer-centric marketing concept orientation, consider 'relationship quality as the degree of appropriateness of a relationship to fulfill the needs of customers'. Academics define relationship quality as a bundle of intangible values resulting in an expected long-term relationship between related parties, which cannot be easily duplicated by competitors (Fruchter & Sigue, 2005; Levitt, 1981; Wong, Hung, & Chow, 2007). Therefore, relationship quality plays a critical role in the study of long-term relationship maintenance (Finn, 2005).

No doubt, the financial services sector (e.g. retail banking) is a demanding business sector. Operators within this sector fully recognize that to survive and thrive requires firm–client relationships to be developed and maintained as a means of competitive advantage through added value and switching costs. Sale teams are therefore required to develop a good and sustainable relationship with their clients, thereby maintaining institutional sustainability – researchers having concluded that it is very often more expensive to acquire new customers than to keep existing ones (Reichheld & Sasser, 1990). Further, the development of a strong and intimate series of interactions can improve customer loyalty, which in turn leads to increased profits for the firm (Athanassopoulou, 2006). Trust is now accepted as one of the main factors in influencing a customer to develop and maintain a relationship with the service provider (Liang & Wang, 2006; Shekhar & Gupta, 2008). Ndubisi (2007) considers trust to be a key determinant of the quality of buyer–seller relationships. Crosby, Evans, and Cowles (1990, p. 70) indicate that high-relationship quality 'means that the customer is able to rely on the sales-rep's integrity and has confidence in the salesperson's future performance because the level of past performance has been consistently satisfactory'. Summarizing the literature on relationship quality in financial services, Rajaobelina and Bergeron (2009) (see Table 1) consider the impact of a service provider's level of knowledge and experience with regard to the focal product or service, concluding that experienced and knowledgeable employees can reduce customers' perceived uncertainty and anxiety, which may lead to higher customer satisfaction and trust.

Research methodology

This paper has so far conceptually explored the reasons 'why a relationally oriented bank should strategically align RM and HRM', and brought attention to the idea that HRM policies, practices and procedures can create organizational value generally and boost RM-oriented sales efforts specifically.

We now turn to the primary research aspect of this project. From an exploratory research stance, this is a topic dealing with unknown variables and contexts within a social environment, as is the case for competitive banks. Therefore, the aim of such a qualitative research approach was to produce insights rather than measure, to explore rather than pin down. On that basis, it was decided to produce a series of case studies in an attempt to meet the following research objectives:

(1) Explore the reasons why an RM-focused financial services firm should strategically align RM and HRM;
(2) Explore the process how and why HRM creates organizational value and boosts RM performance.

Yin (2003, p. 14) defines case study research methodology as 'an empirical enquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident'. Yin's definition supports our rationale behind the adoption of the use of five Greek retail banks to develop cases as the research methodology for the purposes of this paper. Brief outlines of these banks are available in Appendix 1. Each case incorporated the examination of four business roles (Triangulation effect) through interviews with senior management, leading to a total of 20 interviews. The four prescribed business roles were the HR, Marketing and Sales Directors and a sales-rep in a business-to-consumer (B2C) point-of-sale role. The breakdown of the 20 interviews by bank and role is given in the table within Appendix 1.

The five finally selected retail banks that took part in the study were competing B2C retail banks. In the light of this, the investigators decided to incorporate into the cases topics, facts, figures and issues that represented their growth momentum (e.g. assets under management, loans and deposits development) over a five-year period and thus examined performance indicators as well as the level of organizational change and uncertainty in the firms' environment. By selecting extreme cases, the aim was to amplify differences that might exist, thereby making these differences easier to observe and understand for the reader. The two following stages involved the preparation and the actual data collection process. In accordance with Yin's (2003) suggested process, there were two major data analysis strategies: (1) relying on theoretical propositions where the researchers followed the theoretical propositions that led to the empirical case study. The original objectives and design of the case study research method are based on such propositions, which in process reflect the research questions, reviews of the literature and new insights; and (2) developing a descriptive framework for organizing the case study. Therefore, the investigators adhered to the following major principles – stages of multiple case analyses producing a comparative and contrasting data analysis (see Appendix 1) making use of all the relevant evidence collated during the field research process.

In this respect, the investigators considered major rival interpretations, and explored each of them in turn. The analysis addressed the most significant aspect of each case study out of the sample set – driven by the investigators' theoretical research objectives. The analysis drew on the researchers' prior expert knowledge in the area of the case study, but in an unbiased and objective manner (Rowley, 2002).

