CHAPTER 6
SUMMARY AND CONCLUSIONS

In response to intensified competition and changing customer preferences, a growing number of service sector organizations strive to differentiate them on the basis of high quality customer service (Peccei and Rosenthal, 1997). Thus, the main goal of every company is to create, maintain and retain customers for better future prospects and build strong relationships with them and achieve customer satisfaction (Mohr and Bitner, 1995). Customer orientation becomes a key strategy in today’s competitive environment, where organizations are seeking ways to improve customer satisfaction (Saxe and Witz, 1982; Michaels and Day, 1985; Narver and Slater, 1990; Bettencourt and Brown, 1997; Hartline, Hennig-Thurau, 2004; Homburg and Stock, 2005), customer commitment and retention (Hennig-Thurau, 2004; Huang, 2008) which, in turn, maximizes customer loyalty, repurchase, and the willingness to offer positive word-of-mouth recommendations (Brady and Cronin, 2001).

The concept ‘customer orientation’ has been studied extensively in the past and viewed as core element of the marketing concept. Several authors in the past used various terms, like; ‘market orientation’, ‘market driven’, ‘market focused’, ‘customer-driven’, ‘customer-focused’, ‘close to the customer’, ‘customer-centered’, ‘customer first’, and ‘customer is king’, to define customer orientation (Webster, 1988; Shapiro, 1988; Kohli and Jaworski, 1990; Narver and Slater, 1990).

The research on customer orientation has been carried out from two perspectives; organizational level (Kohli and Jaworski, 1990; Narver and Slater, 1990; Deshpande, Farley and Webster, 1993; Hartline, Maxham & McKee, 2000; Homburg and Pflesser, 2000) and Individual level (Saxe and Wietz, 1982; Michaels and Day, 1985; Brown and Widing, 1993; Siguaw, Brown and Widing, 1994).
Customer orientation at the organizational level is termed as market orientation that measures firm’s overall ability to meet customer needs satisfactorily. Market orientation is a popular term used by marketers as an indicator of the extent to which a firm implements the marketing concept (Aziz & Yasin, 2010). Market-oriented businesses are committed to understanding both the expressed and unexpressed needs of their customers, and the capabilities and plans of their competitors through the process of acquiring and evaluating market information in a systematic and anticipatory manner (Slater, 2001). A market orientation that provides for market-focused strategic flexibility to sustain competitive advantage is a strategic solution (Javalgi et al., 2005).

- Individual level customer orientation relates to the interpersonal interaction between employees and customers are related to the ability of salespeople to help customers in making purchase decisions at the time of interaction. It refers to the employee’s behavior that is geared towards satisfying customers’ needs adequately (Stock and Hoyer, 2005).

6.1. OBJECTIVES OF THE STUDY

The primary purpose of the present study is to measure customer orientation among employees of selected banks and to identify the antecedents of customer oriented behavior of an employee. The specific objectives of the study are as follows:

1. To measure the customer orientation of service employees of banks.
2. To study the personal antecedents of customer orientation of service employees of banks.
3. To investigate the impact of job attitudes on customer service orientation of service employees.
4. To examine the impact of organizational antecedents of customer orientation of service employees of banks.
5. To test a proposed model which is a best fit for the banking industry.
6. To study the relationship between customer orientation and customer satisfaction customer commitment, customer retention from customers’ perspective.
6.2. **RATIONALE OF THE STUDY**

Although, many empirical studies have focused on issues relating to customer orientation, job attitudes and personality traits, many unanswered questions about the nature of customer orientation seem to remain. This empirical study attempts to explore the relationships among several components of the antecedents and consequences of customer orientation. There are four main reasons of conducting this research. First, few studies in the past investigated the effects of job attitudes and personal variables on customer orientation. Second, few studies in the past investigated the impact of customer orientation on customer outcomes. Third, no such study has been conducted in India so far that tested interrelationships between antecedents and outcomes of customer orientation by applying Structural Equation Modeling. Fourth, this study provides a model which is fit for the banking industry. It will also demonstrate the significance of considering not only the effects of job attitudes, personal variables on customer orientation, but also the effects of customer orientation on customer outcomes (customer satisfaction, customer commitment and customer retention) and salesperson performance.

