

## **Organizational Culture and Customer Loyalty: A Case of Harvey Norman**

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### **ABSTRACT**

Harvey Norman is an Australian company that offers broad product range for their customers. Customers are key element of success for a business. When customers get the satisfaction, they expect from the brand, it will result in customer loyalty indirectly. Therefore, our group decided to conduct a research on determining the key driver of having customer loyalty and satisfaction towards our company brand. Besides that, we would like to determine the relationship between customer loyalty and customer satisfaction. We aim to identify how would the variables be affected by the management culture of the company. The research methods used in this study include quantitative method and qualitative method.

**Keywords:** Harvey Norman, Australia, Broad Product Range, Customer Loyalty, Customer Satisfaction, Management Culture.

### **INTRODUCTION**

People in this modern world often seek for convenience and are on a fast phase in their daily lifestyle. Therefore, they would like to have a reliable, affordable and quality guaranteed place to shop for their needs. Organizations started to cope with the needs of society and came up with some creative and useful functions of a single shop which would offer a wide range of products. Shops offering wide range of products could fulfil the needs of consumers which they could get anything they need in just on stop. Nowadays, consumers can be freed from the hustle of traveling from one shop to another just to get a product. They could just make their research from one shop and get what they need from there.

Without all the upheaval, changing furniture can be as good as moving home. Sometimes the furniture we keep in our home can be so dated that it starts to become invisible. Adding a new sofa, chandelier or table can completely change the energy in home allowing people to re-invent it the way they want it. Besides, those looking to find a computer for the home will choose from the likes of an all-in-one desktop designed to help they stay connected and productive or a gaming computer that is built for performance. Harvey Norman is a great platform and shop to meet all the requirement of consumers.

Harvey Norman is an Australian based global vendor of furniture, electronics, and communication products. The company derives its name from its co-founders Gerry Harvey and Ian Norman who instituted the company in 1982. Harvey Norman has its headquarters in Homebush West, New South Wales, Australia. Harvey Norman is a retail icon in Australia with franchises all over the country. It has more than 260 franchised

stores in 8 countries around the globe such as Australia, New Zealand, Singapore, Malaysia, Ireland, Northern Ireland, Slovenia and Croatia. Harvey Norman Holdings Limited owned all the company-operated stores as Harvey Norman is a franchise-based company. Harvey Norman's operational structure is designed in such a manner that every single department is run by a different management entity. As such, most of the superstores that the company operates are a blend of several single businesses managed individually and contributing returns to Harvey Norman Holdings Limited by tenancy and transactions revenue (Psaros, & Seamer 2015).

As first, most of the company's stores are located in Australian based and the company start looking towards international expansion to drive its growth in the new century. The company established a strong presence in New Zealand and South Africa. Then, it has start targeted the nearby Southeast Asian market, which its initial launch in Singapore through its acquisition of control of that country's Pertama retail group in 2000 and Singapore quickly became the company's fastest-growing international market. In 2003, the company planned to open its first store in Malaysia and looking out for more expansion opportunities in Malaysia. Harvey Norman in Malaysia is operating under Elitetrax Marketing Sdn. Bhd. which is fully owned by Pertama Holdings Private Limited.

Harvey Norman is an organization that provide one stop service to fulfil the demands of customers. Harvey Norman emphasize mainly on their 4-in 1 concept which they selling product from 4 main categories that is electrical, computers, furniture and bedding. Harvey Norman carries a huge range of products ranging from the latest home entertainment systems and computing technology, to the most stylish and innovative home appliances available. Harvey Norman is aimed to provide the various kind of products that can meet consumers' needs and budget.

Harvey Norman become a household name and everyone is familiar with the slogan 'Go Harvey, Go Harvey, Go Harvey Norman'. Harvey Norman has strong ties with the local community, whether businesses, sporting teams, or charities. The Harvey Norman business delivers a consistently excellent customer experience across all platforms because it has a strong belief in the power of people, and pride in fostering a culture of support and diversity. The company attributes its success to its provision of excellent customer service, extensive product ranges, reliable devices, competitive prices, and generous credit terms. These attributes assist the company to satisfy the needs of individual customers based on their position on the needs pyramid.

