



**Building a Model of Retail Customer Retention:  
A Value-based Perspective of Market Orientation  
& Customer Service**

By

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## Abstract

The purpose of this thesis is to build a model of performance based on customer value-defined market orientation, and which includes customer service (exchange process) and customer retention (business performance). This thesis examines the nature of market orientation, and its impact on customer satisfaction and customer retention in the service sector. The problems identified from a review of existing major market orientation constructs and the advantage of including customer value in relation to market orientation provide a conceptual basis for incorporating customer value into the market orientation construct.

Narver and Slater's (1990) market orientation construct is used as a basis for the development of this customer value-based market orientation (CVBMO) construct, and an integrated model is proposed. Customer value is defined based on previous theoretical and empirical studies relevant to the current research purpose. In addition, both the firms' and the customers' views are involved into the development of the construct in order to close the gaps identified in past studies and to better reflect the conceptualisation and the real effect of market orientation.

By both qualitative and quantitative methods, this study explores the nature of market orientation and examines the potential of the CVBMO construct to better predict relevant performance indicators such as customer retention. The fieldwork was conducted in a retailing context in Taiwan. A qualitative pilot study was conducted first to identify the possible dimensions/components of the construct from both perspectives of firms and customers. Then, a large-scale fieldwork was conducted for collecting matched response data from firms and customers and testing the proposed model.

By using structural equation modelling, this study confirmed the theoretical assertion of the pivotal role of customer value in market orientation. Significantly, this study empirically supported the proposed model in terms of validity and reliability. Testing the theoretical model supported all a priori hypotheses.

This research therefore contributes to the field of Marketing by conceptualising a customer value defined market orientation for customer service as having three dimensions, by developing scales to measure these dimensions and, by developing a predictive model of customer retention in a competitive retail industry. In addition, the model of customer retention identified in this thesis provides evidence of the importance of management support for service employees' service performance. Most importantly, it indicates that service providers should attempt to manage customer satisfaction and perceptions of value as they are directly related to customer retention.

Keywords: market orientation, customer value, customer retention, dyads, retail

## **Declaration**

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university and, to the best of my knowledge and belief, the thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

I give consent to this copy of my thesis, when deposited in the University Library, being available for loan and photocopying.

Shu-Ching Chen

July 2003

## Acknowledgements

Studying for a Ph.D. is a process similar to launch a new product. It begins with practicing an interesting idea and exploring unsatisfied demand. A market-oriented approach with value in mind is undertaken in the process. Except for learning, this process involves challenge and fun. A continuing effort of information processing and assimilation, and knowledge creation and accumulation is made. It ends with a new product that contributes to the pool of human knowledge. It is a rather lonely journey, yet worthwhile when the Ph.D. dream comes true.

The successful completion of this thesis is the result of the support and guidance of several people. With them, I am able to complete this endeavour and to cross the finishing line.

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## Chapter 1. Introduction of the Current Research

### 1.1 Background to the Study

Loyal customers are the lifeblood of an organisation, regardless of its scale and business scope. In order to maximize business profit, it is critical to keep a customer with “ultimate loyalty” (Oliver, 1999). For this reason, it is vital for any organisation to strive to keep loyal customers as long as possible. This is the reason behind the popularity of customer loyalty programs developed by marketing practitioners, and that of data mining technique used by researchers for identifying loyal customers. Yet, despite efforts for attracting and retaining customers, customer attrition exists for every organisation. In the case of retailing, the blooming stores coexist with declining ones on high street. According to Levitt (1960), based on his observation of several large American manufacturers, such variation is due to the existence, or non-existence, of a market orientation.

Market orientation has dominated marketing thought for decades since its early conceptualisation by Johnson and Jones (1957) and Levitt (1960). This concept has long been advocated by many scholars (e.g., Kotler, 1977; Webster, 1988; Jaworski and Kohli, 1993; Slater and Narver, 1994a; Sheth, Sisodia, and Sharma, 2000). Previous researchers in the market orientation area have made a great contribution to our knowledge of successful business operations (e.g. Day and Wensley, 1988; Day, 1990; Hooley et al., 1990). However, empirical findings suggest that the implementation of market orientation does not guarantee business profit (e.g., Kohli and Jaworski, 1990; Narver and Slater, 1990; Slater and Narver, 1994b; Pelham and Wilson, 1996 cf. Workman, 1993; Cahill, et al., 1994; Atuahene-Gima, 1995; Greenley, 1995a, 1995b). As a result, the impact of market orientation on business performance remains unclear.

The uncertain relationship between market orientation and business performance calls for an investigation of the original market orientation construct. The discrepancy in empirical findings may stem from a variety of reasons. In order to explore and resolve these problems, it is necessary to undertake an examination of existing market orientation constructs as well as of other relevant theories.

As consumerism becomes more widespread internationally (Dixon, 1992), consumers' views are becoming more important for any business. Hence, customer value is an emerging concept of increasing interest for scholars as well as practitioners. Previous studies have pointed to the importance of customer value for exploring the reality of business world. For example, discovering, designing, and delivering customer value is regarded as the main theme underlying the business functions of all market-oriented organisations (e.g., Slater and Narver, 1994a, 1998, 2000; Cadogan and Diamantopoulos, 1995). Moreover, the best mean to win loyal customers is to deliver customer value when the exchange is undergoing (Weinstein and Pohlman, 1998). Therefore, the concept of customer value provides a useful theoretical link for examining the relationship between market orientation and business performance.

## 1.2 Objectives of the Study

The focus of this study is to examine the link between market orientation and business performance (or more specifically, customer retention), using the concept of customer value to define the construct of market orientation. Specifically, this study is aimed at revealing the nature of market orientation by developing a customer value based market orientation (CVBMO) construct more capable of capturing the essence of market orientation. Whilst the marketing literature has recognized the pivotal role of customer value in consolidating the construct of market orientation, little effort has been made to date to weave the components of the concept customer value into the market orientation construct.

Such a CVBMO construct should be formulated on the basis of customers' perceived value in the exchange process. Although the term 'market orientation' implies putting an equal weight on customers, competitors, and organisations, most researchers have paid more attention to organisational aspects in their study of market orientation. According to previous researchers who have emphasized that the development of market orientation should involve customers' viewpoints (e.g., Bolton and Drew, 1991; Deshpandé et al., 1993; Nwankwo, 1995; Chang and Chen, 1998), a market orientation construct involving customers' perceptions of value should be more effective in revealing the real impact of market orientation upon business performance.

In addition, the most challenging suggestion emerging from the literature on market orientation is that an organisation ought to continually create superior customer value (Narver and Slater, 1990). However, with what means and in what context customer value can be created remains to be explored. Customer value appears inappropriately fitted into the existing market orientation construct and this restrains its potential for benefiting market orientation. A clear definition and specification of customer value is therefore needed.

In the current research, the relationship between CVBMO and business performance is examined in a retailing context. Previous research has mainly focused on examining the effect of market orientation in the manufacturing setting. An examination of the consequences of implementing market orientation in a non-manufacturing context, such as retailing, may enhance the comprehension of the effects of market orientation.

Based on the above discussion, the research purposes for this study are as follows:

- (1) To incorporate the concept of customer value into market orientation;
- (2) To examine empirically the advantage of implementing market orientation for an organisation; and
- (3) To investigate the impact of customer value-based market orientation on headquarters, service employees, and the ultimate customers in a retailing context. An emphasis is placed in this study on the interaction between service employees and customers in order to explore the practical avenues for enhancing customer retention.

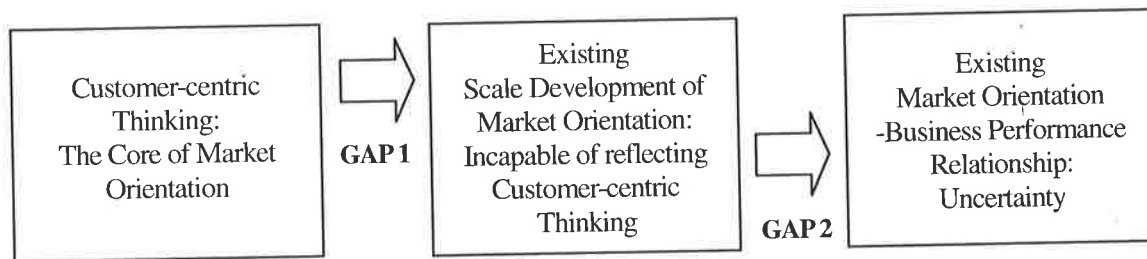
### 1.3 Focal Research Questions

The focal research questions for the current study are:

*What are the dimensions of market orientation? Is a customer-centric construct of market orientation better able to predict business performance?*

Indeed, given that a customer-centric thinking is at the core of market orientation, what is the underlying structure that captures such an orientation? Figure 1 is a diagrammatic representation of problems with existing market orientation constructs. Though some scholars in this area have recognized the importance of customer-centric thinking as the core of market orientation (e.g., Narver, Slater, and Tietje, 1998), existing measures of market orientation constructs have failed to include customer value.

Figure 1.1 The Problems with Existing Market Orientation Construct



This shortcoming, GAP 1, suggests the inadequacy of existing market orientation measures. In order to effectively appraise the effect of delivering customer value in market orientation practice, an emphasis of customer-centric thinking in the subsequent development of market orientation research is needed. The major concern is how to improve existing market orientation constructs to reflect more accurately the 'true' nature of market orientation. In addition, existing developments of market orientation theory remain strongly biased in favour of the supply-side (i.e., the organisational perspective on market orientation), and ignore the demand-side (i.e., the customers' perspective on market orientation). Yet, both sides play essential roles in a transaction. As such, the real effects of market orientation can only be reflected by including the views of both parties on market orientation.

Furthermore, GAP 2 reflects the problem of the uncertain relationship between market orientation and performance relationship in existing market orientation studies. To inquire thoroughly into this problem, tracing the development of market orientation is essential. This involves reviewing the evolution of market orientation from its origin as well as its current development. The theoretical and methodological concerns should be emphasized for a fuller exploration.

These theoretical gaps in market orientation remain to be filled. Filling GAP 1 may allow the discovery of the real effects of market orientation and address the further gap, GAP 2, which reflects the uncertain market orientation-business performance relationship. The contribution of

customer value to the market orientation construct as stated previously should allow us to fill both these gaps. The approach adopted in this thesis, of embedding customer value in the market orientation construct, should enable this research to investigate both of these gaps and to provide a solution to the problems identified with existing market orientation constructs.

## 1.4 Strategy, Method, and Scope of the Study

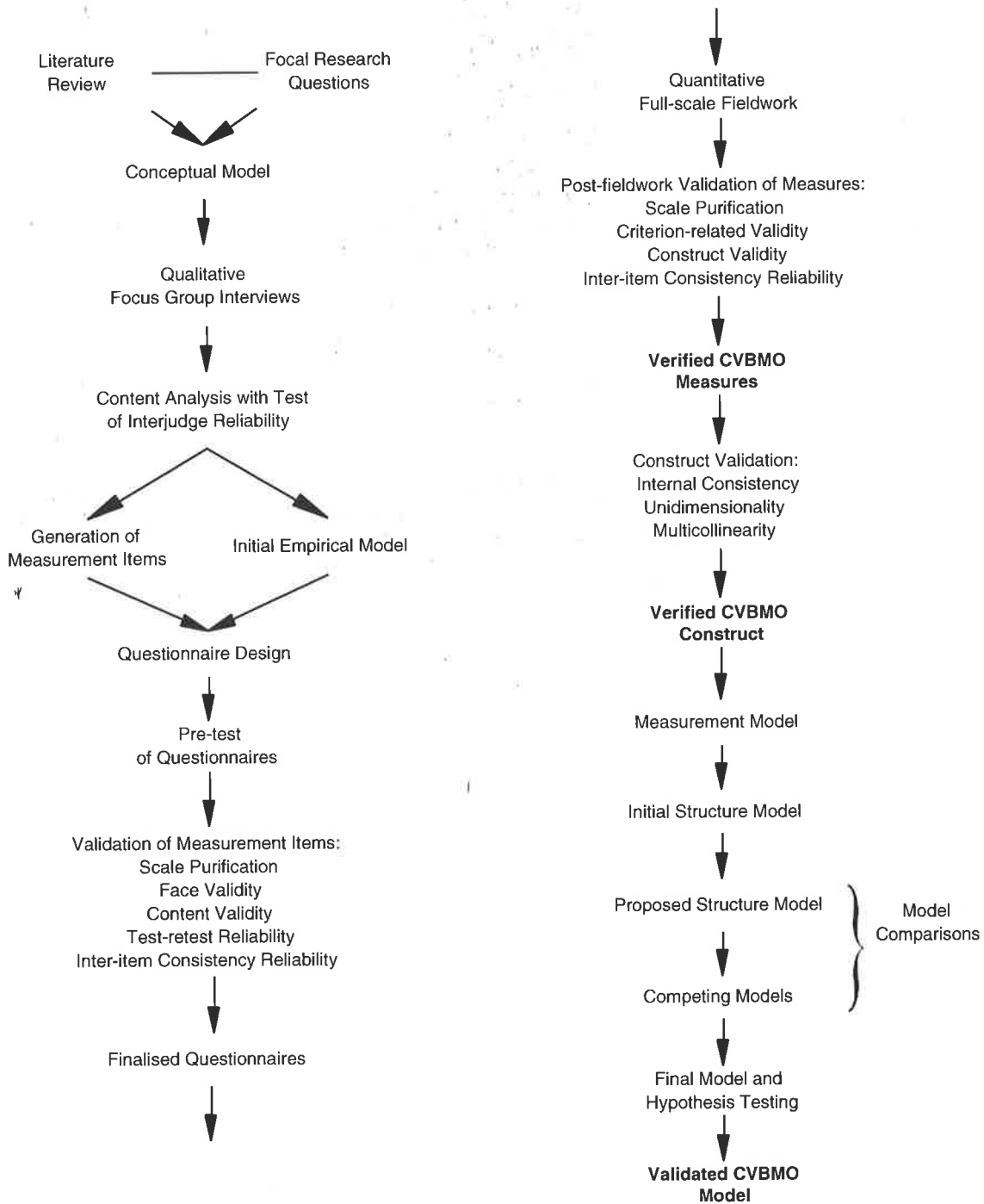
This study aims to build a model of performance based on a customer value-defined market orientation, which includes customer service (exchange process) and customer retention (business performance). In the light of the problems identified from the review of existing market orientation constructs and of the advantage of using customer value in relation to market orientation, a market orientation construct including the concept of customer value is proposed. The emphasis of this study is on examining the nature of market orientation, and its impact on customers' satisfaction and customers' retention in the service sector. The empirical examination of this model is undertaken in the retail industry. The outcome of this model is then revealed through the performance index of customer retention.

In the development of this proposed CVBMO construct, Narver and Slater's (1990) market orientation construct is used as a basis onto which the customer value concept is incorporated and the integrated model developed. Customer value is defined based on previous theoretical and empirical studies relevant to the current research purpose. The two gaps discussed previously suggest that existing market orientation measurements are unable to reflect accurately or comprehensively the conceptualisation of market orientation, and therefore, to reveal its real effect. Given these two gaps, this study involves both the firms' and the customers' views into the development of the construct. In addition, previous studies of market orientation inferred the pivotal role of customer value in consolidating the market orientation construct and made unverified theoretical assertion about the importance of customer value for market orientation. This justifies including the customer value concept into a market orientation model as well as demonstrates the need to validate such a theoretical assertion by empirical work. The proposed model of CVBMO is subsequently tested in the retail industry in order to examine its validity and reliability.

The procedures used to develop the desired CVBMO construct and model are illustrated in Figure 1.2. These steps are used as the basic structure for the current research and are reported sequentially in the following chapters. By both qualitative and quantitative methods, this study endeavours to explore the nature of market orientation and to examine the potential of a new construct to better predict relevant performance indicators such as customer retention. A market orientation measurement based on the concept of customer value is therefore proposed. A comprehensive literature review forms the basis of the proposed construct. A qualitative pilot study was followed to identify the possible dimensions and components of the construct from the perspectives of both firms and customers. An initial empirical model of CVBMO was then derived, upon which extensive tests of construct validity and reliability were undertaken. Afterward, a

large-scale fieldwork was conducted for collecting matched response data from firms and customers to examine the efficacy of the proposed CVBMO model. Ultimately, this study attempted to depict how an integration of customer value can be used as a framework for any organisation to set up a market-oriented culture, and achieve, as a result, strong customer loyalty.

Figure 1.2 The Procedure of Developing the Customer Value-based Market Orientation Construct and Model



## 1.5 Research Justification

This study reviews the literature relevant to the concepts of market orientation, customer value, and business performance as well as other related themes. A review of this literature provides an avenue to appraise existing market orientation constructs with customer value theory and thus to elucidate the connection between market orientation and business performance.

For the current research purposes, several research steps were undertaken in this study. The first one is to integrate customer value in the research domain of market orientation, by developing the proposed CVBMO concept. The second one is to develop a better market orientation measure, exhibiting the desired level of reliability and validity. Third and finally, this construct was tested in a specific empirical context, providing an insight into its effect in practice. Therefore, this study contributes to theory development in relation to market orientation and customer value respectively.

A specific strength of this study is that customers' perceptions have been involved in developing the proposed CVBMO construct. This should address the ongoing criticism concerning the lack of participation by customers in past measurement scale development of market orientation. Customer-centric thinking can thus be fully reflected by such modification, providing a new insight into market orientation.

This study explores the relationship between employees and customers in terms of market orientation implementation. As most previous studies about market orientation focus on the internal interface (the relationship of an organisation and its employees), a focus on this external interface (the relationship of employees and customers) provides a much-needed understanding of the effects of implementing market orientation. A fuller view of the effects of market orientation can be revealed from the inclusion of the perspectives of firms and customers. This provides additional insight into the market orientation-business performance link.

This study empirically verifies Narver and Slater's theoretical assertion of the importance of customer value for market orientation. The concept of customer value is formally included in the market orientation construct and embedded in its measurement scale. Therefore, the current study provides an understanding of the impact of customer value on the market orientation-business performance relationship. This makes two important contributions: First, by taking a scientific approach to testify the theoretical feasibility of constructing a market orientation model based on customer value, and second, by providing empirical evidence of such a theoretical assertion. Hence, this study goes beyond the existing literature on market orientation and customer value in several ways. Marketing practitioners can also benefit from the current study by implementing a customer value-based market orientation.

## 1.6 Organisation of the Thesis

This thesis is organized into seven key parts: (1) introduction, (2) theoretical foundations, (3) conceptual model and hypotheses development, (4) qualitative research design and methodology, (5) quantitative research design and methodology, (6) research results and discussions, and (7) research conclusions and management implications. This first chapter introduced the research background, the research objectives, and focal research questions. A brief research strategy, method, and scope of the research were stated afterward. The research justifications were also briefly discussed, and an overview of the thesis was provided.

A comprehensive literature review is provided in Chapter Two. Previous studies in the research domain of market orientation and customer value are examined. An emphasis is placed on the integration of these two main themes in terms of the current research objectives. The inclusion of customer value theory in the field of market orientation is discussed in detail, providing the theoretical foundation for the CVBMO construct proposed in this thesis.

Because of the limited measurement scale for customer value, based on a conceptual categorization of customer value developed in the study, a framework for developing a customer value measure is also provided. Two main streams of thoughts, the rational and experiential perspectives of customer value, are employed in elaborating such a framework. This constitutes the basis for the subsequent development of the proposed CVBMO construct.

A conceptual research model and related research hypotheses are developed in Chapter Three. A description of interrelationships among key variables in previous relevant studies is presented first. Based on the previous literature review, this study establishes a conceptual model explaining the relationship between market orientation and business performance in the specific context of the service industry. Research propositions based on this conceptual model are then introduced with a rationale of the proposed causal sequence of key variables in the study.

Chapters Four and Five describe the method used in the current research. In order to uncover the nature of CVBMO, both qualitative and quantitative research approaches and procedures are introduced to investigate the current research problem. In Chapter Four, a pilot study using focus group interviews is undertaken in order to get an in-depth understanding of market orientation practices from the viewpoints of customers and firms (represented by service employees). The dimensions and variables of the CVBMO construct are then explored. A dyad research instrument, based on the information collected from the pilot study, is developed in the following Chapter Five. A comprehensive assessment of the developed research instrument in terms of scale purification, reliability and validity is undertaken. The research instrument is then employed in a large-scale quantitative fieldwork. A post-fieldwork validation of the CVBMO measures is also undertaken.

In Chapter Six, the research results from the quantitative fieldwork are presented. The CVBMO model is established from a rigorous model building procedure. The goodness-of-fit measures used for model assessment are detailed. The hypotheses developed in Chapter Three are tested in this chapter. Moreover, further development of the CVBMO model is demonstrated in this chapter. In the light of the relevant literature, a detailed discussion on the above findings is presented.

The final Chapter Seven summarizes the general findings of the current study. The research and managerial implications are proposed. Finally, the limitations of the present study as well as directions for future research are also discussed.

## Chapter 2. Theoretical Foundations of Customer Value based Market Orientation

### 2.0 Introduction

The current research aims at building a customer value based market orientation (CVBMO) model. In this chapter, the theoretical foundations of the current research are provided. Starting from the marketing concept, the evolution of market orientation is described first. Concepts related with market orientation are addressed. An overview of the existing market orientation literature is also provided. After this broader examination, a review of existing theory of market orientation and customer value is undertaken. The relevant literature pertaining to these two key concepts is reviewed in order to assess the expected contribution of the current study. Several problems emerged from the literature review and possible solutions pertaining to them are discussed. The conceptual integration of customer value into market orientation is then proposed, and the integration process is detailed.

### 2.1 Market Orientation

Market orientation has been one of the most dominant concepts in the development of marketing theory. This concept has been considered by its advocates as a remedy for any organisation operating in a chaotic environment. The customer-centric thinking originally embedded in market orientation reinforces this belief. It is believed that carrying out this thinking can enhance the understanding of targeted customers, and in turn, increase the marketing efficiency of an organisation competing in its market environment (Sheth et al., 2000). However, both the pioneering constructs of market orientation (i.e., Kohli and Jaworski, 1990; Narver and Slater, 1990) and their subsequent development fail to reflect a customer-centric thinking. Instead, the organisation's view predominates over the development of existing constructs. As a result, existing market orientation constructs appear theoretically incomplete.

Scholars promoting market orientation claim that it results in a superior financial performance. However, empirical findings suggest that the consequence of implementing market orientation is not always positive. Negative or neutral outcomes have also been reported. This discrepancy suggests that causality may be undetermined. Is this discrepancy resulting from market orientation itself or from the performance indices used? Can there be a missing link between market orientation and business performance? In addition, existing measures of market orientation have been mainly developed from an organisation's perspective without the participation of customers. Given that a market is composed of suppliers (i.e., organisations) and demanders (i.e., customers), such an organisation-centric design is unlikely to result in a measure that comprehensively depicts the real impact of market orientation on customers.

In light of the reasons for such divergent empirical results, the focus of this research is to define a better market orientation construct allowing a more accurate measurement of the phenomenon.

Despite market orientation scholars paying much attention to the validation of extant measurement, the diversity of models, or their capability for generalisation, the controversy over the market orientation constructs may not be limited to these issues. There might be other problems embedded in the original market orientation constructs themselves. Therefore, it is first necessary to review the conceptualisation of market orientation and trace back the development of market orientation measures in past research.

The following sub-sections begin with a review of the marketing concept, the foundation of market orientation, and its links with market orientation. Concepts related to market orientation and an overview of existing research in market orientation are studied subsequently. Then, a review of the existing market orientation construct is undertaken from the theoretical and methodological perspectives. This reveals the existence of questionable constructs and ambiguous empirical findings regarding the market orientation-business performance relationship. The means to resolve these problems are then proposed in subsequent sections of this chapter.

## 2.1.1 The Origin of Market Orientation

### 2.1.1.1 Market Orientation and Marketing Concept

It is impossible to review the conceptualisation of market orientation without first mentioning the marketing concept. The term 'marketing concept' has interchangeably used with the term 'market orientation' by researchers in the works published before late 1990s (Wrenn, 1997). Starting from late 1990s, a distinction between the marketing concept and market orientation is drawn by scholars (e.g., Shapiro, 1988; Narver and Slater, 1990; Deshpandé, Farley, and Webster, 1993; Deng and Dart, 1994; Hunt and Morgan, 1995). The marketing concept is generally accepted as the cornerstone of marketing theory (e.g., Gray, Matear, Boshoff, and Matheson, 1998) and a philosophy or an organisational culture for a successful business. Comparatively, market orientation is regarded as a concept to supplement the marketing concept (Hunt and Morgan, 1995) and provides management with a strategy-oriented approach to market, which expands the application of the marketing concept by a strategic view.

Though both theories are different, a subtle relationship exists between their conceptualisations. Closely related to the marketing concept, the evolution of market orientation underwent similar arguments among scholars. Past controversy over the marketing concept provided a prologue to market orientation. Two main points at issue in the marketing concept were raised before. One concerns the dimensionality of such a construct; the other concerns its identification as a business philosophy or business function. Understanding these arguments about the marketing concept enhances our understanding of the nature of market orientation. This also helps us to clarify the problems embedded in the conceptualisation of market orientation. Moreover, drawing a parallel between a review of the marketing concept and market orientation literature can help us resolve the problems existing in extant studies of market orientation, and avoid committing the same error in future research of market orientation.

