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The drivers of customer orientation: an exploration of relational, human resource and procedural tactics

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While the outcomes of customer orientation have been extensively studied, the antecedents to a customer-oriented culture are relatively ignored and often described as in need of further research. The aim of this study is to explore, describe, and categorize the factors that drive the development of customer orientation. In this regard, a key objective is to provide insights into the nature and the dynamics of organizational approaches and tactics that impede or facilitate customer orientation. Thus, central concerns are the strategies, tactics, and procedures that contribute to the development of a customer-oriented culture. This paper starts by outlining existing research into the character of customer orientation in contemporary firms. Thereafter a conceptual model of the approaches and tactics that drive customer orientation is presented and a series of hypotheses forwarded. Following a brief discussion of the research design and methods employed, the results of a survey of the antecedents of customer orientation in high-tech companies are presented. The paper concludes with a series of implications for both practitioners and theorists.

KEYWORDS: Customer orientation; customer-oriented culture; relational tactics; human resource tactics; procedural tactics; developing customer orientation

Since the marketing concept was first articulated in the early 1950s, practitioners and theorists have advocated the pursuit, development, and maintenance of a customer-oriented company (for example, Felton, 1959; Lear, 1963; McNamara, 1972; Webster, 1981; du Gay and Salaman, 1992; Brady and Cronin, 2001). Subsequent research has indicated that the quest for a customer orientation is desirable in a variety of diverse industrial contexts. Indeed, such is the force of these arguments that Kennedy *et al.* (2002) argue that the development of customer orientation should be the *leitmotif* for all organizations. This position is supported by a raft of studies that confirm significant associations between the customer orientation of a firm and its financial and market performance (see for instance Doyle and Wong, 1998; Ambler, 1999; Day, 2000). However, while insights into the outcomes of customer orientation have been extensively studied (see LaBarabra and Mazursky, 1993; Srivastava, Shervani and Fahey, 1998; Steinman, Deshpande and Farley, 2000), the antecedents to a customer-oriented culture are relatively

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understudied and often described as in need of further study (Kelley, 1992; Deshpande, Farley and Webster, 1993).

Consequently, the aim of this study is to explore, describe, and categorize the factors that drive the development of customer orientation. In this sense, an objective of the study is to provide insights into the nature and the dynamics of organizational tactics that impede or facilitate customer orientation. In this regard, this study is designed to supply insights into the strategies, tactics, and procedures that contribute to the development of a customer-oriented culture. As such, this study is of value not only to marketing theorists and practitioners but also to general strategy and human resource management academicians interested in the barriers to customer orientation and the mechanisms of developing improved customer focus.

This paper begins by outlining extant research into the character of customer orientation in contemporary firms. Thereafter a conceptual model of the approaches and tactics that drive customer orientation is presented and a series of hypotheses forwarded. After outlining the research design and methods employed, the results of a survey of the antecedents of customer orientation in high-tech companies are presented. The paper culminates with a series of conclusions and implications for practitioners and theorists.

CUSTOMER ORIENTATION

The concept of customer orientation was developed in the work of Levitt (1960). This work defines customer orientation in terms of the bottom-line objectives of competitive organizations and proposes that the ultimate aim of any company is to achieve customer satisfaction, a viewpoint since reflected in the marketing strategy literature (Wright *et al.*, 1995; Hult *et al.*, 2001). This is further supported by Day's (1994) deductions that customer orientation is a concept which transforms marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customers and the firm.

A customer-oriented culture suggests that a firm concentrates on providing products and services that meet customer needs (Day and Wensley, 1983; Dean and Bowen, 1994; Noble, Rajiv and Kumar, 2002). To nurture customer-oriented cultures it is frequently argued that organizations should collect information from customers about their needs and wants and use customer supplied information to design and deliver products (Schneider and Bowen, 1993). Kohli and Jaworski (1990) define customer orientation within the context of market orientation. This view positions customer orientation as an organization-wide focus on the generation and dissemination of customer and market information. For the purpose of this study, building on previous definitions, we define customer orientation as the cultural and behavioral aspect of market orientation, and as such is a strategic element which is of equal importance to competitor orientation and inter-group communications.

The following review will demonstrate that it may be argued that, in many regards, contemporary research has overlooked the application, strategies, and tactics of customer orientation. In order to address this issue, we reflect on the impact of three different types of approaches, implemented in the execution of customer orientation. A customer-oriented culture engages excellence in customer interactions, market and customer familiarity and an emphasis on co-operation (Deshpande, Farley and Webster, 1993; Noble, Rajiv and Kumar, 2002) and has been found to achieve high market performance (Bitner *et al.*, 1990; Ambler, 1999). In this regard, Deshpande and Webster (1989) argue that an organization's culture can lead to shared values and beliefs that encourage individuals to comprehend and accept organizational

objectives, policies, and provide the norm for behaviors within the organization. In order to steer the subsequent review and discussion, a figure identifying the key constructs included in the study is provided in Figure 1.

The conceptual model presented in Figure 1 depicts the hypothesized associations between relational, human resource, procedural tactics, and customer orientation. The conceptual reasoning and rationale for each of the proposed associations is detailed in turn below.

Relational tactics

We define relational tactics as those tactics which aim to achieve long-term reciprocal customer alliances. As such, adopting relational tactics offers the organization long-term partnerships, which offer value, flexibility, and greater understanding of the consumer (Reichheld and Sasser, 1990; Tellefsen, 2002). Through the development of relational tactics, organizations can expect to nurture an understanding with key profitable customers which engenders trust, respect, confidence, and a greater understanding of customer needs and requirements, leading to mutual dependence and mutual rewards (Cordrey and Webster, 1994).