Harvey Norman is a brand from Australia which emphasize mainly on their 4-in 1 concept. 4-in 1 concept. As a retailer, their products include electrical appliances, bedding, computers and communications, bathroom and home improvements, furniture, small appliances, carpet and flooring, and lighting. To meet the consumers' demands and needs, their products range from latest furnishing product and computing system, to the most innovative home appliances which bring convenience to people everyday life. The electrical and computers that sold by Harvey Norman are all major brands on latest technologies and innovations and the furniture are featuring exclusive quality products from Italy, Australia, USA and a lot more. You can find major brands of mattresses and bedding accessories at every store too.

Harvey Norman supply furniture for living room and dining room which consist of console table, side board and buffer table, coffee tables, sofas, side table, dining room sets, bar stools and so on. All of the furniture is provided in various kind of design, materials, fabric,

style to fulfil consumers' needs. Besides, this company sells electrical products and computers to meet the need for modernization. Consumers are able to get the latest model of the smart technologies, phones, and computers at Harvey Norman. People can also shop for cables, chargers, a Bluetooth headset, screen protector and more to enjoy all the versatility of the latest mobiles have to offer. To match up with today's technology, Harvey Norman also provide the reliable convenient systems in home applications which consists of kitchen appliances and small kitchen appliances, fans, washing machines and dryers, garment care, water heater and conditioner.

There are some unique services provided by Harvey Norman in Malaysia to attract people's attention such as comprehensive digital photo printing services. You can print and collect your digital photos in minutes at Harvey Norman Photo Centre which are located within Harvey Norman outlets. The comprehensive services include standard printing of digital photos in various sizes and creative adaptation to calendars, albums, greeting cards and frames. This service is a good way for Harvey Norman to attract their customers.

Harvey Norman oversaw the market opportunities in this industry. As years passed by, they owned 8 flagships in 8 countries over the world. Wide range of products offered by them became inimitable in the industry. Both the founder of Harvey Norman, Gerry Harvey and Ian Norman started off their business by specializing in electrical goods. Over the years, both of them started to venture their business into different range of products such as furniture and beddings due to the demand of consumers.

Harvey Norman emphasized on "Shop with Confidence" by offering superb customer services, wide product ranges and reliable advices. Consumers gain trust in Harvey Norman due to the quality and conveniences provided by the company. According to the news reported by The Star, Harvey Norman Asia managing director said, they know where their customers are and they are going into capital cities first before going into towns. They seek for their targeted audiences and customers is one of their strategy. He also stated that Harvey Norman's objectives keep on changing to keep up with the times. They coped with the demands and tried to satisfy customers' needs all the time.

Therefore, Harvey Norman offered different range of products as they saw the market opportunities in this pattern of distributions. Society nowadays seek for convenience and reliable seller. As the quality and prices offered by them are all reasonable and satisfying, customers kept coming back to them for future purchases. Harvey Norman became a one-stop destination to get your new home well prepared. The company keep improving by enriching customer experiences by offering Buy Now Pay Later, Same day delivery expansion, 1-Hour click and collect and home delivery services. These experiences bring conveniences to customers that would indirectly increase customer purchases and future purchases.

Harvey Norman operations are affected by political environment in two areas which are external regulation and internal regulation. Harvey Norman has to take environment into consideration during its operation and to be more explicit and the company have to comply with specific regulatory requirements relating to environmental sustainability. To meet the standards of environmental requirements, the company have to ensure its business activities in conformance with current environmental legislation. It also along with the promotion of environmentally sound practices to its employees, clients and associates as a material objective. Besides that, Harvey Norman has to comply with completion and consumer law in all business dealings in order to maintain competitive

advantage. The consumer law such as The Australian Consumer Law need to be followed by the company in order the goods are acceptable quality and fit the purpose for which they were sold. The political factors will impact the profitability or chance of survival of the Harvey Norman so the company need to be very careful with the policy of different countries.

The term economic environment refers to all the external economic factors that influence buying habits of consumers and businesses and therefore affect the performance of a company. Economic factors have both positive and negative impact on the growth of Harvey Norman. There are two type of economic environment which are microeconomic and macroeconomic factors. The microeconomic environment refers to things that happen at the company and consumer level and it do not affect the whole economy. The microeconomic will only affect the competitive advantage of the company. In the other hand, macroeconomic environment refers to things that affect the entire economy such as the changes in the inflation rate, the foreign exchange rate, the interest rate, the gross domestic product and the current stage of the economic cycle will affect the performance of the company. For example, the company had flat sales due to customers reduce on their spending. Reduce spending of customer had made the sales of computer and electronic products weaker and furniture and bedding covered a considerable market share. The company can use the country's economic factor to forecast the growth of the company.

