

Research Assessment Exercise 2020
Impact Case Study

University: The University of Hong Kong (HKU)

Unit of Assessment (UoA): 22. Business

Title of case study: Improving the Performance of Hong Kong Government Services through Customer Participation

(1) Summary of the impact

Because there was insufficient customer participation in government services, public services in Hong Kong may not be responsive to customer needs. Informing the improvement of public services to both citizens and businesses in Hong Kong has formed the basis of long-term research at HKU. Professor Bennett **Yim** and colleagues have made a major contribution to the performance of public services through the Hong Kong Government Service Excellence Index (SEI). **Yim** has led a series of longitudinal studies assessing citizens' satisfaction with 10 public services departments used by 95% of Hong Kong citizens (e.g., *Hong Kong Police*, the *Hospital Authority*). Through a novel index model methodology these studies have been instrumental in producing measurable increases in service performance that have led to improvements in public services affecting millions of Hong Kong residents and 400,000 licence applications from businesses employing over 6.8 million people. The research has directly shaped how gaps in services can be measured and identified, better delivered and developed. Impact has emerged from building long-term relational interactions with key government offices, underpinned by rigorous research.

(2) Underpinning research

The underpinning research comprises multiple studies led by **Yim** (Professor in Marketing at HKU since 2006). These studies cover three interrelated areas: customer sentiment index development; promoting customer participation; and strengthening customer loyalty.

- ***Measuring Consumer Sentiment/Customer Satisfaction and Developing An Index Model***

Research in this area (**Yim** et al. 2006 [3.1]) involves development of a consumer sentiment index that can be applied to identifying key drivers of consumer sentiment/customer satisfaction and deriving specific implications for improving consumer sentiment/customer satisfaction. This foundational research seeded two multi-year projects and the methodology for developing and estimating the model was published in an international journal indexed by Social Science Citation.

- ***Promoting Customer Participation***

Here research on customer participation (**Chan, Yim, and Lam** 2010 [3.2] and **Yim, Chan, and Lam** 2012 [3.3]) proposes and confirms the benefits of engaging service recipients in the value co-creation process of service development and delivery. The research provides compelling evidence that customer feedback helps service providers through increased customer satisfaction and productivity gains. It was published in *Journal of Marketing* (the highest ranked journal in marketing in 2018). These findings greatly influenced the Efficiency Office (EffO) and Economic Analysis and Business Facilitation Unit (EABFU) of the Hong Kong Government to engage in two multi-year projects led by **Yim** to improve public services for individual citizens and businesses. This research on promoting customer participation (now labelled as customer co-creation) continues and has been extended to consider its impact on building a customer-centric organization [3.4].

- ***Strengthening Customer Loyalty***

Research in this area (**Yim, Tse, and Chan** 2008 [3.5]) demonstrates that the inclusion of measurement of customer loyalty in addition to customer satisfaction enhances the effectiveness of customer relationship programmes. This represents a novel departure from prior research that focus exclusively on customer satisfaction. The study also confirmed the need to include hedonic measures such as 'customer-firm affection' in strengthening customer loyalty. The research was published in *Journal of Marketing Research* (second highest ranked marketing journal in 2018); and again influenced EffO and EABFU, who now include both customer satisfaction and customer

loyalty (or trust/praise) as measures of service excellence in the index models for the two multi-year projects.

(3) References to the research

The high quality of the research is corroborated by the quality indicators of the journal publications (e.g., impact factor, ranking, citations, awards) and peer-reviewed competitive grants.