The relationship between organizations and their customers can positively affect customers' evaluations of their own satisfaction (Goodman *et al.*, 1995). As Bolton (1998) found, relational tactics aimed at business-to-business customers characteristically emphasize the customization of products and services to individual clients and an intensification of core services. However, Sheth and Paravatiyar (1995) believe that the positive consequences of relational tactics to customers include greater marketing productivity through improvements in effectiveness and efficiency in the application of resources.

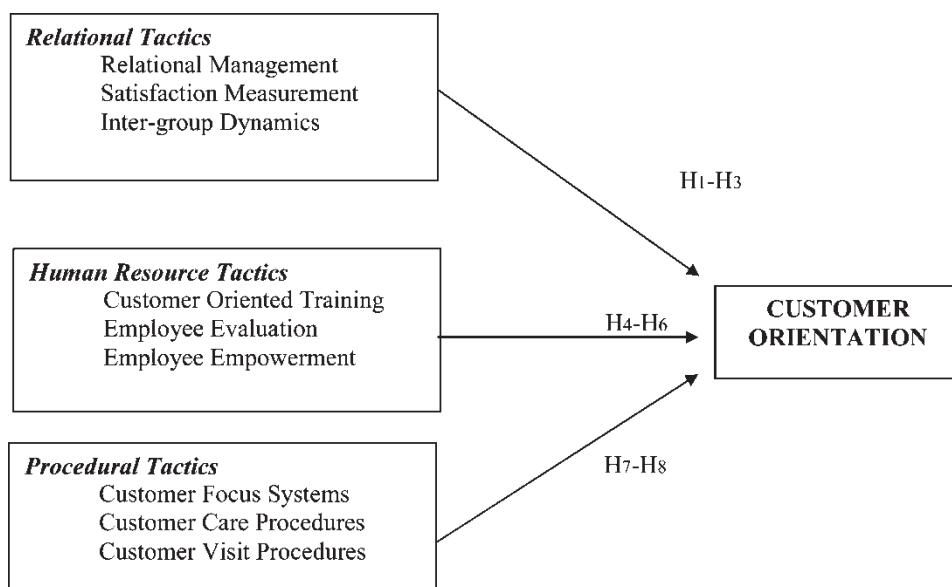


FIGURE 1. A conceptual model of customer orientation and relational, human resource management and procedural tactics.

A review of relational literature indicates that three main relational tactics are associated with customer orientation. These are customer relational tactics, customer satisfaction tactics, and, firm wide inter-group communications, which focus on, inter-functional communications. Customer participation in marketing procedures strengthens market effectiveness as, from one perspective, individual customer needs are served, and, from another, the customer is involved in the development of marketing processes and practices which leads to their greater commitment and loyalty to the firm. As Grönroos asserted in 1990, the foundation of customer relational tactics is the fulfillment of promises made to customers, this involves making realistic product and service promises, keeping these promises and enabling employees and systems to deliver such promises (Bitner, 1990). Therefore, it is hypothesized:

H₁: A systematic approach to relational management has a positive impact on customer orientation.

Through the measurement of customer satisfaction, and the integration of findings into customer orientation, organizations can increase customer retention as a direct result of product/service improvement based on the acknowledgement of customer likes and dislikes concerning past product/service provision. Customer satisfaction measurement has a positive impact on customer retention as it generates goodwill amongst key customer groups (Fornell *et al.*, 1996). Customer satisfaction is thought to be an antecedent to quality judgments, which lead to customer loyalty (Bitner, 1990), and as customer loyalty has been found to be directly related to profitability, it is suggested that company measurement of levels of customer satisfaction has a direct link to strategy performance. The primary objective of satisfaction measurement is to identify problems and issues of concern in the organization's performance from the customer's vantage point, and to determine associated means of redress that would allow the firm to bring the issue of concern back into control. Therefore, it is hypothesized:

H₂: Relational policies designed to measure customer satisfaction have a positive impact on customer orientation.

Although commitment has traditionally been defined as an individual phenomenon, to achieve genuine commitment it has been argued that teamwork is required. Inter-group communications and relationships influence customer satisfaction (Schneider and Bowen, 1993; Menon, Bharadwaj and Howell, 1996), and share equal status with external relational strategies within the concept of customer orientation. In this sense, the goals to which the entire organization strives toward is customer satisfaction and as such satisfaction provides evidence of the prevailing fitness and future health of the organization.

The sharing of information through inter-group communications approaches leads to knowledgeable employees, such a knowledge base enables employees to understand and contribute to organization performance (Rafiq and Ahmed, 1998). Indeed, it has been argued that customer orientation is an outcome of co-operative communication between the various organizational functions and the people within them (Pfau, Detzel and Geller, 1991). In this regard, Ling (1999) asserts that an emphasis on inter-group communications enhances organizational interaction, leading to higher employee satisfaction and motivation and, ultimately improves organizational performance in the external marketplace. Therefore, it is hypothesized:

H₃: Relational policies designed to increase inter group communications have a positive impact on customer orientation.

Human resource tactics

Customer orientation involves employee activities that are based on the concept of marketing solutions to customer problems. Schein (1968) has suggested that employee socialization may lead to employees readily accepting certain aspects of the information conveyed through organizational socialization. The work of Kelley (1992) found that the extent to which customer orientation is displayed by customer contact employees has an influence on the level of satisfaction experienced by customers and ultimately the quality and duration of the relationship between the organization and customer. Indeed, many business-to-business organizations are dependent on the development of long-term relationships with their customers (Kelly, 1992; Grönroos, 1997).

