The Impact of Employees’ Customer Orientation and Service Orientation Behaviours on Customers’ Service Evaluation

CHANAKA JAYAWARDHENA *,1, ANDREW M. FARRELL 2 and ANKIT SHARMA 3

Loughborough University Business School, UK
Indian Institute of Information Technology and Technology, Gwalior

* Corresponding Author:
1 Lecturer in Marketing
Marketing & Retailing Group
Loughborough University Business School
LE11 3TU, United Kingdom
Tel: +44 (0)1509 22 88 31
Fax: +44 (0)1509 22 39 60
Email: C.Jayawardhena@Lboro.ac.uk

2 Research Associate
Marketing & Retailing Group
Loughborough University Business School
LE11 3TU, United Kingdom
Email: A.M.Farrell@Lboro.ac.uk

3 MBA Student
Indian Institute of Information Technology and Management
Gwalior 474010, Madhya Pradesh, India
Email: ankitsharma@iiitm.ac.in
The Impact of Employees’ Customer Orientation and Service Orientation Behaviours on Customers’ Service Evaluation

ABSTRACT

The effects of employees’ customer and service orientation on customers’ perceptions of service evaluation is an important area of research. In this paper the authors conceptualise and test the effects of service employees’ customer orientation and service orientation behaviours within an extended service evaluation model encompassing service quality, service encounter quality, perceived value and customer satisfaction. Data was collected from 271 grocery shopping customers. Data analysis incorporates confirmatory factor analysis and structural equation modelling. Findings indicate that: 1) customer orientation is positively related to service orientation, customers’ perceptions of service encounter quality, and service quality; 2) service orientation is positively related to customers’ perceptions of service encounter quality, and service quality; 3) customers’ perceptions of service encounter quality are positively related to customers’ perceptions of service quality, and customer satisfaction; 4) customers’ perceptions of service quality are positively related to value perceptions; 5) service quality is positively related to customer satisfaction; and 6) customer satisfaction is positively related to customers’ behavioural intentions. The importance of these findings for practitioners and academics, research limitations and future research avenues are subsequently discussed.

Keywords: customer orientation, India, satisfaction, service encounter quality, service evaluation, service orientation
INTRODUCTION

Over the years, a considerable amount of research has been devoted to services marketing strategies (Bolton, Grewal and Levy, 2007) and in the last decade in particular, the international service industry has received increased attention (Brady et al., 2005; Keillor, Hult and Kandemir, 2004). The result of this discourse is a growing knowledge regarding service quality evaluation (Cronin and Taylor, 1992; Parasuraman, Zeithaml and Berry, 1988), derivation of value from service offerings (Bolton and Drew, 1991; Monroe, 1990; Yang and Peterson, 2004), customer satisfaction (Fornell et al., 1996; Hellier et al., 2003; Patterson and Spreng, 1997), and customer loyalty (Gupta and Zeithaml, 2006; Sivadas and Baker-Prewitt, 2000).

In addition to investigation of constructs independently, researchers have recently started identifying and studying clusters of variables that contribute to customers’ overall service evaluations (Cronin, Brady and Hult, 2000; Brady et al., 2005; Kamakura et al., 2002; Maxham, Netemeyer and Lichtenstein, 2008). Amongst this body of research, certain variables are consistently featured: perceived service quality, perceived value, customer satisfaction, and behavioural intentions.

However, while research examining customers’ service evaluation is evolving, investigation of the antecedent role that service employees play in the overall service evaluation process seems less well developed (Brady and Cronin, 2001; Hennig-Thurau, 2004). Given that service employees are recognised as having an important role to play in the formulation of customers’ service evaluations (Bitner, 1990; Bitner, Booms and Tetrault, 1990; Donavan, Brown and Mowen, 2004), it appears worthwhile to investigate the potential impact of employee inputs into this process. With this in mind, recent work into services marketing has highlighted two particular constructs of interest to employee research, namely customer orientation (CO) (Brown et al., 2002; Periatt, LeMay and Chakrabarty, 2004; Susskind, Kacmar and Borchgrevink, 2003) and service orientation (SO) (Beatson, Lings and Gudergan, 2008; Homburg, Hoyer and Fassnacht, 2002; Saura et al., 2005). These two variables are hypothesised to play an important role in determining the quality of customers’ service evaluations.
(Brady and Cronin, 2001; Yoon, Choi and Park, 2007). Yet, to date, research has yet to assess the combined role of both of these employee-specific factors. Furthermore, the mechanisms by which these two employee orientations may influence service evaluations have only been tentatively explored (see, e.g., Brady and Cronin, 2001).

This research seeks to rectify this gap, by developing and testing a comprehensive model of customers’ service evaluation, with additional investigation of the antecedent role that customer orientation and service orientation play in this process. As such, this study seeks to evaluate the relationships between the following variables: customer orientation, service orientation, perceived service encounter quality, perceived service quality, perceived value, customer satisfaction and customers’ behavioural intentions. To the authors’ best knowledge, this represents the first study to simultaneously examine these constructs as an extended model of service evaluation.

In addition to the first objective, whilst the volume of services marketing research is considerable, it has been observed that the majority of work has concentrated on developed market economies (Brady et al., 2005; Keillor, Hult and Kandemir, 2004). Countries such as India, Russia and China (PRC) provide unprecedented opportunities to investigate whether Western models of service evaluation are transferable to non-Western contexts. Therefore, the study’s second objective is to situate the research within the context of one such developing economy, namely India. India was chosen because it represents a significantly different cultural market to that offered by much of today’s service encounter research (c.f., Hofstede, 1980).

To summarise, this paper has two major objectives: one, to examine the antecedent role of customer orientation and service orientation in the service evaluation process; and second, to examine the nature of the service evaluation process in a developing economy, namely India. The remainder of this paper is structured as follows. The following section will provide background information on the constructs under examination. In this section we will formulate our hypotheses and present our conceptual model. The research methodology will then be detailed in the subsequent section. Section three presents the
analysis and results of the research. Finally, the paper will conclude with a discussion of study outcomes and their implications for academics and practitioners, limitations of the study, and directions for future research.