As a business developer, the social factors should be taken into account of analyzing the customer satisfaction and customer loyalty toward Harvey Norman's products. The social factors that impact Harvey Norman are demographics and skill level of the population, class structure, hierarchy, and power structure in the society, education level, culture, entrepreneurial spirit and broader nature of the society, the attitudes and the last factor, leisure interest. The society is continually changing and the tastes as well as fashions are a great example of this change. The growing popularity of social media has a great influence on the purchasing behavior of customer. For instance, the younger generation prefers to use digital devices to shop online compared to the older generation, they might still stick to the traditional method. Undeniably, the society culture impacts the culture of an organization in the business environment. Therefore, it is important to figure out how the social factors influence the customer behavior as well as the organization behavior.

In this recent year, the price structure and competitive landscape of an industry is undoubtedly and rapidly dismantled by the technology. Therefore, it becomes extremely critical to constantly innovate and boost up, not only for the sake of maximizing company benefits, but also to prevent obsolescence in the future. The technological factors may influence Harvey Norman include the recent technological developments and breakthroughs made by the competitors. If Harvey Norman encounters the fast-growing technology that is gaining the popularity in the same industry, it is extremely important for Harvey Norman to monitor the level of popularity and how fast it is growing and giving impacts on the competitor's revenue. It also needs to identify how the technology's impacts on product offering. This is to measure how much an improvement of technology can transform what products initially offers. In addition, technological factors also include the cost structure in retailing industry, value chain structure in retailing sector as well as the rate of technological diffusion. Indeed, reinvesting into the research and development in the industry is essential to create a sustainable growth of profits over a long period of time, because the future technological innovations would increase the level of profits.



## **RESULTS AND DISCUSSION**

To fulfil the satisfaction and to ensure the loyalty of customers Harvey Norman provides variety of products to the customer to meet their needs and demands. However, there are other external factors will affect the satisfaction and loyalty of the customers. The management culture of a company will affect the attitudes and behavior of their employees. Indirectly, it will affect job performances and job satisfaction of the employees. For example, the employee's attitude and behavior may affect the customers feeling when the promoting and explaining the products to the customers.

### **3.1 Motivation**

Motivation refers to the forces that originates both within and outside an employee, initiate work-related effort, and determines its direction, intensity, and persistence. . Motivation refers to "the reasons underlying behavior" (Guay et al., 2010) Paraphrasing Gredler, **Broussard and Garrison (2004)** broadly define motivation as "the attribute that moves us to do or not to do something" (p. 106). Motivation is critical consideration of Harvey Norman because high level of motivation will result in effective job performance. The higher job performance will impact the customer satisfaction and loyalty.

Based on the interview with Mr. Calvin Ng, we know that Harvey Norman has practices Equity Theory to motivate their employees. Equity is defined as justice, inequity-injustice. Inequity exists for an individual when he or she perceives an imbalance in the ratio between outcomes (reward for work) and inputs (efforts at work) as other workers outputs and incomes (**Miner, 1980**). The equity theory is based on the idea that individuals are motivated by fairness. If employees are able to find his or her right balance it would lead to a more productive relationship with the management. So, Harvey Norman is using Equity Theory in their working environment to improve employees' engagement and commitment towards their company.

One of the most important motivation concepts that applied in Harvey Norman is the organization always provide training and development program for the employees to ensure that the employees have the necessary skills and knowledge to perform their job. The training can help the employees keep update about the new technology and know more about the products. The employees can explain the detail of the products to the customers easier when they know each and every details of the products. This can strengthen employees' belief that they are capable to perform their task successfully.

Next, Harvey Norman also applied the compensation system to motivate their employees. Compensation system is the sum total of all monetary and non-monetary benefits provided to employees in exchange for their willingness to work. The rewards system of an organization plays an important role in maintaining and building the commitment among employees that assure a high standard of performance and workforce retention (Young et al., 1998; Wang, 2004). Harvey Norman will provide commissions, bonuses, allowance, travel, recognition award, dental benefits, insurance coverage and so on to the employees. Based on the interview, we know that the organization will choose the rewards that best suit or needed the employee and ensure everyone values the reward. For example, Harvey Norman will provide good career prospect which is increase the base salary based on the performance evaluation rating to employees. The recognition award such as tangible awards or intangible awards will be given to the employees that achieve higher job performance.