### 2.1.1.2 Dimensionality of Market Orientation

The marketing concept was first recognised in the early 1950s (Webster, 1994; Sheth and Sisodia, 1999), coinciding with the emergence of the conceptualisation of market orientation by scholars (Johnson and Jones, 1957; Levitt, 1960). Replacing a previous product orientation, the marketing concept resulted in a reformation of marketing thought and practice. The marketing concept has been acknowledged as the most accepted general paradigm in the field of marketing (Arndt, 1985, Wrenn, 1997), and made a heavy impact on marketing management from the 1950s to 1970s (Myers, Massy, and Greyser, 1980). Since then, scholars have spared no efforts to popularise this concept (e.g., Borch, 1957; Kotler, 1994). The importance of knowing target markets, understanding individual customer needs, and the significance of satisfying customers to a successful business, are universally acknowledged by researchers and practitioners. An emphasis in customer focus has been enshrined into the marketing concept since then. A similar emphasis is highlighted by researchers in the study of market orientation.

However, the marketing concept has been criticised for its excessive reliance on the consumers (Kaldor, 1971). Subsequent scholars thus extended its scope by including the consideration of competitors, interdepartmental communication, and internal organisational capabilities about marketing implementation (e.g., Webster, 1988; Sharp, 1991). However, the practicability and implementation of the marketing concept has been questioned. Although academics appraise the benefits of the marketing concept to a successful business, business practitioners query the way to put such a theory into practice. Marketing scholars thus devoted much effort to the study of the general practice of the marketing concept (e.g., Hooley, Lynch, and Shepherd, 1990), and its operationalisation into a business orientation (e.g., Narver and Slater, 1990).

The earliest empirical study of the marketing concept appears to be the work by Hise (1965). He identified three dimensions to the marketing concept: customer orientation, profitability of marketing operations, and organisational structure of the marketing department. Webster (1994) also suggested three areas to consider for the performance of the marketing concept in practice: "1. The validity and soundness of the marketing concept per se; 2. Errors and shortcoming in its implementation; 3. Inherent conflicts with other management functions (Webster, 1994, p.16)". Stemming as it does from the marketing concept, market orientation benefits from the resulting amelioration of the marketing concept. The dimensions of the marketing concept proposed by scholars provided the basis for the initial construct of market orientation. Also, a broader focus than just customers derived from the marketing concept influenced subsequent researchers such as Kohli and Jaworski (1990) and Narver and Slater (1990) in their development of a market orientation conceptualisation and measurement construct. In addition, the transformation of the marketing concept from a narrow customer-dominated view into a broader market-dominated one provided a hint foreshadowing later development of market orientation. That is, the distinction between market orientation and customer orientation.

### 2.1.1.3 Identification of Market Orientation

Although there has been some debate concerning the nature of the marketing concept as a philosophy (a culture) or function (a process) (e.g., Houston, 1986 cf. Bernard, 1987), the marketing concept is now widely accepted as a guiding philosophy or organisational culture for the whole organisation centring all activities on satisfying customer needs (Webster, 1994). In practice, it is viewed more as a process involving planning of all the marketing activities. Rooted in the marketing concept, market orientation went through a similar debate among scholars on its definition as a business philosophy/organisational culture, or behaviour/activities/process that reflect the manifestation of the marketing concept as a business philosophy within the firm (Sigauw and Diamantopoulos, 1995).

Scholars regarding market orientation as behaviour emphasise a concern with both customers and competitors (e.g., Houston, 1986; Narver and Slater, 1990; Kohli and Jaworski, 1990; Deng and Dart, 1994; Chang and Chen, 1994; Oczkowski & Farrell, 1998, Deshpandé and Farley, 1998). Their focal research interest is often on the measure of behaviours, examining the awareness of and responsiveness to environmental influences on marketing decision-making and implementation (Deng and Dart, 1994). By contrast, those identifying market orientation as a philosophy or a culture stress the shared values and beliefs in an organisation (Deshpandé et al., 1993). Scholars with this perspective of market orientation focus more on a study of attitudes in marketing research (Wrenn, 1997). Both approaches to market orientation can impact the subsequent development of conceptualisation and measurement issues in different ways (Jaworski and Kohli, 1996). The choice made by researchers between these resulted in different insights into market orientation.

### 2.1.1.4 Definition of Market Orientation

A construct cannot be measured without an understanding of its domain (Churchill, 1979). An embryonic statement of market orientation was made by Drucker (1954), who emphasised the views that marketing should be based on customers' viewpoint and should pervade the whole of an organisation. Specially, providing value for customers was seen as the antecedent of, and essential vision for, a successful company. A customer-centric thinking held by an organisation and guiding value creation and delivery for the achievement of business performance has therefore been suggested since this earlier stage.

With the increasing interest of scholars in the domain of market orientation, a clear definition of the market orientation concept has been sought (e.g., Shapiro, 1988; Gabel, 1995). However, there is still no consensus on what market orientation is (Dreher, 1994; Gray et al., 1998), and researchers continue to define market orientation in various ways. The definitions have overlapping components but are partially inconsistent. When examined as a whole, three general components can be identified in extant definitions: (1) customer focus, (2) process emphasis, and (3) goal achievement. This is similar with the three general elements of the marketing concept suggested by scholars, that is, customer philosophy, integrated marketing organisation, and goal

attainment (Houston, 1986; McCarthy and Perreault, 1990; Wrenn, 1997). All are aimed at satisfying customers or exchanger partners' needs and wants to achieve an organisation's business goal.

To date, the most widely adopted definitions of market orientation appear to be the works of Kohli and Jaworski (1990), and Narver and Slater (1990). Though both conceptualisations are based on the behavioural perspectives of market orientation (Cadogan and Diamantopoulos, 1995), the emphasis is different. The former lays particular stress on market intelligence; the latter mainly focuses on the maintenance of competitive advantage. In addition, there is also an integrated definition of market orientation combining the essence of both conceptualisations (e.g., Deng and Dart, 1994). This study adopted Narver and Slater (1990)'s definition of market orientation. This is because Narver and Slater (1990)'s definition of market orientation is seldom criticized by researchers, unlike that of Kohli and Jaworski (1990) (e.g., Wrenn, 1997; Mavondo and Farrell, 2000; Harris, 2001). Moreover, Narver and Slater (1990)'s definition of market orientation reflects real business phenomenon much better than others. They claim that an organisation can achieve a longer lasting business performance if creating superior customer value is the way to gain a sustainable competitive advantage. Examples of this can clearly be seen in practice. For example, the top retailers 7-11 convenience store (USA) and Tesco supermarket (UK), their 24 hours and year round opening hours provide convenience for late night customer shopping. Amazon.com, the top American online bookstore, stresses quality delivery service, comprehensive book selection and discounted prices in its interaction with online customers. All of them achieve their prominent business position by a sustainable competitive advantage of delivering superior customer value in their business strategy.

### 2.1.2 Market Orientation and Related Concepts

The main underlying premise of the marketing concept is that an organisation should understand customer first and aim at satisfying their needs (Houston, 1986; Wrenn, 1997). This suggests that a market-orientated organisation should cultivate a customer-centric thinking and carry out such thinking in all its market-orientated activities. This raises the issue of the role of interpersonal interaction within and outside the organisation in advancing market orientation. That is, interaction between an organisation and its employees, front-line employees and customers, as well as between an organisation and targeted customers. Because such interactions in market orientation practice can impact on the effect of market orientation, an organisation should deal with this issue strategically in order to benefit from this. This may involve the practice of internal, interactive, and external marketing when implementing market orientation.

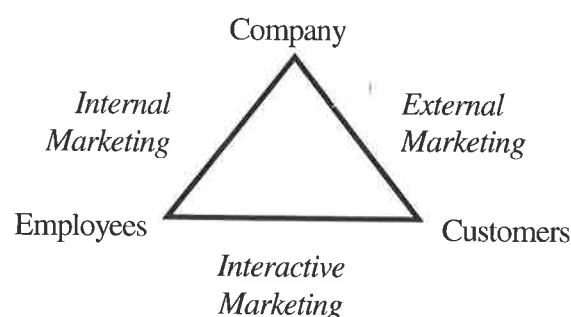
However, market orientation has been criticised for a lack of strategic content on which to base organisational efforts (Gabel, 1995; Wrenn, 1997; Morgan and Strong, 1998). This has brought about much empirical research focused on the benefits of market orientation to firms from the perspective of strategic management, including studies of the antecedents of, or the consequence of, market orientation (e.g., Ruekert, 1992; Jaworski and Kohli, 1993; Slater and Narver, 1994b; Pelham and Wilson, 1996). Nevertheless, relatively few works have addressed the issue regarding

the implementation of market orientation, especially the impact of interpersonal interaction in the exchange process, which can lead to the success or failure of a market-orientated organisation.

Other related areas such as relationship marketing, or services marketing offer several insights into market orientation. Relationship marketing provides a systemic thinking for management to interact with their internal (i.e., employees) and external customers (i.e., end-consumers). This research domain enhances the practicability of market orientation (Day, 1994; Siguaw, Simpson, and Baker, 1998; Reynolds and Beatty, 1999). The concept of relationship marketing emphasises the importance of keeping a sustaining relationship with either one of both types of customers for a successful business. Keeping a long-term customer relation or a customer with ultimate loyalty has been called for (e.g., Oliver, 1999). The interpersonal issue is stressed as key to achieve this goal as it can impact on overall satisfaction of exchange partners (Danaher and Mattsson, 1994). Moreover, researchers in this domain increasingly recognise the contribution of value to the maintenance of varied commercial relationships, as shown in the studies of business-to-business relationship (e.g., Ganesan, 1994; Baker, Simpson and Siguaw, 1999) and business-to-consumer relationship (e.g., Sheth and Parvatiyar, 1995; Beatty, Mayer, Coleman and Lee, 1996).

Studies of services marketing in the retail context have also shed light on how interpersonal issue impact on store loyalty (e.g., Mittal and Lassar, 1996; Price and Arnould, 1999; Jones, Mothersbaugh, and Beatty, 2000). A triangle model of services marketing proposed by Kotler (1994) offers a valuable insight into the management of interpersonal relationship in marketing (see Figure 2.1). He suggests three requirements for the effective marketing of services: external marketing (company-customers), internal marketing (employees-company), and interactive marketing (customers-employees).

Figure 2.1 The Triangle Model of Services Marketing (Kotler, 1994)



The external marketing concerns the application of the traditional four P's (Product, Price, Promotion, and Place) of marketing activities from the firms' perspective. It also includes the consideration of consumer needs and the superiority of an organisation over the competitors' offer from the customer perspective. Both the internal marketing and interactive marketing highlight the importance of the fifth P, People, to an organisation. Yet, both place different emphasis upon 'People'. Internal marketing concerns employees and their contributions to an organisation's business performance regarding customer satisfaction. It also takes the benefits of employees into account by rewarding them with essential support such as on-the-job training. Interactive

marketing emphasises the role of employees in the interaction with customers to create the intended image of an organisation to customers. It also considers the needs for exchange between employees, especially front-line employees, and their customers. On the whole, this framework highlights three key roles (the company, employees and customers) and implies the influence of their interrelation in a transaction over business performance outcomes. This framework also provides a thought on how to carry out market orientation effectively, as the effect of market orientation can depend on the outcome of interpersonal interaction within and outside an organisation. An organisation can thus benefit from the conceptualisation of this triangle model in practicing market orientation in order to achieve a target business performance.

### 2.1.3 An Overview of Existing Research in Market Orientation

Based on the theoretical construct of Kotler (1994)'s services marketing triangle, an examination of existing studies of market orientation is undertaken in terms of major research foci and the application of related concepts in three aspects: the company, employees and customers. This provides an insight into existing studies of market orientation and foreshadows later developments of the current research.

#### 2.1.3.1 Existing Research of Market Orientation in relation to the Organisation

An emphasis of market orientation studies is placed on how to introduce market orientation into organisations. The definition of market orientation, its antecedents and consequences, and practicability are widely discussed in the literature. How to practice market orientation from a strategic perspective is also highlighted. Studies in the above areas are mainly driven by an urge to understand market orientation, what it is, its benefits and potential for organisations, the way to be market-oriented, and advantages derived from this.

Some researchers state that implementing market orientation is an integrated task for an organisation with a cultural context (Felton, 1959; Shapiro, 1988; Slater and Narver, 1994a; Harris, 1996, 1999). This suggests that internal marketing may be pivotal to successful market orientation practice. Beyond the Four P's (Product, Price, Promotion, Place), the fifth P (People) is stressed in the contact of an organisation with its customers. The role of employees is clear: they are the interface between the organisation and its customers. This is especially the case for the front-line employees, who represent their organisation and directly interact with customers, as their behaviour can impact on an organisation's business performance outcomes such as customers' willingness to repeat patronage (e.g., Price and Arnould, 1999). Recognising the role of employees in the interaction between organisations and the customers, and its influence on an organisation's business performance, management typically tries to improve employee performance in their interaction with customer. This highlights the importance of human resource management in market orientation studies.

The management of employees has been identified as an important organisational issue in market orientation studies, especially regarding the effect of market orientation on employee attitudes such as job satisfaction and commitment (e.g., Mengüç, 1996), or productivity (e.g., Siguaw,

Brown, and Widing, 1994). Given the key role of employees in practicing market orientation, understanding employee perception of market orientation can benefit management in popularising market orientation within the organisation. However, a lack of employees' input in market orientation studies in relation to organisations can be observed. For example, what does the market orientation mean to employees? Equally, how can they perceive their organisation's market orientation? How do they implement market orientation? What can be the driving force of employees' efforts to implement market orientation? What can be the impact of employees' efforts in relation to market orientation? Such reciprocal questions remain to be answered.

### **2.1.3.2 Existing Research of Market Orientation in relation to the Employees**

Researchers studying market orientation in relation to employees emphasised the benefits of market orientation to employees, and the effect of market orientation on employees' performance from the organisation perspective. Most research aims to understand the impact of market orientation on front-line employees' performance in interacting with customers, especially in a service or a retail context. However, most of these studies centre on employees' customer orientation rather than market orientation as a whole (e.g., Kelley, 1992). Some researchers even mixed up customer orientation with market orientation (e.g., Webster, 1994), two related but different concepts.

The importance of front-line employees' contribution to an organisation's business performance is acknowledged (e.g., Fulmer and Goodwin, 1988; Danaher and Mattsson, 1994; Mengüç, 1996; Reynolds and Beatty, 1999). The boundary-spanning role of front-line employees is vital to a successful business (e.g., Parkington and Schneider, 1979; Westbrook, 1981; Bitner, Booms and Mohr, 1994). The front-line employees' behaviours at the time of the service encounter have a decisive influence on customer perceptions of, and satisfaction with, the firm (Gremler, Bitner and Evans, 1994). The importance of front-line employees to customer perceptions reflects part of the "service-profit chain" concept (Heskett et al., 1994), where the concept suggests that an organisation's revenues are driven by customer perceptions of service quality, which in turn are driven partially by front-line employees' efforts. Equally, the front-line employee is an important interface to communicate with customers and generate market intelligence for an organisation (Siehl, Bowen and Pearson, 1992). Though these front-line employees can not substitute for customers' voices, they understand customers better than management and can thus enhance an organisation's understanding of customers from their direct contact with customers. Therefore, understanding employees' views on an organisation's market-oriented activities toward customers should provide valuable insights into the effect of market orientation on customers. However, research into this remains incomplete in the study of market orientation in relation to the employees.

In addition, the domination of the management's views over employees' market orientation practice can mislead employees' attitudes toward market orientation. This may limit the potency of market orientation or result in ineffective market orientation. This is because employees' views on market orientation are basically derived from their organisation's views, which can be incomplete.

Based on such a biased view, employees' market orientation behaviours, their way of implementing market orientation, may not entirely reflect the full nature of market orientation. To complement employees' partial view, understanding customers' view of an organisation's market orientation is important. For example, a feedback from customer perception of employees' market orientation performance should help to advance the effect of market orientation. This is because the customers' response to their perception of the organisation's market orientation during their interaction with front-line employees provides an objective appraisal of an organisation's market orientation. Such a feedback can thus help employees to more effectively implement market orientation and help an organisation really benefit from adopting market orientation. However, research into understanding customers' views on an organisation's market orientation to complement employees' partial view remains to be explored.

Furthermore, in order to understand the potential effect of market orientation on transaction, it is imperative to understand the opinions of key players collectively. For example, service providers and their customers in a service-dominated industry. An integrated view from both supplier and demander in the transaction should provide a fuller perspective of market orientation. A further comparison between both views should allow a more comprehensive appraisal of the value of market orientation. This is because similarities or differences between the two can indicate potential areas for improvement in the way to implement market orientation and thus can enhance the benefits of market orientation for an organisation. Yet, the single perspective of the organisation has dominated the existing market orientation literature in relation to employees.

### **2.1.3.3 Existing Research of Market Orientation in relation to Customers**

Research studying market orientation in relation to customers has been rare (Jaworski and Kohli, 1996). Given the inevitable contribution of customers toward a market-oriented organisation's business performance, such a shortage of research in relation to customers is perplexing. Moreover, the lack of customers' views on market orientation within these rare studies is a concern (e.g., Deshpandé et al., 1993). The prevalence of the organisational view on market orientation may explain such a situation. Overvaluing customers from the history of the marketing concept may also cause this. However, underestimating customers' opinions on market orientation is equally dangerous, as partial view resulting from organisations' dominating perception of market orientation can prevent the organisations from fully benefiting from it. Hence, an appropriate way to incorporate customers' views on market orientation, complementing organisations' partial view, should reflect more fully the nature of market orientation. Yet, this issue remains unexplored in research.

Research in market orientation concerning customers mainly focus on the effect of market orientation on customers in relation to business performance (e.g., Chang and Chen, 1998). Conventionally, the assessment of such effect is based on the organisation's viewpoint. Yet, without direct feedback from customers, only a limited view on the potency of market orientation can be achieved. On the other hand, understanding customers' subjective appraisal of market orientation, such as customer satisfaction and customer retention, can provide a comprehensive view of its effect. This can then provide an insight into the advantage of market orientation to an

organisation. For example, studying market orientation consequence in terms of customer satisfaction can provide crucial factors leading to customer loyalty, given that customer satisfaction is a prerequisite of customer retention (e.g., Mittal and Lassar, 1996). This, in turn, can lead to market share and profitability outcomes. However, little attention has been received on this issue.

In addition, customer value is underlined in existing study of market orientation in relation to customers. The pursuit of better business performance is a clear objective for any organisation adopting market orientation. Specifically, an organisation developing a unique competitive advantage can expect a long-term business performance (e.g., Porter, 1985; Narver and Slater, 1990). Customer value derived from market intelligence is considered a source of competitive advantage (e.g., Day and Wensley, 1988; Webster, 1994; Slater and Narver, 1994a). However, the emphasis on customer value in existing market orientation research is placed upon its potential benefit for business performance from a theoretical perspective. The significance of customer value to market orientation remains to be verified empirically. In addition, the dimensions of customer value in the research domain of market orientation have not been clearly specified, highlighting the need for defining customer value in market orientation studies.

Following the broader discussion about the evolution of market orientation, above and related concepts, a further examination of key issues will continue in the following sub-sections in order to define the current research focus. From both the theoretical and methodological perspectives, a comprehensive review of the market orientation literature is then completed. This provides a sound basis for the following developments of the current research.

#### 2.1.4 Conceptualisations of Two Main Market Orientation Constructs

Most marketing scholars pay close attention to the possible consequences of market orientation, relating its application with business performance (e.g., Kohli and Jaworski, 1990; Narver and Slater, 1990; Jaworski and Kohli, 1993; Kohli, Jaworski and Kumar, 1993; Slater and Narver, 1994a, 1998, 2000; Greenley, 1995a, 1995b; Selnes, Jaworski, and Kohli, 1996; Deshpandé and Farley, 1998; Gray et al., 1998). However, the measurements of market orientation proposed in these studies vary. Based on different theories-in-use, the scale development of existing market orientation has been highly diverse. Primarily, these widespread measures can be identified as stemming from two distinct origins: (1) Kohli and Jaworski (1990), and (2) Narver and Slater (1990).

Based on a review of the relevant literature and in-depth interviews with organisational managers, Kohli and Jaworski (1990) developed their market orientation construct. They identified three “pillars” of market orientation, namely, customer focus, coordinated marketing, and profitability. Recognising the importance of market intelligence, they focused on generating, disseminating, and responding to information about present and potential customers throughout an organisation. They further provided a conceptual model of market orientation comprising antecedents (i.e., senior management factors, interdepartmental dynamics, and organisational systems) and moderators

(the moderators concerning competitors and customers issues). In their study, market orientation is formally defined as: “the organisation-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisation-wide responsiveness to it (Kohli and Jaworski, 1990, p.6)”.

At the same time, Narver and Slater (1990) developed another market orientation construct from the viewpoint of building “a sustainable competing advantage (SCA)” (p.21). Their definition of market orientation is “the organisation culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business (Narver and Slater, 1990, p.21)”. In order to conceptualise an organisational culture of pursuing a “sustainable competitive advantage”, they proposed three behavioural components of market orientation, namely, customer orientation, competitor orientation, and inter-functional coordination. In other words, based on market intelligence mainly concerning customers and competitors, the whole of an organisation makes an effort to build an internal climate for continually creating superior value for customers as well as maintaining a superior long-term business performance for itself. Thus, the capability to constantly create customer value is considered as the means to improving long-term business performance and to achieving an invincible position in the market. Based on this assertion, market orientation can be regarded as prerequisite for an organisation endeavouring to sustain its competitive advantage through creating customer value. A summary of both conceptualisations is shown in Table 2.1.

Table 2.1 Conceptualisations of both Market Orientation Constructs of Kohli & Jaworski and Narver & Slater

Kohli & Jaworski		Narver & Slater	
Key points	Market orientation as behaviour	Key points	Market orientation as behaviour
Perspective		Perspective	
Three “pillars” of market orientation (Three organisation wide activities)	<ul style="list-style-type: none"> <li>• Market intelligence</li> <li>• Customer focus</li> <li>• Response to customers at an organisation level</li> </ul>	Three organisation behavioural components of market orientation	<ul style="list-style-type: none"> <li>• Creating customer value</li> <li>• Customer focus</li> <li>• Competitor focus</li> <li>• Response to customers at an organisation level</li> </ul>
Customer focus	Generating market intelligence pertaining to present and potential customer needs throughout an organisation	Customer orientation	Understanding targeted buyer’s present and future needs and wants to create superior customer value
Coordinated marketing	Disseminating market intelligence about present and potential customers throughout all departments in an organisation	Competitor orientation	Acquiring information on existing and potential competitors, and their short-term and long-term competitiveness
Profitability	Responding to market intelligence about present and potential customers throughout an organisation by response design and implementation	Inter-functional coordination	Using integrated resources within organisation to create superior customer value

Source: Kohli and Jaworski (1990), Narver and Slater (1990), Cadogan and Diamantopoulos (1995)

### 2.1.5 Subsequent Conceptual Development of Market Orientation

Based on the two pioneering market orientation constructs, subsequent conceptual development occurred, concerning the applications of the market orientation concept and its direction of development. Scholars and practitioners have adopted market orientation in different ways. This may stem from the mixed use of the term “marketing” and “market” with orientation in many business management studies. However, the two terms are distinct in the research domain of market orientation. “Marketing orientation” is regarded as the implementation of the marketing concept, which is considered as a business philosophy, or a corporate culture (McCarthy and Perreault, 1990). When an organisation does its business based on this orientation, a customer-led way of thinking concerning its own organisation, products, and customers is followed.

By contrast, “market orientation” is an approach to a market, and thus involves both customers and competitors and is considered from a market-driven perspective (Day and Nedungadi, 1994; Wrenn, 1997). As suggested by Day (1994), a market-driven organisation accesses target customers by listening to them, and responds to them accordingly by delivering value at lower costs than its competitors. Such an implementation of the concept of customer value in market-oriented activities should assist an organisation to reach a long-term positive financial performance, which is generally expected by any organisation adopting market orientation practices. The market orientation with the market-driven perspective is thus more concrete in depicting the source of competitive advantage in order to enhance an organisation’s competitiveness.

Both the original market orientation constructs have been widely adopted by their supporters and, inevitably, criticised by their opponents. Several researchers have since questioned the conceptualisation of these original market orientation constructs. Wrenn (1997), for example, indicated that Kohli and Jaworski wrongfully interpreted marketing concepts when integrating them in the conceptualisation of their market orientation construct (i.e., Kohli and Jaworski, 1990). The term “market orientation” defined in their study thus should be read as “marketing orientation”.

In addition, the time lag or the long-term effect of market orientation is identified by scholars as one of its distinguishing features (e.g., Pelham and Wilson, 1996; Chang and Chen, 1998). The long-term effects of market orientation are related to the conceptualisation of market orientation as an organisational culture. According to Narver, Slater, and Tietje (1998), the ultimate goal of building a market-oriented culture is to continually create superior value for customers. The authors highlighted four critical activities for any organisation cultivating an market orientation culture: “(1) clarity on its value disciplines and its value proposition; (2) leading its customers, not merely following them; (3) whatever its business, seeing it as a service business; and (4) managing in terms of key customers and employees for life (Narver, Slater, and Tietje, 1998, p.243)”. This points out to two essential factors for implementing market orientation: the perceptions of customers and value, and the delivery of service based on such perceptions. However, while the importance of customer value has been noted, existing studies have not yet incorporated it into

their measurements of market orientation.

### 2.1.6 Validation of the Two Pioneering Market Orientation Measures

The validity and reliability of market orientation measures have received a lot of attention in the literature. The most popular measures examined are the ones provided by Kohli, Jaworski, and Kumar (1993) (referred to as MARKOR), and Narver & Slater (1990) (referred to as MKTOR) respectively. However, the validation of these measures is not universally agreed upon.

