

Job Empowerment and Customer Orientation of Bank Employees in Kuching, Malaysia

Zorah Abu Kassim
Open University Malaysia
E-Mail: zorah_abukassim@oum.edu.my

Irma Yazreen Md Yusoff
Universiti Malaysia Sarawak
E-Mail: myiyazreen@feb.unimas.my

Ngui Lee Fong
Universiti Malaysia Sarawak
E-Mail: Sharonfong87@hotmail.com

ABSTRACT

Customer orientation and empowerment of bank employees is investigated, sample is 225 respondents. Methodology employed is descriptive, factor, correlation and regression analysis. Findings show autonomy, job constraint, education and seniority is significant empirically validating job empowerment as a factor. A customer-orientated culture leads to excellent customer services. Limitations; sample size, one industry focus and no interactive effects. Recommendations include other service industries, comparative studies and a nation-wide study.

Keywords: Empowerment, Customer Orientation, Bank Employees

BACKGROUND OF STUDY

The financial services sector in Malaysia grew at an average 8.1 percent annually from 2001 to 2005 (Ninth Malaysia Plan, 2006-2010). The consolidation of the banking industry has led to strong banking groups providing customers with a wide range of competitive, innovative and customized financial products and services (Ninth Malaysia Plan, 2006-2010). Customer dissatisfaction issues have increased

(Helms and Mayo, 2008) is evident by customer complaints (Miller and Associates, 2009). In Malaysia, The Star newspaper (The Star Citizen's Blog, 2006), reported service organizations not responding to customers. Complaining becomes a frustrating experience. Few empirical studies have addressed the impact of customer orientation of service employee (COSE) on firm's success (Brown et al., 2002). Thus, the need to study customer orientation is of interest to academicians and practitioners alike in Malaysia.

LITERATURE REVIEW

Customer orientation is the predisposition of employees to meet customer needs. This predisposition consists of needs and enjoyment indicating employees' ability to fulfill customer needs and the degree employee enjoys interacting with customers (Brown et al., 2002). Customer orientation is a cultural phenomenon (Deshpandé et al., 1993) whereby employees consider interests of customers (Vranesevic et al., 2002). Customer-oriented culture encapsulates the resource based view.

Characteristics of Customer-Oriented Employee

Customer-oriented employee has customer oriented skills, motivation to serve and authority to make decisions. Employees behave in a customer-oriented sense only if all circumstances exist (Hennig-Thurau and Thurau, 2003). Those circumstances include pampering customers (Donavan et al., 2004), ability to read the customer's mind, need for personal relationship, need to deliver and lastly, to communicate. Customers rely on the behavior of service employees when evaluating quality of services (Hennig-Thurau, 2004). A customer-orientated employee is extremely important as employees have direct contact with customers (Dimitriadis, 2007). Literature shows an in-flight employee of an airline has to be as customer oriented as hotel and bank front-liners (Hechanova et al., 2006). As banks view long-term relationships with customers as central to business strategies, much interest in determinants for customer-oriented employees (Nor and Azli, 2005). Customer orientation culture influences a service firm's business performance via the development of lasting customer-employee relationships (Bove and Johnson, 2000).

Employee Empowerment

Empowerment is giving employees authority and discretion in doing a task (Melhem, 2004). Melhem (2004) defined empowerment as a state of mind that experiences qualities; control-accountability, awareness, equity and shared

responsibility. Recently, empowerment received significant attention due to its' impact on organizational effectiveness (Conger and Kanungo, 1988); (Vogt and Murrell, 1990); (Ketchum and Trist, 1992); (Clutterbuck, 1994); (Ehin, 1995); (Mills, 1995); (Jenkins, 1996); (Malone, 1997); (Argyris, 1998). Evidently, an encouragement of empowerment influences work practices. Empowerment is transferring power from management to employees (Clutterbuck, 1994). In practice, empowerment (Lashley, 1995). Empowerment is crucial in the service industry (Lin, 2002), as employees' needs authority to respond promptly in unpredictable service situations (Wilson, 2000). Empowerment enables a firm to differentiate on services by being responsive to customer (Ellinger et al., 2007). Empowerment leads to faster response, as less time is wasted in referring customer requests. Empowerment is crucial in allowing employees to customize service delivery (Mohammed and Ahmed, 1998) with employees able to exercise discretion (Mohammed and Ahmed, 1998). Therefore, empowerment is significant on customer orientation.

H1. Empowerment is significant on customer-orientation.

SAMPLE AND PROCEDURE

The population is 1449 bank employees (Sarawak Bank Employees' Union (SBEU) 16th TDC., 2008) from 47 branches of banks in Kuching. Respondents are at least 20 years of age. 376 questionnaires distributed, 225 questionnaires (59.9%) returned, with 151 questionnaires unusable due to errors and lost questionnaires. Convenience sampling is used.

