

ORGANISATIONAL SERVICE ORIENTATION: AN EMPIRICAL STUDY OF TWO WHEELER INDUSTRY IN INDIA

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Abstract

Organisational service orientation focuses on the extent to which a company adopts and embraces certain policies and procedures, which are aimed at service orientation of organisations. The research objective of present study was to study the relationship between organisational service orientation and dealer satisfaction. The data was collected from 32 respondents and statistical techniques used for analysis were correlation and regression analysis. The results of the study revealed that one of the dimensions of organisational service orientation, i.e. service failure prevention was found to be significantly impacting both types of dealer satisfaction levels, i.e. economic satisfaction and social satisfaction.

Keywords: *Organisational Service Orientation, Two Wheeler Industry, India*



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1. Introduction and Review of Literature

The dealers are responsible for connecting the customers with the two wheeler companies. Dealers act as the final retail outlets for two wheeler firms. Organisational service orientation focuses on the extent to which a company adopts and embraces certain policies and procedures which are aimed at service orientation of organisations (Lytle et al, 1998). There are ten dimensions of organisational service orientation scale, i.e. dealer treatment, dealer empowerment, service technology, service failure prevention, service failure recovery, service standards communication, service vision, servant leadership, service rewards and service training. Dealer satisfaction should be of concern to organisations because it is the dealers who act on behalf of organisations and carry the brand image to the customers. Dealer satisfaction scale used was conceptualised by (Geykens & Steenkamp, 2000).

(Lytle et al, 1998) developed a scale for organisational service orientation. The authors stressed that service orientation helps in creating superior customer value, higher levels of profitability and growth and loyalty. The scale developed measures organisational practices and procedures. The authors also postulate that service oriented persons have an inclination to be helpful, considerate and cooperative in all respects. The ten elements specifically focus on and

propagate a service encounter focus, servant leadership by management, human resource management and designing service systems to ensure quality customer service.

(Yoon et al, 2007) examined how an organisation's service orientation had an impact on its performance in the medical service industry. The data was collected from 292 respondents who were hospital staff located in metropolitan cities of Korea. The variables included in the study were service orientation, service value, employee satisfaction and customer satisfaction. The results of the study revealed that organisational service orientation had a positive effect on both employee satisfaction and service value perceived by hospital staff. Secondly, it was found that employee satisfaction had a positive impact on service value and customer orientation. And ultimately, service value and employee's customer satisfaction were found to have positive influence on performance.

2. Research Methodology

The research design of the study was descriptive. The relationship between organisational service orientation and dealer satisfaction was measured using two constructs, i.e. organisational service orientation and dealer satisfaction. The organisational service orientation construct has been conceptualised by (Lytle et al, 1998). In their study, the authors developed a scale for organisational service orientation. The authors stressed that service orientation helps in creating superior customer value, higher levels of profitability and growth and loyalty. The authors also postulated that service oriented firms have an inclination to be helpful, considerate and cooperative in all respects. Based on the authors' review and understanding, there are ten fundamental elements representative of organisational service orientation. These elements are also part of the scale. These ten elements included customer treatment, employee empowerment, service technology, service failure prevention, service failure recovery, service standards communication, service vision, servant leadership, service rewards and service training. The ten elements specifically focused on and propagated a service encounter focus, servant leadership by management, human resource management and designing service systems to ensure quality customer service. Dealer satisfaction has been measured through dealer satisfaction scale conceptualised by (Geykens & Steenkamp, 2000). In their study, the authors recognised the role of two different types of satisfaction for better channel governance. Two dimensions were recognised for dealer satisfaction, i.e. economic satisfaction and social satisfaction. Economic satisfaction referred to the dealer's evaluation of economic outcomes arising from the relationship between dealer and the company. Social satisfaction referred to

the dealer's evaluation of personal contacts and interactions with the company. Self administered questionnaire was designed to collect data from two wheeler dealers and respondents were selected on the basis of judgemental sampling. Dealer stores in the tricity area of Chandigarh, i.e. Chandigarh, Panchkula (Haryana), Mohali (Punjab) and Zirakpur (Punjab) were selected for data collection. Dealer stores were selected from the 'store locator' feature of websites of two wheeler firms. Data was collected from 32 respondents. Data was collected by personally approaching the respondents and explaining the purpose of data collection and study. The statistical techniques used for analysis included correlation analysis and regression analysis.

2.1 Research Objective

The research objective of present study was to study the relationship between organisational service orientation and dealer satisfaction.

