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# How can service organizations improve the customer orientation of frontline employees?

## *A cross cultural study*

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# Abstract

Frontline employees, the employees with customer contact, are the face of service organizations and play a critical role in determining customer satisfaction. Service quality is greatly improved when these employees are customer oriented. Customer orientation refers to an individual's commitment to delivering great customer service. While some research exists, the antecedents to customer orientation are insufficiently studied. Answering a call for new insights into this important topic, this master thesis explores how service organizations can improve the customer orientation of frontline employees.

We collected surveys from 645 frontline employees in a large, international telecommunication company. Since these employees represent two subsidiaries in Scandinavia and one in South Asia, we are able to investigate the generalizability of our findings across cultures.

We find that a key to developing customer orientation is a strong team service climate, where team members support each other and encourage good customer service. Another important antecedent is self-efficacy; frontline employees who are confident in their abilities to serve customers are more customer oriented. Contrary to our expectations, customer oriented supervisors have no direct effect on their subordinates. These three findings are consistent across cultures, while other effects vary. In Scandinavia, the impact of having a strong team service climate is even greater when their supervisor is customer oriented, highlighting the importance of developing a service culture. Also, empowerment is only positively related to customer orientation in South Asia. Since South Asian frontline employees in our sample feel less empowered than their Scandinavian peers, there may be potential in granting them greater flexibility to handle customer requests. Further, organizational identification has a positive effect in Scandinavia, implying a caution against outsourcing customer care departments.

These, and other findings, are discussed. We also provide managerial implications, suggesting how mangers can increase the customer orientation of their frontline employees.

# Preface

This thesis was written by two master students as part of the Master of Science in Economics and Business Administration at the Norwegian School of Economics (NHH). We cooperated with the Center for Service Innovation (CSI), an NHH research center that explores the innovation challenges facing the service sector. Also, we had close contact with researchers in Telenor, Norway's largest telecommunication provider. The thesis was written over the course of one semester, and accounts for 30 credits within the Marketing and Brand Management master program.

We are grateful for the opportunity to work closely with CSI and Telenor on a problem that is relevant and important to modern service organizations. We enjoyed the process, and learned a lot, ranging from insights into the management of customer service employees, to practical procedures for carrying out our study.

But we could not have done this without all the support we received along the way. We would like to thank our advisor Magne Supphellen, for guiding us in the right direction and providing excellent feedback. Also, we would like to express our gratitude to Annita Fjuk and Birgitte Yttri from Telenor for all their help throughout the process. Further, special thanks go out to Elisabet Giske, Karine Hjortaas and Lise Jokstad Hafskjold for valuable input in the survey translation process. Other friends and family also contributed with comments, advice and encouragement. Finally, breaks with friends made all the difference for inspiration and endurance throughout long days at school. Big thanks to all of you!

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# 1  Introduction and Purpose

We live in the service economy. Services have become the cornerstone of postindustrial societies, and now represent the majority of the gross domestic product of developed countries (Grönroos 2007). Not surprisingly, this has dramatically increased the interest in how to manage service brands (Rust & Oliver 1994). One way service brands distinguish themselves from product brands lies in the importance of frontline employees (the employees with direct customer contact) in forming stakeholder perceptions (Thorbjørnsen & Supphellen 2011). Often, frontline employees are the first and only representation of the service organization (Hartline et al. 2000), and have a large impact on both customer satisfaction and the service quality delivered (Schneider & Bowen 1995; Parasuraman et al. 1985). Despite the well-known importance of managing the customer contact point, service organizations continue to lose customers due to dissatisfactory interactions with frontline employees (Schultz 2002). Thus, more research is needed on how organizations can develop frontline employees that deliver superior service quality (Elmadağ et al. 2008).

*Customer oriented frontline employees* deliver better service quality (Peccei & Rosenthal 1997), increase customer satisfaction (Hennig-Thurau 2004) and build stronger, long-lasting relationships with their customers (Bove & Johnson 2000). Customer orientation refers to the individual dedication to improving customer service, and the tendency to exert effort for the benefit of customers (Peccei & Rosenthal 1997, p. 69). While researchers have investigated some antecedents to customer orientation, many gaps remain. To use the words of Hennig-Thurau & Thurau (2003, p. 24): "the literature on the customer orientation of employees in the area of services is, to put it mildly, underdeveloped."

Of the current studies on employee customer orientation, about half revolve around personality traits that give a predisposition for customer orientation, while the other half focus on the particular work situation (Wieseke et al. 2007). While certain personality traits are found to be important predictors of customer orientation (e.g. Brown et al. 2002), the practical usefulness of such studies is questioned (Wieseke et al. 2007). For one, personality traits are generally considered stable over time (Leana & Barry 2000), indicating that they are relatively resistant to outside influences. Also, many personality tests are unreliable (Morgeson et al. 2007), limiting the effectiveness of recruiting based on certain personality traits. Moreover, even employees with similar personalities vary in the level of service quality they deliver to customers (Schneider et al. 2006), suggesting that the work situation has a

considerable impact on employee behavior. For the purpose of this study, the work situation encompasses those factors in the workplace that can affect the behavior of employees, including:

- organizational procedures and activities (e.g. delegating decision-making authority to frontline employees)
- employee perceptions of the focus of their peers, supervisors and organization (e.g. team members being strongly customer focused)
- individual level results of aggregated experiences at work (e.g. employees loyalty to the organization)

In other words, work situation factors cover everything the organization does, what the surrounding employees focus on, and the effect the workplace has on its employees. Wieseke et al. (2007) advocates that work situation factors should be further studied as 1) the links to customer orientation are yet not well understood, and 2) these factors are actionable by management.

Building on the reasoning above, this master thesis will address the work situation antecedents to customer orientation of frontline employees in service organizations. More formally, the primary research question of the study is:

### *How can service organizations improve the customer orientation of frontline employees?*

Since human behavior is complex, studies that do not account for interaction effects (when the effect of one variable depends on the level of another variable) may fail to discover the true relationships between the variables of interest (Kam & Franzese 1999). In fact, to nuance the effects of the antecedents to the customer orientation of frontline employees, Peccei & Rosenthal (1997) call for interactive models. A number of other researchers have also suggested possible interaction effects between a variety of work situation factors (Lepak et al. 2006; Hartline & Ferrell 1996; Rafiq & Ahmed 1998; Boshoff & Allen 2000; Schneider & Bowen 1995). On these grounds, we add a second research question to the study:

### *What interaction effects exist between the proposed antecedents?*

Further, many companies have a global presence. This highlights the need to study our research questions in different countries to examine the generalizability of antecedents identified. Research into potential cultural differences is not only needed from a practical standpoint, but also from a theoretical angle: the extent to which international companies should adapt their practices to foreign markets has been heatedly discussed for half a century (Dow 2006). As noted by Albaum & Tse (2001), the positive effect of firm adaption to national culture has not yet been established. However, Nishii & Schneider (2007) are adamant that national culture must be considered by organizations, as cultural factors will affect employee responses to organizational practices. This leads to our third research question:

### *Do the effects of the proposed antecedents vary between cultures?*

Below we illustrate the scope of our study related to other streams of research within the field of customer orientation. The illustration is inspired by Homburg et al. (2002).

*Figure 1a Scope of Study*



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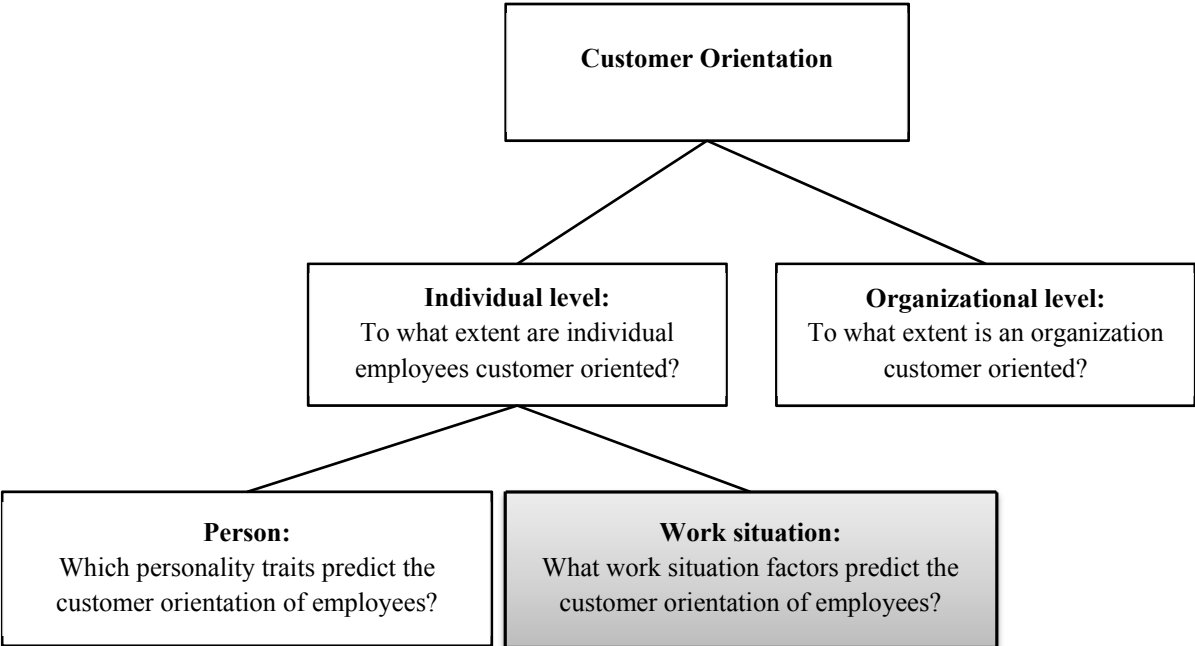
### *Preview and Overview of Structure*

This master thesis contributes to the understanding of work situation factors that affect the customer orientation of employees. The study is carried out together with Telenor Group, which allowed us access to over 600 frontline employees from two subsidiaries in Scandinavia and one in South Asia.

We will demonstrate that team members are very influential in shaping each individual's customer orientation (a finding that holds across cultures), and that the customer orientation of supervisors only affect employees under certain conditions. Our study nuances existing research into the antecedents to customer orientation and explores the generalizability of these antecedents across cultures. We also provide practical insights for service organizations seeking to excel in the service economy. The remainder of this thesis is organized as follows:

### *Figure 1b Overview of Structure*

| | |
|---|---|
| **Chapter 2**<br>Theory | To gain a broad understanding of the topic of customer orientation, we will elaborate on relevant research areas. |
| **Chapter 3**<br>Hypotheses | Based on the theoretical foundation, we present our model, hypotheses and other propositions. |
| **Chapter 4**<br>Methodology | We specify our procedures for carrying out our research design. |
| **Chapter 5**<br>Choice of Statistical Analysis Techniques | We select and present the statistical methods necessary for the research design. |
| **Chapter 6**<br>Introductory Analysis | We give an overview of the respondents, prepare the data for analysis, validate our constructs and show introductory statistics. |
| **Chapter 7**<br>Results | We test the hypotheses, examine cultural differences and check for interaction effects. |
| **Chapter 8**<br>Discussion | We discuss our findings, and provide theoretical and managerial implications. |
| **Chapter 9**<br>Limitations and Future research | We evaluate the credibility of our research and suggest promising directions for future research. |

## 2 Theory

In this chapter, we present the theoretical foundation for our research. First, we will explore specific research into customer orientation (Ch. 2.1). Next, we will look at the service literature (Ch. 2.2), and the findings regarding service quality and service climate. Also, to further understand what guides employee behavior we will explain Self-Determination Theory (Ch. 2.3). Finally, we elaborate on Human Resources Management (Ch. 2.4) and National Cultural Differences (Ch. 2.5). All these research areas will guide our conceptual model and hypotheses.

### 2.1 Customer Orientation

We present existing research into the definitions of customer orientation (Ch. 2.1.1), performance outcomes (Ch. 2.1.2), and antecedents to customer orientation (Ch. 2.1.3).

### 2.1.1 Introduction to Customer Orientation

Customer orientation is the principle that addresses the importance of considering customer needs and wishes throughout the organization (Hennig-Thurau & Thurau 2003). The earliest advances on the topic examined the overall customer orientation of entire organizations, usually referred to as market orientation (cf. Day, 1994; Kohli & Jaworski, 1990; Narver & Slater, 1990; Ruekert, 1992; Shapiro, 1988). However, for a company to be customer oriented, their employees must be customer oriented (Kennedy et al. 2002; Donavan et al. 2004). This point has led to a branch of research on customer orientation at the individual worker unit of analysis. The increased interest in individuals, rather than organizations, is aligned with the early argument of Schneider (1987): firms do nothing, it is the sum of employee behavior that determines the organizational direction.

Definitions of employee customer orientation usually fall into one of two perspectives: one focuses on attitudes and beliefs, and the other focuses on actual behavior (Stock & Hoyer 2005). Using the attitudinal perspective, Brown et al. (2002) defines customer orientation as "an employee's tendency or predisposition to meet customer needs in an on-the-job context." Other researchers also present customer orientation as a belief (Kennedy et al. 2002) or value (Wieseke et al. 2007) held by an employee concerning the importance of satisfying customer needs.

The behavioral perspective of customer orientation in the context of frontline employees can be credited to Saxe & Weitz (1982), who developed a scale to measure the customer orientation of salespeople (the SOCO scale). The SOCO scale asks about the extent to which

a salesperson engages in behavior to increase long term customer satisfaction. With a similar behavioral perspective of customer orientation, Peccei & Rosenthal (1997) focus on employees' day-to-day engagement and effort in serving customers. Keywords in definitions from the behavioral perspective are "serving", "engage in" and "practice."

Zablah et al. (2012) compared research under the two perspectives and found that the definition employed tends to result in different conceptual models. For example, in the attitudinal perspective, employee satisfaction led to customer orientation, while the reverse was true in the behavioral perspective. Still, other non-psychological job outcomes such as higher job performance and lower propensity to leave were treated consistently in both models. Given that some relationships may be seen from different angles, it becomes important to specify the customer orientation perspective and operationalization employed.

An important point by Hennig-Thurau & Thurau (2003) is that customer oriented beliefs and attitudes can be seen as an antecedent to related behaviors, thus the perspectives are connected. A recent study found that both customer oriented attitudes and customer oriented behaviors influenced customer satisfaction, but the behavior-satisfaction link was the strongest (Stock & Hoyer 2005). Employee beliefs will make a difference to delivered service quality only when they result in actual employee behavior (Peccei & Rosenthal 1997). In fact, organizational barriers such as lack of empowerment may prevent an employee with customer oriented attitudes from behaving in a customer oriented way (Hennig-Thurau & Thurau 2003). On these grounds, we employ the behavioral perspective, even though we acknowledge the relevance and contributions from both perspectives. More specifically, we will use the definition of Peccei & Rosenthal (1997).

To quote Peccei & Rosenthal (1997, p. 69), customer orientation is:

***The relative propensity of an individual to engage in continuous improvement and to exert effort on the job for the benefit of customers.***

### 2.1.2 Performance Outcomes of Customer Orientation

The positive outcomes of customer orientation are widely acknowledged by academia. Proposed positive outcomes include improved service quality (Peccei & Rosenthal 1997), increased customer satisfaction (Hennig-Thurau 2004) and strong, long-lasting relationships with customers (Bove & Johnson 2000). In a meta-analytical review, Zablah et al. (2012) found that employee customer orientation has positive effects on employee performance (self-rated performance and manager-rated performance) and psychological outcomes (e.g. increased employee satisfaction and decreased intention to leave the organization). Furthermore, a strong link has been found between self-reported customer oriented behavior and customers' perceptions of service quality (Grönfeldt & Strother 2006). These findings have been supported in a variety of contexts, including hotels (Hartline et al. 2000), travel agencies (Hennig-Thurau 2004; Wieseke et al. 2007), restaurants (Grizzle et al. 2009; Farrell & Oczkowski 2009) and financial institutions (Donavan et al. 2004).

### 2.1.3 Antecedents to Customer Orientation

Hennig-Thurau & Thurau (2003) suggests the following conceptual model to describe the customer orientation of service employees.

*Figure 2.1.3 Simplified Conceptual Model of Hennig-Thurau & Thurau (2003)*
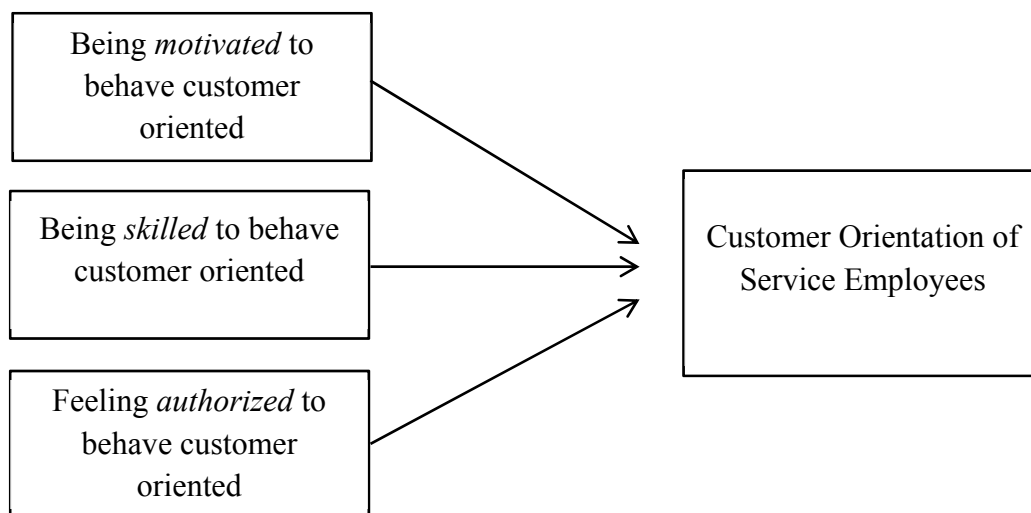


This model overlaps with the HR domains that attempt to influence the motivation, ability, and opportunity of employees (cf. Ch. 2.4) and are fields that most of the antecedents found in the literature fall into. Motivation to behave customer oriented is important because motivation guides behavior (Ajzen 1991). Motivation may be higher for those employees who: 1) are committed to the organization, 2) satisfied with their jobs, 3) have been given unambiguous work tasks, and 4) who have managers that are committed to service quality

(Hennig-Thurau & Thurau 2003). Further, skills increase customer orientation because competent employees are better able to meet customer needs. Finally, feeling authorized on the job (empowerment), will allow frontline employees to use their motivation and skills to flexibly handle individual customer requests. Similar to these proposals, Peccei & Rosenthal (1997) find that employee willingness to serve customers well and perceived job competence are important predictors of frontline employee customer orientation.

Additionally, Hartline et al. (2000) found that the socialization by other employees in a supportive manner facilitated the development of customer oriented values. Another important factor was organizational commitment, or the extent to which an employee is involved with and identifies with an organization. Similarly, Wieseke et al. (2007) found that organizational identification is positively associated with customer orientation. That is, employees that identify with the organization align their attitudes and behavior with the values of their organization (Peccei & Rosenthal 1997).

Overall, we identified different antecedents in the literature that can be classified as work situation factors. Still, the research on the topic has substantial gaps (Hennig-Thurau & Thurau 2003). We noticed that there has been surprisingly little collaboration between the field of customer orientation and related streams of research. Thus, in an attempt to merge findings from other areas, we turn to the service literature.

## 2.2    Service Literature Review

While the service literature and the customer orientation literature have evolved as two separate research streams, the two overlap. In the following section, we present important findings from studies on service quality (Ch. 2.2.1) and climate for service (Ch. 2.2.2).

### 2.2.1  Service Quality

Research into service quality relates to the *actual* service delivery (Mukherjee & Malhotra 2006) by measuring consumer perceptions with scales such as SERVQUAL (Parasuraman et al. 1988). As these studies often focus on the role of frontline employees in delivering service quality, they will allow us to gain a more complete picture of the ability of a service organization to meet customer needs and exceed expectations.

Externally, service quality leads to more satisfied customers (Cronin & Taylor 1992), and increased profits due to new customers, higher retention rates of existing customers, protection from price competition, and fewer service repairs (Berry et al. 1994). Internally, motivation is enhanced because employees are challenged to perform to their full potential (Berry et al. 1994).

In an extensive literature review of the fields of Total Quality Management, internal marketing and service quality gaps, Ueno (2010) found seven antecedents to service quality proposed to be generalizable across industries and employee roles. These are presented in Table 2.2.1 on the next page and regard recruitment, training, teamwork, empowerment, performance appraisals and rewards, communication, and culture. Service quality has also been studied specifically in the context of frontline employees. Generally, most of this research focuses on one or more antecedents similar to those that Ueno (2010) identified. Frontline employee-specific antecedents commonly found to positively predict service quality are often related to HR practices, including empowerment (Gilmore 2001; Hartline & Ferrell 1996; Boshoff & Allen 2000), management evaluation of frontline employees based on positive customer outcomes (Hartline & Ferrell 1996; Boshoff & Allen 2000; Dean & Rainnie 2009) training of frontline employees (Ellinger et al. 2007; Dean & Rainnie 2009), and managerial coaching (Elmadağ et al. 2008).

Other factors found to significantly influence service quality are management commitment to service quality (Hartline & Ferrell 1996; Dean & Rainnie 2009), the internal support of team members (Jong et al. 2004; Mukherjee & Malhotra 2006; Dean & Rainnie 2009) and employee commitment to the organization (Boshoff & Allen 2000).

Below are the seven antecedents to service quality identified by Ueno (2010).