Furthermore, Harvey Norman also provide opportunities and advancements as a source of motivation for employees. This mean that the employees can increase their power and responsibilities. Employees can make the decision by themselves. This can make them feel greater ownership and have been value by the company hence motivated to work harder to achieve the organizational goals. These will also help to increase employees' satisfaction and therefore, higher satisfaction lead to higher customer satisfactions due to great service from staff.

### **3.2 Competency/ Ability**

Competency can define as the combination of observable and measurable knowledge, skills, abilities and personal attributes that contribute to enhanced employee performance and ultimately result in organizational success. There are two criteria to evaluate individual competencies, include of technical competencies and behavioral competencies.

According to the interview session with Mr. Calvin Ng, the Harvey Norman branch manager of Queensbay, Penang, Harvey Norman emphasize the competency and ability of their employees. Employee development activities are very important for the employees, as the activities are performed, it indicates that organization cares about their employees and wants them to develop. (Elena P. 2000) The company focuses on employees' technical competencies which is employees' skills, knowledge and ability to accomplish their job. An employee who has good verbal ability and reasoning ability is important which can help them communicate with customers. Employees who have good communication skills will help them in promoting and explaining the details of a product to the consumers. They need to explain clearly to customers about specification of each electronic product and always can persuade to customers what product are more cater to their needs. Employee in Harvey Norman also encouraged to have good presentation skill as they need to demonstrate how a product works like washing machine and television. Hence, the products that brought by the customers from Harvey Norman can fulfil their demands and need, so the company can fulfil the satisfaction of customers and they will stay loyal to Harvey Norman.

Moreover, the employees those who have good communication skills also expected able to communicate and cooperate well with their managers, supervisor and colleagues. Employees are encouraging to communicate with their supervisor when facing any problem or express their new idea towards company. This is due to Harvey Norman believe that the new idea and suggestions from their employees can make them improve especially from the young blood or fresh graduate in the company. Besides, the manager also told us that Harvey Norman trust that the individual who can communicate well can understanding people around them especially their colleagues from different department, different races and different ethnicity. Thus, they can perform their job smoothly and work in team to achieve company's goal. For instance, it has been found that effective communication improves job satisfaction (Holtzhausen, 2002) and which in turn improves productivity (Litterst & Eyo, 1982). Research has also shown that communication improves employee job performance (Goris, 2007), while poor communication results to low employee commitment to the organization (Kramer, 1999).

In the contrast, Harvey Norman also take highly attention to their employees' knowledge. The employees of Harvey Norman need to be updated with the latest news and information of the product that are being offered to consumer especially for the smart tech and technological products. This will allow them to understand more about the

products and can explain the product to the consumers in more exhaustively. Hence, the customers can choose the product wisely according to their needs after the explanation and promotion by the employees of the company. Thus, the product and the service of Harvey Norman can fulfil the satisfaction of the customers and make them continuous believe and loyal to Harvey Norman. Furthermore, Harvey Norman required employees to equip with reasoning ability. Reasoning ability is a set of competencies that associated with sensing and solving problems using insight, rules and logic. The employee of the company should have high problem sensitivity, so they can handle and control the unexpected situation steadily and smoothly when dealing with the customers. For example, when customer questioned about the return and refund policy of the electrical appliance, the employees must know how to react to it by giving the specific answer to the customer. Hence, the company can achieve high level of customers satisfaction and the loyalty of the customers.

### **3.3 Job Satisfaction**

Job satisfaction represents a combination of positive or negative feelings that employees have toward their work. At the same time, when a worker employed in a business organization, brings along with its needs, desires and experiences which determine the expectation that he has dismissed. Job satisfaction represents the extent to which expectations are and match the intrinsic as well as extrinsic rewards. Job satisfaction is closely linked to individual's behavior in the workplace. (Davis et al.,1985)

Customer satisfaction and customer loyalty are strongly influenced by the employee's attitude in the workplace. Besides, customer service that provided by the employees will be evaluated by the customers to decide either leave or stay loyalty toward the products that offered by Harvey Norman. In this case, job satisfaction of an employee should be emphasized by the company in order to motivate the employee's attitude in putting more efforts on their works. Therefore, create positive and favorable attitudes can lead to job satisfaction among the employees. (Aziri,2001)

The person in charge of Harvey Norman store at Queensbay Mall indicated that the main attribute of the job satisfaction of Harvey Norman's employee is the working environment and also the work itself. The nature of work itself is designed to match the capability and skills of the employees. Mostly the employees fond of working in the store because the working environment with air-conditioned and they can gain myriad knowledge about the electrical appliances. The workload and job scope of the employee is not challenging and difficult, so they can learn faster and easier than other jobs. However, some workers may feel the job less challenging and quit the job afterward.

