

IMPLEMENTING NET PROMOTER SCORE IN THE PUBLIC SECTOR ORGANIZATIONS

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Abstract

This article presents the advantages of implementing the Net Promoter Score (NPS) tool in the public sector. The main scope of this research was to analyze the consequences of implementing NPS in the public sector and to fill a gap in research where the NPS measurement tool is very popular in the field of private organizations but almost unknown in the public sector. Furthermore, only several previous researches on this topic were found. The theoretical framework of the article is based on a comparison between the reputation of NPS tool in the private and public sector. The analysis of the NPS efficiency in the private organizations is based on statistical methods; therefore, this is considered a quantitative research. The qualitative research includes the literature review about the Net Promoter Score methodology and the public sector characteristics and needs of a satisfaction metric.

The research works as a parallel between the advantages of implementing the NPS tool in the private organizations and the benefit gained by implementing the same satisfaction measurement tool in the public sector. The research proves that the public sector has the necessity of implementing its own tool for measuring satisfaction and reputation and confirms that NPS is the right tool, which fulfills this need. The most important result of this research consists in evidencing the advantages of implementing such a metric tool in the public sector.

Keywords

Net Promoter Score (NPS), satisfaction measuring, public sector organizations, organizational growth, customer satisfaction, employee satisfaction

JEL Classification

H0, M1, M5, M10

Introduction

Measuring the performance of the public sector organizations is a new and challenging topic that creates discussions especially in the political environment. The satisfaction level of the customers from the public sector should become a major topic for the states. The difference between the public and private sector is major, as public sector organizations do not focus only on customer satisfaction and efficiency, but also on democratic values and services (Gelders, Bouckaer & Van Ruler, 2007). Thus, this research aims to demonstrate that implementing the Net Promoter Score tool within the public sector would add value to the service level and would increase significantly the customer satisfaction.

According to Reichheld (2003), NPS tends to be “the one number you need to know to grow” in order to have a successful business. In this respect, this research aims to analyze if NPS implementation in public sector is the key to growth. An important aspect, which should be considered, is that the customers have a little choice when it comes to choosing the service provider. For this reason, it is challenging to implement an NPS tool within the public sector, as the context is different. However, this study contemplates on the advantages and benefit of implementing such a satisfaction metric in the public sector organizations.

While in the private sector, employees, customers, partners, suppliers, contractors, owners, represent the stakeholder’s associates or any other people related or located nearby, in the public sector the main stakeholders are voters, taxpayers and any other customers who use the private sector services (Luoma-aho, 2007). Based on Canel & Luoma-aho (2018) focusing on citizen satisfaction is not enough in order to improve the satisfaction level of the public sector customers. For this reason, there is a need of a tool, which simultaneously identifies the causes, which contribute to the satisfaction, or dissatisfaction of the citizens. Based on those results the utilization of the public sector resources and the strategy would improve the service quality, reduce the costs and promote investments. In this respect, communication plays a very important role when it comes to measuring the customer satisfaction level and NPS is a flexible tool, which addresses the needs of the public sector. Based on the surveys we distributed to the employees, but also to stakeholders and clients, we analyzed if an increase in the employee satisfaction level may influence in a positive way the satisfaction of the clients. In addition, we identified the main pressure points and improvement opportunities for the employees, such as process improvement, digitalization, better resources allocation or development of career plans, but also from the client’s side- extend the service-oriented approach, increase speed of execution or enhance expert knowledge. Starting from the NPS implementation model within a private shared service center, the present article has as main purpose to proof the importance, benefit and advantages of implementing such a satisfaction measurement tool within the public sector.