CONCEPTUAL FRAMEWORK

Service Evaluation

Service evaluation models have recently come into prominence as researchers seek to build a more comprehensive understanding of the process that customers go through when evaluating the delivery of services. Within service evaluation research, a number of variables feature prominently: perceived service quality, perceived value, customer satisfaction, and behavioural intentions (Cronin, Brady and Hult, 2000; Brady et al., 2005; Kamakura et al., 2002; Maxham, Netemeyer and Lichtenstein, 2008). Service quality is essentially viewed as how well a delivered service matches customers’ expectations regarding that service (Parasuraman, Zeithaml and Berry, 1985; 1988). Perceived value is based on equity theory and refers to customers’ assessment of what is right, fair or deserved for the perceived cost of an offering (Bolton and Drew 1991; Yang and Peterson 2004). Monroe (1990) contends that buyers’ perceptions of value are based on a trade-off between the product qualities they perceive in comparison to the sacrifice they perceive in monetary terms. Satisfaction is described as “an evaluation of an emotion” (Hunt 1977, pp. 459-460), suggesting that it reflects the degree to which a consumer believes that the possession and/or use of a service evokes positive feelings (Rust and Oliver, 1994). Behavioural intentions are seen as indicators of whether or not a customer will remain with or defect from an organisation (Zeithaml, Berry and Parasuraman, 1996).

When formulating service evaluation models, many researchers rely on attitude theory for theoretical support. One of the goals of attitude theory is to determine how attitudes drive intentions. Among the numerous schools of thought on attitudes, the theory of reasoned action (Ajzen and Fishbein, 1980) is
perhaps the most prominent. The theory of reasoned action postulates that intentions are the direct outcome of attitudes, subjective norms and beliefs, such that there are no intervening mechanisms between the attitude and the intention. We therefore specify satisfaction as a central mediating variable such that the effects of service quality, service encounter quality and value on behavioural intentions are mediated by satisfaction. The rationale for this model is that since satisfaction is primarily an affective variable whereas quality and value are cognitive evaluations (Oliver, 1997), a direct link to intentions is justified by theoretical models that specify a cognition-affect causal ordering (e.g., Bagozzi, 1992; Lazarus, 1991). In effect, satisfaction is positioned as an affective-oriented mediator that follows from quality and value evaluations. Value is included in our model because its presence has been found to increase service evaluation models’ ability to explain variance in customers’ behavioural intentions (Cronin et al., 1997). Further details on the formulation of our service evaluation model will now be presented.

**Service Quality**

Service Quality is considered to be an influential determinant of perceived value (Andreassen and Lindestad, 1998). According to Hellier et al. (2003), perceived value is positively influenced by perceived quality. Several scholars have reported that customers’ evaluation of perceived service value depends directly on customers’ evaluation of perceived service quality and the interaction between perceived value and perceived quality remains positive (Hellier et al., 2003; Andreassen and Lindestad, 1998; Dodds, 1991). Furthermore, Sweeney, Soutar and Johnson (1999) have claimed that perceived quality is a pivotal determinant of perceived value which in turn is a critical factor in the decision making process. In light of these findings, we wish to hypothesise that:

\[ H_1: \text{Perceived service quality is positively related to perceived value.} \]


Customer Satisfaction

Because of its potential influence on consumers’ behavioural intentions and customer retention (Anderson and Fornell, 1994; Bolton and Drew, 1991; Cronin and Taylor, 1992; Fornell, 1992; Oliver, 1980; Oliver and Swan, 1989), customer satisfaction has been the subject of much attention in the literature (Bitner and Hubbert, 1994; Cardozo, 1965; Oliver, 1977; 1980; 1981; Olshavsky and Miller, 1972; Olson and Dover, 1979; Rust and Oliver, 1994). A direct positive relationship between perceived value and customer satisfaction has been indicated by a variety of product and services studies (Hellier et al., 2003; Fornell et al., 1996; Cronin, Brady and Hult 2000; Patterson and Spreng, 1997; McDougall and Levesque, 2000). As noted earlier, the presence of value in service evaluation models has been found to increase the models’ ability to explain variance in customers’ behavioural intentions (Cronin et al., 1997). It is believed that customer satisfaction is a consequence of perceived value (Hallowell, 1996). Fornell et al. (1996) upheld this view and highlight the importance of the relationship between customer satisfaction and perceived value. In their study, three antecedents of customer satisfaction are identified: perceived value, perceived quality and customer expectations. They go on to emphasise that “the first determinant of overall customer satisfaction is perceived quality […] the second determinant of overall customer satisfaction is perceived value” (Fornell et al., 1996, p. 96). Value disconfirmation literature also supports the relationship between customers’ perceived value and customer satisfaction (Hellier et al., 2003). Perceived value can be considered pre or post purchase (Eggert and Ulaga, 2002; Patterson and Spreng, 1997) as a customer seeks to acquire additional benefit in comparison to the cost when purchasing a product or service. If the product is unaffordable and perceived quality is inferior, the customer may not want to buy that product (Dodds, Monroe and Grewal 1991) – this is a case of pre purchase perceived value. On the other hand, customer satisfaction can be considered as a post purchase phenomenon (Eggert and Ulaga, 2002) because the perceived value of a product or service is evaluated following customers’ experiences with the product or service. Following the above discussion, on balance, we present the following:

$H_2$ Perceived value is positively related to customer satisfaction.
There is little agreement over the relationship between perceived quality and customer satisfaction. Some service evaluations models (e.g., Bitner, 1990; Bolton and Drew, 1991) specify satisfaction as an antecedent to service quality based on the premise that service quality is a general evaluation similar to an attitude, and is therefore super ordinate to satisfaction. For example, Bolton and Drew (1991) advocate that customer satisfaction is affected by disconfirmation, expectation and actual performance and customer satisfaction, in turn, becomes an input to customers’ perceptions of service quality. However, other service evaluation models (e.g., Anderson and Fornell, 1994; Anderson, Furnell and Lehmann 1994; Gotlieb, Grewal and Brown, 1994) adopt the appraisal-response-coping sequence (Lazarus, 1991) or the cognitive-emotive causal order (Oliver, 1997), which positions satisfaction as super ordinate to service quality. According to Parasuraman, Zeithaml and Berry (1988) perceived service quality is a global judgment or attitude relating to the superiority of the service, whereas customer satisfaction is a transaction-specific evaluation. Fornell et al. (1996) found that overall quality, price and expectations affected customer satisfaction and they claimed that customer satisfaction depended on the anticipated quality of future service as well as the ability of the service to provide for future needs. In an attempt to unify these diverging views, Cronin and Taylor (1992) tested both causal orderings of satisfaction and service quality (i.e., service quality \(\rightarrow\) satisfaction and satisfaction \(\rightarrow\) service quality) and determined that service quality is an antecedent of customer satisfaction, reinforcing the view proposed by Parasuraman, Zeithaml and Berry (1985; 1986). On balance, we seek to evaluate the view that:

\[ H_3: \text{Perceived service quality is positively related to customer satisfaction}. \]

**Behavioural Intentions**

The theory of reasoned action (Ajzen and Fishbein, 1980) suggests that intentions are the direct outcome of attitudes (and subjective norms). More recent work in attitude theory (e.g., Bagozzi, 1992),
however, challenges this perspective and contends that attitude theories “trade specificity for parsimony” (Bagozzi, 1992, p. 201). Such reasoning has led researchers to formulate more complex models of service evaluation (e.g., Brady et al., 2005; Cronin, Brady and Hult, 2000). A similar approach is therefore followed in the current study, where a number of antecedent variables to behavioural intentions are included. However, since satisfaction is primarily an affective variable whereas quality and value are cognitive evaluations (Oliver, 1997) only satisfaction is positioned as a direct antecedent to behavioural intentions in our conceptual model, as per the theory or reasoned action (Ajzen and Fishbein, 1980). Satisfaction being the only variable to link directly to behavioural intentions is also justified by theoretical models that specify a cognition-affect causal ordering (e.g., Bagozzi, 1992; Lazarus, 1991). That is, satisfaction is positioned as an affective-oriented mediator that follows from quality and value evaluations. In light of this evidence we wish to confirm that:

\[ H_4: \text{Customer satisfaction is positively related to behavioural intentions.} \]

**Service Encounter Quality**

The literature offers broad definitions of service encounters. For example, Shostack’s (1985) definition encompasses variables beyond the interpersonal element of a service encounter, including physical surroundings and self-service technology. On the other hand, more narrow definitions of service encounters also exist, focusing solely on the interpersonal nature of the encounter. For instance, Surprenant and Solomon (1987) define the service encounter as a dyadic interaction between the customer and service provider. This definition draws on their earlier work suggesting that service encounters are role performances (Czepiel et al., 1985) in which both customers and service providers have roles to enact. During the service encounter, or ‘moment-of-truth’, the formation of customer perceptions is largely based upon the emotional and intangible content of the encounter than on surroundings (Lemmink and Mattsson, 2002; Stauss and Mang, 1999). Indeed, “traditionally, service encounters have been characterized as low tech, high face-to-face contact” (Drennan and McColl-
Kennedy, 2003, p. 296). For the purposes of this paper, Surprenant and Solomon’s (1987) dyadic conceptualisation of service encounters as interaction between the service provider and customer is adopted.

As explained by Farrell, Souchon and Durden, (2001, p. 577), “service quality represents a customer’s assessment of the overall level of service offered by an organisation, and this assessment is often based upon perceptions formulated during service encounters.” Czepiel (1990) also places the specific short-term service encounter at the heart of customers’ long-term perceptions of service quality. It appears from this that positive perceptions of service encounter quality will lead to normative expectations of the overall quality of the service. Service quality is considered to be a holistic judgment of quality, and the quality of individual service encounters should contribute towards this judgment. Thus, we expect that:

\[ H_5: \text{Perceived service encounter quality is positively related to perceived service quality.} \]

In light of the discussion regarding Hypothesis 3 (i.e., that satisfaction is an outcome of service quality) we argue that service encounter quality will also be related to satisfaction. Indeed, “the satisfaction process often has a strong social dimension” (Fournier and Mick, 1999, p. 15, emphasis in the original), indicating that it should be related to the quality of the interaction between service provider and customer. We therefore anticipate the following:

\[ H_6: \text{Perceived service encounter quality is positively related to customer satisfaction.} \]

**Extending the Service Evaluation Model**

In expanding service evaluation models, a natural starting point is the role that service employees play in the service delivery process (Brady and Cronin, 2001; Susskind, Kacmar and Borchgrevink, 2003).
Because of this, the service employee-related constructs of customer orientation and service orientation are included to extend the service evaluation model in this study. Customer orientation and service orientation were chosen as they have been the focus of recent research in the services marketing domain (Brown et al., 2002; Homburg, Hoyer and Fassnacht, 2002; Periatt, LeMay and Chakrabarty, 2004; Saura et al., 2005; Susskind, Kacmar and Borchgrevink, 2003). We therefore position customer orientation and service orientation as antecedents to our extended model of service evaluation. Furthermore, whilst customer orientation tends to focus upon both philosophical and behavioural elements of service delivery (Saxe and Weitz, 1982), service orientation in our study deals specifically with behavioural-only performance.

