CUSTOMER ORIENTATION OF SERVICE EMPLOYEES IN FAMILY BUSINESSES IN THE HOTEL SECTOR

ORIENTACIÓN AL CLIENTE EN EMPRESAS FAMILIARES DEL SECTOR HOTELERO.

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Abstract
The business interactions between front-line employees and customers are crucial to evaluating service quality and for a business’ performance. A gap has been identified in the literature on both the customer orientation of service employees (COSE) and family businesses (FBs); both concepts never have been studied together before. Due to this fact, we present a concept that develops a theoretical model based on Hennig-Thurau (2004). This model drives research about the COSE and FBs in the hotel sector. The two main contributions are the following: (1) electronic word-of-mouth (eWOM) is proposed as a consequence of COSE within FBs and (2) a questionnaire has been developed from relevant subscales to measure COSE and two possible consequences derived from it (Customer Satisfaction and eWOM). A database from Iberic Balance Analysis System (SABI) has been selected to study these variables in the hotel sector, and it will be used in a proposed future empirical study that is expected to provide support for the theory.

Keywords: Customer Orientation; Hotel Sector; eWOM; Customer Satisfaction; Family Business.

JEL Code: M31; M14

Resumen
Las interactuaciones de los empleados de servicios con los clientes son cruciales para el reflejo de la calidad del servicio, y para los beneficios de la empresa. Se ha identificado un hueco sin cubrir dentro de la literatura de Customer Orientation of Service Employees (COSE) y Family Businesses (FBs), los dos conceptos nunca se han investigado juntos antes. Debido a este hecho, se presenta un artículo conceptual que desarrolla un modelo teórico basado en Hennig-Thurau (2004). Las dos principales contribuciones son: (1) electronic Word of Mouth (eWOM) se propone como consecuencia de COSE, (2) se ha desarrollado un cuestionario, a raíz de importantes subescalas, para medir COSE y dos posibles consecuencias que derivan del concepto (satisfacción del cliente y eWOM). Una base de datos procedente de SABI se ha seleccionado para estudiar estas variables en el sector hotelero, lo cual se propone para en un futuro trabajo, y que se espera que le se soporte empírico a la teoría aportada.

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1. INTRODUCTION

Customer orientation (CO) is a key concept in marketing studies. Since the concept emerged with Kohli and Jaworski (1990) and Narver and Slater (1990) in the context of Market Orientation (MO) models, the literature has increased due to the interest of researchers.

Previous authors have demonstrated that MO is the foundation of the customer orientation of service employees (COSE). However, research has been carried out, and it continues catching the interest of academia and practitioners (Saxe and Weitz, 1982; Kelley, 1992; Hennig-Thurau, 2004) due to its influence on business performance.

Firstly, this importance takes place in the atmosphere in which front-line employees get along every day, due to the intangibility of services, makes the behaviour or the orientation towards the customer a high reflexion of the service quality. In this atmosphere, businesses and corporations pursue, in the best way that they can, customer satisfaction by means of their policies. When this happens, employees get feedback from customers that can be transmitted to managers; thus, the ability of the firm to get CO depends on the service employee (Kim and Moon, 2009). Therefore, the role of service employees is crucial (Anosike and Eid, 2011).

COSE has been studied in several sectors, such as travel agencies and media products (Hennig-Thurau, 2004), full-service restaurants (Kim and Moon, 2009), luxury restaurants (Kang and Hyun, 2012), the healthcare sector (Ndubisi, 2012), natural products, hospitality at the organisational level (Susskind et al., 2000, 2007), finance companies (Sivesan and Pratiniy, 2014) after-sale service (Wismantoro and Pratiwi, 2017), and private banking (Morales and Ruiz-Alba, 2018). But, to the best of our knowledge, no study has investigated the impact of COSE in family firms from the hotel sector. This is a relevant gap that needs to be addressed.

Family firms represent the vast majority of enterprises in Europe. It is vitally important to understand how family firms, particularly in the hotel sector, are developing COSE and what strategies they are implementing to expand their businesses. The hotel sector is an appropriate field to study COSE because hospitality is one of the main pillars of the economy in Spain. Also, the role of contact employees in this sector is crucial (Di Mascio, 2010). In this sense, it is precise to highlight the data that supports and reflects the importance of FB in the Spanish, European and worldwide economic structure (Gallo, 2009). They represent 88,8 percent of total businesses in Spain and the European Union counts with 17 million of FBs, according to the Family Business Institute in 2017 (FBI, 2017).