Discussion

Based on the field research findings (see Table 2) and the previously discussed literature, we now present a systematic RM and HRM strategic alignment framework in support of implementing and sustaining RM strategy.

Conceptually, this framework develops in two distinct chronological phases. The first alignment phase calls for *functional integration* of RM and HRM (see Figure 2) and the second calls for a *systematic interaction* between the centrally located HRM, the RM specialists, line sales, the HCCEO (a critical new HR role to enhance the success of

Table 1. Literature on relationship quality: concepts, antecedents, consequences and contexts.

Authors	Relationship quality	Antecedents	Consequences	Context
Crosby, Evans, and Cowles (1990)	Trust, satisfaction	Similarity, expertise, relational selling	None	Whole Life Insurance policyholders in USA
Morgan and Hunt (1994)	Commitment, trust	Inter-firm relationships, effective communication, shared values	Inter-firm trust, cooperation	Relationship quality standards improvement
Wray, Palmer, and Bejou (1994)	Trust, satisfaction	Ethics, expertise, relationship duration, selling orientation, customer orientation	None	Financial services
Smith (1998)	Trust, commitment, satisfaction	Relationship duration	None	366 members of purchasing management Association of Canada
Kim, Lee, and Yoo (2006)	Trust, satisfaction	Customer orientation, communication, relationship benefits	Commitment, loyalty, word of mouth	887 dinner patrons at 21 luxury restaurants in Korea
Macintosh (2007)	Trust, satisfaction	Customer orientation, expertise	Word of mouth, loyalty	220 Canadian business travellers
Wong, Hung, and Chow (2007)	Trust, satisfaction	Information sharing	Willingness to refer, anticipation of future interaction	207 consumers of financial services in Hong Kong
Cheng, Chen, and Chang (2008)	Trust, satisfaction	Customer orientation, expertise, interpersonal relationship	Commitment, loyalty	Airline relationship quality

Table 2. Data analysis: key findings.

Resources	Firm A	Firm B	Firm C	Firm D	Firm E
Strategic orientation	Strong sales focus with parallel RM practices	Strong sales focus with parallel RM practices	Relational orientation	Developing RM	Strong relational orientation
Performance management practices	Fully applicable	Fully applicable	Low practices	Low practices	Fully applicable
Marketing and HRM structure	Product management in distinct business units	Product management in distinct business units	Strategic marketing, operational marketing	Line sales	Product management in business units, strategic marketing unit
	Central HRM, full application of business partner	Central HRM, full application of business partner	Central HRM, Limited, however developing application of Business partner	Central HRM	Central HRM
Knowledge management	Yes, sales-reps' (technical skills), some long-term learning	Yes, sales-reps' development of technical skills	Yes, sales-reps' (technical skills), evidence of relational competencies	Yes, sales-reps' development of technical and relational skills and competencies	Yes, sales-reps' development of technical and relational skills and competencies
Learning organization	Yes, high-regulatory and procedural environment	Yes, high-regulatory and procedural environment	Yes, high-regulatory and procedural environment	Yes, high-regulatory and procedural environment	Yes, high-regulatory and procedural environment
Market intelligence systems	Evidence of developing market intelligence systems and analysis, low sharing	Evidence of developing market intelligence systems and analysis	Evidence of developing market intelligence systems and analysis, partial sharing	Lack of adequate market intelligence systems	Excellent market intelligence systems, information analysed and systematically shared
Sales-reps' relationship quality to the buyer					
Sales-rep's role identification	Technical specialist product/service-focused	Technical specialist product/service-focused	Sales consultant identity (relational-focused)	Sales consultant identity (relational-focused)	Sales consultant identity (relational-focused)
Client knowledge (B2C)	Developed by the use of personal banking and market intelligence systems	Developed by the use of market intelligence systems	Limited client knowledge	Limited client knowledge	Excellent – adequate market intelligence systems in place
Expertise	Yes	Yes	Yes	Developing	Developing