For example, Deng and Dart (1994) found that part of the MKTOR has reliability problems, though they believed in its overall validity. By contrast, Oczkowski and Farrell (1998) supported the MKTOR and suggested that it is superior to the MARKOR. Among these researchers, the most positive advocates of MKTOR and MARKOR measurements are Deshpandé and Farley (1996). However, Deshpandé and Farley's validation is not purely based on the original scales. What may cause the discrepancy in results when different scholars examine the same construct is not resolved. Hence, the validity and reliability of these measurements remain a concern.

Another potential flaw of both the market orientation measures is their incapacity to capture the comprehensive nature of market orientation (Deng and Dart, 1994). Since the scale development of the two pioneering market orientation constructs is derived from field interviews with business executives or managers, this biased perspective on market orientation may hinder a full understanding of the nature of market orientation. In addition, the lack of customers' opinions in their scale development is considered a key problem (e.g., Gabel, 1995). Given the customer centric nature of the market orientation concept, the knowledge derived from customers should be relevant and useful. Extant measurements of market orientation based on firms' predominant view over the scale development thus cannot appropriately appraise the total effect of market orientation. In order to comprehensively evaluate the business performance of market orientation, scale development should involve the interpretation of customer-centric thinking directly derived from customers. Developing a better measurement that includes customers' input is, therefore, imperative.

### 2.1.7 Subsequent Development of Market Orientation Measurement

The subsequent development of market orientation measurement involved the extension of the existing scales and new scale development. Regarding the development of existing market orientation scale, two directions can be identified: one is to extend the applicability of both measures (e.g., Deng and Dart, 1994; Cadogan and Diamantopoulos, 1995), and the other is to examine their capacity for generalisation (e.g., Deshpandé and Farley, 1996, 1998; Mavondo and Farrell, 2000).

Existing market orientation constructs vary according to different research objectives and research settings. For example, in order to implement market orientation in countries other than the USA, the original measurements, which were mainly developed in USA, have been amended (e.g. Liu,

1995; Bhuian, 1998). When a cross-cultural study is conducted, the original scales also are tailored to provide a comparable basis for dissimilar organisational cultures in different countries (Selnes et al., 1996; Gray et al., 1998). In addition, the original scales are altered when introducing new moderating factors. For example, Chang and Chen (1998) suggested that service quality can be a moderator in the relationship between market orientation and business performance. They not only modified Narver and Slater's measure (1990), but also supplied additional scale items in the light of their research purposes.

With regard to the generalisability in different cultural settings, for American and European samples, both the original market orientation scales (i.e., Narver and Slater, 1990; Kohli, Jaworski and Kumar, 1993) were found to be generalisable (e.g., Deshpandé and Farley, 1998). However, there is little evidence in the cases of Asian studies. Both the pioneering market orientation measures were developed and validated in America. The majority of empirical studies for market orientation have also been conducted in the context of Western countries. Due to the cultural difference between Western and Eastern countries, further investigation of these measures for Asian countries is therefore needed. This may provide an insight into the generalisability of either market orientation scale in a more international context.

In addition, developing a new scale has been attempted by scholars in order to better understand the context of market orientation (Ruekert, 1992; Deng and Dart, 1994). However, these works are rare and the lack of customers' opinions in the scale development of market orientation has remained. This unresolved problem may bias the research outcome and prevent a real understanding of market orientation in the existing literature.

### 2.1.8 Empirical Examinations of the Market Orientation-Performance Link

Despite the contribution of previous studies toward the development of market orientation, the relationship between market orientation and business performance remains inconclusive. In theory, an organisation practicing market orientation should achieve long-term benefits. However, empirical evidence is mixed with regard to this positive causal relationship (e.g., Jaworski and Kohli, 1993; Slater and Narver, 1994a, 1994b; Liu, 1995 cf. Greenley, 1995b; Liu and Davies, 1997; Appiah-Adu, 1998). This divergent outcome of the market orientation-business performance links from selected empirical studies is shown chronologically in Table 2.2.

According to empirical studies, adopting the same market orientation measurements or the same business performance indices may not ensure a consistent market orientation-business performance link (e.g., ROI in Kohli and Jaworski, 1990; Appiah-Adu, 1998; Greenly, 1995a, 1995b; Sales Growth in Kohli and Jaworski, 1990; Slater and Narver, 1994a, 1994b; Greenley, 1995a, 1995b; Appiah-Adu, 1998). Examining the impact of the same moderator on the market orientation-business performance relationship also led to different conclusions (e.g., Market turbulence in Jaworski and Kohli, 1990; Slater and Narver, 1994b cf. Market turbulence in Greenly, 1995a cf. Market turbulence in Appiah-Adu, 1998; Bhuian, 1998). Moreover, some

authors suggest that the market orientation-business performance relationship is moderated by exogenous factors (e.g., firm size in Liu, 1995; service quality in Chang and Chen, 1998).

Table 2.2 The Market Orientation-Performance Links: Empirical Results of Selected Studies

Market Orientation-Business Performance	Type of Performance Index	Aspect of Unit of Analysis	Sources
Positive	Financial	The management	Narver and Slater (1990)
Positive	Financial	The management	Ruekert (1992)
Positive	Financial	The management	Jaworski and Kohli (1993)
Positive	Financial	The management	Kohli, Jaworski and Kumar (1993)
Positive	Financial	The management	Deshpandé, Farley and Webster (1993)
Weak association	Financial	The management	Hart and Diamantopoulos (1993)
Positive	Financial	The management	Slater and Narver (1994a, 1994b)
Positive	Financial	The management	Liu (1995)
Positive	Financial	The management	Greenley (1995a)
Negative	Financial	The management	Greenley (1995b)
No direct relationship	Financial	The management	Liu and Davies (1997)
Positive	Financial	The management	Chang and Chen (1998)
No direct relationship	Financial	The management	Appiah-Adu (1998)
Positive	Financial	The management	Bhuian (1998)

As stated previously, existing measures are mainly derived independently or jointly from Kohli and Jaworski's (1990) and Narver and Slater's (1990) market orientation constructs. Yet despite using similar measures, empirical studies of the market orientation-business performance relationship provide different outcomes. Based on the above discussions, the possible reasons of, and solutions for, such divergent empirical results remain to be explored. As a result, several questions emerge: Is it possible that these two pioneering measures themselves are invalid or inadequate? Alternatively, do these measures fail to capture the market orientation concept? Also, is it possible that inappropriate measures for business performance of market orientation alter the result? Furthermore, exogenous factors may influence the outcome. Consequently, it is essential not only to investigate the original market orientation construct, and the validation of market orientation scales, but also to examine current measures of business performance in the market orientation research.

### 2.1.9 Current Business Performance Indices Used in Market Orientation Research

The identification of "performance" is debated in the existing market orientation literature. The nature of business performance in the research domain of market orientation has not been fully explored. In order to discover any possible solution to settle the divergent market orientation-business performance relationship, investigating the appropriateness of current performance measurement for market orientation is necessary. Financial indices are widely adopted by researchers and practitioners as measures of business performance. As mentioned previously, the original measures for market orientation are derived from the perspectives of business executives or managers. Consequently, the business performance indices of market orientation are inevitably biased in favour of traditional financial indices.

Common performance indicators involve objective financial figures or subjective individual judgments. The most frequently employed financial measures include profitability, sales, sales growth, ROI (Return on Investment), ROA (Return on Assets), and market share (e.g., Liu, 1995; Greenley, 1995a, 1995b; Appiah-Adu, 1998). However, in the short term, the financial indices may neither capture the comprehensive nature of market orientation nor exhibit the total effects of market orientation. This may be due to time lag effects, which are suggested as one critical cause of ineffective market orientation (Greenley, 1995a; Pelham and Wilson, 1996; Appiah-Adu, 1998).

These financial indices also cannot represent the workforce contribution to an organisation's business performance such as the employees' efforts to retain customers. Especially in a service-dominated business, organisational performance mainly stems from employees' efforts to satisfy customers at the time of the service encounter (Fulmer and Goodwin, 1988; Siguaw et al., 1994; Danaher and Mattsson, 1994; Beatty, Mayer, Coleman, and Lee, 1996; Mengüç, 1996; Reynolds and Beatty, 1999). This, in turn, may influence customers' willingness to remain in a commercial relationship. Hence, the impact of personnel issues on business performance should be included in any evaluation of an organisation's business performance. Moreover, the commonly financial indicators used for the manufacturing industry, which is the main research context of extant empirical market orientation studies, may be inappropriate in the non-manufacturing sector such as the service industry. Notwithstanding, little attention has been paid to this so far in the research domain of market orientation.

In addition, a market-oriented organisation appears to generate favourable perception of exchange value and service quality for its customers. This may result from the "customer-centric marketing" (Sheth et al., 2000) tacit to market orientation practices. Common financial indicators of business performance cannot be applicable to this. It is therefore essential to include non-financial indicators in the evaluation of market orientation performance. Yet, little effort has been made to utilise non-financial performance indices in the research domain of market orientation (Slater and Narver, 2000). For example, how customer perceived exchange value can be measured in terms of non-financial performance measures such as customer satisfaction and customer retention, has not been widely examined to date in the market orientation literature. Based on the above discussion, it is thus critical that a market-oriented organisation adopts the performance index with a view to appropriately reflect its business performance by involving customer retention for example, in the case of the service-dominating industry. This should enhance our understanding of the market orientation-business performance relationship.

## 2.2 Customer Value

In the light of the deficiency exhibited by existing market orientation constructs, this study proposes the integration of the concept of customer value to consolidate it. Customer value (CV) is an emerging concept of increasing interest for scholars as well as practitioners, which calls for a close examination of customers' internal state in relation to different dimensions of value. In order to highlight the importance of customer value in the current study, this concept is viewed in turn, from both the theoretical and methodological perspective. Its potential relationship with market orientation is also discussed. A conceptual categorisation of customer value derived from the existing literature on value is proposed. According to this, a framework for the scale development of customer value in the study is presented. This framework provides the basis for developing the measures of the CVBMO construct proposed later in the current research.

### 2.2.1 Customer Value vs. Customer Values

The original meaning of value, "valere" in Latin, refers to a cherished object that is worthy of lifelong pursuit and enshrinement (Angeles, 1992). Marketing scholars later used the concept of value to expound the true significance of exchange to individuals. For example, the term "marketing myopia" refers to the difficulty for firms to subsist in a market due to the failure to create value for customers (Levitt, 1960). Kotler (1994) also contended that the individual and community can create value by exchanging product through the societal and managerial mechanism of marketing to fulfil mutual needs and wants. These early works have highlighted the importance of value in marketing. However, with the theories-in-use of different scholars, the meanings of value are widely divided.

Principally, value is regarded as value (singular) and values (plural) in theory. It is important to differentiate value from values at the outset. According to Taylor (1961), the former (value) refers to a judgment of preference by customers, and the latter (values) refer to the criteria used by customers in making a judgment. In this study, the concern is about "value". Moreover, referring to the research domain of consumer behaviour, two primary thoughts on value derived from consumption experience can be identified. They are the rational perspective of value (e.g. Zeithaml, 1988; Day, 1990; Anderson, Jain, and Chintagunta, 1993; Kotler, 2000) and the experiential perspective of value (e.g. Woodruff and Gardial, 1996; Woodruff, 1997; Holbrook, 1999).

### 2.2.2 Two Main Streams of Thoughts on Customer Value

The rational perspective of value in an exchange is related to a customer's perceived value. According to Zeithaml (1988), "perceived value is the customer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (p.14). She concluded from an exploratory study of consumers' definition of value that four facets of perceived value existed. These are: "(1) value is low price, (2) value is whatever I want in a product, (3) value is the quality I get for the price I pay, and (4) value is what I get for what I give (Zeithaml, 1988, p.13)". This suggests that value is a kind of return for paying for commodity, and such return involves an assessment of trade-off or a comparison of benefits and sacrifices (i.e., the monetary and non-monetary costs) in terms of the consumption experience.

By contrast, the experiential perspective of value puts emphasis on personal subjective perception such as emotion or preference. As Holbrook and Hirschman (1982) stated, "this experiential perspective is phenomenological in spirit and regards consumption as a primarily subjective state of consciousness with a variety of symbolic meanings, hedonic responses, and aesthetic criteria." Here the word "value" implies that the psychological interpretations of individuals can be varied in the explanations of inner consumption experiences.

Both perspectives on value have their respective proponents. Supporters of the experiential view criticise the rationalists as simplistic (e.g., Danaher and Mattsson, 1994; de Ruyter et al., 1997). However, the empirical evidence supports the validation of the rational view. By comparison, the experiential view is questionable because of the insufficient empirical support. In order to enhance the comprehension of customer value in consumption experiences, some scholars contend that both perspectives are equally important (e.g., Holbrook and Hirschman, 1982). A combined view of customer value was thus adopted in this study for the conceptual development of the CVBMO measures proposed later.

In addition, some scholars also use conceptual frameworks for classifying the consumption experience. For example, Hartman (1967) provided three dimensions of value on the basis of Axiology: extrinsic, intrinsic, and systemic value. Similarly, Holbrook (1994, 1999) proposed three dyadic dimensions of customer value (i.e., extrinsic/intrinsic, self-oriented /other-oriented, and active/reactive) and named them "the typology of customer value" to categorise types of personal consumption experiences. In addition, Sheth, Newman and Gross (1991) also classified five types of consumption value: functional, emotional, social, epistemic, and conditional value. These classified different types of value, based on customers' consumption experiences, suggest varied motives of, and influences on, customers' decision-making. They also suggest the latent preferences for customers' repeated purchase behaviours in that they are based on customers' past consumption experiences that can influence the consumers' future consumption attitude and behaviours (Pieters, 1988).

### 2.2.3 Customer Value in an Exchange Process

An exchange process involving customer value is regarded as the premise to achieve a positive business performance (Woodruff, Schumann, and Gardial, 1993; Lai, 1995; Gale, 1994). However, including customer value may not guarantee the completion of the exchange in that customer value is inherent in customers' minds and cannot be created by the guesswork of an organisation. Hence, the organisation's ability to deliver customer value that can exactly match customers' need is critical for the completion of an exchange.

While "Listening to customers" is important, adopting customers' viewpoints also has its limitations. Customers' views are limited by their attribute perceptions of, and restricted experience or knowledge of, business products (Woodruff et al., 1993). This may cause an organisation to comprehend customer value incompletely and thus to deliver it ineffectively. As a result, it may be better to explore customers' perceived value from both the extrinsic (utilitarian/functional) and intrinsic (hedonic/symbolic) aspects in order to explore customer value in a more complete way.

Additionally, it is imperative to understand the underlying motives for customer value in an exchange in that customer value can be changeable over time due to external triggers such as promotion (Woodruff et al., 1993). In order to keep a long-term relationship with customers, it is essential to continually monitor changes in customer value and to make appropriate and timely adjustments. An organisation's capability to deliver customer value as expected by customers is thus important for the exchange process. In service firms, this may largely depend on front-line employees' performance. Necessary support provided by management, such as on-the-job training, should enhance employees' performance at the time of the service encounter.

### 2.2.4 The Potential Relationship between Customer Value and Market Orientation

The dynamic nature of customer value in the exchange process echoes the continuum of market orientation, which emphasises the continuous creation of customer value. Both concepts can thus complement each other to some extent. The capability of delivering customer value can be reflected in the organisation's degree of market orientation. As suggested by Kohli and Jaworski (1990), highly market-oriented organisations tend to have highly satisfied customers. This may result from an appropriate application of market intelligence, which is regarded as the basis of "customer focus" by Kohli and Jaworski (1990). Accordingly, highly market-oriented organisations tend to be highly customer-focused and thus may pay more attention to the creation and delivery of customer value. However, the extant empirical results suggest that an organisation adopting market orientation may not necessarily produce a positive business performance. The key may depend on the origin of customer value.

The emphasis on creating customer value should mean understanding customer value from the customers' perspective, as customer value can only be defined by customers themselves (Weinstein and Pohlman, 1998). In a transaction, the concept of customer value is supposed to be able to represent and reflect customers' needs for, or expectations from, an exchange. In order to

fully implement the concept of customer value in the exchange process, a market-oriented organisation is thus expected to understand customer value from their customers' perspective. The derivation of customer value is therefore critical to any implementation of market orientation. This critical point has not received the attention it deserves in the research domain of market orientation.

Adopting customer value derived from customers' views should enhance the effect of market orientation in that customer value can increase market share and business profitability (Gale, 1997). Contrasting with the conventional organisations' views dominating in existing market orientation studies, this approach of generating customer value based on customers' views can provide the firms with new insights into market orientation in two ways: First by underlining the discrepancy and consistency of the view on market orientation between organisations and consumers; and second, by highlighting the difference in the perception of superior customer value in market orientation practice between organisations and consumers. Based on the comparison of the views between organisations and customers, new insights may be gained into the customers' concern on value delivery and indicate practical directions to improve an organisation's competitiveness. Basically, a market-oriented organisation indicates its willingness to satisfy customers by delivering superior customer value in their market orientation activities. If an organisation can include customer value, based on customers' views, in their market orientation practice, the positive consequence of adopting market orientation can be expected.

Yet, despite the significant integrated effect of market orientation and customer value to an organisation's business performance, little attention has been paid to this issue. This study thus proposes the CVBMO, a conceptualisation incorporating customer value into market orientation, where the origin of customer value is derived directly from customers' views. The effects of such a CVBMO in the exchange process are then explored in a selected empirical setting in order to examine the relationship between market orientation and business performance. This research focus is described further in a later section.

### 2.2.5 Current Development of Measurement Scale for Customer Value

In order to involve the concept of customer value into market orientation, it is imperative to make a comprehensive review of customer value. A review of the literature on customer value suggests that existing research has yet to provide adequate valid scale for empirical investigation. Most researchers have focused on theoretical exploration rather than on empirical verification of existing measures as can be seen in Table 2.3. A recent attempt at developing value measures is provided by the work of Sweeney and Soutar (2001). However, the application of their scales may be limited by the dimensions of value examined, and their generalisability to non-physical products or the service-dominated industry may be questionable. A fuller perspective on value, therefore, needs to be taken. Consequently, few validated scales of customer value exist in literature.

Table 2.3 Current Approach for Measuring Customer Value of Selected Studies

Sources	Type of Study	Measure Approach
Langley and Holcomb (1992)	T	Customer satisfaction
Heard (1993)	T	The ratio of what the customer gets to what the customer pays
Gale (1994)	E	Relative price; Relative quality
Lai (1995)	T	Benefits- costs
Jensen (1995)	T	Perceived relative values
Woodruff and Gardial (1996)	T	Perceived positive consequences (benefits or desired outcomes); Perceived negative consequences (sacrifices or costs)
Gale (1997)	T	The valuation of customers to the relative key buying factors; The customers' perception on the relative performance of each key buying factor
de Ruyter et al. (1997)	E	Axiological perspective on customer value by Hartman's 3 value dimensions: extrinsic, intrinsic and systemic value
Weinstein and Pohlman (1998)	T	Benefits (product quality, service quality) received - Price paid
Sirohi, McLaughlin and Wittink (1998)	E	Perceived value: value for money
Weinstein and Johnson (1999)	T	Perceived product quality; Perceived service quality; Perceived value-based price
Naylor and Frank (2000)	E	Perceptions of benefits given costs; Perceptions of overall value compared to other retailers
Daniels (2000)	T	Perceived value from product or service quality; Comparative value assessment (in relation to competitors' customers)
Sweeney and Soutar (2001)	E	Emotional, Social, Functional (price/value for money; performance/quality) value of product

Note: Theoretical study (T); Empirical study (E)

Due to the above-mentioned inadequacy, measures from other studies such as services marketing or business management are needed. Overall, two kinds of measures for customer value can be identified from relevant studies under the rational and experiential perspectives of value: monetary/attribute and non-monetary/experiential ones. For example, the comparative view of benefits received and price paid can be regarded as a type of monetary measures (e.g., Weinstein and Pohlman, 1998). On the other hand, the Axiological perspective on value in terms of measuring customer satisfaction can be regarded as a non-monetary measure (e.g., de Ruyter et al., 1997). Although these studies are not directly aimed at studying customer value, they reveal some critical variables that are correlated closely with the customer value measures – such as customer satisfaction (e.g., Webb, Webster, and Kreppa, 2000), service quality (e.g., Daniels, 2000), perceptions of overall value compared to competitors (e.g., Naylor and Frank, 2000), the direct and indirect relationship of customer value to customer retention (e.g., Cronin, Brady, and Hult, 2000).

In addition, an overview of customer value theory suggests that customers can perceive value from several aspects. In the light of this, the current research develops a conceptual categorisation of customer value based on a summary of the literature review. As shown in Table 2.4, this conceptual categorisation constitutes a basis for the proposed CVBMO measures, which is advanced in the following section.

Table 2.4 A Conceptual Categorisation of Customer Value in the Study

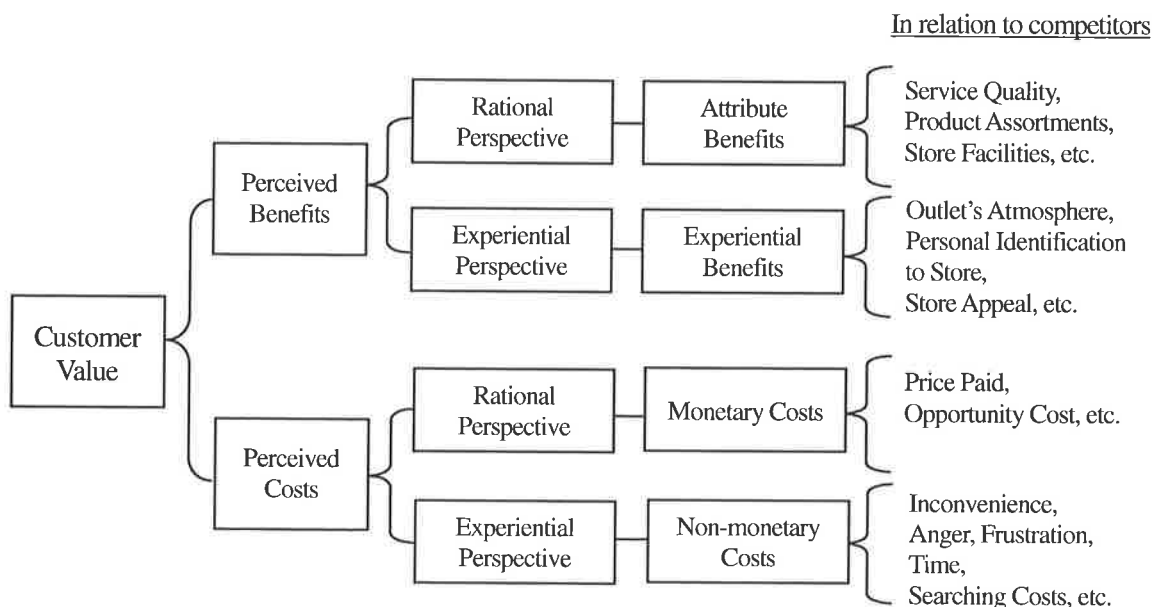
Perspective	Type	Extrinsic Aspect (utilitarian/functional)	Intrinsic Aspect (hedonic/symbolic)
Rational Perspective	Attribute benefits	E.g., Store facilities (physical aspect in store)	E.g., Service quality
	Monetary costs	E.g., Price paid	E.g., Perceived value at a certain price
Experiential Perspective	Experiential benefits	E.g., Store appearance	E.g., Personal identification to store
	Non-monetary costs	E.g., Convenience (store feature)	E.g., Convenience (time, service)

Source: Hartman (1967), Holbrook and Hirschman (1982), Zeithaml (1988)

### 2.2.6 A Framework for the Scale Development of Customer Value

Due to the unavailability of valid measures, a framework for the scale development of customer value is proposed in Figure 2.2. Based on the conceptual categorisation of customer value in the preceding section, this framework was used to develop scales of customer value from the three substantial components of market orientation construct suggested by Narver and Slater (1990) (i.e., customer orientation, competitor orientation, inter-functional coordination). Two dimensions are used to incubate this construct, namely, the rational and the experiential perspectives of customer value, and the monetary and the non-monetary attributes of customer value as stated previously. Moreover, most relevant studies in customer value suggest that customer value can be derived from the consequence of comparing perceived benefits and perceived costs (e.g., Zeithaml, 1988; Woodruff and Gardial, 1996; Weinstein and Pohlman, 1998). This view is adopted in the current research. In terms of the above-mentioned conceptualisation, the components of perceived benefits and perceived costs are further developed. This framework provides the basis for the CVBMO construct proposed later.

Figure 2.2 A Framework for Customer Value Measurement



Several variables can be considered as perceived benefits by customers. For example, it is found that product quality is important to customers' purchase decisions (Gale, 1994). Customers are considered as rational in their ability to perceive and compare different product attributes to make a good purchase (Weinstein and Johnson, 1999). They tend to pursue the highest product quality in the transaction. A favourable product quality is therefore considered as a source of perceived benefits attached to the total value of a purchase.

Service quality has also a great influence upon purchase decisions. Cronin et al. (2000) state that service quality in itself tends to moderate customers' perceived value over a transaction. Sweeney, Soutar, and Johnson (1997) argued that customers' perception of service quality is more powerful than that of product quality in influencing customers' purchase willingness. Indeed, as emphasised by Baker, Simpson, and Siguaw (1999), service quality has a decisive impact on customers' overall evaluation of an organisation, especially in the retail setting. This suggests that customers may regard service quality as an important means to make purchase decisions at the end of an exchange process. Therefore, from a rational perspective, a favourable service quality can also be considered as a kind of perceived benefits that adds value to a transaction. Other considerations such as store facilities, product or service assortments can be included as the source of perceived benefits in the same way from a rational perspective.