The internal tactics that drive customer focus strategies include policies to build employee capabilities, motivation, and commitment (Doyle and Wong, 1998; Santos and Stuart, 2003). As one of these tactics, customer-based training is a planned process to modify attitudes, knowledge or behaviors via a structured learning experience, aimed at achieving effective performance in a range of employee activities (Armstrong, 1996). The objective of such training is to achieve a measurable contribution to the organization's objectives (Warren, 1969), which 'requires a skilled and motivated workforce that has the knowledge and capability to perform the requisite tasks' (Pfeffer, 1998, p. 112). Indeed, as Wexley and Latham (1991) state, managerial and employee behavior can be influenced through the behavior modeling process of a thorough training program. Employee abilities and skills can moderate the effectiveness of behavioral performance at all levels of responsibilities and activity when implementing customer-oriented tactics (Weitz, Sujan and Sujan, 1986; Williams and Attaway, 1996). Therefore:

H₄: The customer-focused training of employees has a positive impact on customer orientation.

If organizations are to develop a customer-oriented culture it has been argued that employees need to be evaluated and rewarded accordingly (Glassman and McAfee, 1992). An effective evaluation and reward system is behavior-based evaluation, which involves evaluating employees based on how they behave or act, rather than based on the measurable outcomes they achieve (Anderson and Oliver, 1987). Under a behavioral-based system, employees are evaluated and compensated based on criteria including effort, commitment, teamwork, customer orientation, the willingness, and ability to solve customer problems, and other such behaviors directed toward improved customer orientation (Hartline and Ferrell, 1996). Previous research has found that there is a positive relationship between behavior-based evaluation and employee performance and research has also found that the quality of employee behavior increases when employees perceive their rewards to be the result of their own behaviors and when rewards are tied to behavioral performance (Scott and Bruce, 1994; Spiro and Weitz, 1990). Hence, Hauser *et al.* (1994) argue that employees who take or influence actions that affect customer focus tactics should be evaluated on these actions. Hauser *et al.* (1994) argue that a well-designed customer-based evaluation strategy of this kind enhances profits. Hence:

H₅: Human resource management activities designed to increase employee evaluation have a positive impact on customer orientation.

One of the beneficial outcomes of the empowerment is the removal of constraints imposed on customer contact employees, giving them the room to project their efforts to serve customer needs on a task basis (Hartline and Ferrell, 1996). Bowen and Lawler (1992) argue the logic

behind the strategic empowerment of employees includes the ability to gain quicker responses to customer needs, the ability to achieve quicker on line response to dissatisfied customers, and the instigation of employee 'feel good' element benefiting employee performance. In this regard, Grönroos (1990, p. 9) maintains that 'ideally, the front line employees...should have the authority to make prompt decisions. Otherwise, sales opportunities and opportunities to correct quality mistakes and avoid quality problems in these moments of truth are not used intelligently, and become truly wasted moments of opportunity to correct mistakes, recover critical situations and achieve re-sales and cross sales'. Bitner *et al.* (1990) find that customers evaluate the encounter more favorably when employees are able and willing to adapt to meet their needs and requests, as such employee performance can be attributed to the ability and willingness of employees to adjust their behavior (Hartline and Ferrell, 1996). Thus:

H₆: That employee empowerment has a positive impact on customer orientation.

Procedural tactics

Customer service can be gauged from a number of perceptions that customers have concerning service related attributes and practices of the business. These may include how customer contact employees behave, their attitudes towards customers, and the image of the organization's customer service facilities (Bowen, 1986), all of which should be designed as a holistic part of the service itself. Indeed, the need for organizations to look after their customers has never been more important than in today's super-competitive market place. High-performing organizations have experienced success by effectively managing their relationships with customers and implementing formal customer relationship management policies, such as regular customer visit programs. Although customer visits are a routine element of the sales representative's task, senior managers are now visiting customers in increasing numbers. Not only do such visits, scheduled or unscheduled, contribute to the development of customer-supplier relationship, these visits stimulate the efforts made by employees and managers (Veley, 1998; MacKay, 1988; Baldauf and Cravens, 1999).

There is much support in the literature for the idea that to be customer oriented, organizations should continuously work towards the satisfaction of customer needs which can be identified through supplier-customer interactions (Keillor, Parker and Pettijohn, 1999). 'For an organization to be truly customer focused, recognizing each customer individually and offering personalized service is what it's all about' (Johnson and Leger, 1999, p. 6).

Explicit customer service programs are increasingly important for marketing managers. Such approaches create wealth for the organization through added customer value (Donaldson, 1995; Christopher, 1992; LaLonde, Cooper and Noordewier, 1988; Weiner, 1998). Oxenfeldt (1966, p. 6) argues that customer services include 'all offerings of value to a firm's customers beyond the product itself'. For example, customer services include the tangible benefits of availability, reliability, convenience, and maintenance (see Donaldson, 1986). In the transaction phase, customer services may consist of reliability, stock availability, and delivery times, in the post-transactional phase, customer service may be expressed in terms of speed and efficiency in dealing with customer complaints (Tsiro and Mittal, 2000; Homburg *et al.*, 2002). This broad definition of customer service contains elements of economic significance, customer benefit, and competitive advantage. In recent years, there has been a renewed emphasis on competitiveness through the delivery of superior customer service, and an increase in the implementation of policies designed to enhance customer satisfaction, such an improvement in service systems drive

customer orientation success (Doyle and Wong, 1996; Gararino and Johnson, 1999; Williams and Attaway, 2003). Consequently:

H₇: The development of customer focus strategy will have a positive impact on customer orientation.