Thus, the aim of this research is to investigate the influence of COSE in family businesses within the hotel sector and contribute to the development of the theoretical framework of COSE through the incorporation of antecedents and consequences. In particular, we will investigate the role of electronic word-of-mouth (eWOM) and CO as a consequence of COSE. Customer satisfaction has not been broadly studied in the context of COSE, and to our knowledge, this will be the first time eWOM will be incorporated as a possible consequence of COSE. This intends to be the original contribution of this study. In the proposed model, the components that form COSE will be analysed. Later on, the influence COSE has on customer satisfaction will be studied. This relationship has been studied in previous research, although with limited scope, and is well-accepted in the academic literature as a potential measure of business performance.
Lastly, the influence that COSE could have on eWOM is suggested. All of these casual relationships are presented in this research. For future research, this paper provides a measurement instrument that could be empirically tested.

Therefore, the aim of this study is to investigate the role that COSE plays in the changing and innovative hotel sector in which competition is becoming fierce with the inclusion of new players such as shared economy platforms. In the following sections, a literature review about COSE will be carried out, taking into account its implication in FBs in the hotel sector and the possible consequences. A theoretical model will be developed based on Hennig-Thurau (2004) with the incorporation of customer satisfaction and eWOM as possible outcomes of COSE. Finally, a questionnaire will be developed to be used as a measurement instrument for future empirical studies.

1.1. SPECIFIC RESEARCH OBJECTIVES

The aim of this research is to investigate the concept of COSE in family businesses in the hotel sector. This study aims to answer the following research questions (RQ):

RQ1: Is the level of COSE different in family firms?

RQ2: Do the antecedents and consequences of COSE play a different role in family firms?

RQ3: Is the influence of COSE on customer satisfaction and eWOM different in family firms?

RQ4: Has customer satisfaction influenced eWOM?

In order to answer the proposed questions, the following objectives will be achieved.

• Studying the literature of COSE and contrasting the different existing models.

• Investigating what makes FBs different, in regard to COSE, to other types of companies.

• Observing the role that front-line employees play in the hotel sector.

• Developing a model to evaluate the factors (antecedents and consequences) that surround COSE in FBs within the hotel sector and observe the relationships between them.

• Proposing recommendations for academia and practitioners.

2. LITERATURE REVIEW

2.1. FAMILY BUSINESSES AND THE HOTEL SECTOR

Family Business

Two types of businesses will be studied: family businesses (FBs) and non-family businesses (NFBs).

With regards to FBs, few convincing conclusions have been contributed to the academic debate in this field, rather different from other types of businesses (Gallo, 2009). As such, this is a field with conclusions that have yet to be discovered. Additionally, the study of FBs is valuable due to the fact that this type of business includes two of the main pillars of society: business and family.

Before discussing relevant literature, it is convenient to establish the definition of FB that will be guiding this research.
The most accepted definition is the one established by the European Commission (2008) and Rojo, Dieguez and López (2011). According to them, a FB must fulfil the following conditions:

- Property must be controlled by one or more families.
- Some of the family members must participate actively in the company’s government by being in the direction committee.
- There must be an intention to transfer the Company to the following generations, that is, a desire for continuity.

To be an NFB, a company does not accomplish the previous conditions.

The majority of studies on FB have explored topics such as succession protocols, with the objective of contributing to the survival of FBs, which is also related to the study of FBs’ characteristics in their generational transition. This is due to the high number of FBs that disappear during generational changes (Gersick, et al., 1997). But, with regards to characteristics, differences between FBs and NFBs, and singularities of each business structure, have been carried out on studies on specific topics such as: life expectancy (Alcorn, 1982), growth difficulties along time, other market sector discovery and internationalisation (Gallo, et al., 1995). Thus, there are several literature fields to compare and differentiate between both types of businesses.

Although it is precise to take into account that the differences that have been studied so far between FBs and NFBs reside in topics such as capital concentration and control, risk aversion, quantity of employees, and even the reduce long-term perspective that FBs have, this is not happening in NFBs, where research has been much wider (Gallo, et al., 2004).

Even though it has been demonstrated that, in specific topics such as MO, FBs present a lesser grade of market orientation than NFBs (Zachary, et al., 2011). Then, we could be facing another gap as it is the FBs’ COSE from the hotel sector.

In addition, as the earliest studies establish, one of the oldest FBs in the world is the Houshi Ryokan hotel from 718 AD, which was managed by the family dynasty for 46 generations (The New York Times, 30 October 1994).

