

Institutional-level effects on customer engagement

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ABSTRACT

Having customers help a company in ways other than buying, has become a priority for marketing strategists. Customer engagement, as an important function of relationship marketing, is unique in that it requires the organisation to give up some degree of control to the customer to build this trusting relationship, making it different to customer loyalty and emphasising the importance of understanding the nuances of the customer's context to ensure positive outcomes.

This emphasis on understanding the context of the customers resulted in most peer-reviewed research focusing on customer engagement in a specific setting or market, neglecting the practical implications that global brands face with their need for cross-border marketing strategy.

To begin to explain cross-border differences that could affect customer engagement initiatives, this study joins other authors in looking to the field of international business, particularly Institutional theory, to explain differences in people's public interaction. (Gäthke et al., 2021; Steinhoff et al., 2022)

This qualitative study involved senior managers across the developing and developed markets and who represented either the subsidiary or headquarters of digital technology multinational enterprises. The result of this study was first, the development of 5 propositions centred around the interplay of trust and its effects on customer engagement and secondly, a proposal is made around the possible moderating and mediating factors of the institutional environment that affect customer engagement and customer engagement initiatives.

Keywords

Customer engagement, international marketing, Institutional theory, effects, and trust

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Philosophy in International Business at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Name & Surname

Signature

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CHAPTER 1: INTRODUCTION

1.1 BACKGROUND TO THE RESEARCH PROBLEM

Traditionally, the marketing department, as nested in the company's strategic function, had as its goal to translate the value the company created into a clear benefit message for its target customers. This strategic function was about controlling the message and taking ownership of the various initiatives that were designed.

Recent developments in the field of marketing have placed extra emphasis on customer engagement, which is fundamentally different from traditional marketing such as customer loyalty, in terms of the control that the marketing department has over this functionality (Harmeling et al., 2017). Instead of creating rigid plans, the new emphasis is on creating opportunities for customers to have interactive experiences that build lasting and valuable relationships (Hollebeek, 2019; Kumar et al., 2019).

Considerable difficulty exists when creating these engagement opportunities or platforms globally, as differences in the institutional environment influence how individuals build and maintain relationships (Gäthke et al., 2021; Scott, 2013; Wang et al., 2019).

Institutional theory proposes that the institutional environment, as represented by the normative, regulative and cognitive pillars, defines what must be done, what is done and how it should be done (Steinhoff et al., 2022) and manages people's public interactions and relationships. Additionally, the quality of the institutional environment places extra emphasis on the effects of the institutional environment's influence (Wang et al., 2019).

Linking the process of building a good commercial relationship, or customer engagement initiatives, with the influence of the institutional environment that is shown to influence public relationships is plausible and encouraged by recent academic work (Kumar et al., 2019; Srivastava & Sivaramakrishnan, 2022; Steinhoff et al., 2022).

A prerequisite of any deep relationship, and especially a commercial one, is trust in the institutional environment and specifically in the quality of the institutional environment, which has

a particular influence on trust and individuals' perception of trust (Brodie et al., 2011; Hollebeek et al., 2019; Potter, 2020).

In the publication by Scott (2013) on institutions and organisations, he proposes that an emotional response in individuals occurs when a particular institutional pressure is at play in the public setting.

The emotions that are related to the regulative pillar are fear and its opposite; the normative pillar has shame and its opposite, and finally, for the cultural-cognitive dimension it is certainty and its opposite. By identifying these emotions in participant responses a plausible link to the relevant institutional pillar can be made.

1.2 DEFINING THE RESEARCH PROBLEM

Institutions have a particularly strong influence on public social interactions; this should be pronounced in situations where people typically follow societal norms. It stands to reason that these norms might also influence how people build relationships with brands. This influence could possibly be observed in the way that customer-facing representatives adjust their engagement initiatives with local customers to account for the influence of these conventions.

For this study, the specific institutions that might be relevant to a service-dominant informed customer engagement can be delineated. Steinhoff et al. (2022) propose that the institutional environment, as explored by authors such as Scott (2013) in institutional theory and subdivided into the normative, cognitive and regulatory dimensions, might have particular relevance to customer engagement.

1.3 RESEARCH QUESTION

This study explores the elements of the institutional environment that affect customer engagement. The above aim contributes to the emerging body of research that links institution theory to customer engagement, specifically, by identifying the elements in the institutional environment pertinent to customer engagement initiatives.

Based on the research of Steinhoff et al. (2022) the following questions were devised:

1. What are the main elements of the institutional environment that influence customer engagement?
2. What are the effects of the institutional environment on customer engagement?
3. How do technology companies adapt their customer engagement initiatives to take account of the institutional environment?

1.4 RESEARCH AIM

This research study aimed to explore how the institutional environment affects customer engagement in the digital technology industry. To achieve this the elements of the institutional environment that are relevant to customer engagement were identified along with the impact that the institutional environment has on customer engagement initiatives.

1.5 RESEARCH CONTRIBUTION

Building on the research contributions identified by the study of Steinhoff et al. (2022) this study also includes additional contributions in section 7.2.

1.6 SCOPE OF RESEARCH

For this study, customer engagement was seen as part of the field of marketing, and explored in the international context. The study combined research on customer engagement with institutional theory as presented by Scott (2013).

The study focused on multinational enterprises in the digital technology industry and included either subsidiaries or headquarters across developing and developed markets. The organisations were further grouped into either education, infrastructure or services, all representing complex sales settings.

CHAPTER 2: LITERATURE REVIEW

This literature review was informed by the research question presented in section 1.3. The review aims to create a conceptual framework by comparative analysis of highly rated and peer-reviewed journal articles focused on customer engagement and institutional theory. Additionally, this review informed the methodological choices set out and explained in Chapter 5.

Each section includes an analysis identifying differences in the sources to facilitate the final synthesis of the review in section 2.5.

This literature review uses the published article by Steinhoff et al. (2022) on customer engagement in international markets as an initial guide to the relevant theories of the institutional environment's influence on customer engagement.

2.1 CUSTOMER ENGAGEMENT

The value of an engaged customer for an organisation is significant but context specific. (Gäthke et al., 2021; Kumar et al., 2019; Steinhoff et al., 2022) The practical benefits of engaged customers are listed by Gupta et al. (2018) as referrals that affect sales, influence to help build reputation, and knowledge transfer that increases the relevance and competitiveness of the products to mention a few.

Overcoming the context barrier will enable organisations to develop global customer engagement initiatives with more predictable outcomes. Not adjusting initiatives to a specific context could have unpredictable implications beyond simply failing to engage customers. Referred to as negative engagement, customers can become reactive and show that they are not supporting the brand. This could be by taking actions that are not in the company's best interest or by actively campaigning against the brand (Chandni & Rahman, 2020).

The two extreme outcomes illustrated above show how important it is to actively seek ways to manage customer engagement through appropriate and context-specific customer engagement initiatives.

To explore the issue of context and the possible ways that marketing managers can appropriately adjust their initiatives to account for it, the current literature was reviewed to create a clear and delineated understanding of what customer engagement encompasses a working

definition of it for this study. The following review aims at clarifying the various definition and outcomes of customer engagement and discusses the elements of customer engagement relevant to the research question presented in Section 1.3.

2.1.1 Defining customer engagement

Since the term engagement was first used about customers by Applebaum (2001) significant ambiguity has been created around an accepted definition.

As a subdiscipline of marketing, Hollebeek et al. (2021) propose that most definitions focus on the relationship that an organisation has with its customers. This is what was applied in this study to help keep the investigation of customer engagement in the well-developed theoretical field of marketing.

The goal of engaging customers is to build deeper relationships, moving the customer away from transactional interactions to more meaningful interactions that foster a relationship with the brand (Sashi, 2012).

Two distinct areas in the conceptualisation of customer engagement are notable and carry significant implications for the application of research into customer engagement:

Firstly, the original definition of customer engagement by Van Doorn et al. (2010) as value co-creation by resource integration, brings in elements that are physically measurable and psychological that are less easily explored. This definition is widely supported by authors such as (Blasco-Arcas et al., 2020; Hollebeek, 2018; Srivastava & Sivaramakrishnan, 2022), who all link customer engagement to a combination of the customer's rational, emotional and behavioural investment, summarised as resource investment, in the relationship when interacting with a specific brand (Brodie et al., 2011; Hollebeek, 2018; Hollebeek et al., 2016). This definition is also broadened by some authors such as Chandni and Rahman (2020) to include potential customers by replacing the word customer with stakeholders further complicating the scope of this subdiscipline.

The second view of customer engagement sees authors simplify the definition of what customer engagement means, resulting in a more practical definition that has closer proximity to current marketing theories. The main contributors who take this second view are Harmeling et al. (2017), who define according to which customers make voluntary contributions to the company's

marketing function over and above financial patronage. (Alexander et al., 2018; Blasco-Arcas et al., 2020; Hao, 2020; Kumar et al., 2019; Steinhoff et al., 2022)

The definition proposed by Harmeling et al. (2017) is supported by Steinhoff et al. (2022), who encourage researchers to move away from customer engagement definitions and descriptions that include purchasing behaviour. This observation supports the original idea of Van Doorn et al. (2010), who also proposed that customer engagement be limited to behaviour that excludes transactional behaviour to separate it from customer loyalty. This does not mean that the customer should not transact financially with the company, it makes a financial transaction an essential antecedent to customer engagement, but rather simplifies and focuses customer engagement to the after-purchase relationship.

- Comparative analysis and summary

The definitions of customer engagement across various studies differ fundamentally in the inclusion of financial or transactional behaviour, and the broadness of the actors that are included. Table 1 summarises the main definitions used in current studies.

Table 1

Select empirical customer engagement research on the definition of customer engagement			
Reference	Description of study	Industry context	Definition
Harmeling et al. (2017)	Grounded theory on customer engagement	Multiple	Support for the marketing function over and above buying
van Doorn et al. (2010)	Conceptual model of antecedence and effects of customer engagement	Multiple	Customer's behaviour towards the brand beyond purchase
Hollebeek. (2018)	Conceptual development of Customer Engagement	Multiple	Include an emotional component as customers voluntary invest their resources to support the company
Kumar et al. (2019)	Customer engagement in services	Services	Transactional and non-transactional interactions of customers with either the firm, other customers or potential other customers
Brodie et al., 2011	SD logic informed engagement creating 5 propositions	Multiple	Brings in an emotional dimension: Psychological state the occurs as a result of interactions

Source: Author's own

For this study, we follow the guidance of Steinhoff et al. (2022), who advocates the simplified definition of Harmeling et al. (2017). This study defines customer engagement as customer support for the marketing function over and above buying. This is also the definition that was

used in creating the first question in the interview schedule presented in section 4.5.1 of the methodology chapter.

2.1.2 Customer engagement initiatives

Initiatives, or the strategies that organisations implement to stimulate customer engagement, are varied according to the outcome that the company is trying to achieve, and the context they are trying to achieve it.

Despite the difference in the focus and action, all customer engagement initiatives require handing over control of aspects of the marketing function to the customer (Harmeling et al., 2017). This action of handing over control can further be divided up into experiential or task-based actions. The marketing department is not in control of the customer's behaviour but relies on the mutual relationship to achieve the behavioural outcome that the company desires from the customer. This lack of control increases the risks summarised as highlighted in section 2.1.1 was especially relevant to this study. Understanding how organisations should manage this lack of control requires a better insight into customer engagement's place in marketing science.

How customer engagement initiatives differ fundamentally from other marketing initiatives is in their interactive and experiential nature (Steinhoff et al., 2022) as opposed to the example of reputation-building cues in branding. Especially pertinent to this study was that all engagement initiatives are focused on relationship building (Hollebeek et al., 2019; Van Doorn et al., 2010).

Taking the above into consideration, it becomes clear that the field of engagement that the initiative is focused on could aim at stimulating engagement between the customer and company or between different customers, but in all cases, the flexibility of the firm has been shown to impact the quality and success of the engagement outcome (Steinhoff et al., 2022).

This flexibility in the relationship brings an interesting dimension to the application of engagement initiatives in a multi-country context where adaptability and flexibility informed by the local context could be important (Hollebeek, 2021; Steinhoff et al., 2022).

- Comparative analysis and summary

Table 2 below summarises the most recent views on what encompasses customer engagement initiatives.

Table 2

Select empirical customer engagement research on engagement initiatives			
Reference	Description of study	Industry context	Description
Harmeling et al. (2017)	Grounded theory on customer engagement	Multiple	Handing over control from marketing to customer, experiential or task-based actions
Hollebeek. (2019)	Conceptual development of Customer Engagement	Multiple	Activities focused on relationship building with customer
Kumar et al. (2019)	Customer engagement in services	Service	Context specific activities aimed at building long term relationships with the customer
Steinhoff et al. (2022)	Customer engagement in International Marketing	Multiple	Interactive and experiential activities that make customer engagement unique in marketing

Source: Author's own

Separating customer engagement initiatives from other actions and strategies of the company requires a clear understanding of what engagement initiatives are.

Encouraging long-term relationships as the main goal is shared by all definitions of what customer engagement initiatives aim to achieve. Combining the definition of Harmeling et al. (2017) with the customer engagement initiative aims, as described by Kumar et al. (2019), gives a working scope for the understanding of initiatives as all actions by the company that are relationship focused, but limited to customers that have had some financial transaction with the company. This also gives a clear indication of how to identify and measure the effect of context on the strategies that were used in this study.

2.1.3 Customer engagement process

Taking the definition defined in section 2.1.1 and combining it with a clear aim of customer engagement initiatives in section 2.1.2 the next part explores relevant research on the process of customer engagement. This was important to understand the conceptual journey that customers go on in the process of becoming better engaged with the company.

Using the definition of customer engagement provided by Hollebeek (2018) which notes the operant resource investment of customers as part of the definition, Kumar et al. (2019) developed a customer engagement model based on omnichannel marketing.

The three-step process starts with factors that are in the firm's control but moves out of the marketing department's control, and leads to the service experienced by the customer and their ultimate engagement.

Interestingly, Kumar et al. (2019) identified moderators that influence the service experience, most notably that inconsistency in the service experience negatively influences engagement, but this uncertainty is moderated by interpersonal trust between the customer and employee (Kumar et al., 2019).

Another noteworthy process is the complex eight-step model developed by Pansari and Kumar (2017) that ultimately shows the effect of marketing initiatives on the customer's journey to engagement, ending in direct engagement through re-purchasing, or indirect engagement such as word of mouth. Value of offering, type of industry and the complexity of the service play a role in the customer's decision to engage. This model expands on the elements that might be affected and have an impact on ultimately engaging customers.

Another model in customer engagement has two areas: an engagement experience such as buying, on the one side, and then moving towards an emotional engagement on the other. This move to emotional engagement is moderated by factors that include if it is a service or a manufacturing industry, the customer's level of involvement in the buying decision process and the type of firm (Gupta et al., 2018). The findings of the study are significant for this study in that it identifies trust as moderating the impact of uncertainty by reducing risk perceptions.

Finally, when considering the model developed by Hollebeek et al. (2019) more complexity is added with an addition of the level of the productivity of the relationship and quality of the relationship with the engaged customer. The context of this model is specifically aimed at the business-to-business environment and adapts to concepts in line with this environment, physical interactions are not replaced by social media but rather enhanced by it. The model's two unique elements, relationship quality and relationship productivity, are unfortunately difficult to measure in the customer engagement context (Hollebeek et al., 2019).

- Comparative analysis and summary

Table 3 presents a comparison between the five studies that have delivered significant process frameworks for customer engagement in recent years. The model by Hollebeek et al. (2019) includes elements of all the other models, but the unique features of customer relationship quality and productivity are difficult to measure and thus not implemented easily or included in this study. The other studies delivered key mediating and moderating factors that influence engagement initiative success, particularly, the study done by Kumar et al. (2019), who identified Interpersonal trust as a moderator on service inconsistency.

Table 3

Select empirical customer engagement research on engagement process				
Reference	Description	Industry context	Key themes	Future research
Kumar et al.(2019)	Three Stages model with four moderating factors and one mediating factor for customer engagement	Complex Service industry	Interpersonal Trust moderates the negative effects of inconsistent service	Apply the model to education and other complex settings
Gupta et al.(2018)	Two stages model looking at buying as the first engagement event, ending with an emotional engagement	Multinational enterprises from diverse sectors	Trust mediates negative implications in a transaction	Global employee engagement as opposed to customer engagement
Pansari & Kumar, (2017)	Eight stage process leading direct and indirect engagement	fast moving consumer goods	Mediated by industry type and complexity of service	Focus on complex settings such as education
Hollebeek,(2019)	Complex process that includes relationship productivity of the customer and relationship quality	Industrial business to business marketing	Relationship quality between actors influence customer engagement	Customer importance to organisation as an influence on engagement

Source: Author's own

The articles reviewed suggest applying the various models to a complex setting that includes high-involvement transactions and customer participation. Also, Hollebeek (2019) suggests that a future study might also look at the influence of the organisation's perception of the importance of a client as a factor in customer engagement segmentation. In reaction to this the research setting for this study was adjusted as shown in section 4.2

2.1.4 Drivers of customer engagement

Expanding on the research that was discussed in the previous section, certain factors have mediating or moderating influences on the process of engaging customers.

Understanding that customer engagement is context driven means that the list of drivers that apply generally can be more focused. Personal connection is critical for all engagement but

becomes more important for both the customer and company where the intensive involvement of the customer is crucial for the service or product (Brodie et al., 2011).

A complex sales context will facilitate an investigation into customer engagement as it highlights the effects of customer engagement influences better as both the organisation and the customer rely more on successful customer engagement than in other less complicated settings.

- Interpersonal trust

Interpersonal trust can increase the customer's willingness to engage in company marketing activities (Li & Hsu, 2018) or engagement in general. Building on this idea, Chandni and Rahman (2020) explore the critical role that employees play in successful outcomes for customers. Interestingly, they show that better engaged employees experience both personal benefits as well as generate benefits for the customer and organisation. The study includes results from the field of organisation psychology, where Hakanen et al. (2018) proposed that the benefits of engaged employees go beyond the role expectation of supporting customers by building closer relationships.

- Relevance through embeddedness

The second broadly applied driver for customer engagement is relevance. This concept is expressed in the literature as successful engagement strategies that are industry or context specific (as in Hao, 2020; Hollebeek, 2019) or relevant to the complexity level of the transaction (Akaka et al., 2013; Hollebeek, 2019; Wang et al., 2019). Creating relevance is also seen as the initial step essential for engagement (Gupta et al., 2018) and can have an emotional component that transcends the actual need of the customer (Christofi et al., 2018).

The value of centralised control is that it can be positive for both the multinational enterprise and the subsidiary. More control stimulates the sharing of resources and knowledge with the subsidiary (Park & Choi, 2014). This control of the multinational enterprise can limit the subsidiary's ability to innovate, however (Amberger et al., 2021). Studies such as Chatzopoulou et al. (2021) also speak to the divergent goals of the subsidiary and multinational enterprise and its potential to cause tension over autonomy that can eventually lead to the multinational enterprise exerting more control. One way that this control is lessened and the importance of the subsidiary increased is through internal embeddedness, where the subsidiary can play a role in the multinational enterprise's strategy, not just by integrating knowledge but by sharing it with the multinational enterprise. (Geleilate et al., 2020; Isaac et al., 2019; Kostova et al., 2016)

Increasingly, it is accepted that the degree of subsidiary independence positively affects its performance. (Balogun et al., 2011; Dahms et al., 2022; Rugman & Verbeke, 2001)

- Perceived transactional risk

All transactions include risk, but the perception of risk is especially accentuated by what Gupta et al. (2018) refer to as high-involvement products. These are typically more expensive and naturally result in a more complex purchasing decision-making process that brings with it fears often defined as cognitive dissonance in the literature (Do et al., 2019). This fear influences the engagement process (Hollebeek, 2018) and typically produces two coping strategies of either placing extra emphasis on the interpersonal relationship or disengaging with the company. (Do et al., 2019) Additionally, certain hidden transaction costs can also influence the risk profile associated with engagement. These costs affect the actors differently and is context specific, although little research exist on the common elements of transactional risk (Lu et al., 2015) lists individual risk expectation from both the customer and employee.

- Consistency

Finally, consistency is critical in ensuring a positive customer experience (Gao et al., 2021), but as the product or service becomes more complex, offering this consistency becomes difficult, resulting in a negative effect on customer engagement. Specifically, the effects of inconsistency in the service or product affect customer satisfaction, and result in an adjustment to the customer's action (Pansari & Kumar, 2017). To manage the negative effects of inconsistency Gupta et al. (2018) suggest building interpersonal relationship with individual employees assigned to specific customers to bring as much consistency into the relationship as possible and lessen the inconsistency effect.