Furthermore, co-worker satisfaction is important for employees' job satisfaction. The employees of the Harvey Norman stated that their colleagues are helpful and dedicated as well as they enjoy working with each other. The relationship between the supervisor and employees is good and they respect with each other too. During the interview, one of the staffs claimed that they will celebrate birthday of their colleagues and the company will also engage all the permanent staff for the company's annual dinner event. Meanwhile, these alternatives can be helpful in fostering the relationship among the employees. Higher job satisfaction of employees will lead to higher job and task performance in their workplace. At the same time, the greater job performance will lead to higher customer satisfaction.

In addition, Harvey Norman store also provides adequate opportunity for promotion and pay rate to their employee. From the interview, Mr. Calvin Ng stated that the salary

allocated to their employees is quite high and as much as they deserved. It can decrease the overall employee turnover rate because the employees are satisfied with their salary. When the workers feel appreciated by the company, they will more willing to sacrifice their energy, time and effort while performing their task goals. Besides, offering career development leads to significant effect on the overall job satisfaction. The degree of job satisfaction will certainly affect the level of employee loyalty. Employee absenteeism will cause serious additional costs for the company.

From the interview with the Harvey Norman's employees, we noticed that working environment, pay rate and promotion opportunity have demonstrated impact on the employee's behavior. In short, there is a considerable impact of the employee perception for the nature of its work and the degree of overall job satisfaction as well as the customer satisfaction, followed by the customer loyalty. The degree of job satisfaction will affect the employees' attitude while they are performing their tasks. When their job satisfaction is high, job commitment tends to be high.

### **3.4 Organizational citizenship**

Organizational Citizenship are the behaviors and actions being adapted by the workers of an organization but are not required to. Organizational citizenship behavior brought benefits to the team and encourages organizational functioning and efficiency. There are different ways of employees' organizational citizenship, but there are 5 basic types of organizational citizenship behaviors. That is Altruism, Courtesy, Sportsmanship, Conscientiousness, and Civic Virtue. Employee performance that fall within the broad category of behaviours benefiting others, particularly altruism, courtesy, compliance, the use of the employee's "voice" (or sense of agency within the organization), sportsmanship, self-development, and organizational support and loyalty (Smith, Organ & Near, 1983; Organ, 1988; Somech & Drach- Zahavy, 2004).

Altruism is a type of behavior when an employee helps the others without expecting anything in return. According to the interview with Mr. Calvin Ng, the branch manager of Harvey Norman store in Queensbay Mall, the employees of Harvey Norman adapted the altruism behavior. He stated, workers in Harvey Norman are willing to help out each other in order to complete a task or even a project. They did it just because they're willing to even though it is not necessarily related to their daily job scope. Therefore, it builds up a great teamwork effort in satisfying and serving customers of Harvey Norman.

The next organizational citizenship behavior is Courtesy. Courtesy is when employees are considerate and polite. Employees of Harvey Norman are being well-trained to handle customers. They are polite and patient in handling customer requirements and will try to fulfill as much as possible. The customers could buy what they are looking for in a short period of time which are value of money with consistent quality. Therefore, customers felt comfortable and confident in purchasing from Harvey Norman due to the courtesy of employees.

Sportsmanship is also one of the behaviors which means employees maintained a positive working spirit when something went bad or creates frustrations. For example, when a Harvey Norman employee proposed an advice to a customer according to their requirements, but got rejected on the proposal or advice, they still keep their professional sportsmanship behavior in correcting the advice until the customers are satisfied. This will indirectly increase customers' loyalty towards Harvey Norman because customers are always satisfied with the advices given by employees.



Followed by conscientiousness which is when employees go above and beyond their required job scope. Conscientiousness is also known as a trait of being diligent. Employees of Harvey Norman are known as workers with conscientiousness. They could come out with the best advices in order to fulfill customers' needs and requirements. They have to know which and what are the items that suits the customer the most. Besides that, employees of Harvey Norman ensure that when they are satisfying customers' needs, they also keep their team goals as priority which is allowing customer to shop with confidence.