*Table 2.2.1 Service Quality Antecedents* (Ueno 2010)

| | | |
|---|---|---|
| 1. | **Recruitment** | Poor service is often the result of the wrong people being recruited |
| 2. | **Training** | Satisfactory training of employees reduces the risk of service failure |
| 3. | **Teamwork** | Lack of teamwork among employees can hinder the service delivered to customers |
| 4. | **Empowerment** | Employees with the delegated power to use their discretion in meeting customer demands is important in satisfying customers with individual needs |
| 5. | **Performance appraisals and rewards** | Appraisal and rewards based on a certain behavior may direct employee behavior in the desired way |
| 6. | **Communication** | Lack of communication can lead to frustration among employees and in turn lower service quality |
| 7. | **Culture** | A strong service-oriented culture that inspires and guides employee behavior is essential for an organization to achieve service excellence |

## 2.2.2 Climate for Service

Schneider et al. (2006, p. 117) defines organizational climate as "a summary impression employees have about 'how we do things around here' or 'what we focus on around here' or 'what we direct our efforts to around here.'" This climate is created through formal HRM systems and the day to day experiences with co-workers and supervisors. Service organizations should create a climate for service (or service climate) where employees are encouraged to give good customer service (Schneider 1980). Peccei & Rosenthal (2001) conceptualized a climate for customer service as comprising of perceived commitment to customer orientation by 1) management, 2) the immediate supervisor, 3) co-workers, and 4)

the organization. They also note that two other important elements are recognition for customer service and training in service excellence.

Stress is a factor commonly discussed in the service literature, and role conflict can arise when employees perceive conflicting demands, such as their own desire to satisfy customers and incompatible organizational goals (Schneider 1980). Because service employees generally want to please the customer, a climate for service helps to decrease role conflict and is linked with increased job satisfaction and decreased intentions to quit (Schneider, 1980). Further, a climate for service leads to higher customer retention and profits (Schneider et al. 1998).

Schneider et al. (2006) argue that a service climate is an antecedent to customer oriented behavior. That is, employees will only deliver superior service quality if their work environment truly emphasizes service quality. They also suggest that the HR department in particular can play a leading role in establishing a service climate through practices such as recruiting and selection, training, appraisal and reward systems (Schneider et al. 2006).

## 2.3 Self-Determination Theory

To delve deeper into one of the core recurring antecedents to customer orientation, Self-Determination Theory (SDT) helps to explain what influences motivation. Similar to our scope in this thesis, SDT examines the conditions in a person's environment needed to increase motivation and disregards initiating factors such as personality. This section will review the most influential article on the topic written by Ryan & Deci (2000).

Motivation is the underlying force of an energetic, focused and persistent human being. All else equal, a motivated person is more productive and mobilized to act. Motivation comes in several forms, ranging from being authentic and self-authored (*intrinsic motivation*) to externally controlled (*extrinsic motivation*).

Intrinsic motivation is generally associated with higher interest, excitement and confidence than other forms of motivation. Among other favorable outcomes, it leads to higher performance. Three factors are the most predictive of intrinsic motivation: *autonomy, competence* and *relatedness*. Autonomy, an internal perceived locus of causality, enhances intrinsic motivation because self-directed behavior is generally preferred over being controlled and monitored by others. Competence refers to a person's ability to perform a task satisfactorily. While motivation can be present in isolation from others, in many contexts, it can be increased by relatedness (socialization and connectedness with others).

In contrast to intrinsic motivation, extrinsic motivation is formed by outside influences. Behavior based on extrinsic motivation is a result of instrumentality: one behaves in a certain way in order to attain some external outcome, such as a monetary reward, ego enhancement or fulfillment of social duties. Extrinsic motivation ranges from *external regulation* (behavior performed only to satisfy an external demand or to achieve a reward) to *integrated regulation* (when external procedures have been integrated with own values and needs). Generally, integrated regulation is the strongest form of extrinsic motivation. While *relatedness* is believed to be particularly important in enhancing extrinsic motivation, *competence* and *autonomy* have also been found to be important factors.

In sum, because motivation guides behavior (Ajzen 1991), the three factors (autonomy, competence and relatedness) that predict both forms of motivation should be relevant for describing how to develop customer oriented behavior.

## 2.4 Human Resources Management (HRM)

Many of the antecedents referred to thus far regarding the customer orientation of frontline employees fall in the category of HRM. According to Schneider (1994, p. 1), HRM "concerns the policies, practices and procedures of organizations for the attraction, selection and management of employees." In this section, we will briefly introduce the field of HRM to better understand how a service organization can influence the customer orientation of their employees.

HRM contributes to organizational performance by improving employee performance (Lepak et al. 2006) and forming a climate where all employees share a common understanding of what is important and what behavior is expected of them (Bowen & Ostroff 2004). There is no universal template for HRM – the actual policies, practices and procedures must be aligned with the interests and strategic objectives of the organization (Banfield & Kay 2008). In service organizations, the interactions with customers create a dimension of emotional stress, which also becomes an important consideration for HRM (Nishii & Schneider 2007). An organization where HRM practices help the organization provide a superior customer experience applies what is referred to as customer-focused HRM (Schneider 1994).

A successful HRM system should tap into three main HR domains (Lepak et al. 2006):

*Table 2.4 HR Domains (Lepak et al. 2006)*

| | | |
|---|---|---|
| 1. | **Knowledge, skills and abilities** | Building a competent employee pool with practices such as *recruiting*, *selection* and *training* |
| 2. | **Motivation and effort** | Motivating employees by practices such as *performance management* (appraisal of desired behavior), *compensation*, *incentives* and *reward practices* |
| 3. | **Opportunities to contribute** | Giving employees the opportunity to contribute through practices such as *employee involvement* in relevant matters, giving them *decision-making authority* and forming *appropriate team structures* |

Lepak et al. (2006) propose that organizations that excel in these three main domains will outperform organizations failing to do so. This is especially true for modern service organizations (Batt 2002). From the perspective of customer-focused HRM, practices should motivate employees to satisfy customers, develop competence so they are able to meet customer needs and delegate authority so they can better respond to customer needs.

There are a number of HRM practices that can help an organization realize the objectives of the three identified HRM domains; the most common ones are listed in the table above. Batt (2002), using the term high-involvement HR systems, highlights several practices especially important for service organizations. First, organizations should hire employees with the right competence and provide sufficient initial training. Second, employees should be empowered so that they can be flexible when dealing with individual customer requests. Third, ongoing learning should be facilitated through collaboration with other employees, which highlights the importance of teamwork. Fourth, investment in ongoing training will improve job performance. Fifth, organizations can ensure motivation with high relative pay, and decrease job stress by avoiding excessive monitoring. Such high-involvement practices are relevant across a large number of service sectors, as long as there is room for service quality differentiation in the market (Boxall 2003).

Lepak et al. (2006) call for research on how organizations can excel in the three HRM policy domains and how different practices work in combination with each other. They found that only 9 % of HRM research focus on the individual (employee) level of analysis, even though this level may be "especially useful to directly capture employee reactions and behavioral and attitudinal changes due to the adoption or use of HR systems" (Lepak et al. 2006, p. 244).

## 2.5 National Cultural Differences

One important consideration is that the majority of studies we have discussed are carried out in western societies, and mostly in the US. The question then emerges concerning the generalizability of these studies across cultures. A conclusive link has not been found between the amount of adaptation to local conditions and firm performance (Albaum & Tse 2001). Still, Hofstede et al. (2010) is clear that national culture has important implications for employee motivation, management styles, and organizational structures. Thus, it is important to understand the national cultural characteristics of the regions participating in our study (i.e. South Asia and Scandinavia).

The five cultural dimensions of Hofstede (1984) have received the most research attention (Nishii & Schneider 2007), and will be used to explain cultural differences. These dimensions are introduced in Table 2.5.

*Table 2.5 Hofstede's Five Cultural Dimensions (Hofstede 1984)*

| | |
|---|---|
| **1. Individualism vs. Collectivism** | Does the culture emphasize an individual's personal attributes and uniqueness (individualism) or his/her relationship and responsibilities to social groups (collectivism)? |
| **2. Power Distance** | To what extent are inequalities and the use of hierarchies (differences in social standings) accepted by the culture? |
| **3. Uncertainty Avoidance** | To what extent does uncertainty about the future result in stress and anxiety among individuals in a culture? |
| **4. Masculinity vs. Femininity** | Are dominant values in a society masculine (e.g. achievement and aggressiveness) or feminine (e.g. caring for the weak)? |
| **5. Long-Term Orientation** | Do individuals in a culture mainly live in the moment (short-term orientation) or mainly plan for the future (long-term orientation)? |

Scandinavia contrasts South Asia on several of the cultural dimensions (Hofstede et al. 2010). The two most notable differences between South Asia and Scandinavia relate to power distance and individualism vs. collectivism (Hofstede et al. 2010). In South Asia (high power distance), hierarchies and inequalities are much more accepted than in Scandinavia (low power distance). This will be reflected in supervisor-subordinate relationships, where in South Asia we would expect to see a greater respect for authority. Scandinavian supervisors, on the other hand, are generally more accessible and allow for employee involvement in the decision making (Nishii & Schneider 2007). Similarly, we can expect that empowering employees is a more widespread practice in Scandinavia than South Asia (Eylon & Au 1999).

Further, Scandinavian societies are individualistic, which means people feel that they are only responsible for themselves and their immediate families, and personal opinions are valued and expressed. In contrast, South Asia is much more collectivistic, meaning people tend to have a long-term loyalty to a particular in-group (relatives, clan, organization) that they identify with (Hofstede 1984). Self-image is more defined by "we" than "I". Because of this, South Asians are more likely to be influenced by those that they consider to be in the "in-group" (Nishii & Schneider 2007). Also, in collectivistic cultures, employees may not be motivated by increased individual empowerment as group decisions generally are preferred.

Since most studies are carried out in the US, comparing South Asia and Scandinavia with the US is also relevant. In general, the US is more similar to Scandinavia than South Asia. Just like Scandinavia, the US scores lower on power distance and collectivism compared to South Asia. Still, a notable difference between the US and Scandinavia concerns masculinity: the US is much more masculine than Scandinavia. Thus, the US is associated with assertiveness and achievement orientation. Scandinavia, on the other hand, is typified by a concern for others, which is reflected in how leaders tend to demonstrate concern for consensus in decision-making (Hofstede et al. 2010). Seeing that there are some large cultural differences, the work situation factors identified by the literature in a US context may not be generalizable to other countries (Nishii & Schneider 2007), including those in this study.

## 2.6 Theory Conclusion

In this chapter, we have presented the theoretical foundation of our study. To complement the research on customer orientation, we turned to other related fields. Insights from the service literature, self-determination theory and HRM gave a more comprehensive view of customer orientation and antecedents to frontline employee behaviors. Reoccurring work situation factors in the literature generally fall into the three main domains of HRM that focus on increasing the motivation, ability, and opportunity of employees. However, these work situation factors may not be equally effective across cultures, but research have yet to provide conclusive insights. Next, using this theoretical basis, we will come up with hypotheses regarding potential antecedents to frontline employee customer orientation.

*Figure 2.6 Distinct but Overlapping Streams of Research*
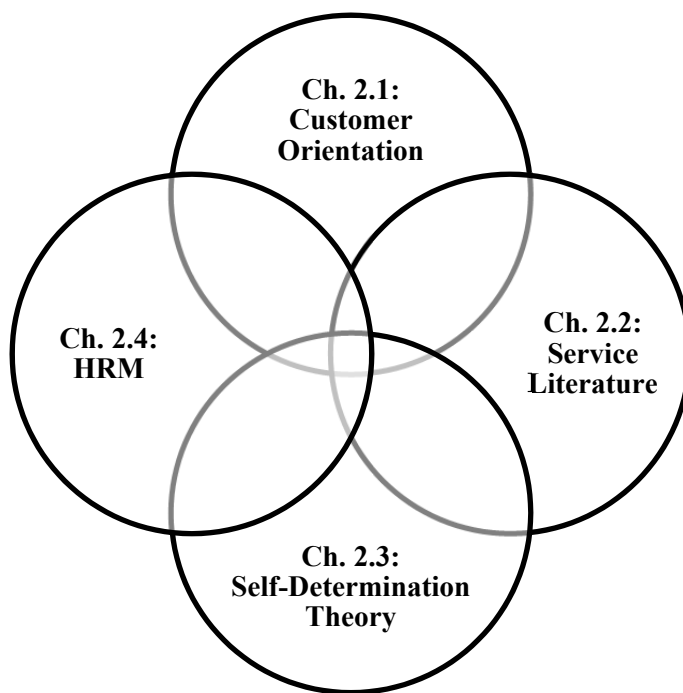
# 3  Hypotheses

Based on the review of relevant research areas in the previous chapter, we will present our conceptual model (Ch. 3.1), hypotheses (Ch. 3.2-3.6), conceivable interaction effects (Ch. 3.7), and possible differences due to national culture (Ch. 3.8).

## 3.1  Conceptual Model

We identified a number of interesting yet understudied work situation factors in the literature that we believe have a strong impact on frontline employee customer orientation (frontline employee CO). Work situation factors that can be classified as procedures and activities include the employee involvement practices of *empowerment* and *participation*. Further, we saw that the following antecedents related to employee perceptions of the focus of their peers may be important: *supervisor customer orientation (supervisor CO)*, and *team support* and *team customer orientation (team CO)*. Team support and team CO are categorized under the label "team service climate." Next, individual level results of employee experiences at work that include *self-efficacy* and *organizational identification*. Finally, we discuss potential interaction effects and national cultural differences. See the next page for the conceptual model in Figure 3.1. In the sections that follow, we will present our hypotheses regarding the antecedents suggested.

We have developed hypotheses regarding seven antecedents, which are shown below as [H1]-[H7]. A dotted line between the each of the antecedents represents the possibility that some antecedents may work better together (i.e. possible interaction effects). Also shown in the model is the debate regarding the moderating effect of national culture on all of the proposed antecedents.

*Figure 3.1 Conceptual Model*
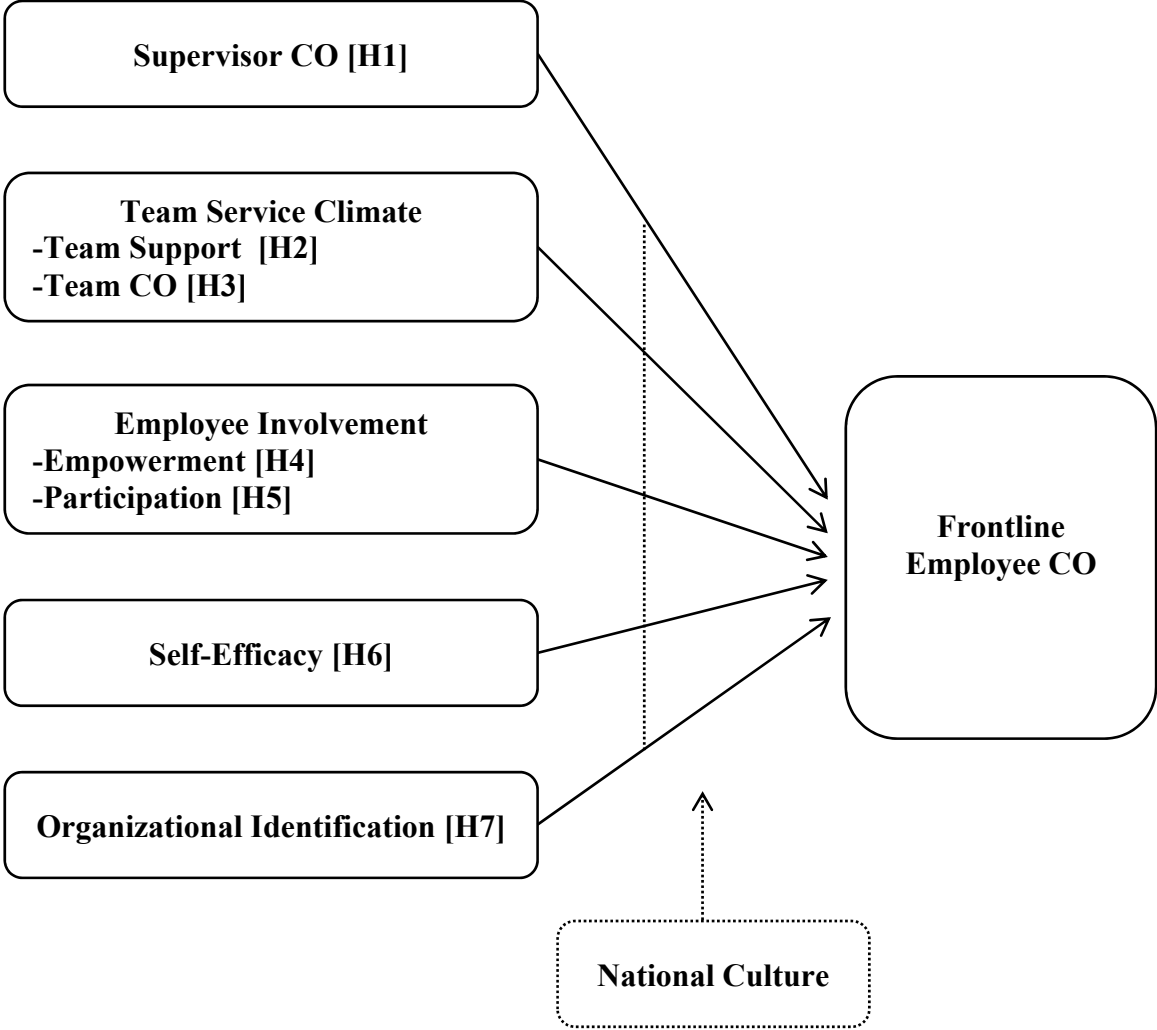
## 3.2   Supervisor CO

Similar to Peccei & Rosenthal (2001), we define Supervisor CO as the extent to which a supervisor is committed to excellent customer service. This is shown through setting a good example for his or her subordinates and rewarding customer orientated behavior. Management at all levels has a critical role in instilling customer oriented values in the employees of a company (Jaworski & Kohli 1993; Narver et al. 1998; Webster 1988). In fact, George (1990) proposes that to develop customer oriented employees, the single most vital factor is support from every single manager and supervisor. Management commitment to service quality is believed to have an inspirational impact on the customer orientation of frontline employees (Hennig-Thurau & Thurau 2003). Immediate supervisors are particularly influential as they serve as role models for their subordinates (Thorbjørnsen & Supphellen 2011). In fact, the local unit leader is proposed to be the most influential person in forming an employee's impression of what is important in the organization (Schneider et al. 2006). The key role of supervisor CO in shaping customer orientation has been found in a study of frontline employees in supermarkets (Peccei & Centre 2001).

Aligned with the findings of Hartline & Ferrell (1996), we believe that customer oriented supervisors recognize and evaluate customer oriented behavior. It is widely believed that recognition will motivate employees and guide behavior (e.g. Lepak et al. 2006; George 1990). This is supported by a recent McKinsey report, which found that commendation from a supervisor is among the most effective managerial tools for motivating employees (Dewhurst et al. 2009). Further, supervisor evaluation of employees based on positive customer outcomes has been presented as an antecedent to service quality (Boshoff & Allen, 2000; Dean & Rainnie, 2009; Hartline & Ferrell, 1996). Based on the existing evidence, we hypothesize that:

*H1: Supervisor CO will positively influence frontline employee CO.*

## 3.3 Team Climate for Service

In the HRM literature, the use of teams is regarded as a best practice and element of high performance work systems (Lepak et al. 2006). For the purpose of our study, teams are formal work groups led by a designated supervisor. Teams are named as a job design factor that can increase motivation and provide employees an opportunity to contribute (Lepak et al. 2006). We believe two team dimensions are especially important in predicting frontline employee CO: team support and team CO.

### 3.3.1 Team Support

Aligned with the definition of Mukherjee & Malhotra (2006, p. 449), we define team support as "frontline employees' perceptions of supportive and helpful co-workers who co-operate with one another as a team in delivering quality service to customers." When frontline employees are connected in supportive teams, they may be able to exchange and utilize important customer insights (Jackson et al. 2006). Also, finding that service work is often described as demanding and stressful, another important benefit of team support is as "an antidote to service burnout" (Berry et al. 1994, p. 41). Team support can have an important rejuvenating effect and sustain frontline employee motivation to giving good service. This is further supported by Self-Determination Theory, which explains that "intrinsic motivation is more likely to flourish in contexts characterized by a sense of security and relatedness" (Ryan & Deci, 2000, p. 71). An employee may feel relatedness in the workplace if there is a strong sense of support from his or her team members. In an extensive literature review, Ueno (2010) point to the positive effects of well-functioning teams on service quality. Furthermore, Jong et al. (2004) found a link between team support and the customer oriented behavior of teams. Consistent with these findings, we believe that team support will increase the customer orientation of frontline employees.

*H2: Team support will increase frontline employee CO.*

### 3.3.2 Team CO

Another important aspect of the effect of teams is the strategic focus of co-workers. *Team CO* is the extent to which an employees' team members "support and encourage customer-oriented service and consistently behave in line with espoused customer service values and norms" (Peccei & Rosenthal 2010, p. 569). When frontline employees interact and socialize with their team, they are likely to adopt the group values and attitudes (Hartline et al. 2000; Wieseke et al. 2007). Pulling from the research on service climate, co-workers can help create an environment that encourages an employee to be customer oriented (Schneider et al. 2006).

In a meta-analysis of the effect of peers in the workplace, Chiaburu & Harrison (2008) found that co-workers directly affect individual role perceptions. That is, an employee will develop their understanding of acceptable job behaviors based on the beliefs and attitudes of their colleagues. Similarly, we believe that the Team CO will increase the customer orientation of frontline employees.

*H3: Team CO will positively influence frontline employee CO.*

## 3.4 Employee Involvement

Involving employees refers to both empowerment (increasing job autonomy) and participation (increasing their ability to influence work decisions) (Liao & Chuang 2004). We believe both factors will have a positive impact on frontline employee CO, which will be discussed in the next two subchapters.

