

”Steering by Information or Management by Knowledge?”

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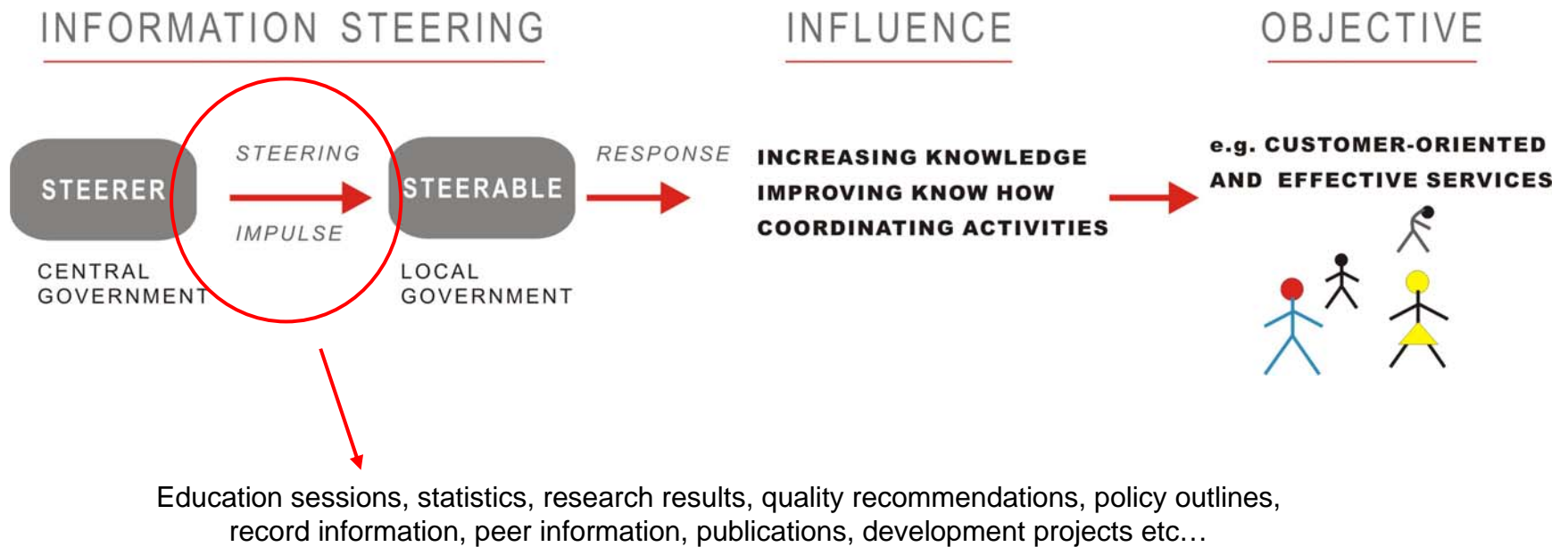
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*“State officials **talk about information steering**, which is interpret by local authorities anything else but producing letters and e-mails to municipalities that have **no true impact** on everyday life.”*

(Helsingin Sanomat, editorial, February 23rd, 2008)

1. The Starting Point of the Paper (1/4)



The Starting Point... (2/4)

Information seeking is costly → "Ignorance is bliss"

(Thomas Gray, 1716-1771)

Information can have a positive or negative value depending on whether it is a source of pain or pleasure → People and organizations often do not want more information (Thompson & Wildavsky 1986, Weick & Ashford 2001)