Citizen satisfaction and expectations in the public system

As mentioned previously, citizens are the main stakeholders in the public sector. However, there are differences between the stakeholders using the public services, as some of them may have direct contact with the institutions and other not. Andreassen (1994) defines citizen satisfaction as a combined result between the expectation and the perception of the customer related to a service or a product. In addition, citizen satisfaction is not represented only by one service situation, but it sums up more experiences of the customer to date. According to Van der Waldt (2004) it is essential for a public institution to define clearly, who its clients are, what are their needs and what action needs to start in order to increase their satisfaction level. Usually the public sector is known as an institution with delays, inefficiency, low customer satisfaction level and not customer-oriented strategy. However, the public service tends to be more responsible and to transform their policy in such a way in order to put the citizens on the first place and to set principles, which regulate the behavior, and services which this sector. Hirschman (1970) developed satisfaction research in order to measure the loyalty

level. Depending on the provided products or services, which are provided, the customers may be exposed to different perceptions, which in the end lead to satisfaction or dissatisfaction. Based on this, stakeholders of public sector, represented by citizens, may react in two ways: they stop using the services, which were not at the expected level or the voice their opinion by giving feedback and expressing their dissatisfaction directly to the public organization (Hirschman, 1970).

In comparison to the private sector, where customer satisfaction is related only to a product or a service and it is very easy to evaluate the satisfaction grade, in case of the public sector citizen satisfaction is not only a result of public sector performance, but more a combination of stakeholder expectation and results (Van Ryzin, 2004).

Many public sector organizations invest money in the implementation of satisfaction surveys but manage to get the feedback only from the satisfied citizens, while this type of feedback does not support the improvement and increase of effectiveness. The tool implemented for the measurement of customer satisfaction should support the organization to understand the satisfaction level, but also dissatisfaction that in most of the cases is not reflected. Such complete results are analyzed and the strengths, weaknesses and improvement opportunities can be easily identified, supporting the management to improve the strategy and increase the effectiveness. In addition, this tool will support the public organization to know their customers better and get closed to their expectations. Another important advantage of implementing a satisfaction measurement tool is that it provides an overview on the issues, which are in the control of the public organization or not (Thijs, 2011).

Based on the research developed by James (2009) a high satisfaction level of the customers might be influenced by low expectations over the service level, but in parallel, a low satisfaction level might reflect a high expectation over performance. For this reason, managing customer expectation should be one of the main tasks of the management when it comes to defining strategies, especially in the organizations where the customer expectations are not met yet. In addition, managing expectations might support organizations to identify the gaps in the actual strategy (Olkkonen, 2015).

Net promoter Score (NPS)

Frederick F. Reichheld (2003) introduced the term of Net Promoter Score for the first time in his article, called "A Number to Grow" in the Harvard Business Review of December 2003. To capture this customer trend, he asked one question: "How likely are you to recommend Company X to a friend or colleague?". This question later became known as "The Ultimate Question" in the bestseller of 2006 with the same name. The answer to the questionnaire is represented by a number on a scale from 0 to 10, where 0 means "not likely", 5 means neutral and 10 means "extremely probable". Customers with 9 and 10 ratings had the highest repurchase and recommendation rates and are named "Promoters". The "Passives" being satisfied, but not loyal - gave ratings of 7 and 8, and customers with ratings from 0 to 6 were called "Detractors". The Net Promoter score - defined as the difference between the percentage of promoters and the percentage of detractors - correlates directly with the rates of revenue growth in most of the industries examined. There is widespread recognition among researchers that loyalty can be measured better by using more questions than by using a single question.

The reasons for this theory are based on research. One of the reasons is the statistical reliability. Therefore, if a respondent is asked the same question twice or two similar questions are presented to them, and the respondent gave the same answer in both cases, we may consider that the method by which the respondent is asked a single question is more relevant. Another reason is conceptual in terms of the fact that there are several aspects of loyalty, and a single question addressed cannot refer to all these elements. There is still no general rule among companies regarding the set of questions that should be addressed to the respondents

to measure loyalty. It has been shown that NPS plays a very important role in correlating the growth prospects for the company, but also that it is one of the best indicators of the loyalty of employees or customers. The maximum NPS score is 100 and the minimum score is -100 (Reichheld, 2003). According to the database provided by David Frenay (2016), the average Net Promoter Score is estimated at 34.3%.

