

Effects of Service Standards Communication and Servant Leadership on Strategic Competence and Customer Orientation

Deniz Maden, Aylin Göztaş, Füsun Topsümer
Ege University, Izmir, Turkey

Service standards communication and servant leadership are both important mechanisms to improve an organization's service process. Therefore, they are likely to affect strategic competence and customer orientation skills of organizations. In this research, customer orientation and strategic competence are undertaken in relation with servant leadership and service standards communication, using a sample of 106 Turkish firms' executive assistants. The results prove that service standards communication and servant leadership have a strong positive relationship with both strategic competence and customer orientation.

Keywords: service standards communication, servant leadership, strategic competence, customer orientation

Introduction

Strategic competence and customer orientation are both critical concepts in determining an organization's relations with employees and customers. While service is one of the fundamental processes in organizational management, it has an important effect on determining the strategic competence and customer orientation. Within this research, service standards communication and servant leadership as two main variables in the service process are undertaken in relation with strategic competence and customer orientation. After the literature review and hypotheses development, the method of the research is explained and the results are discussed.

Literature Review

Service Standards Communication

Service standards communication is based on employees' perceptions about the organization's ability to communicate what is expected from employees in terms of service standards, practices, and behaviors (Lynn & Lytle, 2000). Service standards communication is the degree to which the organization measures, controls, and communicates service quality standards (Garcia, Varela, & del Rio, 2011). Service standards guide employees by providing a framework of what is expected from them and the actions that they can do. For the service process to work efficiently, service standards should be known by members of the organization.

Conformance to service standards will be met if they are communicated well to all members of the

Deniz Maden, Ph.D., Department of Public Relations, Ege University, Izmir, Turkey.

Aylin Göztaş, Ph.D., professor, Department of Public Relations, Ege University, Izmir, Turkey.

Füsun Topsümer, Ph.D., professor, Department of Public Relations, Ege University, Izmir, Turkey.

Correspondence concerning this article should be addressed to Dr. Deniz Maden, Ege University, Faculty of Communications, Izmir, Bornova, Turkey, 35100. E-mail: deniz.maden@ege.edu.tr.

organization (Ro & Chen, 2011). Therefore, effective communication of service standards is needed to achieve a high quality of service. According to Bitner, Booms, and Tetreault (1990), the attitudes and behaviors of employees in the employee-customer interactions affect customers' service perceptions. Garcia et al. (2011) verified the positive effect of organizational service standards communication system on the job satisfaction of customer contact employees and the moderating effect of employee customer orientation on the relationship between service standards communication and employee job satisfaction.

As seen from the existing literature, service standards communication affects employee-customer interactions, job satisfaction, satisfying customers, and strategic priorities. Hence, it is likely for service standards communication to have a positive effect on strategic competence and customer orientation. Within the scope of this research, the relationship of service standards communication with strategic competence and customer orientation is empirically analyzed.

Servant Leadership

The term servant leadership indicates the behavior of management setting service examples for its employees. Servant leaders are actively engaged in helping, assisting, and meeting the needs of their employees (Lytle, Hom, & Mokwa, 1998). Rather than just dictating how to provide service, servant leaders present service examples to employees (Lynn & Lytle, 2000). Thereby, managers try to stand out as examples for their employees in their behavior with the customers and to shape the service climate of the organization. Servant leaders rely on one to one communication with their employees in order to understand their potential and bring out the best out of them. In this process, servant leaders stand out as role models for their employees.

Babakus, Yavas, and Ashill (2011) examined the effect of customer orientation and servant leadership of frontline employees' burnout and turnover intentions. Church (1995) found that leadership behaviors of managers directly affect the service quality and organizational performance. If employees receive excellent service from their own managers, they are more likely to provide excellent service to customers (Heskett, Sasser, & Hart, 1990; Hallowell, Schlesinger, & Zornitsky, 1996; Church, 1995; Lynn & Lytle, 2000).

The locus of servant leadership is to serve employees, who in turn will serve customers. Throughout this process, servant leaders consider their employees' needs before their own and create a service climate built on trust and willingness to deliver excellent service to customers. Hence, employees will be motivated and will do their best to serve customers due to the examples set by their leaders (Babakus et al., 2011). While servant leadership increases employees' willingness to serve customers in a better way, servant leadership is likely to increase strategic competence and customer orientation. This relationship is empirically analyzed in this research.

Strategic Competence

Strategic competence is the goodness of fit between a company's business strategy and the external competitive environment (Baker, Mapes, New, & Szejczewski, 1997). Strategic competence indicates the skill of management's key strategic functions such as R&D, quality product development, marketing, and distribution (Knight, 2001). In a very brief way, strategic competence may be defined as "knowledge ability of the strategy" (Fauré & Rouleau, 2011).