### 3.4.1 Empowerment

Empowerment is "giving employees the power to act in the interest of serving customers better" (Boshoff & Allen 2000, p. 73). Such employee discretion is particularly appropriate for service organizations because of the heterogeneity in customer requests and the need to deal with every customer as an individual (Gilmore 2001). Additionally, empowerment (similar to perceived autonomy), can increase both intrinsic and extrinsic motivation (Ryan & Deci 2000), which is important for increased customer orientation of frontline employees (Peccei & Rosenthal 1997). In fact, giving frontline employees the opportunity to use discretion in customer interactions has been found to increase service quality (Ueno 2010; Boshoff & Allen 2000). Hartline & Ferrell (1996), however, found that empowerment is a two-edged sword because it may also increase employee frustration and stress in their attempt to balance role demands. Still, we concur with the argument of Hennig-Thurau & Thurau (2003, p. 32), who argue that "if an employee has the ability and motivation required to perform in a customer-oriented way, but feels that he or she does not have the legitimization to do so, then his or her behavior will not be perceived as truly customer oriented by the customer." The importance of having the freedom to behave customer oriented leads to the following hypothesis:

*H4: Employee empowerment will positively influence frontline employee CO.*

### 3.4.2 Participation

Participation refers to an employee's ability to influence decisions regarding his or her job (Teas 1983). Participation has been found to positively influence the clarity of employees' work responsibilities, and thereby service quality (Mukherjee & Malhotra 2006). It may also increase both employee motivation and customer satisfaction (Gilmore 2001). Dean & Rainnie (2009) propose that a lack of opportunity to pass on customer insights leads to lower service quality. Similarly, it has been found that the involvement of employees through empowerment and participation improves the employee service performance (Liao & Chuang 2004). Although the link between participation and customer orientation of frontline employees is scarcely researched (Sun et al. 2011), we propose that frontline employee participation will increase customer orientation because it increases motivation and enables them to share their customer insights.

*H5: Employee participation will positively influence frontline employee CO.*

## 3.5   Self-Efficacy

Self-efficacy is the extent to which an employee believes in his or her ability to carry out work related tasks (Gist & Mitchell 1992), and is closely related to employees' perceived job competence (Peccei & Rosenthal 2001). Hennig-Thurau (2004) consider the competence of employees an important prerequisite for customer oriented behavior, as more competent employees will better understand and meet customer needs. Similarly, greater self-efficacy has been found to positively influence customers' perceptions of service quality (Hartline & Ferrell 1996). Other theoretical fields also focus on the importance of competent employees: competence will positively affect the motivation of employees (Ryan & Deci 2000). It is also considered to be a key factor among HRM practitioners to improve employee performance (Lepak et al. 2006). The positive impact of perceived job competence on customer oriented behavior has also been found in the setting of supermarkets (Peccei & Rosenthal 1997). Further, considering evidence that employees with higher self-efficacy exert more effort on the job (Gist 1987) and perform at a higher level (Hartline & Ferrell 1996), we believe that:

*H6: Self-efficacy will positively influence frontline employee CO.*

## 3.6　Organizational Identification

Organizational identification is defined as "the perception of oneness with or belongingness to an organization and the experience of the organization's successes and failures as one's own" (Mael & Ashforth 1992, p. 103). The term stems from Social Identity Theory, which proposes that salient group memberships are important in how the individual defines him or herself (Ashforth & Mael 1989). The power of organizational identification lies in its ability to align employee attitudes and behavior with the core characteristics of the company (Wieseke et al. 2007; van Knippenberg 2000; Ellemers et al. 2004). Since they take on the values of the company, employees who identify with the organization are more likely to engage in customer oriented behavior when customer orientation is emphasized in the organization (Peccei & Rosenthal 1997; Wieseke et al. 2007). On these grounds, and based on the premise that the case company is strongly committed to becoming customer oriented, we propose that the organizational identification of frontline employees is positively associated with customer orientation.

*H7: Employee organizational identification will positively influence frontline employee CO.*

## 3.7　Interactions Between Antecedents

Examining interaction effects are useful to identify under what conditions a variable is effective (Burns & Burns 2008). Peccei & Rosenthal (1997) suggest that interactive models may be needed to account for the complex relationships between the antecedents to frontline employee CO. The conceptual model of Hennig-Thurau & Thurau (2003) presents motivation, ability, and opportunity as three important yet interdependent antecedents to customer orientation. However, they do not explore the links between the antecedents further. Lepak et al. (2006) also suggests that certain HRM practices work better together, but no concrete evidence is provided.

While research is limited, there are some theoretical arguments to support a number of interaction effects. For example, there may be an interaction between empowerment and supervisor CO; in order for empowerment to increase customer orientation, the employees must have a clear idea of how they can use their freedom to better serve customers (Boshoff & Allen 2000; Hartline & Ferrell 1996). However, Schneider (1980) suggests that service employees are already inclined to serve customer well, so while customer oriented supervisors can help to reduce potential role conflict, they may not further strengthen the effect of empowerment. Also, we speculate that the effect of team CO on frontline employee CO may be lower if the team's supervisor is not perceived as customer oriented and vice versa. While

supervisors present the top-down focus of the company, the peers help foster an understanding of expectations in the company. If messages from the supervisor and coworkers are contradictory, employees will not get a clear picture of what is expected of them and may experience role stress. On the other hand, team CO and supervisor CO may simply work in an additive fashion, where both independently influence employees. As a final example, we suspect that giving employees discretion is more effective for employees that also have confidence in their own abilities. That is, empowerment will be more comfortable for self-efficacious employees, and may result in an increased propensity to serve customers better. However, empowerment is also found to be an antecedent to self-efficacy (Hartline & Ferrell 1996), so the nature of the relationship between these antecedents is still unclear. These examples present some theoretical arguments for possible interactions, but there is great uncertainty.

Since the research into the interactions between our proposed variables are scarce and ambiguous, we do not develop concrete hypotheses. Still, in order to nuance the relationship between proposed antecedents to customer orientation as suggested by Peccei & Rosenthal (1997), we choose to examine all possible interaction effects. This will answer our second research question.

## 3.8 National Cultural Differeneces

As we introduced earlier, the effect of certain antecedents may vary due to national cultural dimensions. Therefore, our third research question asked: *do the effects of the proposed antecedents vary between cultures?* Unfortunately, almost all existing research on the topic of customer orientation is carried out in the western society. Similarly, little is known about the generalizability of HRM service theories across cultures (Nishii & Schneider 2007). Thus, we have limited evidence to guide us when answering the third research question. There are theoretical arguments for why some of our proposed antecedents may vary between cultures, but these arguments are often conflicting and inconclusive. We will now briefly introduce some arguments for why the antecedents may be contingent on the cultural context.

Nishii & Schneider (2007) suggest that empowerment should be used with caution in cultures with high power distance (i.e. South Asia). This is because empowerment is like "sharing power," which is less desirable where inequalities and hierarchies are expected. Instead of increasing customer orientation, empowerment may only lead to stress as employees have to make independent choices in the midst of various demands from customers and supervisors.

On the other hand, since the use of empowerment is already widespread in low power distance cultures (Eylon & Au 1999), the benefits from increasing employee discretion may be greater in high power distance cultures. That is, the majority of frontline employees in low power distance cultures such as Scandinavia may already have sufficient freedom to flexibly handle customer requests.

Further, the impact of team CO and organizational identification on frontline employee CO may be contingent on the extent to which the culture is collectivistic. South Asia is characterized by a high degree of collectivism (Hofstede et al. 2010), which points to a tendency to take on the values of the in-group (Nishii & Schneider 2007). Consequently, if the frontline employees in South Asia see their team or organization as their in-group, the influence of factors such as organizational identification and team CO may be higher in South Asia than Scandinavia. However, even if an employee in a collectivist culture identifies with the organization, they may have some other stronger in-group loyalty, such as their families, thus diluting the effect of organizational identification. Similarly, the influence of the team in collectivistic cultures may not be as strong if the team is not the main in-group (Earley 1993).

Additionally, the positive effects of a customer oriented supervisor may also vary across cultures. On the one hand, since supervisors in Scandinavia are more accessible (Nishii & Schneider 2007), they may be able to better model and encourage customer orientation. On the other hand, a greater respect for authority could imply that frontline employees in South Asia are more influenced by their superiors.

Cultural dimensions are found to be strong predictors of human behavior (Hofstede 1984) and may have an impact on a number of work situation factors. Still, the cross-cultural insights into the effectiveness of our proposed antecedents on frontline employee CO are limited. Moreover, as the examples in this subchapter illustrate, there are few conclusive arguments for why the proposed antecedents will be more effective on frontline employee CO in one culture than the other. Thus, while we do anticipate culture to have an impact, there is uncertainty regarding what cultural differences to expect. We therefore choose to examine cultural differences for all proposed antecedents without forming predetermined hypotheses.

# 4 Methodology

Methodology concerns how to collect, analyze and interpret data and is an essential part of how to conduct empirical research (Johannessen et al. 2011). More specifically, the choice of methods will influence our ability to answer our research questions. In this section, we will present the research design (Ch. 4.1), the data collection method (Ch. 4.2), sample and survey collection procedures (Ch. 4.3), and finally, the measures and questionnaire design (Ch. 4.4).

## 4.1 The Research Design

The research design is the general plan for how to answer the research question (Iacobucci & Churchill 2010). It will help guide how to collect and analyze the data (Johannessen et al. 2011). Research designs are typically categorized as exploratory (discovering a problem), descriptive (portraying a situation), and explanatory (testing cause-and-effect relationships). Which design to use depends on the goals of the study and how much research on the topic currently exists (Saunders et al. 2009).

We are interested in finding the work situation antecedents to customer orientation among frontline employees in service organizations. As described earlier, research from various fields already gives insight into the topic of customer orientation, although there are still important gaps. To meet our goals, a descriptive design is appropriate as we are looking to collect facts and explain how these facts relate to each other (Saunders et al. 2009). More specifically, we will try to answer the main research question by building on the factors already identified in the literature. Unlike an explanatory design, we will not be able to make conclusions regarding an explicit causal effect, but we will be able to explain how variables are linked. We will collect our own primary data because we need the flexibility to examine the variables we found in the literature in the context of frontline service employees.

We answer the main research question by testing a conceptual model. Thus, we are undertaking deductive research (Saunders et al. 2009), and this requires numerical data. A deductive approach is appropriate because there is already existing theory that we use to come up with a model and hypotheses. This also means that our study will be quantitative as the data collection (survey) and data analysis (statistics) will generate and use numerical data. In contrast, qualitative studies use non-numerical procedures such as interviews and are used when one is less certain about possible variables that explain the problem (Iacobucci & Churchill 2010). While qualitative studies can give a greater depth of insight, a quantitative study is more scalable and can give greater breadth of insight. For our research purpose,

breadth is necessary so that we can find generalizable work situation factors that influence customer orientation.

We also have two additional research questions. For one, we are interested in exploring the interactions between our proposed antecedents. Second, we want to see if the effect of the antecedents varies due to national cultural differences. For both these questions research is conflicting, and it is not yet clear what one should theoretically expect. Therefore, in combination with the main research question, this is inductive research as we are not testing predetermined hypotheses.

## 4.2    Data Collection Method

The particular data collection method we will use is a *cross-sectional survey*. A cross-sectional survey is a snapshot at a particular point in time (Iacobucci & Churchill 2010). While a longitudinal study often looks at a smaller sample over time to see changes and development, we are interested in a broader representative view of the current condition. A cross-sectional survey will allow us to investigate relationships between variables and make predictions regarding which antecedents lead to frontline employee CO. Further, we will employ a structured-undisguised questionnaire, which means that the questions are presented in a standardized way and with the same wording and response alternatives to all respondents (Iacobucci & Churchill 2010). Using a cross-sectional survey will enable us to collect data from many respondents in a relatively short amount of time. Also, because the data is standardized, we can analyze the proposed hypotheses through a number of statistical techniques.

## 4.3 Sample and Survey Collection Procedures

In this section, we will describe the sample (Ch. 4.3.1), the survey collection procedures (Ch. 4.3.2), and how we increased the response rate (Ch. 4.3.3).

### 4.3.1 Sample

After selecting a research design, one must specify the population (who one wants to study) and the sample (a selected subset of units from the total population) (Johannessen et al. 2011).

Aligned with the research question and hypotheses, our population is frontline employees in service organizations. To carry out the study, we cooperated with Telenor – a large, international provider of telecommunication services (also referred to as the case company). The case company was especially suitable for the purpose of our study because their group-wide strategic ambition is to become the industry leader in customer orientation. Also, the case company actively uses teams, which is a factor we are interested in studying. Three subsidiaries, two in Scandinavia and one in South Asia agreed to take part in the study. To preserve anonymity for these subsidiaries, the specific countries will not be disclosed.

Our sample consisted of frontline employees operating from call centers within customer care departments. Frontline employees operating from call centers play a critical role in delivering service quality (Mukherjee & Malhotra 2006). Still, many call centers do not facilitate the delivery of high service quality by frontline employees (Dean & Rainnie 2009).

### 4.3.2 Survey Collection Procedure

Here we describe the particular steps we took to collect our data. An anonymous survey link, along with a brief introduction letter (found in Appendix 4.3.2), was sent to each subsidiary, and the local subsidiary managers were responsible for collecting the data. The letter stated that the survey is part of a research project between Telenor and NHH. Although we released some control of the data collection, the local managers had the necessary authority to ensure high response rates. Respondents from South Asia and one of the Scandinavian countries answered an English version of the survey, while the survey was translated for the other Scandinavian sample. The translation of the survey was conducted according to established rules and procedures (cf. Ch. 4.4.4).

To ensure no missing values in the collected surveys, we forced response to all construct survey items. However, we did not force response to one control item, namely education. This led to six missing values on this particular item, which was dealt with by assigning the mean educational values for these respondents.

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### 4.3.3  Increasing the Response Rate

The use of monetary incentives is a common method to increase the response rate to a survey (Kinnear & Taylor 1996). Thus, in order to increase respondent motivation to answer the survey, we gave all participants the opportunity to enter a drawing of the following prizes: 1) one Amazon.com gift card of $250 and 2) five Amazon.com gift cards of $100. When the actual survey was completed, the respondents were directed to another, independent web page where they had the option of entering their name and e-mail address to enter the drawing. Because we did not track the respondents' IP addresses, it was not possible to link any contact information to the responses to the survey. Thus, full anonymity was ensured – which was clearly communicated to the respondents.

The use of one or two reminder letters is a common method to increase the response rate to web-based surveys (Iacobucci & Churchill 2010). However, in our case, Telenor was in charge of the distribution of the survey and relevant employees were asked by their supervisors to fill out the survey at a designated time during the work day. Thus, we were only in contact with certain Telenor personnel and did not send out reminder letters to frontline employees.

## 4.4  Measures and Questionnaire Design

In this section, we will describe how we operationalized the constructs (Ch. 4.4.1), which control variables we included (Ch. 4.4.2), self-reporting issues (Ch. 4.4.3), survey adjustments and translation (Ch. 4.4.4) and issues of construct equivalency (Ch. 4.4.5).

### 4.4.1  Operationalization of the Constructs

Obtaining useful evidence in a descriptive study depends on *operationalizing* the constructs of interest into specific, concrete and measurable variables (Burns & Burns 2008). To ensure consistency with previous research, and because the measurements are previously tested and validated, we chose to base our operationalizations on existing scales. However, for the scales to be appropriate in the specific context of our study, certain adjustments of the scales were needed.

From a theoretical perspective, some scales were modified in order to better capture the constructs we were interested in. For example, the statement "*...gives me feedback on how well I am performing my job*" was changed to "*..... gives me feedback on how well I am serving customers*". Furthermore, in many instances we decreased the number of questions per construct to minimize respondent fatigue. Respondent fatigue occurs when respondents

drop out of a survey due to a tedious length (Saunders et al. 2009). Still, all constructs were measured with two or more items, and we carefully made sure the remaining questions covered the constructs adequately.

Adjustments were also made based on a pre-test with knowledgeable employees in the company we cooperated with, our thesis supervisor and fellow students. This led to several changes. First, because the organizational structure of the customer care department includes teams and team leaders, "*supervisor/boss/superior*" was changed to "*team leader*" and "*co-workers*" was changed to "*team members*". Second, many phrases and wordings were changed so they were easier to understand by the respondents. For example, "*I often go out of my way to help customers*" was changed to "*I often make an extra effort to help customers, even if it's not expected of me*" because of the confusion regarding what the expression "go out of my way" actually means.

All statements in the survey were accompanied by an ordinal scale, where the numbers reflect an order and identify a spectrum of opinions (Aaker et al. 2011). In particular, we used a 7-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (7) to measure perceptions of a range of constructs. We have a symmetric scale, a neutral midpoint, and consider the distances between the categories to be equal distance. That is, the distance between "Strongly Agree" to "Agree" is the same as the distance between "Strongly Disagree" and "Disagree". Moreover, since we also have a relatively large number of categories (7 in total), we will assume these variables have similar properties as "true" interval variables (Bryman & Cramer 2009). This has implications for which statistical techniques we use to test our model (cf. Ch. 5).

The final questionnaire included 50 questions, and can be found in full in Appendix 4.4.1.

Table 4.4.1 below briefly presents the constructs measured in the survey that are relevant for our hypotheses. Other control variables will be explained in Ch. 4.4.2.

Table 4.4.1 Constructs

| Construct | Definition | Sample Item | Adapted from |
|---|---|---|---|
| **Frontline employee CO** | The relative propensity of an individual to engage in continuous improvement and to exert effort on the job for the benefit of customers | *I work hard to satisfy my customers* | (Peccei & Rosenthal 1997) |
| **Supervisor CO** | The extent to which a supervisor is committed to, and recognize, excellent customer service | *My team leader puts a lot of emphasis on giving good customer service* | (Peccei & Rosenthal 2010; Mukherjee & Malhotra 2006) |
| **Team support** | Frontline employees' perceptions of supportive and helpful co-workers who co-operate with one another as a team in delivering quality support to customers | *My team-members and I co-operate more than we compete* | (Mukherjee & Malhotra 2006) |
| **Team CO** | The extent to which team members support and encourage customer oriented service and consistently behave in line with espoused customer service values and norms | *My team members have a genuine desire to satisfy our customers* | (Peccei & Rosenthal 2010) |
| **Empowerment** | Giving employees the power to act in the interest of serving customers better | *I am encouraged to use my own judgment when serving customers* | (Hartline & Ferrell 1996; Ellinger et al. 2007) |
| **Participation** | An employee's ability to influence decisions regarding his or her job | *My team leader often asks my opinion regarding how to improve the customer experience* | (Mukherjee & Malhotra 2006) |
| **Self-Efficacy** | The extent to which an employee believes in his or her ability to carry out work related tasks | *I feel confident that my abilities are sufficient for my job* | (Peccei & Rosenthal 2001; Hartline & Ferrell 1996) |
| **Organizational Identification** | The perception of oneness with or belongingness to an organization, and the experience of the organization's successes and failures as one's own | *When someone praises this company, it feels like a personal compliment* | (Mael & Ashforth 1992) |

### 4.4.2 Control Variables

In addition to the constructs above, we included several control variables. Control variables are potential extraneous factors that may influence the relationship between the variables we want to study (Burns & Burns 2008). First, we included a technique meant to control for the tendency to over-report on socially desirable measures (cf. Ch. 4.4.3). We also asked about the respondents' sex, age, employment status (part-time or full-time), years of education completed, and tenure in the organization. These person-specific variables are commonly controlled for in similar studies examining the service delivery of frontline employees (Jong et al. 2004; Ellinger et al. 2007). Finally, we will control for subsidiary.

Since it is difficult to count exactly how many years of education one has completed, we asked respondents about the years of education after primary school (or local equivalence). Since primary school is two years less in the South Asian country, we added 10 years to the education of Scandinavian respondents and eight years to the education of South Asian respondents to arrive at total years of education. With this measure, a bachelor`s degree corresponds to the same number of years in all educational systems, which was desirable.

### 4.4.3 Self-Reporting Issues

Customer orientation is a key strategy for the case company, and frontline employees will probably see such behavior as socially desirable. Self-reported measures (which we use in the study) concerning socially desirable behavior may result in over-reporting among respondents (Thorbjørnsen & Supphellen 2011). This is called overclaiming, and is the "tendency to exaggerate desirable behaviors or abilities" (Troye & Supphellen 2012, p. 43).

We dealt with the problem of overclaiming in two ways. First, the threat can be minimized by guaranteeing anonymity as this lessens the need for self-presentation (Singh 2000). We took care to emphasize the respondents' full anonymity in the invitation to take part in the survey. Second, Paulhus et al. (2003) have empirically validated a tool, called *The Overclaiming Technique,* that adjusts for respondents' tendency to inflate their responses when self-reporting. Using a six-point scale (ranging from *never heard of it* to *know it very well*) the technique asks respondents how familiar they are with a number of items, where some of the included items do not exist (foils). Respondents who report familiarity with non-existing items are by definition overclaiming. By controlling for this individual tendency to over-report, the validity of the data is strengthened. We adapted The Overclaiming Technique to our study by asking the respondents how familiar they are with seven formal core values or key strategies of the case company. Three core values or key strategies were foils: "*Number*

*one in Cloud Connectivity (CC)*", "*Dare to Dream Bigger*" and *"Be Curious and Have Fun"*. By controlling for the respondents' tendency to overclaim, we ensure higher validity of the study (cf. Ch. 9.1.2).

### 4.4.4  Survey Adjustments and Translation

Three separate questionnaires were designed and distributed – one for each subsidiary involved in the study. This enabled us to identify the subsidiary the respondent belonged to without adding a question, and allowed us to make small adjustments to each questionnaire. The surveys were identical with the exceptions of a few minor country/subsidiary specific modifications. To avoid any confusion regarding how to interpret "my company", the word "company" was changed to the name of the subsidiary the respondent worked for. Also, clarification regarding how to answer the question about education was adapted to each educational system.

The survey was translated to one of the Scandinavian languages using the back-translation technique, as proposed by Brislin (1970). First, we carefully translated the survey from English to the Scandinavian language. Then, bilingual third parties with no knowledge of the survey translated it back to English. This was done in three iterations until no significant differences remained. The back-translation process led to several improvements. The survey was not translated  for the other two samples because of time and resource constraints.

### 4.4.5  Construct Equivalency

In order to combine the data from all samples into one model and compare results between South Asia and Scandinavia, we need *construct equivalency*. Construct equivalency refers to the extent that the concepts and operationalizations employed in a study have the same meaning in all contexts and cultures (Pellegrini & Scandura 2005). According to Hult et al. (2008), the most common techniques to assess the construct equivalence are factor analysis and Cronbach's Alpha (introduced in Ch. 5.2). Examining the construct equivalence of measures can help identify deviating scale items to eliminate, thus ensuring that the remaining items are interpreted to be part of the same constructs in all cultures (Singh 1995).