The scale presented above is useful for organizations to focus on two major objectives: maximizing promoters and minimizing detractors. However, in order to provide real NPS value, it should be borne in mind that this performance indicator may vary by industry or geographical area of business. An accurate Net Promoter Score is essential for identifying threats and opportunities and maintaining customer balance. From the above description of what is NPS two of the major advantages of this system are illustrated: it is easy to understand and easy to calculate. Both are clearly important attributes when analyzing employee or customer loyalty, both within the organization and externally.

Customer advantages and disadvantages of implementing NPS

Before implementing a Net Promoter Score type survey among customers, it is very important to analyze the advantages and disadvantages of this performance indicator. Among the main advantages of NPS we count (Survey Monkey):

- is an easy-to-use and intuitive system;
- is an excellent management tool;
- has a common language for the classification of employees or customers;
- is correlated with the degree of business growth;
- is a benchmark source.

The online implementation of an NPS type questionnaire does not require the involvement of a person specialized in statistics to administer it. The whole concept of this type of questionnaire is concentrated around a simple idea: if the employees or clients are sufficiently dedicated to the company, to recommend it. In addition, the questionnaire comes with some additional questions that help to identify the reasons why employees, respectively customers tend to recommend or not the company with which they collaborate. The distribution of the questionnaire can be easily done in the online environment, and the calculation formula is intuitive and involves a simple calculation operation.

Depending on the score given by NPS clients, they classify the respondents in three more categories: promoters, detractors or passives. The categories make it easy to classify the level of loyalty of customers or employees and help the company clearly delineate these groups of respondents. Thus, the company can identify a group of promoters that it can invite to post reviews or participate in focus groups. Also, greater attention can be paid to detractors and problems can be easily identified so that processes are improved and service quality is increased.

In addition to the advantages presented above, the implementation of a Net Promoter Score type questionnaire among employees or clients may also have disadvantages such as (Ron, 2011): it is not a sufficiently specific system; without an action plan established following the results, the NPS questionnaire will not bring any benefit to the business.

The results of the Net Promote Score type survey can be considered the mirror of the company. If the reflection of the company is unclear and disordered, it might be uncomfortable for the company to carry out an analysis of the portrait in the mirror.

The need for companies to ask additional questions following the implementation of a Net Promoter Score questionnaire is natural and helps to identify the actions needed to improve services or working conditions. Although there is a balance between asking too many questions and trying to minimize interview time, the extreme of a single question can be too biased not only in terms of organizational needs, but also towards the client. If the

organization does not have enough information following the survey, then the client or employee interviewed may become frustrated due to the lack of change and involvement of the company in improving the quality of services.

NPS implementation within a private company

In the present article, we will present the results of implementing the NPS satisfaction measurement tool within a Romanian shared service center, which delivers services for the whole group of an Austrian company, active in the oil and gas industry.

The work performance of the employees of an organization and the fulfillment of the individual and organizational objectives obviously depend on their satisfaction and motivation. Although it is an obvious fact, specialists in performance management, sociology or psychology have conducted numerous studies in this regard to demonstrate this connection. Thus, we initiated the implementation of an NPS type questionnaire (Net Promoter Score) both among the employees (eNPS), as well as among the clients (cNPS) for whom services are provided globally.

The main objective of this study is to identify and analyze the impact of the implementation of an NPS type survey both among the employees and among the clients of a private organization in increasing the level of performance and satisfaction. In order to increase the job satisfaction of the employees, we must analyze the extent to which, each of the variables identified in the questionnaire influences NPS score.

The survey has been distributed using two approaches. On the one hand, we tested the level of satisfaction of the company’s employees and the improvement measures that can be proposed following the feedback provided by the respondents, using the NPS type survey. On the other hand, we distributed the same type of survey among clients to measure their level of satisfaction with the services provided by the employees, but also to verify the existence of a link between the level of employee satisfaction and the degree achievement of organizational objectives. The NPS survey was considered the most appropriate for the data collection to ensure the support of this research. The questionnaire addressed to the employees contained the specific NPS question with unique answer ("On a scale from 1 (least likely) to 10 (most likely), how likely is it to recommend our company as an employer"), two questions and four demographic questions about the respondent regarding sex, age, the business unit to which he belongs and the age in the company.