Strategic competences are key features of a firm which supports its competitive position. For some companies, manufacturing capability is the primary strategic competence, and for some other, the strategic competence is the development and marketing of new products (Baker et al., 1997). Fauré and Rouleau (2011) evaluated the term strategic competence from the perspective of accountants and middle managers. Within their

study, they defined strategic competence as “the knowledge of the strategy that accountants and middle managers draw on in their daily activities and conversations around numbers” (Fauré & Rouleau, 2011). Phakiti (2008) considered strategic competence as a part of communicative language ability. Some researchers, such as McKee, Conant, Varadarajan, and Mokwa (1992) and Porter (1991), have suggested that firms use strategic competence to maximize strategic and financial performance and thus create market imperfections (Knight, 2001).

As stated above, strategic competence indicates management’s key strategic functions, the knowledge on the organization, and its strategy. Service standards communication and servant leadership are both mechanisms in an organization to pass information competencies to members. Therefore, it is likely that service standards communication and servant leadership will have a relationship with strategic competence. Hypotheses 1 and hypotheses 2 of this study are stated in order to clarify this relation:

H1: Service standards communication will have a significant positive effect on strategic competence;

H2: Servant leadership will have a significant positive effect on strategic competence.

Customer Orientation

According to J. Hogan, R. Hogan, and Busch (1984), customer orientation is a disposition to serve customers in a helpful, considerate, and cooperative manner. According to the definition of Kohli and Jaworski (1990), customer orientation is an organization’s wide generation and dissemination of responsiveness to market intelligence (Desphande, Farley, & Webster, 1993). Desphande et al. (1993) described customer orientation as “the set of beliefs that puts the customer’s interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long term profitable enterprise”. The researchers have noted that they see customer orientation as being a part of corporate culture, but with a much more fundamental place. According to Henning-Thurau (2004), service employees’ level of customer orientation is a key driver for customers’ satisfaction with the firm.

Many researchers have investigated customer orientation. Desphande et al. (1993) found out that customer orientation is related positively to business performance. Existing researches, such as Babakus et al. (2009), Dienhart and Gregoire (1993), Donavan, Brown, and Mowen (2004), and Kusluvan (2003), have discovered that customer orientated employees are more successful in job performance exhibiting a higher organizational citizenship behavior (Ro & Chen, 2011). Saxe and Weitz (1982) have developed a SOCO scale to measure sales/customer orientation within an organization’s sales staff. Desphande et al. (1993) considered customer orientation as a part of an organization’s culture. Some researchers evaluated customer orientation as market orientation (Shapiro, 1988; Kohli & Jaworski, 1990; Webster, 1992; Deshpande et al., 1993). Although some studies highlight that customer orientation and market orientation are different terms, many authors use them interchangeably, relying on the fact that the term market represents an organization’s clients (Saura, Contri, & Taulet, 2005). Saura et al. (2005) have empirically analyzed the relationship among customer orientation with service orientation and job satisfaction and found direct positive associations with all terms. The results of Liaw, Chi, and Chuang’s study (2010) indicate that transformational leadership increases employee customer orientation. Kelley (1992) found that higher levels of customer orientation result from favorable perceptions of organization climate, higher levels of motivational direction, and organizational commitment.

Within the interest of this research, customer orientation is undertaken in relation with servant leadership and service standards communication, while they are both mechanisms used in an organization to improve

service process. Hypotheses 3 and hypotheses 4 are stated in order to evaluate the relationship between customer orientation with service standards communication and servant leadership:

H3: Service standards communication will have a significant positive effect on customer orientation;

H4: Servant leadership will have a significant positive effect on customer orientation.

Methodology

Research Objective

This research aims to detect the effects of service standards communication and servant leadership on strategic competence and customer orientation. For this purpose, four hypotheses are developed and the results are tested with a relational model.

Measures and Development of the Research Instrument

Measures of this research are composed from existing scales. These scales were selected, after many studies about the field have been evaluated and the chosen scales were included in this research, because they represent some of the most important scales in the related fields. Customer orientation scale of Deshpande et al. (1993), service standards communication and servant leadership scales of Lytle et al. (1998), and strategic competence scale assessed by Knight (2001) using a collection of items devised for this purpose by McKee et al. (1992) were used.

The research questionnaire was formed using the above scales on a five-point Likert. The original scales were in English. To apply the scales to Turkish participators, the questionnaire was translated to Turkish using the method of back-translation. The translation of the research instrument is a critical process for the validity of the research. Therefore, the back translation method has been used to ensure validity. The research was first translated from English (original language) to Turkish (target language) by an expert, then another expert translated the material from the target language to the original language. The two translations were compared for concept equivalence when the problematic items were fixed.