Lastly in the organizational citizenship behavior is Civic Virtue. Civic Virtue is when an employee represents an organization in a positive way. This behavior will occur outside an organization and encourages a sense of community between workers. For example, when an organization participate in charity projects and attending social events. Harvey Norman made an effort in organizing a workshop and are known as Harvey Norman Graduates. Besides that, they gave out awards by acknowledging the efforts of others. Shaza Rifi is awarded as the Women NSW's Harvey Norman Young Women of the Year 2018. These social appearances made by Harvey Norman could increase the exposure and knowledge of the public towards this organization. Therefore, customers will trust Harvey Norman in purchases within stores.

As mentioned on the previous chapter, there are a few external factors affecting customers' satisfaction and loyalty towards the organization. Besides that, the management culture of an organization indirectly affects the attitude and behavior of employees. Employees of the organization should have continuous improvement to serve customers in a better way in the future, this will also affect customers' loyalty and satisfaction towards the organization.

In order to enhance the ability of the employees, Harvey Norman should provide **diverse training opportunities to their employees**. It's well known that everyone has different style of learning, making it important to provide diverse training modalities for the employees. For example, those who are visual learners might benefit from a PowerPoint presentation containing colorful graphics, while linguistic, or verbal, learners may learn best by reading a written brochure or handout. Training should also be taken into consideration on specific field of work and subject matter. For instance, in the manufacturing industry, it may be advantageous to provide hands-on training regarding operation of equipment. Following hands-on training exercises, it can be valuable for employees to perform a return demonstration that serves as an assessment of their understanding. Hence, Harvey Norman should organize the training programmed that suitable and fix to their employees.

As Harvey Norman always emphasize that they focused on their employees' communication skills and teamwork. The company should organize a training programme to **develop their soft skills** which consists of frame work of emotional intelligent, communication skills to practice non violet- communication in the work place and the ability of work in team of the employee. The main reason that the employees of Harvey Norman have to enhance these skills is to make sure they can perform well in publicizing the products and communicating with the customers. When a promoter publicizes their product, they should have a great emotional control when communicating with customers. In contrast, an individual who has high emotional intelligent and good communication skills is able to solve the unexpected situation at the work place. Furthermore, through this kind of training programme, the employees will be able to work

and communicate with others colleague from others department. They can learn more about other colleagues from different department and they can bond with each other. Thus, it helps the employees to work together and have a good atmosphere in the working place.

On the other hand, **personal development** is a way to enhance and improve the competency and ability of the employees. The employees don't just exist in a professional capacity to serve the organization. They are whole human being comprised of physical, intellectual and emotional experiences. For them to evolve both personally and professionally, employee development must be holistic. Harvey Norman can provide continuing education around personal finance, knowledge and skills related to their work or fostering healthy relationships to them employees. This kind of education can help employees' emotional balance, intelligent growth and have physical health. Through the education employees can keep improving with the latest knowledge and skills. Hence, they can serve the organization and the customers in better way. Besides, through the personal development programme, the employees able to fulfil their self-esteem which motivate them to work for the company and the normative commitment to Harvey Norman.

Besides that, **developing teamwork spirit** is also an important aspect on improving the organization and employees. Employees in an organization should work as a team in order to have smooth processes in completing tasks and projects assigned. Activities such as team building, or company trips are suitable in enhancing relationships between employees. When they developed good teamwork spirits, they would be more likely to work together without arguing. This could indirectly increase their positive organizational citizenship behavior in the organization.

Next, **job satisfaction** also plays an important role to drive the success of an organization. Job satisfaction is all about the feeling of fulfilment or enjoyment that a person derives from their job. Employee satisfaction translates into tangible effects that inevitably lead to a company's increased profitability and success. For example, employee turnover is drastically lower for companies with employees who report a high level of job satisfaction. Organization can give employees a role in decision making, listen to their concerns and show them how important their specific tasks are to the company's mission. The organization can give reward to employees that are more engaged and who are seeking to advance the organization's interest. This can help to increase the satisfaction of employee and they will happy to come to work and willing to give extra miles for their employers because they love their jobs and want to advance the company's mission. (Sourizaei et al.,2011)

In addition, Harvey Norman can **use Electronic Customer Relationship Management (E-CRM)** to build good and stable relationship with the customer. Electronic customer relationship management is the application of Internet-based technologies such as emails, websites, chat rooms, forums and other channels to achieve customer relationship management objectives. An effective E-CRM system helps in tracking the customer's history through multiple channels in real times. This can create and maintain can analytical database as well as optimize a customer's relation in the aspects of attraction, expansion and maintenance. This strategy involves collecting customer information, transaction history and product information. Besides, it analyses the customer characteristics to provide a transactional analysis consisting of the customer's profile. There are many benefits of E-CRM such as exerting greater efficiency, cost

reduction, matching the customers' behavior with suitable offers beside increasing customer satisfaction and loyalty. (Otim,2004)