**Customer Orientation**

Despite the amount of research conducted into the customer orientation construct (Brown et al., 2002; Periatt, LeMay and Chakrabarty, 2004; Saxe and Weitz, 1982; Thomas, Soutar and Ryan, 2001), the question of how customer orientation influences perceived organisational performance from the customers’ perspective is still very much under researched (Brady and Cronin, 2001; Hennig-Thurau, 2004). Customer orientation is most often viewed as a desire by an employee to help customers meet their needs during the performance of organisational tasks (Brown et al., 2002; Saxe and Weitz, 1982; Susskind, Kacmar and Borchgrevink, 2003). Our hypothesis concerning the influence of customer orientation is threefold. Firstly, due to the philosophical nature of customer orientation (Saxe and Weitz, 1982) we expect it to drive the behavioural aspects of employees’ service orientation behaviours (c.f., theory of reasoned action, whereby attitudinal constructs drive behavioural ones, Ajzen and Fishbein, 1980).

Secondly, customer orientation has previously been linked to positive ratings of employee performance (Boles et al., 2001; Brady and Cronin, 2001; Brown et al., 2002). We assert that employee performance ratings are similar to customers’ perceptions of employee performance during
service encounters, and as a result we expect customer orientation to relate to service encounter quality (c.f., Brown et al., 2002; Saxe and Weitz, 1982; Susskind, Kacmar and Borchgrevink, 2003).

Finally, according to the limited amount of research into the area, there is a positive relationship between customer orientation and customer satisfaction (Hennig-Thurau, 2004; Stock and Hoyer, 2005; Susskind, Kacmar and Borchgrevink, 2003) and customer orientation and service quality (Brady and Cronin, 2001; Dean, 2007; Rafaeli, Ziklik and Doucet, 2008). According to extended models of service evaluation (Brady and Cronin, 2001; Cronin, Brady and Hult, 2000; JFAL, 2007), the relationship between customer orientation and customer satisfaction should be mediated by, amongst other constructs, service quality perceptions. However, Hennig-Thurau (2004), Stock and Hoyer (2005), and Susskind, Kacmar and Borchgrevink (2003) did not include service quality perceptions in their models. Only Brady and Cronin (2001) have tested the relationship between customer orientation, service quality and satisfaction and they found it to hold. However, their model does not include measures of service encounter quality or service orientation. Therefore, in the current study, we expect customer orientation to have a direct influence on service quality directly and an indirect influence on customer satisfaction, through service quality (c.f., Brady and Cronin, 2001). Based upon the preceding discussion, we hypothesise the following:

\[ H_7: \text{Employees' customer orientation is positively related to: a) employees' service orientation; b) customers' perceptions of service encounter quality; and c) customers' perceptions of service quality.} \]

\textit{Service Orientation}

In the literature, the topic of service orientation has been approached from two differing perspectives: the organisational level and the individual level (Homburg, Hoyer and Fassnacht, 2002; Saura et al., 2005). At an organisational level, service orientation is more of a strategic business philosophy (Lytle, Hom and Mokwa, 1998; Yoon, Choi and Park, 2007), focusing on what management of an
organisation considers is important for high quality service to be delivered (Chung and Schneider, 2002). At an individual level, service orientation relates to the behaviours of employees performing service roles (Gwinner et al., 2005; Hogan, Hogan and Busch, 1984). More specifically, individual service orientation behaviours are behaviours that an employee considers are important for high quality service to be delivered (Chung and Schneider, 2002).

In the current study, we investigate service orientation behaviours at the individual level since these, more than an organisational philosophy, are what will be evaluated by customers in a retail setting. As a result of this, we adopt an individualistic definition of service orientation as the behaviours performed by employees that affect the quality of the service delivered to customers of an organisation (Cran, 1994; Hogan, Hogan and Busch, 1984).

Service orientation on the part of employees is argued to have a positive influence upon the quality of service delivery (Cran, 1994; Hogan, Hogan and Busch, 1984; Yoon, Choi and Park, 2007). More specifically, previous work has linked service orientation to courtesy from and competence of employees (Schneider and Bowen, 1985; Schneider, Parkington and Buxton, 1980), customers’ overall quality perceptions (Schneider, Parkington and Buxton, 1980), customers’ behavioural intentions (Beatson, Lings and Gudergan, 2008), and overall business performance (Yoon, Choi and Park, 2007), although none of these studies adopted a comprehensive service evaluation framework as it is the case in this study.

In the current study, we expect service orientation behaviours to be related positively to both customers’ service encounter quality perceptions and their service quality perceptions. This is because service oriented employees are more inclined to perform service enhancing behaviours during service encounters with customers (Gwinner et al., 2005; Saura et al., 2005). A higher incidence of service orientation behaviours should therefore lead to customers’ perceptions of individual service encounter quality being increased as well as customers’ perceptions of the overall level of service quality offered (c.f., Schneider, Parkington and Buxton, 1980). Based upon this, we hypothesise the following:
H$_5$: Employees’ service orientation is positively related to customers’ perceptions of a) service encounter quality; and b) service quality.

<Please Take in Figure 1 about here – in appendix below>

**METHODOLOGY**

Data was collected in the city of Gwalior, located in Madhya Pradesh, a province in the Northern part of Central India. Gwalior has a population of approximately 1.2 million people. Questionnaire respondents were selected through random interception of grocery shoppers in the city. Respondents were asked to complete the questionnaire based on their most recent grocery shopping service encounter. Through this process 312 questionnaires were collected. After accounting for missing data, we were left with 271 usable responses. Respondents were mainly female (51.0%) and under the age of 40 (57.9%). Table 1 presents respondent characteristics in more detail.