# 5 Choice of Statistical Analysis Techniques

In this chapter, we will describe the statistical techniques that we will use to analyze the data and what insights each technique will give. To answer our research question, we need statistical techniques to help us see associations between variables. In particular, we are testing certain hypotheses and a proposed model. The choice of statistical techniques also depends upon the type of data (Aaker et al. 2011). We will use SPSS as our data analysis tool since it is available at our school and can perform all statistical techniques of interest to this study.

## 5.1 Descriptive Statistics

First, we will introduce basic descriptive statistics as they are useful for summarizing large sets of data into simple and meaningful figures (Aaker et al. 2011). More specifically, we will report the means and standard deviation for each construct. To investigate potential cultural differences, we will present all results both aggregated and divided between South Asia and Scandinavia. We assume that respondents understand the scale values used in the survey as being equal distances apart (i.e. we use an *interval* scale). Thus, we overcome the problem of means, standard deviation and other statistical techniques being "illegal" for an ordinal scale (Stevens 1946).

To test if the means between Scandinavia and South Asia are significantly different from each other, we will use a T-test. A T-test examines whether we can reject the null hypothesis that the means are equal, and assumes that the two populations are normally distributed and have equal variances. However, a T-test is found to be very robust even if these assumptions are not met, and a population above 30 is usually sufficient to ignore the assumption regarding normal distribution (Weinberg & Abramowitz 2008). Since our samples far exceed the suggested population, using the T-test is justifiable. Moreover, SPSS also produces a T-test that does not assume equal variances (Johannessen et al. 2011). Levene's Test will be used to test if the variances of the two populations are equal, and will guide the choice of T-test.

## 5.2 Factor Analysis and Cronbach's Alpha

We will carry out a factor analysis in order to group the survey items into fewer components (Aaker et al. 2011). Performing a factor analysis allows us to examine the convergent and divergent validity of the constructs (cf. Ch. 9.1.2). The factor analysis groups the input items (set of responses to the survey statements for each individual in the study) into factors (hopefully our constructs) that are not directly observable from the data. We use the most common form type of factor analysis called principal component analysis (Burns & Burns

2008), where all the variation from the mean is analyzed for each variable (Hardy & Bryman 2004). For simplicity, we will use the phrases principal component analysis and factor analysis interchangeably. Since we are looking to identify what constructs each statement belongs to statistically, we are employing an exploratory principal component analysis. Furthermore, because we suspect correlation between the identified factors, we use an oblique rotation technique called direct oblimin. Costello & Osborne (2005) recommend using oblique rotation since it will provide an interpretable solution whether or not there is correlation between the factors, while the same is not true for the orthogonal technique. Three specific outputs from the principal component analysis will be examined:

- *The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity.* These tools statistically examine if the correlations between items are suitable for performing a factor analysis. A KMO score below 0.6 or Bartlett score above the 0.05 significance level indicate that a factor analysis may not be the appropriate choice of statistical method (Johannessen et al. 2011).
- *Eigenvalues of the identified factors.* Kaiser's criteria states that the number of factors should be reduced to those with an Eigenvalue above one (1), i.e. those factors that account for more of the total variance than one factor theoretically explains (Bryman & Cramer 2009).
- *The pattern matrix.* This matrix shows a rotated solution of the factor loadings (partial correlations between the variables and factors) and will be used to interpret the factors. While no established threshold exist for identifying satisfactory factor loadings, high factor loadings on one factor and low factor loadings on the other identified factors imply adequate convergent and discriminant validity (Gefen 2005). In general, we will consider factor loadings above .55 and cross loadings below .30 as satisfactory. Scale items not meeting these criteria will be more closely examined.

The Cronbach's alpha measures the correlations between the items belonging to a factor (Iacobucci & Churchill 2010). The maximum value of Cronbach's alpha is 1, and higher number indicates higher internal reliability (or higher internal consistency). Experts suggest that the alpha must be over 0.7 for the indicators to be internally consistent (Burns & Burns 2008).

## 5.3 Correlations

In order to measure the strength of the relationship between the constructs identified by the factor analysis, we will analyze the correlation (using Pearson's correlation coefficient). The Pearson correlation coefficient ranges between -1 and 1, and the further from 0, the stronger the linear association between the numbers. A positive correlation implies that a high value in one variable is associated with a high value in the other variable. We will present the correlation between the constructs in a correlation matrix.

## 5.4 Multiple Regression

We have developed a conceptual model with several accompanying hypotheses concerning the relationship between the antecedents (independent variables) and the customer orientation of frontline employees. To test the model statistically, we will use multiple linear regression. Multiple linear regression will allow us to investigate if, and to what degree, the independent variables can significantly predict customer orientation. We will normally refer to significance levels of 1 %, 5 % and 10 % (corresponding to p-values of .01, .05, and, .10). A 1% significance level means that there is a 99% chance that the results observed did not happen by chance (Saunders et al. 2009).

There are a number of important assumptions for running a valid multiple regression. First, there must be at least 15 times the number of respondents compared to independent variables (Burns & Burns 2008). Also, the following assumptions must be met:

### 5.4.1 Multicollinearity

One should check for the problem of multicollinearity (Burns & Burns 2008), which is present if there are high correlations between some of the independent variables. We will check this with the Variance Inflation Factor (VIF) which calculates the influence of correlations among independent variables on the precision of regression estimates. The VIF factor should not exceed 10, and should ideally be close to one.

### 5.4.2 Linearity

The relationship between the variables should be linear and it is a problem if the dispersion of points indicates otherwise (Burns & Burns 2008). We will check for patterns in plots of the residuals to each of the independent variables, expecting to see a rectangular shape containing the observations when the assumption is met. In case of a nonlinear relationship, one will observe a pattern in the residuals such as a curve or straight upward sloping line.

### 5.4.3 Outliers

Outliers (extreme observations) can have a disproportionate effect on the regression solution and should be examined closer and considered for removal (Burns & Burns 2008). Those outliers that unduly influence the slope and/or intercept of a regression are called *influential observations* (Weinberg & Abramowitz 2008). In cross-sectional surveys, the aim is to find results that are representative of the majority of the sample (Temple 2000). Thus, the researcher should investigate influential observations and provide clear justifications for the choice to eliminate or keep these cases in the analyses (Weinberg & Abramowitz 2008). We will use Cook's Distance to identify influential observations, a method that calculates the influence of each observation on the regression equation. The higher the Cook's Distance score for a case, the more influential is the case (Stevens 1984).

### 5.4.4 Homoscedasticity

There should be homoscedasticity. This means that the residuals (the differences between the values of the observed and predicted dependent variable) are normally distributed, and that the residuals have constant variance (Burns & Burns 2008). If the assumption of homoscedasticity is violated (i.e. there is heteroscedasticity), one should use heteroscedasticity consistent estimators of variance (HCs) (Stock & Watson 2012). HCs are desirable in these cases because they use an alternative method of estimating the standard errors, while at the same performing other calculations according to traditional, linear regression (Hayes & Cai 2007). This implies that the T- and p-values will be more accurate, while the regression coefficients and the model's explanatory power are not changed. Reviewing four different types of HCs, Long & Ervin (2000) found that one type of HC, called *HC3,* yielded the most precise and best results when heteroscedasticity is present. HC3 origins from the influential article by MacKinnon & White (1985), who suggest that HC3 should be preferred even when there is little evidence of heteroscedasticity. Estimations of HCs are not directly available in SPSS, but Hayes & Cai (2007) have developed a macro code allowing SPSS users to estimate HC3. If the p-values estimated with HC3 differ from the regular estimate, it is likely there is a problem with heteroscedasticity. Along with graphical interpretations of the residuals, we will use the estimations of HC3 to examine if there is homoscedasticity in our data. In case of heteroscedasticity, we will employ HC3 in our regression analyses.

### 5.4.5 Normal Distribution of the Variables

Finally, it is preferred that the dependent and independent variables are normally distributed, especially for small sample sizes (Hardy & Bryman 2004). The skewness and kurtosis help to describe the shape of the distribution. Skewness refers to the extent that the numbers are gathered at one end; a negatively skewed distribution is one where the tail is towards the lower numbers. The kurtosis refers to how close together the points are, or the degree of peakedness. As the number for skewness and kurtosis get further from zero, the points are less and less normally distributed (Burns & Burns 2008). With regards to skewness, numbers that exceed +/- 2 are generally seen as severely skewed (Weinberg & Abramowitz 2008). One effective way of dealing with problems of skewness and kurtosis is to *log transform* the variable (Benoit 2011). Log transformation is beneficial in that it retains the order of the values but changes the relative distances between them, thus decreasing the problems of skewness and kurtosis (Weinberg & Abramowitz 2008). Moreover, a log transformation of variables in a regression can serve as a remedy for outliers and  help correct for failures of linearity and homoscedasticity (Tabachnick & Fidell 2013). Log transformation is not universally recommended due to the difficulty of interpreting transformed variables, however, this is not a concern when a scale has no intrinsic meaning (Tabachnick & Fidell 2013). As Likert scales have no easy, practical interpretation, we will log transform data when deemed necessary. When we refer to log transformations, we will refer to a log base of 10.

### *Interpretation of Log Transformed Variables*

The interpretation of transformed variables is as follows: a 10% increase in the independent variable is approximately associated with a [10 x beta] percent change in customer orientation, holding everything else constant. The control variables, which are not transformed, are interpreted as follows: a one unit increase in the control variable corresponds to an expected increase in customer orientation of  10^beta (Benoit 2011).

# 6 Introductory Analysis

In this section, we will give an overview of the respondents and prepare the data for analysis (Ch. 6.1), validate our constructs (Ch. 6.2), and show introductory statistics (Ch. 6.3).

## 6.1 Dataset Overview and Preparation

We collected 645 complete surveys; 161 from the subsidiary in South Asia, 416 from a subsidiary in one Scandinavian country (Scandinavian Sample 1) and 68 from another Scandinavian country (Scandinavian Sample 2). In cross-sectional surveys, as many as 3 – 15 % of respondents may be guilty of *careless responding*, or answering items without regarding their content (Meade & Craig 2012). Johnson (2005) suggests identifying these respondents by looking for a repeated use of the same response category. More specifically, this technique involves eliminating responses that include long strings of identical responses. Another strategy commonly employed is to find careless responses by looking at the survey completion time (Meade & Craig 2012). That is, one assumes that very short completion times are indicative of poor data quality.

In our project, we chose to identify and delete careless responses based on two criteria. First, we eliminated respondents with a string of over 25 identical consecutive responses, counted out of the 33 first survey items (all using a Likert-scale). Second, we eliminated respondents that completed the survey in less than three minutes. Considering that the survey involved an introductory text and 50 questions, we believe respondents below the cut-off of three minutes paid little attention to the actual content of the items. In total, this resulted in the identification of 22 careless responses. Table 6.1 below presents a summary of the number of careless responses and remaining cases, broken down by sample.

*Table 6.1 Careless Responses and Remaining Cases*

| Subsidiary | All Cases | Careless Responses | Remaining Cases |
|---|---|---|---|
| **South Asian Sample** | 161 | 11 (6.8 %) | 150 (93.2 %) |
| **Scandinavian Sample 1** | 416 | 9 (2.2 %) | 407 (97.8 %) |
| **Scandinavian Sample 2** | 68 | 1 (1.5%) | 67 (98.5%) |
| **Overall** | 645 | 21 (3.3 %) | 624 (96.7 %) |

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## 6.2    Factor Reduction and Construct Validation

In this section, we will reduce the number of items with factor analyses (Ch. 6.2.1) and examine the internal consistency of the identified factors using Cronbach's Alpha (Ch. 6.2.2).

Before proceeding with the factor analyses, we must check that our data meets the requirements. As noted in Chapter 5.2, this is done with the KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity. Since the KMO Measures for all samples (Overall, South Asia, and Scandinavia) are well above the threshold of 0.6, and the Bartlett's scores are significant at the .05 level, we can confidently move on with the factor analysis. The results from these tests are presented in Appendix 6.2.

### 6.2.1  Factor Analyses

We will first run a factor analysis for the whole sample (Overall), then separate factor analyses for South Asia and Scandinavia. Separate factor analyses will allow us to determine if we have construct equivalency (cf. Ch. 4.4.5). The two Scandinavian samples will be pooled since Scandinavian Sample 2 is not large enough for a robust factor analysis alone, and the cultural similarities between the two countries in Scandinavia indicate that respondents should interpret the questions in a given construct similarly. The constructs identified and validated here will be the foundation for the hypotheses testing. In Chapter 9.1.2, we further discuss the divergent and convergent validity of our constructs.

## Factor Analysis Overall

Using the whole sample, seven factors were identified using Kaiser's Criteria (see Appendix 6.2.1a). The rotated factor solution is presented on the below in Table 6.2.1a.

*Table 6.2.1a Factor Analysis (Overall, n=624)*

| | **Pattern Matrix**[a] | | | | | | |
|---|---|---|---|---|---|---|---|
| | Component | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| FLE CO 1 | .013 | **.725** | -.056 | -.113 | .047 | -.133 | .000 |
| FLE CO 2 | .160 | **.586** | .085 | .084 | .160 | .062 | -.174 |
| FLE CO 3 | -.007 | **.781** | -.049 | -.088 | .016 | -.057 | .032 |
| FLE CO 4 | -.084 | **.690** | .150 | -.139 | -.051 | -.028 | .043 |
| FLE CO 5 | -.029 | **.697** | -.101 | .022 | -.030 | -.063 | .189 |
| Supervisor CO 1 | **.819** | -.067 | -.031 | -.083 | -.013 | .020 | .097 |
| Supervisor CO 2 | **.809** | -.081 | -.032 | -.107 | .028 | -.016 | .046 |
| Supervisor CO 3 | **.859** | .030 | -.017 | .038 | .031 | -.014 | -.147 |
| Supervisor CO 4 | **.835** | -.012 | -.039 | -.022 | .025 | -.016 | -.101 |
| Team Support 1 | .121 | .079 | .048 | **-.766** | -.038 | .074 | .037 |
| Team Support 2 | .099 | .023 | .004 | **-.839** | .002 | .061 | .017 |
| Team Support 3 | .051 | -.006 | -.087 | **-.754** | .046 | -.012 | .053 |
| Team CO 1 | -.045 | .060 | .062 | **-.851** | -.014 | -.019 | -.070 |
| Team CO 2 | -.038 | -.009 | .037 | **-.803** | .001 | -.102 | -.034 |
| Empowerment 1 | -.035 | .016 | -.050 | -.129 | .244 | .003 | **.485** |
| Empowerment 2 | .040 | .008 | -.126 | -.038 | -.019 | .009 | **.837** |
| Empowerment 3 | .038 | .076 | .058 | .066 | -.022 | .014 | **.838** |
| Participation 1 | **.549** | .028 | .261 | .117 | -.037 | -.063 | .335 |
| Participation 2 | **.709** | .074 | .102 | -.051 | -.029 | -.032 | .008 |
| Participation 3 | **.781** | .075 | -.046 | -.047 | -.007 | -.036 | .097 |
| Self-Efficacy 1 | -.065 | .156 | .046 | .017 | **.803** | .044 | -.015 |
| Self-Efficacy 2 | .042 | -.182 | .032 | -.144 | **.661** | -.116 | .144 |
| Self-Efficacy 3 | .047 | .064 | .002 | .095 | **.853** | -.028 | -.041 |
| Org. Identification 1 | -.017 | .023 | -.006 | -.041 | -.005 | **-.819** | -.022 |
| Org. Identification 2 | -.001 | .029 | -.003 | .029 | .055 | **-.849** | .017 |
| Org. Identification 3 | .064 | .021 | .038 | .038 | -.024 | **-.853** | -.052 |
| Overclaiming 1 | -.018 | -.012 | **.889** | -.024 | .085 | -.032 | -.034 |
| Overclaiming 2 | -.002 | -.011 | **.882** | -.030 | -.009 | -.074 | .005 |
| Overclaiming 3 | -.008 | -.002 | **.890** | -.015 | -.013 | .048 | -.018 |

Extraction Method: Principal Component Analysis.
Rotation Method: Oblimin with Kaiser Normalization.
a. Rotation converged in 7 iterations.

### *Discussion of Factor Analysis Overall*

As seen in Table 6.2.1a, the factor solution indicates satisfactory convergent and divergent validity for most proposed constructs. More specifically, *FLE CO, Supervisor CO, Self-Efficacy, Organizational Identification* and *Overclaiming* are acceptable with all scale items included. The constructs or items we have concerns about will be discussed next.

First, we find that *Team Support* and *Team CO* load on the same factor, thus not showing divergent validity. This suggests that these constructs are part of a wider construct. While team support concerns the collaboration and positive relationship between team members, team customer orientation concerns the extent to which the team encourages and support high quality service delivery to customers. Thus, both constructs involve team members' positive attitudes and willingness to help others (either team members or customers). Considering the findings from the factor analysis, we choose to treat the two components as one construct called *Team Service Climate.* This also makes sense theoretically, as service in this sense refers both to the internal and external service the team delivers (Peccei & Rosenthal 2010; Mukherjee & Malhotra 2006).

We also see that *Participation* loads on the same factor as *Supervisor CO,* also violating divergent validity. While this was not anticipated, the factor solution indicates that an integral part of the customer orientation of supervisors is to allow for employee participation in relevant work matters. In fact, this is aligned with the argument of Chiou & Chang (2009): customer oriented leaders are more likely to engage in a participative leadership style. However, theoretically we are interested in examining a more narrow definition of supervisors' customer orientation: namely their commitment to, and recognition of, service quality. Hence, while it is interesting that customer orientated leaders appear to allow for employee participation, we drop participation from the further analyses.

Further, the factor loading of *Empowerment 1* is problematic. This item is "*I do not have to get approval from my team leader before I solve customer problem.*" The two other questions are *"I use my own judgment when serving customers"* and *"I serve customers in the way I think is best."* This item is removed, which is discussed after we present the South Asian factor solution.

### Factor Analysis South Asia

To examine the construct equivalency, we must see if there are cultural differences in interpreting the questions. Below, we present the factor solution for South Asia.

*Table 6.2.1b Factor Analysis (South Asia, n=150)*

| | Pattern Matrix[a] | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Component | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| FLE CO 1 | -.106 | **.629** | .173 | -.245 | .086 | .164 | .243 | .000 |
| FLE CO 2 | -.114 | **.650** | .065 | .039 | .035 | .118 | .164 | .041 |
| FLE CO 3 | .068 | **.820** | -.015 | -.065 | -.030 | .073 | .139 | -.004 |
| FLE CO 4 | .032 | **.720** | -.138 | .105 | .038 | .081 | .154 | -.006 |
| FLE CO 5 | .096 | **.706** | .042 | .121 | .110 | -.030 | -.118 | .090 |
| Supervisor CO 1 | **.520** | -.182 | .009 | .162 | .093 | -.003 | .332 | -.060 |
| Supervisor CO 2 | **.693** | -.178 | .028 | .137 | -.114 | .057 | .281 | .041 |
| Supervisor CO 3 | **.806** | -.054 | .074 | -.073 | .082 | .171 | -.022 | -.012 |
| Supervisor CO 4 | **.734** | -.012 | .095 | .035 | .045 | .151 | -.005 | -.073 |
| Team Support 1 | .144 | .113 | -.135 | .032 | -.018 | .013 | **.787** | -.011 |
| Team Support 2 | .225 | .091 | -.080 | .115 | -.054 | -.028 | **.774** | -.004 |
| Team Support 3 | .252 | .122 | .071 | -.013 | -.087 | -.003 | **.669** | .110 |
| Team CO 1 | -.125 | .094 | .124 | .044 | .038 | -.051 | **.868** | .029 |
| Team CO 2 | -.045 | .038 | .124 | -.064 | .113 | -.005 | **.777** | -.014 |
| Empowerment 1 | .095 | .062 | -.017 | .036 | .027 | .017 | .012 | **.917** |
| Empowerment 2 | -.094 | .048 | .047 | .034 | **.880** | -.116 | -.007 | .144 |
| Empowerment 3 | .124 | .151 | -.079 | -.046 | **.874** | -.008 | -.085 | -.113 |
| Participation 1 | .081 | -.136 | .194 | .137 | **.501** | .162 | .175 | -.035 |
| Participation 2 | **.659** | .129 | .117 | .052 | .094 | -.152 | .115 | .202 |
| Participation 3 | **.749** | .282 | .099 | -.019 | .065 | -.151 | .023 | .030 |
| Self-Efficacy 1 | .001 | .145 | -.011 | .142 | -.008 | **.746** | -.008 | .022 |
| Self-Efficacy 2 | .272 | -.239 | -.087 | -.037 | .295 | **.498** | .202 | -.033 |
| Self-Efficacy 3 | .008 | .227 | .161 | .001 | -.140 | **.719** | -.154 | .023 |
| Org. Identification 1 | -.022 | -.150 | **.725** | .000 | -.038 | .186 | .125 | .185 |
| Org. Identification 2 | .066 | .021 | **.728** | .008 | .173 | -.032 | .059 | -.061 |
| Org. Identification 3 | .166 | .108 | **.838** | .019 | -.066 | -.072 | -.102 | -.150 |
| Overclaiming 1 | -.072 | -.019 | -.062 | **.794** | .051 | .204 | .018 | .120 |
| Overclaiming 2 | .136 | .099 | .129 | **.520** | .026 | .023 | .083 | -.309 |
| Overclaiming 3 | -.019 | .020 | .017 | **.891** | -.019 | -.093 | -.029 | .019 |

Extraction Method: Principal Component Analysis.
Rotation Method: Oblimin with Kaiser Normalization.
a. Rotation converged in 16 iterations.

### *Discussion of Factor Analysis South Asia*

Looking at the factor solution for South Asia in Table 6.2.1b, we see that new problems emerge with *Supervisor CO, Empowerment, Self-Efficacy*, and *Overclaiming*. Only three out of the four items (items 2, 3 and 4) supposed to cover *Supervisor CO* exhibit adequate convergent and divergent validity. Thus, only these three items are used in the composition of this construct. The item "*My team leader sets a good example of how to give good customer service in his/her daily work*" was problematic. The poor loading with the other items indicates that setting a personal example is not as big a part of the way supervisors in South Asia demonstrate their customer orientation. In fact, the item cross-loaded with *Team Service Climate*, signifying that this question reflects a similar characteristic to being a supportive, customer oriented team member. High power distance cultures are often associated with more domineering leadership styles (Den Hartog et al. 1999). This could mean that the item measured some trait which is less associated with an elevated leader and is similar to being a team member.