- [3.1] **Yim**, C.K.B., Hung, K.K.H., Zhou, J.N., and Zhu, J. (2006), “Do Social Institutions Matter to Markets in Transition? Investigating Consumer Sentiment in China,” *Multinational Business Review*, 14 (2), 47-66. [Impact Factor = 1.489]
- [3.2] Chan, K.W., **Yim**, C.K.B., and **Lam**, S.S.K. (2010), “Is Customer Participation in Value Creation a Double-Edged Sword? Evidence from Professional Financial Services Across Cultures,” *Journal of Marketing*, 74, 48-64. (Awarded Best Services Marketing Article in 2010 by the AMA Services Marketing Special Interest Group.) [Impact Factor = 7.338; 2018 SJR Ranking: 1/178 in Marketing; Citations = 816]
- [3.3] **Yim**, C.K.B., Chan, K.W., and **Lam**, S.S.K. (2012), “Do Customers and Employees Enjoy Service Participation? Synergic Effects of Self- and Other-Efficacy,” *Journal of Marketing*, 76, 121-140. [Impact Factor = 7.338; 2018 SJR Ranking: 1/178 in Marketing; Citations = 217]
- [3.4] **Yim**, C.K.B., Chan, K.W., Tse, C.H., and Leung, F.F. (2019), “Customer Centricity and Customer Co-creation in Services: The Double-Edge Effects,” *Handbook on Customer Centricity: Strategies for Building a Customer-Centric Organization*, eds. R.W. Palmatier, C. Moorman, and J.-Y. Lee, 236-274. Massachusetts: Edward Elgar Publishing.
- [3.5] **Yim**, C.K.B., **Tse**, D.K., and Chan, K.W. (2008), “Strengthening Customer Loyalty through Intimacy and Passion: Roles of Customer-Firm Affection and Customer-Staff Relations in Services,” *Journal of Marketing Research*, 45, 741-756. [Impact Factor = 3.854; 2018 SJR Ranking: 2/178 in Marketing; Citations = 444]

Supporting Research Grants:

- **Yim**, C.K.B. (principal investigator), Yik, M., and **Tse**, D.K., “The Customer Satisfaction-Loyalty Relationship: A Re-examination and Extension,” Competitive Earmarked Research Grant (HK\$615,317) from Research Grant Council, Hong Kong Government, 2001-2003.
- **Yim**, C.K.B. (principal investigator), and **Tse**, D.K., “Customer Participation in Services: Conceptualization, Measurement, and Impacts on Service Outcomes Across Different Cultures,” Competitive Earmarked Research Grant (HK\$488,900) from Research Grant Council, Hong Kong Government, 2005-2008.

(4) Details of the impact

EffO and EABFU established two multi-year projects led by **Yim** to improve the performance of public services to individual citizens (2009-present) and business licensing companies (2012/13-2015/16), respectively. The EffO project covers services from ten government departments (e.g., Hong Kong Police Force, Hospital Authority, Immigration, Inland Revenue, Social Welfare). The EABFU project covers thirteen business licensing services (e.g., certificate of incorporation, business registration, general restaurant licence, plant import licence) from eight government departments.

Integral components of both projects were (1) engagement of customers through large-scale surveys of service users to assess their evaluations of the service; and (2) development of a service excellence index, benchmarking service performance across government departments and licensing services. A complete service improvement cycle was adopted for the two projects: (i) collecting service users’ evaluations; (ii) identifying priority areas and deriving strategies for service improvement; (iii) implementing service improvement initiatives by departments; and (iv) measuring impact of service improvements. Measurable increases in public service performance to

both individual citizens and businesses have been observed. **Yim** and his team carried out three of the four steps of the cycle, while individual departments implemented specific improvement strategies. The annual large-scale survey was conducted by HKU Public Opinion Programme (POP), a part of HKU that conducts citizen/customer opinion pooling on a regular basis, using a questionnaire designed by **Yim** et al.

The overall public service performance of the Hong Kong Government indicated by the overall service excellence index scores, showed a continual service improvement from 2013 (baseline year of RAE assessment period) to 2017 (with a drop in performance in 2015) [5.1]. The services offered by the ten major government departments covered by the EffO project account for over 95% of government services received by Hong Kong residents (projected from a random sample of 1,535 Hong Kong citizens conducted by the Public Opinion Programme between 27 March and 30 April, 2018). Therefore, the improvement in public services has affected millions of Hong Kong residents. Similarly, the overall performance of the Hong Kong Government licensing services to businesses, as indicated by the overall service excellence index scores, exhibited a clear improvement trend from 2013/14 to 2015/16 [5.2]. The services offered by the 13 business licensing services cover major government services to businesses in Hong Kong with high annual transaction volume and high impact on employment. Hence the service improvement has affected over 400,000 license applications from businesses employing over 6.8 million people in 2015/16 [5.3].