The Hotel Sector and Service Employees

It is noteworthy that, in recent years, there has been a considerable increase in demand in the service sector, affecting growth of the hotel sector. As such, the hotel sector presents an upward tendency. Statistics demonstrate the influence this sector is having on our economy. Actually, the tourism sector represents a 11.2 percent of the Spanish GDP, counting 14,661 hotels in our country. They occupy 72.7 percent of overnight establishments, according to the Statistic National Institute (NSI, 2017).

From a management point of view, within the hotel sector, customer-employee contact continually takes place and depends on employee service execution. In turn, customers will perceive the quality or service, impacting how they evaluate it. Due to this, it is considerable to highlight the relevance of the service employee (Schneider and White, 2004). However, due to the intangibility of services, customers must pay attention to employee execution to evaluate the service and reflect on its quality during interactions between employees and customers (Di Mascio, 2010). As such, the results of CO are crucial for customer satisfaction (Brady and Cronin, 2001), and employees could deliver a quality service, as perceived by the customer, through their acts and behaviours (Hartline and Ferrell, 1996). The irruption of internet has influenced hotel sector, passing from being a mature industry to a sector in which information technology is playing a crucial role in the customer’s decision making process (Pourabedin and Migin, 2015).
2.2. CUSTOMER ORIENTATION OF SERVICE EMPLOYEES (COSE)

CO has been studied by many authors. Studies of CO have demonstrated the capacity that it has to generate satisfaction for customers; due to this fact, it results in a highly valuable generator of attitude for businesses (Bowen and Schneider, 1985).

To start with, we find that researchers tested models carried out by Narver and Slater (1990) and Kohli and Jaworski (1990), which can be considered as a starting point of the formation of the concept of CO. In these models, the authors present a MO model and, presenting the components between them, we can find the dissociation of CO.

In this sense, it could be said that not only these four aforementioned authors have been developing this concept. Rather, there have been a series of authors that have widely contributed to its development.

Saxe and Weitz (1982), developed a scale to measure sales and the degree of COSE that presented different salesmen working in different industries, by means of Sales Orientation Customer Orientation (SOCO). Not to mention models such as SERVQUAL which studied the relationships between the employee behaviour and the service quality (Parasuraman, et al., 1988).

Also, Kelley (1992) was one of the first who was interested in COSE investigation and settled and tested an empirical model, which highlighted the importance of front-line employees facing customers. Brown et al. (2002), in a similar way, postulated the bidimensionality of COSE. In addition, Susskind and colleagues (2000, 2007) studied the construct of COSE of organisational behaviour in hospitality, adopting Kelley’s definition. Ifie (2014), went in depth studying the alignment of firm CO and customer CO to facilitate organizational commitment.

However, Hennig-Thurau (2003) settled on a definition and empirically tested the consequences that COSE could have on the influence of customer satisfaction.

The COSE definition that we adopt for this study, therefore, due to its wide acceptance, is the one proposed by Hennig-Thurau (2004), which defines COSE as the characteristics of a service employee that (1) has the ability of identify, understand and satisfy customers’ needs and (2) acts to that end.

According to this author, when analysing this term, we find four essential components: technical abilities, social abilities, motivation and decision-making authority (Hennig-Thurau, 2004).

- Technical abilities: refers to the technical knowledge that a service employee should have to satisfy customer needs during personal interaction (Argyle, 1983).
- Social abilities: refers to an employee’s ability to understand the customer’s perspective.
- Motivation: is divided into three main components. Firstly, positive customer orientation behaviour and the consequences derived from it. Secondly, employee’s perception, which can impact customer orientation behaviour (Vroom, 1967). And, finally, the expectations of getting that result with this specific behaviour (satisfied customers).
- Decision-making authority: refers to the sense of authority that the service employee has to make decisions about customer matters and their respective needs (Hennig-Thurau and Thurau, 2003).

Hennig-Thurau also points out that COSE can only be accounted for when the employees are able to meet these conditions. Thus, based on this model, the conceptualisation of COSE has two possible consequences: customer satisfaction and eWOM.
3. CONCEPTUAL FRAMEWORK AND RESEARCH PROPOSITIONS

Now that the relevant literature has been analysed and critically discussed, a conceptual model is proposed, which will analyse different variables that have already been presented, as well as the casual relationships that have been identified.

The first aspect to be analysed is the differences that could exist between FBs and NFBs with regard to COSE. Due to this fact, from the premise that FBs present differences with regards to the design of their structures, strategies and sectors (Gallo et al., 1995; Gallo et al., 2004). A fact to also take into account is the smaller presence of MO in FBs compared to NFBs (Zachary et al., 2011). We propose that the level of COSE must be different in each type of business; some propose the following research propositions (RP):

RP1: FBs have a different level of COSE than NFBs.

