

# **EMPLOYEE-MANAGER FIT ON THE DIMENSION OF CUSTOMER SERVICE CLIMATE AND EMPLOYEE OUTCOMES**

*Kim K. McKeage*, School Of Business, Quinnipac University, Hamden CT 06518

*Cheryl L. Adkins*, College of Business and Economics, Longwood University, Farmville, VA 23909

## **ABSTRACT**

Customer service is a critical element in the success of retail organizations. Agreement or congruence between employees and their managers on customer service climate may be associated with important organizational and employee outcomes. In the present study we examine the relationship between PO fit on the dimensions of customer service climate and outcomes. Sixty-six employee manager dyads participated in this survey. Agreement between employees and managers on the importance of developing a long-term relationship with customers was associated with perceptions of service quality, employee need satisfaction, job satisfaction, organizational commitment, and turnover intention. Congruence on service orientation was similarly associated with employee need satisfaction, job satisfaction, organizational commitment, and turnover intention.

## **INTRODUCTION**

Organizations, especially those in the retail sector, are increasingly recognizing the importance of excellent customer service for remaining competitive. In a recent survey of retailers, almost 80% identified quality and consistency of customer service as critical issues for success (Field, 2008). Further, the collective climate for customer service has been examined as a key variable for predicting quality of customer service. Customer service climate has been defined as “the shared perceptions of employees concerning the practices, procedures, and kinds of behaviors that get rewarded and supported with respect to customer service and service quality” (Schneider et al., 1998, p. 151).

Customer service climate is a dimension along which we may examine person-organization fit (PO fit) in the work place. Earlier studies of fit on the dimension of customer service climate have examined fit with the collective organizational climate (e.g. Little and Dean, 2006) and person-group fit in self-managed teams (e.g. de Jong, de Ruyter, and Lemmink, 2005). Fit with the customer service climate has been shown to be associated with higher levels of customer service as rated by the employee (e.g. Little and Dean, 2006) and by the customers (e.g. de Jong, de Ruyter, and Lemmink, 2005). Fit with customer service climate has not, however, been associated with higher levels of productivity (e.g. de Jong, de Ruyter, and Lemmink, 2005; Little and Dean, 2006). This is likely due to the fact that the increased levels of interaction with the customer necessary for high levels of customer service are more time consuming, thus limiting productivity (de Jong, de Ruyter, and Lemmink, 2005; Little and Dean, 2006). At the employee level, PO fit, has been shown to be associated with higher levels of job satisfaction and organizational commitment (e.g. Meglino, Ravlin, and Adkins, 1989). The latter is especially important because higher levels of organizational commitment have been shown to be related to higher levels of customer service (Little and Dean, 2006). Organizational commitment is also important because it is associated with lower levels of employee turnover (e.g. Griffeth, Hom, and Gaernter, 2000). Lower levels of turnover, in turn, provide workforce stability which may lead to higher levels of customer service and lower costs. This is especially important given that the retail industry is notorious for high turnover rates. Thus, customer service climate, and person-organization fit on the dimension of customer service climate has been shown to be an important construct in the retail sector.

One fit relationship that has received less attention in the retail sector is fit between the employee and his or her manager on the dimension of customer service climate. In many organizations, the manager is the

personification of the company's values and norms to the employee. In a study in a manufacturing organization, Meglino, Ravlin, and Adkins (1989) found that value congruence between employees and their supervisors was associated with higher levels of job satisfaction and organizational commitment on the part of the employees. As noted previously, commitment is a critical outcome in the retail sector because of its relationship with improved customer service and lower turnover. Thus it is important to examine the relationship between an employee's fit with his or her manager on the dimension of customer service climate and employee and work outcomes.

The purpose of the present study is to examine the relationship between PO fit on the dimension of customer-service values between workers and managers and the relationship of that fit with organizational and employee outcomes. We examine two measures of P-O fit, specifically 1) congruence with the supervisor on the perceived importance of developing a long-term relationship with customers and 2) congruence on service orientation, that is, the perceived importance of being attentive to the wants and needs of the customer. We examine the organizational outcome of service quality and the individual outcomes of need satisfaction, job satisfaction, organizational commitment, and turnover intent. As noted previously, the latter are also important organizational outcomes because satisfied, long-term employees enhance the organization's ability to develop a positive customer service climate. Thus, we predict that P-O fit on the dimension of service climate will be positively associated with customer service, employee need satisfaction, job satisfaction and organizational commitment, and negatively associated with turnover intention. Customer service is an important organizational outcome that may lead to customer satisfaction and loyalty, and ultimately profitability. As noted above, employee satisfaction and commitment, as well as low turnover intention is important to the organization because of their relationships with customer service and by helping the organization avoid the high costs of employee turnover.

In the following sections, the methodology of the study will be described and the results will be presented.