In addition, perceived benefits also can be revealed from the experiential perspective. It is widely accepted that customer satisfaction depends on value (e.g., Howard and Sheth, 1969; Kotler and Levy, 1969; Mano and Oliver, 1993; Oliver, 1997). Value is inherent in the exchange process (Holbrook, 1994, 1999) as is the "reinforcement" derived from consumption (Howard and Sheth, 1969), and any positive affective perception of exchange process can be regarded as a source of experiential benefits. This kind of positive affective consumption experience is thus considered as a perceived benefit from the experiential perspective. The affectivity may result from several aspects: a sociological interaction such as that between service providers and customers or that among in-store customers; the purchasing environment such as outlet's atmosphere; a psychological effect such as personal identification to store; and a sociological effect such as store appeals.

Equally, perceived costs can result from several factors recognised by customers from the rational and the experiential perspectives. As suggested by Howard and Sheth (1969), the perception of customers' total cost derived from consumption consists of the economic and experiential cost. The former (economic cost) is regarded as stemming from the rational perspective on perceived costs, namely, the monetary costs. This may involve the relative price perception of service or product in the equivalent category, and the opportunity costs between product or service choice.

Conversely, the experiential cost is regarded as the equivalent of non-monetary cost, which is treated as originating from the experiential perspective of customers on perceived costs in the current study. For example, a negative affective consumption experience can be regarded as a perceived cost. This may include the negative personal perception of exchange in terms of extrinsic and intrinsic considerations such as time, searching cost, inconvenience, anger or frustration.

## 2.3 Integration of Customer Value and Market Orientation

Several problems are revealed from the review of the literature on market orientation. Simply stated, they can be identified as follows: (1) The original market orientation constructs and their subsequent development fail to reflect customer-centric thinking; (2) Existing research instruments of market orientation are mainly developed from an organisation's perspective without the participation of customers; (3) Empirical findings suggest the consequence of implementing market orientation is not always positive; (4) The validity and reliability of existing measures of market orientation remains questionable; (5) Previous research has mainly focused on examining the effect of market orientation in the manufacturing setting; (6) Issues relating to personnel's implementation of market orientation in the exchange process have not received much attention.

Given the above problems identified in the market orientation literature, this study attempts to discover appropriate solutions. A review of the literature on the advantage of customer value suggests three key arguments for adopting it in this study: (1) Customer value is a theory emphasising the implementation of customer-centric thinking in marketing (e.g., Weinstein and Pohlman, 1998); (2) Customer value is regarded as the premise to achieve a positive business performance (e.g., Woodruff et al., 1993; Gale, 1997); (3) Customer value provides a useful conceptual link to examine the relationship between market orientation and customer retention (e.g., Cadogan and Diamantopoulos, 1995). Therefore, customer value is regarded as pivotal in consolidating the market orientation construct in the current research.

Although Narver and Slater (1990) mention the term "customer value" and highlight the notion of customer value in relation to market orientation, this concept is not formally included in their model nor embedded in their scale. Moreover, they mention the term customer value without specifying its definition or specific composition. This suggests that the importance of customer value for market orientation remains a theoretical assertion without empirical verification. This further suggests two important issues: (1) the theoretical feasibility of constructing a market orientation model based on customer value, and (2) validating such a theoretical assertion in an empirical study deserves further consideration. The first of these issues is addressed in this chapter.

The focus of this section is therefore to specify the feasibility of building a market orientation construct based on a customer value concept derived from the theoretical and methodological perspectives. The meaning of customer value in the study is defined first. In terms of research focus in this section, selecting a convincing basis from existing market orientation constructs and/or conceptualisations is crucial at the outset as modifying existing construct or building theory from existing conceptualisation are generally accepted approaches for scholars (Zaltman, LeMasters, and Heffring, 1982). In this regard, the inclusion of customer value in the process of constructing CVBMO is discussed in detail. Performance indices of this proposed CVBMO are also discussed.

### 2.3.1 Definition of Customer Value

Previous studies have identified the lack of customer-centric thinking in the existing market orientation constructs and have also revealed the importance of customer value in market orientation practice. Both views emphasise the significance of customers' opinions in the conceptualisation and implementation of market orientation.

The customer-centric thinking embedded in the theory of market orientation suggests that the definition of customer value should originate from customers themselves. However, previous studies in market orientation did not succeed in reflecting this. In the light of this shortcoming, researchers should involve customers in the conceptualisation of the market orientation construct. This enables the nature of market orientation to be captured from the perspectives of both the organisation and its customers. This further enables the real effects of market orientation to be identified, as such conceptualisation of market orientation actually reflects the interaction of both parties to a business exchange. Therefore, the impact of market orientation on both parties can be fully understood.

Though the essential role of customer value in market orientation practice has been noted, scholars have failed to include customer value defined from a customer's perspective in their study of market orientation. Despite very rare cases of market orientation studies mentioning customer value, researchers grounded their theory on the perspective of managers rather than customers (e.g., Narver and Slater, 1990). However, an organisation's perspective on customer value is unlikely to be the same as that of its customers. As a result, the attempt of including the concept of customer value in previous studies of market orientation achieves little. Hence, the nature of customer value should be derived from customers themselves (Weinstein and Pohlman, 1998). Understanding customers' perceptions of customer value is thus necessary for subsequent research in the area of market orientation.

In addition, as stated previously, an exchange can be achieved only when the customer value emerges and customers are satisfied by the value deriving from the exchange. Though the causal sequence of customer value and customer satisfaction is undetermined (e.g., Langley and Holcomb, 1992 cf. Slater, 1997), certain connections exist between them. The completion of a transaction can be considered as the consequence of customer satisfaction, which results from customer value. In other words, the exchange occurs when customer value leads to customer satisfaction.

A satisfied customer is more likely to become a loyal customer; and a customer value-led satisfaction further enhances customer retention. Moreover, in terms of key players in a market, the influence of competitors on the exchange is beyond doubt. It is therefore important for an organisation to keep creating customer value and making its customers satisfied in relation to competitors. Based on the conceptualisation emerging from the literature and the previous discussion about the scale development of customer value, the concept of customer value in this study is defined as "the customers' overall evaluation in relation to competitors based on their comparisons of perceived benefits with perceived costs during exchange process (i.e., customer

value = perceived benefits – perceived costs, in relation to competitors)”.

### 2.3.2 Foundation of the Customer Value based Market Orientation Construct

Regardless of the inadequacy of both pioneering constructs, a comparison of these two market orientation constructs was undertaken in order to select a better foundation for the proposed CVBMO model. Both the pioneering market orientation constructs are considered as rather interchangeable, since their dimensions are identical in some way (Cadogan and Diamantopoulos, 1995); and their measures are also regarded as alternative (Oczkowski and Farrell, 1998). Previous studies suggested that both constructs are of approximately equal strength and that either one of them can be the representative of market orientation. Nevertheless, as discussed earlier (sections 2.1.4 to 2.1.6), an examination of both constructs indicates that Narver and Slater’s market orientation model outperforms that of Kohli and Jaworski in terms of conceptualisation (e.g., Wrenn, 1997), scale development (e.g., Gabel, 1995), validity and reliability (e.g., Oczkowski and Farrell, 1998), its applicability (e.g., Chang and Chen, 1998) and generalisability (e.g., Mavondo and Farrell, 2000). Additionally, when conducting a cross-country or cross-industry research, the market orientation model of Narver and Slater is more appropriate and more generalisable than that of Kohli, Jaworski and Kumar (Mavondo and Farrell, 2000).

The above discussion recognised the excellence of Narver and Slater’s market orientation model in many facets. In addition, Narver and Slater’s (1990) underlying premise of providing value for exchange partner justifies the conceptualisation of the proposed CVBMO in this study. The equal consideration of the customers, competitors, and organisation in their three-dimensional market orientation model also provides the current research with an all-embracing framework. Consequently, the conceptualisation of Narver and Slater’s market orientation and their three-dimensional framework are adopted as a prototype for developing the proposed CVBMO. Their conception of market orientation was used as an aid to develop the CVBMO with additional contentions proposed by the researcher to strengthen market orientation theory and complete the existing market orientation construct. The inability of reflecting customer-centric thinking in past market orientation studies was overcome by involving customers’ opinions in the conceptual and scale development process of the CVBMO.

Considering the inadequacy of existing market orientation constructs discussed previously, this thesis holds that customer-centric thinking should be involved in every components of a market orientation model. The sentiment that customer orientation is an essential antecedent for an organisation aiming for a competitive advantage (e.g., Ganesan, 1994) reveals the importance of customer focus in developing a market orientation model. When formulating the elements of “customer orientation, competitor orientation, and inter-functional coordination”, the three behavioural components of market orientation suggested by Narver and Slater (1990) should take customers’ view into account. This involves the consideration of the value needed by internal (employees) and external customers (consumers). In other words, a market orientation model should be able to reflect the views of customers on each substantial dimension. Integrating

customer value into such a market orientation construct is then meaningful, and the proposed CVBMO measurement can be then developed for the current research. Since integrating customer value theory into the market orientation construct is a new undertaking in the research domain of market orientation, exploring an approach to fit customer value into the selected market orientation construct is critical to the current study. This is discussed in the next section.

### 2.3.3 Fitting Customer Value into Market Orientation

As stated above, the conceptualisation of Narver and Slater's (1990) market orientation was preferred as the foundation for building a CVBMO construct. The essential role of customer value in the market orientation context is clear. This can be inferred from the conceptualisation of Narver and Slater's market orientation construct and their following works (Narver and Slater, 1990; Slater and Narver, 1994a, 2000; Narver et al., 1998). However, there is no guidance about how to merge the customer value concept into the market orientation construct.

However, some earlier studies may provide directions to resolve this problem. In order to develop better measures of marketing constructs, Churchill (1979) provided a framework, inclusive of eight critical and sequential steps. They are: "(1) Specify domain of construct, (2) Generate sample of items, (3) Collect data, (4) Purify measure, (5) Collect data, (6) Assess reliability, (7) Assess validity, and (8) Develop norm (Churchill, 1979, p.66)". In this section, the emphasis is placed on the first two steps regarding the methodological concerns on how the CVBMO construct can be developed. The remainder will be implemented in later Chapters Four and Five addressing the scale development of CVBMO.

According to Churchill's guidelines, the first step is to identify the specification of the research domain. The cause of insufficiency in past market orientation studies in relation to scale development is considered, and remedial action is proposed. Additional thoughts are also given to involving relevant concepts to strengthen the construct of CVBMO in this study, using Narver and Slater's (1990) three-dimensional market orientation construct as the basis. Customer value is introduced into market orientation with a customer focus in mind for the development of the proposed CVBMO construct. Existing market orientation constructs have long been criticised for their lack of customers' input. Providing that the customers' perceptions are involved in the development of the intended CVBMO construct, the question concerning the participation of key informants in the construct development can be resolved. Moreover, including both views of an organisation and its customers in the market orientation construct as suggested in previous studies (e.g., Deshpandé et al., 1993; Gabel, 1995) may more completely reveal the effect of market orientation.

The following step of Churchill's process is to generate scale items. The generation of specific measurement items is discussed more fully in the chapters on methodology (Chapters Four and Five). Here, the main concern is on the literature contribution in relation to these measures. Regarding the generation of scale items for measuring CVBMO based on customer-centric thinking, it is essential to understand the antecedents of customer value and to integrate such

influences into the implementation of market orientation. As suggested by Cadogan and Diamantopoulos (1995), it is necessary to include the elements of customer value-enhancing activity in an organisation's operationalisation of customer orientation.

How to measure perceived value from the perspectives of customers and firms must be considered. A market-oriented organisation is expected to retain customers by proactively creating and delivering customer value rather than just reactively making customer satisfied (Slater and Narver, 1998). In order to implement market orientation by means of creating customer value, a market-oriented organisation is often expected to assist its customers achieve maximum perceived benefits at a minimum perceived costs. This practice can enhance customers' satisfaction and subsequent customers' retention. However, whether a value-added service can satisfy customers rest with customers themselves as only can customers decide the success or failure of service provided (Meyer and Blümelhuber, 2000). Also, since the value perceived and preferred by customers can be varied (Ganesh, Arnold, and Reynolds, 2000), market orientation practice must be considered across varied dimensions of customer value. Hence, it is important to understand how customers and firms both perceive value in relation to value delivery in market orientation practice. Both the rational and experiential perspectives on value, as discussed in previous section, are used to develop the measures of CVBMO later.

#### 2.3.4 Considerations of Performance Indices for the CVBMO Study

In order to reflect the long-term effects of market orientation upon business performance, selecting the more appropriate performance indices is essential. Traditional financial indices are widely adopted in the research domain of market orientation. As stated previously, however, financial measures have their own limitations (Mitchell and Hamilton, 1988). In certain business settings, financial measures may be inadequate in measuring business performance (Hart, 1993). In the case of the retail industry, for example, performance measures are used to identify the contribution of one particular store, i.e., store performance, to its headquarters. Nevertheless, the financial performance is also determined by other exogenous variables such as store location. In addition, the contribution to business profit by the workforce involved in service encounters is clear for any business. In such situation, using financial measures when measuring performance may veil the real efforts of employees. In order to identify the actual performance concerning managerial or personnel efforts' contribution to market orientation, non-financial measures would be more appropriate.

Non-financial measures have been widely applied in the research domain of customer value or service quality (e.g., Mittal and Lassar, 1996; Cronin et al., 2000). Non-financial indices often comprise the subjective rating of relationship satisfaction (e.g., Baker et al., 1999), relationship quality (e.g., Crosby et al., 1990; Dorsch, Swanson, and Kelley, 1998), service quality (e.g., Zeithaml, 1988), store loyalty (e.g., Sheth and Parvatiyar, 1995), or purchase intentions (e.g., Ganesh et al., 2000).

In view of the mixed empirical findings concerning the market orientation-performance relationship, few scholars in the research domain of market orientation have attempted to disclose the possible causes and solutions of such equivocal relationship. For example, Chang and Chen (1998) indicated that service quality is a mediating variable in the unstable market orientation-business performance relationship. Webb et al. (2000) supported this and added the extra mediating variable of customer satisfaction. This reveals the potential of applying related theories to address the insufficiency of an existing theory.

In the light of this tendency and of the limitations of financial measures discussed previously, this study uses non-financial performance indices to examine the efficacy of the proposed CVBMO. Moreover, as suggested by Clark (1999), “multidimensional measures” of marketing performance can enhance the comprehension of certain relationships. Employing multi-dimensional performance indices such as customer satisfaction, patronage indicators, or behavioural intention may thus assist in resolving the puzzle of past research into market orientation-business performance links. Varied dimensions of non-financial measures suggested from extant literatures are therefore selectively employed in this study. For example, in the case of retail organisations, business performance can largely reflect customers’ repeat store patronage. Such consumer behaviour can reveal customer retention in different ways such as consumption frequency (e.g., Sirgy, Johar, Samli, and Claiborne, 1991), consumption expenditure (e.g., Sirohi et al., 1998), and recommendation intention (e.g., Baker, Levy, and Grewal, 1992). This may also involve other considerations such as the psychological commitment of a customer to a service-providing employee.

## 2.4 Chapter Summary

This chapter reviews the existing theory concerning market orientation and customer value. Based on the problems identified from the literature review, this study attempts to discover appropriate solutions pertaining to the research objectives of the study. The importance of customer value in market orientation suggests the need for further exploration.

The theoretical feasibility of constructing a market orientation model based on customer value was examined in this chapter. A review of the literature relevant to the concepts of market orientation and customer value provides the theoretical foundation for constructing the proposed CVBMO model. The conceptualisation of incorporating customer value into market orientation was proposed in details.

In addition, due to few existing validated scales of customer value, this thesis proposes a framework for the scale development of customer value. Based on a summary of extant conceptual categorisation of customer value, this framework provided a basis for the proposed CVBMO measurement.

A research model for the current research will be developed in the following chapter. A detailed discussion regarding this conceptual model is held. Based on a review of relevant studies, the research hypotheses for the study are then introduced.

## Chapter 3. Development of Conceptual Model and Hypotheses

### 3.0 Introduction

In this chapter, the research scope for this study is described. Based on the review of relevant literature and the discussion in previous chapters, a conceptual model for the current study is presented. The proposed model explains the relationship between market orientation and business performance outcomes from the perceptions of both an organisation and its customers in the service industry. Moreover, based on the discussion of this proposed conceptual model and the review of relevant variables in previous studies, research hypotheses are formally introduced.

### 3.1 Conceptual Model for the Study

The focus of this section is on developing the conceptual model for the current research, which includes developing the relationships of proposed key variables in the model. Based on a thorough review of the literature on market orientation and customer value in the preceding chapter, the conceptual framework of the study is introduced first. A further review and summary of existing interrelationships between market orientation, and customer value respectively, and relevant variables is presented. This comprehensive review provides the basis for proposing the probable causal relationships between the intended customer value-based market orientation (CVBMO) concept and performance indicators (i.e., customer satisfaction and customer retention). Accordingly, the conceptual model of the study is completely presented.

#### 3.1.1 The Conceptual Framework of the Study

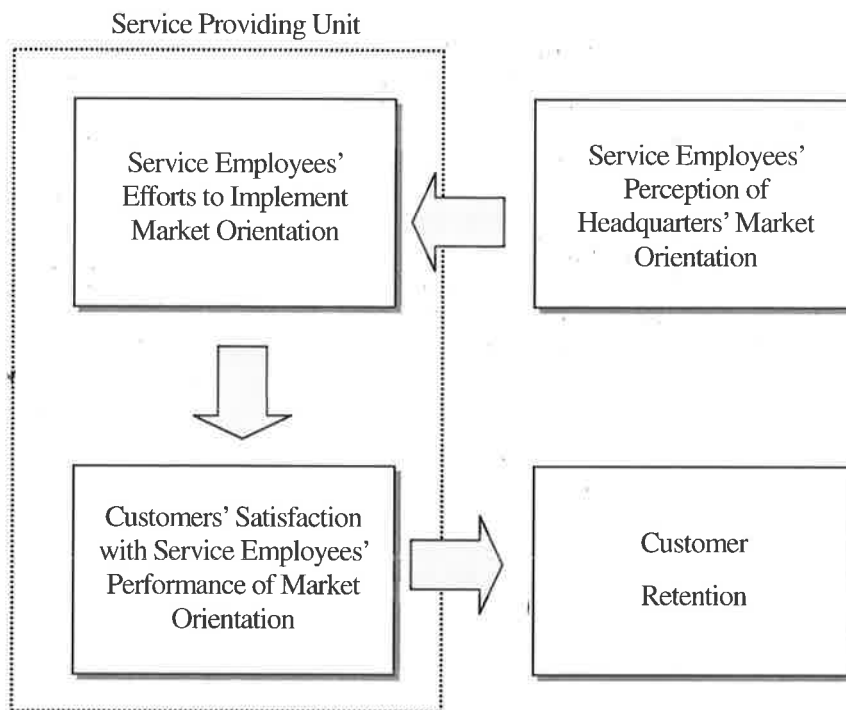
Figure 3.1 is a diagrammatic representation of the conceptual framework for the current research. The objective of this study is to examine the nature of market orientation, and its impact on employees' service performance, on customers' satisfaction and ultimately on customers' retention. The research focus is on the interaction between the service employees and the customers, as shown in the area contained in the dotted line in the conceptual framework. As most studies in market orientation focus on the internal interface (the relationship of an organisation and its employees), a focus on the external interface (the relationship of employees and customers) should provide a more complete understanding of the effects of implementing market orientation.

The literature review suggests that considering personnel's implementation of market orientation is imperative (e.g., Siguaw et al., 1994). In the retail service context in particular, the store personnel have a decisive influence on the organisation's market orientation performance in that they are the key implementers of market orientation. Understanding how the service providers (i.e., service employees) implement the market-oriented decisions made by management (i.e., at headquarters) is thus important. This may relate to their perception of their organisation's market orientation performance, and may subsequently impact on their behaviour while serving customers. All these

remain to be examined empirically to date.

In turn, how these service employees' performance in terms of market orientation can affect customers' perceptions of the exchange process is a further issue. The personnel issue cannot be overlooked in the service delivery situation in that 'personalisation', which is defined as "the social content of interaction between service employees and their customers" (Mittal and Lassar, 1996, p. 96) is critical to the evaluation of service and customer satisfaction. The personnel interaction in different service stages can also influence customers' willingness to repeat patronage (e.g., Price and Arnould, 1999; Jones et al., 2000). Since customers' perceptions of the service providers' performance can impact on their willingness to remain in a business relationship, an understanding of the interaction between customers and service employees appears critical for any business.

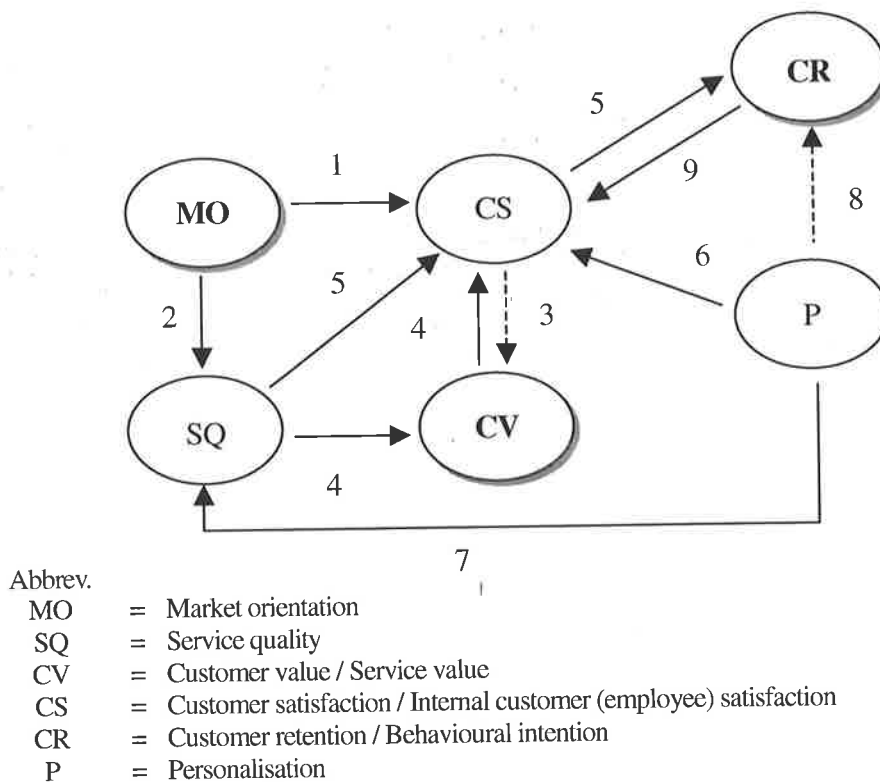
Figure 3.1 The Conceptual Framework for the Current Research



### 3.1.2 Interrelationships between Market Orientation, Customer Value and Other Relevant Variables

The varied relations between market orientation and customer value have been explored in the preceding chapter. The importance of customer value in market orientation practice is investigated and an attempt at integrating both concepts is made. A review of recent studies reflecting the wave of current development in relevant research domains provides an insight into the intended CVBMO construct. This suggests a new way to employ the concept of customer value to define a market orientation construct and to explore the link between the proposed CVBMO and business performance outcomes. Figure 3.2 is a diagrammatic representation of the interrelationships among relevant variables in the literature. The relationships between market orientation and customer value respectively and other relevant variables are discussed in sequence in the following two sub-sections.

Figure 3.2 Interrelationships among Key Variables in the Current Research



No.	Relationship	Source
1	MO → CS	Siguaw et al. (1994); Mengüç (1996); Goff et al. (1997); Webb et al. (2000); Slater and Narver (2000)
2	MO → SQ	Chang and Chen (1998); Webb et al. (2000)
3	CS → CV	Langley & Holcomb (1992); Gale (1997); Cronin et al. (2000)
4	SQ → CV → CS	Mittal and Lassar (1996); Slater (1997); Cronin et al. (2000)
5	SQ → CS → CR	Gale (1997); Oliver (1999); Cronin et al. (2000); Jones et al. (2000); McDougall and Levesque (2000)
6	P → CS	Mittal and Lassar (1996); Price and Arnould (1999)
7	P → SQ	Crosby et al. (1990); Mittal and Lassar (1996)
8	P → CR	Mittal and Lassar (1996); Price and Arnould (1999); Jones et al. (2000)
9	CR → CS	Oliver (1999); Cronin et al. (2000)

### **3.1.2.1 Relationships between Market Orientation, Service Quality, Customer Satisfaction and Customer Retention**

A review of the market orientation literature suggests that little effort has been made to explore the relationship between market orientation and non-financial performance such as service quality and customer satisfaction. Most studies of market orientation have centred on examining business performance outcomes by traditional financial indices. This reflects the novelty of using non-financial indices in this research area. In order to enhance our understanding of business performance in market orientation study from different perspectives, a broader view of business performance outcomes, involving varied non-financial indicators, is called for.

Notwithstanding, prior researchers' works on this topic empirically verified different causal relationships between market orientation and service quality (e.g., Webb et al, 2000), between market orientation and internal customer (i.e., employee) satisfaction (e.g., Siguaw et al., 1994), and between market orientation and external customer satisfaction (e.g., Goff et al., 1997; Slater and Narver, 2000). These works provide an insight into the influence of market orientation and also suggest different views on the contribution of market orientation toward business performance. In addition, and to the author's knowledge, the connection between market orientation and customer retention or repeated patronage has not been explored. This non-financial indicator should reveal a clear effect of market orientation on business performance since this is where the source of business performance comes from. Exploring the link between these two variables deserves attention, especially in the research domain of market orientation.