Although, number of studies in the past has investigated the antecedents and consequences of customer orientated behavior separately focused on organizational and personal factors that contribute to customer oriented behavior. A gap exists in literature examining the simultaneous influences of organizational and personal factors on customer oriented behavior. This thesis addresses this gap by examining the impact of organizational factors (identification) and personal factors (personality traits) on customer oriented behavior. This study explores established constructs in order to bring deeper insight into the study of employee customer orientation.

6.3. **RESEARCH FRAMEWORK AND PROPOSED RESEARCH MODEL**

The proposed model of customer orientation, its antecedents and consequences is based on integration and modified existing constructs as well as new constructs. The proposed research model is shown in figure.
Figure 6.3.1 Proposed Model of Customer Orientation of Service Employees

6.4. RESEARCH METHODOLOGY

A survey using self-administered questionnaire was used to acquire the data about the constructs proposed in the theoretical model to test the model and hypotheses. A pilot test was performed prior the main survey to pre-test the questionnaire. A pre-testing is required to refine the research instrument, to eliminate possible weaknesses and flaws in the first draft questionnaire by deleting some bad measurement items and to determine the face validity of the measures. The questionnaire items were revised based on the results of the pilot study before being put into the final form.

Following the pre-test, the main survey was conducted with a target sample of 450 bank employees. In order to collect required data, top 13 public and private sector banks from three cities; Amritsar, Jalandhar and Ludhiana, of Punjab were selected. 10 percent of the
total branches of each bank in each city were selected on the basis of their annual business. The bank employees included single window operators, customer service representatives and tellers from selected branches were surveyed. A total of 500 questionnaires were distributed, 424 responses were retrieved to analyze the data. A multi stage random sampling technique was used. In case of customers, 500 questionnaires were distributed to collect data but 448 respondents filled the questionnaire. Descriptive research in combination with causal research (hypothesis testing) is employed to answer the research questions. The data has been collected by carrying out a survey among the selected respondents with the help of a questionnaire, the contents of which were determined to achieve the set objectives. The collected data was then subject to rigorous statistical analysis.

In order to analyze the data, two statistical packages were adopted i.e. SPSS and AMOS. SPSS was used to analyze the preliminary data. SEM was employed using two step approach to estimate a measurement model prior to examining the structural model. The first stage involves the assessment of measurement model and the second stage includes assessment of the structural model. Confirmatory factor analysis was employed to test the validity of the measurement through the convergent and discriminant validity and second, to assess the factorial structure of the entire scale. Once the scale had been developed in stage one, the hypotheses were tested in stage two (the structural model).

6.5. **PROCEDURE OF DATA ANALYSIS**

The first step of data analysis is to use item analysis to investigate the item means and assess item-to-total correlations. Second, exploratory factor was performed to identify whether items loaded on their intended factors. Items having low factor loading were removed from further analysis. After EFA, the reliability of the underlying factors was checked using Cronbach alpha. Then, scales were validated by using confirmatory factor analysis. Once scales were proved to be uni-dimensional, reliable and valid, then structural model was applied to test the hypotheses.
6.5.1 Item to Total Correlation

Another separate-item measure of the scale’s consistency is the correlation of each item to the sum of the remaining items in one factor, commonly referred to as the item-to-total correlation. The approach assumes that the total score is valid and thus, the extent to which the item correlates with the total score is indicative of convergent validity for the item. A low item-to-total correlations indicates that the items do not come from the domain of the same construct and will lead to higher levels of error and low levels of reliability. All the items of the scales used in the present study have been above the threshold values except few for some scales which were deleted.

6.5.2 Factor Analysis

To reduce the number of items and extract the underlying factors, the principal component analysis technique was employed. A varimax rotation was then applied to initially-extracted factors. To assess the factorability of items, Kaiser-Meyer-Olkin (KMO) measure of sample adequacy and Bartlett's test of Sphericity and communalities were used to test the suitability of the data for factor analysis. The factorial solutions; factor loadings and percentage of variance explained have been considered for making a decision about retaining an item or deleting an item of the scales being used.