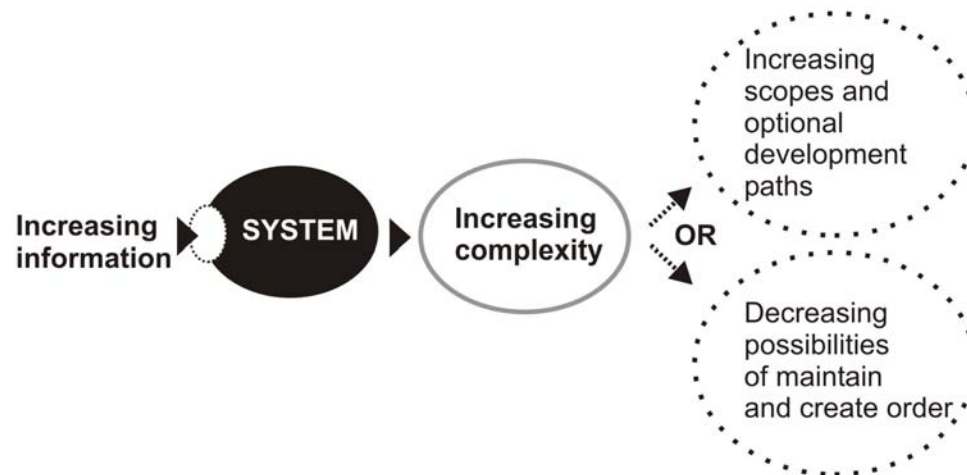
The optimal amount of information is reached when further efforts are not worth their cost. (Birchler & Butler, 2007 in "Information Economics")

The Starting Point... (3/4)

Information as a catalyst

Information as a threat

Information as an internal characteristic of the organization (Luhmann 1995)



The Starting Point... (4)

- Unclear relationship to the norm and resource steering
- Hit-and-miss results
- Difficulties in incorporating information steering into strategic decision-making