Once establishing the differences between FBs and NFBs, two consequences are proposed with regards to the principal studied variable, COSE.

3.1. CUSTOMER SATISFACTION AND WORD OF MOUTH

Customer Satisfaction

Customer satisfaction is presented as one of the two consequences of COSE. This variable has been studied by many authors, and it is widely accepted that customer satisfaction has been established as an overall evaluation of a firm’s product or service (Anderson, et al., 1997). Customer satisfaction is one of the most important objectives to improve economic and financial business performance. More customer satisfaction equates to a higher demand for goods and services and, consequently, an increase in performance (Kotler, et al., 1991). With regards to the service sector, it is true that, due to service intangibility, the employee plays a crucial role when garnering a positive evaluation and customer satisfaction.

In the case of the hospitality sector, Reuland, et al. (1985) established three items about the product or service that the customer receives, the ones are crucial for, lately, receiving specific feedback. For hotels establishments, the most important factor, according to this author, the behavior and attitude of the employee who are responsible for hosting the guest, and come in direct contact with them.

Therefore, as has been previously reflected, it is an important role that front-line employees play in regard to customers having a specific perception of a service. Following the investigation line proposed by Hennig-Thurau (2004), which demonstrated the positively influenced connection between customer satisfaction and COSE, and according to what has been exposed previously, we propose

RP2: COSE has a positive influence on customer satisfaction.

However, it is worth noting that satisfaction plays an important role in customers’ future decisions to consume the same service from the same company, or make a service recommendation by means of word-of-mouth (Berkman and Gilson, 1986; Ha and Hyunjoo, 2012; Tsao and Hsieh, 2012; Kwon and Kim., 2013; Abubakar and Mavondo, 2014).

Electronic Word-of-Mouth (eWOM)

The second consequence that is presented in the model is eWOM. This term originally comes from WOM (word-of-mouth) and refers to the ‘interpersonal and informal communication about goods and services that have been consumed by a specific customer’ (Liu, 2006; Godes and Mayzlin, 2004; Richins and Roof-Shaffer, 1988).
WOM consequences were studied by Oliver (1980), and in his deep analysis, he concluded that not only does satisfaction influence the customer’s attitude while the service is being delivered, but it also affects customer behaviour after the transaction.

WOM has evolved due to the influence of new technology and has been transformed into a new concept, eWOM (Buhalis and Law, 2008). This new concept makes reference to ‘any positive or negative statement made by potential, actual or former customer about a product or company, which is made available to a multitude of people and institutions via the Internet’ (Hennig-Thurau, et al., 2004). The principal differences between WOM and eWOM is the higher range, in terms of impact, that the second has on the first due to the easy use of new technologies to access information, and eWOM can be more powerful than WOM in the hotel sector (Öğüt and Taş, 2012) due to the fact that, traditional WOM can reach close customer like families and friends, whereas e-WOM reaches thousands of customer connected by internet (Romaniuk, 2016). Also, the sector has gained more influence from eWOM (Cantallops and Salvi, 2014) due to the availability of information that customers can obtain by means of the Internet, which results in a great utility to make an exact election about the service they want to receive (Liu and Park, 2015). This issue has effects on customers, for instance, the 80 percent of them read between 6-12 comments and reviews on the internet before booking a hotel (Tripadvisor, 2013), showing that customers’ motivation to write on websites influences others when it comes the decision about booking or not (Berlamino and Koh, 2018), and it is a useful tool to observe if their expectations are aligned with the establishment (Saura, Reyes-Menendez and Alvarez-Alonso, 2018). In addition, as it has been said previously, the behaviour of the service employee in this case will also have influence on the customer’s later evaluation, as it is considered a predictor (Sánchez-Garcia and Currás-Pérez, 2011). This matter will depend on the service/product recommendation and the experience lived by the customer. According to this, the following research proposition is proposed:

RP3: COSE has a positive influence on eWOM.
Lastly, it is precise to think that, depending on the customer’s evaluation of the service, the recommendation to others is more probably than not. Therefore, it could be a connection between customer satisfaction and WOM (Anderson et al., 1998). Although, other authors such as De Matos and Rossi (2008) separate one-order predictors (hotel attributes) from second-order predictors (perceived service quality, satisfaction) with regards to eWOM. We agree with other authors such as Sánchez-García and Currás-Pérez (2011) that establish both types together, so it is considered that any of them must happen to get any grade of eWOM. Furthermore, a positive recommendation on the internet, a positive e-WOM, is a reflection that shows that the hotel has reached the customer’s expectations, making their brand stronger (Raguseo and Vitari, 2017) and gaining, as a consequence, more customers in the future due to positive reviews (Hennig-Thurau et al., 2004). With these considerations, we propose:

RP4: Customer satisfaction has a positive influence on eWOM.