HRM's role in creating organizational value					
Sales-reps' recruitment and selection systems	Alignment of HRM and sales	Alignment of HRM and sales	Alignment of HRM and sales	Alignment of HRM and sales	Alignment of HRM and sales
Sales-reps training and development systems	Learning is supported (technical skills)	Learning is supported (technical skills)	Learning is supported (technical skills)	Learning environment (parallel technical and relational skills)	Learning is supported (parallel technical and relational skills)
Sales-reps reward systems	Yes, line sales decide	Yes, line sales decide	Yes, line sales decide	Yes, line sales decide	Yes, line sales decide
Business partner status	HR dot line manager sitting in all sales meetings, partner in strategy execution, employee champion	Business partner interacts with both line and sales-reps' portfolio/employee champion and change agent	Professional path advisors/administrative expert and employee champion	N/A central HRM services	N/A central HRM services, developing
Practical intelligence	Largely extended	Developing	Developing	None	None
Relationship to line management	Dotted to retail line management and HRM	Belongs to a separate team of the central HRM	Direct	Team work	Teamwork

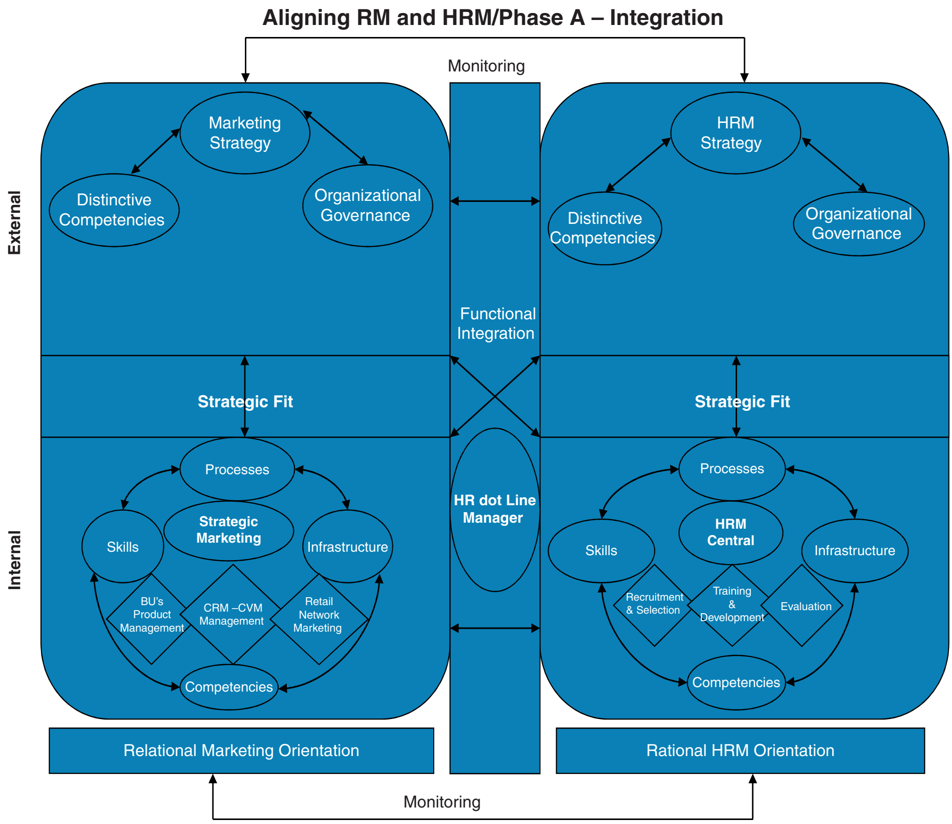

Figure 2. The strategic RM and HRM alignment/Phase A: integration.

strategic alignment) and the relational sales-reps in a B2C retail context (see Figure 3). The chronological distance between planning, programming and implementation of the two distinct RM and HRM alignment phases depends on:

(1) the corporate life cycle;
(2) the stage of maturity of a bank and line management involvement into relational sales-rep's HR cycle (recruitment, selection and placement, training and development, assessment);
(3) the complexity of the structure of internal corporate activities;
(4) the complexity of relevant stakeholders' roles; and finally
(5) the determination of line management to invest in a customer-centric business approach.

Drawing on the original strategic alignment framework as a basis (see Figure 1), the vertical linkage 'strategic fit' concerns the external business environment in which a bank competes and equally the internal environment in which it operates. The horizontal linkage at the integration phase denotes the RM and HRM interdepartmental integration in a relational-oriented bank. As a result, integration takes into consideration a relational strategic orientation, optimum adoption of marketing and HRM infrastructures in accomplishing best RM strategies.