- A semantic chameleon

2. The Aim of the Paper

...is to analyze how the concepts and findings of the Knowledge Management provide understanding of the phenomenon called “Information Steering”

...is to present three different perspectives on improving the effectiveness of information steering

3. The Theoretical Background of the Paper

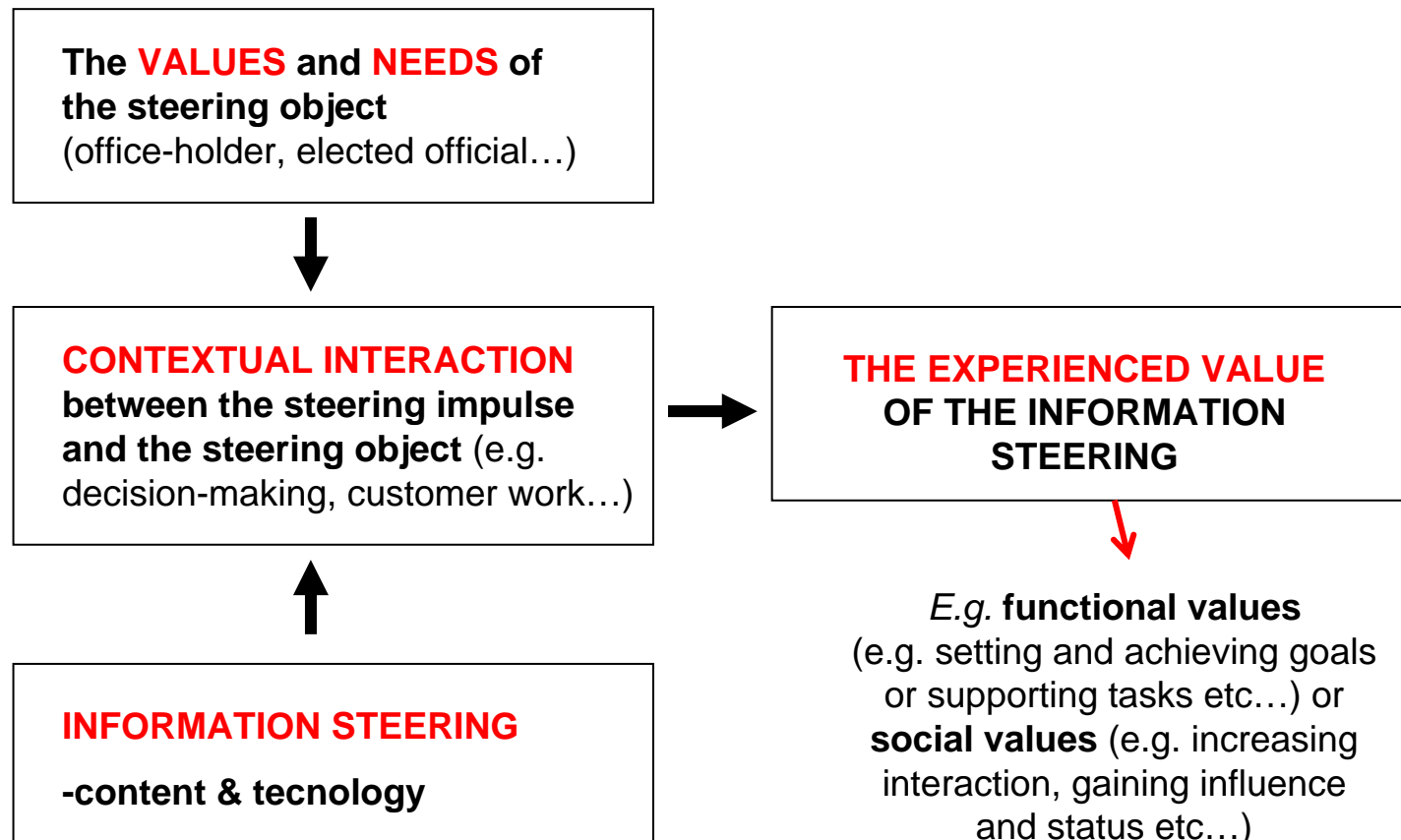
...from government to *governance* (e.g. Kooiman 1993, Hirst 2000, Haveri 2003)