- Segmentation based on engagement

As customer engagement becomes more important for the company it becomes viable for the company to have a choice in the type of customer they would want to engage with based on the institutional environment. This is played out in broader strategic decisions as illustrated by Wang et al. (2019). Basing segmentation decisions on customer engagement is also proposed to be a viable future option for companies by Hollebeek (2019).

As noted in section 2.1, not all engagement choices are strategic. Chandni and Rahman (2020) show how individual employees have an impact on customer engagement based on their own decisions and level of employee engagement with the company. This under-researched area

shows that individual employees have an autonomous decision-making role in affecting customer engagement irrespective of the company mandate.

- Comparative analysis and summary

The proposition by Hakanen et al. (2018) that employees' level of engagement influences customers' experience in general is placed into the context of customer engagement. The study by Chandni and Rahman (2020) differs from most engagement research in that it does not assume that the employees are without the ability to impact engagement as an individual choice, showing that their independent decisions, choices and values are an influence in their own right on customer engagement and engagement initiative success. These findings are summarised in Table 4. The risks of transactions are also experienced by both customer and employee, who change their behaviour to mitigate this risk by either keeping control or deciding not to engage (Lu et al., 2015).

Table 4

Select empirical customer engagement research on the drivers of customer engagement				
Reference	Description	Industry context	Key drivers	Future research
Li & Hsu, 2018	High level of interpersonal trust between customers and employees increase employee innovation	Complex Service industry	Interpersonal Trust: - between customer and employee - facilitate customer engagement	Employee discretion in making decisions on engage initiatives
Chandni and Rahman, 2020	Review of employee engagement and customer engagement	Multiple	Interpersonal Trust: Employees' customer oriented behaviour	Institutional environment (micro and macro) and CE Application in the Education context
Brodie et al.(2011)	SD logic informed engagement creating 5 propositions	Multiple	Interpersonal Trust: Relationship depended on context	What are the key drivers of relevant cognitive, emotional and/or behavioural CE dimensions
Gupta et al.(2018)	Two stages model looking at buying as the first engagement event, ending with an emotional engagement	Multinational enterprises from diverse sectors	Interpersonal Trust: Trust mediates negative implications in a transaction	Global employee engagement as opposed to customer engagement
Hao. (2020)	Review of customer engagement	Multiple	Relevance Customer perceived benefit	Explore non-English publications
Hollebeek. (2019)	Social media engagement framework	Industrial business to business	Relevance: Industry context specific strategy	How does engagement drive business to business purchase decision-making?
Wang et al. (2019)	Institutional forces affect a firm's decision to engage customers	Digital technology	Relevance: Organisational will to engage due to institutional environment	future research with multi-country data
Do et al. (2019)	Negative customer engagement	Multiple	Transaction risk: fears often expressed as cognitive dissonance in literature	Testing the developed framework
Gao et al. (2021)	Channel integration to ensure consistency	Digital technology	Transaction Risk: Inconsistency effects customer engagement	Broaden focus to include more than channel embeddedness

Source: Author's own

2.1.5 Synthesis of literature on customer engagement

Given that customer engagement is part of the field of marketing, this study views it as useful in expanding the research and our understanding of this field. To this end the suggestion by Hollebeek (2018) to use the definition of a consumer's cognitive, emotional, social and behaviour resource investment, this was taken into account with the adjustment that instead of consumers, this study used the term customers. This brought the definition closer to the more focused definition given by Harmeling et al. (2017), as it excludes the actual transaction from customer engagement. It argues that engagement means going beyond financial patronage, without removing the need for a transaction as a precursor. It also places the customer engagement's focuses on the marketing function of the company that, although sufficiently broad, does imply some theoretical context.

2.1.6 Conclusion

This study used the definition informed by Harmeling et al. (2017), which sees customer engagement as a customer's voluntary resource contribution to a firm, that goes beyond purchasing. This definition informed question 1 from the interview schedule in Section 4.5.1 and limited the responses from participants to not include stakeholders and their experience in the answers.

Understanding the value and drivers of customer engagement for both the customer and company is important. By using the above definition, a limit was imposed by not including stakeholders or potential customers. This limits the drivers to relevant elements that could affect customers or the organisation's ability to service those customers.

2.2 INSTITUTIONAL THEORY

The notion of 'institutions' first appeared in economic theory, described by North (1990) as the "rules of the game" (p. 98), but it was further expanded into the field of strategy by Peng et al. (2008) and later authors such as Meyer and Peng (2016) or through institutional theory by Scott (2013).

2.2.1 Definition of the institutional environment

According to Scott (2013), institutions can be understood as embodying what is expected to be done, what is done, and how it must be done (Xu et al., 2021).

Institutional theory describes institutions as public or outside your mind as opposed to internal values that are personal. Scott (2013) as presented in the definition of Peng et al. (2008), argues that the scope of what institutions encompass does still differ somewhat depending on the individual researcher (Dash et al., 2021; Vargo & Lusch, 2016) and the academic focus of the study, or field, but the core premise remains the same.

In his publication on institutions and organisations, Scott (2013) gives the following definition:

Institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life (P48.).

Business strategists mostly view institutions as constraints that need to be combined with the firm's resources to devise strategy (Meyer and Peng (2016) or as institutional pressure derived from a group's common norms, traditions and values (Orr & Scott, 2008; Sahin & Mert, 2022) Institutions, as described by Xu et al. (2021), can be categorised as what must be done, what should be done, and what is normally done.

Additionally, using the institution-based view, Peng et al. (2008) divide institutions along formal and informal lines. The interaction between institutions in their symbolic and material systems of meaning can support or contradict each other in what is called institutional logic (Koskela-Huotari et al., 2020).

This study applies the neo-institutionalist view that is used to explain similarities in actions from various levels of society and the economy as a result of the pressure from shared norms and values, called institutional pressures, on actions and behaviour (Peng et al., 2008; Sahin & Mert, 2022).

Using the description of the institutional environment in Scott (2013) that relates to organisations, an exploration of the normative, regulative and cognitive elements of the institutional environment is undertaken.

Understanding what particular institution is at play in a particular context is not clear cut given the interrelatedness, but it is still important to track the influence of the particular institution, as Gätke et al. (2021) show that they have different effects. Using the indicators given by Scott

(2013) is useful when combined with the emotional effects on the individual to create combined indicators.

- Comparative analysis and summary

The influence of the institutional environment, referred to as institutional pressure, differs in importance depending on the country's context (Peng et al., 2020). Traditionally seen as an economic model that focused on formal dimensions such as rule and laws, and informal ones such as culture. Relevant to this study is that in all cases institutions have a particular influence on the public sphere, especially on relationships at all levels.

Following in the next sections is an expansion of Scott's dimensions of the institutional environment.

2.2.2 Normative institutions

In our search for value both individuals and organisations have to consider the environment that we operate in, as this environment has certain constraints that indicate the legitimacy of our process of seeking value (Scott, 2013). These rules are either formal, issued by governments or organised bodies, or informal, as a product of a culture (North, 1990; Xu et al., 2021).

Normative institutions are connected to values, and these values are the product of what is desirable in the context of standards or norms according to which what is desired can be measured (Scott, 2013). These norms do not universally apply to members in an institution field, but are also context specific in order to have legitimacy (Akaka & Vargo, 2015; Vargo & Lusch, 2016).

2.2.3 Cognitive institutions

Elements that relate to shared beliefs and logic bring about a shared understanding of what the world is and how things are done. This common belief system is the focus of many intercultural studies that use the dimensions proposed by Hofstede (2011) and that are applied to international business and marketing (Gupta et al., 2018; Le Meunier-FitzHugh et al., 2021; Leung et al., 2020). These dimensions include individual's preference for an interpersonal relationship with the company's employees or collective involvement with other customers and are based on power distance. (Gupta et al., 2018)

When the indicators listed by (Scott, 2013) as a shared logic of action are combined with the effect on the individual as either creating certainty or confusion it becomes possible to explore individual responses to these emotional cues to identify the cognitive element of the institutional environment.

- Effect of the cognitive pillar

When cultural outsiders interact with cultural insiders without being sympathetic to the cognitive elements of the institutional environment, confusion is created (Scott, 2013). This confusion can have implications that span beyond the correct interpretation of messages to being perceived as uninformed or unpredictable. For individuals this creates uncertainty that can have implications for the company, as individual employees will adapt their behaviour (Sniazhko, 2019).

2.2.4 Regulative institutions

According to Scott (2008) this category of institution simultaneously constrains and enables social behaviour through either coercive power or legitimacy, but Scott emphasises that coercion is far more common. It should also be noted that this institution is typically supported by the normative institutions.

- Effect of the regulative environment

This entails understanding that the effect of the regulative institutions on the individual is feelings of fear or guilt, and, on the other side of the spectrum, innocence (Scott, 2013).

Indicators that relate to the regulative aspect of the institutional environment are the rules, laws and sanctions that produce a spectrum of emotions related to fear, guilt or reactions relating to innocence (Scott, 2013).

2.2.5 Quality of the institutional environment

Based on institutional theory, individuals' perceptions of the institutional environment have been proven to affect their perceptions, behaviour and beliefs (Koskela-Huotari et al., 2020; Steinhoff et al., 2022).

These influences are expressed in their interpersonal relationships and commercial behaviour (Gäthke et al., 2021). This is expressed in organisations either choosing to invest or to mitigate the risk of their home country by internationalising (Chidlow et al., 2021; Xu et al., 2021) or by individuals; general sense of trust.

Perceptions of the quality of the institutional environment can be specific to a particular element such as the regulative environment, in which case the certainty of a contract might be questioned and other structures would have to be used – such as trust in the relationship between the two parties.

A perception of legal or other formal regulatory inadequacies has the most visible and far-reaching impact on society.

The quality of the regulatory environment increases the general perception of trust in a society that affects individual's behaviour and perceptions of the quality of all institutions (Gäthke et al., 2021). These societies typically have a general mistrust of other parties and institutions.

When placed in the context of commercial relationships, perceptions of a weak regulatory institution increase the intensity and involvement of all transactions, since neither party can rely on a legal system to enforce fairness in the transaction (Wang et al., 2019). This requires the actors to invest in other means of ensuring compliance, typically by keeping control of the transaction as far as possible to lessen their individual vulnerability. (Gäthke et al., 2021; Wang et al., 2019).

- Comparative analysis and summary

Trust is essential in relationships, and the quality of the institutional environment affects the general accepted degree of trust (Gupta et al., 2018). This manifests in various ways through the degree of trust, and each of the normative, cognitive or regulatory institutions produce a different effect as a reaction to trust (Gäthke et al., 2021). Overall, many authors emphasise that the institutional environment becomes more important in geographies where the quality of the institutional environment is poor (Gäthke et al., 2021; Hollebeek, 2021; Steinhoff et al., 2022; Wang et al., 2019), making the concept of institutional environment particularly relevant to the study of international business and marketing – and to this study.

2.2.6 Synthesis of the literature on institutional theory

Measuring or even assigning a particular quality to an individual institution is difficult, because these features are inter-related: to some degree, they work together to produce an effect called institutional pressure, that is particularly relevant to individual's public interaction if they do not

conform to the norms and values in the market. This element of the institutional environment had relevance to this study.

As institutions are focused on our interactions as affected by our norms and values, Scott (2013) proposes that specific effects are produced in individuals when dealing with a dominant element of the institutional environment.

These effects are listed in Table 5: fear or its opposite for the regulative environment, shame and its opposite for the regulative environment and certainty and its opposite for the cognitive environment. These effects were used to identify what element of the institutional environment was relevant based on the emotion that the individual experiences.

Table 5

Scott's Institutional Theory's analytical framework	
Pillar of the institutional environment	Affect on the individual
Regulative	Fear, guilt and its spectrum of emotions
Normative	Shame or its opposite, honour and their spectrum
Cognitive	Certainty or alternatively confusion

Source: Adapted from (Scott, 2013)

2.2.7 Conclusion

Institutional theory can be seen as what should, must and is normally done through our public interaction with others (Scott, 2013; Steinhoff et al., 2022; Xu et al., 2021). Institutions have an effect on those in networks that share these stable cultural norms and values. Norms are our perception of what is legitimate and values measure the worth of things compared to our perception of standards. Measuring institutional effects on the individual is critical for this study, which will follow the recommendation of Scott (2013) by tracking the emotional effect they produce.

2.3 EFFECTS OF THE INSTITUTIONAL ENVIRONMENT ON CUSTOMER ENGAGEMENT

Building on the ideas of value co-creation, Akaka et al. (2013) propose that an emphasis on context, or value in context should be placed, while Vargo and Lusch (2016) confirm that the institutional arrangements form the cornerstone of value co-creation in a particular context or

service ecosystem. This might begin to explain, at least in part, the customer engagement behavioural differences about the decision to engage.

The importance of institutions can also be heterogeneous according to the market context: Meyer and Peng (2016) stress that the instability of institutions increases their impact on consumers and also on customer engagement. This assumption is supported by other researchers (Le Meunier-FitzHugh et al., 2021; Sahin & Mert, 2022; Xu et al., 2021).

Bringing customer engagement into this context, the model of Steinhoff et al. (2022) proposes that it is primarily the public dimensions of customer engagement activities that are affected through the way customers and individuals in the firm build relationships. Drawing from political science, research shows that the quality of the institutional environment, expressed as institutional trust, directly affects individuals' willingness to participate in community activities (Mari et al., 2022). The effect of these phenomena is reflected in the fact that interpersonal trust has a strong effect on an individual customer's commitment behaviour (Baek & Jung, 2015). More specifically, Li et al. (2020) strengthen this link and prove that a firm's ability to build customer engagement is significantly influenced by the customer's perception of trust.

Finally, the subsidiary's ability to devise strategy is affected by its institutional environment in relation to the multinational enterprise's institutional environment. Large institutional distance can hinder autonomy of the subsidiary and lessen its importance in the broader organisation (Xu et al., 2021).

2.3.1 Synthesis of the quality of the institutional environment

In exploring the particular effects of the quality of the institutional environment the overall result is the perception of trust.

In the context of customer engagement trust has a dual effect. Beck et al. (2015) argue that when formal institutions are brought into the context of individual consumers, poorly performing institutions will have an impact on the consumer's perceptions of security, influencing the individual's general sense of trust.

It is this that can give insights into the impact of institutions on customer engagement. The second effect is that the individual then acts upon the internal inclination of distrust.

The higher the uncertainty in the environment in which the parties operate the more important other social arrangements become. As noted, this might lead customers to place more trust in the relationship with the other party over the contract between them. These arrangements are built on trust with no formal enforcement.

Bringing the perception of security into the customer engagement debate moves current research closer to explaining a powerful driver of behaviour, as security is considered a basic need. Beck et al. (2015) go on to propose that security concerns might have three implications for customer engagement. Lack of institutional trust hinders customer engagement initiative effectiveness; it amplifies the individual's perception of powerlessness, perception of disorder and mistrust behaviour; and, finally, the individual's fear results in coping responses that could seek out the familiar, leading to increased brand loyalty in the old familiar brand.

Finally, being able to react to the institutional environment by adjusting strategy might not always be possible for a subsidiary with strong multinational enterprise control. This control could be a product of institutional distance between the subsidiary and the headquarters, affecting the importance of the subsidiary in the organisation's network of organisations (Xu et al., 2021).

Considering previous influential studies on the relationship between customer engagement and the institutional environment, the below Table 6 shows their research strategy that also informed this study.

Table 6

Select empirical customer engagement research on engagement process				
Reference	Description	Industry context	Key themes	Research design and analysis
Kumar et al. (2019)	Three Stages model with four moderating factors and one mediating factor for customer engagement	Complex Service industry	Interpersonal Trust moderates the negative effects of inconsistent service	Qualitative research using a semi-structured interview and thematic analysis
Wang et al. (2019)	Institutional forces affect a firm's decision to engage customers	Digital technology	Relevance: Organisational will to engage due to institutional environment	Mixed methods including qualitative interviews with managers

Source: Author's own

2.4 CONCLUSION

The link between institutions and customer engagement seems to exist naturally. Institutions regulate relationships in the public arena and the aim of customer engagement strategy is to build lasting and engaged relationships with customers in the public arena.

Using institutional theory to describe the institutional environment makes it possible to track the institutional effects on both a firm and individual level.

The focus of research in customer engagement mostly aims at problems in a particular domestic market or specific context, with limited application to the international context (Hollebeek, 2019). Understanding the elements that impact cross-market engagement strategies is key to understanding how brands should adapt to the local context to benefit from customer engagement.

When customer engagement is explored, context as a construct needs to be considered (Hollebeek et al., 2019). Institutional theory could potentially be used to explain this context.

Exploring the interaction of customer engagement and the role of institutions required a working proposition that can clarify the elements of each construct that should be included in the study.

The formal institutional environment has a particular impact in the public domain where it governs a population's public interactions with stakeholders. Applying the institution-based view's framework to the perception of trust in formal institutions could offer a possible explanation for customer engagement effectiveness. The answer is focused on the individual's perception of security, influencing engagement behaviour manifesting as a willingness to engage, accepting new information and cognitive lock-in or unwillingness to change.

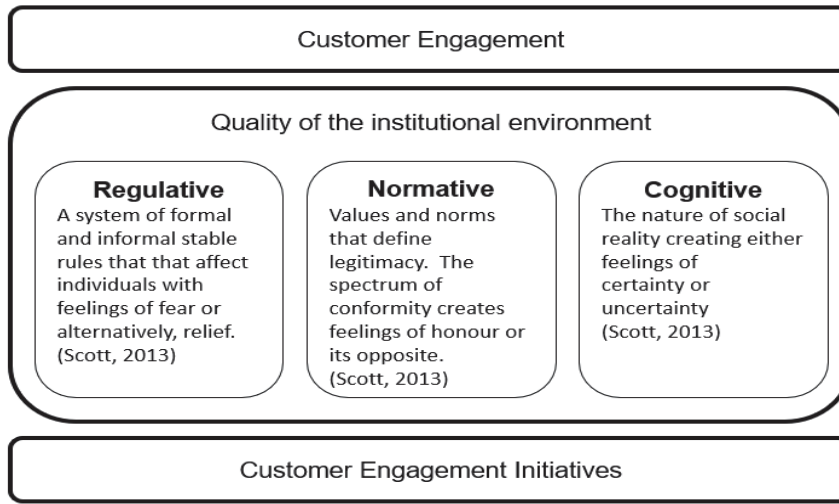
2.5 CONCEPTUAL FRAMEWORK

The theoretical perspective of this study is based on the effects of the institutional environment as presented through institutional theory, sometimes called institutional organisation theory by Scott (2013).

The effect of institutions on the interplay between customer engagement initiatives and customer engagement as suggested by Steinhoff et al. (2022) and Hollebeek (2021) is presented in Figure 1.

Figure 1

Conceptual framework



Source: Author's own adapted from Scott (2013) and Steinhoff et al. (2022)

CHAPTER 3: RESEARCH QUESTIONS

Recent academic research has seen an increased focus on customer engagement as a subdiscipline in marketing. As customer engagement is the result of customer interactions that build a relationship, the emphasis is placed on the context in the literature. (Steinhoff et al., 2022) This context element was not focused on by the majority of peer-reviewed research on customer engagement but is becoming more important as multinational organisations seek ways to implement cross-border engagement initiatives

3.1 RESEARCH OPPORTUNITY

Research gaps were identified by leading academic papers, one published by the American Academy of marketing calling for an international perspective on customer engagement (Hollebeek, 2021) and another by Steinhoff et al. (2022) in “Customer engagement in International markets”. Both papers called for research on the contextual application and adaptation of customer engagement initiatives. Table 7 below how these authors are joined by others researchers explicitly calling for cross-national research in customer engagement.

Table 7

Select empirical customer engagement research on the drivers of customer engagement

Reference	Description	Context	Future research
Chandni and Rahman, 2020	Review of employee engagement and customer engagement	Multiple	Institutional environment (micro and macro) and CE Application in the Education context
Hollebeek, 2019	SD logic informed engagement creating five fundamental propositions	International Marketing	How is customer engagement impacted by the institutional and service system context
Steinhoff et al. (2022)	Customer engagement in International Marketing	Multiple	Explore non-English publications
Kumar et al. (2019)	Customer engagement in services	Service	Country level factors and variables responsible for the creation of customer engagement

Source: Author’s own

3.2 RESEARCH SETTING

Kumar et al. (2019) and Chandni and Rahman (2020) note in their sections on future research opportunities that complex settings such as education or digital services would be beneficial for future studies. Finally, Wang et al. (2019), as noted in section 2.1.3, also encourage an additional dimension to future studies by including multi-country data, as the influence of the institutional environment, referred to as institutional pressure, differs in importance from country to country.