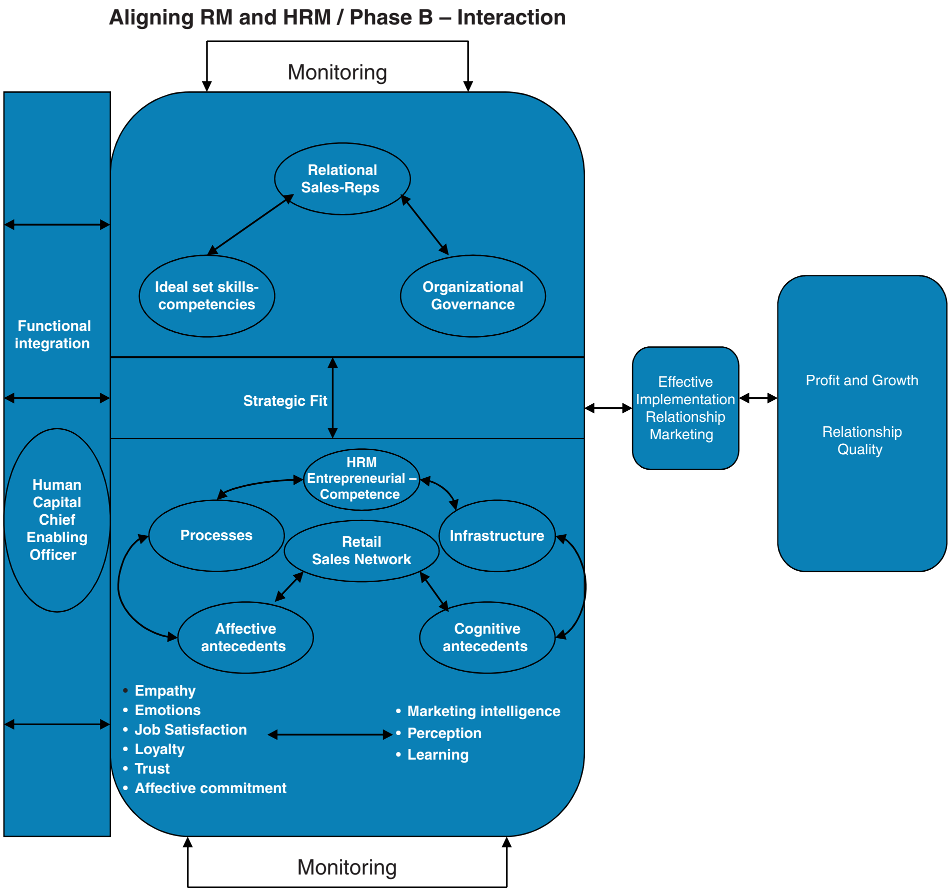

Figure 3. The strategic RM and HRM alignment/Phase B: interaction.

The investigators view the strategic orientation of a relationally oriented bank in terms of its positioning in the selected marketplace. Clearly, this is not a muddle of transactional and partial RM strategies in order to avoid sales-reps disorientation, but a distinctively and purposively generated RM-oriented business strategy. Thus, the strategic RM and HRM alignment framework shows that matching corporate governance and the distinctive sales-reps' roles, skills and competencies are critical in the implementation of a sound RM strategy and thereby of relationship quality at the B2C point of sale. Moreover, predefined marketing and HRM infrastructures reflect on the appropriateness and usefulness of the design and implementation of the corporate strategy of a relational financial services firm. Much of the material contained within the strategic business orientation is internal including the various processes, the human resources' roles, skills and competencies, and the needed infrastructures in effectively implementing RM strategies at the financial B2C points of sale. The distinctive relational sales-reps' roles, skills and competencies relate to the organizational capabilities that make the strategy and governance real, reflecting the strengths of the organization as perceived by customers.

At this point, we define distinctive organizational competencies as the essential resources of an organization in accomplishing its set goals. The organizational competencies include the tangible, intangible and human capital resources. The tangible resources are the physical (e.g. relational sales-reps) and financial capacity (e.g. growth momentum) of a financial services firm, whereas the intangible resources include the positive reputation of a firm in the market. In this way, a financial services firm can attract and retain talented, skilful employees proving to the labour markets that line management is able and willing to be a good place to work for an ambitious employee.

