Organizational service orientation and its role in service performance formation; evidence from Polish service sectors

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Abstract

Purpose: There is an attempt to evaluate the state of organizational service orientation in service industry in Poland; also the influence of service orientation on key service performance, especially the quality of service, is examined. The cross-sector approach is employed and the problem of the differences of the organizational service orientation in different service trades is assessed.

Methodology: In the research process the survey method was employed. The research population enclosed 230 service enterprises operating in the three regions of Poland, the units were chosen randomly. The Serv*Or questions battery designed by Lytle et al. (1998) was employed to assess the organizational service orientation. There were taken the advantage of correlations analyses and ANOVA.

Findings: The weakest element regarding organizational service orientation in researched organizations is employee empowerment, which origins partly from national inclination to individualism, and partly from the central planning system that existed in Polish economy in communism age. The main conclusion of this study is that organizational service orientation affects service performance. Its influence on service quality and clients loyalty is substantial; therefore the organizational service orientation concept might be used as a useful tool in management process.

It is not proved that general indicator of organizational service orientation varied in service sectors. But it is possible to point out five service orientation dimensions that differ across sectors: customer treatment, employee empowerment, service standards communication, service vision, service training. There are two main factors that in an appreciable way differ the service orientation between service sectors: the structural factor and the service characteristics factor.

Originality of paper: The study takes cross-sector approach. Wide cross-sector studies did not used before in an organizational service orientation investigation.

Keywords: service management, service quality, service enterprises’ development, organizational service orientation.

Paper type: research paper.

Introduction

Researchers, consultants and managers are still looking for better and better methods for the improvement of organizations. In this context there is an important role of searching organizational predicates of excellent organization outcome and enterprises’ assessment of their ability to provide excellent products. Among economy sectors the service industry plays an
increasingly important role. Especially a customer service is taking on an ever increasing level of importance in today’s global economy (Baydoun et al., 2001:605). And after many years of continuous growth of service industry, there is still the need of efficient management techniques and organization assessment tools.

Service providing process, with its characteristics, needs particular management methods. There is a direct contact with a customer, and a service product must be provided well at the first time, and there is no space to failures. The service organization must be prepared very well to provide excellent service. Thus managers want methods for organizations ability assessments, the ability to provide excellent services. That is why the organizational service orientation concept was chosen for examination in this study.

The author of this paper elaborates on the problem of organizational service orientation and relational concepts. Also there is the attempt to evaluate the state of service orientation in service industry in Poland. The cross-sector approach is employed and the problem of the differences in the organizational service orientation in different service trades is examined.

**Organizational service orientation**

In the stream of different concepts which try to assess an organization’s ability to provide excellent outcome there is the idea of organizational service orientation; it is not widely known among practitioners. Organizational service orientation describes staff attitudes and behaviours which directly affect the quality of service delivery process in a service organization and determine the state of all interactions between an organization and its customers. An organizational service orientation is defined by Lytle et al. (1998:459) as an organization-wide embracement of a basic set of relatively enduring organizational policies, practices and procedures intended to support and reward service-giving behaviours that create and deliver “service excellence”.

The service orientation stays in the strong relationship with intangible aspects of an organization. It exists when the organizational climate for service crafts, nurtures, and rewards service practices and behaviours known to meet customer needs (Lynn et al., 2000:282). It also has been taken as something that manifests itself in the attitudes as well as actions of members of an organisation which highly values the creation and delivery of an excellent service (Yoon et al., 2007:374).

According to Lytle et al. (1998) an organizational service orientation consists of ten fundamental elements, which were led out from the best-in-class service practices and procedures. These elements (dimensions) are grouped into four service orientation attributes. These attributes and dimensions are as followed: service leadership practices (servant leadership, service vision), service encounter practices (customer treatment, employee empowerment), service systems practices (service failure prevention and recovery, service technology, service standards communication), human resource management practices (service training, service rewards).