This study includes the above suggestions and focused on the views of senior managers from developing and developed countries representing either the subsidiary or headquarters of multinational enterprises in the digital technology industry in either education, services or infrastructure.

3.3 RESEARCH QUESTIONS

The main research question and three sub-questions were developed based on the propositions put forward by Steinhoff et al. (2022) and the following research gaps noted in Table 5.

This study explores the influence of the institutional environment is on customer engagement initiatives. To achieve this, three sub-questions were devised:

1. What are the main elements of the institutional environment that influence customer engagement?
2. What are the effects of the institutional environment on customer engagement?
3. How do technology companies adapt their customer engagement initiatives to consider the institutional environment?

CHAPTER 4: RESEARCH METHODOLOGY

This research methodology chapter includes the unit of analysis, internal and external validity, limitations and ethical considerations. This chapter aims to structure the research strategy to provide a better and deeper understanding of the institutional context as an influence on customer engagement initiatives.

All elements of the research methodology and design were influenced by the nature of the research question and aim of the research. The methodology and design was also influenced by previous research presented in Chapter 2.

4.1 RESEARCH DESIGN

This qualitative exploratory study drew meaning from the observable phenomenon of the institutional environment's influence on customer engagement initiatives as it was perceived by industry experts and employees of technology companies.

4.1.1 Research philosophy

Because some elements of the institutional environment have an implicit influence on customer engagement, qualitative exploratory research is appropriate, as this kind of research makes it possible to capture elements of the complexity of the respondent's subjective experiences (Salkind, 1997). Justifying that experiences can be a valid form of interpreting reality is dependent on the **philosophical foundation of the research**, particularly how it relates to what reality is and how we learn from that reality.

Ontology, as defined by Yilmaz (2013), as an investigation of *what is*, points us to what evidence would be by exploring the essence of what reality is and what the human condition is in the world. Following a particular view of what reality is will influence how we perceive knowledge to be created. **Epistemology** defines how knowledge is created out of a particular ontological view of reality; as with ontology, there are various epistemological philosophies that explain knowledge creation (Saunders et al., 2019).

A social constructionism **ontological approach** sees reality as being a social construct that is created collectively (Hay, 2016). A social constructionist view was particularly relevant to the research problem in this study, as the aim was to understand how the perception of the customer's dynamic context shapes the customer engagement initiative.

How the **research philosophy** of **social constructionism** defines reality for the purpose of this study is then used to create knowledge, which is understood through the epistemological approach (Saunders et al., 2019).

The epistemological approach followed by the researcher in this study is the interpretive approach that Saunders et al. (2019) note focuses on human meaning, further complementing the ontological approach of social constructionism.

4.1.2 Research approach

Due to the nascent stage of the research focus area, this study had the opportunity to provide new insight into the influence of the institutional environment on customer engagement initiatives. Because the aim of this study was not to test the validity of a theory the data obtained was used in an inductive rather than a deductive way (Leedy & Ormrod, 2019). The data was coded using reflective thematic analysis as first explained in Braun and Clarke (2006) and later refined to include the described in more detail in section 4.9 under the heading Data Analysis.

This inductive approach is typically used to build theory from observation and Saunders et al. (2019) describe the importance of flexibility in the research structure when adjustments might need to be made as the research process unfolds. Using this *a posteriori* coding, a search for units of meaning from the data was conducted, ultimately leading to more abstraction as the data is interpreted to finally link to themes.

After the initial inductive methodology, a deductive strategy was used to interpret the findings in the context of existing theory.

4.1.3 Research strategy

A single qualitative research methodology was applied and data will be gathered using an extended semi-structured interview schedule to gather participants' views of the institutional influence on customer engagement initiatives.

Following the conceptual and design thinking that is inherent in reflexive thematic analysis described in the section 4.6 on Data Analysis, the elements of the design and methodology of this study were adjusted during the data gathering and interpretation stage of research process

(Braun & Clarke, 2022). The adjustments were made in order to be in sympathy with the discoveries that emerged from the respondents' interviews.

4.1.4 Role of theory

Theory influences all aspects of the research process either implicitly or explicitly and Collins and Stockton (2018) explain that this is especially true in four areas (as shown in Figure 2).

The theoretical flexibility that is afforded by exploratory qualitative research and especially as it is presented in reflexive thematic analysis in section 4.6 of this research paper, does not distract from the inductive design but notes that some influence of existing theory should be acknowledged.

Figure 2

The role of theory in qualitative research



Source: Author's own, adapted from Collins and Stockton (2018)

In their study on customer engagement, Steinhoff et al. (2022) note that the institutional effect on customer engagement is an area that warrants additional exploration. This emergent topic already has literature on the theoretical constructs that make up the institutional environment and in other literature those elements that drive customer engagement is explored. This research focused on refining theory in order to make a potential, albeit small, contribution to the literature that links institutions with customer engagement.

4.2 RESEARCH SETTING

Based on the research question, and the review of previous studies and proposal for future research as summarised in Table 1 in section 2.1.3, a complex business setting was selected. Initially the setting for this research was the headquarters of multinational digital education companies and subsidiary organisations of multinational digital education companies.

Because of the opportunity to add additional participants the setting was later broadened to subsidiaries and headquarters of multinational enterprises in the digital technology sector.

This adjusted choice of research setting is supported by Scott (2013) who, in his seminal study on institutions, recognises that organisations are particularly influenced by other organisations in the same sector that have more or less the same features.

To facilitate triangulation in the research findings companies were included based on their differences in

- Country where the organisation was located
- Subsidiary or headquarter
- Target market
- Company size
- Business model

4.3 SAMPLE

Non-probability sampling is appropriate, as the data was not used to statistically extrapolate a generalised representation of the population from the sample (Leedy & Ormrod, 2019).

A **purposive sampling** method is a selection process where participants are selected based on characteristics that are relevant to the study and in the application of this research, to the unit of analysis (Salkind, 1997). The researcher was limited by the individual participant's availability during the data gathering timeframe and willingness, or ability, to participate in the research project (Palinkas et al., 2015).

Sampling happened systematically using a selection criterion that limited participants by three criteria:

- **Experience** level: Individuals had to have knowledge and responsibility around customer engagement.
- **Authority** level: Only senior managers who had broad responsibility within the organisation were included.
- **Industry** level: Individuals had to be associated with organisations that operated in the digital technology industry.

The researcher chose the initial candidates based on his contacts in the industry who represented subsidiaries of digital technology multinational enterprises or the headquarters of digital technology multinational enterprises. The sample was further enlarged with the help of the organisers of an international digital technology conference who facilitated the recruitment of additional participants from subsidiaries or headquarters of digital technology multinational enterprises.

Sampling followed the maximum variation sampling strategy in terms of the organisation's target market when selecting the cases. This technique is used to show common themes despite the different contexts of the individual samples. For the participants connected to each organisation, a snowball sampling technique was used from the referrals of the first recruited participants (Palinkas et al., 2015).

The number of respondents were not predetermined but dependent on when saturation of the data was reached (Saunders et al., 2019).

4.4 UNIT AND LEVEL OF ANALYSIS

The unit of analysis was defined by the researcher and based on the research question (Adams et al., 2014). The individual perceptions of the participants, as they relate to the impact of institutions on customer engagement initiatives, constituted the unit of analysis.

The level of analysis was informed by the research question. The meso-level of the organisation was used in the study but without focusing on any individual organisation in particular but rather their type as part of one of three sectors identified. The organisations were selected based on the researcher's own connections and access to individual stakeholders with the relevant association or experience with the organisation.

4.5 DATA GATHERING PROCESS

Data was gathered using semi-structured interviews with participants associated with organisations in the digital technology space. All the qualitative interviews were recorded and the transcriptions of the recordings were stored in Google drive, which uses a 16-bit encryption system. The cloud-based storage will house the data for a minimum of 10 years after the study is completed.

The data gathering process followed by the researcher:

1. A list of organisations in the digital technology sector was assembled, starting with organisations where the researcher already had personal connections.
2. Individuals were contacted either by phone, LinkedIn or email to gauge their willingness to participate and to set up meetings for the interview. This led to further correspondence where the following was confirmed:
 - The nature of the study.
 - Nature and time requirement for the interview.
 - Ethical considerations around anonymity and especially the use of a recording device and that the recordings were for the researcher's own exclusive in transcribing the interviews.
3. Interviewees referred the researcher to other potential candidates and the researcher also sourced seven additional participants from an industry conference with the help of the conference organisers.
4. Interviews were mostly conducted in person, but where geographical location made it difficult to do so, digital conference software was used.
5. During the start of each interview the researcher confirmed the participant's anonymity and the purpose of the recording of the interview and proceeded only once the candidate had agreed to the conditions and signed the indemnity form.
6. After the forms were signed, the recording was started and a few minutes was spent building rapport to put the candidate at ease with the recording device (this section of the conversation was not transcribed).
7. The interview schedule was followed but the sequence of the questions was changed in some cases where the candidate's conversation naturally led to answering an additional question in the guide.
8. Short field notes were taken where applicable.
9. The recordings were saved to an encrypted drive using identifiers instead of descriptions that can be used to identify the individual or the company associated with them.
10. Transcriptions of the recordings were done by the researcher.

4.5.1 Measuring instrument

Data were collected using semi-structured interviews based on a list of topics that are linked to the main research question. This was done to mitigate the effects of giving too much information, or asking leading questions that could have had the potential to create circularity where participants are influenced to agree based on the question.

A pilot interview was conducted with a senior pan-Africa manager at a technology company to evaluate the interview questions and ensure that they were coherent and comprehensible. The pilot interview was not recorded and the data not used in this study. The pilot interview gave the researcher the opportunity to adjust the questions. The result of the pilot interview led to the adjustment of the definition of customer engagement in question 1 of the interview schedule to “Other than buying, how do customers help the company” this limited the responses to only giving examples relevant to customer engagement.

Because of the ambiguity of what the institutional environment and customer engagement encompasses the researcher had the flexibility to reorder, define and clarify each of the topics in sympathy to the interviewee’s needs (Braun & Clarke, 2019; Leedy & Ormrod, 2019). This allowed the participants to be freer in their responses.

Table 8 shows the research questions linked to the proposed questions that were used in the interview schedule.

Table 8

Link between research question, interview question and Chapter 2 literature review		
Research question	Question asked	Theoretical link to Chapter 2
Question 1. What are the main elements of the institutional environment that influence customer engagement?	1. Other than buying, in what way do your customers help your company	Section 2.1.1 Harmeling et al. (2017) definition
	2. What are the factors that drive this customer engagement	Section 2.1.4 Engagement drivers
	3. What are the factors that hinder or decrease customer engagement	Section 2.1.4 Engagement drivers
Question 2. What are the effects of the institutional environment on customer engagement initiatives?	4. When is it difficult to involve customers with an initiative	Section 2.1.3 Engagement process
	5. When is it easy to involve a customer with an initiative	Section 2.1.3 Engagement process
Question 3. Identify how technology companies adapt their customer engagement initiatives to consider the institutional environment.	6. In what ways are customers in other markets engaging with the company	Section 2.3
	7. What is stopping your customers from doing the same here	Section 2.3
	8. How should your organisation adapt initiatives to the local context	

Source: Author’s own

4.5.2 Interview question strategy

The interview schedule design takes the perspective offered by McCracken (1988), who describes the long interview as one that allows participants to relate information in their own words. The questions are large in scope to allow for broad and rich answers. Planned prompts were devised before the interview and include words of affirmation, drawing attention to contrast or restating phrases by the participant.

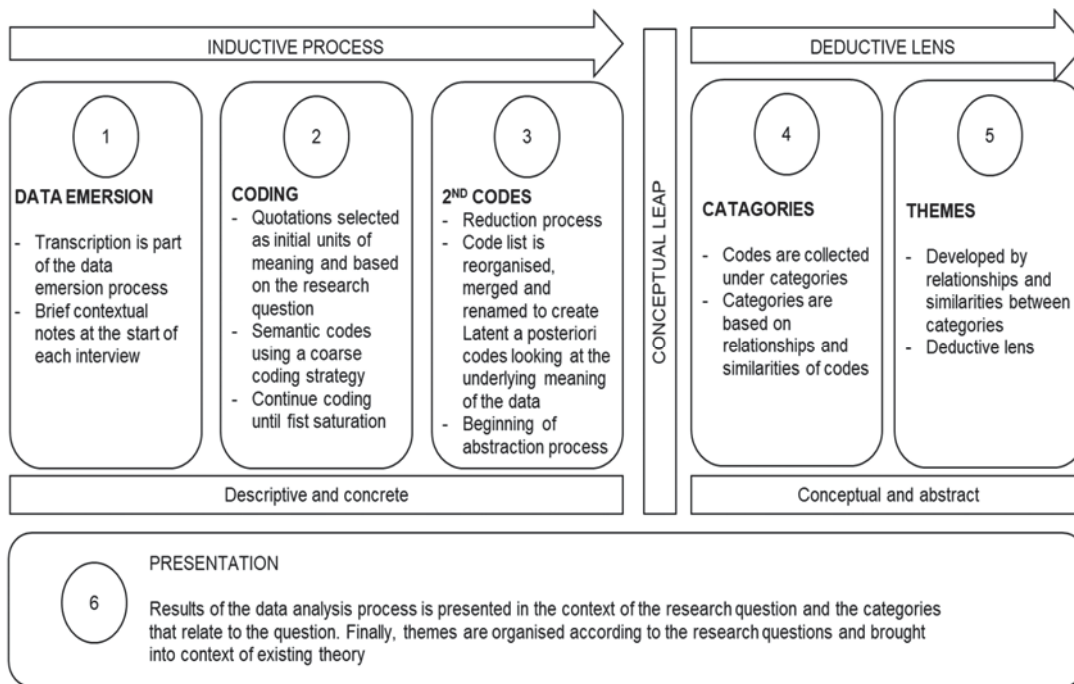
This led to a natural flow during the interview process that had participants answer questions without being prompted or merging question answers in their narratives.

4.6 DATA ANALYSIS

The thematic data analysis was based on the process outlined by Clarke and Braun (2013) in their article on reflexive thematic analysis. The phases are presented linearly but the process is recursive and iterative in nature and required the researcher to revisit previous phases as the interpretation of the data moves from the concrete to the conceptual in an abstraction process. Figure 2 demonstrates the data analysis process used in this study.

Figure 3

Data analysis process followed in this research



Source: Adapted from Clarke and Braun (2013) Costa (2020) Saldaña (2013)

4.6.1 Data immersion and transcription

The researcher voice recorded each interview and also made field notes to capture additional information and context. The transcription was done by the researcher to aid in the process of data familiarisation through immersion.

Anonymity: The voice recordings were transcribed by the researcher. Anonymity was a key concern for most participants. The transcription was done in a way that either did not capture, or removed personal identifiers, that came out in the voice recording. These names and references are replaced by capitalised generic and descriptive words in the transcription.

The recordings that captured information that could be used to identify participants have been stored by the researcher for the completion of this research report only. The recordings are scheduled to be permanently deleted once this process is finalised.

Transcription accuracy and quality: Based on the guidelines of Clarke and Braun (2013) for better transcription, it is noted that spoken and written language is different. The authors encourage researchers to transcribe as close to the actual recording as possible demonstrating the orthographic characteristics typical of a thematic analysis transcription. This was done as long as the meaning remained clear. The transcription contains limited punctuation, which was added only in cases where readability was enhanced.

In instances where the recording was opaque or sentences were disjointed the researcher made minor adjustments to the transcription based on field notes.

Mostly these examples of cut off speech were transcribed to show the participant's feelings or indicate where they struggled to answer. Finally, in some cases the order of the questions was different during the interview but was realigned to the initial interview schedule sequence during transcription.

- Familiarisation notes

Notes were made in the form of comments during the initial phase of identifying quotations and a note on the overall dataset focused on the general impression around the particular interview.

4.6.2 Coding

The analysis took into consideration both the context and content of each quotation identified. These quotations were selected based on the idea of a *unit of meaning* as described in (Kleinheksel et al., 2020).

The quotations were coded according to the guidelines given in Clarke and Braun (2013) and Saldaña (2013) that suggest an initial coding round to aid in understanding the data. These initial semantic codes followed a *coarse coding* strategy that discriminates based on the research question.

A code syntax was adapted from the recommendations in the Atlas.ti user manual and presented in Table 9 below.

Table 9

Code labels used in coding the data

What	Syntax for Code Label
Initial concept: Semantic codes	Lower case
Category	UPPER CASE, coloured
Latent 2nd order Sub code in category	Lower case, same as category colour. Description followed by colon
Concept that does not fit any category	asterisk (*) label in lower case
Dimension	Lower case + special character, coloured
Comparative indicator	prefixed with #

Source: Adapted from the labelling recommendation in the Atlas.ti (2022) user manual

4.6.3 Data saturation

The code list was generated from the data and revised based on insight from the data. This process was iterative and repeated throughout the data coding process.

First saturation point: A coarse coding strategy was applied to code larger parts of the data based on units of meaning. Once a first saturation point was reached, the created code list was revised by reorganising, merging and renaming the codes. This created latent codes that represented the underlying meaning of the participant. A first data saturation point was reached

after coding the 7th interview with no new unique codes being generated. At this stage 65 codes were created and the coding process paused to adjust the code list, resulting in 50 latent codes.

Second saturation point:

This process was iterative and repeated throughout the rest of the data analysis process but eventually after coding the 9th interview no new codes were created and the 69 codes were reorganised, expanded into more codes or merged. 63 codes were used to code the next 5 participants resulting 71 codes. These were reorganised, merged and the final code list consisted of 110 codes. Table 10 below shows the process.

Table 10

Data Saturation			
Document	Unique codes created	Running codes	Percentage
FJ1	30	0	46%
Pww1	10	30	15%
P2ASUSA	19	40	29%
P3TNamibia	5	59	8%
A1KUSASA	1	64	2%
A2DUSASA	0	65	0%
First Saturation point			
Codes re-organised and merged		58	
F2VONSA	9	58	69%
C1JSPAIN	2	67	15%
C2UPAN AFRICA	2	69	15%
Second Saturation point			
Codes re-organised and merged		63	
M1USWISS	0	63	0%
M2SouthAfrica	0	63	0%
PLP1AFRICA	0	63	0%
PLP2South Africa	8	63	100%
M3USouthAfrica	0	71	0%
Codes re-organised, split and merged		104	
D11USouthAfrica	3	74	43%
D2UCongo	4	78	57%
Total codes		110	

Source: Author's own

4.6.4 Categories

Codes that share a relationship were grouped together to form categories. This stage of the analysis process relates to the conceptual rather than the concrete or descriptive. Although the research design is inductive, existing theory did, to some extent, influence the creation of these categories and so it is appropriate to note that a deductive lens was used in the categorisation process of the codes.

4.6.5 Themes

The themes are devised by exploring the relationships between code categories, and the researcher chose to define these according to the recommendations of Clarke and Braun (2013), who understand themes as capturing a central idea that tells a story about a certain aspect of the data. The themes are seen as the analytical outcomes that were actively created by the contribution of the researcher and his interaction with the data.

4.7 RESEARCH QUALITY AND RIGOUR

Using the thematic analysis to make sense of the data in an inductive way is facilitated by the essential subjectivity of the researcher, who applies his own experience, knowledge and observations to allow greater depth of engagement to distil meaning (Braun & Clarke, 2006). The researcher was an insider in the research setting.

A second attribute of the research design used is that, unlike in applied research, the design has theoretical flexibility that ultimately lends itself to an organic processes of creating interpretive meaning (Braun & Clarke, 2006).

4.7.1 Applicability

The subjective nature of the process makes accurate replication unlikely. Instead, the relevance of the findings should be ensured. In this study the potential for transferability of the results was improved by firstly diversifying the sample group to include organisations that are distinct from each other in especially their business model, structure, customer base and country. Secondly, it was achieved by the choice of sector in the research setting of this study which allowed for the researcher's experience in the industry to facilitate better subjectivity and deeper interaction with the data.

4.7.2 Rigour

Transparency as opposed to consistency is critical in ensuring the quality of the data collection and its analysis. The aim is not to facilitate the exact future replication of the study but rather to ensure the rigour of research to facilitate credibility.

4.8 RESEARCH DESIGN ETHICAL CONSIDERATIONS

Following the Gordon Institute of Business ethics process, clearance was obtained for the methodology and research topic. This involved a review of the research methodology by the research supervisor after which it was submitted to the Masters research ethical committee at the Gordon institute of business. This research methodology was unconditionally approved.

The data captured during the interviews was stored without identifiers linking it back to either individuals or organisations. The transcripts were edited to remove reference to individuals and companies to protect anonymity.