However, there are some risks and challenges should be taken in consideration for carry out the improvement. One of the risks and challenges is it will **cost large amount of the money**. The training programmes and further education will cost large amount of the expenses towards Harvey Norman. This is because the company consists of many employees. Thus, if Harvey Norman decided to conduct training programmes and education developments, they should arrange it well to avoid the financial problem situation occurs.

Moreover, having training programmes are **time consuming** towards the employees of organization. Employees have to attend trainings and courses throughout a period of time and have to work on their tasks as usual. They would have to spend extra time and energy to attend courses arranged by the organization. Although it could be short courses, but some employees tend to be slow learners. They might need extra efforts and time to learn new things and adapt to it. Therefore, employees would find training programmes and courses are time consuming.

Besides, the risks and challenges that may face by Harvey Norman is the **employees may not adapt to new sustainable development** carried out by the company. Some of them may don't have a plan to pursue further education due to personal issues, family issues or may not adapt with the new environment of the company due to the changes. Thus, it will cause some incomprehension and unacceptable among the employees.

The **different learning habits** is one of the risks and challenges should be taken in consideration for carry out the improvement. There are many employees with different background in Harvey Norman and it's vital that the organization have to consider learner preference and habits in order to prevent further training issues. The workforce includes different generations employees and all of which have a radically different relationship with technology. Hence, the training is bound to be less effective if employees have the different knowledge levels and learning habits.

Lastly, one of the risks of using Electronic Customer Relationship is **lack of customer-oriented culture**. In implementing customer relationship management, customer is the main factor in survival of an organization. Therefore, customer-oriented culture is the prerequisite for gaining qualified information from the customers and creating, as well as distributing the achieved knowledge from the customers and the origins of changeable ideas besides improving the organizational culture. It is significant to develop suitable communication channels with customers in customer relationship management success.

## **CONCLUSIONS**

There are several recommendations that can use to reduce the risk that may face by the organization. The recommendations can also help the organization to achieve their goals.

One of the recommendations to reduce the risk is the organization should have a proper contingency plan. A contingency plan is a roadmap created by management to help the organization respond to an event that may or may not happen in the future such as employee theft. The proper contingency plan can help the organization resume normal business operations after a disruptive event. A contingency plan can help organizations

recover from disasters, manage risk, avoid negative publicity and handle employee problems. The organization can react faster to unexpected events. For example, the contingency plan can help the company to minimize the losses in the sales.

Then, the organization should create sustainable practices with employees by act on employee initiatives. The organization should create sustainability knowledge and competence to all the employees. It is important to invest in educating employees about sustainability as well to create systems and processes that make it easier for employees to integrate sustainability into their business decision so that they can adopt to the new sustainable development. Many sustainability initiatives require specialized knowledge and expertise such as talking to suppliers about sustainable sourcing or using an eco-efficiency tool to evaluate a new product. The manager should serve as a mentor to train and provide the employees the leadership skills that they need in the future such as resilience, systems thinking, empowerment, adaptability, and results orientation.

Next, the organization should deliver the most necessary and relevant training to the employees. The organization can assess all current training materials and training schedule then try to remove anything that is not current and relevant to the business. This is one of the ways to reduce the unnecessary costs. Harvey Norman can try to do the survey to help discover what training is truly effective and valued within the organization. Use in-house experts for training also can help to reduce the cost for training. Many employees who have already have specialist skills and years of knowledge can help to lead training sessions or information seminars. This can be very cost-effective way to deliver business training without having to pay for external resources even though this would not replace a more formal training schedule altogether, however can be used to supplement a reducing training calendar.

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**APPENDIX**



**Interview with Branch Manager of Harvey Norman, Mr. Calvin Ng.**

**INTERVIEW QUESTIONS**

1.Name: Mr. Calvin Ng Boon Siang

2.Years of working at this company: 8 years

3.What are the challenges or stress that you have face at your workplace?

-The challenges that I have met the most are sales pressure and work complexity in the workplace. As a manager, I always need to take care of the sales of this branch and our target is different in every month. So, I need to find ways to increase the sales every month.

4.What are the ability of employees that your company looking for?