Organizational service orientation plays an important role in a service enterprise. There are researchers’ opinions as well as empirical examinations that acknowledged this. According to some authors organizational service orientation plays a crucial role in success of enterprises (Homburg et al., 2002; Walker, 2007). Service orientation is positively related to the main service delivery characteristics and business performance as well. Empirical investigations show the important influence service orientation on such variables as: service quality image, organizational commitment, profitability (ROA) in a banking sector (Lytle and Timmerman, 2006).
It is conceivable that the aspects described by this concept would have a substantial impact on organisation–customer interactions as well as the nature and quality of service delivery (Yoon et al., 2007). Service orientation was also identified as a “common denominator” of educational service attributes that are responsible for clients’ satisfaction (Walker, 2007). Nevertheless, in a telecommunications call centre the organizational service orientation was identified as a factor that had no influence on service quality, whereas other service climate elements had a significant influence (Little and Dean, 2006). Service orientation is related to business performance characteristic such as re-patronage intention and positive word of mouth, with mediating role of staff satisfaction, service value, and customer, whose relationship was demonstrated in the medical service industry (Yoon et al., 2007). But on the other hand, service climate, which is a very similar concept, has been identified as negatively related to the owners service values (the degree to which owners valued innovativeness, attentiveness, outcome-orientation, aggressiveness, support, and decisiveness) in the small business environment (Andrews and Rogelberg, 2001).

According to Gonzalez and Garazo (2006) the organizational service orientation has a positive influence on employees’ satisfaction and organizational citizenship behaviour. Organizational citizenship behaviour was defined as three main variables: (1) whether employees act as representatives of the firm to outsiders, (2) contact-staff participation consists in providing information about customer needs and suggesting improvements in service delivery process, and (3) following company regulations in such conscientious manner that they are adapted to the individual customer needs (Gonzalez and Garazo, 2006). In brief, organizational citizenship behaviour means “go the extra mile” for customers. These are very important elements of an excellent service delivery.

The approach of organizational service orientation is also used in the public services environment. Akesson et al. (2008) proposed areas of service orientation in public e-government services, their theoretical analyses show that this concept provides useful contribution to this particular services as well.

Despite many evidences showing a positive role of an organizational service orientation in service organizations, there are also exceptions. And examining the role of this concept in service quality still seems to be an interesting research question.

**Organizational service orientation vs. similar concepts**

Some authors mention that generally there are two important factors influencing employees’ tendencies to provide the quality of service: the first one lays in the organization of a service company, and the second exists in individual personality characteristics (Baydoun et al., 2001; Homburg et al. 2002). The former is described by “macro-organizational approaches”, like service climate and service orientation. The latter is personality-based approach and it is focused on the personal skills and other features of the staff assessed by psychological tests and other similar tools. “Customer service orientation” is mostly analysed in service management as a personality-based description of the service phenomenon.

Organizational service orientation is often described in the context of service organization climate (Lytle and Timmerman, 2006; Lynn et al., 2000; Lytle et al., 1998). Organizational climate and culture are interconnected. Employees' values and beliefs (part of culture) influence their interpretations of organizational policies, practices, and procedures (climate) (Schneider, 1996:9). The organizational climate includes employees’ perceptions of the policies, practices, and procedures that are rewarded, supported, and expected concerning clients (Schneider et al., 2002). The climate of an organization is 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” (Schneider et al., 2006:117). The climate is a psychological identity of employees in an organization. A climate is researched in the service environment context, thus it is called service climate (Schneider, 1980; Schneider et al., 2006; Steinke, 2008; Little and Dean, 2006; Walker, 2007).

It is also noticed that customer service orientation concept is in many ways similar to the organizational service orientation but it is focused on staff behaviours and more psychological interpretation. Customer service orientation is specified by interpersonal skills, extroversion, and general disposition of operators having positive influence on the operators’ performance (Alge et al., 2002). It is still perceived as a part of the service climate. Walker (2007) classifies three service climate dimensions as “service orientation”; they are: staff service ethos, staff personal attributes, and staff concern for clients. They were found as key elements of organizational service climate. Little and Dean (2006) also classify customer service orientation as a dimension of service climate. They propose four dimensions of service climate and one of them is the customer orientation, and it is understood as a degree to which an organisation tends to meet customer needs and expectations for service quality.

Baydoun et al. (2001) propose instruments for customer service orientation assessment. It demonstrates the utility of personality variables for predicting service behaviour. Basing on this instrument the high-quality service providers could be selected. There are more methods for customer service orientation assessment. Martin and Fraser (2002) use the Customer Service Skills Inventory for identifying individuals who are likely to succeed in positions that involve working with customers or clients of an organization. The CSSI is a short self report measure of customer service orientation designed by Sanchez and Fraser (1996).

The literature provides also the “customer orientation” concept derived from a relationship marketing approach. The customer orientation concerns service employees who have a direct contact with customers. Hennig-Thurau and Thurau (2003) proposes customer orientation as a three-dimensional construct: employee’s motivation to serve customers, their customer-oriented skills, and self-perceived decision-making authority.