All data has been stored in a 16-bit encrypted cloud drive for a minimum period of 10 years. Each participant signed a consent form requiring a signature but not the individual's name. This consent form gives permission for the researcher to record the interview to aid in the transcribing of the interviews and will also be stored for a period of 10 years. Finally, the individual companies and organisations that were associated with the research were contacted to obtain permission to include their employees in the research project, and these emails will be kept along with the informed consent forms.

4.9 LIMITATIONS OF RESEARCH DESIGN AND METHODS

The research setting of this study includes participants from the digital technology industry. This industry deals with complex settings that might have limited transferability to sectors that differ significantly. Following the guidance of research recommendations in Chapter 2, the setting is still valid and underexplored.

Widening the study to include additional stakeholders such as customers could possibly have added to the propositions. The time and capacity constraint of this study did not allow for the expanding of the field of study.

Finally, this qualitative study's sample was not statistically representative of the population of digital technology companies as a whole, nor does the research strategy allow for empirical testing of any of the findings. Transferability is therefore limited but the findings are still relevant as a starting point for other industries and sectors.

CHAPTER 5: FINDINGS

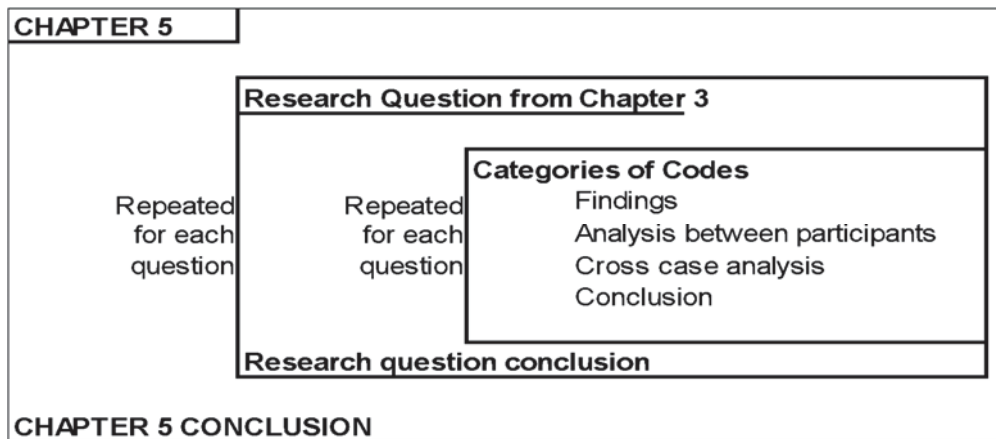
The findings in this chapter are the result of the application of the research process described in Chapter 4 and presented without reference to theory.

The chapter is organised around the three research questions in section 1.3 and the resulting code categories that apply to them. The initial inductive coding process led to the codes being assigned to what Saldaña (2013) refers to as categories based on similarities, relationship or type. These categories were not derived from theory but the researcher acknowledges that his experience on the topic and industry led to influence of theory, this is normal in thematic analysis and does not detract from the inductive nature of the study (Braun & Clarke, 2019)

These categories are presented under the relevant research questions following a structure that is repeated for each category. The structure of this chapter is shown in Table 4 below:

Table 11

Structure for Chapter 5



Source: Structure adapted from (Govender, 2020)

5.1 CONTEXT SUMMARY

To facilitate a better understanding of the influence of the institutional environment on customer engagement, 19 interviews were conducted with senior managers associated with multinational digital technology companies.

The 19 interviews were transcribed but when applying the criteria set out in Chapter 4 three interviews were excluded from the study.

The final 16 participants were associated with either the head office or subsidiary of the respective multinational enterprise. The below table shows the individual participant’s country of origin and position in the multinational organisation.

Table 12

Participant country and organisational position				
Participant Identifier	Subsidiary		Head Office	
F1JWSOUTHAFRICA	Botswana		SA	X
P1WWGREECE	Greece	X	UK	
P2ASUSA	USA	X	Israel	
P3TNAMIBIA	Namibia	X	South Africa	
PLP1USA	South Africa	X	USA	X
PLP2SOUTHAFRICA	South Africa	X	USA	
F2VONSOUTHAFRICA	Botswana		South Africa	X
C1JSPAIN	SA		Spain	X
C2PANAFRICA	Zambia	X	USA	
M1SWISS	South Africa		Switzerland	X
A1KUSASA	South Africa	X	USA	
M2SOUTHAFRICA	South Africa	X	France	
M3USouthAfrica	Pan-African		South Africa	X
A2DUSASA	South Africa	X	USA	
D2UCONGO	Pan-African		Congo	X
D1USouthAfrica	Pan-African		South Africa	X

Source: Author’s own

These managers were either based at the corporate head office or subsidiary in the countries listed in Table 12. Where the participant was not associated with a subsidiary a more descriptive handle was given – for example, Pan-Africa – to better explain the jurisdiction of the business.

All participants were either senior managers or had direct oversight of the marketing function with titles that included “EMEA Marketing Director”; “Director” and “Head of Stakeholder Engagement” as examples.

To support triangulation in this study, the organisations that the interviewees are associated with were arranged according to the industry sections of Education, Digital Services and Infrastructure as shown in Table 13 below.

This division enables in-case and cross-case analyses supporting and enriching the findings.

Table 13

Industry sector association of participant

Sectors		
Education	Services	Infrastructure
	F1JWSOUTHAFRICA	
P1WWGREECE		
	P2ASUSA	
P3TNAMIBIA		
		PLP1USA
		PLP2SOUTHAFRICA
	F2VONSOUTHAFRICA	
		C1JSPAIN
		C2PANAFRICA
		M1SWISS
A1KUSASA		
		M2SOUTHAFRICA
		M3USouthAfrica
A2DUSASA		
		D2UCONGO
	D1USouthAfrica	
4 Participants	4 Participants	8 Participants

Source: Author's own

5.2 SECTIONAL DIVISION OF PARTICIPANTS

The three sections were selected as they all represent complex sales environments, as suggested by authors calling for future research in Chapter 2 that focus on this setting.

- Education

Digital Education is appropriate as a unique industry that has transformed to digital over the last two decades. The transformation, especially in Higher Education has meant significant disruption in all aspects of the industry. Operating between the pressures of national government departments of education and private institutions, this sector is particularly vulnerable to regulations and rules. The sales model common in this sector is business-to-business sales, following a consultative approach.

- Infrastructure

Digital infrastructure as a sector is an enabling function essential for other digital services. Government plays a pivotal role in creating policy and regulations that manage the sector in most countries. In most cases the main business is based on tenders.

- Digital services

The most dynamic of all the sectors in this study, digital services include software as a service and consultancies that create bespoke solutions for business. Sales happen at a high business-to-business level and involve senior executives.

5.3 CODING PROCESS IMPLEMENTATION

Most of the international participants were from the researcher's own connections. Other participants were recruited at an international digital technology association's meeting.

The average duration of the interviews was over 40 minutes, but the estimated interview recording length ranged from 20 to 60 minutes. The reason for this discrepancy is firstly the technical delays when using video conferencing in some interviews and secondly because all the interviews were preceded by a rapport-building conversation that was recorded but not transcribed or in any way included in the research.

This rapport-building section was included to acclimate the participant to the idea of the conversation being recorded.

Although the majority of the interviews happened in person, most of the participants outside of South Africa were interviewed using a video conferencing platform.

5.4 APPLICATION OF THE CODING PROCESS

Using the data analysis strategy suggested in Section 4.6 of Chapter 4, a combination of the process of coding suggested by Saldaña (2013) and Clarke and Braun (2013) combined with the coding naming guidelines of (Atlas.ti, 2022) resulted in the coding framework summarised in Table 7.

As summarised in Chapter 3, exploring what the main elements of the institutional environment are that influence customer engagement is a precursor to better understanding the institutional environment's influence on customer engagement initiative effectiveness.

To ensure the richness of the responses from the participants three interview questions were devised that relate to this sub-question as shown in Table 1 in the research methodology chapter.

This inductive study uses the participants understanding of customer engagement and the influence of the institutional environment to build categories.

Because the researcher is influenced by theory the coding and subsequent categories are influenced by theory but not driven by it as would be the case in a deductive study.

This deductive lens used in an inductive study conforms to the suggestions of Braun and Clarke (2019) reflexive thematic analysis as discussed in section 4.6 of Chapter 4.

5.5 REFERENCING OF PARTICIPANT QUOTATIONS IN THIS CHAPTER

Participant anonymity is key to ensure that the data presented in this chapter cannot be used to be linked back to the participant. The participant identifiers noted in Table 5 is used only where doing so adds to the clarity and depth of insight of the findings.

5.6 INSTITUTIONAL INFLUENCE ON CUSTOMER ENGAGEMENT







The coded data was organised into categories of related codes that added to the richness of the meaning that the respondents were trying to impart.

The categories that were compiled from the codes, as shown in Table 14 below, relate to: power dynamics; an expectation of dishonesty that brings in uncertainty around behaviour; organisational legitimacy; and, finally, specific areas of risk from both a customer and organisational perspective.

Interestingly, crime, although negatively reported by individual participants, was seen as having an overall positive impact on engagement by creating opportunities to add value and solve problems.

Table 14

Code Categories for Research Question 1

Research Qestion 1		
Effects of the institutional environment on customer engagement initiatives		
Categories of Codes	Grounded	Section in document
CUSTOMER POWER DYNAMICS		26 5.4.1
EXPECTING DISHONESTY		17 5.4.2
LEGITIMACY IN THE MARKET		13 5.4.3
TRANSACTIONAL RISK FOR CUSTOMERS		12 5.4.4
BUREAUCRATIC INCONSISTENCY		10 5.4.5
POSITIVE EFFECT OF CRIME		5 5.4.6







Source: Author's own

5.6.1 Customer power dynamic

The coded summaries that make up the elements of the Customer power dynamic category is shown in Table 15. This category summarises participant responses focuses on the customer's ability to make choices as key to lessening the effects of the vulnerability experienced by customers who perceive transactional risk. The categories are a direct result of the coded responses of the participants that the researcher then used to organise and finally, create the categories from.

Table 15

Codes associated with Customer power dynamics

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
uncertainty	2	1	1	 4
morganatic alliance	8	1	1	 10
Only supplier in market	0	1	4	 5
Pacify a vengeful customer	1	0	1	 2
Power balance	1	0	3	 4
Supply and infrastructure	0	1	1	 2
Totals	12	4	11	27

Source: Author's own

Expressed as various forms of vulnerability, participant responses can be summarised as an interplay of the actual environment, including the context in which the customer interaction plays out, combined with a degree of the perceived associated risk for the customer that is inherent in

any transaction. As the customer's exposure to this risk context increases the trusting relationship between the company and the customer becomes more emphasised, this ultimately leads to the potential to positively impact customer engagement in a deeper and more meaningful way.

- Evidence

Responses such as the one from participant F2VONSOUTHAFRICA below illustrates this transactional vulnerability

I think it comes down to people's vulnerability... You know I think when you buy something you become vulnerable

Customers react to this vulnerability in various ways, trying to limit the risk by choosing not to engage with the company when the level of uncertainty is high as seen by the response from Participant A1KUSASA:

but when we want more insight from them in terms of you know, give us more stats, give us more insights into how your students are using the (PRODUCTS) and how your teachers are using it to be effective, that's quite difficult, they don't always want to share that, they are very happy to enter competitions and ANKUSES you know get all the freebies and come to our events but when we ask for insight, and I don't know if it's because its a POPI thing or they are not allowed to share its very very difficult to get proper insight

Or by having preconceived expectations of the outcome of the interaction, illustrated by the response from F1JWSOUTHAFRICA

maybe you've handed over some money and you expected Something to be delivered or you brought this story in your head

As mentioned, this vulnerability is inherent in all interactions, but its effect on customer engagement is not always negative and customer vulnerability can be an indicator of an engaged and trusting customer.

Ultimately, because of the risks in the transaction, this state of vulnerability can increase the importance of the relationship, as the customer chooses to relinquish power to a trusted provider,

increasing the depth and importance of customer engagement. This is illustrated by the following quotation from F1JWSOUTHAFRICA

... become a little bit vulnerable and you know you've got to get them to a position where they were vulnerable where they trust you enough

If the customer is not relinquishing this power, instead increasing their control over the interaction to limit vulnerability, the result could be a negative influence on the relationship with the company. This customer behaviour decreases the organisation's appetite for deeper engagement by creating the impression that the company employees are not trusted and that the relationship is only transactional. This is illustrated by the emotional reaction of F1JWSOUTHAFRICA with the statement that *"I think the thing with our approaches is that often people think we are smouses"*

The participant from Greece, P1WWGREECE, strengthens this idea and continues to give an emotive explanation of how past negative experiences has placed emphasis on the importance of being trusted, in this case expressed as being treated as an equal:

because I've been had for so long you know I do have an academic background and I can cut it or it was not like they were talking to me at the same level, I was still a salesperson

- Analysis between participants

Across all the individual responses related to Customer power dynamics, vulnerability through transaction risk was emphasised in some form or other. Individuals who could relate personal bad experiences of trust being broken became more sensitive towards the issue of customers not relinquishing power to them. The following is a quotation from F1JWSOUTHAFRICA who uses the South African slang word *Oaks* that denotes a guy but in an inferior light comparable to the common English meaning of *dude*:

just guys I don't need you I'm helping you and you're treating me like just a just a sales oaks

Or the participant from the Congo, D2UCONGO, who stated *"but actually, you don't depend on that person he depends on you and that's our way thinking"*

- Cross-sector analysis

The depth of insight on the issue of vulnerability as expressed through customer power dynamics was particularly relevant in the digital service and education sector, with compelling descriptions of how important the perception of vulnerability in the transaction is on customer engagement. Interestingly, in the infrastructure sector the limit of different suppliers forces customers, particularly in countries like the Congo, to transact with very limited choices as illustrated by Participant D2UCONGO in his statement:

the client is not king in Africa, it's whatever is there that is king you just have to buy what's there if you have no choice and if they do have a choice, it's a very limited choice.

And the statement from C2PANAFRICA emphasising the customer's vulnerability through risk but also the alternative of a deeper and meaningful relationship:

because you've got customers that are captured so it's two scenarios 1 if you can exploit the customer because you can, the other scenario is you don't have to do that and then there's there's a connection with the customer the company...

- Conclusion

Although context highlights transactional risk as the example given by the participant from the Congo showed, the different industry sectors and even individual participants were consistent in their view that transactional risk causes vulnerability. This choice of vulnerability is essential in building good relationships and in cases where customers were guarded initiated a negative response from the employees who felt they were not partners but just service providers.






The responses from the participant showed that customer engagement is affected by the customer's perception of transactional risk, and particularly the customer's choice of a state of vulnerability that requires trust instead of limiting this vulnerability by trying to control the interaction showing mistrust.

5.6.2 Expecting dishonesty

Despite the category being called Expecting dishonesty, participants highlighted that it is the uncertainty around the potential negative behaviour of others that forms the basis this expectation. Table 16 below summarises the codes that make up the category

Table 16

Codes associated with expecting dishonesty

Associated Codes	Digital Technology Company Sectors			Total	
	Services	Education	Infrastructure		
Bad experience	1	1	0		2
Corruption	0	2	0		2
Expecting a negative experience	2	0	0		2
Exploitive Self-interest	2	1	1		4
Uncertainty around behaviour	5	0	2		7
Totals	10	4	3		17

Source: Author's own

Uncertainty around behaviour influences the actions of both the company and the customers. Exposure to this uncertainty through inconsistency, corruption, dishonesty and exploitive behaviour causes both customers and employees respectively to react negatively by forming expectations of dishonesty when dealing with the other party. In some cases, this distrust was not applied to the general population of customers but channelled based on country of origin or even a particular generation. Justified or not, this mistrust results in limited customer engagement.

- Evidence

Uncertainty in behaviour impacts all aspects of business as seen by the quotation relating a bad experience around customers not paying their accounts. This has caused F2VONSOUTHAFRICA to implement policies that limits his ability to be flexible and react to the individual customer's situation:

I've just got so many stripes on my back I don't you know I don't provide them with any credit other people provide them but I don't so

This inflexibility based on a reaction to uncertainty in behaviour is also supported by PLP2SOUTHAFRICA that emphasises that once trust is broken it is not easy to re-establish:

I think once a person has had a bad experience for whatever reason it's difficult to get somebody to engage. I think it's because of the experience and because of trust there's no trust they do not believe they've lost trust in the company and you see that all the time people make promises they say you've got to under-promise and over-deliver and that doesn't happen so I think once a customer has lost trust ...

In some situations, it might be the general behaviour of an individual that has created the perception of uncertainty in their actions. The comment below also speaks to F1JWSOUTHAFRICA's uncertainty in what the motivation of the behaviour is.

people get up out of bed with a bad headache in the morning and they take it out on everybody else

One of the most compelling comments made by PLP1USA, but that should be placed in context as the respondent was referring to values and not race, religion or ethnicity, is illuminating because it might also apply to these taboo elements of society

We wanna Birds of a Feather we wanna deal with people that think Like Us rather than people that don't think like us and do things differently from how they're supposed to be done

- Analysis between participants

The individual participants with overall management authority were especially concerned with the transactional elements, or the structure of the deals. For them uncertainty removed control as shown by the comments from PLP1USA:

new incompetent untrained people can I manage by systems and rules so I think that's the problem and again I think it comes down to control what can't you control so I think it's about it's about not exposing oneself it's about reducing risk and obviously there's risk but you've gotta try and reduce it as much as possible

And supported by the quotation from M2SOUTHAFRICA, another senior participant:

I think when there is a chess game, there's so many different sides to this maybe when the customer is ulterior motives or objectives don't cut above the line

- Cross-sector analysis

Surprisingly, participants in the infrastructure sector who predominantly work in the Africa context did not reference corruption as a reason for behavioural uncertainty and instead spoke to the softer individual behavioural dimensions of interpersonal trust in general as seen by the remarks of M3USouthAfrica:

personal agendas unfortunately that's dealing with people right so people are far more open to what we do and welcoming and and others aren't and so you do get that way you don't even get a chance to build that relationship and build that trust they just block you from the outset and there's nothing you can

Or specifically referencing dishonest behaviour as seen by the quote from M2SOUTHAFRICA, as *“lying and backstabbing and also bad-mouthing product that he's using that's not good at all”*

Although this might be because most of these participants were unwilling to mention it because of their association with government tender contracts in Africa this is not what emerged from the interviews. Comparing one participant in the infrastructure sector from Switzerland confirms that behavioural uncertainty does however have a cultural component, making one person's dishonesty another person's norm. It is usually the out-group that associates the other group's behaviour negatively or as dishonesty. Quoting M1SWISS, he related an event that he attended in South Africa where the general behaviour of the local participants that shocked him:

people for example the launch event in South Africa when we arrived on the first day, the day ahead for a lunch and then all the people were coming late! if you were doing that in Switzerland people would be annoyed so the interaction, the way we organise things is very different.

- Conclusion

Uncertainty around the behaviour of others creates a strong and negative emotional response irrespective of the seriousness of the perceived behavioural transgression. Being a cultural insider is not just about behaviour that is accepted by others, but also about accepting others and their behaviour without creating set ideas of honesty and dishonesty. Interpersonal trust was

a bigger issue for participants from Africa than those from Europe and the USA who might reference crime as opposed to dishonesty.

5.6.3 Legitimacy in market

Building up and maintaining a reputation leads to easier and more profitable business through acceptance in the market. Once trust is established reputation risk increases and breaking trust then has an exponentially negative effect. In Table 17 the codes associated with this category are shown.

Table 17

Legitimacy in the market codes

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
Breaking trust	0	1	3	4
Referral as competitive advantage	6	3	0	9
Totals	6	4	3	13

Source: Author's own

- Evidence

The organisation benefits from a good reputation in the market. These benefits present in the way that customers help the organisation and could include new customer acquisition, as seen in this quotation from P2ASUSA:

it's very important we also do marketing and from all the sites and blogs but the best and the cheapest way we get customers is from someone else referring them to us.

Or used to strengthen the company's position against competitors as note by M2SOUTHAFRICA:

for us the fact is that we have quite a bit of competition so having referrals from people who are already with us and are satisfied means a lot

And making doing business easier for the company by breaking down barriers of entry and giving the organisation information that supports its business. For example, in the incredibly competitive

USA market that participant P2ASUSA operates in, legitimacy played a particularly pronounced role in having customers help the company find different ways of servicing the market such as not participating in tenders but rather dealing with the companies directly.

you remember RFTs and it's a very complicated process to do requests for tenders. and it's over 100 pages. All those people doing referrals they're bringing in small bits of business but it's constant and you don't have to go through that huge process.