As observed earlier, *Participation* does not fall into its own construct. However, in South Asia, the third participation item loaded together with the *Empowerment* construct. The item that loads on *Empowerment* is "*I can greatly influence the decisions of my team leader concerning issues that are important to me.*" Both participation and empowerment concern delegating authority to employees, and are often treated as part of *Employee Involvement* (Liao & Chuang 2004). Thus, this finding is not surprising. Again, to ensure clear and interpretable constructs, we chose to drop *Participation* from the analysis.

Further, only two out of three items regarding *Empowerment* load on the same factor (item 2 and 3). The problematic item reads "*I do not have to get approval from my team leader before I solve customer problems.*" High power distance implies that supervisors in South Asia have an elevated position, so perhaps supervisors must approve of important matters even when employees are empowered. In fact, it is suggested that leaders have more rules and procedures in countries with high power distance (Den Hartog et al. 1999).

The item *Self-Efficacy 2* loaded poorly with the others for the *Self-Efficacy* construct in South Asia. This item asked the extent that employees feel they have had enough training to do their job well. Of the three *Self-Efficacy* items, this was the only one concerning a particular initiative; the other items directly asked about their perceived abilities. Thus, it seems that the

belief in one's own abilities at work is not explained by competence gained from training for South Asia.

Finally, the second item measuring *Overclaiming* by asking respondents about their knowledge of "Be curious and have fun" did not sufficiently load with the other overclaiming factors. Therefore, this item was dropped from further study. While this item was a foil, like the other two overclaiming questions, it could be that this particular phrase had been emphasized in the South Asian subsidiary.

### *Discussion of Factor Analysis Scandinavia*

The factor solution for Scandinavia (Appendix 6.2.1b) is almost identical to the Overall Factor Analysis, except that all items intended to measure Empowerment load well on the same factor. Considering the problematic item in South Asia, we note that empowerment encompasses somewhat different meanings in Scandinavia and South Asia. Again, team service climate is identified as a combination of team support and team CO, and participation is dropped because it loads with supervisor CO.

To summarize, some items were interpreted differently in South Asia and Scandinavia. To ensure construct equivalency, the Overall model (with all respondents from all samples) will use the constructs that worked in both cultures. This means that *Empowerment, Supervisor CO, Self-Efficacy*, and *Overclaiming* are adjusted to drop items that were problematic in South Asia. However, for Scandinavian results run separately, constructs will be based on the full constructs (further referred to as Scandinavia-specific constructs). Table 6.2.1c summarizes the items included in each construct. The specific question that each item number corresponds to is found in Appendix 4.4.1.

*Table 6.2.1c Construct Items Included in Analyses*

| Construct | South Asia | Scandinavia | Overall |
|---|---|---|---|
| **Frontline employee CO** | ALL | ALL | ALL |
| **Team Service Climate**[1] | ALL | ALL | ALL |
| **Empowerment** | 2,3 | ALL | 2,3 |
| **Supervisor CO** | 2,3,4 | ALL | 2,3,4 |
| **Self-Efficacy** | 1,3 | ALL | 1,3 |
| **Organizational Identification** | ALL | ALL | ALL |
| **Overclaiming** | 1,3 | ALL | 1,3 |
| Note 1: Team Service Climate consists of all items from Team CO and Team Support | | | |

### 6.2.2 Internal Consistency

We tested the internal consistency of the constructs using Cronbach's Alpha. In Table 6.2.2 below, the Cronbach's Alphas for the Scandinavia-specific constructs are presented in parenthesis when these constructs are different from the constructs used in the Overall model. All items except two are above the cut-off of .70, implying that the constructs are internally consistent (i.e. they seem to measure the same concept). The Cronbach's Alpha of Empowerment is below .70 for Scandinavia, and Self-Efficacy has a Cronbach's Alpha of .59 in South Asia. These are the only low Alpha's and we deem them acceptable, although we acknowledge that this is a limitation. The Cronbach's Alphas of all constructs are presented below.

*Table 6.2.2 Cronbach's Alpha*

| Construct | South Asia | Scandinavia | Overall |
|---|---|---|---|
| **FLE CO** | .839 | .750 | .772 |
| **Team Service Climate** | .915 | .870 | .884 |
| **Empowerment** | .807 | .610 (.686) | .752 |
| **Supervisor CO** | .874 | .850 (.885) | .883 |
| **Self-Efficacy** | .591 | .780 (.730) | .740 |
| **Organizational Identification** | .750 | .820 | .815 |
| **Overclaiming** | .717 | .790 (.872) | .832 |

Note: The values in parenthesis are using the Scandinavia-specific constructs.

## 6.3 Descriptive Statistics

Excluding the careless respondents, the sample had 624 respondents: 150 from South Asia and 474 from the Scandinavian Sample. In total, 67 % of the sample, or 418 respondents, were male and this was consistent in all countries. This was a little surprising as other researchers have seen that females are overrepresented in frontline service positions (Boshoff & Allen 2000; Mukherjee & Malhotra 2006). Also, 125 respondents (20%) work part-time (29 hours or less per week) and all these respondents were from Scandinavia.

Below is a table with the mean and standard deviation for other control variables. For differences between the Scandinavian samples, see Appendix 6.3.

*Table 6.3a Descriptive Statistics (Controls)*

|  | South Asia (n=150) | | Scandinavian (n=474) | | Overall (n=624) | |
| --- | --- | --- | --- | --- | --- | --- |
|  | Mean | SD | Mean | SD | Mean | SD |
| **Age** | 29.92 | 3.77 | 30.97 | 10.09 | 30.72 | 8.99 |
| **Education** | 16.57 | 2.30 | 14.08 | 1.93 | 14.68 | 2.28 |
| **Organizational Tenure** | 4.88 | 2.34 | 5.25 | 5.10 | 5.16 | 4.59 |
| **Overclaiming** | 4.41 | 1.37 | 2.34 | 1.52 | 2.84 | 1.73 |

Note: There are slight differences using the Scandinavian-specific construct for Overclaiming. The mean is 2.40, and the SD is 1.51.

The table above indicates several differences between the samples. First, while the mean age is very close in all samples, there is greater variation in Scandinavia. In fact, in Scandinavia, the respondents ranged between 18 and 63, while in South Asia respondents were all between 21 and 41. Second, respondents in South Asia have completed more years of education than those from Scandinavia. The average educational attainment of respondents in South Asia is about 16 years of schooling (indicating a Bachelor's degree). In the Scandinavian countries the averages are about two years less. Finally, the organizational tenure is close to 5 years for both samples.

Further, the samples vary in their tendency to claim familiarity with non-existing items (i.e. overclaiming). South Asia scored higher than Scandinavia, and a T-test showed that these findings are statistically significant. Cultural dissimilarities may explain the variations between South Asia and Scandinavia. However, without further analysis, it is difficult for us to know why the samples differed in their tendency to inflate responses. The consequences of overclaiming are further discussed in Limitations (Ch. 9.1).

### Descriptive Statistics (Constructs)

There are significant cross-cultural differences between the means of several constructs. As the means were above 6 on frontline employee CO for both samples, the respondents indicated a high degree of customer orientation. This is aligned with the proposition of Schneider (1980), namely that employees working in the service sector generally have a desire to please customers. Frontline employee CO was slightly higher in South Asia. In fact, South Asian respondents averaged higher on all the constructs other than empowerment and team service climate. The higher scores on several constructs may be because overclaiming is higher in South Asia, indicating that they inflate answers, and tend to respond on the high end of the scale in general. Therefore, it is important to control for overclaiming when we check for the association between these antecedents and customer orientation. Further, the fact that team service climate did not differ is a little surprising, considering that people tend to prefer team settings in collectivistic cultures (i.e. South Asia). Also, Scandinavian respondents perceive themselves to be, on average, more empowered than their peers in South Asia (respectively 5.91 vs. 4.51). Organizational identification was high in both countries, and the higher score in South Asia was expected, considering the collectivistic culture. The differences are summarized below.

*Table 6.3b Descriptive Statistics (Constructs)*

|  | South Asia | | Scandinavia | | Overall | |
|---|---|---|---|---|---|---|
|  | Mean | SD | Mean | SD | Mean | SD |
| FLE CO*** | 6.32 | 0.82 | 6.12 | 0.64 | 6.17 | 0.69 |
| Supervisor CO*** | 5.78 | 1.23 | 5.34 | 1.42 | 5.45 | 1.39 |
| Team Service Climate | 5.85 | 1.12 | 5.95 | 0.93 | 5.93 | 0.98 |
| Empowerment*** | 4.51 | 1.85 | 5.89 | 1.04 | 5.56 | 1.41 |
| Self-Efficacy*** | 6.51 | 0.72 | 6.25 | 0.76 | 6.31 | 0.75 |
| Organizational Identification*** | 6.19 | 0.97 | 5.61 | 1.24 | 5.75 | 1.21 |

Note: Differences in means between South Asia and Scandinavia that are significantly different (T-test) are marked with ***, indicating significance at a $p < .01$.

Note 2: There are slight differences using the Scandinavian constructs (Mean, SD). Empowerment (5.91, 0.95); Supervisor CO (5.33, 1.39); Self-Efficacy (6.06, 0.84)

## 6.4   Log Transforming the Variables

As noted in Chapter 5.4.5, the distribution of the samples should be examined for skewness and kurtosis. Thus, we will now look at these aspects for South Asia, Scandinavia and Overall. From Table 6.4, we see that skewness and kurtosis are a problem for the dependent variable, and the majority of the independent variables. Also, based on a preliminary analysis, we noted some extreme outliers, as well as violations of homoscedasticity. We conclude that a log transformation is needed to reduce these problems. Although some variables are not as problematic, we decided to treat all variables in the same way for consistency and easier interpretation (i.e. log transform all independent variables in addition to the dependent variable). The control variables were not log transformed as the skewness and kurtosis were not a consistent problem. Furthermore, keeping them all untransformed facilitated easier interpretation.

*Table 6.4 Skewness and Kurtosis (Untransformed)*

|  | South Asia | | Scandinavia[1] | | Overall | |
|---|---|---|---|---|---|---|
|  | Skewness | Kurtosis | Skewness | Kurtosis | Skewness | Kurtosis |
| **Independent Variables** | | | | | | |
| FLE CO | -3.42 | 17.20 | -1.46 | 4.81 | -2.13 | 9.77 |
| Supervisor CO | -1.57 | 2.46 | -1.21 | 1.12 | -1.28 | 1.34 |
| Team Service Climate | -2.02 | 5.01 | -1.88 | 5.51 | -1.96 | 5.58 |
| Empowerment | -0.41 | -1.07 | -1.54 | 3.87 | -1.40 | 1.69 |
| Self-Efficacy | -2.74 | 11.48 | -1.15 | 2.08 | -1.45 | 3.47 |
| Org. Identification | -2.03 | 5.37 | -1.25 | 1.67 | -1.38 | 2.08 |
| **Control Variables** | | | | | | |
| Overclaiming | -0.88 | 0.03 | 0.86 | -0.43 | 0.41 | -1.23 |
| Age | 0.41 | -0.15 | 1.09 | .49 | 1.25 | 1.35 |
| Education | -0.72 | 0.76 | 1.07 | 1.72 | 0.75 | -0.30 |
| Tenure in Organization | 0.05 | -0.62 | 1.34 | 1.11 | 1.44 | 1.90 |

Note: There are slight differences using the Scandinavia-specific constructs. The values are as follows (Skewness, Kurtosis). Empowerment (-.168, 5.03); Supervisor CO (-1.19, 1.15); Self-Efficacy (-1.07, 1.63); Overclaiming (0.81, -0.53)

### *Negatively Skewed Distributions*

The independent and dependent variables are negatively skewed (skewness<-1), indicating that values are gathered toward higher values with a tail toward the lower values. In order to correct for this, we will first reflect variables (highest value +1 minus observed value) and log the variables (log base 10). Additionally, to enable easier interpretation, so that higher values correspond with higher values on the original scale, the values were reflected back, taking the opposite sign of the new value. As an example, the transformation formula for team service climate is as follows:

$$= -log(8 - x), where\ x\ is\ the\ Team\ Service\ Climate\ score\ on\ the\ original\ scale$$

In Figure 6.4, we show the distribution of team service climate before and after transformation. It is evident that the distribution of the transformed variable (the graph on the right), is greatly improved.

*Figure 6.4 Team Service Climate (Untransformed and Transformed)*
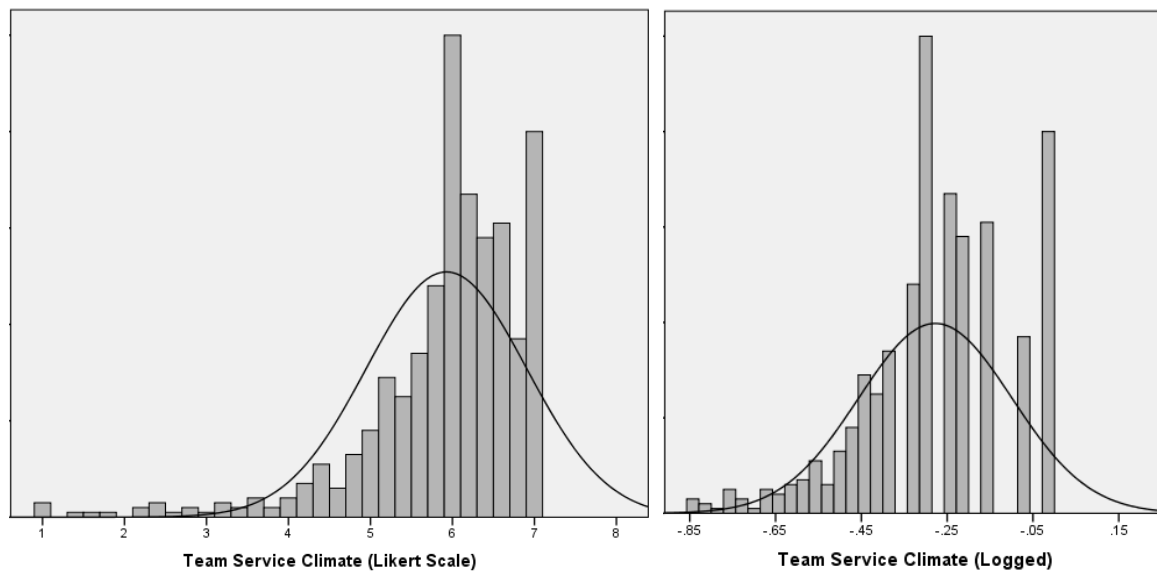


After the transformations, skewness and kurtosis were greatly improved. In South Asia, the skewness for FLE CO was -1.10, and the kurtosis was 2.12, but otherwise all other variables were unproblematic. See Appendix 6.4 for a presentation of skewness and kurtosis after log transformation.

## 6.5    Correlation Matrix Overall

The correlation matrix with the dependent and independent variables allows us to assess the strength of the associations between the variables of interest. The correlation matrix for the Overall sample is provided below, while correlation matrices for the South Asian sample and the Scandinavian sample are found in the appendix (see Appendix 6.5a and 6.5b).

*Table 6.5 Correlation Matrix Overall (n=624)*

| Measure | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| **1. FLE CO** | 1 | | | | | |
| **2. Supervisor CO** | 0.23*** | 1 | | | | |
| **3. Team Service Climate** | 0.36*** | 0.32*** | 1 | | | |
| **4. Empowerment** | 0.18*** | 0.17*** | 0.24*** | 1 | | |
| **5. Self-Efficacy** | 0.39*** | 0.16*** | 0.18** | 0.17*** | 1 | |
| **6.Org.  Identification** | 0.41*** | 0.27*** | 0.27*** | 0.12*** | 0.29*** | 1 |

Note: ** Pearson's R significant at the .05 level (two-tailed), *** Pearson's R significant at the .01 level (two-tailed)

For the Overall sample, we see that three factors seem to be especially correlated with frontline employee CO: organizational identification (R = 0.41), self-efficacy (R = 0.39) and team service climate (R = 0.36). In fact, no other correlations found in the matrix are stronger than these relationships. Although the correlations between the two other independent variables (supervisor CO and empowerment) and frontline employee CO are weak, they are also significant at the .01 level. We conclude that there are valid reasons for a closer examination of the relationships proposed in Chapter 3. The same is true for the correlation matrices for the Scandinavian sample and the South Asian Sample (see Appendix 6.5a and 6.5b).

# 7 Results

In the following sections, we will present the hypothesis testing. Using the constructs identified in the previous chapter (see Table 6.2.1c), three main multiple linear regression tables will be used to test our hypotheses and investigate our additional research questions.

- Table 7.2 shows the regression for the Overall model with all respondents (n=624) and will be the basis for testing our hypothesis (see page 56)
- Table 7.3 shows the regressions for the South Asian model (n=150) and the Scandinavian model (n=474) and will be used to expand upon differences across cultures (see page 59)
- Table 7.4 shows the regressions for the Overall, South Asian and Scandinavian model with interaction effects that were found significant (see page 61)

First, we will present the regression assumptions (Ch. 7.1), then the results of the main hypothesis testing (Ch. 7.2), next the cultural differences (Ch. 7.3) and finally interaction effects (Ch. 7.4).

## 7.1 Regression Assumptions

Before presenting the results, we must examine how well the regression meets linear regression assumptions. First, all samples satisfy the requirement of the necessary number of cases compared to independent variables. Next, we will look at multicollinearity, linearity, outliers, and homoscedasticity. Unless otherwise specified, we refer to the Overall model (with all respondents from all countries).

### *Multicollinearity*

The VIF indicators showed no problems with multicollinearity. This is also the case for the South Asian and the Scandinavian model. Thus, we conclude that this assumption is met. The VIF indicators are found in Appendix 7.1a.

### *Test for Linearity*

The plots of residuals against the independent variables show no clear pattern, indicating the assumption of linearity is met. This is also the case for the South Asian and the Scandinavian model. The plots are found in Appendix 7.1b.

### *Outliers*

An initial check for outliers was done by looking at boxplots and z scores. Several recurring respondents were noted for further investigation. We also identified outliers (or influential

observations) by calculating the Cook's distance for all cases. Cook's distance is below the cutoff of 1 for all respondents (the highest score was .21), but the most influential observations still have an impact on the regressions. Of the 10 most influential observations for the Overall model, seven are from South Asia and three from Scandinavia.

There are no clear pattern describing the South Asian outliers. For example, one respondent reports the maximum value for customer orientation (7/7), but give very low ratings to the other items. Another respondent in South Asia give very low scores to both customer orientation and team service climate. The Scandinavian outliers, on the other hand, are relatively similar to each other. They generally record high values for customer orientation and low ratings to the other items. For example, one respondent indicated the max score on customer orientation, but the lowest possible score to team service climate.

We do not find a meaningful way to classify the outliers, nor do we have a reason to believe that their responses are erroneous. Thus, all responses will be included in the regressions. Still, since we do not want to base conclusions on results that do not hold for the majority of the sample, all findings will be checked for robustness after the most influential observations are removed. Regressions excluding outliers are found in Appendix 7.1c (Overall), 7.3a (South Asian Model), and 7.3b (Scandinavian Model), and any differences when removing outliers will be considered when discussing our findings.

*Figure 7.1 Outliers for the Overall Model*
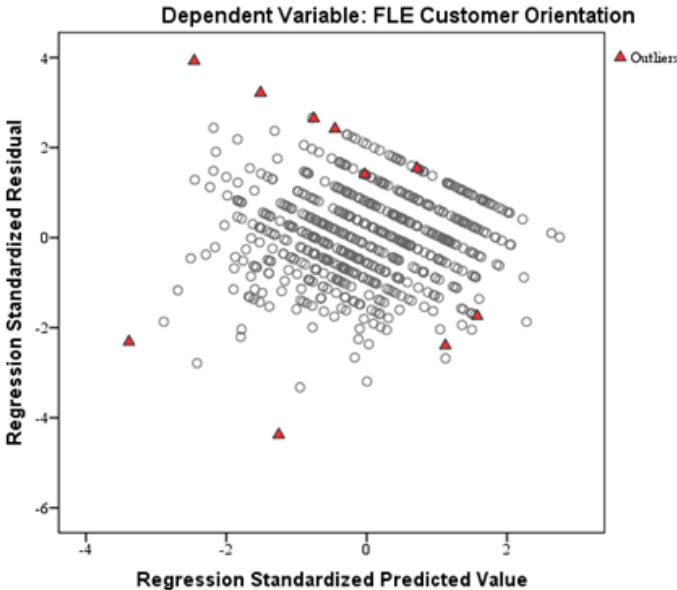


To the left, we graphically illustrate the outliers as identified by Cook's distance with a scatterplot of the residuals on the y-axis and predicted values on the x-axis. The outliers are shown in red triangles. Also, this illustration indicates problems with heteroscedasticity, which is discussed next.

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*Homoscedasticity*

For the assumption of homoscedasticity to be met, the residuals must be 1) normally distributed and 2) have constant variance for all levels of the dependent variable. While a histogram of the residuals indicate that the first criteria is met (Appendix 7.1d), the second criteria is problematic. Looking at Figure 7.1 on the previous page, we see a decreasing pattern in the residuals; the higher the predicted value of customer orientation, the smaller the error. To examine this problem more closely, we also estimated the p-values with HC3 (a technique not assuming homoscedasticity, cf. Ch. 5.4.2). This is shown in Appendix 7.1e. As there were substantial differences between several p-values, we conclude that we have a problem with heteroscedasticity. The same problems were also found for the South Asian and Scandinavian model.

To deal with the problem, we follow the required procedures and use HC3 when estimating standard errors (Long & Ervin 2000; Hayes & Cai 2007; MacKinnon & White 1985; Stock & Watson 2012). Accordingly, p-values estimated based on HC3 will be presented in all our tables.