Finally it is considered that organizational service orientation is a part of a wider concept of organization's overall climate. And it is necessary to admit that the organizational service orientation construct is not clearly defined (Lytle et al., 1998). But it seems to be very important from the point of view of service firms’ business development. It mostly concerns an inside organizational system which is created by managers and it provides relatively precisely defined field to organizational changes and improvement which aims at the service excellence. It also might be useful in monitoring purposes, and in a benchmarking process as well.

**Organizational service orientation measurement**

Organizational service orientation was measured by researchers in many service industries; they used several measurement tools to identify the state of service orientation. For example researches (Andaleeb et al., 2007) used the specific survey tool to approximate the doctors’ service orientation, but in this case the concept of service orientation was understood as a set of doctors’ behaviours towards their patients. The established construct of service orientation was more similar to the customer service orientation mentioned above.

A very useful tool for organizational service orientation measurement was proposed by Lytle et al. (1998), and it was named “Serv*Or”. Serv*Or consists of 35 question items with Likert’s scale. The questionnaire items describe four attributes of organizational service orientation, these attributes altogether comprise 10 organizational service orientation dimensions. The attributes
and dimensions of Serv*Or were presented in the second paragraph. The tool was tested and validated in American banking sector and retailing building suppliers. According to the authors the Serv*Or tool demonstrates a cross-industry universal instrument for assessing service orientation in other firms, not just banks (Lytle et al., 1998). The authors of the instrument mention that it can be used across different industries and different work environments as well, for service orientation diagnosing.

The Serv*Or tool was successfully used, inter alia, in the hospitality industry (Gonzalez and Garazo, 2006), medical services (Yoon et al., 2007) banking sector (Lynn et al., 2000; Lytle et al., 1998) and among retail building suppliers (Lytle et al., 1998). Some authors also revised and proposed a modification to the Serv*Or scale, Lee et al. (2001) did this in a case of hotel industry in Korea.

**Aims, method and the research sample**

The proposed investigation process tries to prove whether the organizational service orientation is really a predicator of service key performance in the wide scope of services organization from different trades. The organizational service orientation construct can be treated as a part of organizational culture, where national specific aspects play a significant role. Thus it seems to be also interesting to investigate the role of service orientation in the economy background of a post communist country from Central Europe.

The study takes the cross-trade approach. It is known that services across different sectors have a different nature; depending on how close servants are to customers, if the use of standardization is wide or not, what the roles of capital and human power are, etc. Therefore, it is worth identifying which aspects of organizational service orientation are different across the different types of service organizations. It can bring the conclusions with reference to the role of service orientation dimensions across service sectors - which of them are equal in different service sectors and which are different in the definite way. The suggestions concerning the service orientation dimensions can be drawn.

The Serv*Or tool (Lytle et al., 1998) was employed, and a few significant service enterprises performance characteristics were gathered as well. Service orientation is treated as the independent variable, and service outcome as the dependent variables. In studying the problem of differences of organizational service orientation in service sectors the variable “service trade” is considered as the grouping one for ANOVA.

The empirical investigation was conducted in three regions of Poland – Podlasie, Mazowsze and Warmia & Mazury. Poland joined EU in 2004, the few years period of the adjustment programme had been established before. After the 1989 when the communistic system collapsed the Polish economy was changing rapidly, the preparation for EU joining was the strong improvement impulse for the Polish economy. Polish GDP increased more than 5.5% yearly in the last years and there are optimistic forecasts to keep at list the same growth [Wiegert, 2007]. Service sector is growing rapidly, providing 64.5% of GDP in 2005 [The economy, 2007]. In fact, it is not huge services participation in comparison with other developed countries, but the service industry has great dynamics.

A single enterprise was the research unit, the inquiries were addressed to a manager (or owner if he/she attends managerial role) from an enterprise. Gonzalez and Garazo (2006) also interviewed managers in organizational service orientation identification process. The research population enclosed 230 service enterprises operating in the three regions of Poland mentioned above, the units were chosen randomly. Instructed researchers visited managers in enterprises and asked them questions based on the questionnaire. The Serv*Or questions battery was translated and
modified, some of them were combined together, all these in purpose of being clearly understood by respondents. After the preoperational free interviews it was decided to employ the scale 1-5, which seemed to be better for respondents than seven gradual. For most service performance variables identification the managerial assessment was used.