This is supported by P3TNAMIBIA, who also operates in a complex and extremely competitive environment. In the example given, customers feed market information back to help give the organisation a competitive advantage over others:

We will know about something especially if you're in the publishing industry and about a specific whatever happens or at (COMPANY) or something that you might not have known before because normally they tell ask you and so word of mouth is very important people underestimate the power of word-of-mouth.

Overall, the organisation's reputation in the market is also strengthened by the type of associations it has with other market players who support each other as related by F2VONSOUTHAFRICA:

Just the knowledge of working with a well-known reputable brand, there was a change in the way that they saw us and she started writing back saying that's amazing I wanna find out more about your business, so having a reputable companies strong brands as clients help us with our reputation our credibility

The better the company's reputation in the market, the higher the reputation risk and the more serious the implications for breaking trust shown in the response from PLP1USA:

the problem is that when you do that strong relationship and you break Trust then it's almost impossible to get that relationship back

Once this trust is broken regaining the relationship becomes more difficult as show by the comments from C2PANAFRICA:

When the brand within the community has been tarnished when the community feels that the companies are out to rip them off

- Analysis between participants

In the incredibly competitive USA market that participant P2ASUSA operates in, legitimacy in the market played a particularly pronounced role in having customers help the company find different ways of servicing the market such as not participating in tenders but rather dealing with the companies directly. This is a topic similarly highlighted by P3TNAMIBIA.

- Cross-sector analysis

Given the nature of the Digital Infrastructure sector it is expected that the positive effects of referrals to assist the business would be under-reported. Instead, breaking trust and the negative implications were highlighted. This is probably a result of the legal framework in which the commercial relationship in this sector exists.

- Conclusion

Industry sector has a strong impact on how legitimacy in the market is beneficial and what the implications are of breaking trust.

5.6.4 Transactional risk for customers

Risks as it pertains to customer engagement is multifaceted, but, in this section, focuses on the customer's exposure to risk. The participants in this study did not speak to any risks associated with the organisation but rather those that might be experienced with by the engaged customer. The two main areas of this risk pertain to the measurable financial risk that the client is taking and also include the more subjective but still relevant potential of damaging the customer's reputation. Table 18 below summarises the code elements that make up this category.

Table 18

Transactional risk for customers

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
Fear of losing face	7	2	0	9
Fear of losing money	2	0	1	3
Totals	9	2	1	12

Source: Author's own

- Evidence

Good customer engagement means trusting the company. This trust is held by individual representatives of either the organisation or the customer. When an organisation has contracted a company to perform a service based on an employee's decision then that employee runs the risk of putting his reputation on the line as show by the comment from P3TNAMIBIA:

I think fear also, I think they fear that they are going to be shown up that they made a bad decision in choosing you

This shows that the investment that the customer makes in buying a service extends beyond the financial, here P1WWGREECE summarises the situation as:

when you're buying it education products much more of an investment it tends to be quite lot of money but it's also about dealing with professors at their reputation on the line as well the fact that they're gonna be a good lecturer because they're using good material you know it's quite important decision

The element of the transactional risk for the customer associated with fear of losing money and A1KUSASA shows how this impacts the way the transaction happens and the effort that the customer has to invest in mitigating this risk:

you don't want to spend money and it's a waste of money so let's just go through the exercise and it's a good exercise and it's a little painful it takes a lot of work...

- Analysis between participants

The participant from D2UCONGO gave unique insight into how customers use engagement with the company to lessen financial risk by being able to negotiate around pricing. The unique response on the utility of having a relationship with the seller might be the result of the commercial environment in the Democratic Republic of Congo, where the norm is to negotiate on transactions of all kinds. Using a digital commerce platform in cases like these removes the client's ability to negotiate based on relationship:

you don't understand the culture and you don't say to the Digital platform, "Look here I'm going somewhere else to buy it and I'm expecting it there" So this way of selling is going

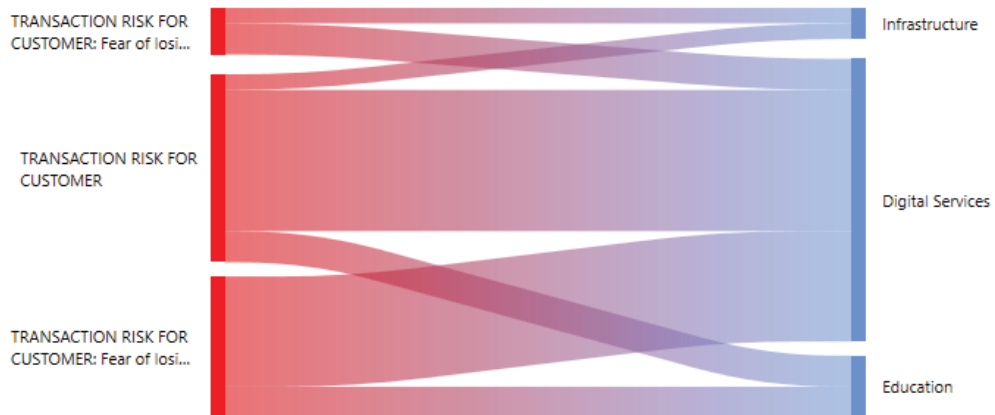
against the culture there's no relationship and you have to understand that there's no service

- Cross-sector analysis

The associated sector had an influence on what elements of transactions risk the customers experienced. In a highly regulated environment where tenders make up the majority of the business the fear of losing money is less relevant and wasn't mentioned as a priority by the participants. Alternatively, losing face was particularly relevant in the services and education sector as shown in Figure 4. When looked at from a country perspective, participants from Africa and Greece were the only ones affected by transactional risk.

Figure 4

Cross-case analysis: Transactional risk sector association



Source: Author's own

- Conclusion

Overall, the category of Transaction risk was more relevant to the Services and Education sector, showing the strong influence that participants experienced due to the nature of their business. Participants from the Africa region and Greece were the only ones to report any kind of transactional risk dimension.

5.6.5 Bureaucratic inconsistency

As the inconsistency in the adherence to rules increases, so uncertainty and control of both the customer and the organisation decreases. This has a profound effect on customer engagement as it pertains to mutual trust. Table 19 shows the codes associated with this category.

Table 19

Bureaucratic inconsistency codes

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
Out of our control	0	1	0	1
Uncertainty and rules	2	2	5	9
Totals	2	3	5	10

Source: Author's own

- Evidence

Not trusting the other party to follow rules creates a response from both customers and organisations in their willingness to engage. Limiting this uncertainty follows different strategies for customers who will not make decisions around changes in the way things are done easily as show by *“Also, I think when we ask customers to do something different”*

Or in the following example from F2VONSOUTHAFRICA:

I walked away with the message that they could not implement this and that and maybe next year going forward and it does not work well and they won't want it again

This negative effect is sometimes not in control of the company but a direct result of the bureaucratic structures of the environment they operate in as shown by P3TNAMIBIA:

it can be something out of the control of the company if you take him maybe a foreign example all our products were sent from South Africa and 90% of them were sent from South Africa and you know borders it's not easy to get a truck through the border

But in other scenarios, it could be a cultural influence on the adherence to bureaucratic rules illustrated below by F1JWSOUTHAFRICA:

like with these guys placing the order and somebody else say in finance are doing the payment and they are in a different silo, and she goes on maternity leave tomorrow and they forgot to forward the emails or something goes wrong and all the emails are going to the this dark hole, and we are completely exposed, and then we have other customers where they just pay everything

This degree of bureaucratic inconsistency has a profound impact on cultural outsiders, as seen in the statement by participant M1SWISS from Switzerland when speaking about their subsidiary in South Africa where changes to the committed procedures by the South African subsidiary was commented on:

The Swiss people are more organised, they have a specific schedule they go by, here people are used to change plans in the last minute, in Switzerland they are not used to plans changing in the last minute and you cannot change that

- Analysis between participants

The responses from participants were consistent in emphasising the negative effect that inconsistency in following rules has. Some participants mentioned the uncertainty that government creates, as with P3TNAMIBIA, who noted “*South Africa and you know borders it's not easy to get a truck through the border*”

While another participant, PLP1USA, spoke about the actions of individuals as part of a general culture of not being consistent:

people change their colours like chameleons maybe it's just a time we live in but the good old days and way of my word is my bond seems to have disappeared there's more situations of general oh what's the word for it, our first coffee of the day...

- Cross-sector analysis

The sectors were consistent in reporting on the effects of uncertainty created by a culture that is either inclined to or simply doesn't follow rules. Government's role in creating uncertainty was not reported by either the Digital services sector or Infrastructure.

For Digital services their limited exposure to the government and for Infrastructure their extremely regulated relationship might be the reason for this. Education was particularly exposed

as in the middle between the private and public sector and so likely has more exposure to the effects. Figure 5 visually shows how each sector is affected:

Figure 5

Cross-sector analysis: Bureaucratic inconsistency



Source: Author's own

- Conclusion

Industry sector plays a role in how uncertainty around rules as they are implemented or followed plays out.

5.6.6 Positive effect of crime

Crime and its effect on customer engagement was shown to be positive by strengthening the relationship between customers and the organisation. This is shown in Table 20 below

Table 20

Crime and associated codes

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
crime creates opportunity	2	0	0	2
Solving broader problems	1	0	2	3
Totals	3	0	2	5

Source: Author's own

The positive effect of crime was composed of two main ideas: that it creates opportunities for business to solve broader problems for customers, thus increasing the potential for business, and secondly that crime allows organisations to help and support customers in a non-commercial way, increasing the value of the relationship and customer engagement with the organisation.

- Evidence

Business opportunities arise when the organisation is able to apply its capabilities to solve an additional problem for the customer relating to crime. This is done by adding profitable services that address the crime issue show by P2ASUSA:

So now stewardess women workers stay in their cars locked and they get a notification on their app and they're allowed to then get out of the car and get onto the tram without standing outside and waiting

Often, to tap into this potential value the company needs to be flexible in its approach:

in South Africa you don't have to wait for some bloke to come and do it you just get on and do stuff so it's just do it attitude.

In other cases, the services do not have a direct commercial value for the organisation but help the customer and ultimately build the relationship:

our database is fat from two other huge systems and I was able to help them take out all the family members that were restrained from children because of abuse

- Analysis between participants

Although crime was not seen as a positive attribute of the customer and business context all participants referenced the benefits of crime on customer engagement.

Specifically, forms of innovation and flexibility when relating examples of how companies gain value from an environment where their customers are affected by crime were consistent.

- Cross-sector analysis

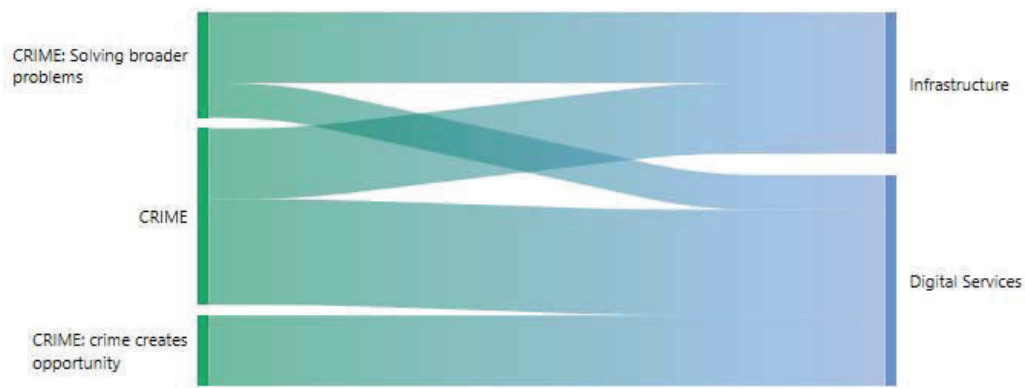
Despite South Africa's reputation for high crime, it was the American participants P2ASUSA who gave vivid and detailed accounts of how crime has affected customer engagement in a positive way:

our database is fat from two other huge systems and I was able to help them (THE POLICE) take out all the family members that were restrained from children because of abuse

The education sector did not add to the category as shown in Figure 6. This could be because of the highly regulated environment and the general sensitivity around the target market and crime as a national interest.

Figure 6

Cross-sector analysis: Crime



Source: Author's own

- Conclusion

Crime and its effects are positive in relation to customer engagement in two ways, firstly by creating an opportunity for additional services and secondly by creating a more meaningful and valuable relationship by helping customers.

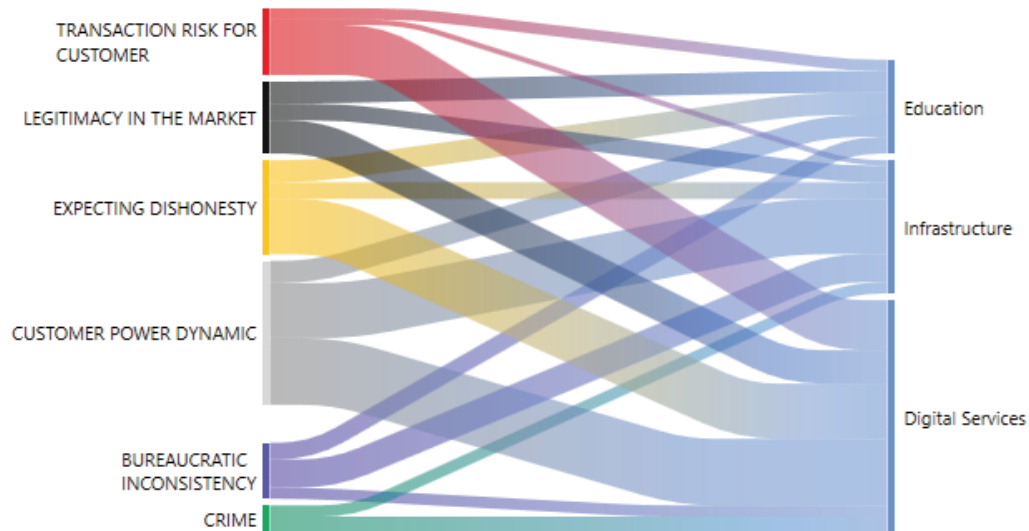
5.6.7 Conclusion for Research Question 1

The elements of the institutional environment that impact customer engagement are two dimensional as seen from the perspective of both the customer and the individual employee of the organisation illustrated in figure 7.

Both parties are respectively influenced by the elements of the context they operate in.

Figure 7

Categories associated with industry section



Source: Author's own

The sector the participant belonged to had an influence, in some cases, on the relevance of a particular category, but not in the way that the participant-related the effect of the influence of the institutional environment nor by contradicting what other participants related.

5.7 INSTITUTIONAL EFFECTS ON CUSTOMER ENGAGEMENT INITIATIVES

The elements of the institutional environment's effects on customer engagement were discussed in section 5.6. This section expands on this theme by exploring the influence of the institutional environment on specific engagement strategies. Table 21 below summarises the code categories that relate to research question 2

Table 21

Effects of the institutional environment on customer engagement initiatives

Research Qestion 2. Effects of the institutional environment on customer engagement initiatives		
Categories of Codes	Grounded	Section in document
RESPONSE TO TRANSACTIONAL UNCERTAINTY	36	5.5.1
TRUST UTILITY IN RELATIONSHIPS	24	5.5.2
INEFFECTIVE ENGAGEMENT INITIATIVES	23	5.5.3
JINGOISM	20	5.5.4
SUPPORTING RELATIONSHIP	13	
CRIME AND ENGAGEMENT INITIATIVES	12	
EMOTIONAL RESPONSE	10	

Source: Author's own

The following categories were left out because of the inconsistency of the participants in the various sectors and because variations of these categories are reported on in other sections. The categories are:

- Supporting relationship,
- Crime and engagement initiatives
- Emotional response

5.7.1 Response to transactional uncertainty

Transactional uncertainty is the result of the individual’s perception of risk created by the context of the transaction. In response to this risk perception both customer and organisation respond by relying on mechanisms that aim to mitigate the risk. Table 22 summarises the codes associated with this category.

Table 22

Codes associated with transactional uncertainty

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
Certainty cultural mechanism	2	1	2	5
Certainty mechanism in relationship	5	2	8	15
Certainty mechanism in the deal	3	0	3	6
Certainty mechanism through referrals	6	4	0	10
Totals	16	7	13	36

Source: Author’s own

- Evidence

Transactions are a great opportunity to build deeper customer engagement, but the nature of the transaction introduces uncertainty. Trying to manage the negative effects of this uncertainty forms the basis of this category. An examination of the various mechanisms reported by the participants revealed a cultural bias as show by participant M2SOUTHAFRICA:

I don't communicate well with I mean without sounding like I'm being biased I would prefer not to buy from China because there's a language barrier it's difficult to communicate your problems and your needs

On closer examination the above statement is not about language but rather about the interaction strategy if “problems” and “needs” arise, most likely during the transaction itself. The

participant is expressing a preference for a cultural context in which communicating these problems and needs would be expedited.

This bias can be applied broader as illustrated by the quotation below from D2UCONGO:

In Kenya they will not buy locally-made toilet paper irrespective of price, called Shelley, they think you should take the toilet paper that's branded and made in Europe. And again if you afford it there's nothing wrong with that and if you can afford it you will not buy local. It's not about the toilet paper being better it's all about culture and the culture tells you that if you wanna be recognised, You have to buy specific

Both preferences ignore the actual situation by creating what can be referred to as a mechanism or bias to protect against uncertainty. Trusting the person you are transacting with is crucial when other elements of the transaction are uncertain as seen by the comment from M2SOUTHAFRICA as *“and so that's why it's so important that they deal with people that they can trust”*

The statement also reveals that interpersonal trust means protecting the customer's interests because of the relationship as shown by A2DUSASA:

easiest way to get them involved was not when all I was doing was trying to get them to sell them the spiel and the hype

The following remark indicates the importance of relationships and how the lucrative nature of the deal does not replace the interpersonal dimension of trust, illustrated by F1JWSOUTHAFRICA.

And I was like I've never met these people they just gave me four million rand, I still don't at this point actually trust them even though they gave me 4 million rand but I delivered the stuff and signed off on the project and the project worked out and it's still an ongoing thing and it goes from project to operation but yeah, I still don't trust them

- Analysis between participants

All of the participants mentioned the uncertainty that was inherent in the transactions and ways that this uncertainty was addressed. No participant mentioned a legal element, which was surprising.

There was a consensus around the individual dimension that formed part of the transactional uncertainty as a strong element of building trust and managing uncertainty, as related by P3TNAMIBIA below, especially when it comes to referrals from trusted connections:

because people tend to listen to other people, it's because the world is very cynical and we tend to have heard it all but we do tend to listen to those people we have in our lives and that's where our opinion is

Or trust in shared reference for a tradition like a handshake as seen by the comment “*that handshake or that sign-thing its, their is a form of commitment, from both sides.*” from PLP1USA

The relationship that results because of shared understanding then becomes essential to respond to the negative elements of uncertainty in the transaction by F1JWSOUTHAFRICA

I would say for new customers you need to understand each other you know how my relationship is that in any other relationship when it's new you need to know exactly what boxes to tick, what makes this customer angry how do they operate you know it's the beginning of this relationship.

One respondent did illustrate how structuring the transaction in a certain way can protect the organisation from uncertainty. Further probing showed that he was unwilling to implement the remedy, as it would make further engagement difficult:

...they have software that they subscribe to monthly and I can turn that software off tomorrow I can turn it off right now it would take me a second to turn their software off... I'm still chasing them to pay that and I don't want to and I don't want to

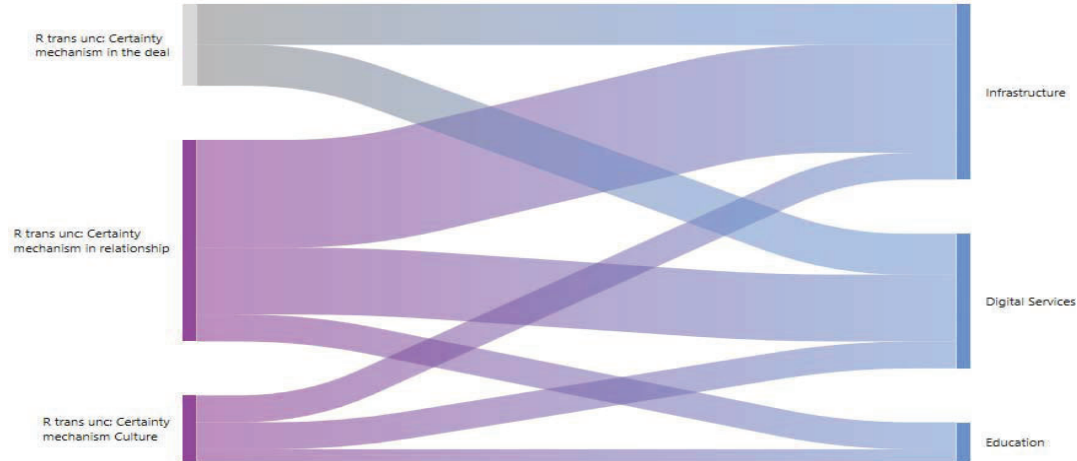
- Cross-sector analysis

Figure 8 shows the codes as they relate to each industry sector. The responses were consistent across industries, with the exception of the education sector, which did not include responses that relate to certainty through manipulating or structuring the deal. In the education sector it is typical for the customer service department to handle the actual transactions independently from

the sales and marketing function; this might begin to explain why participants did not mention these elements.