3. Findings and Analysis

The Findings and Analysis for present study have been divided into two sections. Section 3.1 describes the relationship between dimensions of organisational service orientation and first dimension of dealer satisfaction, i.e. economic satisfaction of dealers. Section 3.2 describes the relationship between dimensions of organisational service orientation and second dimension of dealer satisfaction, i.e. social satisfaction of dealers.

3.1 Relationship between economic satisfaction and dimensions of organisational service orientation

To explore the relationship between economic satisfaction of dealers and dimensions of organisational service orientation, two statistical techniques were used, i.e. correlation and regression analysis followed by hypotheses testing. Economic satisfaction of dealers was the dependent variable and dimensions of organisational service orientation were the predictors for regression analysis.

3.1.1 Correlation analysis

The relationship between economic satisfaction of dealers and dimensions of organisational service orientation was first investigated using Pearson correlation. Table 1 shows the results of correlation analysis. Preliminary analysis revealed that there were no violations of the assumptions of linearity and homoscedasticity, and all associations were found to be significant at 99 per cent level, with the strongest association being service failure prevention and economic satisfaction ($r=0.475$, $p<0.01$).

Table 1: Correlation of economic satisfaction and dimensions of organisational service orientation

	Economic satisfaction
Dealer treatment	0.015
Dealer empowerment	-0.125
Service technology	0.083
Service failure prevention	0.475**
Service failure recovery	-0.146
Service standards communication	0.092
Service vision	0.101
Servant leadership	0.339
Service rewards	0.259
Service training	0.217

1) Pearson Correlation

2) **Correlation significant at 0.01 level

3.1.2 Regression analysis

To explore the relationship between economic satisfaction of dealers and dimensions of organisational service orientation, linear regression model was applied. To examine the fit of the regression model and to discover the best predictors of economic satisfaction, regression analysis was applied with the dimensions of organisational service orientation scale as the predictors. In terms of the relationship between the ten dimensions of organisational service orientation and economic satisfaction, the adjusted $R^2=0.065$ was found to be statistically significant. As shown in Table 3, only one dimension was found to be statistically significant, i.e. service failure prevention ($p<0.05$).

Table 2: Regression model summary: Economic satisfaction and organisational service orientation

Model	R	R ²	Adjusted R ²	Std. error of the estimate
	0.606	0.367	0.065	2.564

1) Independent variable : Organisational service orientation

2) Dependent variable: Economic satisfaction

3) R^2 refers to the coefficient of determination that measures the proportion of the variance in the dependent variable that is explained by the independent variables.

Table 3: Regression analysis: Economic satisfaction and organisational service orientation

Variable	Constant	Beta	t-value	Significance value
Constant	12.782	-	1.382	0.182
Dealer treatment	-	-0.124	-0.471	0.642
Dealer empowerment	-	-0.037	-0.158	0.876
Service technology	-	0.164	0.802	0.431
Service failure prevention	-	0.446	2.167	0.042*
Service failure recovery	-	-0.205	-0.569	0.575
Service standards communication	-	-0.126	-0.344	0.735
Service vision	-	-0.089	-0.337	0.739
Servant leadership	-	0.337	1.215	0.238
Service rewards	-	0.146	0.385	0.704
Service training	-	-0.106	-0.391	0.700

1) Beta co-efficient is the standardised regression co-efficient which allows comparison of the relatives on the dependent variable of each independent variable.

2) t-statistics help to determine the relative importance of each variable in the model.

The values of the variance inflation factor (VIF) and tolerance value (TV) for the linear regression model between organisational service orientation and economic satisfaction are presented in Table 4. As indicated in Table 4, the values of VIF, which served as an indicator of multicollinearity, ranged from 1.378 to 4.760. These values were far below the cut-off value of 10. In addition, it could be seen that the tolerance values for each independent variable are closer to one which indicates there is no evidence of multicollinearity. In other-words, there is no significant evidence of multicollinearity problem in the regression model as presented.