< Take in Table 1 about Here>

**Measures**

Employees’ customer orientation was measured using 12 items drawn from the customer orientation section of the SOCO scale (Saxe and Weitz, 1982). To measure employees’ service orientation behaviours we adapted the 5-item scale created by Gwinner et al. (2005). To measure service value we used three indicators adapted from Sweeney, Soutar and Johnson (1999) and Sirohi, McLaughlin and Wittink (1998). To measure service encounter quality we used the 8-item measure devised by
Jayawardhena et al. (2007). To capture service quality, in line with recent work (e.g., Brady et al., 2005; Hartline and Ferrell, 1996), we used a subset of 10 variables drawn from the original 22-item SERVQUAL measure (Parasuraman, Zeithaml and Berry, 1988). In order to capture customer satisfaction we employed five items based upon the work of Brady et al. (2005), Cronin, Brady and Hult (2000) and Westbrook and Oliver (1991). Customers’ behavioural intentions were measured using four items adapted from Zeithaml, Berry and Parasuraman (1996).

The questionnaire was prepared in English as the third author indicated that English comprehension in Gwalior was good. A nine-point Likert-type response format ranging from strongly disagree to strongly agree was used for all indicators. Brady et al. (2005) suggest that use of a nine-point scale is more successful in maximising respondent specificity compared to the more commonly used five- or seven-point response format. See Appendix A for item measures.

Upon collection of data, all scales were subjected to a purification process. This involved recommended assessments of dimensionality, reliability, and validity (Anderson and Gerbing, 1988). To assess reliability and validity of the model a confirmatory factor analysis (CFA) using LISREL8.7 was conducted. We followed the two-step method recommended by Anderson and Gerbing (1988). To assess model fit, a covariance matrix was created (Jöreskog and Sörbom, 2002). There are various ways to test construct validity of a model. In covariance-based structural equation modelling, construct validity is usually tested with an investigation of convergent and discriminant validity (Gefen et al., 2000). In general, convergent validity can be assessed via internal consistency by: 1) looking at the correlations among items which constitute a scale; 2) using scales that have been accepted, used and proven valid in the field by other researchers; and 3) looking at the strength and significance of item loadings. Following Homburg and Pflesser (2000), we calculated composite reliability and average variance extracted scores for scales comprising more than two items, and coefficient alpha for two-item scales. Composite reliability and coefficient alpha scores should be greater than 0.7 (Nunnally and Bernstein, 1994). A model can be considered to have good convergent validity if the AVE is greater than 0.50 as this indicates that more of the variance in the observed variables is explained by
the latent construct than by other, external influences (Fornell and Larcker 1981). For the results of the CFA testing, see Table 2.

Composite reliability for the study constructs ranged from 0.82 to 0.91 (see Table 2). Parameter estimates of the hypothesised constructs were high and significant (coefficients ranged from 0.68 to 0.82). The average variances extracted relating to constructs in the model ranged from 0.64 to 0.82. The fit indices associated with the CFA exceeded acceptable thresholds (Hair et al., 2006). A combination of fit indices were used because this achieves a good balance between Type I and Type II error rates when assessing model fit (Hair et al., 2006; Hu and Bentler, 1999). The goodness-of-fit indices were as follows: NFI = 0.981; CFI = 0.993; RMSEA = 0.055. NFI and CFI indices greater than 0.9 indicate a good model fit (Hair et al., 2006). A root mean square error of approximation (RMSEA) of less than 0.05 represents a good fit, whilst a value between 0.05 and 0.08 indicates an acceptable fit (Browne and Cudeck, 1993). We also considered the ratio of the chi square statistic to the degrees of freedom present in the model. Diamantopoulos and Siguaw (2000) note that ratios between 5:1 and 2:1 have been preferred in the literature, although Jöreskog and Sorbom (1982) argue that the ratio should be as close to one as possible. Our test of the chi square to degrees of freedom ratio produced a result of 1.82 ($\chi^2$/df [1317.3/722]).

As a further test of the convergent validity of the items in each scale and the discriminant validity between each scale, we analysed each possible pair of constructs by comparing their fit in terms of a unidimensional model and a two-factor model (Netemeyer, Johnston and Burton, 1990). For all twenty-one pairs of constructs (see Table 3), the two-factor solution provided a better fit than the unidimensional solution (i.e., change in $\chi^2$ value of > 3.84 with a change in degrees of freedom of 1) offering support for the convergent and discriminant validity of each scale (Anderson and Gerbing,
1988). Finally, the correlations between constructs were in the a-priori expected directions, supporting the nomological validity of the constructs used in the study (Hair et al., 2006). These results taken as a whole support the psychometric soundness of the measures used in our study (Anderson and Gerbing, 1988; Netemeyer, Johnston and Burton, 1990).

Results

Table 4 reveals the results of the structural model, along with the hypothesised paths, indicating that all but one of the hypotheses gained support. Specifically, H1 and H3 were supported as customers’ perceptions of service quality were positively related to customers’ perceptions of value ($t$-value = 12.80) and customer satisfaction ($t$-value = 5.32). Similarly, customer satisfaction was positively related to customers’ behavioural intentions ($t$-value = 13.59), lending support to H4. Support was found for H5 and H6, in that customers’ perceptions of service encounter quality were positively related to customers’ perceptions of service quality ($t$-value = 2.21) and customer satisfaction ($t$-value = 2.70). Customer orientation was positively related to service orientation ($t$-value = 14.08), customers’ perceptions of service encounter quality ($t$-value = 3.46) and customers’ perceptions of service quality ($t$-value = 2.82), supporting H7a, H7b and H7c. Service orientation was positively related to customers’ perceptions of service encounter quality ($t$-value = 3.08) and customers’ perceptions of service quality ($t$-value = 4.04), lending support to H8a and H8b. The only hypothesis that did not receive support was H2 as perceived value was not found to be positively related to customer satisfaction ($t$-value = 1.29).

Discussion

Our study sought to extend previous work on service evaluation models by extending the model in two ways: firstly, through the addition of customer orientation and service orientation behaviours; and
secondly, by investigating the model within the context of Indian grocery shopping. Overall, our results tend to confirm earlier work in the area by Brady et al. (2005) and Cronin, Brady and Hult (2000). We will now discuss each of our results in turn.