...*complexity* (e.g. Mitleton-Kelly 2003, Stacey & Griffin 2005, Jalonen 2007, Nyholm 2008)

...knowledge management as a *value creation process* (e.g. Stähle 2006, Birchler & Bütler 2007)

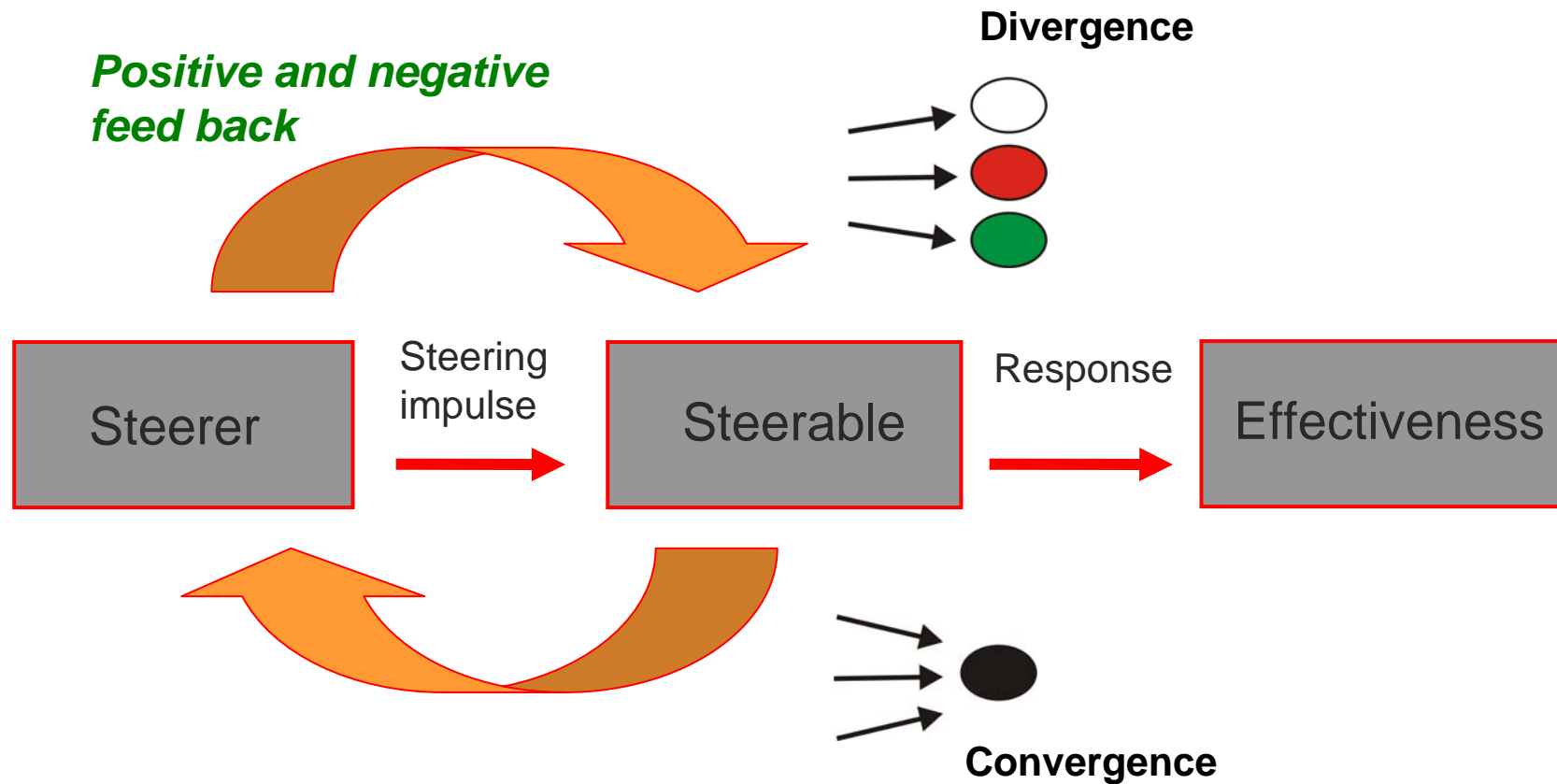
4. Improving Information Steering (1/3)

a) The importance of the awareness of **the subjective dimension** of the information steering cannot be underestimated



