

Customer Orientation of Service Employees and Customer Satisfaction

Amangala, A. Emmanuel

Department of Marketing,
Niger Delta University,
Wilberforce Island,
Bayelsa State

Ateke, Brown Walter

Department of Marketing,
Rivers State University
brown.ateke@ust.edu.ng

Abstract

This study examined the nexus between customer orientation of service employees and satisfaction of deposit money bank customers. The study assessed customer orientation of service employees through technical skills of service employees, social skills of service employees, motivation of service employees and decision-making authority of service employees. The study adopted an explanatory research design, while a self-administered questionnaire served as the research instrument. The linear regression analysis served as the test statistic relying on SPSS. The study observed that technical skills of service employees and social skills of service employees have positive and statistically significant relationship with customer satisfaction. The relationship between decision-making authority of service employees and customer satisfaction was found to be positive but statistically insignificant, while the relationship between motivation of service employees and customer satisfaction was found to be negative but statistically significant. The study thus concluded that satisfaction of deposit banks customers depend on customer orientation of service employees through technical skills of service employees, social skills of service employees and decision-making authority of service employees; and recommends that deposit money banks in Rivers State, Nigeria that seek to create satisfied customers should improve the technical and social skills of their service employees and delegate decision-making authority to them to perform of their duties.

Keywords: *Customer orientation of service employees, decision-making authority, motivation, social skills, technical skills.*

Introduction

Today's marketers are more mindful of the products they offer to the market and how they interact with customers; thanks to consumerism. The praxis of marketing today is premised on the marketing concept - a business philosophy that views customer satisfaction as the pathway to organisational profitability and survival. The marketing concept has become one of the most profound lines of thought and research in marketing. The adoption of the marketing concept in a firm's operations is conceived as market orientation (Kohli & Jaworski, 1990); and is viewed differently by different scholars (see Kohli & Jaworski, 1990; Narver & Slater, 1990). The crux of the different conceptualizations however, is customer orientation (Zebal & Godwin, 2011). Pointedly, Deshpande, Farley and Webster (1993) considered a customer orientation to be synonymous with market orientation. The subject of market orientation has received

considerable attention from marketing scholars who have developed, tested and refined market orientation scales (see Carr & Lopez, 2007; Blankson & Stokes, 2002; Kohli & Jaworski, 1990; Narver & Slater, 1990; amongst others) for measuring the degree of market orientation that organizations exhibit. The justification for the interest in market orientation is hinged on the conviction that market orientation impact firms' economic and non-economic performance (Kohli & Jaworski, 1990).

A firm is considered market oriented only in relation to how much it places the customer at the centre of its activities. A customer orientation involves gathering information on the current and latent needs and wants of customers (Narver & Slater, 1990). However, the need to differentiate between organisational level analysis of customer orientation and individual-level analysis of customer orientation has been advanced (Chen, Chang & Myagmarsuren, 2011). An organisation's management may be customer oriented and be invested in serving customers' needs; however, it is the firm's employees that translate these ideals and beliefs into actions (Kim, 2009). This is even more prominent in service firms because of the highly interactive nature of service encounters. Service providers are often "the face" of the company to the customer, as services are inseparable from service providers (Kotler & Keller, 2012).

Thus, customers often make judgements about service quality and firms based on their interaction with service employees. This makes it very important for service employees to be customer oriented (Kim, 2009; Hennig-Thurau, 2004). Customer orientation of service employees (COSE) is the term used to represent customer oriented behaviours of service employees. COSE is a representation of the extent to which the behaviours service employees enact in their interactions with customers meet the expectations of those customers and satisfies their requirements (Hennig-Thurau, 2004). COSE is dimensionalized as social skills of service employees, technical skills of service employees, employees' motivation of service employees and decisions-making authority of service employees (Hennig-Thurau, 2004).

Technical skills of service employees describe the knowledge and motor skills service employee must possess in order to fulfil customer's needs during interactions in service encounters (Hennig-Thurau, 2004). The technical skills of service employees are those job-specific knowledge and techniques that are required to perform an organizational role; and involves the ability to perform specific tasks, have great depth of product knowledge, and have knowledge about customers. In the case of banking services, this refers to employees' knowledge of the bank's products and how they can be used. Technical skill as a dimension of COSE is conceptually akin to assurance - one of the dimensions of the SERVQUAL developed by Parasuraman, Zeithaml & Berry (1988).