The concept of a customer care is often neglected in business-to-business operations (Bleuel and Bender, 1980; Tax and Brown, 1998). Customer care tactics include technical advice and support, product guarantees, time from order to delivery, delivery reliability, accuracy of transactions, responsiveness to requests, and flexibility in meeting customer needs (Donaldson, 1995). Besides adding value to the product, explicit customer tactics lessen the work of the organization and ensure that the product offering is tailored to customer requirements (Cunningham and Roberts, 1974; Tax and Chandrashekar, 1998). In business-to-business market sectors, like the high-tech industry, customer care tactics are widely viewed as a key antecedent to customer loyalty and relationships (Ennew and Binks, 1999), and the management of such tactics frequently recognized as being one of the most efficacious mechanisms of building a defendable competitive position (Lewis, 1993). Hence:

H₈: The development of customer care procedures will have a positive impact on customer orientation.

Procedural tactics also centre on visiting customers, which by definition refers to the practice of company employees and managers to meetings, sales visits, support calls or any other visits that organizational representative makes to the customer at his/her premises (Irvine, 1999). The significance of such visits rests on the assumption that the customer would derive benefits if the relationship were to extend to visits after a sale has been made, and that the organization can gain greater insights into the position and psyche of the customer through frequent contact (Veley, 1998; Wilson, 1995). This can be achieved through regular direct communication between the organization and its customers (Grönroos, 1997). It has been suggested in the literature that customer visit tactics enhance customer relationships, as the procedure involves gaining of trust and an increase in mutual commitment (Selnes, 1996), as it induces a mutual awareness of performance outcomes and expectations. Therefore:

H₉: The development of customer visiting procedures will have a positive impact on customer orientation.

RESEARCH METHODS AND DESIGN

In order to test the developed hypotheses a self-administered postal survey was deemed most appropriate. Further, after a review of a range of diverse contexts, the high-tech computer industry was selected on the grounds of importance to the economy, size, and the rapidly advancing and changing nature of the industry. Additional justification of this selection is found in the increasingly sophisticated utilization of technology in new and ever-growing spheres of business from product tracking devices to database generation and application. A sample of 924 organizations was developed from sector directories and included those firms that in the last year had over £8m turnover per year and over 150 full-time employees. The potential duplication of firms in directories was checked using a computer program that identified 22 duplicate listings, the elimination of which led to a final sample of 902.

The development of the survey instrument and subsequent administration was conducted in accordance with the Dillman Total Design Methodology (see Dillman, 1978; Roth and BeVier, 1998). In particular, recommendations regarding questionnaire design and layout, survey piloting, pre-notification and post-survey follow up reminders were adopted.

The employed measures were adapted from extant literature, informed by a pre-testing procedure that involved two pilot surveys of practitioners followed by two critical reviews by panels of academicians. The operationalization and measurement of customer orientation is conducted through the adoption of Narver and Slater's (1990) scale items of customer orientation as they conceptually view a customer orientation as a culturally derived behavioral process which leads to the understanding and interpretation of the business unit's customer focus strategies by managers and employees. While other measures of customer orientation have been successfully utilized, the Narver and Slater battery has been subjected to widely acclaim academic testing and criticism (see Diamantopoulos and Hart, 1993; Oczkowski and Farrell, 1998).

Relational strategies were measured via three scales designed to capture the essence of relationship management of both external and internal relationship strategies. Fourteen specific items, taken from extant literature, were implemented to measure external relational strategies; these items were taken from the work of Lengnick-Hall (1996), and Deng and Dart (1994). A review of literature pertaining to the measurement of internal customer relational strategies suggests that a large number of measures would be appropriate (for example Narver and Slater, 1990). However, the measure of inter-group communications felt to most appropriate was that used by Sinkula, Baker and Noordewier (1997).

The measures of human resource management tactics were also derived from extant literature. A review of the relevant literature led to the decision to measure training using 11 items adapted from the constructs of Futrell *et al.* (1984). The constructs of employee evaluation and empowerment were phrased around a further 11 variables derived and adapted from the work of Hartline and Farrell (1996).

The procedural tactics of customer focus were measured using a variety of existing constructs with questions adapted from Kelley (1992), Deng and Dart (1994), Greenley (1995a, 1995b), and Lengnick-Hall (1996). These measures were adopted after extensive and prolonged interviews with marketing practitioners, general managers, and experienced academicians.

Seven-point Likert type scoring was adopted for all items (Likert, 1932a, 1932b), as seven-point scales have been found to increase reliability of data findings (Barnes *et al.*, 1994; Churchill and Peter, 1984). Following a number of reminder letters, response rates were calculated using the CASRO (1982) method that offers the researcher a standardized method of calculation and has been extensively by marketing theorists (see Karimabady and Brunn, 1991). This method reveals that the survey implementation yielded a response rate of just over 29%. This response rate is considered acceptable for a postal survey and compares well with other studies. Respondents were typically Marketing Managers (64%) or Marketing Directors (36%) and had a mean tenure of five years (suggesting that informants were familiar and experienced with the marketing orientation and activities of their firm). Early and late respondents statistical comparison revealed no significant differences, at conventional levels, and the implementation of the Armstrong and Overton (1977) extrapolation method on the data to examine non-response bias found no such bias. Responses to the questionnaires were analyzed using the SPSS package. The analysis ranged from univariate analyses to more sophisticated multivariate techniques. The following section details the results of this analysis.

FINDINGS

In order to explore responses to the survey, data analysis first focused on the construction of meaningful indices of tactics to developing customer orientation. Given the exploratory and descriptive nature of the study, principal components analysis with varimax rotation was deemed appropriate. Consequently, three analyses were undertaken. First, relational tactics were analyzed (see Table 1). Second, human resource management tactics were considered (see Table 2) and finally, procedural tactics were explored (see Table 3). Factors were retained only if they possessed an eigenvalue greater than one, accounted for over five percent of variance and if they were conceptually clear and interpretable (Kaiser, 1958; Churchill, 1991). Certain items were dropped from the principal components analysis, where they lacked variation or confounded conceptual interpretation.