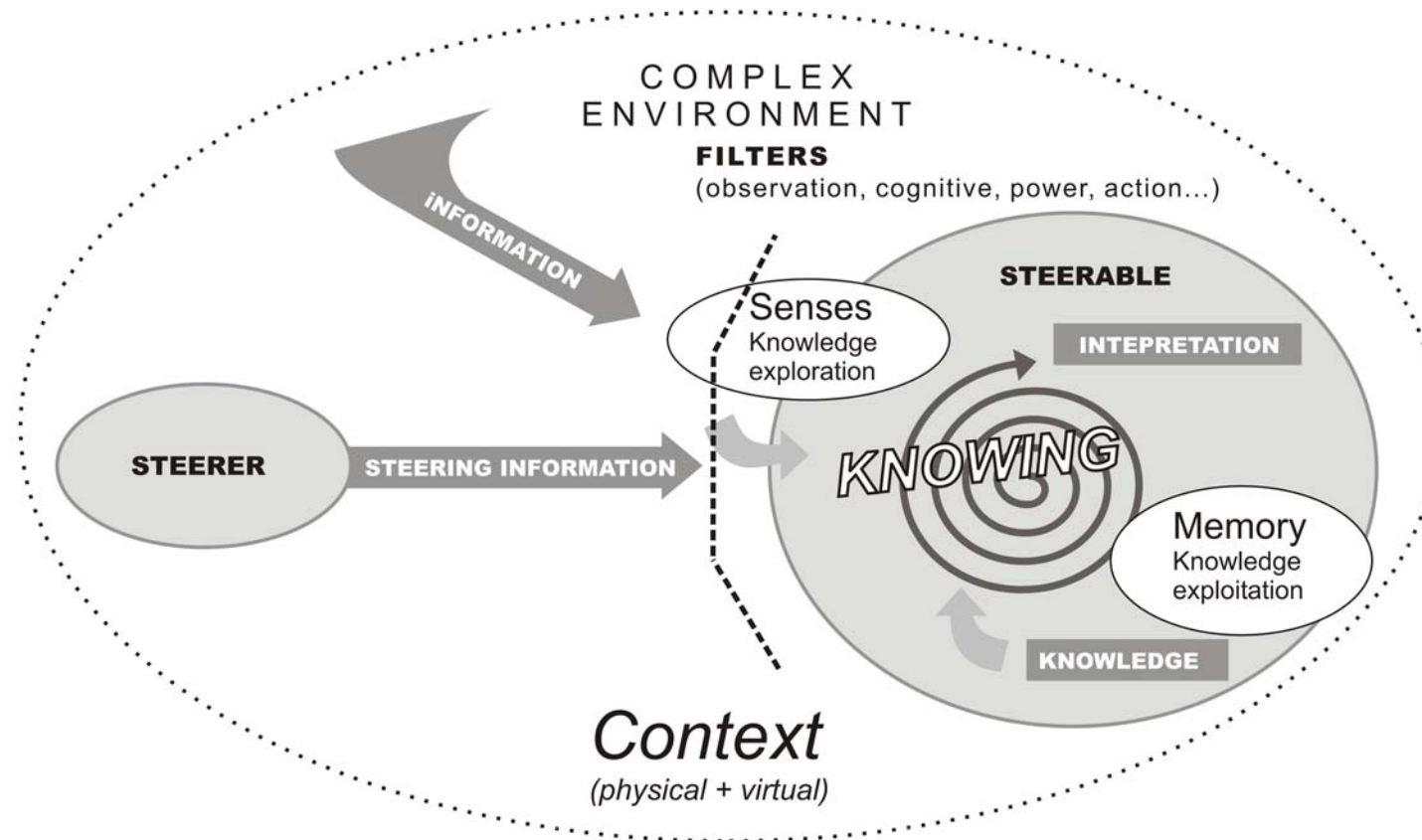
4. Improving Information Steering (2/3)

b) The importance of **two-way interaction** between the steerer and the steerable



4. Improving Information Steering (3/3)

c) Sensing and memory –metaphora and knowledge exploration and knowledge exploitation



Perhaps it is just a question of
conceptual reconstruction
with practical consequences.

Managing Service Encounters in Knowledge-intensive Services: Mystery Shoppers in Financial Markets