-Good verbal ability and reasoning ability. Skill to close sales, product knowledge and good attitude is also some of the element we emphasize when recruiting. This is because employees in Harvey Norman will always need to communicate with manager, colleagues and also customers. By having a good communication skill, they can explain to the customers what are the products available and what are the usage of it. We required employees with have high problem sensitivity, so that is when there is a problem, or something went wrong, they know what to do handle and settle it.

5.Do you think motivation is important in increase employees' commitment?

-Yes. I think motivation is important as it will motivate employees to work harder. From my perspective, an employee will feel motivate when they are being praised by the employers or receive any recognition awards. They will feel their hard work is appreciated by others and try to work harder. Besides, compensation and bonuses

based on performance, this will actually motivate employees to work hard together to strike for organizational goal.

6.What kind of motivation do you think that will motivate employees the most?

-I think that the opportunities of promotion and autonomy will motivate employees the most. This is because by offering opportunities and advancement to the employees, it actually meant increase employees' responsibility and achieve higher job performance. Employees who are given more responsibility will feel a greater ownership in the business and will be more motivated to work harder to make the business succeed. Besides that, Harvey Norman also will provide training and programmes for the employees in order to keep them up to date either with the new technology or the organization rules and regulations as we want every employee to get involved.

7.What kind of motivation does Harvey Norman practice when managing the whole organization?

- Harvey Norman is practicing Equity Theory in managing the organization because we think that it is very important to treat employees fairly and equally. Besides, if we treat different employees differently, this will cause conflicts in the working place. By using this theory in workplace, it can help to improve the employee's commitment towards the company.

8.What kind of decision-making process that Harvey Norman practice when making a decision?

-Harvey Norman usually practices programmed and non-programmed decisions to choose the best alternative for reaching the company's goals or objective. For instance, we will have meeting with all employees at least once a month to discuss about current promotion and strategies to hit target. When come to decision making, we will listen to our employee's opinion as we know each person have different view. However, when came across to a serious issue, we will still refer to our head quarter and discuss with top management.

9.How do you handle problems with the Harvey Norman's customer?

-As a manager of Harvey Norman, I will listen to customers concerns and offer best solution to suit their needs. I will handle a customer in soft manner and positive explanations. For example, there was a case where a customer facing troubleshoot problems in air conditioner that they bought from Harvey Norman in Queensbay mall a week ago so I contact that customer and send a technician to the customer place and solve the problem immediately so that the customers will feel satisfied with our company.

10.What types of organizational culture did Harvey Norman practice to function as efficiently as possible?

-Harvey Norman in Queensbay mall is practicing two types of organizational culture in managing the organization which was customer service culture and creativity culture. For instance, the employees in the Harvey Norman will be disclosed about how to treat the customers in friendly and professional manner.

11.Do your company offer adequate opportunities for promotions and career development?

-Harvey Norman usually will provide opportunities for promotions and development. Training programme will be given to all the employees to make sure that they can do their job well. Our company also will give the promotion opportunity to the employees. We will have evaluation session each of the year based on their job performance. The purpose of the promotion's opportunity is to encourage the employees to give a fully effort when work. As an example, our company policy for probation is 3 months, employees will be evaluated whether they can pass the probation period or not. After probation period, they just considered as full-time workers and their salary and benefits will be adjusted as well.

12. Do you feel connected to the workers?

-I think that I am connected with them because I am always willing to help them and they always tell me the problems they face in the workplace. When they face the problem, they don't hesitate to ask me, I will try my best to provide a way to them and guide them. I think that we are more like friends rather than the formal employer-employees relationship.

13. Do you think if you treat your employees with justice and trust, they will be more productive?

-Yes. When you treat your employee fairly, they will believe and trust that the authority is trustworthy, hence will give their full support to the organization's achievements. Being trusted by the employer will give employees encouragement to be more productive and help to achieve the organization's goal.

14. Have you asked your employees for opinion? Have employees voiced their opinion?

-Yes. During meetings I will always ask my employees to voice out their opinion and problems they face at the working place. I do encourage them to do so in order to create a good working environment. Employees do share their opinion to me via face to face, email and WhatsApp. This will help them and myself to sort out problems easily and faster.

15. What do you do to maintain employee ethics?

-In order to maintain employee ethics, I treat my employees fairly. I will make sure their wellbeing and safety are taken good care of. I do so because seniors behaving in a morally upright manner will set an example for juniors to emulate.