4. DISCUSSION AND CONTRIBUTION

Having developed a theoretical framework based on the existing literature, the present study has another objective: continuing with an empirical investigation in a second future study.

Firstly, hotels will be identified due to the use of a database from Red de Cátedras de Empresa Familiar de Andalucía, which has been completed by the Iberic Balance Analysis System (SABI), (Lorenzo and Rojo, 2014). The database is formed by 19,777 businesses in multiple sectors, and we will pay attention to hotels, differentiating FBs from NFBs with regards to the definition (European Commission, 2008).

Secondly, taking into account the representative character that the database has on the hotels’ population, a questionnaire will be delivered to the hotel customers (indexed in Appendix 1), which will be validated via scales by the following authors: Customer Satisfaction (Oliver, 1980), COSE (Hennig-Thurau, 2004), eWOM (Carroll and Ahuvia, 2006)).

The existence of literature on FBs is sparse, and we hope to add knowledge to this important and common type of business. Later on, we hope to analyse differences at the level of COSE between different FBs and the positive relation between COSE and customer satisfaction and eWOM.

The research we have presented has two main contributions to different fields. Firstly, for academia, we can say that COSE has been studied in a completely different sector and, at the same time, another stone has been added to literature on FBs with the development of a conceptual framework that incorporates eWOM as a possible consequence of COSE. This will enrich FBs literature, in which COSE has never been studied before. Secondly, the another contribution for academia is the development of a questionnaire that can be used as measurement instrument for COSE. As it is proposed, a future empirical study will be carried out making use of this questionnaire to empirically the possible consequences of COSE proposed. By means of this tool, other aspects from these type of businesses could be studied such as, COSE differences between FBs and NFBs. Likewise, for practitioners, we hope that this research can improve daily work and performance among FBs by implementing COSE policies, gaining market position and performing their structures and getting better satisfied customers.

Limitation and future research

This study has several limitations. One limitation is that it has been focussed only on one sector: the hotel sector. Additionally, the study does not take other countries into consideration. The study is obviously influenced by this factor.

With regards to future investigations, our research will analyse several new investigations elements. First of all, it would be interesting to explore how job satisfaction and employee
commitment plays a role in the antecedents of COSE and also the relationship between COSE and IMO (Ruizalba et al, 2014). Second of all, differences between the types of hotels (e.g., rural, city, beach) could also be studied to observe how customers’ needs are fulfilled in different contexts. Three different profiles within COSE should be studied—managers, customers and employees—considering the organisational variable as a whole. The final objective and desired goal is to think about and try to fulfil the needs of the customers in the best way, including the betterment of the service employees are delivering, allowing them to develop and improve as professionals.

5. REFERENCES


6. APPENDIX I

Questionnaire.

- **Customer Satisfaction (Oliver, 1980)**

**Q1:** My choice to come to this hotel was a wise one.

**Q2:** I am happy with this hotel’s services.

**Q3:** I think I did the right thing when I decided to come to this hotel.

**Q4:** In general, I am satisfied with this hotel services.

- **E-WOM (Karjaluoto, H., Munnukka, J., Kiuru, K., 2016).**

**Q5:** I recommend this hotel on social media
Q6: I give to his hotel a lot of positive word of mouth on the internet
Q7: I try to spread the good-word about this hotel on the internet.

• COSE (Hennig-Thurau, 2004)

Technical skills
Q17: The employees of this hotel have a high level of knowledge.
Q18: The employees of this hotel are experts in their job.
Q19: The employees of this hotel are highly competent.

Social skills
Q20: The employees of this hotel extensive social skills.
Q21: The employees of this hotel are able to consider their customer's perspective.
Q22: The employees of this hotel know how to treat a customer well.

Motivation
Q23: The employees of this hotel show strong commitment to their job.
Q24: The employees of this hotel do their best to fulfil their customer’s needs.
Q25: The employees of this hotel are always highly motivated.

Decision-making authority.
Q26: The employees of this hotel are allowed to decide autonomously in customer matters.
Q27: The employees of this hotel have appropriate room for manoeuvre in solving customer problems.
Q28: In the case of customer request, this hotel's employees do not need to ask their superior for permission.