Figure 8

Cross-sector analysis: Transactional Uncertainty



Source: Author's own

There were no responses relating to a certainty mechanism in the deal. This might be because of the high-level business-to-business sales model that is common in this sector.

- Conclusion

Transactional uncertainty is heavily influenced by the context of the transaction, and this is emphasised when the role players are unfamiliar with each other – both on an individual basis, and then also at a higher cultural level. The participants highlighted the importance of interpersonal relationships as having the strongest positive influence.

5.7.2 Trust utility in relationships

Customer engagement initiatives take place in a specific social framework that either increases or decreases general trust. Table 23 shows the codes associated with the category.

Participants gave valuable insight into the role that relationships play in generating trust. Building trust through customer engagement initiatives focused on specific areas in response to the uncertainty created by the external environment. One of the key insights was the need, in an uncertain environment, to be able to break the rules for customers by being flexible and doing special favours.

Table 23

Trust utility in relationship

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
Customer value in Relationship	0	0	2	2
Relationship before rules	5	6	5	16
relationship means being honest	0	1	3	4
Relationship means listening to them	0	2	1	3
Totals	5	9	11	25

Source: Author's own

- Evidence

Building trust through a relationship means being able to respond to customers individually as shown by C2PANAFRICA:

if there was an issue you go talk to the store manager he calls us by name or don't worry we'll give you another or give you a refund that kind of relationship,

Even if it means bending the rules for customers as related by M2SOUTHAFRICA:

We work very strictly... they show up quite simply just on the order is still half way through the system but then they just shows up. but then we make sure that they don't drive away there is always a bit of our products on our floor space

These special favours are expected by customers, PLP2SOUTHAFRICA shows how this is especially in an environment where uncertainty is high:

Other than that I think as South Africans we know how to survive among great adversity if we know something needs to be done we just do it maybe we not as regulated as say for instance Australia

And this example speaks about customers not paying on time as seen by the quote from F1JWSOUTHAFRICA *“I know they're struggling with cash flow and I would say, how could I help”*

Or wanting to make changes to a standard product related by P2ASUSA:

*if your product is Crummy and you can't justify the cost... and she said they won't let me make changes and I said with my products you can make all the changes you want
Ultimately relationships also means being honest and upfront about what is possible and the timing around projects.*

What makes this particularly difficult is when the subsidiary does not have the final say as P3TNAMIBIA shows in the quotations below about the South African head office not communicating with the subsidiary who depends on them and made promises based in the information they received:

that's what happens when in a big company the boss has passed the buck they don't want to accept responsibility just accept responsibility and acknowledged mistakes and you will keep the company and she will keep that customer but once you pass that buck people are planning and you're not going to win that customer back.

- Analysis between participants

The notion of being flexible in your rules to accommodate a customer was strongly reported on by all candidates. Once participant illustrated that this bending of rules should apply to customers too:

like de Beers, normally will take an 80% deposit and the balance on completion, but de Beers was unhappy about that so we had to go back and say, like guys we are buying stuff that are only for you that's only for you, we can't sell it to anyone else, so we can't go and expose ourselves 100%. So we had to go back and say ok with 40% would 40% work for you and they agreed

- Cross-sector analysis

Out of the four codes making up the category none of the sectors shared all the codes except the code relating to relationships before rules as shown in Figure 9. A participant from the

infrastructure sector, which operates in a heavily regulated environment, explained what it means to bend the rules as follows:

We play within the boundaries but you know I think we try not to step on necessarily on people's toes and work within your boundaries but in the process, you're trying to eliminate as much red tape as possible.

Figure 9

Cross-sector analysis: Trust utility



Source: Author's own

Conclusion

Trust is critical in the commercial relationship and surprisingly customers expect this trusting relationship to mean that will be given favours and flexibility by the organisation, which should be willing to bend the rules for them.

5.7.3 Ineffective engagement initiatives

Table 24 summarises the codes associated with the category Ineffective engagement initiatives.

Participants' feedback on this aspect of customer engagement initiatives was organised into codes relating to ineffective engagement initiatives.

The medium of the initiative is relevant: a message that is not relayed to the customer and that ultimately does not involve the customer by gathering feedback impacts engagement initiatives.

Table 24

Codes that make up Ineffective customer initiatives

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
Confusion in the message	3	3	3	9
Confusion with engagement strategy	1	8	3	12
spray and pray strategy	2	0	0	2
Totals	6	11	6	23

Source: Author's own

- Evidence

Not gathering information or involving customers in co-creating engagement initiatives that are specifically relevant to them is described by one participant as follows from A1KUSASA:

no one really listens to them (Customers) there is so much more that one can do and I am trying to get that message across but that is just a fight between me and him (Head office) that I will eventually win.

Not listening to customers around engagement initiatives result in the wrong choice of medium used as shown by P2ASUSA's comment:

there's two millennials that work for us and they send them a video and my old guys don't understand how that works if they get that's not their culture there's two separate cultures going on and it's really interesting and my boss and I am having some real issues with that because he prefers the millennial way of doing things by sending them a video and then go from there but that's not what my people want and it's gotten very complicated ...

More directly, the following quote from the same participant illustrate how the message should be relevant as shown by *“Because they would look at the presentation and say oh that’s nice, but what does that mean”*

- Analysis between participants

Individual participants related strong cases for the failure of initiatives being their inability to adapt initiatives generated by a foreign corporate head office. The response from A2DUSASA, who represents a South African subsidiary of a large multinational enterprise based in the USA, was:

I know in America for example if you're a student there's a retail price and then there's an education price there's no paperwork required there's no barriers to entry there's no validating it doesn't exist it's just automatically there when you're coming with the student card and you showing that then there's no fraud and there's no rate of frauds so there's no barrier it just works right so the choice about South African landscape.

The above response shows that one of the ways that the initiatives need to be adapted is around the institutional environment of the individual country. Failing to do so leads to confusion in the engagement initiative’s message and choice of medium.

- Cross-sector analysis

The responses in this category were close to uniform in their reporting on the local relevance of the message and initiative strategy. Figure 10 visually illustrate this.

Figure 10

Cross-sector analysis: Ineffective customer initiatives



Source: Author’s own

- Conclusion

Ineffective engagement initiatives result when either the company is not responding in sympathy to customers' needs around relevance, or where there are policies that the company follows internally that stops a subsidiary from adapting initiatives to be relevant to the institutional context of the customer's country.

5.7.4 Jingoism

The choice in category name expresses the strong emphasis placed on the codes listed in Table 25 that make up the category Jingoism. Although the term jingoism cannot be used in its original meaning in the context of this category, the concept captures the emotional setting of the codes that relate to this category.

This category speaks to participants, sometimes emotional, reaction to the idea of others or out-group interactions.

Interestingly it highlighted employee ability to "just do business" and comply with the organisation's requirements but choosing to not build deeper or more meaningful relationships with members of the out-group despite the benefits this would have for the company.

Table 25

Codes associated with the category jingoism

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
Country of origin	1	0	2	3
Cultural bias justification	3	0	3	6
Cultural Subsidiary at odds with head office	1	2	0	3
Just doing business	2	0	0	2
Negative: HQ Country Reputation	2	0	1	3
Negative: Country reputation	2	0	1	3
Totals	11	2	7	20

Source: Author's own

- Evidence

The word jingoism cannot be applied in its true sense, since some of the participants spoke about the negative reputation of the head office as in the following example:

I did a course on import export a few years ago 20 years ago and I know the South Africans had a reputation then of being bad players so it was interesting if you buy stuff from overseas you get very little credit as a South African

Or just the general country reputation as seen by “*it's like I don't trust corporate South Africa definitely not*”

This negative country reputation stops the headquarters of the company from building relationships with other companies in countries with a stronger institutional environment:

Trust is such a critical thing for our customers and it took a long time and a lot of negotiation for our German partners for example he actually lives in South Africa but he's German to help us build trust

It is also used by customers in one country to justify not buying from another, as in this example where the participant explains why he will not buy his supplies from Chinese manufacturers:

but it's not working on us because we need to sell quality products and if they can't convince you if they can't physically show you their products were not gonna buy

- Analysis between participants

The response of the respondent from the Democratic Republic of Congo's did not match the rest of the participants. This might be because the Congo's institutional environment differs significantly from D2UCONGO as seen in this example:

it's different, they will buy whatever they want and whatever they can afford, usually these people buy from South Africa and Europe.

But the respondent did continue with a response that matched the South African participant, PLP2SOUTHAFRICA's views of a kind of reverse jingoism in *"they will just buy the imported product they don't even look at the local product irrespective of the price."*

- Cross-sector analysis

The digital services sector and infrastructure sector showed remarkable similarities as illustrated in Figure 11, but the education sector showed relevance in only the subsidiary and head office relationship conflict.

This might be because of the applied nature of both the digital services sector, which solves specific client problems on a case-by-case basis and the infrastructure sector, which mostly works through tenders with very specific specifications. While the education products are mostly customisable and imported products for their customers.

Figure 11

Cross-sector analysis: Jingoism



Source: Author's own

- Conclusion

The participant feedback points to the importance of home country reputation as a barrier to cross-country engagement initiatives. Further, the in-country institutional environment plays a role in how imported customer engagement initiatives need to be adapted. Implementing global engagement initiatives causes conflict between the subsidiary and the head office and results in failed customer engagement strategies.

5.7.5 Conclusion for Research Question 2

Most of the categories linked the influence of vulnerability as created by elements of the institutional environment. This vulnerability is mitigated by trust, and specifically a trusting interpersonal relationship in either the form of referral from or to the customer’s network or by building a trusting interpersonal relationship with employees at the company.










Overall, participants felt that the success of customer engagement initiatives was heavily influenced by the relevance of these initiatives to the customer. This need for relevance sometimes put the head office and subsidiary at odds with each other if a global policy is implemented.

5.8 ADAPTING CUSTOMER ENGAGEMENT INITIATIVES

This section concludes the findings with this last research question summarised in Chapter 3. This section explores the feedback from participants on how engagement initiatives are adjusted or created to consider the institutional environment. The categories relevant to Question 3 are summarised in Table 26.

Table 26

Categories associated with Research question 3

Research Question 3		
Effects of the institutional environment on customer engagement initiatives		
Categories of Codes	Grounded	Section in document
INTERPERSONAL NOT ORGANISATIONAL		81 5.8.1
EMPLOYEE ATTITUDE		45
CREATING ADDITIONAL VALUE		44
EMBEDDEDNESS		35 5.8.2
FEEDBACK DRIVE CUSTOMER ENGAGEMENT		32
RELEVANCE		29 5.8.3
ALIGNED VALUE		27
MANAGE EXPECTATIONS TO BUILD TRUST		21 5.8.3
BUILDING TRUST		18

Source: Author’s own

The following categories were left out because of their inconsistency in adding value in adapting engagement initiatives. These categories were also reported on in some form or other in the previous sections. The categories that were included are:

- Interpersonal not organisational
- Embeddedness
- Manage expectations to build trust

5.8.1 Interpersonal not organisational

Participant feedback points to the importance of taking the time to establish a rich interpersonal relationship between the customer and the employee as critical to engagement.

This long-term relationship building has no commercial value for the organisation initially and the relationship is managed by the individual employee who has the connection.

Just like the customer chooses to engage on a deeper level with the company, so too does the employee choose to engage with customers, irrespective of what the organisation's needs are or the engagement initiatives devised by the company.

Interestingly, this deeper engagement can have negative consequences for the company, as employees give special treatment to customers, and, secondly, this might induce customers to expect the organisation to make concessions for them that might not be in the company's best interest.

Engagement is also an emotional process that heightens the emotional response from customers, causing additional reputational risk when things go wrong. Table 27 shows the codes that are associated with the category of Interpersonal not organisational.

Table 27

Codes associated with Interpersonal not organisational

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
Interpersonal	18	24	16	58
Employees choose customers	11	0	4	15
long term relationship	2	0	1	3
Making the time	4	2	9	15
People buy People1	2	1	1	4
Relationships are not quick	1	0	1	2
Totals	27	27	28	82

Source: Author's own

- Evidence

Once relevance is established, customer engagement campaigns need to be about interpersonal relationships. Understanding that the quality of the institutional environment places emphasis on interpersonal trust and relationships forms a key construct for all the participants as shown by F2VONSOUTHAFRICA:

I said people buy people and the most important thing, and businesses trust people, people and trust this is mutual and trust builds up over time and I think when you take a real interest in people and their lives

Employees take this engagement personally: they feel they are adding value to the customer's life by broadening the impact they believe they are making as related in the following quote from F1JWSOUTHAFRICA:

it comes back to people's self-worth and how that flows to their personal lives how their businesses are run so it's actually quite complicated that's why I say people buy people

This need to feel that they are helping the customer gives great feelings of personal reward. The participant then goes on by relate how the relationship is personal to him too even though it is essentially a commercial relationship:

our company is a reflection of me the work I do is a reflection of me I'm on it 24/7 and I'm thinking about it whether I'm out playing golf it's like that call December 7 day weekend and I'm thinking about the business

The partnership between the employee and customer can be a source of value for the organisation, which can leverage the interpersonal relationship to get customers to participate or take a particular action in a customer engagement initiative as shown by the comments from P1WWGREECE:

that it was the personal relationship that I had with the customers... but anytime I ever got anybody involved was definitely when they were doing it for me it was like yeah well you did so much for me you make sure that I when I needed something I had it so I'm doing this for you now

But this relationship between the employee and customer can also be leveraged by the customer to the disadvantage of the company as illustrated by P1WWGREECE below, especially if a strategy is not perceived as in the best interest of the customer by the employee:

I'm not going to explain to my customers no! I was not going to do it it wasn't our job to start lecturing them about what's best for them

The participant went on to explain why she was unwilling to implement this initiative:

they just needed to have somebody that they could trust and they felt that they could trust me because I would always be honest with him

Another negative consequence for the organisation is when employees are expected by the customer to break organisational procedures to help them, as show by M3USouthAfrica:

we try to stick to our rules but also not to be too strict but most of our customers take chances, people take chances. But they also know that if they arrive here without the order number we will give them something

In all cases better customer engagement creates the potential for an emotional response by customers that can be positive or negative, and needs to be anticipated as shown by F1JWSOUTHAFRICA:

so I think once a customer has lost trust in a company it's very difficult to engage a person like that they feel it's a waste of time because nothing is going to come of it, so I think once a customer or a person has lost trust in a company it's difficult it's very difficult to re-engage your person like that this woman called me off and she said she hates her SUPPLIER she packed up the (SUPPLIER's) equipment, which was expensive, and put them in the trashcan and told them to come and pick them up

Finally, as C1JSPAIN shows below, building this relationship takes time and does not have commercial value in the beginning:

Its a longer term, nobody wins in immediately when when you're talking about developing Solutions There is not an immediate payback not for the customer and not for me, the company

- Analysis between participants

The motivation for most of the participants to engage with customers was about helping them. This created a feeling of self-actualisation. Interestingly, the participant from the USA built relationships because of personal competitiveness:

Some shitty guy in Chicago said no he doesn't need us and so I don't take no for an answer and you know he's one of our best customers now.

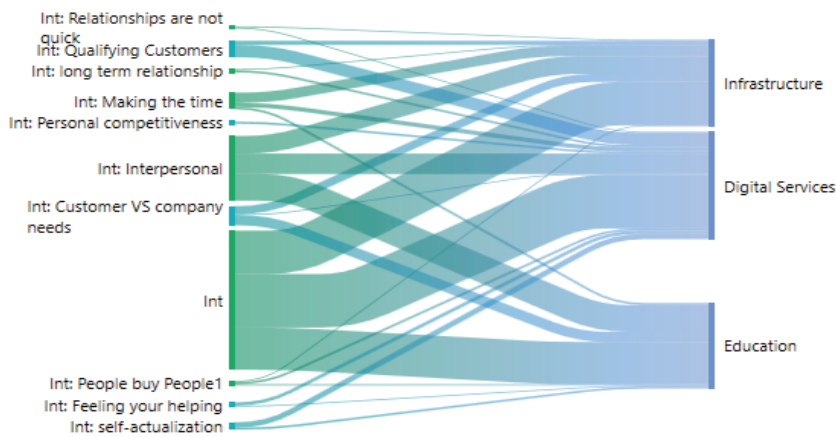
This response was unique and might point to a cultural value in the USA that places more importance on winning than helping in the reasons for building interpersonal relationships.

- Cross-sector analysis

Across the three sectors the notion of people buying people was consistently linked to the idea that building interpersonal relationships takes time. Only Infrastructure and Digital services reported on the interesting phenomenon of employees choosing which customers to engage with, and this might be a result of the unique characteristics of the sector as shown in Figure 12.

Figure 12

Relationship between codes and sectors



Source: Author's own

- Conclusion

Building customer engagement is interpersonal between the organisation’s employee and the customer. In the same way that customers choose to engage with employees, so too do employees choose to engage with customers. The reasons and importance of this engagement varies based on the quality of the institutional environment that impacts the importance of trust.

5.8.2 Embeddedness

Having the ability to adapt the business and product offering based on customer feedback has acknowledged advantages. The two facets of embeddedness and how they impact customer engagement initiatives are summarised as follows. Internal embeddedness is where the company has the ability to adapt initiatives based on the feedback from their customers, resulting in better engagement initiative success. And secondly, there is external embeddedness, where the organisation has strong relationships with stakeholders in the country that it operates in. External embeddedness facilitates the success of customer engagement initiatives by building the organisation’s general reputation in the market. Table 28 summarises the codes associated with the category.

Table 28

Codes associated with the category of Embeddedness

Associated codes	Digital technology company sectors			Total
	Services	Education	Infrastructure	
external embeddedness	1	0	5	6
Industry reputation	3	1	2	6
Internal embeddedness	3	1	2	6
Relationship ownership	1	2	1	4
subsidiary embeddedness	1	10	4	15
Totals	9	14	14	37

Source: Author’s own

- Evidence

Industry embeddedness has the advantage of creating commercially relevant relationships, M3USouthAfrica illustrate this with the below comment but similar remarks were made by a large part of the participants:

we even have an open relationship with our competitors we don't treat them as competitors but you do have a certain level of let you try and accommodate everyone because you never know if I'm headed in might become a customer who always want to have mutual respect and an open mind that someday they may be somebody that you might need.

These partnerships help the organisation build up a reputation in the industry sector that has benefits for customer engagement initiatives, as this participant from Spain, C1JSPAIN, relates:

good reputation reputation is not only the way that you make the business but also Also reputation in the industry being recognised as a leader On both sides that helps a lot that facilitates conversations, Engage into what I call co-innovations and discussions, that is important, Facilitation is also to help assist having a commercial relationship and the broader the relationship that exist the better, tight, What would I would say is reputation is the first thing, I How do you make business how do you deal with the supplies The integrity that you have all these things...