Measures

All measures are from published literature. Section A is demographic information; age, education, seniority, years of experience and counter service. Descriptive data and single item measure (SIM) with different scale points are used. Section B relates to empowerment. Measures are from published literature by Melhem (2004); (Ellinger et al., 2007) based on Likert scale ranging by (1) very strongly disagree to (7) very strongly agree. Section C is customer-orientation. Measures are adapted from published literature by Saxe and Weitz (1982) based on Likert scale ranging by (1) very strongly disagree to (7) very strongly agree.

Statistical Analysis

Statistical package SPSS (version 16) for Windows are used to process and analyze the data. In terms of goodness of measures, responses to items in the

questionnaire are subjected to a Varimax rotated factor analysis and by looking at Kaiser-Meyer Olkin's measure of sampling adequacy (KMO) for appropriateness where KMO value should be at least 0.7. Items retained should be at least .5 on one factor and $< .35$ on another factor and Eigenvalue of extracted factor > 1.0 (Hair et al., 1998). The extracted factors will then be re-named accordingly based on selected items. Subsequently, reliability analysis of each factor is computed with agreed Cronbach's alpha's is .7 (Hair et al., 1998). Reliability measures for job empowerment range from 0.7-0.8 as shown in Table 2. Inter-item correlation among predictor variables is between the ranges from 0.3-0.4 in Table 3 indicating that the variables are moderately correlated and predictable variables are discriminatory. In examining hypothesized relationships, multiple regression models are employed.

FINDINGS

Respondents Profile

There are 225 respondents in this study. The respondents are bank employees in Kuching, Malaysia as shown in Table 1 below.

Table 1 Respondents Profile

Demographics		Freq.	%
Age Mean= 29.99 years , SD=0.758	20-39 years old	172	76.4
	40-59 years old	53	23.5
Highest Level of Education	Secondary	20	8.9
	STPM /Diploma	101	44.9
	Bachelors	103	45.8
	Postgraduate	1	0.4
Number of years in current job position Mean = 4.98 years, SD=1.281	Less than 1 year ≤6 years	94	41.8
	6 ≤-25 years	125	55.5
	More than 25 years	6	2.7
Number of years in dealing with customers? Mean = 7.02 years, SD=1.357	Less than 1 year ≤6 years	83	36.9
	6 ≤-25 years	135	59.9
	More than 25 years	7	3.1
Number of years of counter service Mean = 4.22 years, SD=1.275	Less than 1 year ≤6years	100	44.5
	6 ≤-25 years	120	53.3
	More than 25 years	5	2.2

N = 225

Employee's Job Empowerment

Eighteen items are used to measure empowerment subjected to Varimax rotated factor analysis. Seven items retained and re-labeled as autonomy, self-efficacy and job constraint. Autonomy had two items with factor loadings of > 0.6 . Eigenvalue is 7.04 explained 39.1 % of the variances with reliability .81. Self-efficacy had two items with factor loadings of < 0.5 . Eigenvalue is 2.24 explained 12.44 % of variances but dropped as reliability < 0.7 . Job constraint had three items with factor loadings of $> .6$. Eigenvalue is 1.35 explained 7.52 % of the variances and reliability is .78 as shown in Table 2 below:

Table 2 Factor Analysis of Employee's Job Empowerment

Items	Factor 1	Factor 2
Autonomy		
I have the authority to correct problems when they occur.	0.780	
I am allowed to do anything to do a high quality job.	0.766	
Job Constraint		
I cannot feel free to meet my customers' needs under my company regulation.		0.863
I am not encouraged to handle job-related problems by myself.		0.798
The work load reduces the service I provide to my customers.		0.755
Eigenvalue	7.04	1.35
Percentage of Variance	39.1	7.52
KMO	0.87	
Reliability	0.81	0.78

Job Empowerment Influencing Customer Orientation of Employee

A regression analysis was done. Control variables of age, education, seniority, years of working and counter services influence the degree employee enjoy interacting and education and seniority are significant. Job constraint is significant with customer needs orientation. Autonomy is significant with selling, customer needs and product performance orientation. Hence, H1 is fully supported.