Social skills of service employees focus on service employees' ability to take the customer's perspective during interactions. This can be visual (understanding what consumers see and perceive), cognitive (understanding what consumers think) and emotional (understanding what consumers feel). These social skills as conceptualised are akin to empathy as conceptualized by Parasuraman, Zeithaml & Berry (1988) in their SERVQUAL scale. Technical skills and social skills are conceptually linked to assurance and empathy (Hennig-Thurau, 2004); even as Parasuraman, Zeithaml and Berry (1988) identify employee-related aspects of services such as responsiveness, assurance and empathy as dimensions of service quality assessment.

Motivation of service employees represents a positive valence of customer-oriented behaviour and the consequences associated with such behaviour on the part of the employees. It also indicates employees' perception of being able to behave in a customer-oriented way; as well

as their expectations of reaching the desired outcome through engaging in such behaviour. Motivation is the bridge between the skills of service employees and the actual customer-oriented behaviour (Hennig-Thurau, 2004; Hennig-Thurau & Thurau, 2003).

Decision-making authority of service employees describes the extent to which service employees are authorized to decide on issues that concern customers' interests and needs. Perceived authority is different from formal authority given by employees' superiors or organisation (empowerment) because it is more of a subjective concept (Kim, 2009). Ahearn, Mathieu and Rapp (2005) identify two forms of empowerment in literature. The first is the formal practice of delegating responsibility to lower level employees to give them increased decision-making authority to perform their tasks; while the second is self-efficacy (employees' perception of meaningfulness, self-determination, impact and competence). Literature suggests that leader empowerment and self-efficacy of employees have a positive link (Ahearn et al, 2005). Employees with social and technical skills, but with a perception of not having the required authority to act when necessary may not be willing to take certain decisions even though such decisions would positively influence the service encounter.

Customer satisfaction is the criterion variable in the current study. Customer satisfaction is based on the confirmation-disconfirmation paradigm (Buttle, 1995) and is conceived as customers' assessment of the value they receive from the purchase and consumption of products. It represents customers' perceived value as a result of consuming a product. The perception of satisfaction is influenced by ideal, expected and promised standards, as well as perceived value of competitor's offerings (Agarwal, Shankar, & Tiwari, 2007). Customer satisfaction has been, and is still a major goal of business organizations because it enhances customer retention, loyalty and improves firms' market share (Martey, 2015). In the view of Patterson and Walker (2001), customer satisfaction is "an individual's feelings of pleasure or disappointment resulting from comparing a product's perceived performance in relation to expected performance standards.

COSE has been found to be positively correlated with self and manager rated performances (Brown, Mowen & Licata, 2002), customers' favourable inequity perception and repurchase intention (Kim, 2009), customer satisfaction, affective commitment and rapport (Kim & Ok, 2010), customer satisfaction, customer commitment to the firm and customer retention (Hennig-Thurau, 2004). COSE, though very important to the wellness of service firms has not been accorded adequate attention by scholars. There is a dearth of empirical studies that have investigated COSE within the Nigerian business-scape; just as there is scarcity of studies that has assessed how each of the dimensions of COSE impacts on customer satisfaction in the marketing literature. This study is therefore an effort to examine the nexus between COSE and customer satisfaction in the Nigerian context. The following hypotheses were formulated to provide direction for the study:

H₁: Technical skills (TS) of service employees and customer satisfaction are significantly correlated.

H₂: Social skills (SS) of service employees and customer satisfaction are significantly correlated.

H₃: Service employees' motivation and customer satisfaction are significantly correlated.

H₄: Decision-making authority (DMA) of service employees and customer satisfaction are significantly correlated.