One of the major contributions of our work to the literature is the finding that customer orientation is positively associated with service orientation, customers’ perceptions of service encounter quality, and customers’ perceptions of service quality. This supports earlier work on customer orientation, identifying it as an important construct when customers formulate their evaluations of service provision (Susskind, Kacmar and Borchgrevink, 2003). It may seem simplistic that employees who are customer oriented seem to make their customers happier than those who are not, but according to Susskind, Kacmar and Borchgrevink, (2003) this does not diminish the importance of the customer orientation construct. Managers should therefore concentrate on trying to instil a customer orientation amongst their employees. More specifically, managers need to get employees to ‘buy in’ to a customer orientation philosophy which would then carry over into related behaviours (Saxe and Weitz, 1982). Perhaps exploring the possibility of incorporating this element into employee incentive schemes might lead to fruitful results.

The second major finding is that service orientation is positively associated with customers’ perceptions of service encounter quality and customers’ perceptions of service quality. Once again, this adds to recent service orientation literature, confirming the important role that service orientation plays in the majority of occupations (Beatson, Lings and Gudergan, 2008; Hogan, Hogan and Busch, 1984; Saura et al., 2005). Both customer orientation and service orientation appear to be at the heart of delivering customised, quality service (Gwinner et al., 2005). As with customer orientation, it becomes crucial for managers to attempt to instil in their employees a service orientation which should help them to determine how to deliver demonstrably higher quality services than competitors. This has implications for both the recruitment and training of service employees (Cran, 1994; Gwinner et al., 2005). Furthermore, how an organisation manages its internal practices may have implications for how its customers are subsequently treated (Cran, 1994; Schneider and Bowen, 1985).
Customers’ perceptions of service encounter quality were found to be positively related to customers’ perceptions of service quality and customer satisfaction. This finding shows that customers’ perceptions of individual service encounters have an important part to play in the service evaluation process. Academically, this augments earlier work on service encounter quality (Jayawardhena et al., 2007), although the current study was conducted in a retail rather than business-to-business context. Similar work in a retail context indicated that service encounter quality was found only to influence service quality perceptions and not customer satisfaction (JFAL, 2007). Form a practical standpoint, managers should be mindful that the quality of each individual service encounter could influence both customers’ overall service quality perceptions and their satisfaction, which in turn influences loyalty behaviours. It shows that each and every service encounter is important, and managers need to make their employees aware of this. This highlights the importance of being able to maintain high levels of consistency in service delivery.

Customers’ perceptions of service quality were found to influence customers’ perceptions of value. However, the service quality-value relationship may diminish in usefulness when it is considered that our later findings indicate that value has no significant positive relationship with customer satisfaction in the current context. Rather, our findings call into question the place that value has within service evaluation models investigated in an Indian context. Indeed, our model appears to relate more to earlier models of service evaluation which focused solely upon the service quality-satisfaction-behavioural intentions framework. This finding is in direct contrast to the arguments put forward by Cronin et al. (1997) regarding the importance of including the concept of value in service evaluation models. It is clear from this that investigation of the construct of value is warranted.

Service quality having a positive association with customer satisfaction is something that was very much expected. This seems to be one of the caveats of services marketing, and when combined with the finding that customers’ satisfaction influenced behavioural intentions, perhaps this goes some way towards establishing the service quality-satisfaction-behavioural intentions relationship as an empirical
generalisation within services marketing. The current results, when combined with similar recent work in China (JFAL, 2007), could be argued to add somewhat to the global applicability of service evaluation models. For managers, it appears that prediction of customers’ loyalty behaviours in non-Western contexts tends to follow a similar pattern to that of Westernised areas. It might be that customers who perceive high quality service and are satisfied indicate positive behavioural intentions, no matter which country or culture they represent. This could have implications for international marketing strategy, as similar strategies could be implemented across borders.

Perhaps of more interest to researchers is our lack of a result concerning perceived value and its association with customer satisfaction. Our finding highlights a large discrepancy between the current study and previous service evaluation work. Cronin et al. (1997) found value to be a significant contributor to behavioural intentions in 6 different service industries. Cronin, Brady and Hult (2000) found a significant relationship in each of their four overall models (t-values ranged from 12.25 to 20.22) and, when examining industry-by-industry, found significant results in six out of six industries (t-values ranged from 4.12 to 5.31). Similarly, Brady et al. (2005) in their overall models found this relationship to be significant whenever tested for. Likewise, when they ran their country-by-country comparisons, the relationship was found to be significant whenever tested for (14 out of 14 times). Of course, it may be that in some aspects of service evaluation, India’s different culture has a role to play and this lack of a significant result simply stresses the need for further examination of the value-satisfaction relationship in similar cultures and countries, such as Pakistan, Nepal, or Sri Lanka. For managers, the current finding indicates that value is not necessarily a major concern for Indian customers when determining whether they are satisfied with a particular retail experience. If we are to speculate on this finding, the purchasing culture might offer some insights – perhaps in the Indian context bargaining is more common than the western context so that the effect of value on satisfaction is complicated by satisfaction with the bargain.

Naturally, with any research project, it is prudent to consider limitations and potential improvements with hindsight. Firstly, this study examined grocery shoppers. The validity of the findings could have
been strengthened had other types of service customers been examined. It could also have been useful to consider potential moderators that could influence service evaluation models, such as a more detailed examination of cultural differences (c.f., Hofstede, 1980). Second, we measure all constructs in our conceptual model with one survey conducted at one point in time. While attempts were made to mitigate the common method variance problem through our survey design (we ensured that all constructs were separated and the order of construct measures were mixed), its impact can only be conclusively ruled out if data were collected from different sources or via longitudinal methods. Third, one potential research stream concerns the construct of value and its applicability in an international context. Further work is certainly necessary before current service evaluation models can be said to be globally applicable, and we would urge future work to seek out significantly culturally different markets to investigate. In addition, a greater range of employee behaviours could have been examined as possible antecedents to the service evaluation model (e.g., organizational citizenship behaviours). Furthermore, our study is based upon a cross-sectional analysis, and interpretation of relationships between variables, especially with regards to inferences of causality, should be done with caution. In addition, the final construct in our model was behavioural intentions, which may or may not accurately model customers’ actual behaviours.