And another participant, F1JWSOUTHAFRICA's comments affirm the following:

I think that we've gotten a lot of things right especially in the industry, especially with (ORGANISATION), and like I said a lot of that is CEO she does phenomenal work... our CEO has done phenomenal work for this company she's really somebody that can bring people together And yeah I think those companies look up to her

Internal embeddedness refers to how a subsidiary can use the information and feedback that they receive to change engagement initiatives This element of embeddedness rely on the willingness of the company to receive feedback and make the changes. The comments from this participant A2DUSASA illustrate the reason why this feedback is important:

often as you like but there are those in your organisations that does have the proximity [To the Customer] and you can really tap into those resources and glean that information you can tap into your local sales team and glean that information

This helps facilitate the implementation of engagement initiatives, as seen in the following quotation from PLP2SOUTHAFRICA:

American Holding Company the initiatives that work there on not necessarily the initiatives that work in the subsidiaries and the navigation around that I've learnt a lot in the process and about never assuming anything. That's why you have to rely so heavily on the information you're getting from your channel Partners

- Analysis between participants

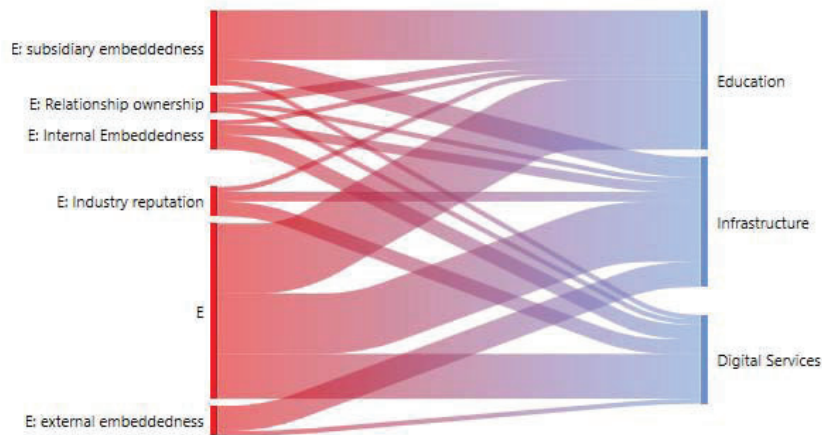
Across all the responses the importance of having a reputation in the industry or sector you work in was mentioned. The responses around each of the codes was consistent.

- Cross-sector analysis

Participants in the Education sector did not report on external embeddedness. Given that education has significant industry associations, conferences and examples of collaboration this was surprising and possibly the result of participants in this sector taking this kind of embeddedness for granted. Figure 13 below visually illustrates this.

Figure 13

Cross-sector analysis: Embeddedness and sectors



Source: Author's own

- Conclusion

Having partnerships with other role players in your industry sector builds the organisation's reputation, ultimately facilitating the implementation of engagement projects. Also, being able to implement the feedback from customers in the market through internal embeddedness facilitates the adaptation of customer engagement initiatives that make it more relevant to the particular market context.

5.8.3 sManage expectations to build trust

Being attentive to the needs and situation of customers means giving the right information at the right time. Doing so empowers customers to make choices. Engagement initiatives should promote a culture of managing the expectations of customers by being upfront about the value of the service or product and making sure that the customers do not have a misperception of what they can expect from the company. Table 29 summarises the codes associated with the category below.

For the participants, timing played a key role in the success of customer engagement initiatives.

Table 29

Codes associated with the category Managing expectations to build trust

Associated Codes	Digital Technology Company Sectors			Total
	Services	Education	Infrastructure	
Manage expectations of customers	7	3	2	12
Timing for the deal	5	1	3	9
Totals	12	4	5	21

Source: Author's own

- Evidence

The notion of under-delivering on promises as a strategy to increase engagement was a common theme and used to make sure that trust is maintained as note by M2SOUTHAFRICA:

we would have the things ready for them by Friday but then something happens and then my manager will contact them immediately and tell them listen will only get the service to you by Monday

This was further emphasised by the comments from another participant F2VONSOUTHAFRICA:

I'm anal about not over promising about actually explaining very carefully that we don't sell silver bullets there's a lot of things these stuff can't do and there's some stuff these stuff can do and lets make sure that in your head and your view that you must be 100% clear with that

When there is an issue, being honest about it and giving clear and timely feedback to the customer is important. Here P1WWGREECE explains how she will not break trust even though head office has instructed her not to inform the client of delays:

don't go in with the the company would go in and say don't tell them that to the customers and that it's not going to be on time but the truth is you have to always be honest

This theme of trust and its link to managing expectations was key, as seen in the feedback from PLP1USA:

get the trust of everyone so managing expectations and communicating and building that credibility that sort of doing what you said you were gonna do all that and build that trust it's that personal introduction it's building that trust it's the willing to walk away if there's no business case

- Analysis between participants

Participants associated with subsidiaries of their organisation showed that tension exists, as they are not always responsible for the cause of a delay or bad service as shown by PLP2SOUTHAFRICA:

it is annoying because we have to wait for these people [Head office] to approve something, usually it's always approved in the end though.

This idea was also expressed by another participant from Namibia, P3TNAMIBIA:

it can be something out of the control of the company if you take him maybe a foreign example all our products were sent from South Africa... the truck is still stuck at the border at Friday the 19th they don't care they will just say don't make your problem our problem you promised... and that's what happens when a big company the boss has passed the buck they don't want to accept responsibility

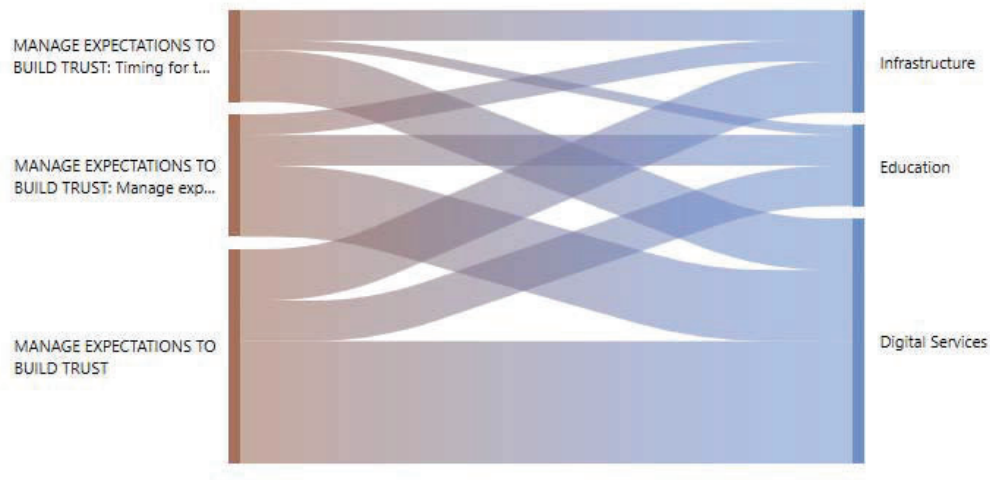
- Cross-sector analysis

Building partnerships with other industries in your environment was important for both the digital services and infrastructure sector. It could be that the participants from the education sector,

who operates closely with partners from the industry through various professional bodies did not have this concern as top of mind because of the natural embeddedness that the industry sector already enjoys. Figure 14 below shows the categories as linked to the industry sectors.

Figure 14

Cross-sector analysis of Managing expectations



Source: Author's own

- Conclusion

Managing expectations of customers is essential in maintaining trust. This strategy should be used to adapt initiatives to manage the expectations that customers might have around a product or service.

5.8.4 Conclusion for Research Question 3

The adaptation of customer engagement initiatives can be detailed. When explored through the lens of the institutional environment's influence, participants related certain elements as having the strongest effect. These were:

- Interpersonal relationships between individual customers and employees
- Relevance of the customer engagement initiative by the degree of embeddedness
- Being able to deliver on the commitments made by managing customers' expectations

Trust played an important role in influencing engagement initiatives differently based on how the quality of the institutional environment. In some cases it affected the company's ability to deliver on its commitments towards the customer. Customer willingness to participate in engagement

initiatives was facilitated by their interpersonal relationship with the individual employee. Surprisingly, not all engagement initiatives failed because the customer was unwilling to participate. It was reported how individual employees played a role in engagement initiative success by actively deciding not to engage with customer despite the obvious business case such a relationship would have for the organisation.

5.9 CHAPTER CONCLUSION

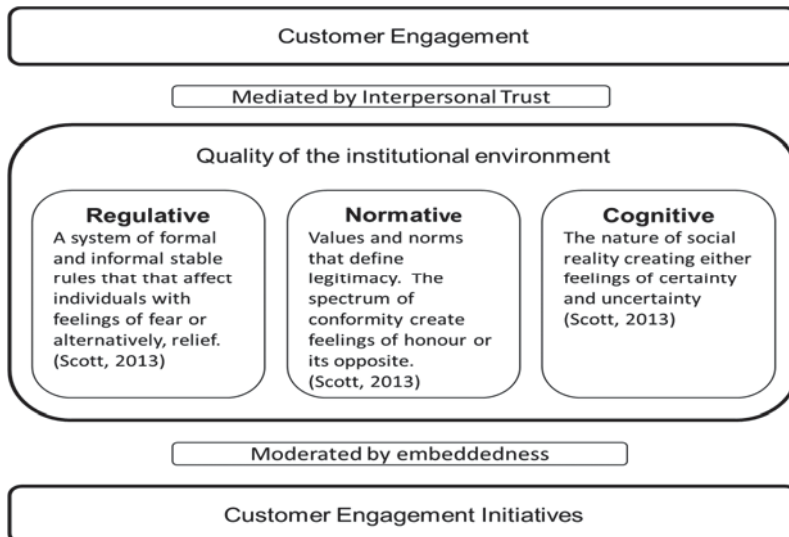
Expressed as various forms of vulnerability, participant responses can be summarised as an interplay of the actual environment, including the context in which the customer interaction played out, combined with a degree of the perceived associated risk for the customer that is inherent in any transaction but emphasised by the quality of the institutional environment. As the customer’s exposure to this risk context increases due to the quality of the institutional environment, the trusting relationship between the company and the customer becomes more emphasised, ultimately leading to the potential of positively impacting customer engagement in a deeper and more meaningful way. In this way institutional weaknesses can increase the difficulty of engaging customers but at the same time have a profoundly positive effect on the importance of customer engagement for both the company and customer.

5.10 CONCEPTUAL FRAMEWORK FROM FINDINGS

Figure 15 shows the adjusted conceptual framework of Section 2.5 based on the findings in Chapter 5.

Figure 15

Adjusted conceptual framework



Source: Adapted from Steinhoff et al. (2022)

CHAPTER 6: DISCUSSION OF THE FINDINGS

This chapter presents a discussion of the findings in Chapter 5. The main categories identified in the results of Chapter 5 are synthesised into themes that are explored against the current literature presented in Chapter 2.

Table 30 shows the main themes linked to the categories in Chapter 5 and organised according to the research questions.

Table 30

Research question 1. Elements of the institutional environment that influence customer engagement?

Theme 1. The institutional environment influences vulnerability choice

	Categories of Codes	Section	Emotion	Inst Category
RQ1	TRANSACTIONAL RISK FOR CUSTOMERS	5.6.4	Fear	Regulative
RQ3	INTERPERSONAL NOT ORGANISATIONAL	5.8.1	Honour	Normative
RQ2	TRUST UTILITY IN RELATIONSHIPS	5.7.2	Uncertainty	Cognitive
RQ1	EXPECTING DISHONESTY	5.6.2	Uncertainty	Cognitive

Research question 2. Effects of the institutional environment on customer engagement?

Theme 2. Company embeddedness results in relevance

	Categories of Codes	Section	Emotion	Inst Category
RQ1	LEGITIMACY IN THE MARKET	5.6.3	Uncertainty	Cognitive
RQ2	INEFFECTIVE ENGAGEMENT INITIATIVES	5.7.3	Uncertainty	Cognitive
RQ3	EMBEDDEDNESS	5.8.2	Honour	Normative

Research question 3. how technology companies adapt their customer engagement initiatives to consider the institutional environment.

Theme 3. Quality of the formal institutional environment emphasises managing customer expectations

	Categories of Codes	Section	Emotion	Inst Category
RQ1	BUREAUCRATIC INCONSISTENCY	5.6.5	Honour	Normative
RQ3	MANAGE EXPECTATIONS TO BUILD TRUST	5.8.3	Honour	Normative

Theme 4. Engagement happens when both the customer and the individual employee are willing to engage

	Categories of Codes	Section	Emotion	Inst Category
RQ3	INTERPERSONAL NOT ORGANISATIONAL	5.8.1	Honour	Normative
RQ3	EMBEDDEDNESS	5.8.2	Honour	Normative
RQ2	TRUST UTILITY IN RELATIONSHIPS	5.5.2	Uncertainty	Cognitive
RQ2	JINGOISM	5.5.4	Uncertainty	Cognitive

Source: Author's own, showing affective emotion, linked to institution and category

In a novel approach followed in this study, the descriptions found in Scott (2013) of the affective results of the three pillars of the institutional environment were assigned to each of the categories to link the specific institutional influence at play. Summarised as honour, fear and certainty and their respective derivative emotions, each of the categories were assigned to an institutional

pillar as shown in the above figure. This was done to track the institutional effect or pressure on the participant through the emotional dimension being described.

6.1 THEME 1. THE INSTITUTIONAL ENVIRONMENT INFLUENCES VULNERABILITY CHOICE

Customer engagement aims at creating a deep and meaningful relationship between the customer and the company (Hollebeek, 2018). Trust is both essential for a deeper relationship and the effect of a long-term relationship. This trust was expressed as vulnerability by relinquishing control in certain contexts to a trusted party. Table 31 shows the categories of codes associated with this theme along with the applicable institutional pillar.

Table 31

Theme 1. The institutional environment influences vulnerability choice				
	Categories of Codes	Section	Emotion	Inst Category
RQ1	TRANSACTIONAL RISK FOR CUSTOMERS	5.6.4	Fear	Regulative
RQ3	INTERPERSONAL NOT ORGANISATIONAL	5.8.1	Honour	Normative
RQ2	TRUST UTILITY IN RELATIONSHIPS	5.7.2	Uncertainty	Cognitive
RQ1	EXPECTING DISHONESTY	5.6.2	Uncertainty	Cognitive

Source: Author's own

All commercial interactions have risk associated with them, but the quality of the institutional environment has an impact on a society's general expectation of trust and heightens this risk awareness. This hinders the willingness on the part of both the customer and the organisation to choose to be vulnerable and able to build trusting relationships.

6.1.1 Summary of findings

From a customer's perspective, participants in this study expressed this risk perception as pertaining specifically to a fear of losing financially and a fear of losing reputation. Not acting in a way to mitigate these negative consequences comes from trust.

Financial risk perception can be aggravated by not having a formal recourse if the parties transacting do not honour their obligations. In an environment with strong regulatory institutions this risk is balanced out by formal recourses that are available to the aggrieved party. This builds safety into the transaction.

Secondly, reputational risk for a customer is heightened in a business-to-business context where the customer is reliant on the company to perform well, in order for them to then meet their commitments and obligations to their own customers or stakeholders.

In the business-to-business digital service sector participants related how even though a commercial engagement was mutually profitable some clients would be sceptical about the dependability of the other party. This resulted in the customer not trusting the company or the contact at the company. The lack of trust results in the customer relying on more control measures as a means to mitigate the risk or, from the company's side, being less flexible in relaxing measures of control. Both parties' actions of not moving towards vulnerability by lessening control in favour of trusting the other party resulted in a negative impact on engagement.

These results were from countries in Africa, but also included Greece – both regions known for institutional weaknesses. Participants from the USA and Spain did not prioritise this theme.

6.1.1 Related literature

Although vulnerability is not explicitly linked in research on customer engagement an argument can be made to link the concepts. All trusting relationships are based on a choice of vulnerability towards the other party. Vulnerability means giving up control and oversight to another party, expressed as trust (Potter, 2020). As customer engagement aims to create meaningful and mutually beneficial relationships with customers (Hollebeek et al., 2019), trust is essential – and this entails vulnerability.

Commercial transactions carry risks that manifest in various ways depending on the context (Gupta et al., 2018). This risk becomes more pronounced when the quality of the institutional environment means that the safety provided by the regulatory environment might not function well (Bouckaert & Van de Walle, 2003; Mari et al., 2022). This lack of trust in formal institutions plays out in a lack of general trust by individuals (Wang et al., 2019).

The effect of these phenomena is explored by Baek and Jung (2015), who show that interpersonal trust has a strong effect on an individual customer's commitment behaviour (Baek & Jung, 2015). More specifically, Li et al. (2020) strengthen this link and prove that a firm's ability to build customer engagement is significantly influenced by the customer's perception of trust.

6.1.2 Compare similarities and differences

The findings seem to be consistent with research on general levels of trust in society as influenced by perceptions of the quality of the institutional environment. Bringing in power dynamics as a result of this interplay is novel.

6.1.3 Conclusion

This study's findings expand on the current research on trust and customer engagement by specifically showing how the institutional environment impacts both the customer and organisation's willingness to be vulnerable. This is manifested in the willingness on the part of both customer and company to give up control and increase their risk in the transaction.

6.2 THEME 2. COMPANY EMBEDDEDNESS RESULTS IN RELEVANCE

Subsidiaries achieve better outcomes if they are able to be part of the multinational company's integrated knowledge base by actively informing and participating in sharing knowledge. This integration is made more difficult by institutional distance between the multinational company and the subsidiary. Implementing engagement initiatives without considering the local institutional environment creates confusion and apprehension of possible negative outcomes. Table 32 shows the categories associated with theme 2.

Table 32

Theme 2. Company embeddedness results in relevance				
	Categories of Codes	Section	Emotion	Inst Category
RQ1	LEGITIMACY IN THE MARKET	5.6.3	Uncertainty	Cognitive
RQ2	INEFFECTIVE ENGAGEMENT INITIATIVES	5.7.3	Uncertainty	Cognitive
RQ3	EMBEDDEDNESS	5.8.2	Honour	Normative

Source: Author's own ['categories']

6.2.1 Summary of findings

The institutional environment changes how messages and behaviour is perceived and might have unintended results if applied without adjusting to the context. Practically doing so could be hindered by a subsidiary's lack of autonomy to make choices that are not aligned with the multinational, or it could be that the message affecting the subsidiary is being shared through mediums that the company cannot control.

6.2.2 High-level summary of related literature

Research on subsidiary autonomy shows that the institutional distance between the subsidiary and the multinational enterprise increases the unidirectional control on the subsidiary (Xu et al., 2021). This lack of adaptability has a negative effect on customer engagement (Wang et al., 2019). Autonomy in decision-making by subsidiaries is not always based on the individual subsidiary's need but will be influenced by the degree of embeddedness (Chatzopoulou et al., 2021).

6.2.3 Comparison of similarities and differences

Recent customer engagement literature does not specifically reference the role that subsidiary autonomy plays in adjusting initiatives to account for the local context, but recent research supports ways that subsidiaries might consider adapting engagement strategies (Alvarez-Milán et al., 2018).

6.2.4 Conclusion

Relevance is expressed through various constructs in the literature on customer engagement. The findings of this study are consistent with the current literature on the importance of relevance for customer engagement. This study extends the current literature on customer engagement by bringing in the dimension of subsidiary autonomy in devising customer engagement initiatives. This autonomy is achieved through embeddedness.

6.3 THEME 3. MANAGING CUSTOMER EXPECTATION IS ESSENTIAL FOR CUSTOMER ENGAGEMENT

Irrespective of the quality of the systems that the organisation might have in place, the external institutional environment can still affect the firm's ability to deliver consistent service. Service consistency is a fundamental driver in creating trust and engaged customers.

To lessen the risk of the institutional environment's impact on service interpersonal relationships with the individual customer contact is needed and an open communication strategy that manages the customer's expectations is crucial. Table 33 below summarises the categories associated with this theme.

Table 33

Theme 3. Quality of the formal institutional environment emphasises managing customer expectations

	Categories of Codes	Section	Emotion	Inst Category
RQ1	BUREAUCRATIC INCONSISTENCY	5.6.5	Honour	Normative
RQ3	MANAGE EXPECTATIONS TO BUILD TRUST	5.8.3	Honour	Normative

Source: Author's own

6.3.1 High-level summary of findings

This theme speaks to the formal institutional environment where the quality of especially the regulatory pillar of the institutional environment affects businesses by supporting a bureaucracy that applies rules or services inconsistently, which affects the business's ability to offer consistent service. Managing customers' expectation by giving relevant information was one strategy; the other was to have quality interpersonal relationships with individual customers.

6.3.2 High-level summary of related literature

Service consistency is noted as having a significant impact on trust and customer engagement (Gupta et al., 2018; Kumar et al., 2019). Utilising interpersonal relationships between employees and customers is one way that Kumar et al. (2019) suggest a level of consistency can be brought into an inconsistent environment or context.

6.3.3 Comparison of similarities and differences

The result of this theme is consistent with current literature on customer engagement in an institutional setting that leads to inconsistency in service delivery.

6.3.4 Conclusion

Authors such as (Kumar et al., 2019; Steinhoff et al., 2022; Wang et al., 2019) explore the role that the institutional environment plays in service inconsistency. Although service inconsistency is a hinderance to customer engagement, engaging with customers in a trusting relationship also moderates the negative effects that the institutional environment has on the firm's ability to deliver consistent service. This increases the importance of customer engagement for both the customer and the organisation.