As expected, the principal components analysis of relational items led to the extraction of three factors. The first factor of eight items loads heavily onto a vector generating an eigenvalue of over six, while the second and third factors generate respective eigenvalues of 3.12 and 1.14, cumulatively explaining over sixty-one per cent of variance. These factors were approved and given the respective labels of *relational management*, *satisfaction measurement*, and *inter-group communications*. The second factor analysis of the 25 human resource management items resulted in a three-factor solution explaining over 66% of variance. With respective eigenvalues of over eight, four, and two, the three factors were accepted and labeled as *training*, *evaluation*, and *empowerment*. The final factor analysis of procedural items led to the extraction of three factors and explained over 60% of variance. The first factor loads heavily onto a vector generating an eigenvalue of over six, the second factor generates an eigenvalue of over four, and the third factor an eigenvalue of 1.72. The items in these factors are conceptually consistent and easily interpreted into respective labels of *customer focus*, *customer care*, and *customer visit tactics*. To enable subsequent analyses, for each of the nine factors, indices were constructed by calculating the summated means of scales.

As stated earlier, customer orientation was measured using the well-established Narver and Slater (1990) battery. Given the prominence and extensive use of this measure (for example, Hutt, Thomas and Ketchen, 2001) and since the measure was defined *a priori*, it was concluded that factor analysis was unnecessary. Consequently, calculating the summated mean created an index of customer orientation.

Reliability was gauged via the examination of Cronbach alpha coefficients that Nunnally (1978) suggests should be over 0.7 for a scale to be considered reliable (see Table 4), the tests resulted in the calculation of coefficients which ranged from 0.93 (training) to 0.78 (for both customer visits and customer satisfaction measurement). As indicated in the table, all the Cronbach alpha coefficients exceed the Nunnally 1978 threshold of 0.7, and are considerably higher than the minimum level of 0.6 suggested by Peterson (1994) and the 0.50 threshold originally advocated by Nunnally (1967). The high coefficient scores lead to the conclusion that the scales are acceptably reliable.

As mentioned previously, the survey instrument was piloted and adjusted to improve content validity (see Dillman, 1978; Churchill, 1991). However, in order to assess the validation of index operationalization, items in each scale were correlated to the whole scale. This analysis indicated that each of the correlations were both high and in the expected direction, indicating convergent validity (see Table 4). Discriminant validity was gauged in an approach akin to that of Gaski (1986) commonly used in strategic marketing studies (see Jayanti and Burns, 1998; Piercy, Harris and Lane, 2002). This analysis involves correlating all measures adopted in the study and gauging the correlation coefficients against the alpha coefficients. Since no correlation

TABLE 1. Principal component analysis of relational tactics

Attribute ^a	Factor Loading ^b			Communality
	Relational Management	Satisfaction Measurement	Inter-group Communications Tactics	
The customer is the focus of quality activities	0.59			0.65
The customer is actively involved in design and assessment of products and service	0.71			0.58
Emphasis should be on trust and development of effective relationships between firm and customers	0.69			0.69
The customer is a potential partner	0.69			0.78
We believe that over the long term our customer relationships will be profitable	0.72			0.71
Maintaining a long-term relationship with our customers is important to us	0.71			0.67
We focus on long-term goals with customers	0.66			0.74
We have routine or regular measure of customer satisfaction		0.45		0.64
Our objectives are driven by customer satisfaction		0.54		0.32
We define product quality in terms of customer satisfaction		0.45		0.38
We encourage customer complaints because it helps us do a better job		0.47		0.62
Information is shared across business units			0.62	0.70
Information is shared among functions			0.61	0.43
Functional integration in strategy is important			0.60	0.66
All functions contribute to customer value			0.57	0.57
Sharing resources across the whole firm			0.58	0.62
Our manager understands how employees can contribute to value for customers			0.46	0.60
Eigenvalues	6.21	3.12	1.14	
Percentage of variance (61.68%)	36.58	18.38	6.71	

Note: ^a = Principal Component Analysis, with varimax orthogonal rotation, converging in three iterations.

^b = Factor loadings < +/- 0.30 are suppressed.

TABLE 2. Principal component analysis of human resource tactics

Attribute ^a	Factor Loading ^b			Communality
	Customer-oriented Training	Employee Evaluation	Employee Empowerment s	
Customer-focused training is performed in a positive manner	0.73			0.78
Customer-based training takes place on a regular basis in our organization	0.75			0.76
Management provides the necessary budget for customer based training	0.78			0.82
We have good customer based training facilities	0.78			0.81
The organization's management supports the customer based training program	0.83			0.81
Our customer-based training programs motivate our employees to want customer satisfaction	0.82			0.79
We have specific goals which our customer based training program is expected to meet	0.82			0.75
Customer-based training goals are related directly to the goals of the organization	0.79			0.61
We regularly evaluate the results of customer based training	0.69			0.27
The personnel who lead our customer based training sessions have the necessary background and experience	0.48			0.77
A track record of courteous service to customers		0.38		0.82
The ability to resolve customers complaints/problems in an efficient manner		0.30		0.72
The ability to innovatively deal with unique situations and/or meet customers needs		0.40		0.68
The employee's commitment to the organization		0.42		0.83
The employee's commitment to customers		0.33		0.61
I allow employees complete freedom in their work			0.46	0.74
I let employees do their work the way they think best			0.64	0.77
I assign tasks, then let employees handle them			0.59	0.75

TABLE 2. (Continued)

Attribute ^a	Factor Loading ^b			Communality
	Customer-oriented Training	Employee Evaluation	Employee Empowerment s	
I let employees do a job unrestrained			0.42	0.72
I allow employees a high degree of initiative			0.32	0.71
I trust employees to exercise good judgment			0.49	0.37
Employees are encouraged to contribute ideas			0.47	0.55
Employees work in teams with clearly defined policies and limits			0.40	0.52
Employees are free to change parameters when making customer focused decisions			0.42	0.75
Evaluation of outcomes is seen as the most important control mechanism			0.52	0.72
Eigenvalues	8.62	4.01	2.64	
Percentage of variance (66.03%)	34.49	16.06	15.47	

Note: ^a = Principal Component Analysis, with varimax orthogonal rotation, converging in three iterations.
^b = Factor loadings < +/- 0.30 are suppressed.