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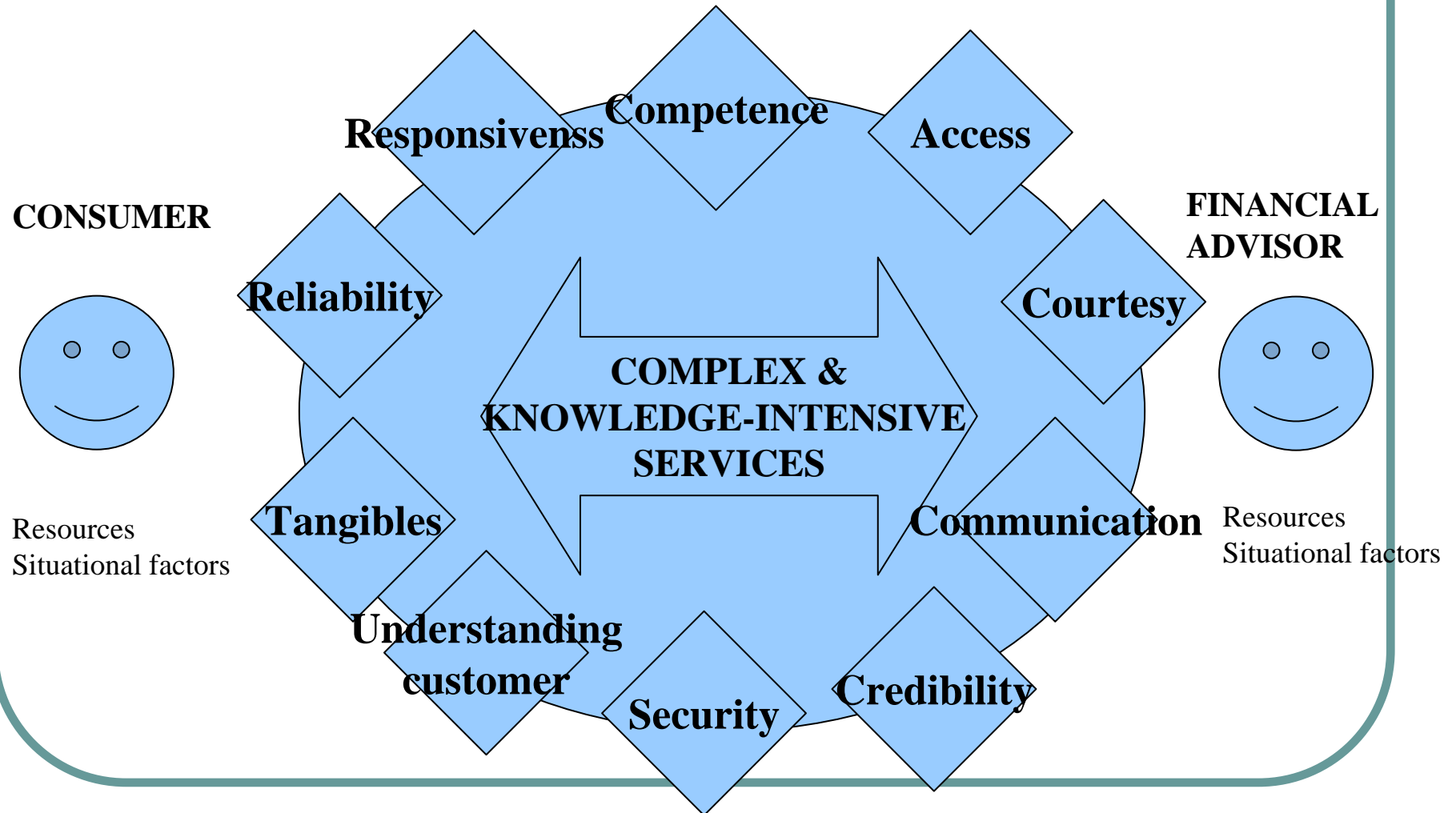
Purpose of the Study

- To analyze service encounters between financial advisers and consumers in complicated and knowledge intensive financial services
- To compare financial service encounters between Finland and the USA
- Research questions are:
 1. What activities define financial service encounters in Finland and the USA?
 2. What type of financial products are offered during financial service encounters in Finland and in the USA?
 3. What are key differences between Finnish and US financial service encounters?
 4. How quality is evaluated during financial service encounters?

Theoretical Background

- **Knowledge-intensive services**
 - As complex services
 - As expert services
- **Service Encounters**
 - Evaluated through customer profiles
 - Evaluated through given personal information
 - Evaluated through service offers
 - Evaluated through SERVQUAL

Framework of the Study



Methodology and Data

- Mystery shopping –method
- Mystery shoppers filled in structured questionnaire
- 4 shoppers executed 14 visits in Finland
- 1 shopper executed 11 visits in the USA
- Data collection January-February 2008 in Finland and June 2008 in the USA
- In the USA service encounters varied from 20 to 60 minutes; in Finland from 29 minutes to 120 minutes
- Scheduling of the appointment was quick and no extra preparation was needed
- Service personnel started the negotiations
- In the USA most of the information was available on the counter or special display rack; in Finland the advisors either gave or printed the information or it was shown on the screen

Most frequently asked personal information

In the USA (max 11):