6.4 THEME 4. ENGAGEMENT IS INTERPERSONAL NOT ORGANISATIONAL

Customer engagement aims at creating a deep and trusting relationship between the customer and the organisation. In complex settings this relationship is built through the interaction with service staff that might be dedicated to the individual customer. Acknowledging that relationships are reciprocal means employees also choose whether to engage with customers.

Customers can reap benefits that are at odds with the organisation's goals by putting pressure on employees through social obligation, or this can be done voluntarily by employees through altruistic behaviour. Table 34 below summarises the categories that relate to the theme.

Table 34

Theme 4. Engagement happens when both the customer and the individual employee are willing to engage

	Categories of Codes	Section	Emotion	Inst Category
RQ3	INTERPERSONAL NOT ORGANISATIONAL	5.8.1	Honour	Normative
RQ3	EMBEDDEDNESS	5.8.2	Honour	Normative
RQ2	TRUST UTILITY IN RELATIONSHIPS	5.5.2	Uncertainty	Cognitive
RQ2	JINGOISM	5.5.4	Uncertainty	Cognitive

Source: Author's own ['employee'; 'categories']

6.4.1 High-level summary of findings

Interpersonal trust between the customer and individual employee has value for the customer, employee and organisation alike. In a context where the institutional environment is not conducive to developing trust, or where the formal environment does not offer protection against the risks associated with a commercial relationship, individuals seek security in other forms such as interpersonal relationships.

In most cases this relationship helps to introduce flexibility that makes applying company rules less rigid, or where the customer might favour the organisation despite other options being available.

This relationship between the customer and employee can also have negative implications when the employee places the customer's needs above that of the company, or alternatively when the customer shows loyalty to the employee and not the company.

6.4.2 High-level summary of related literature

Employee engagement, defined as the employee's multifaceted commitment to the organisation, is largely a product of the interpersonal relationship between employee and customer (Li & Hsu, 2018). The benefits of customer and employee relationships include motivating employees to innovate in their roles (Gupta et al., 2018). Customer engagement aims at creating a deep and trusting relationship between the customer, and the organisation and the employee plays a critical role in facilitating this (Li & Hsu, 2018). In complex settings, this relationship is built through the interaction with service staff who might be dedicated to the individual customer. The two main benefits for the organisation in this research were the following.

First, the uncertainty in the institutional context impacts service consistency. Relationships between employees and customers can mitigate this environmental inconsistency by bringing consistency into the service interaction (Kumar et al., 2019).

Secondly, engaged employees are more inclined to go above their role's remit to solve customer problems. This makes it essential to have strong employee–customer relationships (Chandni & Rahman, 2020).

6.4.3 Comparison of similarities and differences

Acknowledging that relationships are reciprocal means employees also choose whether to engage with customers. This choice and its impact on customer engagement has not been well explored.

Secondly, the negative implications of customer engagement are mentioned by some authors. However, employees placing a higher value on the customer's needs over the company's needs is under-researched.

Finally, the results of this study may contradict previous research such as Hollebeek (2018) who places the emphasis on culture and specifically the collectivist or individualist elements of it, to explain the importance of individual interaction, called interpersonal interactions in this study. The results of this study shows that the emphasis on the individual interaction with the brand, expressed as an interpersonal relationship between the customer and the employee, was seen by participants as predominantly driven by the quality of the institutional environment

Similarly, Hollebeek (2018, p. 46) postulates that “consumers displaying mostly individualist (collectivist) traits will focus their cognitive CE more on individual brand interaction attributes (holistic brand interactions) than consumers exhibiting mostly collectivist (individualist) traits,” corroborating the existence of differing cross-cultural CE dynamics.

6.4.4 Conclusion

This theme shares broad similarities with elements of customer and employee engagement and the benefit and disadvantages that this relationship might bring. It extends the current literature by contributing to an understanding of how the employee engagement that affects customer engagement is influenced by employee choice, and, secondly, how this engaged relationship can have negative implications that sees the employee prioritise the customer’s needs over the interests of the company. Finally, the results may contradict previous research findings that emphasise the cultural dimensions as predictors of the importance of interpersonal interaction in customer engagement by finding that the perception of the quality of the institutional environment places extra emphasis on interpersonal relationships.

6.5 CONCLUSION AND NEW PROPOSITIONS

The four themes identified in this study confirm or extends the existing literature on customer engagement and the influence of the institutional environment.

The institutional context places extra emphasis on the interpersonal relationship as a means of replacing the role of the formal regulatory environment. Through this relationship uncertainty is managed. This emphasis on the interpersonal relationship might not be as relevant in contexts with strong institutional settings and where the regulatory institutions offer some certainty.

Current research only focusses on the cultural dimensions that influence individual’s preference for an interpersonal relationship, in this study, participants showed that the perceived necessity of an interpersonal relationship in a commercial setting supersedes the cultural preference.

Secondly, the complex sales setting of the three industry sectors chosen for this study places additional emphasis on the interpersonal relationship that is essential in the transaction and sale of their products.

6.5.1 Research question 1: What are the main elements of the institutional environment that influence customer engagement

As section 6.1 showed, risk created by the quality of the institutional environment is lessened by either controlling the commercial process and interactions more closely or by choosing to replace the formal regulatory environment's utility with trust through interpersonal relationships. This trust utility is a choice of vulnerability and both the organisation and the customer choose to what degree and with whom they will allow this vulnerability by giving up degrees of control. From these findings the following proposition is offered:

Proposition 1. The institutional environment impacts the willingness of both the customer and organisation to engage by choosing to become vulnerable.

6.5.2 Research question 2. What are the effects of the institutional environment on customer engagement

The relevance of customer engagement initiatives and strategies are influenced by the institutional environment. This institutional pressure causes a spectrum of emotions connected to either fear, shame and confusion or a combination of them depending on the type of institutional pillar at play. Section 6.2 shows how subsidiary need does not ensure their autonomy in creating or adjusting customer engagement initiatives but rather their degree of embeddedness in the local market. This embeddedness also created relevance by better understanding the customer's context and being able to react to it to add additional value. This led to the following propositions:

Proposition 2. Subsidiary autonomy in customer engagement strategy and initiative design or adaptation increases customer engagement through relevance.

Proposition 3. Subsidiary embeddedness increases customer engagement through relevance.

6.5.3 Research question 3. Identify how technology companies adapt their customer engagement initiatives to consider the institutional environment.

The heightened importance of the interpersonal relationship to facilitate customer engagement is discussed in section 6.4. The quality of the institutional environment places extra emphasis on the risks involved in commercial relationships. These risks could be

- Inconsistency in the service because of external factors out of control of the company
- The fear of losing money, or damaging reputation

This heightened risk perception is mitigated by either increasing control in the relationship or by trusting the individual by lessening control and becoming vulnerable. This insight led to the following propositions:

Proposition 4. The institutional environment places emphasis on interpersonal relationships to facilitate service consistency over and above cultural preference.

Proposition 5. The institutional environment places emphasis on interpersonal relationships to facilitate customer engagement.

CHAPTER 7: CONCLUSION

This chapter concludes this research report by bringing the themes identified in Chapter 6 into the theoretical context created in Chapter 2 to answer the proposed research questions.

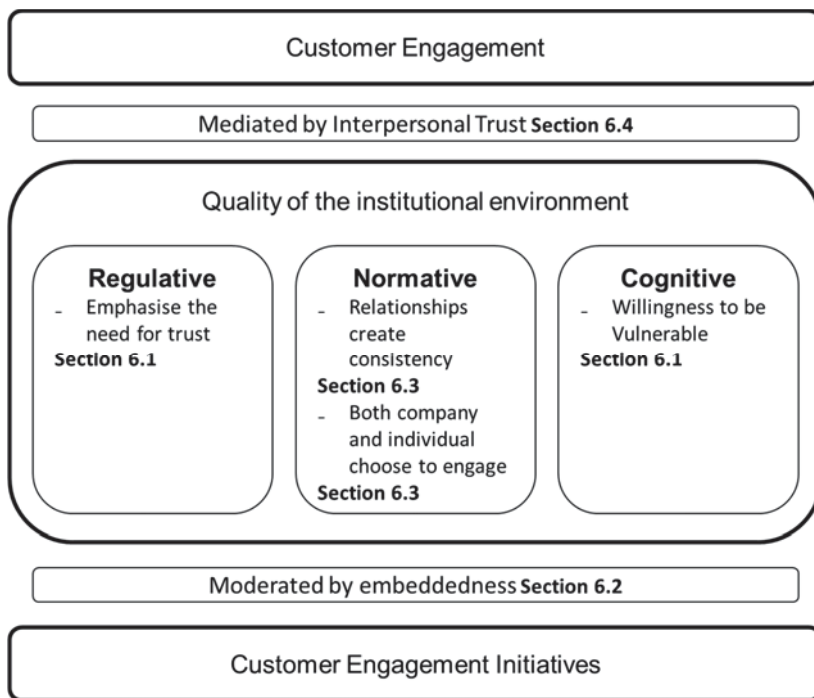
This study explored what the influence of the institutional environment is on customer engagement and customer engagement initiatives and contributes to the emerging body of research that links institutional theory to customer engagement.

7.1 PRINCIPAL THEORETICAL CONCLUSION

The conceptual framework developed in Chapter 2 was adjusted based on the results of the research process as presented in Figure 2. The rest of this chapter is organised according to the research questions in Chapter 3 detailing the findings of this research.

Figure 16

Updated conceptual framework



Source: Author's own; conceptual framework from Chapter 2 updated and linked to relevant sections

To answer the above question three sub-questions were derived. The question and the result from the research in this study is presented below.

7.1.1 Institutional influence on customer engagement

The institutional environment is, according to Scott (2013), made up of a normative, regulative and cognitive pillar that together create the rules that govern people's external relationships. The quality of the institutional environment has the dual effect of emphasising its influence in the same way that hygiene factors do in marketing by becoming more prominent when lacking in quality and, secondly, by the interplay between the three pillars.

As the regulative environment's influence lessens, the risk that is inherent in commercial relationships increases or is more pronounced (Wang et al., 2019). To mitigate this effect both customers and organisations can either increase control of the transaction and relationship elements to lessen vulnerability or they can emphasise the importance of trust (Kumar et al., 2019; Li & Hsu, 2018). This study extends the current literature by showing that it is through the choice of vulnerability, defined as voluntarily giving up control by trusting the other party (Potter, 2020), that true and meaningful engagement happens.

Research shows that both companies and customers choose to engage (Xu et al., 2021). This research further extends the literature by noting that engagement is then a choice taken by the individual employee irrespective of the company.

7.1.2 Institutional effects on customer engagement initiatives

As the institutional environment determines public social interaction the differences in institutional quality and arrangements in each region means that implementing an inappropriate customer engagement initiative will create an affected emotional response in customers. These responses can be traced back to the individual institution they relate to (Scott, 2013). Creating relevance is critical (Gupta et al., 2018; Kumar et al., 2019; Steinhoff et al., 2022), and the findings in this research support the current literature in calling for the local adaptation of customer engagement initiatives to be in sympathy with the institutional environment (Xu et al., 2021). Subsidiary embeddedness into the local context increases the likelihood of the firm being able to adapt or create localised customer engagement initiatives (Chatzopoulou et al., 2021).

7.1.3 Adapting customer engagement initiatives

Consistency in service is one of the principal antecedent factors for customer engagement (Kumar et al., 2019; Pansari & Kumar, 2017). Sometimes the conditions that influence the company's ability to deliver consistent service is out of the control of the organisation. This is

particularly applicable in the context where the quality of the institutional environment is low. In these cases interpersonal relationships between a dedicated employee and a customer can bring in an element of consistency (Kumar et al., 2019), and this research confirms the importance of the interpersonal relationship in managing customer expectations to ensure consistent experiences.

The second area that is relevant to this research question is the importance of the individual employee in customer engagement. Research done by (Li et al., 2020) shows the benefit of having employees who are engaged with the company and customers. These benefits include a drive to innovate and go beyond role expectations (Chandni & Rahman, 2020). This study extends the research by showing that employees also choose in their individual capacity whether or not to have a deeper and more engaged relationship with customers. Finally, customer and employee engagement can have negative consequences for the company. This study extends the research in emphasising how employees can in certain cases place the customer's needs above the company's interests by bending rules for the customer.

7.1.4 Summary

Customer engagement and customer engagement initiatives need to be adapted to account for the local institutional environment. The effects of the quality of the institutional environment are mediated by the interpersonal trust between employees and customers, while the quality of the institutional environment's effects on customer engagement initiatives is moderated by subsidiary embeddedness in the local context combined with the subsidiary's autonomy in adapting or creating customer engagement initiatives.

7.2 RESEARCH CONTRIBUTION

This study explores the influence of the institutional environment on customer engagement and customer engagement initiative effectiveness. It contributes to the emerging body of research that links institution theory to customer engagement, specifically, by identifying the elements in the institutional environment pertinent to customer engagement initiatives.

This research extends the literature by bringing in the additional negative effects that a company can experience as engaged employees place the customer's needs above the company needs.

Secondly, the study notes that it is not only the company that chooses who to have an engaging customer relationship with: employees also choose in their own capacity who they will engage with. This phenomenon is highlighted by the quality of the institutional environment that places

an extra emphasis on the interpersonal relationship. Finally, by exploring the importance of trust this research study refines the current literature on customer engagement by noting the importance of vulnerability and how the decision to be vulnerable is influenced by the quality of the institutional environment.

7.3 IMPLICATIONS FOR MANAGERS

7.3.1 Vulnerability

Customer engagement requires trust. A powerful strategy organisations can follow is to be willing to create spaces in which to be vulnerable towards their customers. This vulnerability will have a particular effect when brought into elements of the commercial transactions that have inherent risk.

7.3.2 Employee matching

Understanding that the individual employee's decisions play a significant role in customer engagement is insightful. Employees may choose to engage with a customer irrespective of what the company's policy or initiative is. Ensuring feedback on the employee and customer relationship could match employees to customers to ensure better and more meaningful relationships.

7.4 LIMITATIONS OF THE RESEARCH

The researcher had a limited time horizon to complete the study, which would have benefited from additional data from sources to support the findings outside of the complex digital sales environment. This limitation does not distract from the value of focusing on a complex sales setting as suggested by researchers in Chapter 2.

Although all interviews were conducted in English, a sizable number of foreign participants struggled with this medium and especially when expressing themselves using business jargon. Responses would undoubtedly have been richer and more complete if the interview was conducted in the individual manager's mother tongue. To compensate for this, the study included at least one other employee from the same company was included as a participant.

This research will benefit from a quantitative follow up study to empirically test the propositions that were created and ensure their validity and extent to which they can be generalised to a wider context.

7.5 RECOMMENDATIONS FOR FUTURE RESEARCH

This study refined and, in some cases, expanded on previous research.

The importance of an interpersonal relationship is emphasised when a weak institutional environment increases the perception of risk in transactions. Future research should explore this further by comparing country trust indexes to customer engagement models in the particular country

By including the element of vulnerability in customer engagement it suggests that future research might explore the relevance of vulnerability in countries with a strong institutional environment.

This study can also be expanded by including customers and their experience of customer experience initiatives to better understand the applicability of relevance and trust in building engagement. Finally, this research has devised four propositions that should be explored through a quantitative lens to verify the propositions and make the findings generalisable.

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APPENDIX 1: CONSISTENCY MATRIX

Consistency matrix linking literature and data collection tool

Research question	Literature review	Data collection tool	Data Analysis
Main research question: This study explores what the influence of the institutional environment is on customer engagement initiatives	Hameling et al. (2017); Kumar et al. (2019); Steinhoff et al. (2022); Wang et al. (2019)	Question 1 in the interview guide Semi-structured interview schedule using open-ended question	Thematic analysis of transcribed responses
Sub-question 1: What are the main elements of the institutional environment that influence customer engagement	Gupta et al. (2018); Kumar et al. (2019); Wang et al. (2019)	Question 1 to 3 in the interview guide Semi-structured interview schedule using open-ended question	Thematic analysis of transcribed responses
Sub-question 2: What are the effects of the institutional environment on customer engagement?	Gäthke et al. (2021); Kumar et al. (2019)	Question 4 and 5 in the interview guide Semi-structured interview schedule using open-ended question	Thematic analysis of transcribed responses
Sub-question 3: How do technology companies adapt their customer engagement initiatives to consider the institutional environment	Kumar et al. (2019); Wang et al. (2019)	Question 7 to 8 in the interview guide Semi-structured interview schedule using open-ended question	Thematic analysis of transcribed responses

Source: Author's own

APPENDIX 2: ETHICAL CLEARANCE

Dear Dean Erasmus,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

APPENDIX 3: INTERVIEW SCHEDULE

The semi-structured interview guide used in this study is shown in the below table. The table lists the factors that drive customer engagement: what are the factors that are driving the increase/decrease – externally, internally?

Link between research question, interview question and Chapter 2 literature review

Research question	Questions in interview schedule	Theoretical link to Chapter 2
	1. Other than buying, in what way do your customers help your company	Section 2.1.1 Harmeling et al. (2017) definition
Question 1. What are the main elements of the institutional environment that influence customer engagement?	2. What are the factors that drive this customer engagement	Section 2.1.4 Engagement drivers
	3. What are the factors that hinder or decrease customer engagement	Section 2.1.4 Engagement drivers
Question 2. What are the effects of the institutional environment on customer engagement initiatives?	4. When is it difficult to involve customers with an initiative	Section 2.1.3 Engagement process
	5. When is it easy to involve a customer with an initiative	Section 2.1.3 Engagement process
Question 3. Identify how technology companies adapt their customer engagement initiatives to consider the institutional environment.	6. In what ways are customers in other markets engaging with the company	Section 2.3
	7. What is stopping your customers from doing the same here	Section 2.4
	8. How should your organisation adapt initiatives to the local context	

Source: Semi-structured interview schedule, questions derived from the literature review in Chapter 2

**APPENDIX 4: THEMES LINKED TO CATEGORIES AND
CODES**

Codes linked to Themes

Codes	Categories	Themes
Fear of losing face Fear of losing money	TRANSACTION RISK FOR CUSTOMER	
Interpersonal Employees choose customers long term relationship Making the time People buy People1 Relationships are not quick	INTERPERSONAL NOT ORGANISATIONAL	Theme 1. The institutional environment influences vulnerability ch
Customer value in Relationship Relationship before rules relationship means being honest Relationship means listening to them	TRUST UTILITY IN RELATIONSHIPS	
Bad experience Corruption Expecting a negative experience Exploitive Self-interest Uncertainty around behaviour	EXPECTING DISHONESTY	
Breaking trust Referral as competitive advantage	LIGITIMACY IN THE MARKET	
Confusion in the message Confusion with engagement strategy spray and pray strategy external embeddedness Industry reputation Internal embeddedness Relationship ownership subsidiary embeddedness	INEFFECTIVE ENGAGEMENT INITIATIVES	Theme 2. Company embeddedness results in relevance
Manage expectations of customers Timing for the deal	MANAGE EXPECTATIONS TO BUILD TRUST	Theme 3. Quality of the formal institutional environment emphasises managing customer expectations
Out of our control Uncertainty and rules	BUREAUCRATIC INCONSISTENCY	
Interpersonal Employees choose customers long term relationship Making the time People buy People1 Relationships are not quick	INTERPERSONAL NOT ORGANISATIONAL	
external embeddedness Industry reputation Internal embeddedness Relationship ownership subsidiary embeddedness	EMBEDDEDNESS	Theme 4. Engagement happens when both the customer and the individual employee are willing to engage
Customer value in Relationship Relationship before rules relationship means being honest Relationship means listening to them	TRUST UTILITY IN RELATIONSHIPS	
Country of origin Cultural bias justification Cultural Subsidiary at odds with head office Just doing business Negative: HQ Country Reputation Negative: Country reputation	JINGOISM	

**APPENDIX 5: TEMPLATE OF THE INFORMED CONSENT
FORM**

Gordon Institute of Business Science

University of Pretoria

I am conducting research on what the influence of the institutional environment is on customer engagement. Our interview is expected to last *an hour*, and will help us understand establish what the main normative, cognitive and regulatory elements are that influences customer engagement.

Your participation is voluntary, and you can withdraw at any time without penalty. By signing this letter, you are indicating that you have given permission for:

- the interview to be recorded;
- the recording to be transcribed by a third-party transcriber, who will be subject to a standard non-disclosure agreement;
- verbatim quotations from the interview to be used in the report, **provided they are not identified with your name or that of your organisation**;
- the data to be used as part of a report that will be publicly available once the examination process has been completed; and
- all data to be reported and stored **without identifiers**.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: Dean Erasmus

Research supervisor name: Kerry Chipp

Email: deanerasmus2006@gmail.com

Email: chippk@gibs.co.za

Phone: 0740758333

Signature of participant: _____

Signature of researcher: _____