Table 4: Multicollinearity statistics: Dimensions of organisational service orientation

Dimension	Tolerance value (TV)	Variance inflation factor (VIF)
Dealer treatment	0.438	2.286
Dealer empowerment	0.543	1.841
Service technology	0.726	1.378
Service failure prevention	0.712	1.405
Service failure recovery	0.233	4.299
Service standards communication	0.225	4.438
Service vision	0.431	2.319
Servant leadership	0.391	2.555
Service rewards	0.210	4.760
Service training	0.409	2.447

Dependent variable: Economic satisfaction

The mathematical representation for above regression model of relationship between economic satisfaction of dealers and dimensions of organisational service orientation as predictors is as follows:

$$\text{Economic satisfaction} = 12.782 + 0.446 (\text{Service failure prevention})$$

3.1.3 Hypotheses testing

The measurement of relationship between economic satisfaction of dealers and dimensions of organisational service orientation included the testing of following hypotheses.

H1: There is significant relationship between economic satisfaction and organisational service orientation

H1a: There is significant relationship between economic satisfaction dimension of dealer satisfaction and dealer treatment dimension of organisational service orientation

H1b: There is significant relationship between economic satisfaction dimension of dealer satisfaction and employee empowerment dimension of organisational service orientation

H1c: There is significant relationship between economic satisfaction dimension of dealer satisfaction and service technology dimension of organisational service orientation

H1d: There is significant relationship between economic satisfaction dimension of dealer satisfaction and service failure prevention dimension of organisational service orientation

H1e: There is significant relationship between economic satisfaction dimension of dealer satisfaction and service failure recovery dimension of organisational service orientation

H1f: There is significant relationship between economic satisfaction dimension of dealer satisfaction and service standards communication dimension of organisational service orientation

H1g: There is significant relationship between economic satisfaction dimension of dealer satisfaction and service vision dimension of organisational service orientation

H1h: There is significant relationship between economic satisfaction dimension of dealer satisfaction and servant leadership dimension of organisational service orientation

H1i: There is significant relationship between economic satisfaction dimension of dealer satisfaction and service rewards dimension of organisational service orientation

H1j: There is significant relationship between economic satisfaction dimension of dealer satisfaction and service training dimension of organisational service orientation

Table 3 shows the results of hypotheses testing. The results indicate that the hypothesis H1d is supported. It shows that economic satisfaction of dealers had significant relationship with service failure prevention dimension of organisational service orientation.

3.2 Relationship between social satisfaction and dimensions of organisational service orientation

To explore the relationship between social satisfaction of dealers and dimensions of organisational service orientation, two statistical techniques were used, i.e. correlation and regression analysis followed by hypotheses testing. Social satisfaction of dealers was the dependent variable and dimensions of organisational service orientation were the predictor variables for regression analysis.

3.2.1 Correlation analysis

The relationship between social satisfaction of dealers and dimensions of organisational service orientation was first investigated using Pearson correlation. Table 5 shows the results of correlation analysis. Preliminary analysis revealed that there were no violations of the

assumptions of linearity and homoscedasticity, and all associations were found to be significant at 99 per cent level, with the strongest association being service failure prevention and social satisfaction ($r=0.414$, $p<0.05$).

Table 5: Correlation of social satisfaction and dimensions of organisational service orientation

	Social satisfaction
Dealer treatment	0.048
Dealer empowerment	-0.119
Service technology	0.092
Service failure prevention	0.414*
Service failure recovery	0.048
Service standards communication	0.116
Service vision	-0.014
Servant leadership	0.174
Service rewards	0.127
Service training	-0.004

1) Pearson Correlation

2) *Correlation significant at 0.05 level

3.2.2 Regression analysis

To explore the relationship between social satisfaction of dealers and dimensions of organisational service orientation, linear regression model was applied. To examine the fit of the regression model and to discover the best predictors of social satisfaction, regression analysis was applied with the dimensions of organisational service orientation as the predictors. In terms of the relationship between the ten dimensions of organisational service orientation and social satisfaction, the adjusted $R^2=0.024$ was found to be statistically significant. As shown in Table 6, one dimension was found to be statistically significant, i.e. service failure prevention ($p<0.05$).

Table 6: Regression model summary: Social satisfaction and dimensions of organisational service orientation

Model	R	R ²	Adjusted R ²	Std. error of the estimate
	0.582	0.339	0.024	2.412

- 1) Independent variable: Organisational service orientation
- 2) Dependent variable: Social satisfaction
- 3) R² refers to the coefficient of determination that measures the proportion of the variance in the dependent variable that is explained by the independent variables.