To conclude, we made the following conclusions regarding the regression assumptions:

*Table 7.1 Regression Assumption Conclusions*

| Assumption | Finding | Additional Information |
|---|---|---|
| **Multicollinearity** | Meets requirements | Appendix 7.1a |
| **Linearity** | Meets requirements | Appendix 7.1b |
| **Outliers** | Some extreme cases Regressions will be tested for robustness by removing these outliers | Appendix 7.1c Overall Appendix 7.3a South Asia Appendix 7.3b Scandinavia |
| **Homoscedasticity** | Significant problems Heteroscedasticity consistent estimators of variance will be used | Appendix 7.1d Graphical Appendix 7.1e Regression |

## 7.2 Main Hypothesis Testing

After examining potential violations of linear regression assumptions, we conclude that we can proceed with the regression analyses. As discussed above, steps were taken to address the concern, if any, related to each assumption. On the next page, in Table 7.2, we present the main regression results where Model 1 is without controls, and Model 2 includes the control variables. As explained earlier (Ch. 6.4) the dependent variable and all independent variables are log transformed, while the control variables are not. The adjusted $R^2$ is 32.6%, indicating that a relatively large amount of the variance in customer orientation is explained by our variables. The main conclusions are robust even when considering outliers (see Appendix 7.1c). Along with the regression, we now briefly present our findings.

### H1: Supervisor CO

Without control variables in the regression, Supervisor CO almost reaches significance (p = .11) although the size of the effect is very small (.047). However, when adding control variables, the significance level declines, indicating that supervisor CO has no direct effect. Thus, contrary to Hypothesis 1, supervisor CO is not found to be significantly related the customer orientation of frontline employees.

### H2/H3: Team Service Climate

Hypothesis 2/3, with the combined constructs of team CO and team support is supported at the p < .01 level. This indicates that a team service climate has a positive effect on the customer orientation of frontline employees. The beta coefficient is .155, indicating that a 10% increase in team service climate is associated with a 1.55% increase in customer orientation. Of all the independent variables, it is the third largest effect observed.

### H4: Empowerment

Looking at the main effect, we see that empowerment does not have a statistically significant effect on frontline employee CO. In fact, empowerment is nowhere close to being significant (p > .90). However, as indicated by the interaction term, the effect is significant in South Asia (p < .05) with a beta of .135. This means that a 10 % increase in empowerment will increase customer orientation with 1.35 % for South Asian frontline employees. Thus, hypothesis 4 is rejected for Scandinavia but supported for South Asia.

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*Table 7.2 Regression Overall (n=624)*

|  | Model 1 | | Model 2 | |
| --- | --- | --- | --- | --- |
|  | Beta | P | Beta | p |
| (Constant) | -.233 | .000 | -.319 | .000 |
| **Independent Variables** | | | | |
| Supervisor CO | .047 | .112 | .038 | .207 |
| Team Service Climate | **.152** | .000 | **.155** | .000 |
| Empowerment | -.004 | .909 | .001 | .982 |
| Self-Efficacy | **.198** | .000 | **.217** | .000 |
| Organizational Identification | **.205** | .000 | **.191** | .000 |
| **Independent x South Asia** | | | | |
| Supervisor CO X South Asia | -.101 | .339 | -.149 | .154 |
| Team Service Climate X South Asia | .109 | .451 | .149 | .279 |
| Empowerment X South Asia | .068 | .246 | **.135** | .026 |
| Self-Efficacy X South Asia | .124 | .180 | .070 | .429 |
| Organizational Identification X South Asia | -.084 | .271 | **-.143**[1] | .086 |
| **Control Variables** | | | | |
| Overclaiming |  |  | .003 | .448 |
| Age |  |  | **.001** | .094 |
| Education |  |  | .001 | .712 |
| Tenure in Organization |  |  | .000 | .823 |
| Female |  |  | **.019** | .092 |
| Part-Time |  |  | .016 | .287 |
| Scandinavia Sample 2 |  |  | .024 | .119 |
| South Asia |  |  | **.062** | .008 |
| Adjusted R$^2$ |  | 30.2 % |  | 32.6 % |

The p values are estimated with HC3 based on MacKinnon & White (1985)

Betas are unstandardized

The dependent variable (customer orientation) and all independent variables are log transformed.

Note 1: Not significant when outliers are removed.

### *H6: Self-Efficacy*

Hypothesis 6, regarding the positive effect of self-efficacy was supported ($p < .01$). Thus, when holding all other factors constant, we find that employees who believe in their abilities to carry out work related tasks are more customer oriented than others. This size of this effect (.217) was approximately equal to the effect of organizational identification (.191), and these variables had the greatest impact on frontline employee CO.

### *H7: Organizational Identification*

We also found support ($p < .01$) for hypothesis 7; employees who identify with the organization are more customer oriented than others. As indicated by the interaction term, it seems that organizational identification has a smaller effect in South Asia than in Scandinavia. However, the interaction term loses significance when outliers are removed, and no conclusive inferences can therefore be made about this effect for South Asia. For Scandinavia, the hypothesis is supported and the beta is .191.

### *Control Variables*

Of the control variables, age is found significant and positive, indicating that older employees are associated with higher levels of customer orientation, holding everything else constant. A one year increase is age corresponds to an expected increase in customer orientation of 0.23%. Also, female respondents are associated with higher levels of customer orientation. However, this effect is not statistically significant when outliers were removed. The results indicate that the control variable for South Asia is significant ($p < .01$), indicating that the respondents in South Asia rate themselves to be about 15 % more customer oriented than respondents in Scandinavia, controlling for all other factors.

For an explanation of how to interpret the variables (both transformed and untransformed variables), see chapter 6.4.

## 7.3  Differences in Effects Across Cultures

We also had an additional research question concerning potential cross cultural differences in the effect of the antecedents we identified. In Table 7.2, we show interactions between South Asia for each proposed antecedents. These terms show the additional effect (if any) of being a respondent in South Asia on frontline employee CO. The results indicate that empowerment has a greater effect in South Asia than in Scandinavia ($p < .05$). Organizational identification is found to have a smaller effect in South Asia, however, this result is not robust when removing a few outliers. Thus, we cannot conclude that the effect of organizational identification varies between the countries. The effect of the other proposed antecedents did not significantly vary between cultures.

Since the factor analysis indicated that the Scandinavian sample interpreted some constructs slightly different than South Asian sample, we will examine the model in separate regressions (see Table 7.3 on the next page). This means that now, Scandinavia will use the full constructs as identified by the factor analysis. The adjusted $R^2$ for these models are 28.4% and 28.4%, respectively. We see that the main conclusions do not change. First, team service climate and self-efficacy are significantly associated with frontline employee CO for both samples. The apparent difference in the size of these effects diminishes when a few outliers are removed (cf. Appendix 7.3a and 7.3b). Second, organizational identification is only significantly associated with frontline employee CO for Scandinavia, but this effect almost reaches significance in South Asia when a few outliers are removed. Third, empowerment only significantly predicts frontline employee CO for South Asia. No control variables are found significant in the separate regressions. This may indicate that the combined regressions both provided greater power with a bigger combined sample size, and more variation in the variables.

Below we show the regressions for the South Asian sample and the Scandinavian sample using the full constructs identified for each region.

*Table 7.3 Comparison of the Effects in South Asia and Scandinavia*

| | South Asia | | Scandinavia | |
| --- | --- | --- | --- | --- |
| | Beta | p | Beta | P |
| (Constant) | .015 | .930 | -.172 | .002 |
| **Independent Variables** | | | | |
| Supervisor CO | -.138 | .176 | .039 | .226 |
| Team Service Climate | **.322[1]** | .028 | **.150** | .000 |
| Empowerment | **.147** | .005 | .023 | .575 |
| Self-Efficacy | **.307[1]** | .001 | **.168** | .000 |
| Organizational Identification | .031 | .724[2] | **.192** | .000 |
| **Control Variables** | | | | |
| Overclaiming | .005 | .612 | .001 | .767 |
| Age | .000 | .902 | .001 | .282 |
| Education | -.001 | .864 | .003 | .415 |
| Tenure in Organization | -.007 | .306 | .001 | .763 |
| Female | .012 | .690 | .015 | .213 |
| Part-Time | | | .015 | .326 |
| Scandinavia Sample 2 | | | .026 | .108 |
| Adjusted R$^2$ | | 28.4 % | | 28. 8 % |

The p values are estimated with HC3 based on MacKinnon & White (1985)

Betas are unstandardized

The dependent variable (customer orientation) and all independent variables are log transformed.

Note 1: The sizes of these coefficients approach the size of the Scandinavian coefficients when outliers are removed.

Note 2: The p-value approached significance at a 10% level when outliers are removed.

## 7.4    Test of Interactions Between Antecedents

In the second research question, we were interested in the existence of interaction effects between the proposed antecedents. To find these effects, each possible interaction effect (10 in total) was tested in the Overall model, the Scandinavian model and the South Asian model. These are presented in Table 7.4 on the next page. Only interaction effects that are robust when considering the removal of outliers are included in the regression. This led to the identification of three significant interaction effects in Scandinavia. None of the interactions effects were found significant in South Asia, perhaps in part due to the relatively small sample size (n=150). Thus, nothing conclusive can be said about the nature of these effects in South Asia. However, two of the effects identified in Scandinavia were also found robust in the Overall model, and this may be due to the large sample size of the Scandinavian sample.

In Scandinavia and in the Overall model, the results indicate that there is an interaction effect between team service climate and supervisor CO. That is, the positive effect of a team service climate is greater when the supervisor is also customer oriented. This effect is significant at the $p < .01$ level in Scandinavian model and in the Overall model.

In Scandinavia and in the Overall model, there is an unexpected finding regarding the interaction effect between team service climate and organizational identification. The combined effect of both together is significant ($p < .05$) and negative. This means that the effect of a positive team service climate is larger for lower levels of organizational identification, and vice versa.

In the Scandinavian model only, a third interaction effect was found between organizational identification and self-efficacy. This effect is significant the $p < .05$ level and indicates that employees that believe in their ability to carry out work related tasks have higher levels of customer orientation if they also identify more with the organization.

*Table 7.4 Regression Interactions*

| | South Asia | | Scandinavia | | Overall | |
|---|---|---|---|---|---|---|
| | Beta | P | Beta | P | Beta | P |
| (Constant) | .015 | .930 | **-.331** | .000 | **-.324** | .000 |
| **Independent Variables** | | | | | | |
| Supervisor CO | -.138 | .176 | .031 | .333 | .031 | .308 |
| Team Service Climate | **.322** | .028 | **.167** | .000 | **.168** | .000 |
| Empowerment | .147 | .005 | .027 | .493 | .012 | .725 |
| Self-Efficacy | **.307** | .001 | **.162** | .000 | **.205** | .000 |
| Organizational Identification | .031 | .724 | **.196** | .000 | **.197** | .000 |
| **Independent x South Asia** | | | | | | |
| Supervisor CO X South Asia | | | | | -.118 | .233 |
| Team Service Climate X South Asia | | | | | .149 | .238 |
| Empowerment X South Asia | | | | | .121 | **.042** |
| Self-Efficacy X South Asia | | | | | .067 | .450 |
| Organizational Identification X South Asia | | | | | -.165 | **.036** |
| **Control Variables** | | | | | | |
| Overclaiming | .005 | .612 | .001 | .718 | .003 | .407 |
| Age | .000 | .902 | .001 | .286 | .001 | .104 |
| Education | -.001 | .864 | .002 | .511 | .001 | .682 |
| Tenure in Organization | -.007 | .306 | .001 | .534 | .000 | .973 |
| Female | .012 | .690 | .014 | .245 | .019 | **.010** |
| Part-Time | | | .019 | .211 | .015 | .293 |
| Scandinavia Sample 2 | | | .028 | **.076** | .024 | .125 |
| South Asia | | | | | .057 | **.011** |
| **Interaction Effects** | | | | | | |
| Team Service Climate x Supervisor CO | [1] | | **.452** | .004 | **.496** | .001 |
| Team Service Climate x Org Identification | | | **-.492** | .009 | **-.349** | .027 |
| Org Identification x Self-Efficacy | [1] | | **.385** | .028 | | |
| Adjusted R2 | | 28.4 % | | 31.9 % | | 34.6 % |

The p values are estimated with HC3 based on MacKinnon & White (1985) .Betas are unstandardized

The dependent variable (customer orientation) and all independent variables are log transformed.

Note 1: Although initially found significant, these effects disappear with the removal of a few outliers.

## 7.5   Summary of Hypothesis Testing

In line with expectations, we found that team service climate and self-efficacy were positively associated with higher levels of customer orientation. This was true for both cultures. Additionally, organizational identification had a positive effect in Scandinavia, but the results were inconclusive in South Asia. The hypothesis regarding empowerment was only supported for the South Asian sample. Contrary to what we expected, we did not find support for any direct effect of supervisor CO on frontline employee CO. Testing the constructs with slightly different country-specific modifications lead to no difference in our conclusions. Additionally, in Scandinavia, three interactions were identified 1) team service climate x supervisor CO (+), 2) team service climate x organizational identification (-), and 3) organizational identification x self-efficacy (+).

Below we present a summary of our hypotheses testing.

*Table 7.5 Summary of Results*

| Hypothesis | South Asia | Scandinavia | Overall |
|---|---|---|---|
| **H1: Supervisor CO → FLE CO** | ~~Rejected~~ | ~~Rejected~~ | ~~Rejected~~ |
| **H2/H3: Team Service Climate → FLE CO** | Supported** | Supported*** | Supported*** |
| **H4: Empowerment → FLE CO** | Supported*** | ~~Rejected~~ | ~~Rejected~~ |
| **H6: Self-Efficacy → FLE CO** | Supported*** | Supported*** | Supported*** |
| **H7: Org. Identification → FLE CO** | Inconclusive | Supported*** | Supported*** |
| **Differences in the Effects Across Cultures** | Empowerment  South Asia > Empowerment Scandinavia | | |
| **Interactions** | <u>Significant and robust relationships found in Scandinavia:</u><br>Team Service Climate x Supervisor CO (+)<br>Team Service Climate x Org Identification (-)<br>Org. Identification x Self-Efficacy (+) | | |

** indicates p<.05, *** indicated p<.01
Note 1: The proposed hypotheses regarding the construct Participation was removed because the construct overlapped with Supervisor CO.
Note 2: Since the two constructs overlapped, Team Support and Team CO were combined into Team Service Climate.

# 8  Discussion

This cross-cultural study on frontline employee CO (customer orientation) both confirms and nuances other related research on the topic. Our findings have important theoretical and managerial implications, which are discussed in this chapter.

## 8.1    Theoretical Implications

By surveying more than 600 frontline employees in the telecommunication sector, we were able to examine the following work situation antecedents: supervisor CO, team service climate, empowerment, self-efficacy and organizational identification. Since almost all previous studies on the topic were carried out in the US, we extend existing research by exploring customer orientation in Scandinavia and South Asia. Moreover, the fact that we control for respondents' tendency to inflate responses (overclaiming) increases the validity of the findings compared to other, similar studies. Additionally, answering a call for interactive models to capture more complex relationships (Peccei & Rosenthal 1997), we examine possible interaction effects between the proposed antecedents to customer orientation.

We will now expand on the findings of the study. First, we discuss the results of our hypothesis testing. Then we elaborate on additional complexities found regarding interactions between the antecedents.

### 8.1.1  Antecedents to Customer Orientation

One of the most intriguing findings is the key role of team members. Much previous research has focused on the importance of the supervisor in shaping employee behavior, attitudes and performance (Hennig-Thurau & Thurau 2003; George 1990; Thorbjørnsen & Supphellen 2011). However, we find that the team service climate is a strong and direct predictor of customer orientation in Scandinavia and South Asia, while supervisor CO is not. In other words, it seems that the supervisor is not the most influential person in the frontline employee's environment. Instead, we find that individuals align their behavior to match the service focus of their team members. This can be explained by a proposal in the Social Identity Theory, which suggests that people mainly develop their beliefs based on *similar others*, i.e. other team members (Ashforth & Mael 1989). The fact that these findings are consistent in both cultures is noteworthy. The cultures contrast greatly in terms of power distance (suggested to lead to different leadership styles), and still the customer orientation of supervisors has no direct effect on the focus of their subordinates. Further, a team service climate has a large impact in both a collectivist and an individualistic culture. Thus, we

confidently reinforce the conclusion of Chiaburu & Harrison (2008) in a cross cultural setting, namely that peers make the place.

The effect of self-efficacy is strong and positive across cultures; employees who believe that they have a high degree of job competence are more customer oriented than others. Thus, in the context of customer orientation, we confirm the proposals that employees with higher self-efficacy exert more effort on the job (Gist 1987) and perform at a higher level (Gist & Mitchell 1992). While Hartline & Ferrell (1996) show a link between self-efficacy and service quality, our findings clarify that this may be partly because of the increase in customer orientation (i.e. frontline employee CO is a mediating factor).

Our findings regarding empowerment are mixed. On average, we see that Scandinavian frontline employees are far more empowered than their South Asian peers (cf. Ch. 6.3). Cultural factors can explain these differences; high power distance in South Asia may lead management to use empowerment less as a strategic tool than in Scandinavia. However, an unanticipated finding is that the positive effect of empowerment is only significant in South Asia. Peccei & Rosenthal (1997) offer a possible explanation for this: the effect of empowerment may be greater for lower values. That is, the effect of empowerment may not be present in Scandinavia because most employees are above the threshold needed to flexibly deal with individual customer requests. South Asian employees, on the other hand, may gain more from being empowered since they are possibly below this suggested threshold. This finding adds another caveat to the use of empowerment, which is already the subject of debates (Chebat & Kollias 2000). Thus, contrary to the arguments of Nishii & Schneider (2007), our findings indicate that empowerment is beneficial in a collectivistic and high power distance culture. However, for conclusive inferences to be made regarding these findings and suggestions, further research is needed.

Organizational identification is found to be an important antecedent to customer orientation in Scandinavia. In Telenor, and many other service organizations, a strongly emphasized value is customer orientation. Hence, based on the evidence, we confirm the argument that employees who identify with the organization align their behavior with the organization's core characteristics (e.g. Van Knippenberg 2000). However, the findings regarding organizational identification are inconclusive in South Asia. We do not find a significant link between organizational identification and frontline employee CO, but the factor almost reaches significance when a few outliers are removed. The lack of significance could be caused by

statistical shortcomings. For one, South Asian respondents were mostly grouped around very high levels of organizational identification, possibly diluting our chance of measuring the true effect of this variable (a "ceiling effect"). Increased statistical power could also have helped to establish a significant relationship.

Overall, we see that some works situation factors had the same effect across cultures, while others depend on the national cultural context. Thus, we conclude that cultural differences should be considered when future research is conducted, and that findings from one cultural setting may not be generalizable to others.

### 8.1.2  Adding Complexity to the Relationships

We identify three interaction effects between the proposed antecedents in Scandinavia, while no interaction effects are found in South Asia. The lack of interaction effects in South Asia may point to cultural differences, or may simply be the result of different sample sizes (the Scandinavian sample size is roughly three times the South Asian sample size). More research is needed before any cross-cultural conclusions regarding interaction effects are drawn. This section discusses the Scandinavian interaction effects.

Even though a customer oriented supervisor has no direct effect on frontline employee CO, they can still be influential. We find that supervisor CO positively moderates the effect of a team service climate (i.e. an interaction effect). This shows that frontline employees are more customer oriented when all co-workers in the work environment pull in the same direction. Thus, a service climate where both supervisors and team members are focused on satisfying customer needs is desirable. Hartline & Ferrell (1996) also find an indirect link: customer oriented supervisors affect employees through mediating initiatives aimed at improving frontline employee delivery of service quality. While we identify another way that supervisors influence the customer orientation of their subordinates, the possibilities of other indirect relationships should be further investigated.

Further, a finding we did not expect is that the impact of a team service climate is greater for lower levels of organizational identification. To some extent, this implies that employee behavior is *either* influenced by the organization or their team members. This makes sense as organizational identification and the team service climate are both likely to influence customer orientation through instilling customer oriented values. Hence, we show that the effectiveness of building a strong team service climate is even greater if organizational identification is low, and vice versa.

Finally, we find a positive interaction effect between self-efficacy and organizational identification in Scandinavia. Since organizational identification entails taking on the company values (Wieseke et al. 2007), it is likely to increase motivation to serve customers well in customer focused service organizations. Self-efficacy, on the other hand, relates to beliefs in one's ability to perform well at work. Thus, the interaction between these antecedents points to the interdependence of ability and motivation, as suggested by Hennig-Thurau & Thurau (2003) and Lepak et al. (2006). That is, the perceived capacity to serve customers well may be systematically influenced by the motivation to do so (Peccei & Rosenthal 1997). This finding further highlights the importance of building organizational identification among frontline employees.

The interaction effects identified in Scandinavia indicate that there are interdependencies between the antecedents to customer orientation. We see that a simple additive model does not sufficiently explain how team service climate works in relation to the other antecedents. The interaction between self-efficacy and organizational identification also nuances the results found in the additive model. More research into these, and other possible interaction effects, is clearly needed.

## 8.2    Managerial Implications

Since frontline employees are the face of the organization and key to the delivery of service quality (Schneider & Bowen 1995), managers should consider the customer orientation of these boundary-spanning personnel. A customer oriented frontline employee is dedicated to improving service quality, and exerts a lot of effort to satisfy customer needs (Peccei & Rosenthal 1997). This study identifies several factors that managers should focus on if they want to increase the customer orientation of frontline employees.

First, our findings show the strong effect that self-efficacy (or perceived job competence) has on customer orientation. Thus, managers should try to find ways to increase the self-efficacy of their frontline employees. HRM practices and policies can play an important role in helping the organization reach this goal (Peccei & Rosenthal 1997). For example, organizations should attract self-efficacious employees through selection and recruiting, and increase their self-efficacy through development practices. In particular, Crotts et al. (2005) suggests that if a company has a focus on service excellence, they should focus on this value in their job ads, to ensure that they recruit the people that feel they have the right skills. Moreover, focusing on retaining frontline employees who have strong beliefs in their own abilities may be just as

important as attracting them; self-efficacious employees have high ambitions for their career, and managers must therefore actively maintain or increase their levels of job satisfaction (Hartline & Ferrell 1996).