All main sectors of the service industry were represented in the research sample (according to EU classification 24 sectors were detached specially for this study). Sectors were not represented equally, the largest one that appeared in the sample was the construction and building renovation sector (24 objects) and the smallest - R&D services (only one object) and mineral resources exploitation services (also one object). In the research sample there were mostly small and medium enterprises, those with less than 250 employees constituted 91.5% of the sample.

**Organizational service orientation in the research sample**

Organizational service orientation shows organization capability to provide excellent service to their customers. According to the research the average score of service orientation comes to 3.56 in the 5 points scale. The statistics are shown in Table I. Going deeply into dimensions and attributes it is noticeable that “service leadership practices” are the best aspect of service orientation of researched enterprises. This attribute contains strong vision of a service and stressed role of customers among managers and service staff, managers’ personal involvement in service providing process as well. A very interesting state is recognised in the attribute “service encounter practice”. On one hand, there is the one of the most scored variables – “customer treatment”, and on the other hand, the second component “employee empowerment” which is the least scored (with the highest standard deviation). This observation may be explained by the managerial attitudes specific for the country where the research was conducted. Managers in Poland, the country with central planning system heritage, still prefer to focus on an individual, they consider management success as a single person achievement, rather than a team success.

*Table I. Serv*Or score*

<table>
<thead>
<tr>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer treatment</td>
<td>4.06</td>
</tr>
<tr>
<td>Employee empowerment</td>
<td>2.99</td>
</tr>
<tr>
<td>Service encounter practices</td>
<td>3.50</td>
</tr>
<tr>
<td>Service technology</td>
<td>3.61</td>
</tr>
<tr>
<td>Service failure prevention</td>
<td>3.71</td>
</tr>
<tr>
<td>Service failure recovery</td>
<td>3.41</td>
</tr>
<tr>
<td>Service standards communication</td>
<td>3.39</td>
</tr>
<tr>
<td>Service systems practices</td>
<td>3.46</td>
</tr>
<tr>
<td>Service vision</td>
<td>4.12</td>
</tr>
<tr>
<td>Servant leadership</td>
<td>4.00</td>
</tr>
<tr>
<td>Service leadership practices</td>
<td>4.02</td>
</tr>
<tr>
<td>Service rewards</td>
<td>3.11</td>
</tr>
<tr>
<td>Service training</td>
<td>3.39</td>
</tr>
<tr>
<td>Human resource management practices</td>
<td>3.22</td>
</tr>
<tr>
<td><strong>Organizational service orientation</strong></td>
<td><strong>3.56</strong></td>
</tr>
</tbody>
</table>

**Organizational service orientation and service performance**

In the questionnaire there were items related to the main organization performance. The overall service quality level was identified; the changes in enterprises’ market share, the changes in profitability, clients’ satisfaction and clients’ loyalty were identified as well. The correlation coefficients were counted between all service orientation attributes and also a global score of service climate and all performance variables (Table II).
Table II. Correlations between studied variables

<table>
<thead>
<tr>
<th></th>
<th>Quality level</th>
<th>Market share</th>
<th>Profitability</th>
<th>Clients' satisfaction</th>
<th>Clients' loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gamma p-value</td>
<td>Gamma p-value</td>
<td>Gamma p-value</td>
<td>Gamma p-value</td>
<td>Gamma p-value</td>
</tr>
<tr>
<td>Service encounter practices</td>
<td>0.263</td>
<td>ns</td>
<td>-</td>
<td>-</td>
<td>0.151</td>
</tr>
<tr>
<td>Service systems practices</td>
<td>0.245</td>
<td>0.142</td>
<td>0.141</td>
<td>0.173</td>
<td>0.178</td>
</tr>
<tr>
<td>Service leadership practices</td>
<td>0.216</td>
<td>-</td>
<td>0.163</td>
<td>0.271</td>
<td>0.237</td>
</tr>
<tr>
<td>Human resource management</td>
<td>0.308</td>
<td>0.189</td>
<td>0.231</td>
<td>0.203</td>
<td>0.196</td>
</tr>
<tr>
<td>Service orientation</td>
<td>0.331</td>
<td>0.169</td>
<td>0.220</td>
<td>0.243</td>
<td>0.256</td>
</tr>
</tbody>
</table>

ns – non-significant

There is a significant relationship between organizational service orientation attributes and majority of service performance variables. The most important one is the influence of service orientation on service quality, all service orientation attributes have significant correlations. It proves that the service orientation is a really important predictor of service quality performance. So, it could be considered that service orientation construct is a pretty good measure which can assess the ability of a service organization to provide an excellent service. Taking into consideration that many service sectors were examined it allows to suggest that Serv*Or could be the universal cross-sector test.