TABLE 3. Principal component analysis of procedural tactics

Attribute ^a	Factor Loading ^b				Communality
	Customer Focus Systems	Customer Care Procedures	Customer Visit Procedures		
Consistent product/service performance is important	0.59				0.80
It is important to honor promises made to customers	0.64				0.81
A good reputation for product/service quality is emphasized	0.61				0.83
The development of customer confidences in the product/ support service provided is emphasized	0.56				0.85
A reputation for good service is emphasized	0.59				0.81
What the customer needs is important	0.61				0.82
After sales service is an important part of our business unit strategy		0.54			0.67
We offer a standard after-sales service to all our customers		0.58			0.75
We offer a 'tailor-made' individual after-sales service to each customer		0.47			0.30
Close attention is given to after sales service		0.45			0.62
We demonstrate commitment to customers through warranties, guarantees etc.		0.57			0.67
We systematically measure technical support response rates		0.52			0.76
We systematically measure 'time to answer telephone' rates		0.57			0.70
We systematically measure 'time to call back' rates		0.52			0.70
We systematically measure 'time to fix the problem' rates		0.58			0.49
We systematically measure 'first time fix' rates		0.54			0.48
We systematically measure 'delivery on time' rates		0.57			0.56
Our customer care policy is documented and freely available to customers		0.46			0.76
Our staff are trained in customer care procedures		0.44			0.74
In our organization people other than sales reps (such as top management, research, production), regularly call on customers			0.59		0.44
Top functional managers regularly visit customers			0.47		0.46
Eigenvalues	6.54	4.48	1.72		
Percentage of variance (60.76%)	31.17	21.36	8.20		

Note: ^a = Principal Component Analysis, with varimax orthogonal rotation, converging in three iterations.

^b = Factor loadings < +/- 0.30 are suppressed.

TABLE 4. Factors and variables attributable to each construct

Construct	Number of Factors	Number of Items	Mean	Standard Deviation	Cronbach Alpha
Customer Orientation	1	6	5.45	0.99	0.86
Customer Relationships Tactics	3				
Relational Management		8	5.86	0.80	0.88
Satisfaction Measurement		4	4.60	1.19	0.78
Inter-group Communications		6	4.86	1.19	0.92
Human Resource Management Tactics	3				
Customer-oriented Training		10	4.17	1.44	0.93
Employee Evaluation		5	5.17	0.72	0.98
Employee Empowerment		10	4.24	1.03	0.81
Procedural Tactics	3				
Customer Focus Systems		6	6.22	0.80	0.87
Customer Care Procedures		13	5.95	0.75	0.89
Customer Visit Procedures		2	5.27	1.51	0.78

coefficient was higher than the alpha coefficient of the scale, it is suggested that the scales used in the study exhibit discriminant validity. Overall, tests of reliability and validity indicate that all scales are acceptably reliable and valid.

Prior to bivariate and multivariate analyses, data were first evaluated through an exploration of descriptive statistics (see Table 4). As stated earlier, all items were measured on seven-point scales resulting in a mid-point of four and run low to high. A number of descriptive observations are of interest. First, the mean scores of procedural tactics (customer focus, customer care, and customer visit tactics) are markedly above the mid-point of four, and generally higher than the mean scores for the human resource management and relational tactics. While few inferences can reliably be drawn from this analysis, this may suggest a reliance or preference for procedural rather than human resource management and relational tactics. Second, the tactics of customer visiting and training are both noticeably more variable than the other seven tactics (respectively with standard deviations of 1.51 and 1.44). This appears to indicate that firms adopt these tactics to a markedly varied degree. Finally, the mean customer orientation score is 5.45, appreciably above the mid-point. Similarly, however, few reliable conclusions can be drawn from this finding, other than that the firms surveyed have recognized and responded to the plethora of practitioner-oriented exhortations to develop and maintain a high level of customer orientation.

Table 5 presents the results of Pearson-product moment zero-order correlation analysis between the nine tactics and the dependant variable of customer orientation. The correlation analysis presented in Table 5 provides a strong indication of associations between various tactics and customer orientation. However, it should be noted that zero-order correlation analysis *might* overestimate the strength and direction of association. Thus, some form of multivariate analysis was deemed necessary and regression analysis reviewed as potentially appropriate. Despite common usage (McIntyre *et al.*, 1983), Bryman and Cramer (1994, p. 245) argue that some forms of regression analysis are controversial since they 'afford priority to statistical criteria

TABLE 5. Product-moment correlations between the tactics of customer focus and customer orientation^a

The Tactics of Customer Focus	Hypothesized Numbers	Correlation Coefficient (r)	Support for Hypothesis
Relational Tactics			
Relational Managements	H1 +	0.467**	Supportive
Satisfaction Measurement	H2 +	0.61**	Supportive
Inter-group communications	H3 +	0.511**	Supportive
Human Resource Tactics			
Customer Focus Training	H4 +	0.53**	Supportive
Employee Evaluation	H5 +	0.31**	Supportive
Employee Empowerment	H6 +	0.081	Not Supportive
Procedural Tactics			
Customer Focus Systems	H7 +	0.423**	Supportive
Customer Care Procedures	H8 +	0.683**	Supportive
Customer Visit Procedures	H9 +	0.271**	Supportive

Note: ^a = Pearson Correlation Coefficients. All correlations are significant at $\alpha = 0.01$.