In addition, several studies in services or relationship marketing empirically identified the relationship of human issues in different service stages or encounters to business performance. For example, Mittal and Lassar (1996) provide empirical evidence for the importance of front-line employees for business performance. Their results show that the performance of employees in the interaction with customers significantly influences customers' overall satisfaction, perceived service quality, and willingness to retain. However, this contrasts partially with Jones et al.'s (2000) result that a stronger interpersonal relationship may not result in higher purchase intentions. Though the effect of personnel interaction on customer intention appears to be inconclusive in relevant research, these studies suggest the possible influence of personnel interaction on the relationship between market orientation and business performance, which has not been fully explored in the research domain of market orientation.

### 3.1.2.2 Relationships between Customer Value, Service Quality, Customer Satisfaction and Customer Retention

In contrast with the rare investigation of service quality, customer satisfaction, and customer retention in relation to market orientation, these variables are examined widely in studies of customer value. The subject of value has received a lot of attention in different research domains such as marketing management and consumer behaviour. Most studies suggest the importance of value in the pursuit of customer satisfaction. However, the causal sequence of customer value and customer satisfaction is debated among scholars (e.g., Langley & Holcomb, 1992 cf. Gale, 1997 cf. Slater 1997; Mittal and Lassar, 1996; Cronin et al., 2000). In this regard, the current research supports the widely accepted view that customer value leads to customer satisfaction. As the success or failure of the service provided depends on customers (Meyer and Blümelhuber, 2000), they must define what customer value is (Weinstein and Johnson, 1999), and their perception of value in service should influence their satisfaction.

In addition, service quality is known to have a direct influence on customers' perceived value (Cronin et al., 2000). Further, both service quality and customer value are proved to be the predictors of customer satisfaction in extant service studies (e.g., Bagozzi, 1992; Cronin et al., 2000). The importance of their synergistic effects on customer service perception has been emphasized (Gale, 1994). A positive service quality can be regarded as a kind of benefit to customer, which brings in value for them. An organisation's market competitiveness can be differential and reinforced by mean of enhancing service quality including various value-added services such as the "satisfiers" suggested by Grönroos (1984). In the current research, service quality is thus treated in symbiosis with value in the service delivery process. That is, good service quality exists simultaneously with good service value. Moreover, their synergistic effect on customer satisfaction highlights the role of implementers and the decisive influence of their service performance at the time of encounter. This suggests a further issue in exploring the determinants of service employees' performance such as management support for their job.

Additionally, how front-line employees perceive their management support of their market orientation efforts would be important for their service performance. The impact of employees' service performance on customer satisfaction is well documented in the literature (e.g., Westbrook, 1981; Crosby et al., 1990; Siguaw et al., 1994; Beatty et al., 1996; Reynolds and Beatty, 1999). The employees' service performance can largely depend upon the employees' capacity to deliver value as expected by customers. In this regard, management support (e.g., on-the-job training or organisational learning atmosphere) that can improve and update employees' capability should influence employees' service performance.

The generally accepted relationship of customer satisfaction to customer retention (e.g. Gale, 1997; Cronin et al., 2000; McDougall and Levesque, 2000) has been challenged by Oliver (1999). His work contends that the prerequisite of customer retention is customer satisfaction, but that customer satisfaction does not necessarily result in customer retention. Certain mechanisms exist

in, and intercept the formation of, the relationship between customer satisfaction and customer retention. This includes the influences of various psychological reasons related to personal identification with business activities, and their combinative effect, such as the influence of customers' affective commitment to a specific service employee or their store loyalty. Hence, understanding the origin of customer satisfaction or its decisive factors from customers' perspective may neutralize the possible influence of certain mechanisms existing in the relationship between customer satisfaction and customer retention. This can then foster the causal relationship between customer satisfaction and customer retention. In this regard, customer value should be considered for its potential to improve customer satisfaction (e.g., Cronin et al., 2000) and for its contents, which is supposed to be identified by customers. This would involve various dimensions of customer value, including intrinsic and extrinsic ones as discussed previously.

Based on the above discussion, the complex relationships among the variables customer value, service quality, customer satisfaction, and customer retention can be clarified in a certain causal sequence. Namely, the synergistic effect of customer value and service quality should lead to customer satisfaction, which in turn can result in greater customer retention.

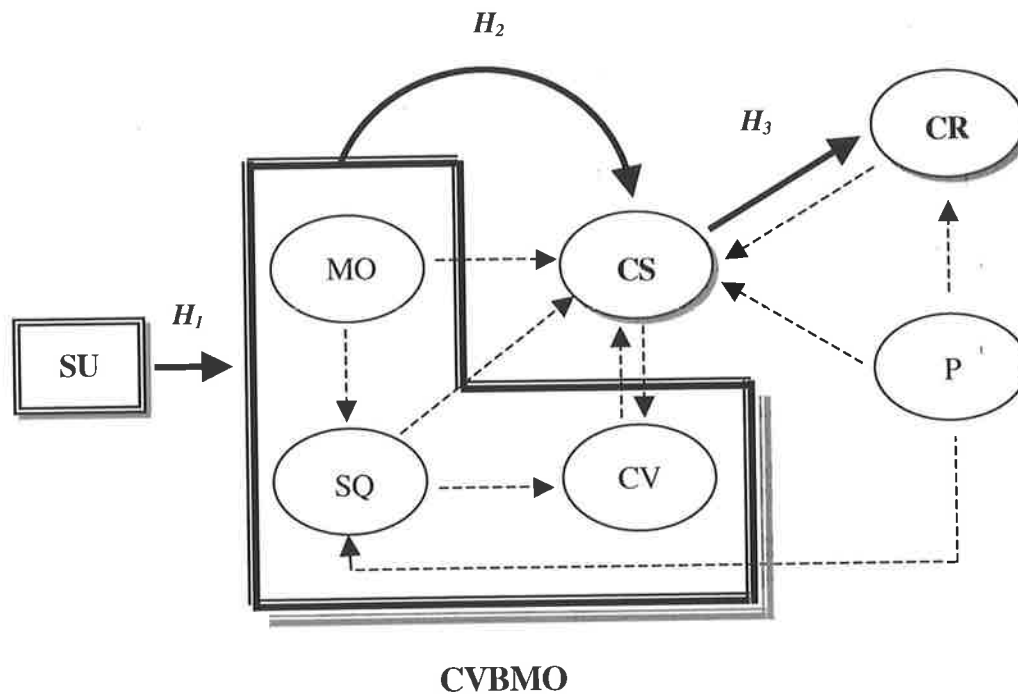
### 3.1.3 Causal Relationships between Proposed CVBMO Concept, Customer Satisfaction, and Customer Retention

A summary of the above-mentioned interrelationships among key variables may enhance our understanding of the impact of market orientation on business performance (i.e., the performance outcomes customer satisfaction and customer retention). Specifically, prior studies have established the relationship among market orientation (MO), service quality (SQ), customer value (CV), customer satisfaction (CS), and customer retention (CR). It is suggested respectively that: MO leads to SQ (e.g., Webb et al., 2000), SQ has impact on CV (e.g., Cronin et al., 2000), CV influences CS (e.g., Slater, 1997), and CS results in CR (e.g., McDougall and Levesque, 2000). In other words, this indicates a potential path of  $MO \rightarrow SQ \rightarrow CV \rightarrow CS \rightarrow CR$ . However, both SQ and CV contribute simultaneously to CS and are engaged in a symbiotic relationship as stated previously. Their collective effect on customer satisfaction suggests the potential for their synergy to enhance the impact of market orientation on business performance. Both variables are thus considered collectively with MO when examining the effect of the proposed CVBMO in the study.

In the light of the research purpose of empirically measuring the advantage of the proposed CVBMO to an organisation, the current research aims to establish the relationship among the variables CVBMO, CS, and CR. Hence, this study examines the relationships among these key variables in a causal sequence such that CVBMO leads to CS, and this in turn impacts on CR (i.e.,  $CVBMO \rightarrow CS \rightarrow CR$ ). In addition, management support (SU) for employees' implementation of market orientation is assumed to have a decisive influence on their CVBMO performance as reasoned previously. Figure 3.3 represents the proposed direction and causal sequence of key variables, and shows the model tested empirically in the study.

Up to now, this study proposed the above causal relationships of key variables in the study. However, several moderating factors of the market orientation-business performance relationship such as front-line employees' service performance and other competitive situations may need to be considered. These factors can influence the effectiveness of market orientation implementation and the consequence of customer retention. They are regarded as exogenous variables for the current research.

Figure 3.3 Proposed Model Showing Causal Relationships of Key Variables



## 3.2 Hypotheses Development

Based on the conceptual framework proposed in section 3.1, the interrelationships among headquarters, service employees, and customers regarding market orientation implementation are explored in the setting of the service industry. Relevant variables from past studies are involved in the current examination. With the investigation of the relationships in the proposed conceptual model, the formal hypotheses drawn from these discussions are presented sequentially.

### 3.2.1 Interrelationship between Headquarters and Service Employees

In the proposed research model, the relationship between an organisation and its employees is first examined. The emphasis of this relationship is on understanding how employees perceive their organisation's market orientation, and the impact that this may have on their service performance. As this study attempts to reveal the effects of market orientation on employees' behaviour in customer service, measuring employees' perception of their headquarters' market orientation is necessary to avoid the domination of the organisation's view on market orientation, as is the case in most of the extant market orientation research.

The benefits of market orientation to an organisation regarding the internal customers (i.e., the front-line employees associated with customers) have been addressed in past studies. A market-oriented organisation is deemed to have more interest in its employees' welfare than less market-oriented organisations (Kohli and Jaworski, 1990; Beatty, et al., 1996). This, in turn, results in employees' higher job satisfaction (Siguaw et al., 1994; Mengüç, 1996).

Moreover, as market orientation is regarded as a cultural issue, an organisation's climate reflects its adoption of market orientation. The influence of employees' perceived organisational climate (work situation or work environment) upon their job satisfaction is therefore evident. The organisational climate, especially supervisory or management support, has a direct impact on employees' job satisfaction (Kohli and Jaworski, 1990; Babin and Boles, 1996). As a satisfied employee is likely to commit to an organisation with greater willingness to practice the prescribed business policy (Siguaw et al., 1994) and perform well, an employee with higher job satisfaction is expected to also demonstrate a better job performance. Hence, employee's job performance should be highly correlated with their perceptions of the level of management supports for market orientation. In other words, an employee's perception of the headquarters' market orientation should highly correlate with their own efforts in terms of market orientation practice. This leads to the following hypothesis:

**Hypothesis 1:** Service employees' perceptions of headquarters' management support for CVBMO have a significant and positive influence on their market orientation behaviours.

### 3.2.2 Interrelationship between Service Employees and Customers

The second relationship to be examined in this study is the interaction between service employees and their customers. Two focal points are underlined in this interrelationship: one is understanding employees' service performance of market orientation practice from their customers' perspective; and the second is comprehending the impact of the above customers' perceptions on their attitude (satisfaction) and behaviour (retention). In relation to the implementation of market orientation, the headquarters decide the policy and the store staff execute it. The quality of the market-oriented activities is therefore mainly controlled by the service encounters, or the service employees. As the customers usually regard a service employee as the representative of his/her organisation, the customers' perception of the employee becomes their impressions of the organisation (e.g., Westbrook, 1981). In addition, in a service setting, customers can easily perceive the service performance of employees due to direct contact. Accordingly, a customer's perception of an employee's service performance in market orientation practice should reflect an organisation's degree of market orientation to some extent.

The interaction of service employees and their customers in an exchange process is a critical point or "moments of truth" (Carlzon, 1987). In order to engage customers in an exchange process and keep them in a long-term relationship, satisfying customer is important. Customer satisfaction is the critical factor of customer retention (Kotler, 1994), and customers with higher satisfaction tend to be retained. An employee's effort to implement market orientation has an impact on customers' satisfaction. Moreover, a value-added service is considered an efficient means to satisfy customer better (Grönroos, 1984; McDougall and Levesque, 2000). Customer perceived value reinforces customer satisfaction (McDougall and Levesque, 2000), especially when the value is consistent with customers' expectations and is delivered with excellent service by means of a prior understanding of customers (Dall'Olmo Riley and de Chernatony, 2000). Thus, the service employees' efforts to implement MO, by fulfilling customer value, should positively relate to customer satisfaction, suggesting the following hypothesis:

**Hypothesis 2:** Service employees' efforts to implement CVBMO have a significant and positive influence on customer satisfaction.

In addition, customers' perceptions of, and satisfaction with, employees' service performance of market orientation can have an impact on their retention. Previous studies have distinguished salesperson loyalty from store loyalty (e.g., Beatty et al, 1996; Reynolds and Beatty, 1999). Salesperson loyalty is proved to be an antecedent to store loyalty (e.g., Macintosh and Lockshin, 1997; Goff et al., 1997). The personnel issue thus cannot be overlooked in the service delivery situation in that "personalisation", as stated previously, is critical to the evaluation of service and customer satisfaction (Mittal and Lassar, 1996). The market orientation performance of service employees is therefore crucial to customer satisfaction, which in turn can result in customer retention.

A satisfied customer tends to become a loyal customer exhibiting repeat patronage behaviour and intention (e.g. Cronin et al., 2000). Customer satisfaction thus results in customer retention or loyalty (Cronin and Taylor, 1992; Parasuraman, Berry, and Zeithaml, 1991). However, a review of literature suggests that a satisfied customer does not always become a loyal customer (Oliver, 1999), contradicting previous findings. This suggests that the relationship between customer satisfaction and customer loyalty remained contentious. Consequently, the following hypothesis is proposed:

**Hypothesis 3:** Customers' satisfaction with their service provider's CVBMO efforts has a significant and positive influence on their intention to return.

### 3.3 Chapter Summary

Based on a review of relevant studies, this chapter developed a research model in the service sector of the retail industry. A detailed discussion regarding this conceptual model was presented. This introduced research hypotheses for the study. They are:

Hypothesis 1: Service employees' perceptions of headquarters' management support for CVBMO have a significant and positive influence on their market orientation behaviours.

Hypothesis 2: Service employees' efforts to implement CVBMO have a significant and positive influence on customer satisfaction.

Hypothesis 3: Customers' satisfaction with their service provider's CVBMO efforts has a significant and positive influence on their intention to return.

In the following two chapters, a further exploration of the issue regarding validating the theoretical assertion of the importance of customer value for market orientation in an empirical study is undertaken. A detailed plan for the empirical examination of this issue is provided beforehand. In order to appraise the applicability of the proposed customer value-based market orientation model, an empirical study using qualitative and quantitative approaches is designed and carried out. The following chapter details an exploratory study using a qualitative approach implemented first. The associated research methodology and preliminary qualitative results are also presented. This provides initial empirical evidence for the proposed CVBMO concept and its relationship with business performance outcomes (i.e., customer satisfaction and customer retention), as well as the basis for constructing the desired CVBMO model.

## Chapter 4. Qualitative Research Design and Methodology

### 4.0 Introduction

This chapter describes the qualitative research undertaken for the current research. The method used in the study is described. The research scope for this study is defined in retailing, after the justification for conducting research in a specific context is stated. This qualitative pilot study is aimed at gaining an in-depth understanding of market orientation practice through the viewpoints of customers and service employees and at designing relevant question items regarding customer value concept to consolidate the construct of market orientation. Focus group interviews were undertaken for these purposes. This pilot study was conducted in Taiwan.

In terms of survey procedure, there are two concerns: one is the data collection method; the other is the design of the research instrument. The sampling plan for this qualitative study included research context, research location, sampling frame, and sampling methods. Informants were obtained from the membership roster of Taiwan Chain Store and Franchise Association (TCSFA). Two types of sampling frame were designed for collecting data. This involved the service employees of the sample firms (hairdressing salon) and their customers. The screening criteria for recruiting both types of participants were set beforehand in order to ensure research quality.

Regarding the research instrument for the current study, a moderator guide was prepared in advance and used as a guideline for conducting group discussions. Several open-ended questions were prepared beforehand and raised in the group interview. Content analysis was primarily adopted in the study for data analysis. Finally, a preliminary resulting empirical model was presented, which strengthened the construct of the intended CVBMO model and reinforced the proposed conceptualisation of CVBMO.

### 4.1 Research Approach and Procedure

The problematic relationship between market-orientated activities and business performance remains to be resolved by examining the original market orientation constructs. As discussed previously, the discrepancy in empirical findings may result from the construct measurement and/or from the choice of unsuitable performance indicators for market orientation. Re-defining the dimensions and variables of the market orientation construct and its performance measures may thus dispel the doubt of the effect of market orientation on business performance.

In order to uncover the nature of customer value-based market orientation (CVBMO), both qualitative and quantitative approaches were undertaken for the current research. A comprehensive literature review forms the basis of the proposed CVBMO construct. However, previous studies have not provided sufficient understanding of how firms can use market orientation as a tool to

generate customer value. In light of this developing research area, both qualitative and quantitative methods are introduced to investigate the current research problem.

Two stages of survey procedure were employed for the current research. One is a qualitative pilot study and the other is a large scale of quantitative fieldwork. Both studies are described in this and the following chapter respectively. In this chapter, focus group interviews undertaken to gain an in-depth understanding of market orientation practice from the viewpoint of customers and service employees are described, allowing the development of the dimensions and variables of the proposed CVBMO construct. In the following chapter, a questionnaire-based quantitative research conducted to investigate this issue and to validate CVBMO construct is presented. The information collected from the former was used to develop the contents of the research instrument used for the latter. Accordingly, the qualitative research is addressed first in this chapter.

## 4.2 Research Location

The current study aims at revealing the nature of market orientation and at measuring the real benefits of market orientation to service organisations. The densely populated island of Taiwan was selected as the focal area for data collection. The retail industry in Taiwan is at a stage of rapid growth. The total output of the retail industry accounts for around 63% of the GNP in Taiwan, while that of the higher industrialised countries such as USA and Japan are around 75%~80% (Economic Statistics Annual, 2000). Marketing of Taiwan retailers is active and diversified. This creates a great opportunity for the current study to provide an insight into a wide range of marketing actions in a single area. Moreover, there is little empirical evidence from Asia in the research domain of market orientation. Giving an insight into market orientation in an Asian country would therefore go beyond the conventional study of market orientation in American and European countries.

One concern is the accessibility of the research population regarding research design. The population should be approachable by the researcher with substantial response rate. Likewise, the researcher should be able to communicate with the sample firms without unnecessary guesswork while interpreting the qualitative data acquired from fieldwork at the first research stage of pilot study. Being a faculty member of a department in a well-known university in Taiwan, the researcher benefits from a very good relationship between the department and the Taiwanese retail industry. This allows the researcher to be able to access rich information when necessary. In addition, the department usually works closely with the Taiwan Chain Store and Franchise Association (TCSFA). This ensures that the researcher gets sufficient supports and assistance for the fieldwork in Taiwan as well as the cooperation from the Taiwanese retail industry. Based on these considerations, the current research selected Taiwan as the focal area for fieldwork.

### 4.3 Study of Customer Value-based Market Orientation in the Service Industry

This research was undertaken in the service industry, and the research scope was defined in retailing. The hairdressing industry was chosen in that the business is more sensitive to customer needs due to its high levels of competition. In terms of research purpose, one aim of this study was to explore the possible reasons for the uncertain market orientation-business performance link. Previous empirical studies on market orientation have been primarily conducted in the manufacturing setting. However, implementing market orientation in the manufacturing industry tends to have a time-lag effect on business performance. The reactions of the customers to the manufacturers are also indirect. This inappropriate research setting may be one of the major reasons for the ambiguous market orientation-business performance relationship. The current research thus considered alternatives to explain the relationship between market orientation and business performance. Accordingly, an examination of the consequences of implementing market orientation in a non-manufacturing context, i.e., service, may enhance the comprehension of market orientation effects in different businesses. Moreover, supplying academic evidence beyond conventional manufacturing industry may contribute usefully to existing market orientation studies.

In order to scrutinize empirically the advantage of implementing market orientation to an organisation, the service industry is particularly appropriate, due to its high intensity of human-to-human interaction. In this setting, an organisation's business activities are easier to perceive by its customers and more likely to generate prompt and direct responses. Moreover, the potential effects of market orientation in the service sector could be greater due to the more immediate "moments of truth" (Carlzon, 1987) component of service. Therefore, the service industry provides a good research context for the current study examining the effect of the proposed CVBMO construct.

### 4.4 Sampling Frame

This research intended to collect data that reflect the full conceptualisation of the proposed CVBMO. For the research purpose of investigating the impacts of CVBMO in a retailing context, several criteria were proposed for the selection of the sample firms. An in-depth understanding of the interaction of service employees and customers in the exchange process could enhance the comprehension of how an organisation implements market orientation. The interaction in an exchange process can involve a range of service, from basic to customised services, and can take from a few minutes to possibly hours. Therefore, services can be categorised according to two aspects: the depth and the length of the interaction. Consequently, two dimensions are proposed as criteria for selecting these sample firms. As shown in Table 4.1, they are: (1) the degree of interaction between the service employees and their customers, and (2) the duration of the exchange process in a store. It is presumed that the high/long quadrant should involve the highest degree of market orientation effort to satisfy customers, and vice versa. In addition, these sample

firms are those providing customers with services associated with certain or constant frequency of purchase, allowing the development of meaningful customer retention measures.

Table 4.1 A Typology of Service Firms and the Selection of the Sample Firms

		Depth of Interaction	Interactivity between Service Employees and Customers	
			Relatively Low	Relatively High
Duration of Exchange Process	Relatively Short	e.g., Convenience store	e.g., Children's garments store	
	Relatively Long	e.g., Fast food restaurant	e.g., Hair salon	

For the research purpose of investigating the impact of CVBMO in a retailing context, specifically understanding the interaction between service providers and customers, this study focuses on firms with relatively high interaction and long customer service such as hair salon, as shown in the shaded area of Table 4.1. The retailers in this quadrant provide the most appropriate setting for examining the relationship between customer value and customer retention. The higher the interaction between a service provider and its customer, the greater the influence of customer value on customer retention. Similarly, the longer the exchange process, the greater the frequency of interaction with customers and thus the chance of retaining customer by means of customer value. Accordingly, the effects of implementing customer value-based market orientation on an exchange process can be appropriately investigated in this particular quadrant.

The proposed sample firms in the shaded quadrant are prominent retailers in Taiwan. They are the top retail brands in the hairdressing industry. Given our research purpose of measuring the real benefits of market orientation to an organisation, every sample firm ought to have direct supervision over its stores from a central management policy, namely, company-owned franchising. This makes the cases more meaningful in terms of market orientation practice. Hence, most of our sample stores should be company-owned franchises. The sample stores in this study thus come from the part of company-owned franchising stores of a selected sample firms.

The sampling frame drew from two sets of populations under the selected sample firms. One involved the service employees of selected chain-store hairdressing retailers. The store manager and/or senior hairstylist were the focal informants. These employees defined the extent of headquarters' support of market-orientated activities and their own efforts towards satisfying customers in terms of customer value. The other involved the on-site customers who were asked to describe the magnitude of their satisfaction with service providers in terms of customer value and to discuss their intention of staying loyal to the organisation.

## 4.5 Key Informants

The importance of key informants to the quality of research is well established (e.g., John and Reves, 1982; Churchill, 1999). As the retail industry was identified as the research scope for this study, key players in the market can include the management in headquarters, the service employees in the stores and the customers. In order to understand market orientation in practice and the effect of such implementation, key informants came from two sources: the service employees and their current customers. The former comprised store managers and/or senior hairdressers of sample firms. The latter were the customers using the services of a hairdressing salon or barbershop.

The reason for selecting a store manager and/or senior hairstylists, instead of a general service employee, as the key informant is that this position is more qualified to perceive the degree of an organisation's market orientation. In general, this managerial position of store manager and/or senior position of hairstylist is a full-time job. By contrast, the service employee can be a part-time or full-time staff. Hence, the store manager and/or senior hairstylists experience more deeply an organisational culture than would their part-time service providing counterparts. This may impact on their attitude toward implementing a business policy or strategy and, in turn, influences the effect of such implementation. Moreover, regular business meetings with the management at headquarters enable a store manager to understand business policy, which can reveal an organisation's business orientation. Regular meetings also provide store manager with an opportunity to communicate face-to-face with management about the implementation of business policy, which can also reveal an organisation's market orientation effort. Similarly, senior hairstylists are similar to store managers in their awareness of business policy and familiarity with practicing business policy. This type of informant can therefore also fully perceive an organisation's degree of market orientation.

In addition, the store manager and/or the senior hairstylist also play an important role as the interface between an organisation and its customers as she/he can directly contact and communicate with both parties. Compared with general service employees, the role of store managers and/or the senior hairstylist is dual in terms of implementing market orientation. To the customers, they represent the organisation and receive directly customers' feedback. Thus, they are able to provide management with first hand information on the effect of market orientation practice. To the organisation, they are responsible for the achievement of market-orientated activities. Given an understanding of a business policy, they should and can adjust instantly to respond to the customers. This double role suggests that it may reduce the gap between an organisation's actual performance (from the customers' response to their organisation's market orientation) and its employees' perceived performance (from the employees' perception of their organisation's market orientation) in terms of market orientation.

As to the customers, they can be established or new customers. The former can exhibit the present effect of market orientation practice, which may result from the cultivation of market orientation

culture in an organisation. The latter may disclose the competitive advantage of an organisation, which makes them switch from competitors and try a new service provider. All information on consumption experience collected from current customers may show instantly the effect of market orientation on business performance without a time lag for an organisation. In addition, the perceptions customers have of their service employees' performance often captures the customers' view of the organisation's business performance. As customers usually regard service providers as representative of an organisation, especially in a service-dominated industry, a customer's satisfaction with the employees' service performance can reflect an organisation's business performance to a certain extent. This may cause customer retention. Accordingly, information acquired from both types of key informants is needed to provide a comprehensive view of an organisation's degree of market orientation.