1. Name (10)
2. Address (7)
3. Investment experience (7)
4. Investment motives (7)
5. Risk tolerance (6)
6. Interest in investing (6)
7. Profession (6)

In Finland (max 14):

1. Name (14)
2. Social security number (14)
3. Address (12)
4. Investment experience (13)
5. Investment motives (12)
6. Risk tolerance (13)
7. Interest in investing (8)
8. Profession (4)

Least frequently asked personal information

In the USA (max 11)

1. Current loans (1)
2. Type of residence (3)
3. Social security number (3)
4. Investment experience of specific products (3)

In Finland (max 14)

1. Current loans (5)
2. Type of residence (6)
3. Investment experience in specific products (5)
4. Education (4)
5. Employment (1)

Income and wealth

US results (max 11):

- Income level was covered only in 2 cases
- The amount of wealth was covered only in 3 cases
- Customer's **overall financial situation** was not covered in any of the 11 service encounters.

Finnish results (max 14):

- Income level was covered in 7 cases
- The amount of wealth was covered only in 2 cases
- Customer's **overall property** including real estates and summer cottages was not covered in any of the 14 encounters

Products offered

In the USA:

- Mutual funds (6)
- Certificate of deposits (4)
- Money market accounts (4)
- Home equity loans (1)
- Fund of funds (2)
- College funds (1)
- Life Path funds (1)
- rollovers (1)

In Finland:

- Portfolio of mutual funds (23)
- Certificate of deposits (3)
- Index loan (6)
- Pension insurance (3)
- Life/investment insurance (8)
- Other (2)

US Results: Service Quality

- Service Quality Satisfaction (1 lowest – 5 highest):

	Average	Range
● Reliability	3.55	(2-5)
● Responsivness	3.36	(2-4)
● Competence	3.55	(2-4)
● Access	3.73	(2-5)
● Courtesy	3.73	(2-5)
● Communication	3.73	(2-5)
● Credibility	3.45	(2-4)
● Security	3.45	(2-4)
● Undrstanding customer	3.36	(1-4)
● Tangibles	3.27	(2-5)

Finnish Results:

Service Quality Satisfaction (1 lowest – 5 highest):

	Average	Range
• Reliability	3,78	(2-5)
• Responsiveness	3.78	(2-5)
• Competence	3.64	(2,5-5)
• Access	4.36	(3-5)
• Courtesy	4.28	(4-5)
• Communication	3.72	(4-5)
• Credibility	3.78	(2-5)
• Security	3.24	(2-4)
• Understanding customer	3.18	(1-4)
• Tangibles	3.67	(3-5)

Comparison: A dream of the overall wealth management ..

US results:

- Financial services providers prefer to analyse the overall financial situation before offering any products.
- The goal is to offer one-stop-shopping for all financial products.
- The most important information related to customer's risk tolerance, investment horizon and financial goals.

Finnish results:

- Even though the overall analysis is made, the offer is product dominated
- One-stop-shopping is reality, the limitations lie in the capability of advisors
- The most important information related to offered financial products and it is dominated by computer programs and standardised processes

Conclusions & Discussion

SERVQUAL

- Best: easy to get access, friendly and positive attitude
- Worst: low response to customer's wishes and needs
- Private investors need to have basic knowledge of the key financial issues in order to manage financial affairs
- Extensive use of financial jargon
- Vast variation in advisors' capability
- In the USA best service providers are Financial Planners – not Brokers or Sales People.

Conclusions & Discussion

- US service providers focus more on understanding customer's overall financial needs, whereas Finnish service providers focus more on selling specific financial products regardless of a person's overall financial needs.
- In the USA the most talented advisers are able to map customer's risk tolerance, investment horizon and financial goals based on survey instruments and conversations. In Finland they are able to monitor customer's opportunities and limitations.
- **>> There is a need for holistic wealth management tool that offers various options and solve customer's problems**
- **>> There is a great potential in investing, but service providers need to think how to communicate with their customers**