The first alignment phase: integration

Given the integration stage, a strategic marketing unit coordinates the corporate marketing effort in a relational financial services firm. The organizational scope of the strategic marketing unit is to provide product marketing management with strategic framework guidelines, as well as enhancing the corporate communication strategy. This is a demanding marketing role, therefore central to the strategic RM and HRM alignment framework. Simultaneously, the strategic marketing unit administers customer relationship management (CRM) applications and practices, target customer analyses and multidimensional segmentation strategies. The corporate marketing effort, during the integration phase further incorporates product management and the retail network-marketing unit. This first phase develops to a rational goal model of HRM orientation (Cameron & Quinn, 1999) possessing a distinct external focus.

In this respect, and following their research findings, the investigators suggest the development of an HR 'dot line' manager business position. This is an HR business partner role (Ulrich, 1997, 1998, 2001; Ulrich & Beatty, 2001; Ulrich & Brockbank, 2005; Ulrich & Lake, 1990, 1991; Ulrich, Brockbank, Yeung, & Lake, 1995). Its primary focus is serving alignment and managing procedural changes regarding RM and HRM systematic integration. In essence, the HR dot line manager's role involves working closely with business leaders on strategy execution as well as in designing HR systems and processes that address strategic business issues (Ulrich, 1997). Conceptually, the Strategic Human Resource Development and the strategic partner model (Francis & Keegan, 2006; McCracken & Wallace, 2000; Peterson, 2008; Ulrich, 1997; Ulrich & Brockbank, 2005) identify a multi-layered and complex relationship between various corporate actors. They are senior management, line and employees that align the goals of the organization resulting in a cohesive organizational strategy in the fight to stay competitive. The effective integration and interaction of such a business partner's role with line management actually generates sales-reps' affective commitment, loyalty and, hence, trust and rapport. Therefore, the role of the HR dot line manager during integration is to act as an interdepartmental link (e.g. having a dotted line of management reporting) between the HR and line management. In this respect, the practical, business intelligence of the HR dot line manager boosts sales-reps' affective commitment to the organization, justifying the notion that satisfied employees mean satisfied customers.

During the integration phase, the HR dot line manager's role is characterized as equally strategic and operational. Strategic in the sense that they plan, programme and implement a set of internally consistent policies and practices to ensure that sales-reps contribute towards achieving strategic business objectives. Moreover, the role is largely operational since they split sales-reps into distinct human portfolios in cooperation with line management. In this direction, the HR dot line manager has the critical role to accomplish specific HR key performance indicators regarding qualitative and quantitative performance of relational sales-reps. Most fundamentally, the HR dot line manager serves as a functional integrator between RM and HRM – thus the dotted role description. During the integration phase, the role would systematically perform the following functions:

(1) Cooperate with line heads and central HRM on all human resource issues towards the smooth and effective implementation of both the HR cycle and RM strategies;
(2) Provide social support and socially engage with sales-reps;
(3) Cooperate with corporate marketing units enhancing and enlarging organizational connectedness (Kohli & Jaworski, 1990; Rispens, Greer, & Jehn, 2007);
(4) Create proximity between line management and the relational sales-reps ensuring optimum resolution of their personal issues;
(5) Create a new and effective channel of interdepartmental flow of bidirectional informal communication pattern.

Drawing on the above, relational sales-reps are free to suggest operational systemic changes, impressions and perceptions on internal policies, infrastructure development issues and even product modifications. The HR dot line manager's role is differentiated from that outlined in current, extant literature (Ulrich, 1997, 1998), in that it has increased line management responsibilities (e.g. practical intelligence) and is reporting in a dotted line to both line and HR management. At a mature corporate stage, the HR dot line manager is fully integrated into a coordinating strategic marketing department. For an effective and smooth flow of marketing activities, the coordinating strategic marketing department should also incorporate the CRM (e.g. marketing intelligence) administration. The aim of such an organizational restructuring is to accomplish all of the above suggestions in a services firm with a definite relational strategic orientation. We further suggest that the role of the HR dot line manager develops to that of an HCCEO dotted (as far as recording and reporting procedures) to the Line Sales Director and the Strategic Marketing Director at the second phase of the organizational RM and HRM strategic alignment framework.