6.5.3 Cronbach Alpha

DeVellis (1991) recommended values of alpha as: below 0.60, unacceptable; between 0.60 and 0.65, undesirable; between 0.65 and 0.70, minimally acceptable; between 0.70 and 0.80, respectable; and between 0.80 and 0.90, very good. The alpha for all the scale used in the present study have been above 0.70.

6.5.4 Confirmatory Factor Analysis

The use of CFA and construct validity assessments helps in assessing the quality of the measures within a measurement model. The two stage approach of CFA as advocated by Anderson and Gerbing (1988) has been followed. CFA has been performed on each of the construct to check the dimensionality of the constructs and validity of the measures. The first stage assesses the uni-dimensionality for each factor and the second stage aims to assess the reliability and validity of each construct.
Stage – I: Assessing Uni-dimensionality

The overall fit of the model and relationships between each unobserved construct and its observed items was used to assess the uni-dimensionality of measurement scales. An examination of the overall fit statistics for each construct in measurement model indicated that the model provides a good fit to the data. Squared multiple correlations for all items ranged from 0.54 to 0.76. All items SMC were above 0.5, providing additional support for a good model fit. The standardized factor loadings of all items of each construct were higher than the recommended level of 0.50 indicating a strong association between the constructs and items measuring those constructs. Critical ratios (t-values) were above 1.96 for all the factor loadings indicating that the factor loadings were statistically significant (Byrne, 2001; Hair et al., 2006). Results revealed that all construct measures being used in the present study were uni-dimensional.

Stage – II Assessing Reliability and Validity

Average Variance Extracted (AVE) is a strong measure of the construct reliability than the composite reliability (Fornell and Larker, 1981). CR measures the internal consistency of a set of measures rather than the reliability of a single variable to capture the degree to which a set of measures indicates the common latent construct (Holmes-Smith et al., 2006). AVE estimate is a more conservative indicator of the shared variance in a set of measures than composite reliability. The variance-extracted reflects the overall amount of variance in the items accounted for by the latent construct. In the present study, CR and AVE have been calculated separately for each multiple item construct because AMOS does not compute these two measures directly (Hair et al., 1995). Bagozzi and Yi (1988) recommended that CR should be equal to or greater than 0.60 and AVE should be equal to or greater than 0.50. The scales considered for analysis in the present study were having CR and AVE above the recommended levels.

6.6 TESTATION OF PROPOSED RESEARCH MODEL AND HYPOTHESES

Once all the measures of the constructs being used in the model were validated and achieved a satisfactory level of fit, structural model is tested and presented as second stage of Structural Equation Modeling (SEM). The structural model aims to test the causal relationships between the latent factors or to examine the structure of the relationships between the latent constructs (Anderson and Gerbing, 1982, 1988). The
structural equation model statistics; CMIN/df = 1.705; CFI=0.931; TLI=0.928; RMSEA= 0.41, reveal that the proposed model of research is a good fit.

6.6.1 Testation of Hypothesis

A number of hypotheses were proposed in the present study and most of them have accepted except a few which have not been supported by the data, all these are reported in the following table.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁ Job satisfaction has a positive impact on customer oriented behavior of an employee.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₂ Affective commitment has a positive impact on customer oriented behavior of an employee.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₃ Organizational identification has a positive impact on customer oriented behavior of an employee.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₄ Self-efficacy has a positive impact on customer oriented behavior of an employee.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H₅ Role ambiguity has a negative impact on customer oriented behavior of an employee.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₆ Customer oriented culture has a positive impact on customer oriented behavior of an employee.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₇ Long term orientation has a positive impact on customer oriented behavior of an employee.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₈ Extraversion has a positive impact on customer oriented behavior of an employee.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₉ Agreeableness has a positive impact on customer oriented behavior of an employee.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₁₀ Conscientiousness has a positive impact on customer oriented behavior of an employee.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₁₁ Customer oriented culture has a negative impact on selling orientation.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₁₂ Long term orientation has a negative impact on selling orientation.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₁₃ Customer oriented behavior has a positive impact on superior value creation.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₁₄ Selling orientation has a negative impact on superior value creation.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H₁₅ Customer oriented behavior has a positive impact on customer satisfaction.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₁₆ Customer oriented behavior has a positive impact on customer commitment.</td>
<td>Supported</td>
</tr>
<tr>
<td>H₁₇ Customer oriented behavior has a positive impact on customer retention.</td>
<td>Supported</td>
</tr>
</tbody>
</table>
The results indicated that job satisfaction has significant and positive impact on customer oriented behavior of an employee. This is consistent with some previous studies (Hoffman and Ingram, 1992; Siguaw, Brown and Widing, 1994; Flaherty, Dahlstrom & Skinner, 1999; Pettijohn, Pettijohn and Taylor, 2002; Stock and Hoyer, 2002), suggesting that more satisfied an employee is, more she/he exhibits customer oriented behavior.