Sample

The study was applied to 106 companies' representatives (executive assistants) of the Aegean Industry and Business Association (ESIAD). The sample represents many of the most important firms in the Aegean Region of Turkey, demographics of the participants may be seen in Table 1. Service is directly related with the perceptions of employees and their ideas likely to project the service orientation of the firm (Dephande et al., 1993). Hence, the executive assistants who are the primary people near to the CEO's of the firms have been reached. Gender, education, and years of employment of the sample may be seen below.

Table 1

Participants' Demographics

Gender	
Female	42
Male	64
Education	
High school	13
Bachelor's	87
Master's	16

Table 1 to be continued

Years of employment	
1 year	38
1-3 years	44
4-6 years	15
7 years and more	9
Total	106

Findings

The results of the research have been analyzed using SPSS 17. Firstly, demographic breakdown, reliability analysis, and exploratory factor analysis were done. The factor loadings, means, and standard deviations of dimensions were determined and reliability tests were proved. Afterwards, multiple regression analysis was carried out to test the hypotheses of research.

First of all, data have been tested to see the normal distribution. Results of the Shapiro-Wilk test ($p > 0.05$), skewness (0.235), kurtosis (0.465), and the visual results of histogram, normal $q-q$ plots, and box plots (Kalaycı, 2010) have been used to see if data are distributed normally. The normality results showed that the null hypotheses have been rejected (Shapira-Wilk test $p > 0.05$), the data are distributed as a normal curve and they are a little skewed and kurtotic, but are not significantly different from normality (Cramer, 1998). Hence, the normality tests have been proved.

Using exploratory factor analysis and reliability analysis, the factors loading of each item and Cronbach's alpha values have been determined. To enable the right distribution of factors into dimensions, four items were removed from the study with the results of the exploratory factor analysis: one item from servant leadership dimension (SL2), one item from strategic competence (SC2), and two items from customer orientation (CO1, CO2). The results may be seen in Table 2.

KMO value shows that whether the data is appropriate for the analysis. The KMO value may differ between 0 and 1. It is expected that the KMO value is at least 0.60 (Pett, Lackey, & Sullivan, 2003). If it is between 0.5-0.7, it is considered as normal, a KMO between 0.7-0.8 is considered as good, a value between 0.8-0.9 is considered as very good, and a value above 0.9 is considered to be perfect (Field, 2009). The result of this factor analysis has a very good KMO value (0.895).

Reliability estimates for each dimension exceeded 0.70, the threshold Nunnally (1978) recommended. As seen in Table 2, all dimensions have Cronbach's Alpha values greater than the suggested value of 0.60. In fact, the minimum alpha value is 0.840 which is an important prove for the high reliability of the scale.

Total item correlations are between 0.501-0.860, which indicates that they are much higher than what Saxe and Weitz (1982) have suggested (0.32). This proves that the instrument purveys the minimum standards for collision validity. All items were designed on a five-point Likert scale (5 = strongly agree, 1 = strongly disagree). As seen in Table 3, the mean values of all variables are between 3.5-4.0, which indicates that the sample is inclined to "agree" with the variables. The standard deviation is on the highest level for service standards communication and on the lowest level for customer orientation. This shows that the participants have more varied opinions on service standards communication and more similar views on customer orientation.

To test the research hypotheses, two multiple regression analyzes were done. The first multiple analysis clarifies the hypotheses about strategic competence and the second about customer orientation. The results may be seen in Table 4 and Table 5.

Table 2

Item Loadings and Cronbach's Alpha Values

Service standards communication	Item loadings	Cronbach's Alpha
Service performance measures are communicated openly with all employees regardless of position function. (SSC5)	0.814	0.903
We do not wait for customers to complain, we use internal standards to pinpoint failures before we receive customer complaints. (SSC1)	0.714	
Every employee understands all of the service standards that have been instituted by all departments. (SSC3)	0.711	
Every effort is made to explain the results of customer research to every employee in the understandable terms. (SSC2)	0.671	
We have a developed chain of objectives linking together every branch in support of the corporate vision. (SSC4)	0.577	
Servant leadership		
Management is constantly measuring service quality. (SL3)	0.704	0.906
Management constantly communicates the importance of service. (SL1)	0.659	
Management provides resources, not just lip service to enhance employee ability to provide excellent service. (SL5)	0.635	
Managers give personal input and leadership into creating quality service. (SL6)	0.599	
Management shows that they care about service by constantly giving themselves. (SL4)	0.584	
Strategic competence		
Utilizing highly skilled sales force/agents is important to my firm's strategy. (SC4)	0.860	0.861
Developing innovative marketing techniques is important to my firm's strategy. (SC3)	0.800	
Over the past 5 years, we have significantly improved the efficiency of marketing functions such as sales, distribution, and advertising. (SC5)	0.583	
My firm favors a strong emphasis on R&D and product innovations. (SC1)	0.542	
Customer orientation		
We know our competitors well (CO3)	0.832	0.840
The customer's interest should always come first, ahead of the owners. (CO7)	0.785	
We compete primarily based on product or service differentiation. (CO6)	0.698	
We have a good sense of how our customers value our products and services. (CO4)	0.657	
Our products/services are the best in the business. (CO8)	0.612	
I believe this business exists primarily to serve customers. (CO9)	0.544	
We are more customer focused than our competitors. (CO5)	0.501	

Notes. KMO and Barlett's Test: 0.895; Sig: 0.000.