## 4.6 Qualitative Pilot Study

### 4.6.1 Focus Group Interviews

This stage of qualitative research was aimed at discovering possible candidate variables for certain dimensions of market orientation, understanding the customer value state in an organisation claiming market orientation, and the customers' perceptions of customer value included in an organisation's market orientation practice. In order to depict the possible dimensions of customer value in a retail context, in addition to searching the relevant literature for possible variables, a qualitative research method was needed. Focus group interviews (FGI) were therefore conducted at the stage of pilot study. This method or technique outperforms other qualitative research methods such as individual in-depth interview in that a wide range of data can be gathered in a cost effective manner. Moreover, direct interaction amongst participants allows complex research issues such as behaviour or attitudes to be revealed in depth (Stewart and Shamdasani, 1990).

The necessary steps for conducting FGI follow the guideline suggested in previous studies (Keown, 1983; Stewart and Shamdasani, 1990; Carson et al., 2001). Several open-ended questions are prepared beforehand and raised in the interview. These questions were defined according to the current research focus identified from the relevant literature review and the observation of business phenomena in practice. Our primary interest was an understanding of the issues regarding the dimensions of market orientation and the potential effects of customer value in market orientation practice from the perspectives of both organisations and customers. A detailed program for FGI is described in Appendix 1, which is composed of three parts: the preparation (part 1), screening and recruiting participants (part2), and the moderator guide (part 3) for FGI.

#### 4.6.2 The Participants of Focus Group Interviews

Screening criteria of participants was applied to sample firms and customers as shown in the Part 2 of Appendix 1. Regarding the information collected from store managers, TCSFA assisted initially in accessing the intended sampling firms. The possible informants were obtained from the membership roster of TCSFA. After visiting in person firms willing to participate in this FGI, the researcher recruited the planned number of participants.

Some of the participating hairdressing companies recommended their senior hairstylists instead of store managers to participate in FGI. However, regardless of the different organisational structure among companies, the knowledge of organisational culture and business policy of those senior hairstylists was as good as that of store managers. Besides, they may well understand customers better than store managers due to the length of interaction with customers. Consequently, the informants representing the firms mainly comprised senior hairstylists and store managers with or without working experience as a hairstylist.

With regard to consumers, some non-hairdressing members of TCSFA allowed the researcher to access their employees for the purpose of organizing FGI. According to hairdressing professionals, consumers of hair saloons or barbershops in Taiwan primarily fall into the 20 to 40 age groups. Therefore, office workers (both male and female) aged between 20 and 40 replaced the originally planned postgraduate students as the representatives of customers. Concerning the representation of the sample, regardless of study purpose, most researchers use students as respondents for convenience or availability. However, this may bias the research outcome due to the divergence of opinions between ideal and practical informants. By contrast, this study accessed 'ideal' informants, a more diverse sample of hairdressing customer in Taiwan.

#### The Characteristics of Participants in FGI

##### *Profile of Firms' Respondents :*

1. The total number of participants for the representatives of firms (the store managers and senior hairstylists) was 24 persons. The gender of participants was 13 women and 11 men. The average age was 35.
2. Two types of store managers were identified: with and without the experience of hairdressing. Store managers with experience of hairdressing accounted for 37.5% of participants in FGI for firms. All of them were promoted from a previous position as hairstylist. An abundance of information was provided from their perspectives of interacting with the management and with customers. The other type of store manager (without experience of hairdressing) accounted for another 37.5% of participants in FGI for firms. Most of them were switched from other competitive firms with similar position in hairdressing, and thus provided another view on the competitive market.

3. The average tenure for current position as a store manager or senior hairstylist was 4.5 years (54 months). Most of them had been working for their present company over 10 years; the maximum length was 22 years. The average length of working for present company was 11 years. Moreover, an average of 12 year (154 months) working experience in hairdressing had been accumulated for each participant.
4. Regarding contact time with customers, each participant devoted 9 hours a day on average to serving customers. Each service employee would reach an average of 13 customers on a daily basis. On average, each one had about 97 customers they claimed to be as loyal to her/himself. The above showed that a hairdressing business is a highly customer-contact industry.

***Profile of Firms' Consumers :***

1. The total number of participants representative of customers was 30 persons. The gender of participants was 20 women and 10 men. The average age was 30. Monthly income for individual was NT\$42,533 on average.
2. Most of participants went to a hair salon/barbershop every one month (N= 14, 46.70%). The second large frequency was "Others" (N= 8, 26.70%). Every one or two weeks is the mainly specified answer to "Others".
3. The majority spent less than NT\$1,000 (nearly equivalent of AUD\$50) each time on the purchase of hairdressing services (N= 17, 56.70%). The second largest range of expenditure was from NT\$1,000 to 1,999 (nearly equivalent of AUD\$50~100) (N= 7, 23.30%).
4. In terms of the type of shop, most participants preferred chain stores (N= 17, 56.70%) to independent stores (N= 13, 43.30%).

### 4.6.3 Implementation of Focus Group Interviews

According to different types of informants (i.e., the store managers and customers), the ideal number of participants in each group is 5 or 6 respectively (Harris, 1995). More in-depth information from individuals can be acquired from such a mini group (Greenbaum, 1998). However, considering the difference of attendance between expected and actual number, some scholars suggest that the appropriate number of participants should be 8 to 12 based on rule of thumb (Stewart and Shamdasani, 1990). In practice, in view of the time convenient for participants, the actual number in each group was between 8 and 11.

Three groups were conducted for each type of informants (the representatives of firms and customers) since the moderator usually can predict the reply from participants after 3 to 4 groups (Carson et al., 2001). In practice, similar answers emerged after the second FGI. The length of each session was limited to about 90 minutes to avoid participants' fatigue. The venue for these group discussions and the timing of sessions depended on the availability of these respective informants. The group interviewing of store managers was held at TCSFA, given the convenience of this location. For customers, the locations for FGI depended on the participating companies, which allowed the researcher to recruit their employees to represent hairdressing consumers in the

research. Office workers were accessible in the office with advanced approval of the management. Meeting rooms in TCSFA (for store managers and hairstylists) and a conference room in the office (for customers) were the venue used for conducting the discussion.

The researcher acted as the moderator for all 6 focus group discussions due to her familiarity with the topic of discussion and her experience with similar research. The moderator guide composing of agenda and topics for FGI was prepared in advance and used as a guideline in conducting group discussions (see part 3 of Appendix 1). Several open-ended questions regarding the proposed conceptual framework for CVBMO measurement were prepared beforehand and raised in the interview as well. Except for an understanding of the meaning of CVBMO by both types of participants (namely, the store managers and customers), the emphasis of this study was on exploring the relationships between CVBMO and customer retention to realise the potential effects of CVBMO. The number of questions used for discussion was 8 to 12 as suggested by previous researchers (e.g., Stewart and Shamdasani, 1990). For a detail about the topics and/or questions for FGI, please refer to Appendix 1.

## 4.7 Analysis of Qualitative Pilot Study

### 4.7.1 Content Analysis of Qualitative Data

Content analysis is widely used for the data analysis of qualitative research (e.g., Schneider, Wheeler and Cox, 1992). In the current study, content analysis was undertaken to ensure the content validity of focus group interviewing, and to identify reliable variables for developing a research instrument for the following quantitative stage. The information acquired from the focus group discussions was analysed and integrated in the light of the research purpose.

The majority of qualitative studies in Taiwan are analysed manually due to the limitation of language used. Qualitative analysis softwares such as N5 (the latest version of the NUD\*IST software) or NVivo, which were developed on the basis of the English environment of operating system, are not appropriate for the data processing and analysis of Chinese characters. Nevertheless, a software developed by Taiwanese for similar purpose of research method named "InfoReach", a full-text searching utility, was used as an aid for this stage of qualitative analysis.

The process of conducting content analysis has been described in previous studies (e.g., Riffe, Lacey and Fico, 1998). The analysis procedure involved the following steps: data making, data reduction, reliability assessment, and inference. The first two procedures relate to data processing. The following reliability assessment tests the interjudge reliability. The information extracted from the data is then addressed. An initial empirical model of CVBMO resulting from this content analysis is then presented.

#### 4.7.1.1 Data Making and Data Reduction

The data processing for the two different types of sources (i.e., one from the firms and another from the customers) was undertaken respectively. As these two types of informants were different in nature, they were regarded as two independent populations. In terms of research purposes, the data from customers was used to explore their views of customer value as well as to clarify their perceptions of the firms' market-orientated actions. This generated the demand-side dimensions of the potential CVBMO construct. In the same way, the customer value embedded in the firms' market-oriented actions was derived from the data collected from the firms and generated the supply-side dimensions of the potential CVBMO construct. Both constructs were further combined to explore the possibility of an integrated CVBMO model to set the stage for the following step of the current study.

Digital recording of all six FGI provided records of interviews, and the interaction between the participants' and the moderator (the researcher) as well as among the participants. After repeatedly listening to the contents of interviews and contrasting these with the contents of videotapes, the researcher literally transferred these verbal data into a written one, paragraph by paragraph (recording unit). These paragraphs were then divided into several independent sentences in terms of different meanings. Each sentence represents at least one specific meaning (context unit). Coding numbers were then applied to every independent sentence under each paragraph in terms of the sequence of interview topics.

In order to identify the potential components of the CVBMO construct and its measures, the principle of categorising variables was followed. They are: “(a) reflect the purpose of the research, (b) be mutually exclusive, (c) be exhaustive, (d) be independent and (e) be derived from a single classification principle (Holsti, 1969, pp. 101).” Accordingly, each measure was generated by grouping the sentences with the similar meaning (context unit). Then, each measure was analysed and classified into a specific section in terms of similar attribute and this became a potential component (analysis unit). Furthermore, the potential components were organised under different categories according to their attributes.

This pilot study identified 22 potential components of customer value based market orientation construct and their measure items from customers' perception of employees' efforts in delivering value in market orientation practice. In a same way, 27 potential components of customer value based market orientation construct and their measure items were also identified from employees' perception of implementing market orientation by delivering value. A detailed statement of each potential component of CVBMO construct generated from both parties is shown in Tables 4.2a and 4.2b. This includes 9 potential components of customer value based market orientation construct in relation to management support as indicated by mark (\*) in the row of Table 4.2b. Based on the above findings, a further analysis and classification was undertaken to simplify the dimensions of the intended CVBMO construct. The approach and necessary examination are addressed in the following section.

#### 4.7.1.2 Reliability Assessment

In order to ensure the reliability of classified variables in terms of the categorising contents, it is essential to include a reliability test in any content analysis (Krippendorff, 1980). The widely accepted number of judges is two (Kolbe and Burnett, 1991). The reliability index, Cohen's Kappa (Cohen, 1960), was used for the output of the agreement coefficient in this study due to its wide acceptance in the judgment-based coding procedures (Perreault and Leight, 1989; Kolbe and Burnett, 1991). Two academic judges were invited as two independent judges for this test of interjudge reliability. A content analysis protocol developed by the researcher was provided with pre-processed written data in the form of mixed independent sentences. Both judges worked independently and re-categorised the sentences. After this, the researcher compared the results of the two judges and calculated respectively the frequency of occurrence and the level of agreement under each classification of variables. Eventually, the interjudge reliability was generated by the formula of Cohen's Kappa (Cohen, 1960):

$$Kappa = \frac{(P_o - P_e)}{(1 - P_e)}$$

in which:

$P_o$  = observed agreement

$P_e$  = expected agreement

The test of interjudge reliability was undertaken in two waves. The first wave was undertaken after the generation of potential components of customer value based market orientation construct (i.e., 22 and 27 components from customers and firms respectively). As showed in Tables 4.2a and 4.2b, the interjudge reliability of content analysis was high. The coefficient of agreement, Kappa, reached 90.73% and 94.80% for the data analysis of firms and customers respectively. Based on this reliable classification of potential components, the researcher subjectively identified the similarities of viewpoint on CVBMO between both parties as indicated by mark (✓) in Table 4.3. These similarities provided the basis for the development of measure items for the dyadic questionnaires in the following quantitative survey as shown in Table 4.4. This finding also suggests a certain degree of consistency between customer value and market orientation. In order to simplify the dimension of the intended CVBMO, the grouping data validated from the first test were further classified into eight dimensions in terms of their similar attributes. Consequentially, a second wave of Kappa test was undertaken by the two judges. The Kappa value for the second test of interjudge reliability was 89% as shown in Table 4.5. In general, the accepted reliability figure for content analysis is in the range of 0.8 to 0.9 (e.g., Riffe, Lcacy and Fico, 1998). Therefore, the results of our content analysis appear very acceptable.

Table 4.2a The Interjudge Frequency: First Wave (Customer Data)

Classification of Judge B	Classification of Judge A																						B
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.	22.	
1. Skilful service techniques	68						1	1															70
2. Efficient and facile service procedure	1	9																					10
3. Good attitude to serve the customer	1		71		1				1														74
4. Good outlet atmosphere in service procedure	1			42																			43
5. Cozy store environment in physical aspects			2		20																		22
6. Convenience						50			2	1					1								54
7. Novelty							23																23
8. Aesthetics								12															12
9. Consumer sovereignty			1			2			13														16
10. Respectability and exclusivity						1				30													31
11. Psychological effect											9	2											11
12. Sociological interaction effect										1	1	25											27
13. Low risk consciousness – goodwill effect													38										38
14. Low risk consciousness – sense of security in service														53									53
15. Awareness of alternative options for store choice															11								11
16. Pricing incentive																19	1	1					21
17. Relative price																1	28						29
18. Promotional incentive																1		56		1			58
19. Confirmation																			10	1			11
20. Fairness												1							2	8			11
21. Service outcomes																			1		5		6
22. Payment equity																						9	9
<b>Frequency of Judge A</b>	71	9	74	42	21	53	24	13	16	32	10	27	39	53	12	21	29	57	13	10	5	9	640

Observed Probability = 0.95156, Expected Probability = 0.06796, Kappa = 0.94803

Table 4.2b The Interjudge Frequency: First Wave (Firm Data)

Classification of Judge B	Classification of Judge A																											
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	B
1. Inspiration of working morale among service providers*	20	1		1																				1				24
2. Effective on-the-job training programme*	1	55	3	1																				1				62
3. Cultivation of employees' good attitudes to serve the customers	2	3	49																					1				54
4. The emphasis of service quality in business policy			2	48			1																					52
5. The appeal of outlet's atmosphere in service process*	1				15																							16
6. Cosy store environment in physical aspects					1	6																						7
7. Skilful service techniques							23	2	1															1				27
8. Efficient and facile service procedure			1			1	62																					64
9. Customized service approaches								33				1																34
10. Novelty									17																			17
11. Convenience											13	1																14
12. Consumer sovereignty								1		1	1	12	1															15
13. Respectability and exclusivity								1				6																7
14. Reliability in service offers : Trustworthiness													3	1	1			1										6
15. Reliability in service offers : Security														3														3
16. Reliability in service offers : Goodwill effect															12													12
17. Economic value in service offers : Promotional incentive																13												13
18. Economic value in service offers : Pricing incentive																	4											4
19. Psychological effect																		9	2									11
20. Sociological interaction effect ( Incentives of relationship establishment)																		1	13									14
21. Service offers in comparison with the competitors								1											9									10
22. Organisational learning in comparison with the competitors*																				13					3			16
23. The understanding of the customers in comparison with the competitors*																					18							18
24. Effective service policy making*				2																				16				18
25. Effective company-wide communication*															1											23		24
26. Effective internal organisational learning*			2																		1			1		21		25
27. Recruitment and retention of the outstanding service providers*																1												29
<b>Frequency of Judge A</b>	24	59	56	53	16	6	24	67	35	17	14	14	7	3	4	15	13	4	11	15	9	14	18	19	25	25	29	596

(\* ) Item in relation to employees' perception of headquarters' management support for their market orientation implementation  
Observed Probability = 0.91275, Expected Probability = 0.05899, Kappa = 0.90728



Table 4.4 A Further Classification of Potential Components of CVBMO: Similar View

Dimensions of CVBMO (based on both views of employees and customers)	
Further classification	Initial classification
⊙ Good service behaviours	<ul style="list-style-type: none"> <li>• Good attitude to serve customers</li> <li>• The emphasis of service quality in business policy</li> </ul>
⊙ Good consuming environment	<ul style="list-style-type: none"> <li>• Good outlet atmosphere</li> <li>• Cosy store environment</li> </ul>
⊙ Good episodes in service	<ul style="list-style-type: none"> <li>• Customized service approaches</li> <li>• Skilled service technique</li> <li>• Efficient and facile service procedure</li> </ul>
⊙ Individualised value	<ul style="list-style-type: none"> <li>• Convenience</li> <li>• Novelty</li> <li>• Consumer sovereignty</li> <li>• Respectability and exclusivity</li> <li>• Aesthetics consciousness</li> </ul>
⊙ Economic value	<ul style="list-style-type: none"> <li>• Pricing incentive/Fairness</li> <li>• Payment equity</li> <li>• Promotional incentive</li> </ul>
⊙ Risk avoidance in service	<ul style="list-style-type: none"> <li>• Goodwill effect</li> <li>• Sense of security / trustworthiness in service</li> </ul>
⊙ Social-psychological interaction	<ul style="list-style-type: none"> <li>• Personal identification from interaction</li> <li>• Incentives of relationship establishment</li> </ul>
⊙ Considerations of service alternatives	<ul style="list-style-type: none"> <li>• Service offers in comparison with the competitors</li> <li>• Service outcomes</li> </ul>

Table 4.5 The Interjudge Frequency: Second Wave

Classification of Judge B	Classification of Judge A								Frequency of Judge B
	1.	2.	3.	4.	5.	6.	7.	8.	
1. Good service behaviours	2								2
2. Good consuming environment		2							2
3. Good episodes in service	1		2						3
4. Individualised value				5					5
5. Economic value					3				3
6. Risk avoidance in service						2			2
7. Social-psychological interaction							2		2
8. Considerations of service alternatives				1				1	2
<b>Frequency of Judge A</b>	3	2	2	6	3	2	2	1	21

Observed Probability = 0.90476, Expected Probability = 0.14739, Kappa = 0.88830

### 4.7.1.3 Interpreting the Information from the Pilot Study

The above analysis clearly disclosed the importance of customer value in the implementation of market orientation from the perspective of both customers and the firms. From a systematic analysis of market orientation based on the perspectives of both organisations and customers in a service context, this study empirically verified the theoretical assertion of the importance of customer value in market orientation. Moreover, the nature of customer value and market orientation from the perspectives of the firms and the customers is exposed. This qualitative study identified the preliminary components of customer value based market orientation from both demand and supply side of service. The demand side of CVBMO construct is identified from the customers' perceptions of their service providers' market orientation efforts. The supply side of CVBMO components are identified from the service employees' perceptions of their firm's market orientation and their efforts on market orientation implementation.

Both demand and supply sides of service reveal the consistency of customer value and market orientation. As can be seen in Tables 4.3 ~ 4.5, according to the validated components derived from both sides, similarities existed between both perspectives of CVBMO. This revealed that both concepts of customer value and market orientation coexist and complement each other to some extent in an exchange process. The potential of including customer value into the market orientation concept is demonstrated. Given that a firm can fully take advantage of a common view of customer value in market orientation practice, its market competitiveness should be enhanced. As the problem of understanding customers is generally raised by a partial viewpoint of the firm, a further examination of these similar views can offer an insight into the problem and reveal appropriate solutions for closing the gaps between service perceptions by both parties.

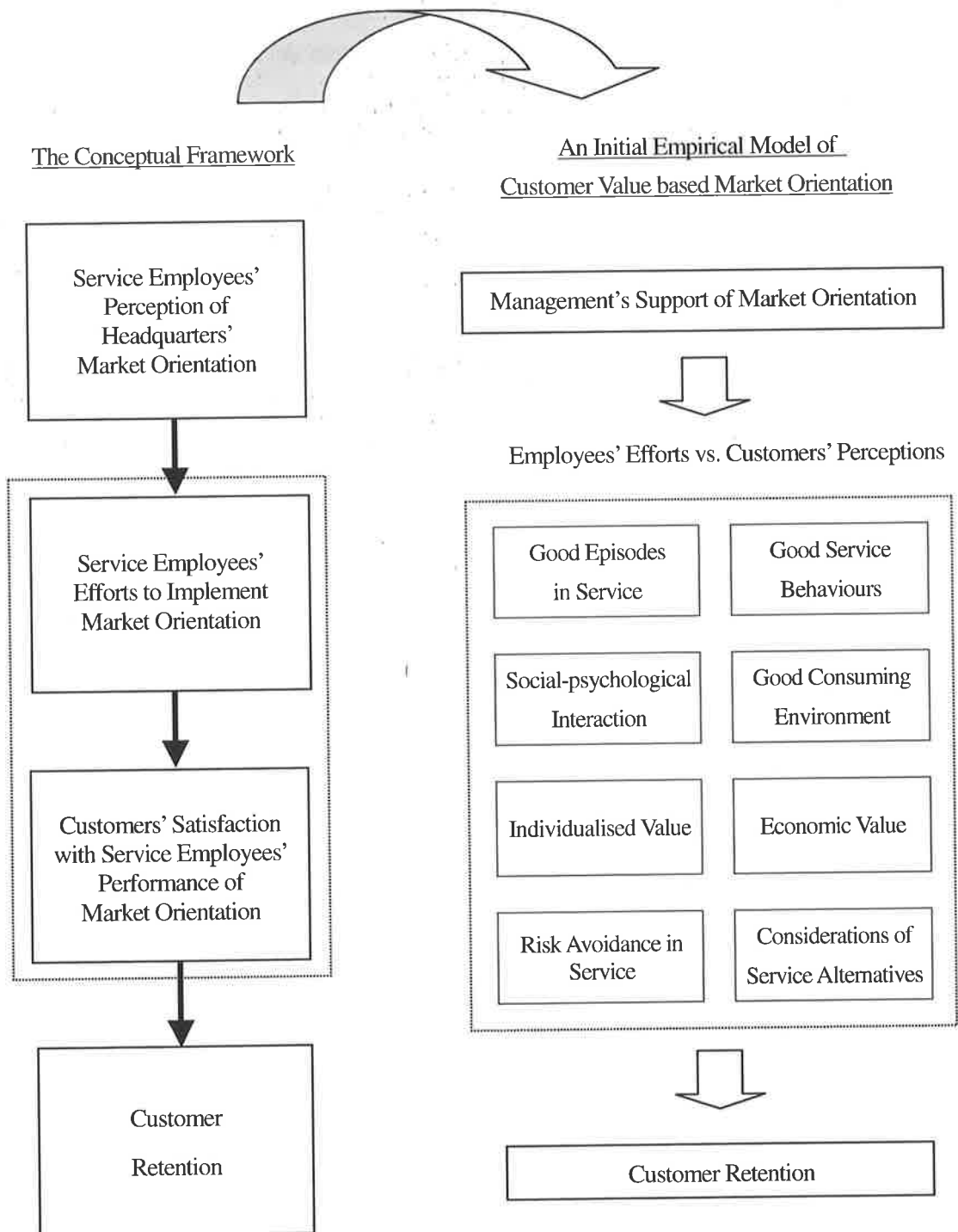
In addition, the results of the focus groups show that service employees' perception of their organisation's market orientation stem from their perception of headquarters' management support. Also, service employees' efforts to deliver value were driven by management support. This suggests that management support can be an antecedent of service employees' efforts. The potential of market orientation to enhance employees' work performance as addressed in previous study appears supported from this exploratory qualitative research step. Further examining empirically this relationship between management support and employee efforts with a full scale quantitative research should provide an insight into the potential effect of management support on employees' performance.

Also, the results of FGI show that customer retention is the consequence of customers' satisfaction with service providers' performance. A variety of indices for measuring customer retention based on customers' views were generated. This provides an insight into this consequence factor and its relationship with customer satisfaction. A further quantitative step using these non-financial indices for measuring the effect of proposed CVBMO should provide a new insight into the effect of CVBMO on business performance.

### 4.7.2 An Initial Empirical Model of CVBMO

Further combining the information from both perspectives lead to a preliminary empirical model of the customer value defined market orientation model with a dyadic context was built. As shown on the right of Figure 4.1, the empirical model reflects the proposed conceptual framework. This provides a solid foundation for the subsequent quantitative research. The broken line shown in the two research frameworks also indicates where the same measures must be used for both types of informants. The transformation of the conceptual framework is illustrated below.

Figure 4.1 Transformation of the Conceptual Framework after Qualitative Pilot Study



## 4.8 Chapter Summary

In this chapter, focus group interviews allowed a thorough understanding of the market orientation concept and customer value management from both perspectives of organisations and customers. The qualitative research also suggests the identical views of customer value in market orientation practice held by both parties to the service exchange. This enhances our understanding of the service delivery process based on both theories of market orientation and customer value from both the perspectives of the firms and the customers. In terms of qualitative outcomes, an initial market orientation construct based on customer value theory was proposed. This demonstrates the feasibility of integrating customer value concept into the market orientation construct. Results from this qualitative study provided the insight for constructing the desired CVBMO model, and the identification of items used in the research instrument developed for subsequent quantitative survey.

The following chapter details the quantitative research, including pre-testing and a full-scale quantitative fieldwork. The development of the research instrument and a series of validation assessment will be described and presented in detail. It is expected that the measurement of CVBMO construct can fully reflect the full conceptualisation of the proposed CVBMO.