Second, teams can be a valuable HRM practice if one is able to build a strong service culture. In particular, we find that a positive team service climate, where team members support each other and focus on serving the customer well, is strongly related to frontline employee customer orientation in both Scandinavia and South Asia. Thus, managers should acknowledge the influence of team members, and the importance of building a strong team service culture. Schneider et al. (2006) suggest five characteristics to build a service climate. To guide the team in the right direction, management must reinforce and recognize service excellence. Moreover, management must plan for, and set specific goals related to service quality. Further, internal service delivered to the team must be of high quality. Also, the team must possess the necessary tools, equipment and resources to perform their job adequately. Finally, customer insights should be shared with the team. Together these elements can help to foster a strong team service climate. In turn, employees within these teams will be more customer oriented.

Third, we find no direct effect between the customer orientation of supervisors and the customer orientation of their subordinates. However, this does not mean that the supervisor is not influential. In Scandinavia, we find that the effect of a team service climate is greater when the supervisor is customer oriented. This implies that management should attract customer oriented supervisors and actively reinforce this value. One way to strengthen the customer orientation of supervisors may be to design performance appraisals based on positive customer outcomes (Crotts et al. 2005).

Fourth, in Scandinavia, we find that organizational identification is an important determinant of customer orientation. In fact, the positive effect of self-efficacy is greater for employees who also identify strongly with the organization. Since the power of organizational identification lies in its ability to align employee attitudes and behavior with company values (Wieseke et al. 2007), customer orientation should be a clear value in the company (as it was in the case company of the study). Further, according to Haslam et al. (2003) companies can improve organizational identification by: 1) allowing for employee participation in relevant work matters, 2) creating goals that are motivating and relevant to frontline employees, and 3) clearly conveying the importance of these lower-level goals in relation to the organization's

goals. As the authors note, these initiatives are aligned with the growing recognition of how important it is to involve employees in both decision making and goal creation. Other important initiatives found helpful to increase organizational identification include: employee care, e.g. Starbuck's employee shareholder program (Keller & Richey 2006), extensive new employee orientation programs, e.g. Walt Disney World Co's two-day induction into the company values and achievements (Crotts et al. 2005), and internal promotion of positive organizational traits compared to competitors (Wieseke et al. 2007).

The effect of organizational identification also has implications for outsourcing. Walsh & Deery (2006) found that employees working in outsourced call centers have lower levels of organizational commitment and intentions to stay in the organization. In fact, these employees may develop a weaker psychological bond with the parent organization (Kakabadse & Kakabadse 2000). Thus, while outsourcing is often a viable option for strategic reasons, it may result in less customer oriented frontline employees (due to decreased organizational identification). However, in Scandinavia, we find that a strong team service climate may limit the downside of low organizational identification. That is, if there is a strong team service climate, the effect on customer orientation of also having high organizational identification is small. Thus, building a team climate where all team members focus on satisfying customers may be especially important for outsourced business units. Since mergers and acquisitions can also result in decreased organizational identification amongst employees (Riketta & Dick 2005), integrating values at the team level is also important in this context.

Fifth, in South Asia, there may be a potential to increase customer orientation by giving employees greater discretion. To elaborate, we only find that empowerment has a significant, positive effect in South Asia. At the same time, South Asian frontline employees perceive themselves to be far less empowered than their peers in Scandinavia. Aligned with the beliefs of Peccei & Rosenthal (1997), we suggest that there may be an upper limit of how much empowerment is needed to be customer oriented. It is possible that above this limit, there is no guarantee that employees will use the increased discretion to serve customers better. This has important managerial implications: Scandinavian frontline employees may already have sufficient discretion to serve customers well. However, there seems to be potential to use this practice in organizations where frontline employees are not given adequate freedom to act in the interest of serving customers better, such as in South Asia. However, we caution practitioners that further research is needed to verify the appropriate levels of empowerment.

Moreover, in high power distance cultures, organizations that want to empower employees may have to overcome internal resistance. That is, supervisors may not be comfortable with delegating power to their subordinates as it will alter the distribution of power. Moreover, subordinates may be unaccustomed to job autonomy, which may result in increased stress (Nishii & Schneider 2007; Hartline & Ferrell 1996). We can conclude that although empowerment seems to be beneficial under the right circumstances, managers should proceed carefully when considering granting greater discretion.

To conclude, we have found that managers can affect the customer orientation of frontline employees through several work situation factors. Still, we acknowledge that our study does not comprehensively cover all important factors. Also, there are potential caveats to the credibility of the research – this is the topic we turn to next.

# 9 Limitations and Future Research

The study is subject to a number of limitations, which will be discussed in this chapter. Additionally, we will suggest promising directions for future research within the topic of customer orientation of frontline employees.

## 9.1 Limitations

In order to reduce the possibility of answering the research question wrong, attention must be paid to the study's ability to provide credible results (Saunders et al. 2009). In particular, important aspects to consider are the reliability and validity of the study (Trochim 2006). More specifically, we will introduce the following issues: internal reliability, external reliability, construct validity, systematic errors, external validity, and conclusion validity.

### 9.1.1 Reliability

The reliability of a study refers to the extent that one gets consistent and repeatable findings (Trochim 2006). Often a division is made between internal reliability and external reliability. Internal reliability refers to the extent which the survey items measure a single construct (i.e. the internal consistency of the items), while external reliability (or stability) refers to the consistency of a measure over time (Bryman & Cramer 2009).

#### *Internal Reliability*

Internal reliability is especially important to test when using scales with multiple items (Bryman & Cramer 2009). All the items that make up a scale must be internally consistent, meaning they are correctly understood by the respondents to refer to the same construct. We examined the internal reliability by testing Cronbach's Alpha for the proposed constructs. The internal reliability was deemed satisfactory for nearly all constructs. We do note, however, that two constructs were problematic: the Empowerment construct yielded an Alpha of 0.61 in Scandinavia, while the Self-Efficacy construct yielded an Alpha of 0.59 in South Asia. This may have led to an underestimation of the effect of these variables (Schmitt 1996).

#### *External Reliability*

In this thesis, we have tried to describe in detail our methodology and choices to ensure that other researchers can repeat our study and produce consistent findings. Still, there may be issues concerning the external reliability. Most importantly, one concern is that Telenor's recent strategic ambition of becoming number one in customer orientation means that frontline employees are currently very focused on becoming (or appearing) customer oriented. The threat to the external reliability is if the same respondents will respond differently to the same measures at a future point (e.g. in a year from now). However, since Telenor has

proclaimed a long term focus on serving customers better, we can assume this will remain a priority for frontline employees also in the future.

### 9.1.2 Validity

In this section, we will review the most important types of validity. However, since internal validity concerns finding casual relationships, a link that cannot be examined in cross-sectional studies, internal validity will not be evaluated.

#### *Construct Validity*

*Construct validity* refers to the degree that the chosen measures accurately reflects the constructs they are meant to describe (Saunders et al. 2009). There are several types of construct validity to evaluate: face validity, convergent validity and discriminant validity.

*Face validity* (also known as content validity) is basically a subjective, non-statistical judgment of the validity of the constructs. Before sending out the survey, we ensured satisfactory face validity by using established scales, and consulting with experienced people within customer service. As previously mentioned, several questions were adjusted based on feedback from knowledgeable employees from the case company, our mentor and fellow students (cf. Ch. 4.4.1).

*Convergent validity* statistically examines if the statements that are expected to measure the same construct do in fact measure the same construct. *Divergent (or discriminant) validity* examines if the items that are expected to measure different constructs do in fact measure different constructs. Convergent and divergent validity are evaluated by performing a factor analysis on the relevant constructs (Johannessen et al. 2011). Some of the items had poor convergent and/or divergent validity, forcing us to drop these items from the study. In fact, the entire construct of participation was eliminated because it loaded on the same factor as supervisor customer orientation (cf. Ch. 6.2.1). The vast majority of items, however, indicated satisfactory convergent and divergent validity. While the constructs were adapted to ensure high convergent and divergent validity in both samples (and acceptable construct equivalence), we believe the intended meaning of the constructs was not lost. In addition, we carried out separate multiple regressions for both samples using constructs customized to each sample's factor analysis. Results from these regressions supported our overall conclusions.

#### *Systematic Errors*

Systematic errors (often referred to as biases) are the presence of factors that systematically influence the researchers' ability to find the measures' true scores (Trochim 2006). Examining

potential systematic errors are relevant because they reduce the validity of the study (Schoenbach et al. 2004). There are several potential systematic errors in the study, which will be discussed in this section.

One particularly important bias concerns peoples' tendency to overclaim on self-performance ratings (Paulhus et al. 2003). As being customer oriented is socially desirable for frontline employees, they may have inflated their responses compared to actual behavior. Even though we assured full anonymity and asked for honest responses, we observed a significant degree of overclaiming. In fact, respondents from South Asia in general claimed to be very familiar with non-existent items (with an average of 4.41 on a scale from 1 to 6), implying that their responses to the other items may not have been accurate. Not only does this indicate that South Asian respondents are concerned with self-enhancement, it may also be the result of an inclination to please the researcher. Respondents from Scandinavia did not overclaim to the same degree (their average was 2.40 on the same scale), indicating that their answers are more credible. Since we measured overclaiming, we were able to control for the effect of inflated responses. This strengthens the credibility of our research. However, the high degree of overclaiming in South Asia may still be a limitation, and in the future, even more steps should be taken to control for this issue.

Another potential problem concerns the survey distribution, which was carried out by managers in the case company. If the survey was not randomly distributed, the sample may be biased (i.e. respondents may have certain characteristics that they do not share with other frontline employees in the company). The same type of bias is present if some employees were more willing to answer the survey than others.

The survey was translated to the official language for one sample in Scandinavia, while an English version was distributed to the other samples in the study. If the translated survey gave a different meaning than the original, it may not properly measure the intended constructs. Since we checked the translation using the back-translation technique in several iterations, we are confident that the translated survey is close to the original. Another possible systematic error is that non-native English speakers may misinterpret some questions, representing a possible systematic error in the dataset. However, this should not be a problem as we were assured that all respondents are fluent in English.

The intended meaning of some constructs may have been compromised by the fact that we trimmed the original scales before sending out the survey. However, elimination of some items was deemed necessary to ensure a high completion rate and reduce respondent fatigue. To preserve the intended meaning of the constructs, we carefully selected which items to drop. Further, the final items included in the scales were approved by an experienced researcher in the field.

### *External Validity*

External validity refers to the extent that the results are generalizable (Saunders et al. 2009). The three major threats to external validity are people, places, and times (Trochim 2006).

The threat of "people" is if the selected sample is not representative of the population. Our population is frontline service employees, and our sampling population is frontline employees from three Telenor subsidiaries. Since these employees worked with customer care in call centers, the results may not be generalizable to other types of service employees (e.g. those working in retail stores). Furthermore, since we only drew respondents from one organization operating within one sector (telecommunication), we may not be able to generalize our results to the population of frontline service employees even within the context of call centers. This depends on the extent to which employees that we surveyed differ from the rest of the population of frontline service employees. However, examining one company only was preferred because of constraints with regards to resources and time, and because it allowed us to eliminate any industry or company specific differences (Hartline & Ferrell 1996).

The threat of "place" is if the sample does not represent the entire population, but rather a particular subset determined by geography. Respondents from one of the Scandinavian countries were spread across call centers throughout the whole country. We also surveyed respondents from a second Scandinavian country and a country in South Asia. Although our model is not limited to one specific geographical location, the threat of place may still be a concern. For example, frontline employees in our particular South Asian country may or may not be representative of frontline employees from other parts of South Asia.

The threat of "time" refers to outside events which may significantly influence the responses so that the results cannot be generalized to other times. As mentioned earlier, one important outside factor that may impact responses is that Telenor has focused on customer orientation lately. Thus, it is uncertain whether the results from the study are generalizable to other times.

However, we still believe that this threat is limited as a strong company-wide focus on customer needs is proposed to be a prerequisite for service organizations (Kirca et al. 2005).

### *Conclusion Validity*

Conclusion validity refers to the extent to which the findings of the study are reasonable. The two threats to conclusion validity are 1) concluding that there is no relationship between the variables of interest when there in fact is a relationship, and 2) concluding that there is a relationship between the variables of interest when there in fact is no relationship (Trochim 2006). The issues raised thus far in this chapter may reduce the conclusion validity of the study. In this section, additional statistical concerns will be discussed.

Seeing that the Scandinavian sample (474 responses) was substantially larger than the South Asian sample (150 responses), our ability to infer significant relationships are lower for South Asia. For example, while there seemed to be a positive moderating effect of supervisor CO on team service climate for South Asia, we could not present this finding because it was not robust (i.e. it was sensitive to the removal of outliers). The small sample size may also be why we failed to find a significant association between organizational identification and frontline employee CO for South Asia. However, even though a bigger sample size would increase the confidence of our conclusions, the sample was twice the recommended size considering the number of independent variables in the study.

Violating the assumptions underlying the statistical techniques employed in the study is one of the largest threats to conclusion validity (Trochim 2006). Seeing that we had issues with heteroscedasticity, we employed a technique that calculates standard errors without assuming homoscedasticity. Since we also log-transformed our variables to deal with the problems of having a skewed distribution, and thoroughly examined other important assumptions, we can be more confident in our results. However, the South Asian model is sensitive to outliers. This is true both for the factor analysis and the multiple regression. Still, even though we see some changes when outliers are removed, the overall conclusions regarding the proposed hypotheses are fairly robust. For Scandinavia, the overall conclusions are unaffected by the removal of outliers.

Perhaps most importantly, although some findings were unexpected, the conclusions are believable and draw from existing theory. In sum, we believe that the conclusion validity of the study is satisfactory.

## 9.2   Future Research

This study points to several interesting directions for future research. First, we encourage other researchers to examine whether the model holds for other industries, countries and cultures. This study could be replicated in other settings, or perhaps as a longitudinal study to determine causal relationships. Second, what cultural differences explain the different levels of customer orientation in South Asia and Scandinavia? We only briefly touched upon this topic in this study, but acknowledge the important insights that can be gained from examining such differences. As an example, collectivism may lead to beliefs that are more conducive to satisfying customer needs. Third, more research is needed regarding the positive outcomes of frontline employees' customer orientation and potential contingencies. For example, research could examine how the construct is related to outcomes such as customer satisfaction and customer retention. Fourth, we have only examined some of the potential factors that may explain why some frontline employees are more customer oriented than others. Future studies should try to add other relevant variables that may improve the model's explanatory power further, for example, technological and interdepartmental support. Fifth, while we used a well-supported scale to measure customer orientation, other non-self-reported measures of customer orientation can enhance the validity of future studies. Examples of such measures include supervisor ratings and customer ratings.

The independent variables included in the study could all be nuanced and examined further. We operationalized supervisor customer orientation as the supervisor's commitment to, and recognition of, customer oriented behavior. However, the factor analysis indicated that allowing employees to participate in the decision making process was also part of the same construct. This raises an interesting question: what characterizes a customer oriented supervisor? Also, while we measured self-efficacy, it would be interesting to measure actual job competence and not employee perceptions. The same is true for empowerment. Further, in the discussion, we suggested that it is only beneficial to increase empowerment when current levels are inadequate (i.e. more is not always better). We urge academia to further explore this possible threshold. This can help specify under which conditions employee discretion has an effect on frontline employee CO. Other antecedents in this study, like organizational identification, also warrant more research, especially cross-culturally. Additionally, our findings indicate that simple additive models may not be sufficient to explain how to improve the customer orientation of frontline employees. We provide a starting point for the

examination of interaction effects between the antecedents, but more research is needed to figure out the nature of these relationships.

Furthermore, since studies on customer orientation either concerns work situation factors or personality traits (Wieseke et al. 2007), studies that combine these areas are needed. Even though we argued that work situation factors are the most actionable, personality traits are also important in describing a customer oriented frontline employee. Moreover, some work situation factors may be especially effective for certain personality types. Knowing how to customize work initiatives to individual predispositions would be of interest to both academia and practitioners. Thus interactions could be tested between personality traits and work situation factors.

To conclude, although we have made contributions to the field of customer orientation of frontline employees in service organizations, more research is needed.

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# Appendix

## Appendix 4.3.2 Introduction Letter

Dear *********** employee,

In an effort to improve the customer experience, Telenor Group Research & Future Studies (RFS) together with the Norwegian School of Economics (NHH) are conducting a research study with five selected Telenor business units. Your input can help us determine how to best support you in your job.

We estimate that it will take you approximately 5-8 minutes to complete the survey.

As a reward for completing the survey, all participants will be given the opportunity to enter a drawing for the following prizes:

·       1 x Amazon.com gift card of $250

·       5 x Amazon.com gift cards of $100

Simply click on the link below, or cut and paste the entire URL into your browser to access the survey:

https://nhh.eu.qualtrics.com/SE/?SID=SV_bgbsWRJ0PcQv3iB

We would appreciate your response by Friday, May 3rd.

The survey is anonymous and we are interested in your personal thoughts and experiences.

If you have any questions, please email me at ************.

Sincerely,

************

## Appendix 4.4.1 Full Survey

**Introduction Page:**

"This survey is part of a research project between Telenor Group Research & Future Studies (RFS) and Norwegian School of Economics (NHH).

The purpose of the survey is to investigate how Telenor business units can increase customer satisfaction.

As a reward for completing the survey, all participants will be given the opportunity to enter a drawing for the following prizes:

**1 x Amazon.com gift card of $250**
**5 x Amazon.com gift cards of $100**

The survey is anonymous, and we are interested in your personal thoughts and experiences. Completing the survey will take approx. 5-8 minutes. NHH and RFS greatly appreciate your response!"

**Survey Items:**

*Asked on a Likert Scale from 1 (Strongly Disagree) to 7 (Strongly Agree)*

Frontline Employee Customer Orientation – Adapted from Peccei & Rosenthal (1997)
1. **FLE CO 1:** I am always trying to improve the quality of service I give to customers
2. **FLE CO 2:** I often make suggestions about how to improve customer service in my team
3. **FLE CO 3**: I work hard to satisfy my customers
4. **FLE CO 4:** No matter how I feel, I always do the best I can for every customer I serve
5. **FLE CO 5**: I often make an extra effort to help customers even if it's not expected of me

Supervisor Customer Orientation – Adapted from Peccei & Rosenthal (2010) and Mukherjee & Malhotra (2006)
6. **Supervisor CO 1**: My team leader sets a good example of how to give good customer service in his/her daily work[1]
7. **Supervisor CO 2:** My team leader puts a lot of emphasis on giving good customer service
8. **Supervisor CO 3**: My team leader often gives me feedback on how well I am serving customers
9. **Supervisor CO 4:** I am praised by my team leader when I provide good customer service

Team Service Climate – Adapted from Mukherjee & Malhotra (2006) and Peccei & Rosenthal (2010)
Comprised of Team Support (three first items) and Team Customer Orientation (two last items)
10. **Team Support 1:** My team members help me get my job done
11. **Team Support 2:** I am satisfied with the support I get from my team members at work
12. **Team Support 3:** My team members and I co-operate more often than we compete
13. **Team CO 1**: My team members are always doing their best to give good customer service
14. **Team CO 2:** My team members have a genuine desire to satisfy our customers

Empowerment – Adapted from Hartline & Ferrell (1996) and Ellinger et al. (2007)
15. **Empowerment 1**: I do not have to get approval from my team leader before I solve customer problems[1]
16. **Empowerment 2:** I am encouraged to use my own judgment when serving customers
17. **Empowerment 3:** I can serve customers in the way I think is best

Participation – Adapted from Mukherjee & Malhotra (2006) [2]
18. **Participation 1:** I can greatly influence the decisions of my team leader concerning issues that are important to me
19. **Participation 2:** My team leader often asks my opinion regarding how to improve the customer experience
20. **Participation 3:** It is easy to get my team leader to listen to suggestions regarding how my team can perform our job better

<u>Organizational Identification – Adapted from Mael & Ashforth (1992)</u>
21. **Organizational Identification 1:** I am very interested in what others think about this company
22. **Organizational Identification 2:** When I talk about this company, I usually say "we" rather than "they"
23. **Organizational Identification 3:** When someone praises this company, it feels like a personal compliment

<u>Self-Efficacy – Adapted from Peccei & Rosenthal (2001) & Hartline & Ferrell (1996)</u>
24. **Self-Efficacy 1**: I know how to solve most customer problems
25. **Self-Efficacy 2**: I have had enough training to do my job well[1]
26. **Self-Efficacy 3**: I feel confident that my abilities are sufficient for my job

**<u>Control Variables</u>**
**Overclaiming**: How familiar are you with the following of Telenor Group's formal core values and key strategies? (*Foils used for Overclaiming)
27. Be respectful
28. Industry leader in customer centricity
29. **Overclaiming 1:** Dare to dream bigger *
30. Be a highly cost efficient operator
31. **Overclaiming 2:** Be curious and have fun*[1]
32. **Overclaiming 3:** Number one in Cloud Connectivity (CC)*
33. Be inspiring

**Demographics:**
34. **Gender**: What is your gender?
35. **Part-time:** Do you work full-time or part-time in your current position?
36. **Education:** How many years of education have you completed after primary school ?
37. **Tenure in Organization**: How many years have you worked with customer service in this company?
38. **Age**: What is your age?

**Questions for other purposes outside this study:**
*39. How many years have you worked with customer service overall?*
*40. I received extensive customer service training before coming into contact with customers*
*41. I regularly receive guidance on how to serve customers better*
*42. I regularly receive training on my company's products and services*
*43. I enjoy serving our customers*
*44. I find it interesting to serve our customers*
*45. Being good at serving customers is consistent with who I am as a person*
*46. Serving customers well is in line with my personal values*
*47. It is important that I do my job better than others*
*48. Winning is everything*
*49. Parents and their children must stay together as much as possible*
*50. It is my duty to take care of my family, even when I have to sacrifice what I want*

Note 1: Items dropped from the South Asian model and the overall model.
Note 2: Dropped from the study.