The descriptive of the major constructs are shown in Table 3 below:

Table 3 Descriptives for Job Empowerment

Job Empowerment	Mean	Std. Deviation
I try to help customer achieve their goals.	5.8756	.93187
I try to achieve my goals by satisfying customers.	6.0000	.94017
A good bank employee has to have the customer's best in mind.	5.6933	1.04335
I am willing to disagree with a customer in order to help him make a better decision.	4.8267	1.06955
I cannot feel free to meet my customers' needs under my company regulation.	3.8089	1.51006
The work load reduces the service I provide to my customers.	3.5689	1.46260

All items used a 7-point scale Likert Scale with 1= very strongly agree and 7= very strongly disagree

Pearson Correlation Analysis

Customer orientation and autonomy is shown to have a significant correlation ($p < 0.05$) except for the job constraint as shown in Table 4 below.

Table 4 Result of Pearson Correlation Analysis

Items	1	2	3	4	5
1. Customer Orientation					
2. Autonomy	0.240(**)	0.210(**)	0.421(**)	0.396(**)	
3. Job Constraint	0.072	-0.263(**)	-0.138(*)	-0.046	0.212(**)
No. of item	16	4	3	3	2
Mean	5.200	5.230	5.697	5.168	4.724
Std. Deviation	0.772	0.867	0.869	0.866	0.880

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table 5 Results of Regression Analysis on control variables and Employee's Job Empowerment

Variables	Selling Orientation	Customer Needs Orientation	Product Performance Orientation
Control Variables			
Age	.149	-.097	-.076
Education	.167*	.143*	.038
Seniority in job position	.125	.200*	.177
Number of years in dealing with customers	-.242	-.027	-.145
Number of years of counter service	.062	-.035	.024
Empowerment			
Autonomy	-.166*	.171**	.194**
Job constraint	.138	.233**	.010
R ²	.195	.465	.405
Adjusted R ²	.157	.440	.377
R ² Change	.195	.465	.405
F Value	5.17	18.598	14.554

Note: *p < 0.05, **p < 0.01

DISCUSSION

The findings show autonomy is significant, indicating that an employee with autonomy generates higher performance compared to those with little work autonomy (Thomas and Tymon, 1994). Empowered employees will deliver excellent services especially in routine decisions. Job constraint is significant is consistent with studies done by Peccei and Rosenthal (2001). If employees have little freedom to meet customer expectation, this hinders an employee from being customer oriented. The findings show years of experience effects responsiveness to customers (mean = 4.98 years, SD = 1.281). Automated Teller Machines (ATM) and internet banking has made banking services impersonal. However, the competitive environment faced by banks necessitates a strong customer orientation (Kelley, 1990). Excellent services differentiate banks from competitors. Organizational success is linked to individual qualities of employees (Schneider and Bowen, 1995). Managers should place an emphasis on empowering employees. Education affects an employee's behavior, implying that an educated employee is more responsive to customers. Therefore, customer orientation can be improved by continuous education and training to

maintain and develop relationships by delivering superior customer service (Jobber and Lancaster, 1997); (Wilson, 2000). Thus, it is worthwhile for banks to put effort and resources in training for employees.

LIMITATIONS AND RECOMMENDATIONS

Limitations to this study include methodology employed and small sample size. Increasing the sample size, testing this model extensively, thus future research could be generalized. This study does not include other service industries. No interactive factors were examined. Recommendations include extending to other service industries, comparative studies and a nation-wide study.

REFERENCES

- Argyris, C. (1998). Empowerment: the Emperor's New Clothes. *Harvard Business Review*, 76(3), 98-105.
- Bove, L. L. & Johnson, L. W. (2000). A Customer-service Worker Relationship Model. *International Journal of Service Industry Management*, 11(5), 491-511.
- Brown, T. J., Mowen, J. C., Donavan, D. T., & Licata, J. W. (2002). The customer orientation of service workers: personality trait influences on self and supervisor performance ratings. *Journal of Marketing Research*, 39(1), 110-119.
- Clutterbuck, D. (1994). *The Power of Empowerment*. London: Kogan Page.
- Conger, J. A. & Kanungo, R. N. (1988). The empowerment process: integrating theory and practice. *Academy of Management Review*, 13(3), 471-482.
- Deshpandé, R., Farley, J. U., & Webster, F. E. Jr. (1993). Corporate Culture, Customer Orientation, and Innovativeness in Japanese Firms: A Quadrant Analysis. *Journal of Marketing*, 57(1), 23-37.
- Dimitriades, Z. S. (2007). The influence of service climate and job involvement on customer-oriented organizational citizenship behavior in Greek service organizations: a survey. *Employee Relations*, 29(5), 469-491.
- Donavan, D. T., Brown, T. J., & Mowen, J. C. (2004). Internal benefits of service worker-customer orientation: job satisfaction, commitment, and organizational citizenship behaviors. *Journal of Marketing*, 68(1), 128-146.
- Ehin, C. (1995). The quest for empowering organizations: some lessons from our foraging past. *Organization Science*, 6(6), 666-671.
- Ellinger, A. E., Elmadag, A. B., & Ellinger, A. D. (2007). An examination of organizations' frontline service employee development practices. *Human Resource Development Quarterly*, 18(3), 293-314.

- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate data analysis* (5th Ed.). New Jersey: Prentice Hall.
- Hechanova, M. R. M., Alampay, R. B. A., & Franco, E. P. (2006). Psychological empowerment, job satisfaction and performance among Filipino service workers. *Asian Journal of Social Psychology, 9*(1), 72-78.
- Helms, M. M. & Mayo, D. T. (2008). Assessing poor quality service: perceptions of customer service representatives. *Managing Service Quality, 18*(6), 610-622.
- Hennig-Thurau, T. & Thurau, C. (2003). Customer orientation of service employees: toward a conceptual framework of a key relationship marketing construct. *Journal of Relationship Marketing, 2*(1), 1-32.
- Hennig-Thurau, T. (2004). Customer orientation of service employees: Its impact on customer satisfaction, commitment, and retention. *International Journal of Service Industry Management, 15*(5), 460-478.
- Jenkins, D. (1996). *Managing Empowerment: How to Make Business Re-engineering Work*. London: Century Limited.
- Jobber, D. & Lancaster, G. (1997). *Selling and Sales Management*. London: Pitman Publishing.
- Kelley, S. W. (1990). Customer Orientation of Bank Employees and Culture. *International Journal of Bank Marketing, 8*(6), 25-29
- Ketchum, L. D. & Trist, E. (1992). *All Teams are Not Created Equal: How Employee Empowerment Really Works*. Newbury Park: Sage.
- Lashley, C. (1995). Towards an understanding of employee empowerment in hospitality services. *International Journal of Contemporary Hospitality Management, 7*(1), 27-32.
- Lin, C. Y.-Y. (2002). Empowerment in the Service Industry: An Empirical Study in Taiwan. *Journal of Psychology, 136*(5), 533-554.
- Malone, T. W. (1997). Is empowerment just a fad? Control, decision making and IT. *Sloan Management Review, 38*(1), 23-35.
- Melhem, Y. (2004). The antecedents of customer-contact employees' empowerment. *Employee Relations, 26*(1), 72-93.
- Miller, R. K. & Associates. (2009). Customer Service. *Consumer Marketing, 47*-51.
- Mills, Q. D. (1995). The new management system. *European Management Journal, 13*(3), 251-256.
- Mohammed, R., & Ahmed, P. K. (1998). A customer-oriented framework for empowering service employees. *Journal of Services Marketing, 12*(5), 379-396.

- Ninth Malaysia Plan. (2006-2010). The National Mission, Malaysia Communications and Multimedia Commission Planning Unit. Retrieved July 23, 2009, from <http://www.epu.jpm.my/RM9/english/Mission.pdf>.
- Nor, A. M. N. & Azli, M. (2005). Individual Factors that Predict Customer-Orientation Behaviour of Malaysian Life Insurance Agents. *Jurnal Pengurusan*, 24(1), 125-149.
- Peccei, R., & Rosenthal, P. (2001). Delivering Customer-Oriented Behavior through Empowerment: An Empirical Test of HRM Assumptions. *Journal of Management Studies*, 38(6), 831-857.
- Saxe, R. & Weitz, B. A. (1982). The SOCO Scale: A Measure of the Customer Orientation of Salespeople. *Journal of Marketing Research*, 19(3), 343-351.
- Sarawak Bank Employees' Union (SBEU) 16th TDC. (2008). Executive Council Report. Retrieved October 28, 2009, from <http://www.sbeu.org.my:8023/ABOUT/PROFILE/16TDC.pdf>
- Schneider, B. & Bowen, D. E. (1995). *Winning the service game*. Boston: Harvard Business School Press.
- The Star Citizen's Blog (2006). Retrieved August 21, 2009, from <http://blog.thestar.com.my/permalink.asp?id=4588>
- Thomas, K., & Tymon, W. (1994). Does empowerment always work: understanding the role of intrinsic motivation and personal interpretation. *Journal of Management System*, 6(3), 1-13.
- Vranesevic, T., Vignali, C., & Vignali, D. (2002). Culture in defining consumer satisfaction in marketing. *European Business Review*, 14(5), 364-374.
- Vogt, J. F., & Murrell, K. L. (1990). *Empowerment in organizations: How to spark exceptional performance*. CA: University Associates.
- Wilson, D. T. (2000). Deep Relationships: the case of the Vanishing Salesperson. *Journal of Personal Selling and Sales Management*, 20(1), 53-61.