## Chapter 5. Quantitative Research Design and Methodology

### 5.0 Introduction

This chapter describes the second phase of research design and methods for the current study. This stage aimed at collecting data from both sides of the exchange dyad in relation to their perceptions of market orientation, and validates the proposed CVBMO construct via a large-scale quantitative survey. The final fieldwork was conducted in Taiwan.

The research instrument for the current study was developed on the basis of the outcome of the qualitative exploratory study detailed in Chapter 4 as well as relevant previous studies. All the variables used in the study were operationalised in terms of the research context. A dyadic sampling frame was used for collecting data. This involved service employees of the sample firms and their customers. Two questionnaires were thus developed for both kinds of informants. The development of both questionnaires is detailed in this chapter.

Regarding the validation of the research instrument, different methods were used to examine reliability and validity at different research stages. The research instrument was pre-tested before undertaking the full scale quantitative survey. On completion of data collection, a series of post-fieldwork validation was undertaken in sequence. Issues concerning data collection are detailed in this chapter as well. The results of scale validation are also discussed.

As regards data analysis, different statistical methods were used in relation to different research issues in the study. The specific approach used for analysing our dyadic data is discussed in this chapter. The results and discussion pertaining to the intended model development, however, will be presented in next chapter.

### 5.1 Research Instrument

#### 5.1.1 Research Variables

As shown in the conceptual model presented in Chapter 3, four major sets of research variables are involved in this study, namely:

1. service employees' perception of headquarters' supports for implementing market orientation (abbr. SU),
2. service employees' efforts to implement market orientation by means of customer value (abbr. EF),
3. customers' satisfaction with service employees' performance of market orientation in terms of customer value (abbr. SA),
4. customer retention (abbr. RETN), and

5. exogenous variables such as service employees' business performance (abbr. EXOGENOUS VARIABLES)

It was hypothesized that the level of EF impacts upon SA and thus results in RETN. Moreover, both SU and EXOGENOUS VARIABLES are expected to mediate the interaction of the service employees and their customers, i.e., EF and SA.

Developing a valid construct incorporating customer value into market orientation is our primary research purpose. The conceptual model derived from the literature review (see Ch. 3) provides the framework for this study. Moreover, the initial empirical model of CVBMO built on the qualitative pilot study strengthens the basis for the development of the proposed dyad research instrument (see Ch. 4). The components of major variables for the study are developed. Four major sets of variables (i.e., SU, EF, SA, and RETN) are further developed based on the outcomes of the qualitative pilot study. The dimensionality and brief descriptions of each major set of variable used in the current examination are shown in Table 5.1. This provides a solid basis for the generation of CVBMO measurement.

Table 5.1 Category of Variables in CVBMO Construct

Category	Dimension	Descriptions
SU	On-the-job training	The usefulness of on-the-job training contents
	Working morale	Inspiration of high working morale
	Outlet atmosphere	Inspiration of good outlet atmosphere
	Organisational learning (out-bound)	Cultivation of competitive consciousness regarding market intelligence generation and dissemination
	Understanding of customers	Cultivation of competitive consciousness regarding the ways of understanding customers
	Service policy making	Concerns in service delivery process regarding the approaches of effective service policy making
	Company-wide communication	Concerns in service delivery process regarding the ways of effective company-wide communication
	Organisational learning (in-bound)	Concerns in service delivery process regarding the ways of effective internal organisational learning
	Recruitment and retention of the outstanding employees	Concerns in service delivery process regarding the recruitment and retention of the outstanding service employees
EF* & SA*	Good service behaviours	Service attitude regarding attitude serving customers
		Implementation issues regarding the emphasis of service quality in business policy
	Good consuming environment	Good outlet atmosphere
		Cosy store environment
	Good episodes in service	Customised service approaches
		Skilled service technique
		Efficient and facile service procedure
	Individualised value	Convenience
		Novelty
		Consumer sovereignty
		Respectability and exclusivity
	Economic value	Aesthetics consciousness
		Pricing incentive/Fairness
Payment equity		
Risk avoidance in service	Promotional incentive	
	Goodwill effect	
Social-psychological interaction	Sense of security/ trustworthiness in service	
	Personal identification from interaction	
Considerations of service alternatives	Incentives of relationship establishment	
	Alternative service offers in comparison with the competitors	
	Influence of relatives and/or friends' opinions over the service outcomes	
RETN	Customer retention	Constancy of relationship
		Overall satisfaction
		Revisit intention
		Consumption frequency
		Consumption expenditure
		Recommendation intention
Rejection of competitors' service alternative		

\* The sets of CVBMO variables are dyadic in nature and used as a measurement for the firms' EF and the customers' SA respectively.

### 5.1.2 Questionnaire Design

A dyadic research approach was chosen for the quantitative phase of the current study. The importance of dyadic research for examining the extent of consensus about theoretical constructs has been highlighted by organisational behaviour researchers as of “paramount interest” (e.g., Weitz 1981, Siguaw et al., 1998). This applies to the current research in that this study aims at constructing a new model and detailing its operationalisation. Matched dyads involving service employees of the sample firms and their customers were selected as our unit of analysis.

Accordingly, the questionnaire design for the current research is also dyadic in nature. Two questionnaires were developed for the firms and the customers respectively. The views common to both the firms and customers were derived from prior qualitative research and developed into questions. Information not directly relevant to the current research in terms of research objectives was not collected. The wording was adjusted to reflect whether a service employee or customers was completing the questionnaire. The rules of designing a questionnaire concerning format, wording, length, and the like were guided by relevant studies (e.g., Frazer and Lawley, 2000).

Different types of questions were classified into different sections in terms of major research variables and respective research purposes. The questionnaire for employees was aimed at acquiring the employees’ perceptions of SU as well as the employees’ EF in the exchange process. This included two parts: (1) a service employee’s perception of headquarters’ management supports to himself/herself for implementing market orientated activities (SU), (2) a service employee’s self-assessment of efforts to implement market-oriented activities for satisfying customers (EF). Each measure was developed for the two parts of SU construct and EF construct respectively. A comparison with competitors’ performance was applied to the appropriate measure items of both constructs. For example, in terms of the dimension “considerations of service alternatives”, employees’ efforts to compete with others in providing better service were considered. All variables were measured using seven-point Likert-type scales anchored with 1 (Completely Disagree), 4 (Neither Disagree Nor Agree), and 7 (Completely Agree).

The customer questionnaire aims to obtain information on the extent of SA and RETN. This includes two parts: (1) a customer’s perceptions of a service provider’s performance in terms of market-oriented activities (SA) and a customer’s view of the importance of service factors in relation to a service provider’s performance; and (2) a customer’s loyalty to a store regarding specific factors reflecting the consequences of a customer’s satisfaction with a service provider’s performance (RETN). Each scale was developed to measure the SA and RETN constructs respectively.

In the light of possible respondents’ fatigue in completing a long questionnaire, the sub-section of part (1) regarding the importance of service factors was simply developed by asking respondents to tick the measure items of SA they thought as important in a hairdressing service. In part (2), the RETN construct was developed to measure customers’ loyalty. The measure items in this construct were derived from the consequence of customers’ satisfaction with service employees’

performance and were treated as a set of non-financial performance indices for evaluating an organisation's business performance from a customer perspective. A comparison with competitors' performance was also applied to the appropriate measure items of both constructs. For example, in terms of the dimension "considerations of service alternatives", customers' concern about employees' superiority in providing better service over the other competitors was considered. Except for the measurements of the importance of SA items, all variables were measured using seven-point Likert-type scales anchored with 1 (Strongly Disagree), 4 (Neither Disagree Nor Agree), and 7 (Strongly Agree).

In order to examine the effect of a particular variable on the interaction occasion, the measure items used in the above EF, and SA constructs were designed to be comparable. Therefore, an overlap of variables exists between the two types of questionnaires for EF & SA variables. These sets of CVBMO variables are dyadic in nature and used as a measurement for the firms' EF and the customers' SA respectively. For further details regarding the contents of both questionnaires, please refer to Appendix 2.

Both original sets of questionnaires were prepared in English and had the initial approval of the researcher's supervisor. They were then translated into Chinese with the comments acquired from two research staffs of a major university in Taiwan and a modification by the researcher for pre-testing. After pre-test, they were modified and refined further and back translated into English. With the final approval of the supervisor, those edited and pre-tested finalized questionnaires were back translated into Chinese again and used in the full-scale fieldwork.

### 5.1.3 Operationalisation of Research Variables

The constructs and variables derived from prior qualitative pilot study were operationalised for measurement purposes. In the current research, overall variables used in the paired questionnaires were operationalised as follows, with the actual items used for each. The related sources for all variables included in the current study are listed as well.

#### 5.1.3.1 Operationalisation of SU

Our qualitative study suggested that we define SU as: the perceptions of service providing employees in a retail organisation regarding the degree to which the headquarter places emphasis on on-the-job training contents, inspiration of working morale and outlet atmosphere, organisational learning (out-bound and in-bound), cultivation of competitive consciousness (understanding customers and service policy making), internal communication processes, recruitment and retention of employees, and various dimensions of management supports for helping employees to implement market-oriented activities in order to serve customers better. Table 5.2 lists those items used for the measurement of SU construct.

Table 5.2 Measures for SU Construct: 32 scale items (Number S1~S32) in 9 dimensions

Dimension	Measure	Related Source	Q.NO.
1. The Usefulness of On-the-job Training Contents	The on-the-job training in my company conforms to the customers' needs and wants.	The current study Parasuraman et al. (1988) Kelley (1992) Cronin and Taylor (1992)	S-1
	The on-the-job training in my company enhances my professionalism.	The current study Futrell et al (1984) Parasuraman et al (1988) Carman (1990) Kelley (1992)	S-2
	The on-the-job training in my company enhances my understanding of service procedure and consumer behaviour.	The current study Futrell et al (1984) Carman (1990)	S-3
2. Inspiration of High Working Morale	My working morale is highly inspired by my perception of other employees' loyalty to the company.	The current study Dubinsky and Hartley (1986)	S-4
	My working morale is highly inspired by the assurance of job security in my company.	The current study Bagozzi (1980)	S-5
	My working morale is highly inspired by the friendly atmosphere of my working environment.	The current study Churchill et al (1974)	S-6
	My working morale is highly inspired by the wide adoption of employees' opinion in service policy development by my company.	The current study Bery et al (1991)	S-7
	My working morale is highly inspired by the provision by my company of an outlet for stress.	The current study	S-8
3. Inspiration of Good Outlet Atmosphere	A good outlet atmosphere is fostered in my company by the vitality of good interrelation among employees.	The current study Kelley (1992)	S-9
	A good outlet atmosphere is fostered in my company by the cooperation at work among employees.	The current study Berry et al (1991)	S-10
	A good outlet atmosphere is fostered in my company by store manager acting as a coordinator of appropriate job arrangement among employees.	The current study Chruchill et al (1974)	S-11*
4. Effective Organisational Learning (Out-bound)	My competitive consciousness is advanced by the dissemination of competitors' information within my company.	The current study Kohil et al (1993)	S-12
	My competitive consciousness is advanced by learning from other business with good business performance by my company.	The current study	S-13
	My competitive consciousness is advanced by learning from the needs of the customers in my company.	The current study Kelley (1992)	S-14

Table 5.2 (continued)

5. The Understanding of the Customers	My competitive consciousness is advanced by the instruction of my company to treat customers as individuals in order to explore their different needs.	The current study Williams and Spiro (1985) Kelley (1992)	S-15*
	My competitive consciousness is advanced by the instruction of my company to listen to the customers with <i>sympathy</i> .	The current study	S-16
	My competitive consciousness is advanced by the instruction of my company to be sensitive to the customers' <i>consuming</i> motives such as <i>changing hairstyle</i> .	The current study	S-17
	My competitive consciousness is advanced by the instruction of my company to be sensitive to the customers' facial expressions in order to figure out what <i>exactly they need</i> .	The current study Saxe and Weitz (1982)	S-18
6. Effective Service Policy Making	My company fully considers customers' needs and wants.	The current study Berry et al (1991)	S-19
	My company widely adopts the front-line employees' opinions.	The current study Berry et al (1991)	S-20
	My company fully considers the current trend of competitive market.	The current study Berry et al (1991)	S-21
	My company fully considers the competitive difference in varied chain store locations.	The current study Berry et al (1991)	S-22
7. Effective Company-wide Communication	My company has an intensive frequency of internal communication.	The current study Downs (1977)	S-23*
	My company takes advantage of every meeting to disseminate company policy and discuss <i>implementation issues</i> .	The current study Berry et al (1991)	S-24
	My company does not have any barrier in the inter-functional communication.	The current study Berry et al (1991)	S-25
	My company allows employees to access to the management for communication without a lot of <i>red tape</i> .	The current study Berry et al (1991)	S-26
8. Effective Organisational Learning (In-bound)	My company makes the content of on-the-job training conform to the employee demand.	The current study	S-27
	My company places emphasis on on-the-job training for the full development of <i>employees' potential for work</i> .	The current study Futrell et al (1984)	S-28
	My company encourages employees to share personal service experiences with the other <i>employees</i> .	The current study	S-29
9. Recruitment and Retention of the Outstanding Employees	My company shows consideration for the employees' rights and interests.	The current study Chruchill et al (1974)	S-30
	My company has the supervisor acting capably as an inspiration for encouraging the subordinates' <i>working moral</i> .	The current study Chruchill et al (1974)	S-31
	My company makes employees identify themselves with my company.	The current study Mowday et al (1979)	S-32

(\*): Item deleted in post-fieldwork validation.

### 5.1.3.2 Operationalisation of EF & SA

Based on our exploratory study, EF was defined as: the degree to which a service providing employee's self-reported service performance regarding the efforts to implement market-oriented activities by: complying with an emphasis on service policy for good service (*Good service behaviour*); by creating outlet atmosphere, and maintaining store environment (*Good consuming environment*); by providing customised service, skilled service technique, efficient and facile service procedure in different service episodes (*Good episodes in service*); by creating value of convenience, novelty, consumer sovereignty, respectability and exclusivity, aesthetics in service (*Individualised value in service*); by complying with monetary policy (pricing and sales promotion) and by exhibiting awareness of customers' consideration of payment equity in service (*Economic value in service*); by maintaining company's goodwill and creating security and trustworthiness in service (*Risk avoidance in service*); by developing a customer's personal identification from commercial relationship (*Social-psychological interaction in service*); and by exhibiting awareness of customers' service considerations in comparison with competitors and of the

influence of a customer's relatives and/or friends' opinions over the service outcomes (*Considerations of service alternatives*). The items used for measuring the EF construct are shown in Table 5.3.

Likewise, SA was defined as:

The degree to which a customer's perception of a service provider's performance reflected the fulfilment of the customer perceived value in market-oriented activities regarding: the efforts in complying with an emphasis on service policy (*Good service behaviour*); the efforts of creating outlet atmosphere and maintaining store environment (*Good consuming environment*); the efforts of providing customised service, skilled service technique, efficient and facile service procedure in different service episodes (*Good episodes in service*); the efforts of creating value for convenience, novelty, consumer sovereignty, respectability and exclusivity, aesthetics in service (*Individualised value in service*); the efforts of creating value in monetary issues (pricing and sales promotion) and creating sense of fairness in service (*Economic value in service*); the efforts to reduce a customer's risk consciousness by promoting company's goodwill and creating security and trustworthiness in service (*Risk avoidance in service*); the efforts of developing personal identification to the commercial relationship (*Social-psychological interaction in service*); the efforts to compete with the other competitors for providing better service and having the awareness of the influence of customer's relatives and/or friends' opinions over the service outcomes in mind (*Considerations of service alternatives*). In addition, a customer's view of the importance of service factors in relation to a service provider's performance (i.e., the importance of SA items) was defined as the customer perception of a service provider's service performance in a store regarding the importance of each of the above dimensions. The specific items used to measure SA are shown in Table 5.3.

Table 5.3 Measures for EF & SA Constructs: 63 scale items in 8 dimensions (Number AA1~AA63 for EF and Number A1~A63 for SA)

Dimension	Measure	Related Source	Q.NO.
1. Good Service Behaviour	It is important to serve a customer with a show of politeness. I am satisfied that the employee showed politeness in service.	The current study Parasuraman et al (1988) Kelley (1992) Cronin and Taylor (1992)	AA-1 A-1
	It is important to serve a customer with a show of friendliness/kindness. I am satisfied that the employee showed friendliness/kindness in service.	The current study Williams and Spiro (1985) Kerin et al (1992)	AA-2 A-2
	It is important to serve a customer with a show of courtesy. I am satisfied that the employee showed courtesy in service.	The current study Dabholkar et al (1996)	AA-3 A-3
	It is important to serve a customer with an honest response to the customers' decision-making about their choice of hairstyle. I am satisfied that the employee was honest in response to my decision-making such as choice of hairstyle.	The current study Saxe and Weitz (1982) Kelley (1992)	AA-4 A-4
	It is important to serve a customer with a show of consideration for the customers' interests. I am satisfied that the employee showed the consideration of my interests in service.	The current study Parasuraman et al (1988) Cronin and Taylor (1992)	AA-5 A-5
	It is important to serve a customer with a meticulous attitude in service details. I am satisfied that the employee was meticulous in service details.	The current study	AA-6 A-6

Table 5.3 (continued)

1. Good Service Behaviour	It is important to serve a customer with a consistent service quality as expected from any outlet. I am satisfied that the employee provided a consistency of service quality as expected in any outlet.	The current study Kelley (1992)	AA-7 A-7
	It is important to serve a customer with a quality service with the awareness of the dynamic competitive market. I am satisfied that the employee provided a quality service with the awareness of the dynamic competitive market.	The current study Berry et al (1991)	AA-8 A-8
	It is important to serve a customer with customised services by understanding a customer's preferences or demands or motives beforehand. I am satisfied that the employee provided a customised service by understanding my preferences or demands or motives beforehand.	The current study Parasuraman et al (1988) Berry et al (1991) Cronin and Taylor (1992)	AA-9 A-9
	2. Good Consuming Environment	It is important to make customers feel a sense of delight in the service process. I am satisfied that the employee made me feels a sense of delight.	The current study
It is important to make customers feel relaxed and/or at ease in service procedure. I am satisfied that the employee made me feel relaxed and/or at ease.	The current study	AA-11 A-11	
It is important to keep a tidy store environment. I am satisfied that the store environment was tidy.	The current study Arora (1982) Kerin et al (1992) Sirohi et al (1998)	AA-12 A-12	
It is important to have wide distance among seats for customers' privacy. I am satisfied that the wide distance among seats showed respect for my privacy.	The current study Sirohi et al (1998)	AA-13 A-13	
It is important to offer appending service facilities for entertaining customers. I am satisfied that appending service facilities for entertaining me was offered.	The current study Cronin and Taylor (1992)	AA-14* A-14*	
3. Good Episodes in Service	It is important to provide service in accordance with customers' verbal requirement. I am satisfied that the employee provided service in accordance with my verbal requirement.	The current study Parasuraman et al. (1988) Cronin and Taylor (1992)	AA-15 A-15
	It is important to make customers feel they are treated exclusively. I am satisfied that the employee made me feels a sense of customisation in her/his service offer.	The current study Cronin and Taylor (1992)	AA-16 A-16
	It is important to be able to achieve a customer's sense of "value for money". I am satisfied that the employee made me feels a sense of "value for money".	The current study Arora (1982) Oliver and Swan (1989) Dodds et al (1991)	AA-17 A-17
	It is important to save customers' time on communication by letting them have a specific hairdresser. I am satisfied that the employee saved me time on communication as she/he is assigned to be my specific hairdresser.	The current study	AA-18 A-18
	It is important to adequately delegate employee for service. I am satisfied that the employee adequately delegated service.	The current study	AA-19 A-19
	It is important to actively enquire about customers' opinions on service satisfaction and react accordingly. I am satisfied that the employee actively enquired about my opinions on service satisfaction and reacted accordingly.	The current study	AA-20 A-20
	4. Individualised Value	Our customers are concerned about spending less time on commuting to a store. I am satisfied that less time was spent on commuting to a store.	The current study Kelley (1992)
Our customers are concerned about the lasting of designed hairstyle. I am satisfied that the hairstyle lasted a long time.	The current study	AA-22 A-22*	
Our customers are concerned about the ease of self-handling the hairstyle after service. I am satisfied that it was easy to self-handle the hairstyle.	The current study	AA-23 A-23*	
Our customers are concerned about flexible operating hours. I am satisfied that the operating hours were flexible.	The current study Parasuraman et al (1991) Kelley (1992) Dabholkar et al (1996)	AA-24 A-24	

Table 5.3 (continued)

4. Individualised Value	Our customers are concerned about being served by one person (non-trainee) in all service steps. I am satisfied that an employee (non-trainee) was assigned to provide services in all service steps.	The current study Kelley (1992) Carman (1990)	AA-25* A-25
	Our customers are concerned about the adoption of a reservation system. I am satisfied that a reservation system was practiced.	The current study Carman (1990)	AA-26 A-26
	Our customers are concerned about the employees' capability of using up-to-date hairdressing skills for creating fashionable hairstyle. I am satisfied that the employee was able to use up-to-date hairdressing skills to create a fashionable hairstyle.	The current study Arora (1982)	AA-27 A-27
	Our customers are concerned about the employees' ability to create surprise or a sense of fresh and new in the customer's usual hairstyle. I am satisfied that the employee was able to create surprise or a sense of fresh and new in my usual hairstyle.	The current study	AA-28 A-28
	Our customers are concerned about the possibility of gaining new service experiences in a store. I am satisfied that the employee was able to provide me with a new service experience.	The current study	AA-29 A-29
	Our customers are concerned about the freedom of selecting a hairdresser. I am satisfied that the employee asked me my preference for selecting a hairdresser.	The current study Kelley (1992)	AA-30 A-30
	Our customers are concerned about being actively notified of information about something good for them. I am satisfied that the employee actively notified me of information about something good for me.	The current study Parasuraman et al (1988) Cronin and Taylor (1992)	AA-31 A-31
	Our customers are concerned about being free from the pressure of sales promotion in store. I am satisfied that the employee did not pressure me to take advantage of sales promotion in store.	The current study Dabholdar et al (2000)	AA-32 A-32*
	Our customers are concerned about a show of sincerity in dealing with their service complaint. I am satisfied that the employee showed sincerity in dealing with my service complaint.	The current study Cronin and Taylor (1992) Dabholkar et al (1996)	AA-33 A-33
	Our customers are concerned about offering differential service in favour of frequent customers. I am satisfied that the employee provided differentials in service in favour of frequent customers.	The current study	AA-34 A-34
	Our customers are concerned about price allowance for frequent customers. I am satisfied that price allowance was made for frequent customers.	The current study	AA-35 A-35
	Our customers are concerned about attractive gifts for frequent customers. I am satisfied that attractive gifts were offered for frequent customers.	The current study	AA-36 A-36
	Our customers are concerned about the initiative in communication taken by employees. I am satisfied that the employee took the initiative in communicating with me.	The current study	AA-37 A-37
	Our customers are concerned about providing extra service for catering to their pleasure. I am satisfied that the employee provided extra service for catering to my pleasure.	The current study	AA-38 A-38
	Our customers are concerned about the aesthetics in hairstyle. I am satisfied that aesthetics was shown in my hairstyle.	The current study	AA-39 A-39
	Our customers are concerned about a demonstration of aesthetics in the store appearance. I am satisfied that a sense of aesthetics in hairdressing was demonstrated by the store appearance.	The current study Sirohi et al (1998)	AA-40 A-40

Table 5.3 (continued)

5. Economic Value	Our customers are concerned about matching prices with competitors' short-term campaign. I am satisfied that the chain store matched prices with competitors' short-term campaign.	The current study Lichtenstein et al (1993)	AA-41* A-41
	Our customers are concerned about a positive response to service failure. I am satisfied that the employee had positive responses to service failure.	The current study Cronin and Taylor (1992)	AA-42 A-42
	Our customers are concerned about the fairness of the exchange of payment for quality of auxiliary hairdressing. I am satisfied that the quality of auxiliary hairdressing was worth the price I paid.	The current study Dabholkar et al (1996)	AA-43 A-43
	Our customers are concerned about the fairness of the exchange of payment for service outcome. I am satisfied that the service outcome was worth the price I paid.	The current study	AA-44 A-44
	Our customers are concerned about the fairness of the exchange of payment for service contents. I am satisfied that the offer in service contents was worth the price I paid.	The current study	AA-45 A-45
	Our customers are concerned about the fairness of the exchange of payment for time spent in store. I am satisfied that the time spent in store for service was worth the price I paid.	The current study	AA-46 A-46
	Our customers are concerned about fairness in the sales promotion in store. I am satisfied that the sales promotion offered in store were fair (no deception).	The current study	AA-47 A-47
	Our customers are concerned about promotional offerings regarding the customers' interests. I am satisfied that my interests are considered in promotional offerings.	The current study Dodds et al (1991)	AA-48 A-48
	Our customers are concerned about the notice of sales promotion by different media. I am satisfied that I was well aware of sales promotion in store through different media.	The current study	AA-49 A-49
	Our customers are concerned about the assurance of low risk for participating in promotion activities. I am satisfied that the assurance of low risk for participating in promotion activities.	The current study	AA-50 A-50
	6. Risk Avoidance in Service	It is important to make an assertion of high service quality. I am satisfied that the chain store asserts high service quality.	The current study Kelley (1992)
It is important to show efforts to maintain and enhance the company's reputation in service. I am satisfied that the employee showed efforts to maintain and enhance the company's reputation in service.		The current study Mowday et al (1979)	AA-52 A-52
It is important to execute well the service process prescribed for customers. I am satisfied that the employee executed well her/his prescribed service procedure for customers.		The current study	AA-53 A-53
It is important to keep the cleanness of the employees' appearance. I am satisfied that the employee had a neat look.		The current study Parasuraman et al (1988) Kelley (1992) Cronin and Taylor (1992)	AA-54 A-54
It is important to maintain the sanitation of hairdressing utensils. I am satisfied that the hairdressing utensils were clean.		The current study	AA-55 A-55
It is important to deal promptly with the customers' complaints or their negative reactions to service. I am satisfied that the employee promptly dealt with my complaints or negative reactions to service.		The current study Cronin and Taylor (1992) Dabholkar et al (1996)	AA-56 A-56

Table 5.3 (continued)

7. Social- psychological Interaction	It is important to recognize and greet customers whenever visiting. I am satisfied that the employee recognized and welcomed me whenever I visited the store.	The current study	AA-57 A-57
	It is important to entertain different customers in different ways. I am satisfied that the employee entertained different customers in different ways.	The current study	AA-58 A-58
	It is important to let a customer speak his/her mind without reticence. I am satisfied that the employee provided an occasion to speak my mind without reticence.	The current study Kelley (1992)	AA-59 A-59
	It is important to make efforts to maintain relationship with the customers after service. I am satisfied that the employee made efforts to maintain a relationship with me after service.	The current study	AA-60 A-60
8. Service Alternatives	Customers are concerned about masterly skills in hairdressing in comparison with competitors' offers. At the moment, I am satisfied that the employee had masterly skills in hairdressing in comparison with competitors.	The current study	AA-61 A-61
	Customers are concerned about the understanding of their service needs instantly in comparison with competitors' offers. At the moment, I am satisfied that the employee understood immediately what I wanted in comparison with competitors.	The current study	AA-62 A-62*
	Customers are concerned about the opinions of relatives and/or friends to the service outcome. At the moment, I am satisfied that the opinions of my relatives and/or friends to my service outcome after my last visit made me satisfied.	The current study	AA-63 A-63

(\*): Item deleted in post-fieldwork validation.