The positive relationship between affective commitment and customer oriented behavior of an employee has been found, which is consistent with the findings of the studies carried out in the past (O’Hara et al., 1991; Hoffman and Ingram, 1991; Kelley 1992; Siguaw, Brown and Widing, 1994; Flaherty, Dahlstrom & Skinner, 1999). It suggests that committed employees are more likely to build long-term customer relationship which is reflected in the salespeople’s willingness to engage in such activities. It means that salespeople who are committed to their employers would be more likely to support the organization’s goals regarding the development of customer satisfaction.

The relationship between organizational identification and customer oriented behavior of the employees has been found to be significant. The findings indicated that employees who identify themselves with their organization engage in behaviors prescribed/desired by their organizations and behaviors which are in the interest of their organization. Thakur & Joshi (2005) in his research findings indicated that salespeople will be motivated to expend the additional effort if they believe that they will experience a feeling of accomplishment from this activity.

The relationship between self-efficacy and customer oriented behavior of the employee is not significant. It suggests that people with higher self-efficacy may not engage in customer oriented behavior. It seems that employees with higher self-efficacy who are confident about their capabilities may dominate the interaction between them and their customer and pay less attention to information provided by customers about their needs and what kind of product/service they are looking for.

This study also found that role ambiguity negatively affects customer oriented behavior, which indicates that salespeople who experience high levels of role ambiguity demonstrate low levels of customer oriented behavior. The finding is consistent with the
findings of the studies carried out in the past (Hoffman and Ingram, 1991; Siguaw et al., 1994; Flaherty et al., 1999). It highlights that the role ambiguity diminishes an employee’s ability to serve customers in an efficient manner.

A positive relationship between customer oriented culture in banks and customer oriented behavior of their employees has been revealed, which indicates that if banks are able to build customer oriented culture it would facilitate in demonstrating customer oriented behavior.

The positive relationship between long term orientation of banks and customer oriented behavior of bank employees has been revealed, which means that the banks with long term orientation promote building and maintaining long term relationships with their customers which further encourage employees to be customer oriented.

All the three personality traits; extraversion, agreeableness and conscientiousness, have been found positively related with customer oriented behavior of the employee.

Although customer oriented behavior has been found positively associated with superior value creation, but the hypothesis that selling orientation is associated negatively with superior value creation is not supported. It reveals that customer oriented behavior certainly leads to superior value creation and it may also be true if employees are having selling orientation but needs to be investigated further.

Customers reported that customer oriented employees enhance customer satisfaction, customer commitment and helps in customer retention. The findings are in line with previous research which suggested that customer oriented employees create satisfied customers (Stock and Hoyer, 2005; Susskind 2003, Boles et al., 2001); customer commitment (Boles et al., 2001; Brady and Cronin, 2001; Brown et al., 2002; Hennig-Thurau, 2004) and customer retention (Bearden and Teel, 1983; Oliver and Swan, 1989; Cronin and Taylor, 1992; Boulding et al., 1993; Anderson, Fornell and Lehmann, 1994).