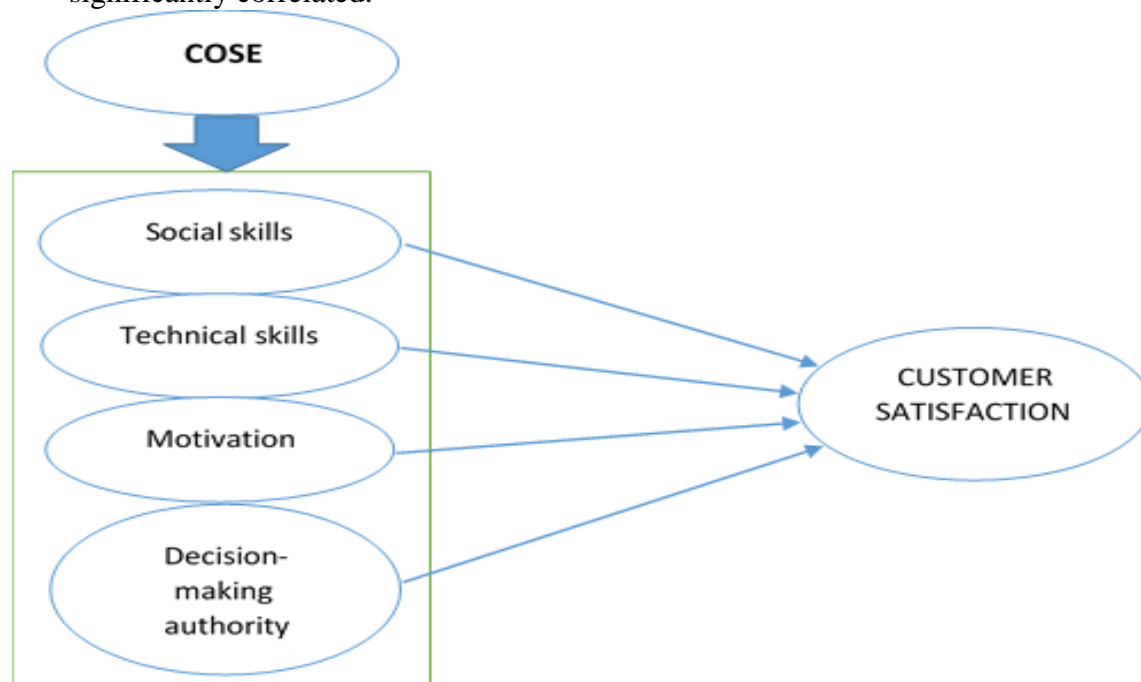


Figure 1: A Model of the link between COSE and Customer Satisfaction

Source: Researchers' Conceptualisation from Review of Literature (2018)

Materials and Methods

The aim of the current study was to determine the nexus between COSE and customer satisfaction. The research took a quantitative approach and adopted an explanatory design. Primary data was collected using questionnaire in a cross-sectional survey. The population of the study comprised of customers of deposit money banks in Nigeria. However, customers of deposit money banks in Rivers State, Nigeria constituted the accessible population. The accidental sampling technique was used to arrive at the three hundred and eighty five (385) customers of twenty-two (22) deposit money banks who participated in the study. Israel (2013) suggests that three hundred and eighty five (385) is an adequate sample for a large population whose proportional variability is unknown. The research setting was a non-contrived one.

The validity of the study instrument used in the study was earlier confirmed in previous studies. The validity of the scale on dimensions of COSE was confirmed by Hennig-Thurau (2004) while that on customer satisfaction was confirmed by Hennig-Thurau, Gwinner and Gremler (2002). The current study however further confirmed the validity of the instrument by subjecting it to the opinion of a jury of experts consisting of academics and practitioners with adequate knowledge of the subject of the study, while the internal consistency of the measurement items was confirmed through the Cronbach's Alpha test of reliability with a threshold of 0.70 set by Nunnally (1978). Table 1 below presents the summary of the reliability results. The study used the linear regression analysis as the test statistic.

Table 1: Summary of Reliability Result

S/N	Variable	No of items	Cronbach's Alpha
1.	Technical Skills (TS)	3	.702
2.	Social Skills (SS)	3	.714
3.	Motivation (MT)	3	.708
4.	Decision-making Authority (DMA)	3	.771
5.	Customer Satisfaction	4	.781

Source: Simulation from SPSS Output on Data Analysis on Customer Orientation of Service Employees and Customer Satisfaction (2018).