In conclusion, while our study has demonstrated that new insights are possible by examining different markets, we urge that similar studies in other emerging markets, such as Pakistan, Nepal, or African nations, and in other industries, such as travel or insurance, are undertaken to deepen our understanding of extended service evaluation models. This is especially true of studies that seek to examine the applicability of what tend to be highly ‘Western’ models of consumer behaviour. Future work could also look to examine in more detail differences between men and women with regards to their approaches to service evaluation. Possible differences in gender of employees and customers could also represent a valid future research pathway. The expansion of service evaluation models also represents an interesting avenue for future work to explore. Further research could look to examine the influences of managerial or organisational inputs into the service evaluation process (e.g., leadership). For example, investigation of antecedents to customer orientation (as per Brown et al., 2002) or
service orientation (as per Saura et al., 2005) could help to expand service evaluation models, or perhaps offer managers more controllable antecedent factors. It would also be interesting to see models of service evaluation tied into objective performance measures in future studies, as per Maxham, Netemeyer and Lichtenstein (2008). Currently, as it now stands, this study represents a extension of prior service evaluation models and we hope that it stimulates further research into this area of services marketing.
REFERENCES


Appendix – Figure and Tables

Figure 1: The Influence of Customer Orientation and Service Orientation on Service Evaluation
Table 1: Demographic Characteristics of Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>N</th>
<th>%</th>
<th>Gender</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 21</td>
<td>28</td>
<td>10.30%</td>
<td>Male</td>
<td>133</td>
<td>49.00%</td>
</tr>
<tr>
<td>21 to 30</td>
<td>63</td>
<td>23.30%</td>
<td>Female</td>
<td>138</td>
<td>51.00%</td>
</tr>
<tr>
<td>31 to 40</td>
<td>66</td>
<td>24.30%</td>
<td>Monthly Income (US$)</td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>41 to 50</td>
<td>71</td>
<td>26.00%</td>
<td>Less than $370.00</td>
<td>55</td>
<td>20.30%</td>
</tr>
<tr>
<td>Over 51</td>
<td>43</td>
<td>16.00%</td>
<td>$371.00 to $616.00</td>
<td>91</td>
<td>33.58%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$617.00 to $1232.00</td>
<td>93</td>
<td>34.32%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Over $1233.00</td>
<td>32</td>
<td>11.81%</td>
</tr>
<tr>
<td>Model</td>
<td>n</td>
<td>NFI</td>
<td>χ²</td>
<td>CFI</td>
<td>RMSEA</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-----</td>
<td>-----</td>
<td>------</td>
<td>-----</td>
<td>-------</td>
</tr>
<tr>
<td></td>
<td>271</td>
<td></td>
<td>1317.30</td>
<td></td>
<td>0.055</td>
</tr>
<tr>
<td></td>
<td>722</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Orientation (CO 8 items)</th>
<th>Service Orientation (SO 5 items)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composite Reliability</td>
<td>0.88</td>
</tr>
<tr>
<td>Average Variance Extracted (AVE)</td>
<td>0.80</td>
</tr>
<tr>
<td>Parameter Estimates Range</td>
<td>0.68 – 0.75</td>
</tr>
<tr>
<td></td>
<td>Composite Reliability</td>
</tr>
<tr>
<td></td>
<td>Average Variance Extracted (AVE)</td>
</tr>
<tr>
<td></td>
<td>Parameter Estimates Range</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Quality (SQ 8 items)</th>
<th>Value (VAL 3 items)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composite Reliability</td>
<td>0.91</td>
</tr>
<tr>
<td>Average Variance Extracted (AVE)</td>
<td>0.82</td>
</tr>
<tr>
<td>Parameter Estimates Range</td>
<td>0.73 – 0.76</td>
</tr>
<tr>
<td></td>
<td>Composite Reliability</td>
</tr>
<tr>
<td></td>
<td>Average Variance Extracted (AVE)</td>
</tr>
<tr>
<td></td>
<td>Parameter Estimates Range</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Satisfaction (SAT 5 items)</th>
<th>Service Encounter Quality (SEQ 7 items)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composite Reliability</td>
<td>0.86</td>
</tr>
<tr>
<td>Average Variance Extracted (AVE)</td>
<td>0.73</td>
</tr>
<tr>
<td>Parameter Estimates Range</td>
<td>0.72 – 0.75</td>
</tr>
<tr>
<td></td>
<td>Composite Reliability</td>
</tr>
<tr>
<td></td>
<td>Average Variance Extracted (AVE)</td>
</tr>
<tr>
<td></td>
<td>Parameter Estimates Range</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Behavioural Intentions (BI 4 items)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composite Reliability</td>
</tr>
<tr>
<td>Average Variance Extracted (AVE)</td>
</tr>
<tr>
<td>Parameter Estimates Range</td>
</tr>
</tbody>
</table>