Table 3

Means and Standard Deviations

Dimensions	Mean	Std. Deviation
Service standards communication	3.61	0.837
Servant leadership	3.77	0.804
Strategic competence	3.91	0.800
Customer orientation	3.86	0.648

Note. $P < 0.01$.

In multiple regressions, R^2 value shows how much the independent variables are able to test the dependent variable. Standard error shows the standard deviation in the distribution of the results. P -value shows the significance of the model. Durbin-Watson is used to test autocorrelation. Values close to 4 indicate a very negative correlation, values near 0 indicate a very positive correlation, and values near 2 show that there is no

autocorrelation. Hence, the expected value is between 1.5 and 2.5 (Kalaycı, 2010). All of these indicators have been shown in the results of the multiple regressions.

Table 4

Multiple Regression Analysis for Strategic Competence

$R^2 = 0.496$	Standard error = 0.573	$F = 50.689$	$p < 0.001$	
Durbin-Watson: 2.079				
Independent variables: Service standards communication (SSC), Servant leadership (SL)				
Dependent variable: Strategic competence (SC)				
Independent variable	Std. Error	Beta ^a	t-value	Sig. ^b
SSC	0.111	0.2962	0.553	0.012
SL	0.115	0.445	3.838	0.000

Table 5

Multiple Regression Analysis for Customer Orientation

$R^2 = 0.596$	Standard error = 0.416	$F = 75.914$	$p < 0.001$	
Durbin-Watson: 2.035				
Independent variables: Service standards communication (SSC), Servant leadership (SL)				
Dependent variable: Customer orientation (CO)				
Independent variable	Std. Error	Beta ^a	t-value	Sig. ^b
SSC	0.080	0.3483	0.352	0.001
SL	0.084	0.4654	0.478	0.000

The R^2 value shows that 49.6% of strategic competence may be explained by service standards communication and servant leadership. For the remaining 50.4%, other independent variables should be added to the model.

Significance values for all three independent variables prove a significant relationship with strategic competence while all values are smaller than 0.05.

The relation between service standards communication and strategic competence is significantly positive (t -value: 2.553, $\beta = 0.296$). Also, the relation between servant leadership and strategic competence turned out to be significantly positive (t -value: 3.838, $\beta = 0.445$). Therefore, both hypotheses on strategic competence are supported (H1: Service standards communication will have a significant positive effect on strategic competence; H2: Servant leadership will have a significant positive effect on strategic competence).

The R squared value shows that 59.6% of strategic competence may be explained by service standards communication and servant leadership. For the remaining 40.4%, other independent variables should be added to the model.

Significance values for all three independent variables prove a significant relationship with strategic competence while all values are smaller than 0.05.

The relation between service standards communication and customer orientation is significantly positive (t -value: 3.352, $\beta = 0.348$). Also, the relation between servant leadership and customer orientation turned out to be significantly positive (t -value: 4.478, $\beta = 0.465$). With these results, both hypotheses on customer orientation are supported (H3: Service standards communication will have a significant positive effect on customer orientation; H4: Servant leadership will have a significant positive effect on customer orientation).

Conclusions

Within this research, the effects of service standards communication and servant leadership on strategic

competence and customer orientation have been evaluated. The results of the multiple regression analysis have supported all four of the research hypotheses.

Service standards communication and servant leadership explain 49.6% of strategic competence. The relation between service standards communication and strategic competence (t -value: 2.553; $\beta = 0.296$) and the relation between servant leadership and strategic competence (t -value: 3.838, $\beta = 0.445$) turned out to be significantly positive. And 59.6% of strategic competence is explained by service standards communication and servant leadership. The relation between service standards communication and customer orientation (t -value: 3.352, $\beta = 0.348$) and the relation between servant leadership and customer orientation (t -value: 4.478, $\beta = 0.465$) turned out to be significantly positive.

The results provide evidence that strategic competence and customer orientation are strongly affected by service standards communication and servant leadership. Further analysis of the issue may be carried on with other service related variables that are likely to explain strategic competence and customer orientation. Qualitative techniques can be used to determine these variables and larger samples may be more efficient in doing further analysis.

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