Results and Discussions

The results of the data analysis are presented below.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.798 ^a	.637	.627	2.34235

a. Predictors: (Constant), SS, DMA, MT, TS

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1349.628	4	337.407	61.497	.000 ^b
	Residual	768.123	140	5.487		
	Total	2117.752	144			

a. Dependent Variable: CUSTSAT

b. Predictors: (Constant), SS, DMA, MT, TS

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.141	1.588		.089	.929
	DMA	.092	.098	.048	.937	.350
	TS	1.416	.125	.754	11.318	.000
	MT	-.526	.096	-.348	-5.469	.000
	SS	.535	.132	.272	4.056	.000

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	DMA	.970	1.030
	TS	.584	1.713
	MT	.641	1.559
	SS	.574	1.741

a. Dependent Variable: CUSTSAT

From the model summary above, the regression coefficient (R) is 0.798, while the adjusted R² is 0.637 showing that all the dimensions combined have a strong and positive relationship with customer satisfaction. There is a fit between the regression model and the data obtained as shown from the ANOVA. F= 61.497 which is also significant (p=0.000). A test of multicollinearity shows that there is no strong correlation between the independent variables as the variance intolerance factor (VIF) for all the independent variables are within the range of 1 to 10.

From the multiple regression analysis, technical skills (TS) has a positive and significant effect on customer satisfaction ($\beta=0.754$, $p=0.000$). Social skills (SS) has a positive and significant effect on customer satisfaction ($\beta=0.272$, $p=0.000$). Motivation (MT) has a significant but negative effect on customer satisfaction ($\beta=-0.348$, $p=0.000$) and finally, decision-making authority (DMA) was found to have a positive relationship with customer satisfaction ($\beta=0.048$) but it is not significant ($p=0.350$). Hypotheses 1 and 2 were confirmed while hypotheses 3 and 4 were not confirmed.

The analyses reveal that technical skills of service employees have a strong relationship with customer satisfaction. Employees with extensive knowledge of their bank's services are better equipped to provide information about these services to customers and proffer solutions to problems that may arise in the course of the customers using such services. This gives confidence to customers to use those services and also engender satisfaction in such customers. Social skills of service employees posted a positive and significant relationship with customer satisfaction. Social skills of service employees basically demote employees' ability to see and feel things from customers' perspective. Service employees who empathize with customer are better placed to offer services that satisfy customers. These findings support the findings of Jamaluddin and Ruswanti (2017) and Arslan, Ifitkhar and Zaman (2015) who found positive correlations between empathy, assurance and customer satisfaction; and Hennig-Thurau (2004) whose study reveal technical and social skills of service employees have positive relationship and customer satisfaction.

The analyses also reveal that motivation of service employees have a negative but significant relationship with customer satisfaction. This is not supported by the finding of Hennig-Thurau (2004). It is expected that motivated service employees would be able to translate their skills into actions that would positively impact on the customer's satisfaction. Hence, the negative relationship is not supported theoretically and empirically. This finding may however be explained by situation-specific factors in the Nigerian context that colour customers perception or by factors that the study did not anticipate, and could not account for.

Furthermore, the analyses reveal that decision-making authority of service employees have a positive but insignificant relationship with customer satisfaction. This finding support that of Ahearn et al (2005) who found a positive but insignificant nexus between self-efficacy of employees and customer satisfaction. The finding however, does not support that of Alabar and Abubakar (2013) who found that employee empowerment significantly correlate with customers' perception of service quality. Perceived high service quality would of course lead to customer satisfaction. This variance in findings may be accounted for, by dissimilarities in business-scape and extent of decision-making authority vested in service employees in different settings.

Conclusion and Recommendation

Based on the results of the empirical analyses and the discussion of findings presented in the preceding section, the study concludes that a positive and statistically significant relationship exists between COSE and customer satisfaction through technical skills of service employees, social skills of service employees and decision-making authority of service employees; or that satisfaction of deposit banks' customers depend on technical skills of service employees, social skills of service employees, and decision-making authority of service employees. The study thus recommend that deposit money banks in Nigeria that seek to deliver satisfaction to their customers should improve the technical and social skills of their service employees and give them authority to make decisions that directly affect the performance of their duties.