The second alignment phase: systematic interaction

Interactionism is the group of concepts emergent from HR literature that has been used to explain why individuals – in our case the relational sales-reps – tend to respond to those features of work situations that are psychologically meaningful to them (James, Hater, Gent, & Bruni, 1978; Schneider & Snyder, 1975), and how performance may improve as the 'fit' between one's personality and the environment within which one performs improves (Raymark, Schmidt, & Guion, 1977). Wang and Netemeyer (2002, 2004), for example, suggest that the interaction of situational factors with individual trait competitiveness and the resulting impact on salesperson performance is deserving of further research attention. Relational sales-reps, for example, use more defined knowledge structures covering more diverse customer types, ultimately enabling them to deliver a sales message optimally aligned with the idiosyncrasies of the customer.

Thus, at the second interaction phase (see Figure 3), functional integration develops to systematic interaction. The goal of the strategic alignment framework between RM and HRM during the second phase is the development and maintenance of relationship quality and thus optimum implementation of RM strategies at B2C points of sale. As such, a relationally oriented bank aims to accomplish the following strategic goals during the systematic interaction process:

(1) Facilitate the flow of harmonized and undisrupted bilateral communication between line management and sales-reps. The institutional goal is to enhance

consistency and reliability of informal communication messages bridging the gap between line management and sales-reps;

(2) Improve organizational connectedness (Rispens et al., 2007) between line management and sales-reps in treating dysfunctionalities, reduce conflicts and hence improve relationship quality standards in a B2C retail context;

(3) Improve decision-making enforceability. Given the initiation and application of integration stage, RM and HRM establish open and bidirectional interdepartmental communication and cooperation channels.

In our strategic alignment RM and HRM framework, relational sales-reps who are held responsible for implementing RM strategies at dispersed B2C points of sale meet and interact with: (1) line sales; (2) retail-network marketing specialists; (3) HCCEO and team; (4) HR specialists – headquarters.

The human capital chief enabling officer

During the systematic interaction process, the role that was initially defined as the HR dot line manager develops into that of a *Human Capital Chief Enabling Officer (HCCEO).* The HCCEO and team systematically interact on a one-to-one basis with financial sales-reps and line management heads in managing cognitive and affective antecedents of sales-reps (Weitz, Sujan, & Sujan, 1986). Research into the cognitive characteristics of successful sales-reps dates back to the mid-1980s. Weitz et al. (1986), for example, argued that differences in the knowledge structures of sales-reps contribute to differences in individual performance. These broader and deeper knowledge structures give financial sales-reps the ability to adapt their selling approach to different customers (Sujan, Weitz, & Kumar, 1994; Weitz et al., 1986). Relational sales-reps use more defined knowledge structures covering more diverse customer types, ultimately enabling them to deliver a sales message optimally aligned with the idiosyncrasies of the customer. In a similar line of thought, Bonney and Williams (2009) define a financial sales-rep's opportunity recognition as the cognitive process that individuals use to detect a misallocation of resources, define an associated customer problem and develop a solution that generates value for the customer and profit for the banking firm.

Services marketing studies have though indicated a weak effect between customer satisfaction and affective commitment for consumers (Bansal, Irving, & Taylor, 2004; Bettencourt, 1997). Brown, Mowen, Donavan, and Licata (2002) argue that one reason for the specific weak effect may well be an interactive relationship between commitment and satisfaction, particularly when customer samples include both relational/high-commitment and transactional/low-commitment customers. Most fundamentally, the goal for line management of an RM-oriented financial services firm is to create a state of relational/affective commitment for its external as well as its internal customers (e.g. the sales-reps).

The strategic goal during the systematic interaction process is to confirm that satisfied employees essentially mean satisfied customers. More specifically, the HCCEO strategic goal is to improve sales-rep's affective commitment to the organization. The two interacting parts cognitively evaluate the benefits of continuing the business relationship and the rationale behind the continuation. The affective commitment as an affective state of mind refers to the feelings of fondness a partner has for another (Morgan & Hunt, 1994). It also refers to internalizing or identifying with a partner's values. This is exactly the job of the HCCEO and his team.