The questionnaire addressed to clients only covered the representative question for NPS, with the possibility of a unique answer on a scale from 1-10 ("On a scale from 1 to 10, to what extent do you agree with the following statement: I am completely satisfied by the services offered on your company) and a single question about the respondent to identify the business unit to which they belong. The questionnaires were completed online. Both questionnaires were distributed in June 2017 and 2018. The survey based on the questionnaire was carried out over two years, on a sample of 1,158 employees and 2.383 clients in 2017, respectively 1,145 employees and 2.030 clients in 2018:

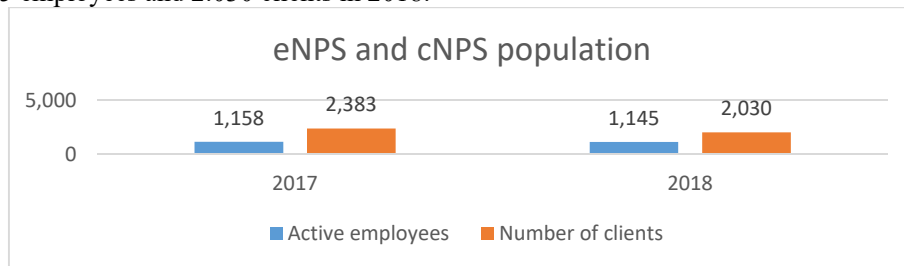


Fig. no. 1 eNPS and cNPS population

Source: authors' data processing study

The response rate within the employee and client’s population was high in both years, reflecting the fact that such surveys were appreciated by both categories. In addition, the high response rate proof that the communication and promotion of the research survey was successful and the measures applied from one year to another met the employees and clients expectations.

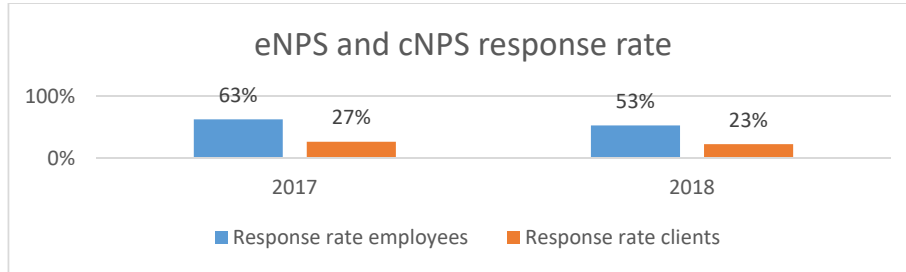


Fig. no. 2 eNPS and cNPS response rate

Source: authors' data processing study

Starting from the results of the respondents mentioned below, an eNPS indicator of 37% was calculated in 2017, respectively 54% in 2018. The growth is significant, but at the same time it is influenced by the lower number of respondents registered in 2018 compared to 2017. However, the eNPS indicator registered by the company studied in both years shows a high level of employee satisfaction. In addition, the level of the eNPS indicator is comparable to that of well-known companies on the market, such as AirBNB (37%) or Facebook (57%) (Comparably, 2017).

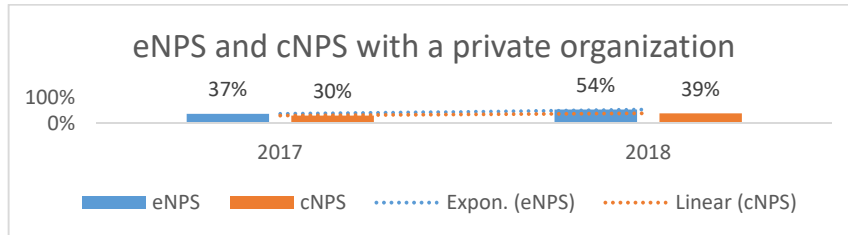


Fig. no. 3 eNPS and cNPS within a private organization

Source: authors' data processing study

The research results show that the increase in the eNPS score lead to the same trend for the cNPS score. The results of our study proof that satisfied employees lead to an increase in productivity and service level. By implementing a satisfaction measurement tool such as NPS within the employee and customer population, it is easy to identify the level of “happiness”, but also the reasons, which stay behind their dissatisfaction (fig. no 4). In this respect, we added an open question -“If you were the Managing Director and taking into account the current economic context, what changes would you make to consider giving the company a higher rating?”