References

- Agarwal, A., Shankar, R., & Tiwari, M. K. (2007). Modeling agility of supply chain. *Industrial Marketing Management*, 36, 443-457.
- Ahearne, M., Mathieu, J., & Rapp, J. (2005). To empower or not to empower your sales force? An empirical examination of the influence of leadership empowerment behaviour on customer satisfaction and performance. *Journal of Applied Psychology*, 90(5), 945-955.
- Alabar, T., & Abubakar, H. S. (2013). Impact of employee empowerment on service quality: An empirical analysis of the Nigerian banking industry. *British Journal of Marketing Studies*, 1(4), 32-40.
- Ananda, S., & Devesh, S. (2017). Service quality dimensions and customer satisfaction: empirical evidence from retail banking sector in Oman. *Total Quality Management and Business Excellence*.
- Arslan, M., Iftikhar, M., & Zaman, R. (2015). Effect of service quality dimensions on customer satisfaction: A comparative analysis of Pakistan Telecom sector. *British Journal of Marketing Studies*, 3(6), 43-62.
- Blankson, C., & Stokes, D. (2002). Marketing practices in the small business sector in UK. *Marketing Intelligence & Planning* 20, 49-61
- Buttle, F. (1995). SERVQUAL: Review, critique, research agenda. *European Journal of Marketing*, 30(1), 8-32.
- Carr, J., & Lopez, T. (2007). Examining market orientation as both culture and conduct: Modelling the relationships between market orientation and employees responses. *Journal of Marketing Theory and Practice* 15(2), 113-124.
- Chen, C., Chang, S., & Myagmarsuren, O. (2011). Customer orientation, job demands-resources and job satisfaction: A cross-level perspective. *The 11th International DSI and the 16th APDSI Joint Meeting*. Taipei, Taiwan.
- Deshpande, R., Farley, J., & Webster, F. (1993). Corporate culture, customer orientation and innovativeness in Japanese Firms. *Journal of Marketing*, 57(1), 23-37.
- Hennig-Thurau, T. (2004). Customer orientation of service employees: Its impact on customer

- satisfaction, commitment and retention. *International Journal of Service Industry Management*, 15(5), 460-478.
- Hennig-Thurau, T., & Thurau, C. (2003). Customer orientation of service employees: Toward a conceptual framework of a key relationship marketing construct. *Journal of Relationship Marketing*, 2(1), 1-32.
- Hennig-Thurau, T., Gwinner, K., & Gremler, D. (2002). Understanding relationship marketing outcomes: An integration of relational benefits and relationship quality. *Journal of Service Research*, 4, 230-247.
- Israel G. D. (2013). Determining sample Size¹. Retrieved August 2018 from <http://www.edis.ifas.ufl.edu>.
- Jamaluddin, & Ruswanti, E. (2017). Impact of service quality and customer satisfaction on customer loyalty: A case study of a private hospital in Indonesia. *IOSR Journal of Business and Management*, 19(5), 23-33.
- Kim, W. (2009). Customers' responses to customer orientation of service employees in full-service restaurants: A relational benefits perspective. *Journal of Quality Assurance in Hospitality & Tourism*, 10(3), 153-174.
- Kim, W., & Ok, C. (2010). Customer orientation of service employees and rapport: Influences on service-outcome variables in full-service restaurants. *Journal of Hospitality and Tourism Research*, 34(1), 34-55.
- Kohli, A., & Jaworski, B. (1990). Market orientation: The construct, research propositions, and managerial implications. *Journal of Marketing*, 54(2), 1-18.
- Kotler, P., & Keller, K. L. (2012). *Marketing management*. 14th Edition. New Jersey: Prentice Hall.
- Martey, E. M. (2015). Relationship between customer satisfaction and customer loyalty on mobile network users. *Journal of Marketing and Consumer Research*, 14, 126-131.
- Narver, J., & Slater, S. (1990). The effect of market orientation on business profitability. *Journal of Marketing*, 54(4), 20-35.
- Nunnally, J. C. (1978). *Psychometric theory*. 2nd Edition. New York: McGraw-Hill.
- Parasuraman, A., Zeithaml, V., & Berry, L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-39.
- Tom, J. B., John, C., Mowen, D. T., & Licata, J. W. (2002). The customer orientation of service workers: Personality trait effects on self and supervisor performance ratings. *Journal of Marketing Research*, 39(1), 110-119.
- Zabal, M., & Godwin, D. (2011). Market orientation in a developing nation: Antecedents, consequences and the moderating effect of environmental factors. *Marketing Bulletin*, 22, 1-23.