The essential skills of the HCCEO are that of an institutional RM/HRM enabler and enhancer. The new role refers to an inspiring personality in the sense of providing organizational support aiming to support the effectiveness of the recommended strategic alignment framework. Yavas and Babakus (2010) define organizational support as a set of enduring policies, practices, procedures and tools that diminish the demands of the job; and/or assist employees in achieving their work goals and stimulate their personal growth/development. Such support may be physical, psychological or social in nature (Cohen & Wills, 1985) and may be located at the organizational and task levels, or in interpersonal relations and the organization of work. Organizational support, as would be provided for by the development of the HCCEO job role as an intermediate link between RM and HRM, can be in the forms of performance feedback, skills development, autonomy, job security, training, salary, supervisory support, empowerment, team climate, rewards, career opportunities, servant leadership and service technology support (Bakker, Demerouti, de Boer, & Schaufeli, 2003; Bakker, Demerouti, Taris, Schaufeli, & Schreurs, 2003). Conceptually, such a role *enhances* institutional change through immediate and systematic interaction instead of *propelling* institutional change through immediate and systematic interaction. The rationale is that HR as well as line management need to listen to employees on a one-to-one basis and thereby become aware and act upon the ways and means of adjusting business systems and processes dealing with the actual implementation of RM strategies. The HCCEO must also act as a social entrepreneur (Thompson, 2002), who seizes opportunities others miss, improves systems and invents new mission-driven, strategic and results-oriented approaches regarding internal corporate issues. By following a systematic interaction process between line management and the HCCEO on one side and the relational sales-reps on the other, the positive impacts of affective commitment of sales-reps to the bank would include:

(1) Providing strong signs of trust in line management. Their trust of line management in turn communicates positive emotions to their customers who in turn exhibit strong signs of empathy and understanding – thus reducing apathy and inertia;
(2) Lower sales-rep turnover. The immediate business effect of the strategic RM and HRM alignment framework is towards the reduction of talented employees' churn rates. Consequently, the affective business–employee relationship lasts for longer and the employee exhibits signs of loyalty. In this context, loyal employees become an active and empathetic basis for mutual trust and commitment. This criterion of involvement produces a sustainable competitive advantage and a strong buyer–seller relationship quality;
(3) Committed sales-reps become advocates of the financial services firm, facilitating the process of recruitment and selection for new recruits. A financial services firm that is characterized by its internal publics as a 'good place to work' attracts talented, skilful and competent sales-reps willing and able to sustain the implementation of RM strategies at the B2C points of sale;
(4) Committed sales-reps who have a positive perception regarding their future career development and exhibit strong potential for learning and development.

The success of the RM and HRM strategic alignment framework largely depends on the organizational desire to proceed to significant change management practices (e.g. to make strategic alignment as the means of developing a sustainable competitive advantage) and frame the HCCEO role with appropriate and sufficient decision-making authority and enforceability. The HCCEO will fail his mission, unless top management is convinced that an RM-focused financial services firm requires actual investment into HR as the means of effectively implementing its RM strategies. For example, it would be disastrous for the morale and motivation of sales-reps, if decisions on their career advancement were stuck in corporate bureaucracy. Management should thus protect and support the strategic alignment framework as a means of strategically positioning itself in the market.

Another constraint on the enforcement of the strategic alignment framework is change resistance from line sales people generated by a customer-centric approach to investing in human resources knowledge, skills and competences. Line sales in the banks investigated were at the time performing the bulk of HR activities. However, they were not prioritizing human resources issues such as knowledge, skills and experience development. Their goal and short-term focus was to meet their sales quotas – to the detriment of other objectives. Line sales managers under considerable pressure generated by corporate sales demands are often unwilling to participate in change-oriented efforts. Line sales managers often consider HRM practices as time-consuming and bureaucratic. Senior management should tackle such line management resistance by engaging, improving teamwork and effective informal communication between the various functions of the organization. We recognize that the crucial step of finding and recruiting talented, skilful employees capable of performing the role of the HCCEO is a non-trivial task, but one that could lead substantial benefits to the entire organization.

Limitations

This research study has provided useful signposts and the bases for further research. However, it contains a number of limitations that may reduce its effectiveness. A limitation of this work is that it was based on five empirical case studies (a judgmental type of sample) and 20 interviewees (see Appendix 1) that, despite the investigators' efforts, may only provide some information about the RM and HRM interface and may lack generalizability outwith Greek banking. However, additional studies may be carried out with a number of organizations to confirm or refute these qualitative findings and a quantitative study will be utilized to confirm generalizability in due time. In the light of the case study research limitations, we considered numerous constraints during the data collection process. Consequently, the data accessibility was a constraint for confidentiality reasons, since we were talking about competing banks. Moreover and due to the fact that the three major job roles out of the total four roles under study in each case study were at a top administration level, there were considerable limitations of their time, accessibility and availability.