6.7 MANAGERIAL IMPLICATIONS

The findings of the study have significant implications for the banks and banking industry. As strong inter-relationships have been found amongst all dimensions relating
to frontline bank employees and their orientation towards serving the customers, urge has been made that management should take initiatives or design such interventions that can improve the level of their job satisfaction, which in turn, would positively impact the way they interact with the customers. As a result, higher level of perceived service quality by the customer leads to more satisfaction, commitment and long lasting relationship with the bank. Schneider and Bowen (1995) observed that frontline employees are the central resource of an organization and key to the delivery of service quality to the customers.

With regard to the findings, few implications are discussed below.

- Bank employees with personality traits like extraversion, agreeableness, and conscientiousness have been found positively related to customer service orientation. Thus, management should attract employees with such traits for the job and should select such employees through scientifically designed selection process or enhance such abilities through training and development practices. The inculcation and development of such traits also require fulfillment of psychological contract on the part of employees and response usually occur in the form of improved performance, greater commitment, satisfaction and organizational citizenship behavior.

- Bank employees’ have been found to exhibit customer service orientation when they perceive that their organization portrays customer centric culture and have long term orientation. It is generally believed that the main goal of any business is to satisfy the needs of customers and such goal will only be met with the active involvement of its personnel. Employees, who design products for the needs of customers, align their behavior to the organizational values and reinforce the organizational customer focus, ultimately take the organization to new heights and succeed to demonstrate customer service oriented behaviors. Thus, banks must ensure that they build customer centric culture and encourage their employees to adopt the same in their interaction with the customers. Management must reward employees upon customer feedback and service orientation, listen to them as they have good understanding of customer concerns and make them understand how their job can provide added-value to the customer.

- Role ambiguity has been found to negatively affect customer service orientation.
The higher the role ambiguity, the lower the customer service orientation is. Therefore, it is not surprising that bank employees who are unclear about their roles, duties, and responsibilities might be unable to meet performance standards. However, role ambiguity should be controlled by establishing effective communication system and by informing employees about their job description through formal induction programs.

- Findings suggest that when employees perceive their job as satisfying, show more customer service orientation. Researchers and practitioners have proved that satisfied employees are the empowered employees and they possess more resources (in the form of knowledge, energy, empathy, understanding, respect and concern). Thus, banks should take every possible step to provide satisfactory working conditions, like fair compensation, development opportunities, policy for leaves and overtime, technical and infrastructure support, coworker support, so that employees feel satisfied with their jobs.

- Organizational identification has shown to have positive effect on customer service orientation. Thus, banks should focus on retaining its employees by appraising them on the basis of their performance, recognizing their efforts, by devising efficient grievance handling system and by conducting quit interviews so that employees get connected to the organization for years.

To conclude, it is suggested that banks should hire and train employee for customer orientation, which would help them in competing in the market successfully and would provide competitive advantage as well. It would ensure the sustainable growth of the banks in future.

6.8. LIMITATIONS OF THE STUDY

No research study is flawless. In spite of best efforts of the researcher in collecting data from bank employees, the findings of this study must be viewed in light of the following limitations.

- First, the survey and data collection were cross-sectional. Hence, any attempt to generalize the research findings and to theorize causal relationships must be
undertaken with caution. Whilst, a longitudinal research design would be necessary to properly test the causal relationships, such research has significant cost and resource implications.

- Second, all of the measures for constructs under examination in this study were self-reported by a single respondent. This means that the strength of some of the relationships as reported may be inflated due to common method variance.
- Third, this research integrates a number of constructs with too many statements. Thus, respondents might feel reluctant to spend their quality time in filing such a long questionnaire.
- Fourth, this study does not provide the interaction effects between the antecedents; more research is needed to figure out the nature of these relationships.
- Fifth, this study does not include all possible antecedents of customer oriented behavior but instead chose model parsimony approach.

6.9. **SCOPE FOR FUTURE RESEARCH**

Future research can be conducted with regard to the following aspects.

- Interaction effects between the antecedents of customer service orientation can be researched in future.
- Comparative study can be conducted to examine the antecedents of customer service orientation amongst employees of private banks, public banks and foreign banks.
- Inter segment comparative study is also recommended as the present study covered only top 13 public and private sector banks. Banks that are not considered in the present study may have different antecedents of customer service orientation.
- The proposed model can be tested in some other service industries.