Senior officials from EffO (Ms. Susanna Y.S. Tsang) [5.4] and EABFU (Mr. Andrew Kwok, Head, Business Facilitation Division) [5.5] confirm that the two multi-year projects based on **Yim**'s research have had a major impact.

“Yim’s research is important in guiding the HKGov SEI project that has provided valuable information to the government in understanding Hong Kong citizens’ evaluations of public services and implementing effective strategies for continuous service improvement”. [5.4]

[The findings] *“have provided valuable information to the government to understand customer satisfaction and trust levels towards licensing service delivery from a customer perspective which facilitates identifying area for continuous improvement in business licensing services”* [5.5]

Examples of the reach and significance of the impact of this research include the fostering of **long-term partnerships which have improved performance of public services**. The main pathways to impact were through **Yim** and his team's efforts in establishing sustained partnerships with key government offices and his commitment to applying robust research methodology to the design and execution of the two multi-year projects. Confidence in this research has led to sustained investment and the decision to conduct consecutive projects guided by Professor **Yim**. The EffO project has been conducted annually from 2009 to 2018 and is expected to continue. The EABFU project has been conducted annually for four years from 2012/13 to 2015/16 and was suspended after 2015/16 because of the re-organization of EABFU. Kwok suggests that

“compilation of the HKBLSEI [Hong Kong Business Licensing Service Excellence Index] involved the formulation and estimation of a SEI model which was developed based on Professor Yim’s prior research on developing an index model, engaging customer feedback, measuring customer satisfaction and loyalty/trust, and incorporating a hedonic driver.” [5.5]

Similarly, Tsang corroborates that **Yim**'s research

“has contributed to improve performance of public services (of eight major government departments, Hongkong Post, and Hospital Authority) to individual Hong Kong citizens through the Hong Kong Government Service Excellence Index (HKGovSEI) project from 2009 to present.” [5.4]

The research has influenced and substantially changed **the design and execution of the two multi-year projects**. Prior projects conducted by EffO and EABFU involved only the collection of service users' evaluations on customer satisfaction. **Yim**'s research has significantly influenced the design

and execution of the two multi-year projects by (a) showcasing the benefits of applying the methodology for developing the consumer sentiment index model, (b) providing compelling evidence for promoting customer participation to improve Hong Kong Government services to benefit individual citizens and businesses, and (c) guiding the development of the index model that includes both customer satisfaction and customer loyalty/trust as measures of service excellence.

The methodological innovation of *including hedonic measures in the service excellence index model* represents a breakthrough in the sophistication of customer satisfaction studies. Yim's research shows how customers' hedonic or affective service experience has a significant impact on their loyalty/trust toward the service/service provider. This greatly affected the decision to include hedonic or affective measures of service attributes in the service excellence model. This feature or improvement of the model has been found to significantly increase the ability of the model to predict customer satisfaction (for all six business licences that included the hedonic measures) and customer loyalty/trust (for five of the six business licences that included the hedonic measures) in 2015/16.



(5) Sources to corroborate the impact

- [5.1] Table 1: Service Excellence Index Scores for Ten Major Hong Kong Government Departments (2013 – 2017).
- [5.2] Table 2: Service Excellence Index Scores for Thirteen Major Hong Kong Government Business Licensing Services (2012/13 – 2015/16).
- [5.3] Table 3: Number of License Applications and Employment Affected – Hong Kong Government Business Licensing Services (2015/16).
- [5.4] Letter from Ms. Susanna Y.S. Tsang (Efficiency Office, Chief Secretary for Administration's Office, Hong Kong SAR (HKSAR) Government) to corroborate the impact of the project to improve and benchmark Hong Kong Government services to individual citizens (Hong Kong Government Service Excellence Index).
- [5.5] Letter from Mr. Andrew Kwok (Head, Business Facilitation Division, Economic Analysis and Business Facilitation Unit, Financial Secretary's Office, HKSAR Government) to corroborate the impact of the project to improve and benchmark Hong Kong Government services to businesses (Hong Kong Business Licensing Service Excellence Index).