Future research

This research indicates that a strategic orientation and a positive senior management attitude towards RM and HRM interface plays a direct and critical role in influencing internal factors, which in turn allow greater collaboration between HRM and marketing. Management attitudes towards coordination may also influence the creation of an appropriate interdepartmental culture. Future research could include the implementation of the RM and HRM strategic alignment framework in other industry sectors with a substantial and significant services component to the offering, such as telecommunications, insurance and the public sector. Furthermore, it would be significant to test quantitatively a larger sample of HRM, sales and marketing directors over a number of issues already examined by our qualitative case study research approach. We also intend to examine in a future research study, the perceptions of a larger sample of respondents from various corporate functions (e.g. IT, finance, marketing) regarding the evolution of the business partner role in the financial services industry. Thus, the contribution of the

HCCEO in the effective, smooth flow of business within various industry sectors represents a challenging research issue.

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Appendix 1. The Greek retail banks selected for the case studies

Bank A

Bank A was a strong market player. It had a strategic orientation and a multichannel, transactional business approach with an embedded sales-oriented business philosophy. However, respondents perceived that the firm equally well-implemented parallel RM strategies. More extensively, the Bank had traditionally maintained the development of innovative financial products as a competitive advantage parallel to a product-centric, strategic marketing approach. In fully justifying this organizational strategic goal, the Bank was structurally organized around a number of competitive, product-centric business units. At the time the research study was carried out, its administration was contextually following a shift in its strategic orientation. The corporate strategic intention was to align internally critical functions such as marketing and HRM, creating a sense of customer-centric organizational culture.

Bank B

Bank B was a strong market player with a plainly transactional orientation much similar to Bank A. The Bank was pursuing the inception and implementation of its strategic business model in the Greek banking market, focusing on the following sectors of corporate strategic growth and development: (1) introduction of a complete product portfolio with centrally located product factories in an effort to compete on all grounds; (2) improvement of the product/service delivery mechanism. In this direction, administration perceived the imperative need to build a competitive edge, cultivating an enhanced sales culture of its sales force (e.g. a relational approach); (3) introduction and management of committed, relational-focused sales-reps; (4) Improvement of market intelligence systems via organizational support (Yavas and Babakus, 2010) and efficiencies by introducing instant credit and automated facilities; (5) Focus on human resources' (e.g. the relational focus sales reps) development of key skills and competencies in order to systematically deliver cross-selling synergies to external markets (e.g. an internal market service quality approach); (6) Position strategically the Bank as a customer-centric, demand-driven citizens' brand generating a sustainable competitive advantage.

Bank C

Bank C was a local banking firm, which had managed to accomplish the re-positioning of the organization as a competitive banking firm within a largely fragmented Greek banking industry. Within this strategic direction, the Bank adopted a combination of RM and transactional marketing strategies aiming at the fulfilment of a number of strategic objectives: (1) grow its market share in the major product categories; (2) improve its profitability; and (3) incorporate effectively internal strategic changes. The Bank, in its effort to compete in the international environment, developed a strong relationally oriented approach into business, investing into the development of skills and competences of sales-reps. Most significantly, the Banks' administration through the development of a scheme of business partners initiated a team of relationship marketers in implementing centrally designed RM strategies within the B2C points of sale.

Bank D

Bank D was a small, market-driven banking organization whose management decided to assume and implement customer-centric marketing practices as a means of effectively competing with larger banking organizations in the Greek financial services market. The firm's competitive advantage was *speed and flexibility* in operational decision-making. Line sales management resembled a comprehensive strategic and operational role being present wherever possible to plan and monitor sales-goals fulfilment, planning marketing activities and new product development and, in a number of cases, the realization of HR activities regarding retail network sales-reps. The bank being small in actual numbers and structure provided concrete interdepartmental and interpersonal lines of communication between line management and employees, ensuring flexibility in business matters, fast decision-making and high standards of practical intelligence.

Bank E

Bank E of the sample was a dynamic banking player characterized by its relationship, customer-focused operational model. The organization philosophically adopted and implemented an enhanced customer value approach through its relationally oriented retail sales-reps. The Bank was systematically implementing RM strategies and as such, the investigators considered it as a financial services firm model for the justification of this paper's research objectives.

Interviewee roles by bank

Role at the Bank	Bank A	Bank B	Bank C	Bank D	Bank E	Total
Marketing directors	1	1	1	1	1	5
Sales director	1	1		1	1	4
Sales-reps	1		1	1	1	4
HR directors/business partner	2	1	1	2	1	7
Total	5	3	3	5	4	20