Promoters	Passives	Detractors
<ul style="list-style-type: none"> •improve working procedures where needed •Take over several activities from abroad •Implement a collective salary increase to motivate the employees •Change the company's culture to a more customer-oriented one, both for internal and external customers, by promoting a self-oriented attitude, where people are accountable for the entire process, not just part of it that they "own." 	<ul style="list-style-type: none"> •Change the performance evaluation system - direct link with the promotion / bonus system •Be more attentive to the criteria according to which the managers of teams and departments are appointed, so that they have real competencies in the area of activity they manage. •Allocation of sufficient resources (personnel) for the volume of work (including the correct estimation and planning of their time). •Have a better career plan for the employees 	<ul style="list-style-type: none"> •Using a current technology (digitalization). •Decrease the average age and would include all employees in job rotation in order to have a broader picture on the activity. •Proceed to regular professional evaluations Transparency, access to new projects and information •Increase collaboration between the teams Share the knowledge between areas / departments Offer different opportunities for employees to change areas

Fig. no. 4 Improvement opportunities as result of eNPS

Source: data processing study

Similar to the employees, the clients were asked about the improvement areas to which the company should pay more attention.

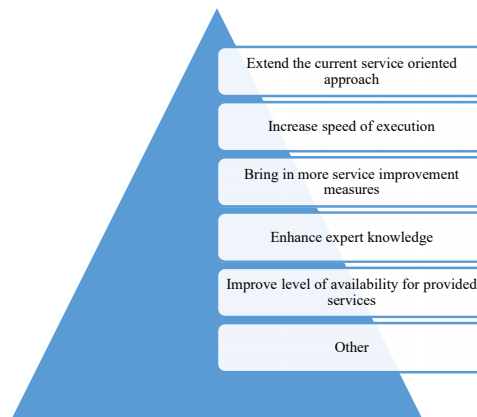


Fig. no. 5 Improvement opportunities as result of cNPS

Source: authors' data processing study

The flexibility of including additional questions to the main NPS standard one offers the company the possibility to collect fast and simple feedback from the employees and clients and to identify the weaknesses and opportunities where it is need for improvement. For sure such initiative would be useful and much appreciated also in the public sector, especially that the questions is simple to answer and it doesn't take much time to fill it in.

Conclusions

As mentioned at the beginning of the present article, Net Promoter Score is a used mostly in the private sector, being a popular tool for employee of customer satisfaction measurement. However, not many researchers or public organizations representatives decided to implements such survey within the public sector. The private sector main goal is the revenue, while the public sector concentrates on the approval and fulfillment of their purpose. However, either type or organizations need a tool of measuring customer's satisfaction and loyalty. As the trend in the private sector is to develop systems used for measuring reputation, the public sector organizations need also one. Independent if the priority of the organization is to achieve a specific profit or to seek mainly outcome, such objectives define reputation management. The research has many limitations and more theoretical background is needed from a public sector perspective. The results require more testing and a deep dive on this topic. In addition, the lack of experiences or research on NPS in public sector bring a gap in our study. The

sampling and the results of the study were large enough, however, as a next step a survey within the public institutions would support and enforce the importance of implement the NPS survey. In conclusion, we can say that NPS is an extremely attractive management tool, representing a simple figure, at least in the first phase; it has to do with an important KPI of the company. There is research that shows that this type of questionnaire has credibility and can be associated with a loyalty guru of customers or employees. Although the result is a figure, NPS cannot provide the complete set of information, so the company knows what strategy to follow in order to raise the score and increase the number of promoters. Thus, we can consider that the recipe for success can be a combination between NPS and another complementary method by which action findings can be offered.

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