The next performance variable which in a significant way is affected by service orientation is clients’ loyalty. The correlation coefficients are significant with all service orientation attributes. And it is not surprising that there is an attribute (service encounter practices) that is correlated to the loyalty and not correlated to clients’ satisfaction. Satisfaction might be the main loyalty predictor but not often (Oliver, 1999), nevertheless loyalty seems to be one of the most important organizational performance components (Reichheld and Teal, 2001). Further service performance correlations also proved the important role of the organizational service orientation.

The differences between sectors

There were 25 categories in the variable “service trade”, one of them was “others”. It was decided to employ the ANOVA to investigate if there are significant differences between service orientation score in service sectors. Sectors were not represented equally, and some of them included little items, therefore the service sectors including less than five items were rejected from the sample. A one-way ANOVA provides results shown in Table III.
Taking into consideration variances in different service sectors there is not a significant difference in the global service orientation score. But some particular service orientation dimensions vary in sectors. The largest diversity is noticed within “service encounter practice”. Service encounter is probably the most important thing that diversifies service orientation across sectors. The most remote contact with clients does not require superior organizational service orientation. This concerns also services provided to business clients. Unfortunately service sectors were separated using as a base the Statistical Classification of Economic Activities in the European Community (NACE) which does not allow a clear isolation of B2B and B2C services.

For more detailed conclusion related to the climate differentials in service sectors the Fisher’s LSD (Least Significant Difference) procedure should be applied. It allows investigating the individual differences between particular variables in pairs of sectors. But in this case it is rather complicated to trace it in details because of the great number of pairs (pairs of sectors and few service orientation attributes).

Using Statistica software the LSD significances were counted for five service orientation dimensions, those for which simple analysis of variance has shown the significant differences: customer treatment, employee empowerment, service standards communication, service vision, service training. For each service sector the numbers of significant pairs were summed up together. In the five service orientation dimensions mentioned above the greatest number of significant pairs of service sectors were identified in “telecommunication and post services” – altogether 29 pairs, next one was “construction and renovation services” – altogether 26 pairs, next “vehicle services and petrol retailing” – 19 pairs.

Telecommunication and post services are specific, there are still state monopolies in a few kinds of service, in phone calls services there are only a few really strong market players. In most European countries these services often lead customers to complaint making. The sector structure, remains from previous years, and rather remote contact of service staff with customers drive specific organizational service orientation.

Construction and renovation service sector provides services with rather low personal contact. Most of researched firms provide services as a subcontractor in huge building-states. Taking care of customer and service quality little relay upon the personal interactions, but rather it lies in manual solid work and technical support. Vehicle repairing and petrol retailing sector also is
characterised by a strong role of service equipment and manual cleverness. It is probable that service features affected the state of organizational service orientation.

**Final conclusions**

The data shows that in organizational service orientation in researched organizations the weakest element is employee empowerment, which origins partly from national inclination to individualism, and partly from the central planning system that existed in Polish economy in communism age. The high score of dimension “customer treatment” proves that the firms have adapted to the market orientation.

The main conclusion of this study is the fact that organizational service orientation affects service performance. Its influence on service quality and clients loyalty is substantial, thanks to this, service orientation might be used in a management process as a concept for service organization assessment. Moreover, it provides a great framework to service organization improvement. The concepts of organizational culture or climate might discourage managers by so many intangible elements difficult for direct observation. And it might be the advantage of the Serv*Or instrument that it does not measure the values and beliefs, but it is only focused on practices within the organization. Thanks to this, it is more universal, and it has a potential for use in specific cultures and variety of nations.

The study takes cross-sector approach, thus the diversity between service sectors might be investigated. Wide cross-sector studies are rather a seldom practice in the quality management field, and in this study it was a challenging problem. Despite the fact it was not proved that general indicator of service orientation varied in sectors, it is possible to point out five service orientation dimensions that differ across sectors: customer treatment, employee empowerment, service standards communication, service vision, service training.

There are two important factors that in an appreciable way differ the service orientation between service sectors: first one, let us call it “structural factor”, it relays upon the fact that an organizational service orientation is affected by the structure of a sector; the second one comes from the service providing process characteristics, especially closeness to customers.

Limitations of this study may be found in the fact that the respondents in the researched enterprises were only managers. Their points of view might be different from those of all the staff who are employed in enterprises.

**References**