Table 7: Regression analysis: Social satisfaction and dimensions of organisational service orientation

Variable	Constant	Beta	t-value	Significance value
Constant	13.796	-	1.585	0.012
Dealer treatment	-	-0.036	-0.133	0.896
Dealer empowerment	-	-0.215	-0.894	0.381
Service technology	-	0.206	0.988	0.334
Service failure prevention	-	0.516	2.454	0.023*
Service failure recovery	-	0.367	0.997	0.330
Service standards communication	-	-0.276	-0.738	0.469
Service vision	-	-0.373	-1.381	0.182
Servant leadership	-	0.238	0.838	0.412
Service rewards	-	0.381	0.985	0.336
Service training	-	-0.455	-1.638	0.116

- 1) Beta co-efficient is the standardised regression co-efficient which allows comparison of the relatives on the dependent variable of each independent variable.
- 2) t-statistics help to determine the relative importance of each variable in the model.

The values of the variance inflation factor (VIF) and tolerance value (TV) for the linear regression model between organisational service orientation and social satisfaction are presented in Table 4. As indicated in Table 4, the values of VIF, which served as an indicator of multicollinearity, ranged from 1.378 to 4.760. These values were far below the cut-off value of 10. In addition, it could be seen that the tolerance values for each independent variable are closer to one which indicates there is no evidence of multicollinearity. In other-words, there is no significant evidence of multicollinearity problem in the regression model as presented.

The mathematical representation for above regression model of relationship between social satisfaction of dealers and dimensions of organisational service orientation as predictor is as follows:

Social satisfaction = 13.796 + 0.516 (Service failure prevention)

3.2.3 Hypotheses testing

The measurement of relationship between social satisfaction of dealers and dimensions of organisational service orientation included the testing of following hypotheses.

H2: There is significant relationship between social satisfaction and organisational service orientation

H2a: There is significant relationship between social satisfaction dimension of dealer satisfaction and dealer treatment dimension of organisational service orientation

H2b: There is significant relationship between social satisfaction dimension of dealer satisfaction and employee empowerment dimension of organisational service orientation

H2c: There is significant relationship between social satisfaction dimension of dealer satisfaction and service technology dimension of organisational service orientation

H2d: There is significant relationship between social satisfaction dimension of dealer satisfaction and service failure prevention dimension of organisational service orientation

H2e: There is significant relationship between social satisfaction dimension of dealer satisfaction and service failure recovery dimension of organisational service orientation

H2f: There is significant relationship between social satisfaction dimension of dealer satisfaction and service standards communication dimension of organisational service orientation

H2g: There is significant relationship between social satisfaction dimension of dealer satisfaction and service vision dimension of organisational service orientation

H2h: There is significant relationship between social satisfaction dimension of dealer satisfaction and servant leadership dimension of organisational service orientation

H2i: There is significant relationship between social satisfaction dimension of dealer satisfaction and service rewards dimension of organisational service orientation

H2j: There is significant relationship between social satisfaction dimension of dealer satisfaction and service training dimension of organisational service orientation

Table 7 shows the results of hypotheses testing. The results indicate that the hypothesis H2d is supported. It shows that social satisfaction of dealers had significant relationship with one dimension of organisational service orientation, i.e. service failure prevention.

4. Conclusion and Managerial Implications

Organisational service orientation focuses on the extent to which a company adopts and embraces certain policies and procedures which are aimed at service orientation of organisations (Lytle et al, 1998). The results of relationship between dimensions of organisational service orientation and economic satisfaction of dealers revealed that one dimension of organisational service orientation, i.e. service failure prevention was found to be significantly impacting economic satisfaction of dealers. The results of correlation analysis showed that service failure prevention was significantly correlated with economic satisfaction of dealers. The results of hypotheses testing revealed that economic satisfaction of dealers had significant relationship with service failure prevention. Further, the results of relationship between dimensions of organisational service orientation and social satisfaction of dealers revealed that social satisfaction of dealers had significant relationship with service failure prevention. The results of correlation analysis showed that service failure prevention was significantly correlated with social satisfaction of dealers. The results of hypotheses testing revealed that social satisfaction of dealers had significant relationship with service failure prevention.

5. Limitations and Directions for Future Research

Research has its limitations and this study is no exception. Although an attempt was made to be as scientific as possible while designing the study, but the present study has got some limitations. The limitation concerns the nature of the measures used. The measures included in this research were all based upon the perceptions of the participating respondents. Therefore, the potential for data inaccuracies due to item misinterpretation or predisposition to certain responses on the part of the participant does exist. The survey responses have been solicited

from the respondents in area of tricity of Chandigarh and adjoining areas. The perception of people in the area may vary from those of the rest of India.

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