## **METHODOLOGY**

This study utilized a survey of retail organizations. Retail goods and service organizations were recruited from a wide range of businesses in order to maximize differences in operations, focus, strategy, size, and other variables. The retailers were contacted through direct mail and asked to participate in the study. The sampling frame was a listing of addresses and telephone numbers for businesses throughout the United States purchased from a list service. The list included SIC categories and so stratified random sampling was used on the list to derive a representative set of businesses from across the retail industry. For each organization, a packet was sent with a letter of introduction, one survey for a manager and three surveys for employees under the supervision of that manager. Postage-paid reply envelopes were included with all surveys. Managers were asked to participate and to then recruit employees who would fill out their surveys independently.

Packets were mailed to 2000 organizations with the goal of obtaining 300 usable dyads. One hundred twenty four managers and 186 responses employees responded. After matching for organization, this produced 66 usable dyads. Although the resulting sample is small, given the difficulty of performing dyadic research, it can still yield useful information.

### **Measures**

P-O Fit. Person organization fit on the dimension of customer service climate was measured in two ways. The first measure assessed employees' and manager's perception of the importance of developing a long-term relationship with customers with three items (Anderson, 1984; 1985). A sample item is: "We

particularly value repeat customers.” A seven-point response scale was used (1=“strongly disagree; 7 = “strongly agree”). The same three items were used to measure an employee’s perceptions and his or her manager’s perceptions ( $\alpha$  for employees = .77;  $\alpha$  for managers = .47). Fit was operationalized as the sum of the difference scores between employees and their managers on these three items.

Similarly, we measured fit on customer service orientation using nine items developed by Saxe and Weitz (1982). Again, a seven-point response scale was used (1=“strongly disagree; 7 = “strongly agree”). As before, the same nine items were used to measure employee perceptions and manager perceptions ( $\alpha$  for employees = .92;  $\alpha$  for managers = .77). Fit was operationalized as the sum of the difference scores between employees and their managers on these nine items.

Organizational and employee outcomes. All outcome measures were gathered on the employee survey. The organizational outcome of service quality was measured using a five-item scale developed by Parasuraman, Berry and Zeithaml’s (1990). Participants were asked to indicate the extent to which they believed that the organization and its employees were able to meet performance standards. A sample item is: “The ability of the company to perform the promised service dependably and accurately.” A 7-point response format was used (1 = “not at all”; 7 = “completely”). The reliability of the scale was  $\alpha = .78$ .

The first employee outcome measured was need satisfaction. Respondents were asked to indicate the extent to which the organization provided opportunities to satisfy a number of outcomes that employees might value. The twelve items were derived from Robbins, (1986) and Churchill, Ford and Walker, (1993). The scale reliability was  $\alpha = .90$ .

Job satisfaction and turnover intent were measured using single items (from Jaworski, et al., 1993 and Balazs, 1991). Organizational commitment was measured using the 15-item scale developed by Mowday, Porter, and Steers (1982;  $\alpha = .90$ ).

We also measured three potential control variables, specifically span of control, the primary business of the organization, and the extent to which the organization used clan controls. Span of control was measured by asking managers to report the number of employees per supervisor in the organization. Span of control may be associated with value congruence and with employees’ job satisfaction and organizational commitment. A wider span of control would make it more difficult for the manager to have a significant amount of influence on a specific individual employee. The primary business of the organization was measured by a single item asking managers to indicate whether the primary business was providing services, or selling products. A 7-point Likert response scale (1 = “providing services; 7 = “selling products”) was used. Including this control variable allowed us to check for fundamental differences associated with being primarily a seller of goods versus being a service provider. The third control variable, clan control was measured on the employee survey using three items developed by Jaworski, et al. (1993). A sample item is “The work environment encourages employees to feel a sense of pride in their work.” A seven-point response format was used (1 = “definitely not”; 7 = “yes definitely”). The reliability for this scale was  $\alpha = .84$ . PO fit may be more important in organizations that use clan controls to influence employee behavior.

## **ANALYSIS AND RESULTS**

Correlation analysis was used to initially examine the relationships between P-O fit, outcomes, and other study variables. Means, standard deviations, and correlations among the variables are presented in Table 1.

**Table 1**  
**Means, Standard Deviations, and Correlations Between Study Variables**

	Mean	Standard Deviation	1	2	3	4	5	6	7	8	9
<u>P-O Fit (employee-manager)</u>											
1. Importance of repeat customers	-0.21	2.89	---								
2. Customer service orientation	-2.00	7.38	-.30*	---							
<u>Work and Employee Outcomes</u>											
3. Service quality	6.01	.73	.40**	.18	---						
4. Need satisfaction	4.98	1.14	.51**	.25+	.65**	---					
5. Job satisfaction	5.29	1.50	.28*	.23+	.49**	.59**	---				
6. Organizational commitment	5.50	.87	.46**	.28*	.60**	.74**	.47**	---			
7. Turnover intent	2.95	1.86	-.31*	-.28*	-.48**	-.65**	-.50**	-.41**	---		
<u>Control Variables</u>											
8. Span of control	8.88	10.28	-.16	-.05	-.32*	-.31*	-.32*	-.30**	.31*	---	
9. Primary business	4.80	1.88	.25*	-.08	-.02	.04	-.05	.30*	-.02	-.02	---
10. Control systems - clan	5.77	1.28	.43**	-.19	.73**	.75**	.59**	.59**	-.58**	-.33*	.10

\*\* p < .01; \* p < .05; + p < .10

As Table 1 shows, fit on the perceived importance of developing a long-term relationship with customers was positively associated with perceptions of service quality, employee need satisfaction, job satisfaction, and organizational commitment, and was negatively associated with turnover intention. Fit on customer service orientation was positively associated with employee need satisfaction (marginally), job satisfaction (marginally), organizational commitment, and negatively associated with turnover intention.