** = Significant at the 0.01 level.

for inclusion rather than theoretical ones'. Hence, according to the recommendations of Everett and Dunn (1991) and Bryman and Cramer (1994), the use of forward, backward, and stepwise selection methods were rejected and the enter method of model specification adopted.

Table 6 presents the results of the ordinary least squares multiple linear regression analysis indicating standardized regression coefficients (beta) and *t*-statistics. In accordance with best practice, (respectively) the Ramsey (1974), Hair *et al.* (1995), and Goldfeld and Quandt (1965) tests for multicollinearity, linearity, normality and homoscedasticity were conducted and no problems encountered.

Table 6 documents the results of regression analysis designed to evaluate the nature of the associations between the nine tactics and customer orientation. This analysis reveals that each of the nine tactical approaches is significantly ($p < 0.05$) associated with customer orientation. In this regard, the associations between the nine independent variables and the dependent variable are monotonic. That is, each of the nine tactics is significantly linked with the extent of customer orientation. Further, inspection of the coefficient of multiple determination (R^2) reveals that the nine independent variable account for a high degree of the variance of the dependant variable ($R^2 = 0.582$). That is, over 58% of the variation of the measure of customer orientation can be attributed to the tactics adopted. In essence, this supports the view that procedural, human resource management and relational tactics are central issues in the development of customer orientation.

H_1 – H_3 argue that relational tactics (respectively relational management, satisfaction measurement, and inter-group communications) are positively associated with customer orientation. The initial exploration of data via correlation analysis (see Table 5) demonstrates tentative support for these hypotheses in that each relational tactic is both positively and significantly ($p < 0.01$) associated with customer orientation. However, the strongest support for H_1 – H_3 emerges during regression analysis (see Table 6) wherein the relational management, satisfaction measurement, and inter-group communications tactics are found to be positively (respectively $\beta = 0.239$,

TABLE 6. Regression analysis

Independent Variable ^a	Standardized Coefficients	T test	Significance
<i>Relational Tactics</i>			
Relational Management	0.239	2.929	0.004
Inter-group Communications	0.193	3.576	0.000
Satisfaction Measurement	0.225	3.013	0.003
<i>Human Resource Tactics</i>			
Customer Oriented Training	0.133	2.237	0.026
Employee Evaluation	0.240	4.118	0.000
Employee Empowerment	0.159	2.808	0.005
<i>Procedural Tactics</i>			
Customer Focus Systems	0.207	2.217	0.028
Customer Care Procedures	0.365	3.619	0.000
Customer Visit Procedures	0.127	2.406	0.017

Note: ^a = Dependent Variable: Customer Orientation.

F Statistics

Significance of F 0.00

0.225, and 0.193) and significantly (at least $p < 0.01$) linked with customer orientation. These findings lead to the conclusion that H_1 – H_3 are fully supported.

H_4 – H_6 claimed that human resource management tactics (respectively training, evaluation, and empowerment) are positively associated with customer orientation. The outcome of the correlation analysis (see Table 5) indicates mixed support for the hypothesized relationships between the human management tactics and customer orientation. Support is found for Hypothesis 4 and 5, in that both employee evaluation and training are significantly associated with customer orientation at the 0.01 level. However, the tactic of employee empowerment is not significantly associated with customer orientation. Nevertheless, support is found for all three hypotheses during regression analysis; this reveals that all three tactics are positively and significantly related to customer orientation at, at least, and the 0.05 level. Hence, sufficient evidence is found to conclude that H_4 – H_6 are supported.

H_7 – H_9 forwarded the argument that procedural tactics (respectively customer focus, customer care, and customer visit tactics) were positively associated with customer orientation. Correlation analysis provides preliminary support for these hypotheses in that each procedural tactic is both positively and significantly ($p < 0.01$) associated with customer orientation. Regression analysis further supports this (see Table 6) wherein customer focus, customer care, and customer visit tactics are found to be positively (respectively $\beta = 0.207$, 0.365 and 0.127) and significantly (at least $p < 0.01$) associated with customer orientation. These findings lead to the conclusion that H_7 – H_9 are fully supported.

CONCLUSIONS AND IMPLICATIONS

This study aims to explore, describe, and categorize the factors that drive the development of customer orientation. A review of extant strategic marketing, human resource management, and general management literature reveals three main categories of approaches designed to enhance customer orientation (relational, human resource, and procedural). Further, such approaches

were deconstructed into nine tactics. Following a variety of analyses of responses to a survey of business-to-business organizations, it was concluded that each of the nine tactics were positively and significantly associated with customer orientation.

These findings lead to a range of implications and conclusions for both theory and practice. The first contribution of this study is generated from the identification, exploration, and description of three main approaches deconstructed into a range of nine tactics that are positively and significantly linked with customer orientation. In this regard, the current study supplies one of the first holistic categorizations of tactics designed to enhance customer orientation that is grounded in extant theory and validated in empirical research. As such, the current study constitutes a response to the calls of a number of leading commentators who have observed that the drivers of customer orientation are relatively understudied and frequently described as in need of further empirical study (Kelley, 1992; Deshpande, Farley and Webster, 1993). Further insights are also generated through the finding that during multivariate analysis, each tactical approach is significantly linked with customer orientation. In this sense, evidence is uncovered that rather than a small number of approaches, a wide range of tactics and overall tactics contribute to the extent of customer orientation. Indeed, the nine tactics measured accounted for nearly sixty per cent of the variation in firms' customer orientation. In this respect, it would seem that the adoption of multiple tactics is (potentially) highly effective.