Table 2: Confirmatory Factor Analysis Results
<table>
<thead>
<tr>
<th></th>
<th>Customer Orientation</th>
<th>Service Orientation</th>
<th>Service Quality</th>
<th>Service Encounter Quality</th>
<th>Value</th>
<th>Satisfaction</th>
<th>Behavioural Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Orientation</strong></td>
<td>755.34</td>
<td>502.32</td>
<td>329.07</td>
<td>275.41</td>
<td>216.69</td>
<td>63.83</td>
<td></td>
</tr>
<tr>
<td><strong>Service Orientation</strong></td>
<td></td>
<td>852.08</td>
<td>768.55</td>
<td>621.74</td>
<td>471.90</td>
<td>268.56</td>
<td></td>
</tr>
<tr>
<td><strong>Service Quality</strong></td>
<td>312.52</td>
<td>372.30</td>
<td>308.23</td>
<td>268.90</td>
<td>149.09</td>
<td>190.79</td>
<td></td>
</tr>
<tr>
<td><strong>Service Encounter Quality</strong></td>
<td>797.14</td>
<td>709.32</td>
<td>623.57</td>
<td>425.45</td>
<td>422.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Value</strong></td>
<td>349.76</td>
<td>424.84</td>
<td>450.14</td>
<td>334.76</td>
<td>234.64</td>
<td>51.89</td>
<td></td>
</tr>
<tr>
<td><strong>Satisfaction</strong></td>
<td></td>
<td></td>
<td>812.53</td>
<td>692.49</td>
<td>521.56</td>
<td>258.43</td>
<td></td>
</tr>
<tr>
<td><strong>Behavioural Intentions</strong></td>
<td>439.48</td>
<td>401.09</td>
<td>362.39</td>
<td>335.10</td>
<td>207.32</td>
<td>145.02</td>
<td></td>
</tr>
</tbody>
</table>

Above Diagonal: Top Row - Chi Square when correlations are freed; Bottom Row - Chi Square when correlations are restricted to unity; Below Diagonal: Difference between Chi Square Values

Table 3: Convergent and Discriminant Validity Test results
### Table 4: Path Estimates and Fit Indices for Model Testing

<table>
<thead>
<tr>
<th>Path</th>
<th>Coefficient</th>
<th>t-value</th>
<th>R²</th>
<th>Fit Indices</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 SQ → VAL</td>
<td>0.938</td>
<td>12.80</td>
<td>SO 0.88</td>
<td></td>
</tr>
<tr>
<td>H2 VAL → SAT</td>
<td>-0.149</td>
<td>1.29 *</td>
<td>SEQ 0.86</td>
<td></td>
</tr>
<tr>
<td>H3 SQ → SAT</td>
<td>0.907</td>
<td>5.32</td>
<td>SQ 0.97</td>
<td></td>
</tr>
<tr>
<td>H4 SAT → BI</td>
<td>0.929</td>
<td>13.59</td>
<td>VAL 0.85</td>
<td></td>
</tr>
<tr>
<td>H5 SEQ → SQ</td>
<td>0.448</td>
<td>2.21</td>
<td>SAT 0.89</td>
<td></td>
</tr>
<tr>
<td>H6 SEQ → SAT</td>
<td>0.259</td>
<td>2.70</td>
<td>BI 0.78</td>
<td></td>
</tr>
<tr>
<td>H7a CO → SO</td>
<td>0.923</td>
<td>14.08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H7b CO → SEQ</td>
<td>0.499</td>
<td>3.46</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H7c CO → SQ</td>
<td>0.314</td>
<td>2.82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H8a SO → SEQ</td>
<td>0.448</td>
<td>3.08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H8b SO → SQ</td>
<td>0.469</td>
<td>4.04</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* path not significant at p < 0.01; all other paths significant at p < 0.01

Appendix A – Questionnaire Items

Customer Orientation (CO)
1. Their employee tried to help me achieve my goals by satisfying me
2. Their employee had my best interests in mind
3. Their employee asked me to discuss my needs with them
4. Their employee influenced me with information rather than by pressure
5. Their employee tried to find out what kind of service would be most helpful to me
6. Their employee tried to bring me together with a solution that helped me
7. Their employee was willing to disagree with me in order to help me make a better decision
8. Their employee gave me an accurate expectation of what their services will do for me
9. Their employee tried to figure out what my needs were [*]
10. Their employee tried to help me achieve my goals [*]
11. I was offered the service that was best suited to my needs [*]
12. Their employee answered my questions as correctly as possible [*]

Service Orientation (SO)
1. Their employee enjoyed helping me
2. Their employee enjoyed assisting me with solving my problems
3. I got along well with the employee
4. Their employee provided courteous service
5. Their employee was considerate of my needs

Service Quality (SQ)
1. Their employees offer the personal attention I need from them
2. The behaviour of employees instils confidence in me
3. Their employees are courteous
4. I receive enough individual attention from their employees
5. I can depend on receiving prompt service from their employees
6. I feel safe conducting business with their employees
7. Their employees are able to answer my questions
8. Their employees are never too busy to respond to my requests
9. Their employees have my best interests at heart [*]
10. Their employees understand my specific needs [*]

Service Encounter Quality (SEQ)
2. Their employee communicated coherently
3. Their employee was courteous
4. Their employee provided an informative interaction with me
5. Their employee showed familiarity to me during our encounter
6. Their employee tried to build a friendly relationship with me
7. Their employee was not pushy
8. Their employee focused on not being condescending when communicating with me
9. Their employee possessed the necessary qualifications to provide the service [*]

Value (VAL)
1. Their products are excellent value
2. At this organisation, I get a great deal for my money
3. What I get from this organisation, and its cost, makes it great value
Satisfaction (SAT)

1. I am satisfied with the service I receive from this organisation
2. I am happy with the service I receive from this organisation
3. I am delighted with the service I receive from this organisation
4. This organisation’s services meets my expectations
5. I think I did the right thing when I chose the service from this organisation

Behavioural Intentions (BI)

1. I would classify myself as a loyal customer of this organisation
2. If asked, I would say good things about this organisation
3. I would recommend this organisation to a friend
4. My usage of this organisation has been high

All items were measured on nine-point scales anchored by 1 = strongly disagree to 9 = strongly agree
An item marked with [*] was deleted during the measurement purification process