## Appendix 6.2 Factor Analysis KMO and Bartlett's Test of Sphericity

| | South Asia | Scandinavia | Overall |
|---|---|---|---|
| **KMO Measure of Sampling Adequacy** | 0.823 | 0.838 | 0.856 |
| **Bartlett's Test of Sphericity (Sig.)** | 0.000 | 0.000 | 0.000 |

## Appendix 6.2.1a Factor Analysis Eigenvalues (Overall)

**Total Variance Explained**

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings[a] |
|---|---|---|---|---|---|---|---|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total |
| 1 | 7,340 | 25,310 | 25,310 | 7,340 | 25,310 | 25,310 | 5,391 |
| 2 | 3,034 | 10,463 | 35,774 | 3,034 | 10,463 | 35,774 | 3,660 |
| 3 | 2,908 | 10,028 | 45,802 | 2,908 | 10,028 | 45,802 | 3,138 |
| 4 | 2,044 | 7,049 | 52,850 | 2,044 | 7,049 | 52,850 | 4,611 |
| 5 | 1,584 | 5,460 | 58,311 | 1,584 | 5,460 | 58,311 | 2,718 |
| 6 | 1,422 | 4,903 | 63,213 | 1,422 | 4,903 | 63,213 | 3,499 |
| 7 | 1,273 | 4,389 | 67,602 | 1,273 | 4,389 | 67,602 | 2,610 |
| 8 | ,903 | 3,115 | 70,718 | | | | |
| … | … | … | … | | | | |
| 29 | ,143 | ,494 | 100,000 | | | | |

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

## Appendix 6.2.1b Factor Analysis (Scandinavia)

**Pattern Matrix[a]**

| | Component | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| FLE CO 1 | -.005 | **.741** | -.124 | -.016 | .009 | -.103 | .046 |
| FLE CO 2 | .128 | **.554** | .110 | -.025 | .124 | .111 | -.003 |
| FLE CO 3 | -.023 | **.744** | -.077 | -.018 | .017 | -.093 | .005 |
| FLE CO 4 | -.085 | **.686** | -.141 | .142 | -.042 | -.062 | -.058 |
| FLE CO 5 | -.027 | **.735** | .016 | -.049 | -.041 | -.100 | .035 |
| Supervisor CO 1 | **.834** | -.028 | -.046 | -.025 | -.031 | .002 | .088 |
| Supervisor CO 2 | **.796** | -.033 | -.057 | -.016 | -.014 | -.032 | .121 |
| Supervisor CO 3 | **.862** | .037 | -.001 | -.040 | .036 | .016 | -.138 |
| Supervisor CO 4 | **.852** | -.021 | -.049 | -.005 | .053 | -.013 | -.171 |
| Team Support 1 | .112 | .104 | **-.737** | .045 | -.087 | .060 | .101 |
| Team Support 2 | .080 | .044 | **-.819** | .008 | -.012 | .049 | .040 |
| Team Support 3 | .003 | -.001 | **-.721** | -.077 | -.016 | -.001 | .177 |
| Team CO 1 | -.021 | .029 | **-.855** | .027 | .056 | .005 | -.102 |
| Team CO 2 | .002 | -.035 | **-.811** | .041 | .077 | -.080 | -.097 |
| Empowerment 1 | -.073 | -.043 | -.125 | -.059 | .149 | -.068 | **.729** |
| Empowerment 2 | .102 | -.033 | -.079 | -.062 | .046 | -.026 | **.792** |
| Empowerment 3 | .015 | .083 | .057 | .102 | .014 | .015 | **.683** |
| Participation 1 | **.578** | .061 | .140 | .192 | -.101 | -.035 | .330 |
| Participation 2 | **.734** | .038 | -.034 | .068 | .001 | -.027 | -.008 |
| Participation 3 | **.782** | .005 | -.052 | -.032 | .017 | -.047 | .116 |
| Self-Efficacy 1 | -.113 | .166 | .011 | -.006 | **.789** | .066 | .094 |
| Self-Efficacy 2 | .059 | -.104 | -.104 | .086 | **.731** | -.137 | -.009 |
| Self-Efficacy 3 | .062 | .031 | .059 | -.011 | **.866** | .004 | .066 |
| Org. Identification 1 | -.012 | .075 | -.023 | -.024 | -.050 | **-.807** | .051 |
| Org. Identification 2 | .014 | .036 | .056 | .012 | .108 | **-.852** | -.041 |
| Org. Identification 3 | .068 | .015 | .028 | .017 | -.007 | **-.846** | .011 |
| Overclaiming 1 | -.002 | -.012 | -.019 | **.884** | .078 | -.038 | -.012 |
| Overclaiming 2 | -.015 | -.022 | -.012 | **.900** | -.011 | -.040 | .044 |
| Overclaiming 3 | .005 | .015 | .003 | **.872** | -.009 | .070 | -.033 |

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.

a. Rotation converged in 8 iterations.

## Appendix 6.3 Scandinavia Sample 1 and 2 Descriptive Statistics

| | Scandinavian Sample 1 | | Scandinavian Sample 2 | |
| --- | --- | --- | --- | --- |
| | Mean | SD | Mean | SD |
| **Age** | 31.35 | 10.15 | 28.64 | 9.44 |
| **Education** | 14.12 | 1.94 | 13.87 | 1.82 |
| **Organizational Tenure** | 5.70 | 5.22 | 2.46 | 3.13 |
| **Overclaiming** | 2.18 | 1.44 | 3.31 | 1.62 |

Note: There are slight differences using the Scandinavian-specific construct for Overclaiming. Showed as (Mean, SD) - Scandinavian Sample 1: (2.25 ,1.45 ); Scandinavian Sample 2: (3.34,1.55)

Note 2: **Overclaiming is higher in Sample 2. A potential explanation is that there may be differences with regards to job stability; since respondents in Sample 2 have less tenure in the organization, they may feel a greater need to try to impress management.

## Appendix 6.4 Skewness and Kurtosis (Transformed)

| | South Asia | | Scandinavia | | Overall | |
| --- | --- | --- | --- | --- | --- | --- |
| Variable | Skewness | Kurtosis | Skewness | Kurtosis | Skewness | Kurtosis |
| **FLE CO** | -1.10 | 2.12 | -0.19 | -0.03 | -0.39 | 0.36 |
| **Supervisor CO** | -0.41 | -0.35 | -0.12 | -0.60 | -0.19 | -0.59 |
| **Team Service Climate** | -0.59 | 0.30 | -0.35 | 0.12 | -0.43 | 0.20 |
| **Empowerment** | 0.30 | -0.99 | -0.15 | -0.53 | -0.25 | -0.59 |
| **Self-Efficacy** | -1.09 | 1.04 | -0.23 | -0.95 | -0.41 | -0.74 |
| **Organizational Identification** | -0.74 | 0.00 | -0.14 | -0.68 | -0.27 | -0.68 |

Note: There are slight differences using the Scandinavian constructs The values are as follows (Skewness, Kurtosis). Empowerment (-0.14, -0.20) ; Supervisor CO (-0.09,-0.56); Self-Efficacy (-.09,-.80 )

## Appendix 6.5a Correlation Matrix South Asia

| Measure | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| **1. FLE CO** | 1 | | | | | |
| **2. Supervisor CO** | 0.21** | 1 | | | | |
| **3. Team Service Climate** | 0.43*** | 0.58*** | 1 | | | |
| **4. Empowerment** | 0.31*** | 0.22*** | 0.25*** | 1 | | |
| **5. Self-Efficacy** | 0.37*** | 0.23*** | 0.21*** | 0.04 | 1 | |
| **6. Organizational Identification** | 0.24*** | 0.35*** | 0.33*** | 0.12 | 0.27*** | 1 |

* Pearson's R significant at the .05 level (two-tailed), ** Pearson's R significant at the .01 level (two-tailed)

## Appendix 6.5b Correlation Matrix Scandinavia

| Measure | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| **1. FLE CO** | 1 | | | | | |
| **2. Supervisor CO** | 0.22*** | 1 | | | | |
| **3. Team Service Climate** | 0.34*** | 0.27*** | 1 | | | |
| **4. Empowerment** | 0.27*** | 0.27*** | 0.27*** | 1 | | |
| **5. Self-Efficacy** | 0.36*** | 0.14*** | 0.23** | 0.36*** | 1 | |
| **6. Organizational Identification** | 0.44*** | 0.22*** | 0.27*** | 0.30*** | 0.31*** | 1 |

* Pearson's R significant at the .05 level (two-tailed), ** Pearson's R significant at the .01 level (two-tailed)

## Appendix 7.1a VIF Test for Multicollinearity (Overall Model)

| | Overall Model VIF |
|---|---|
| (Constant) | |
| **Independent Variables** | |
| Supervisor CO | 1.532 |
| Team Service Climate | 1.620 |
| Empowerment | 2.205 |
| Self-Efficacy | 1.660 |
| Organizational Identification | 1.620 |
| **Independent x South Asia** | |
| Supervisor CO X South Asia | 2.056 |
| Team Service Climate X South Asia | 2.047 |
| Empowerment X South Asia | 2.170 |
| Self-Efficacy X South Asia | 1.555 |
| Organizational Identification X South Asia | 1.812 |
| **Control Variables** | |
| Overclaiming | 1.572 |
| Age | 2.441 |
| Education | 1.370 |
| Tenure in Organization | 2.411 |
| Female | 1.080 |
| Part-Time | 1.389 |
| Scandinavia Sample 2 | 1.337 |
| South Asia | 2.584 |

# Appendix 7.1b Test for Linearity (Overall Model)
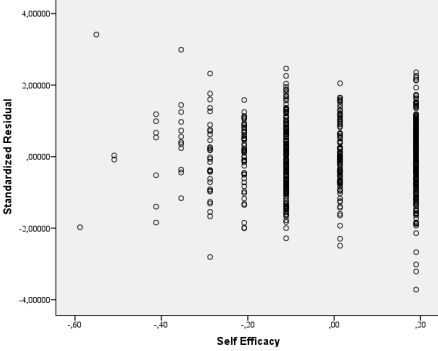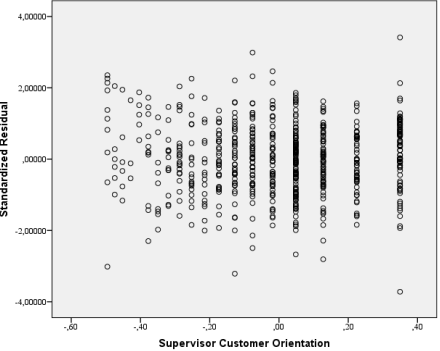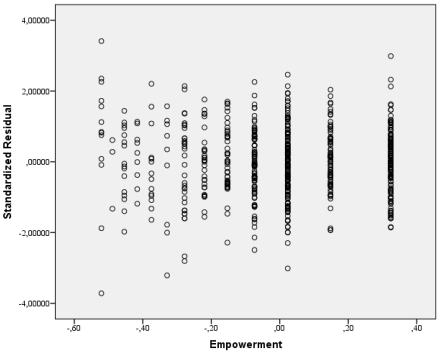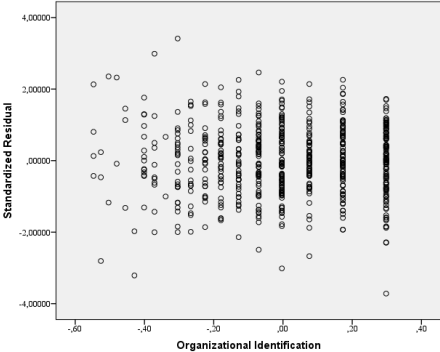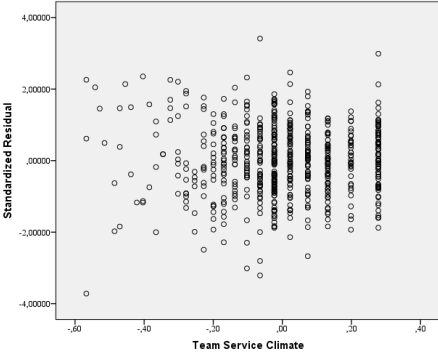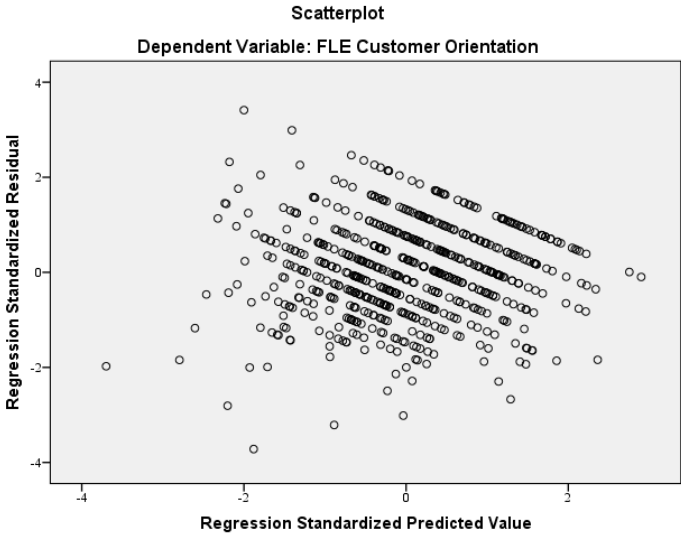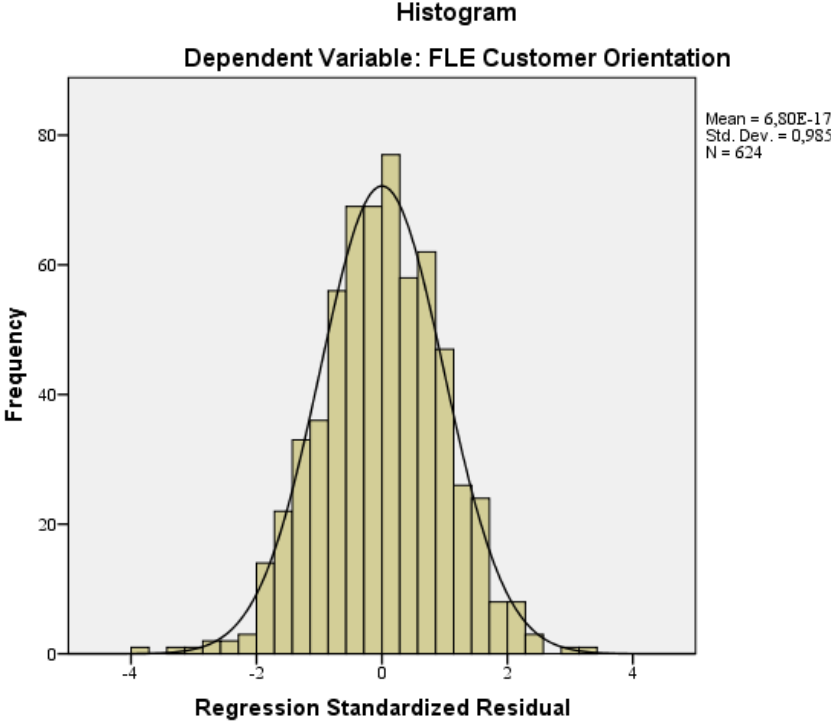
## Appendix 7.1c Regression Excluding Outliers (Overall Model)

| | All (n=624) | Outliers 1 (n=619) | Outliers 2 (n=614) |
|---|---|---|---|
| (Constant) | **-.319\*\*\*** | **-.313\*\*\*** | -.303\*\* |
| **Independent Variables** | | | |
| Supervisor CO | .038 | .026 | .031 |
| Team Service Climate | **.155\*\*\*** | **.155\*\*\*** | **.156\*\*\*** |
| Empowerment | .001 | .013 | .012 |
| Self-Efficacy | **.217\*\*\*** | **.230\*\*\*** | **.234\*\*\*** |
| Organizational Identification | **.191\*\*\*** | **.195\*\*\*** | **.196\*\*\*** |
| **Independent x South Asia** | | | |
| Supervisor CO X South Asia | -.149 | -.073 | -.095 |
| Team Service Climate X South Asia | .149 | .036 | .094 |
| Empowerment X South Asia | **.135\*\*** | **.116\*\*** | **.108\*\*** |
| Self-Efficacy X South Asia | .070 | .010 | .001 |
| Organizational Identification X South Asia | **-.143\*** | -.083 | -.112 |
| **Control Variables** | | | |
| Overclaiming | .003 | .002 | .003 |
| Age | **.001\*** | **.002\*\*** | **.002\*\*** |
| Education | .001 | .000 | -.001 |
| Tenure in Organization | -.000 | -.001 | -.001 |
| Female | **.019\*** | .016 | .016 |
| Part-Time | .016 | .017 | .019 |
| Scandinavia Sample 2 | .024 | **.026\*** | **.028\*** |
| South Asia | **.062\*\*\*** | **.063\*\*\*** | **.068\*\*\*** |
| Adjusted R2 | 32.6 % | 33.5% | 34.9% |

The p values are estimated with HC3 based on MacKinnon & White (1985). Betas are unstandardized

The dependent variable (customer orientation) and all independent variables are log transformed

\*\*\* p<.01, \*\*p<.05, and \*p<.10 and all significant values are shown in bold

**Appendix 7.1d Test for Heteroscedasticity (Overall Model)**

### Histogram

Dependent Variable: FLE Customer Orientation

Mean = 6,80E-17
Std. Dev. = 0,985
N = 624



### Scatterplot

Dependent Variable: FLE Customer Orientation

## Appendix 7.1e Regression Comparing p-values (Overall Model)

Comparisons of p-values estimated based on HC3, heteroscedasticity consistent estimators of variance, (p1) and normal, linear regression (p2). Large differences between the two p-values indicate problems with heteroscedasticity.

| | All (n=624) | | Outliers 1 (n=619) | | Outliers 2 (n=614) | |
|---|---|---|---|---|---|---|
| | **P1** | **P2** | **P1** | **P2** | **P1** | **P2** |
| (Constant) | .000 | *.000* | .000 | *.000* | .000 | *.000* |
| **Independent Variables** | | | | | | |
| Supervisor CO | .207 | *.158* | .357 | *.323* | .224 | *.238* |
| Team Service Climate | .000 | *.000* | .000 | *.000* | .000 | *.000* |
| Empowerment | .982 | *.980* | .709 | *.675* | .712 | *.697* |
| Self-Efficacy | .000 | *.000* | .000 | *.000* | .000 | *.000* |
| Organizational Identification | .000 | *.000* | .000 | *.000* | .000 | *.000* |
| **Independent x South Asia** | | | | | | |
| Supervisor CO X South Asia | .154 | *.022* | .303 | *.268* | .183 | *.157* |
| Team Service Climate X South Asia | .279 | *.043* | .666 | *.633* | .225 | *.243* |
| Empowerment X South Asia | .026 | *.008* | .034 | *.019* | .045 | *.032* |
| Self-Efficacy X South Asia | .429 | *.335* | .894 | *.891* | .995 | *.995* |
| Organizational Identification X South Asia | .086 | *.025* | .248 | *.194* | .110 | *.082* |
| **Control Variables** | | | | | | |
| Overclaiming | .448 | *.453* | .474 | *.488* | .413 | *.426* |
| Age | .094 | *.091* | .045 | *.040* | .048 | *.043* |
| Education | .712 | *.670* | .890 | *.888* | .848 | *.845* |
| Tenure in Organization | .823 | *.805* | .489 | *.474* | .467 | *.449* |
| Female | .092 | *.072* | .140 | *.132* | .121 | *.113* |
| Part-Time | .287 | *.272* | .246 | *.220* | .186 | *.159* |
| Scandinavia Sample 2 | .119 | *.181* | .089 | *.130* | .073 | *.105* |
| South Asia | .008 | *.001* | .002 | *.000* | .001 | *.000* |
| Adjusted R2 | 32.6 % | | 33.5% | | 34.9% | |

The dependent variable (customer orientation) and all independent variables are log transformed.

**Appendix 7.3a Regression Excluding Outliers (South Asian Model)**

| | All (n=150) | Outliers 1 (n=147) | Outliers 2 (n=144) |
|---|---|---|---|
| (Constant) | .015 | -.113 | -.088 |
| **Independent Variables** | | | |
| Supervisor CO | -.138 | -.037 | -.032 |
| Team Service Climate | **.322**** | **.179**** | **.220***** |
| Empowerment | **.147***** | **.132***** | **.108**** |
| Self-Efficacy | **.307***** | **.238***** | **.232***** |
| Organizational Identification | .031 | .105 | .112 |
| **Control Variables** | | | |
| Overclaiming | .005 | .007 | .003 |
| Age | -.001 | .001 | .002 |
| Education | -.001 | .004 | .003 |
| Tenure in Organization | -.007 | -.008 | -.008 |
| Female | .012 | -.019 | -.021 |
| Adjusted $R^2$ | 28.4 % | 24.0 % | 25.5 % |

The p values are estimated with HC3 based on MacKinnon & White (1985). Betas are unstandardized

The dependent variable (customer orientation) and all independent variables are log transformed.

*** p<.01, **p<.05, and *p<.10 and all significant values are shown in bold

### Appendix 7.3b Regression Excluding Outliers (Scandinavian Model)

| | All (n=474) | Outliers 1 (n=469) | Outliers 2 (n=464) |
|---|---|---|---|
| (Constant) | **-.172*** | **-.151*** | **-179*** |
| **Independent Variables** | | | |
| Supervisor CO | .039 | .016 | .031 |
| Team Service Climate | **.150*** | **.152*** | **.152*** |
| Empowerment | .023 | .033 | .022 |
| Self-Efficacy | **.168*** | **.187*** | **.178*** |
| Organizational Identification | **.192*** | **.191*** | **.188*** |
| **Control Variables** | | | |
| Overclaiming | .001 | .002 | .003 |
| Age | .001 | .001 | .001 |
| Education | .003 | .001 | .003 |
| Tenure in Organization | .001 | .000 | .000 |
| Female | .015 | .016 | .014 |
| Part-Time | .015 | .017 | .016 |
| Scandinavia Sample 2 | .026 | .026 | .024 |
| Adjusted R2 | 28.4 % | 31.7 % | 32.6 % |

The p values are estimated with HC3 based on MacKinnon & White (1985). Betas are unstandardized

The dependent variable (customer orientation) and all independent variables are log transformed.

*** p<.01, **p<.05, and *p<.10 and all significant values are shown in bold