Implications also arise from the findings regarding the three relational tactics. Consistent with the growing body of relationally oriented literature, the current study uncovers strong evidence of significant associations between relational tactics and the extent of customer-centered organization. In particular, the study highlights the centrality of relationships to effective exchange and the critical importance of managing those relationships in a considered and structured manner. In this regard, the findings of the study are concordant with the conclusions of a number of leading commentators who have emphasized that in order for relationships to develop, flourish, and prosper, the dynamics between buyer and seller require careful and ongoing supervision. The uncovering of significant linkages between both internally and externally oriented relational tactics and customer orientation compounds the pervasiveness of these insights. That is, positive and significant associations are found between customer orientation and both the internal management of inter-group communications and the assessment of external customer satisfaction. In this sense, strong support emerges for the broad range of studies that have advocated a balanced approach to customer-centric change that considers both intra- and extra-organizational oriented factors. These findings appear to reinforce arguments that highlight the need to consider relational factors in both the design and the delivery of customer-oriented change. While some observers have suggested that the relational paradigm is in terminal decline, the current study suggests that such factors continue to remain pivotal to the delivery of customer-oriented service.

The study also contributes insights into the links between human resource tactics and customer orientation. These findings generate implications for not only the marketing field, but also the strategic management, general management, and human resource management academics. Specifically, the human resource tactics discussed in this study emerge as highly significant tactics in the delivery and management of a customer orientation that extends beyond the traditional, and rather narrow, boundaries of responsibility for the marketing function. In the first instance, while many examples abound of front-line, customer contact employees whose service delivery falls far short of management expectations, as well as cases of organizations exhibiting poor levels of service, comparatively few consider the extent to which such employees or organizations have coherent and structured customer-oriented training regimes. Similarly, the study supports the earlier arguments of Hartline and Ferrell (1996) in emphasizing

the profound impact that structured and well-publicized customer-focused evaluation procedures can have on those delivering service. In this regard, the current study provides an empirical demonstration of the effectiveness of this tactic in controlling (manipulating) the behavior of customer contact staff. The need for such behavioral control is also highlighted in the support this study finds for a link between empowerment and customer orientation. In essence, these results support the developing body of theory that advocates the management of service delivery through cultural and behavioral control (see Harris, 1998). As such, one of the main implications of these results centers on the breath of the role of the strategic marketing function. This study provides a clear illustration that the development of fundamentally important orientations (such as customer orientation) cannot effectively occur without attention to a broad range of variables and factors that are beyond the traditional boundaries of the marketing function. In this sense, this study constitutes one of many that advocate a wider and more pervasive role for marketing within the firm.

The findings of this study contribute considerable insights into the procedural tactics of customer focus strategies and customer orientation. A critical issue faced by high-tech organizations today is how to create and maintain a strategic competitive advantage within a turbulent and complex business environment, whilst facing an unpredictable and unstable future. This research study goes some way to contributing to the resolution of this continual issue of concern in the market place as it provides findings suggesting that a specific focus on customer-oriented strategies, customer care, and customer visit tactics are key drivers of customer orientation.

Competitive advantage through the delivery of superior value to the customer is strongly emphasized in both academic and professional forums (Doyle and Wong, 1998). The findings of this research support this proposition in defining superior value to the customer as the implementation of the procedural strategies including explicit customer focus tactics, customer care tactics, and customer visit tactics. Customer-focused and specific customer care strategies provide efficient mechanisms of customer response, and demonstrate a high level of commitment to customers, providing a means of constant customer-supplier communication. Superior procedural tactics go some way to generate strong customer interactions and harvest greater profitability for organizations. It is strongly suggested by this research that this is the premise on which customer care strategies have a positive association with customer orientation. Customer visiting is the interaction point at which organization representatives meet customers, and therefore provides a medium through which relationships can be created and maintained, ultimately leading to long term customer retention. The findings of this study support and develop those documented in the extant literature which suggests that the procedural tactics lead organizations to acquire consistently and highly intense levels of customer orientation (Narver and Slater, 1990).

The practical implications of these findings rests on the conclusion that successful business-to-business organizations recognize the potential value of a customer orientation which has been development using multiple tactics. The nine tactics studied in this paper offer managers a potential framework on which to build and develop a successful customer orientation. It is not suggested that the development of a customer orientation is simple. In contrast, it is suggested that, as a difficult strategy to implement, various tactics exist which can be tailored to the contextual contingencies of firms.

In a similar fashion to nearly all studies of complex factors and dynamics, the current study is limited by both the approach and techniques used in the research. In this regard, such limitations curb the extent to which the insights generated in the study can be generalized but also provide a useful framework around which potential fruitful avenues for research can be positioned. In particular, three main avenues for research appear especially worthy of consideration. First, while

this study has provided interesting and novel insights into key strategies and tactics of customer orientation development, future studies could explore the extent to which such tactics are universal to industrial and national contexts. A second avenue for future research arises from the limitation imposed by the descriptive, cross-sectional research design employed. In this sense, to extend this research beyond the study of associations to the exploration of causal links, longitudinal causal research is necessary. Indeed, without such causal research, it is inevitable that both theorists and practitioners will continue to question the direction of relationships. Finally, while the current study has concentrated on exploring and describing the main tactical approaches linked with customer orientation, future studies could on focus on the study of moderating factors. In such research, it seems likely that a range of individual, group, organizational, and contextual factors may exert a moderating effect on the established associations between the identified and customer orientation. Indeed, until these issues are more fully understood, it seems likely that the topic of 'customer orientation' will remain perplexing to theorists and continue to be elusive for practitioners.

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