We also examined the relationships between the control variables and P-O fit and outcomes. Span of control was not significantly associated with the P-O fit measures, but it was associated with all outcome variables. The type of primary business was positively associated with fit on the importance of repeat customers, and with organizational commitment. The use of clan control systems was positively associated with fit on the importance of repeat customers, service quality, need satisfaction, job satisfaction and organizational commitment. It was negatively associated with turnover intent.

Hierarchical regression analysis was used to further examine the relationship between P-O fit and outcomes above and beyond the control variables. Each outcome variable was regressed on each control variable in the first step, and the control variable and the two measures of PO Fit in the second step. Fifteen regression equations were calculated (five outcome variables x three control variables). In only one equation was the control variable significant in the first step and the change in variance explained between the first and second steps also significant. When need satisfaction was regressed on clan control and the fit indices, the additional variance explained by the fit indices was marginally significant ( $\Delta r^2 = .056$ ,  $F = 3.0$ ,  $p = .061$ ); however the regression coefficients for the individual fit indices were not statistically significant.

## DISCUSSION

In the present study we examined the extent to which PO fit, operationalized as employee congruence with the supervisor on 1) the perceived importance of developing a long-term relationship with customers and 2) on service orientation, that is, the perceived importance of being attentive to the wants and needs of the customer were associated with organization and employee outcomes. Fit on the perceived importance of developing a long-term relationship with customers was strongly associated with the outcome measures of service quality, need satisfaction, job satisfaction, and organizational commitment. Fit on service orientation was associated with all outcome measures except service quality; however, the

relationships were weaker than those with the perceived importance of long-term customer relationships. Fit on customer service climate also predicted need satisfaction above and beyond clan control.

The results of this study are consistent with those of previous studies of work value congruence which show that the extent to which employees and their managers are similar in their values, the greater the employee's job satisfaction and organizational commitment (e.g. Meglino, et al.,1989). They are also consistent with the results of Little and Dean (2006), who found that employee commitment was associated with higher levels of customer service.

Of particular interest was the finding that the use of clan control systems was positively associated with fit on the importance of repeat customers, service quality, need satisfaction, job satisfaction and organizational commitment. The existence of a control system stemming from organizational culture and values seems to support a customer service climate in the organization which then has key benefits for the organization, including lower turnover intention. In the retail industry where turnover is such a critical problem, the ability of the manager and coworkers to embody important organizational values remains a powerful tool.

### **Limitations and Strengths**

While the results of this study are encouraging, the study is not without limitations. Perhaps the greatest limitation is the low response rate and the resulting low sample size. Dyadic research is difficult to conduct, especially using mail surveys. A greater response rate may have been obtained from both managers and employees had the researchers been able to gather the data within an organization. However, a strength of the current study is the fact that the data were gathered from multiple organizations. In fact, no two dyads were from the same organization.

A particular strength of the study is the fact that it uses dyadic research. Congruence scores included manager and employee responses, spanning two levels of the organization. The control variables, span of control and primary business type, were also gathered from the managers' surveys. A limitation of the study is that all outcome measures were gathered from the employee survey, thus raising some concerns about common method variance; however, the fact that there are significant relationships with variables measured on the managers' survey lessens this concern.

Additional weaknesses bear noting. Several of the measures used in the study were adapted from measures used in other marketing or management contexts, revised for the retailing context. In some cases, single item measures were used; therefore reliability could not be estimated for those measures. While most of the multi-item scales had high reliabilities, there were several with reliabilities slightly below the  $\alpha = .80$  level that is generally considered acceptable. One measure, the manager's perception of the importance of developing a long-term relationship with customers, fell far below acceptable levels of reliability; however, the fact that this measure was used as part of an index, rather than as a stand-alone measure mitigates that concern to some extent. Refinement of the measures used in the study might contribute to stronger results.

### **Future Research**

Future research directions that may be promising could explore more influences on and effects of customer service climate in retail organizations. Alternative methodologies that result in a larger sample are needed. In addition, continued exploration of multiple organizations is needed. Retailing, spanning such diverse businesses as fast food restaurants, department stores, small kiosks in malls, and street vendors, is not a homogeneous industry. It might be useful to study customer service climate and person-

organization fit within specific sub-sectors of the larger retail industry in order to better tap into possible competitive dynamics.

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