### 5.1.3.3 Operationalisation of RETN

In this study, RETN is operationalised as: the degree of a customer's willingness of keeping loyalty to a store regarding: constancy of relationship, overall service satisfaction, revisit intention, consumption frequency, consumption expenditure, recommendation intention, and rejection of competitors' service alternative reflect the satisfaction of a service provider's service performance. The items used to measure RETN are listed in Table 5.4.

Table 5.4 Measures for RETN Construct: 7 scale items (Number C1~C7) in 1 dimension

Dimension	Measure	Source	Q. No.
Customer Retention	I have had a specific hairdresser over than one year.	The current study	C-1*
	I am extremely satisfied with overall service performance.	The current study	C-2
	I will visit this store again.	The current study Sirgy et al (1991) Sirohi et al (1998)	C-3
	I will increase my frequency of patronage in this store.	The current study Sirgy et al (1991) Sirohi et al (1998)	C-4
	I will increase my expenditure in this store in the future.	The current study Sirohi et al (1998)	C-5
	I am glad to recommend this store to others.	The current study Baker et al (1992) Sirohi et al (1998)	C-6
	I do not consider alternatives of this store.	The current study	C-7

(\*): Item deleted in post-fieldwork validation.

### 5.1.4 Validation of Research Instrument

Validation of the research instrument was one of the major concerns for this study. The reliability and validity assessments of the research instrument were important to evaluate how well and consistently developed instrument measured the intended concept. An unambiguous measure should demonstrate a consistent agreement between different users and how well important phenomena can be explained by the measurement method (Nunnally and Bernstein, 1994). In addition to reliability, validity was needed for our research instrument. Both separate but interrelated conditions are important to gauge a measure.

In order to ensure that the developed scale items used in the study actually measured the intended CVBMO concept, an examination of both reliability and validity of these measures was undertaken at three stages of the current research, namely the qualitative pilot study, the pre-test, and the post-fieldwork validation. According to the scientific approach of validating any measurement, more than two methods should be adopted (Churchill, 1979). In the current study, reliability and validity assessments were undertaken by different methods at each research stage as shown in Table 5.5. Accordingly, both questionnaires developed for the firm and the customers are examined respectively in details later in this chapter.

Table 5.5 Approach to the Validation of Research Instrument in the Current Research

Test Name	Three Phases of the Current Research		
	Qualitative Pilot Study	Quantitative Pre-test	Quantitative Fieldwork
<b>VALIDITY</b>	Content-related Validity:		
	Face Validity		✓
	Content Validity	✓	✓
	Criterion-related Validity:		
	Predictive Validity		✓
	Concurrent Validity		✓
	Construct Validity:		
	Convergent Validity		✓
	Discriminant Validity		✓
	Nomological Validity		✓
<b>RELIABILITY</b>	Interjudge Reliability	✓	
	Test-retest Reliability		✓
	Inter-item Consistency Reliability		✓

#### 5.1.4.1 Qualitative Pilot Study

The outcomes of the qualitative pilot study detailed in Chapter 4 provided a preliminary validation. A good quality instrument includes four essential factors: objectivity, validity, reliability, and practicality (Emory, 1976). However, the soundness of a research instrument depends heavily on a reliable process of scale development (Gabel, 1995). Though a comprehensive review of the extant literature on the focal phenomenon exhausts the research domain and provides the basis for scale development, this may not ensure the objectivity of the measures. A preliminary data collection with potential informants avoids the domination of the researcher in the scale development process and enhances the rigor of the research. Hence, the subsequent validation of measures in validity and reliability becomes meaningful. This also largely reduces the syndrome of “GIGO” (Churchill, 1979), garbage in and garbage out, which results from analysing faulty data collected by means of an unreliable research instrument. Moreover, a validated instrument originated from a reliable scale development process greatly improves its practicality.

Accordingly, a qualitative research approach using focus group interview with potential informants was undertaken for the current research. Though this approach is quite time- and cost-consuming, the validation achieved from it is much more convincing than when a few academics or practitioners examine the content and structure of the research instrument. In this study, both the validity and reliability were assessed in this phase of research through the participation of key informants (i.e., service employees and customers) in the scale development process (content validity) and the objective outcomes of content analysis (interjudge reliability from Kappa test).

At the qualitative pilot study stage, interjudge reliability using Cohen’s Kappa (Cohen, 1960) test was examined to verify the results of the content analysis. This was to ensure that the information derived from content analysis of focus group interviews was reliable. The results of content analysis proved to be very acceptable. This test not only identified the components of CVBMO construct from both customers and the firms respectively, but also revealed their identical view on market orientation, providing the cornerstone of scale development for the current research. The details of this examination and outcomes were fully described in Chapter 4.

#### 5.1.4.2 Quantitative Pre-testing

The second stage of validating research instrument involved a pre-test. The primary purpose of the pre-test was to detect any possible problem pertaining to scale development. This comprised test of wording for content validity and test-retest for content reliability. In addition, any opinion pertaining to the content and structure of questionnaire design was collected from respondents.

A field test undertaken for pre-testing with the participation of key informants (different from the informants in qualitative pilot study) provided a reliable approach for validating the measures. The participants for pre-testing included the firm, with the service providers (store manager with service experience and hairstylists) as one of the key informants; and the customers, with mature

students having practical working experience and studying for degrees such as Executive MBA or PhD at a well-known national university in Taiwan as the other key informants. Both types of respondents well represent their respective population (the firms and customers). This enhances the appropriateness of undertaking the pre-testing.

60 sample service providers and 58 sample customers were included in the pre-test and completed a self-administered questionnaire provided to them with a cover letter. A total of 50 and 53 useable questionnaires were collected from the firms and the customers respectively. This yields a valid response rate of 83.3% and 91.4% respectively.

Three types of validity were examined at this stage: face validity, content validity and construct validity. Face validity was verified by the clarity and understandability of the research instrument by key informants. A thorough literature review and six focus group interviews in prior research stage formed the basis of content validity. Moreover, a comprehensive testing of wordings with sample service providers and customers in the pre-test reinforced the content validity of the research instrument.

Regarding reliability, the test-retest method was used to examine the stability of the measures. Each type of informants (the customers and the service employees) was tested twice using the same research instrument at an interval of at least two-week. Though there is no consensus on adopting this method to assess reliability (e.g. Nunnally and Bernstein, 1994 cf. Churchill, 1979), using this method solely for reliability assessment is of major concern (Peter, 1979). Since test-retest reliability does not indicate the level to which different measure items may measure the same trait, inter-item consistency reliability test was undertaken to determine internal consistency. The internal consistency was assessed by the Cronbach's coefficient alpha (Cronbach, 1946). Each validity and reliability assessment at the stage of pre-test will be discussed in details in section 5.2.

#### **5.1.4.3 Post-fieldwork Validation**

Examining the reliability and validity of the measures at the stage of pre-test does not mean that the validation of research instrument is complete. A post-fieldwork verification must be undertaken after full-scale quantitative surveys to confirm the reliability and validity of the research instrument. This ensures the soundness and accuracy of the research outcome.

Therefore, a post-fieldwork verification process was implemented after the final data collection phase to complete the research instrument validation. The reliability was examined again using Cronbach's coefficient alpha (Cronbach, 1946). In addition, two primary validity tests were undertaken: criterion-related validity and construct validity. The former is evaluated by predictive or concurrent validity. The latter is evaluated by convergent, discriminant, and nomological validity. In addition, in terms of the current research purpose of building a valid CVBMO model, Structural Equation Modelling (SEM) was undertaken. Through these validated measures, the intended model can then be established.

## 5.2 Pre-testing the Research Instrument

### 5.2.1 Scale Purification at Pre-test Stage

Scale purification is used to select “appropriate” scale items, which are most suitable to be included in the measurement. The criteria used for selection primarily depend on the discrimination index and p value at a significant level (Nunnally and Bernstein, 1994).

In a preliminary analysis of scale purification, a test-retest test was undertaken as part of the pre-test. In determining reliability, Pearson correlation coefficient was used to assess the reliability of the scales employed and to facilitate the selection of appropriate measure items. The items with poor test-retest reliability were identified and deleted at first. Any measure item which a correlation significant at the level of  $p < .05$  (2-tailed) was retained in the final research instrument.

In order to ensure internal consistency of the measures, Cronbach's alpha was also used to further examine and delete measure items with poor coefficients at the stage of pre-test. Scale item that showed a sharp drop in the plotted pattern and a poor item-to-total correlation became candidates for elimination. The purified measures then formed the final version of the questionnaires used in a final data collection fieldwork to test the proposed hypotheses in the study.

In order to allow for the same measure items to be used in the paired questionnaires (for the constructs of EF & SA), any measure item with poor reliability in either questionnaire was deleted simultaneously from both questionnaires at the stage of pre-test. Consequently, and following the structure of questionnaire design for each the firms and the customer, 32, 63, 63, and 7 items were retained respectively after pre-testing, to represent aspects of management support (the HQMO construct: Service employees' perceptions of HQ supports for implementing market orientation), service employees' efforts (the EF construct: Service employees' efforts to implement market orientation), customer satisfaction (the SA construct: Customers' perceptions of service employees' market orientation efforts), and customer retention (the RETN construct) as described in section 5.1.3.

### 5.2.2 Validity Assessment at Pre-test Stage

At the stage of pre-test, validity assessment were undertaken by examining face and content validity. Face validity was tested when the measure items were generated. This test ensures that the developed measure items are clear and understandable to the respondents. In the current research, attention was paid by the researcher to the evolution of research instrument from beginning to end. For example, when drafting the actual questions derived from a large pool of items generated from focus group interview, the dialect used by participants was re-edited for clarity. Also, the wording was adjusted in terms of different types of informants (service employees and general customers) for their understanding. In addition, both the questionnaires for the firms and the customers were reviewed by practitioners and academics and refined accordingly for clarification. This supports the face validity of the research instrument.

In order to examine whether the measures used were adequate and capable of delineating the intended CVBMO concept, content validity was also assessed. As the measures used in the current research were derived from a comprehensive review of the relevant literature, and supported from the results of qualitative pilot study, as well as examined and purified in the qualitative pre-testing, the content validity of CVBMO measure was ensured.

### 5.2.3 Reliability Assessment at Pre-test Stage

#### 5.2.3.1 Test-retest Reliability

At the stage of pre-test, the test-retest method was adopted to assess the stability of the research instrument. This test examined whether “a measurement taken at any point in time is reliable” (Hair et al., 1998, p.118). Due to the difficulty in re-administrating the same test to the same group of individuals with or without an interval between testing, test-retest method can be regarded as the most stringent procedure for establishing reliability as it takes into account variations in the sample of questions administered, especially when there is an interval between two tests.

The respondent memory problem has been raised by some scholars (e.g., Churchill, 1979) due to the repeat of same test for the same respondents with or without an interval between testing. However, a longer interval between the two tests decreases such an effect. In addition, when there are a large number of ratings to be made, memory in later test is almost unaffected by the former one (Nunnally and Bernstein, 1994). This situation applies to our case, since a total of 122 and 100 seven-point Likert type items were included in the pre-testing questionnaires for the firms and the customers respectively. Hence, a test-retest procedure was undertaken by distributing questionnaires twice at an interval of at least two weeks to the sample firms and customers to assess the reliability and consistency of their response.

The data collected from the two rounds of test were analysed using correlation analysis. Pearson's correlation coefficient was examined to determine the test-retest reliability. A strong correlation between the two time-interrupted investigations would suggest a high reliability of the research

instrument (Hair et al., 1998). Indeed, most of the measures exhibited a satisfactory correlation coefficient ranging from .30 to .80 at a significance level of  $p < .05$ . Moreover, the minimum of an acceptable correlation coefficient is .30 as generally reported in the literature (Nunnally and Bernstein, 1994). This provided evidence for the test-retest reliability of the research instrument.

### 5.2.3.2 Inter-item Consistency Reliability

The internal consistency was evaluated for the reliability assessment. This was to examine the homogeneity of the measure scales used in the study. Both the Cronbach's coefficient alpha (Cronbach, 1946) and the Kuder-Richardson formulas (Kuder & Richardson, 1937) can be used to test internal consistency. In terms of the interval scale used in the study, 7-point Likert-type scale, Cronbach's coefficient alpha used for multipoint-scaled items was adopted. The stability of entire scale within each dimension was assessed by Cronbach's Alpha coefficient. Within the range between 0 and 1, the higher the alpha value indicates the higher reliability of research instrument. The general lower limit of acceptability is between .60 and .70 (Hair et al., 1998). A much lower acceptable coefficient alpha between .50 and .60 is also suggested (Nunnally, 1967).

The results of inter-item consistency reliability from our pre-test suggested that the scales employed in the current research for the four major constructs were appropriate in representing the nature of each construct. The alpha values of the SU construct exhibited the high internal consistencies of each scale, ranging from .7032 to .8729 at the pre-test stage. The alpha value for the total scale of the SU measure was .9478. This value is considered high as recommended by Nunnally (1967). These results suggest that the scale employed in the HQ construct was appropriate in representing the nature of management supports.

Regarding the paired constructs in both types of questionnaire, the alpha value for the total scale of the EF construct was .9725, which is considered high (Nunnally, 1967). The reliability coefficients for the eight dimensions of variables ranged from .8152 to .9463, which indicated high internal consistency among the items. As regards the SA construct in the customer questionnaire, the alpha value for the total scale was .9879, while the reliability coefficients for the eight dimensions ranged from .8678 to .9435, which is well within the acceptable range limit recommended by Nunnally (1967). This provided support for the inter-item consistency reliability of both constructs. These results suggest the appropriateness of the scales employed in both measures, which represent the nature of service employees' efforts and that of customer satisfaction respectively.

For the RETN construct, the alpha value was .8537, which is considered high (Nunnally, 1967). This suggests that the scale employed in the RETN construct was also appropriate in representing the nature of customer retention.

## 5.3 Quantitative Fieldwork

### 5.3.1 Sampling Procedure

A stratified random sampling procedure (Sekaran, 1992) was used in the study to acquire data from informants from every sample firm. It is widely accepted that the consumption behaviours in major cities are distinct from that in rural areas, due to different customer characteristics. In order to reduce a possible research bias caused by geographical factors, only those stores located in major cities of Taiwan such as Taipei were selected. In other words, the dyad sample sets included the service employees and their customers drawn from major urban areas only. The number of sample stores in every city of a particular firm was systematically defined based on the store population across the major cities. For each city, random sampling was applied to select stores. The use of a stratified random sampling procedure in this study ensured that the sample represents its population (Chatfield, 1988).

Because of a confidentiality agreement, the specific names of the sample firms cannot be disclosed. However, they are representatives of the hairdressing industry in Taiwan in terms of market share, annual sales volume, and business scale (the number of chained stores) listed in Taiwan chain store almanac and public prints. In addition, they are firms in a position to embrace market orientation according to their external publications. This fits with the screening criteria for selecting participating firms with market-orientated practice in that customer value and market orientation practice can be fully explored.

After the confirmation of the firms' intention to co-operate, a total of 78 chained hair salons participated in the study. These stores were located in 7 metropolises of Taiwan: that is, Keelung, Taipei, Hsinchu, Taichung, Chia-yi, Tainan and Kaohsiung. All the stores are company-own franchisees, which provide an insight into the relationship between the management in headquarters and front-line service providers in relation to customer service. Two types of sample firms in terms of business scale were included in this research, namely relatively large and smaller firms in hairdressing industry (all with company-own franchising chain stores). This assortment exhibits a general view of hairdressing in Taiwan.

### 5.3.2 The Dyadic Sampling Frame

A dyad sampling frame was designed for collecting data. The term “dyad” or “dyadic” used in this research represents a matched set of service provider-customer pairs from two different populations (i.e., the firms and the customers). Specifically, the unit of analysis was the paired sample of a service provider and her/his customers. In order to ensure research quality, each valid dyad was expected to be formed by at least two customers to every sample service provider. After data processing, a sample service provider was combined with the “synthesis” of her/his customers produced by integrating customer data as detailed later in section 5.3.6. A matched dyad including one service provider and the aggregate his/her customers (the “synthesis”) is thus formed. This is similar to other research using dyadic sampling frame in a similar fashion (e.g., Hartline et al., 2000). Using the term “dyad” or “dyadic” in the current research is meaningful.

For each sample store, a one-to-multiple dyad sampling was adopted. Service employees (i.e., store manager with service experience and/or hairstylists) were the focal representatives of the store. Their individual average monthly sales and number of customers were used as criteria for selecting informants. They were then randomly selected from each sample firm. Moreover, according to the individual annual business performance (average monthly sales and number of customer), all service employees from each sample firm were divided as “Good (over average)” and “Bad (below average)” ones by using cluster analysis and then randomly selecting from these two groups. This allowed greater generalisation of service providers to the hairdressing industry and was used later for examining any difference between them in terms of practicing CVBMO. For customers, only those customers who were served by our focal representatives were considered as potential informants. The available business hours provided the source for sampling customers at random. Customers who happen to enter the store at pre-determined survey time (i.e., a constant interval of time in the morning and afternoon on weekdays, and afternoon on weekends) and agree to participate were selected as the respondents. In this way, a variety of customers with different consumption patterns were included in the sample. This also avoided the effect of subjectivity in selecting customers. As a result, an approximate random sampling approach was achieved in this study, though it is not easy to conduct a research in an entirely random sampling way.

The current research required a relatively large numbers of respondents. The current research approach of using dyadic sample needs enough number of valid matched sets for a vigorous analysis. Also, Structural Equation Modelling (SEM) (Byrne, 1998) techniques are widely used research related to model building. For the current research purpose of building an empirical model, SEM was suitable and thus a large sample size was needed for its application. Though there is no consensus regarding the definition of “large” (Kelloway, 1998) in performing SEM, some scholars suggest a certain ratio of sample size to estimated parameters, such as 5:1 (e.g., Bentler and Chou, 1987). The sample size of this study was thus estimated accordingly.

### 5.3.3 Questionnaire Administration

With the approval of key persons in each sample firm concerning the survey questionnaire distribution and collection, coded questionnaires with a duplicate identification number for the sample service providers and their matched customers were mailed directly to headquarters. In order to reduce the possibility of acting in collusion to cheat in answering the questionnaires, both types of questionnaires were scheduled to be distributed in sequence: first to customers, and then to service providers. The interval between two rounds of distribution was about three weeks. All customer questionnaires were returned directly to the researcher, whereas the employee questionnaires were collected from the headquarters by the researcher.

Both coded questionnaires were then delivered in sequence, from the headquarters to the stores included in our study. These stores were randomly selected by the researcher in terms of geographical location. Each store manager received a marked large envelope containing questionnaires for sample service providers or for paired customers in turn. These store managers also helped to randomly distribute the customer questionnaires for each sample employees. A cover letter on university letterhead with a brief introduction of the research purpose and instructions concerning questionnaire administration was also enclosed. In addition, a cash voucher equivalent to AUD50 was attached to each cover letter to thank store manager for their assistance.

The questionnaires for customers and service employees were distributed in sequence. All coded questionnaires were attached to a cover letter on university letterhead explaining the purpose of the study, and the confidentiality of responses. A self-adhesive envelope with code was provided to each sample employee for her/his confidentiality of responses. Moreover, gift vouchers (discount ones) equivalent to AUD25 each were given to participating service providers as an appreciation for their cooperation. For the customer, the focus was on how to collect sufficient numbers of valid questionnaires, which is a general concern in consumer research. Providing incentives is one approach used to enhance the response rate. Hence, a variety of gift vouchers (cash ones equivalent to AUD5 and discount ones equivalent to AUD25) were offered as incentives to respondents returning a valid questionnaire. A pre-paid postage envelope with a return postal box number was provided to each participating customer for reply at her/his convenience. A full copy of the final questionnaires and cover letter is attached in Appendix 2.

As the valid response rate after a first questionnaire distribution did not achieve a desirable number of matched sets to allow relevant statistical analysis, a second wave of data collection was undertaken. There were fewer concerns about the response rate of service providers, since headquarters participated into the questionnaire administration of sample employees. The initially low number of matched set was partly due to the indirect access by the researcher to customers. Since the sample firms imposed constraints prohibiting the researcher from directly contacting customers or from disrupting the interaction between service providers and consumers, all consumer questionnaires needed to be distributed by the store managers. Hence, the consumer response rate depended mainly on the cooperation of store managers and their consumers'

willingness to return completed questionnaires. Though incentives were offered to both store managers and consumers, the consumer response rate necessary to form the desirable number of matched set remained low after the first distribution.

In order to achieve the ideal number of dyads, the consumer questionnaires were distributed once again to all service providers for whom no or less than two completed questionnaires had been received. Furthermore, a reminder letter was posted to the store manager with few respondents or with non-returned employee questionnaires. The researcher also contacted the key persons in each firm to hasten the collection of both types of questionnaires. An alternative solution for distributing and collecting questionnaires on the spot by the researcher was proposed to key persons to enhance the number of matched dyad, but this suggestion was refused. The second wave questionnaires were thus administrated in a similar manner as the first one.

Overall, a total of 900 customer questionnaires and 218 service provider questionnaires were distributed. On average, four customers for each service provider received the questionnaire in the two rounds of survey. This yielded a total of 191 valid matched sets. Each dyad involved a complete set of one service provider with an average of two to three customers. A valid response rate of 49% for customers and 87.6% for service providers after two rounds of questionnaire distribution was calculated as shown in Table 5.6.

Table 5.6 Response Rates of Two Rounds of Questionnaire Distribution

<b>Customers</b>	1 <sup>st</sup>	2 <sup>nd</sup>	TOTAL
Distribution	654	246	900
Collection	344	148	492
Valid Amount	297	144	441
Valid Respond Rate			49.0%

<b>Firms</b>	1 <sup>st</sup>	2 <sup>nd</sup>	TOTAL
Distribution	218	--	218
Collection	148	47	195
Valid Amount	146	45	191
Valid Respond Rate			87.6%

#### 5.3.4 Examination of Non-response Bias

Non-response bias was examined using ANOVA by comparing the responses of respondents from the two rounds of questionnaire distribution, using a two successive waves method as suggested in past studies (e.g., Armstrong and Overton, 1977). Respondents in the second wave were regarded as non-respondents for the first wave. If several measure items showed significant difference between the two phases, non-response bias may need to be considered. However, except for one measure item (items no. 20 in management support construct), no measure item was found to exhibit a significant difference between respondents from the two waves at a significance level of  $p < .05$  (see Appendix 3). Hence non-response bias was not a problem in the current study.

### 5.3.5 Respondent Profiles

The characteristics of the sample are typical of the hairdressing industry as shown in Tables 5.7 and 5.8. Most of the service providers were female (90.1%), engaged purely in customer service position (92.0%). In general, they had worked in the hairdressing industry for a long time (12.04 years), had long period of customer contact time (9.85 hours on average per day), and kept a certain number of loyal customer (10.21 persons on average per day). Their professional knowledge mainly came from their company's on-the-job training (90.5%) or self-training at their own cost (62.6%).

As to the customers, most of them were female (93.7%). Generally, the respondents were formally educated with a degree from high school (37.3%), college (31.6%), or university (24.4%), and had a job with fixed salary (55.2%). Most of them visited salon once a week (28.7%) or twice a month (24.9%), and spent about NTD\$791.77 on each visit. In the salon, they primarily purchased shampooing and/or blow-dry (85.9%) or haircutting (58.4%) services.

Table 5.7 Characteristics of Service Providers (n = 191)

	<u>Number</u>	<u>Mean</u>
Age	186	29.7
Tenure in current position (year)	190	6.7
Working year at company (year)	189	8.6
Customer contact (hour/ daily)	186	9.9
Customer no (daily)	190	12.7
Loyal customer no (daily)	189	10.2
Working experience in hairdressing (year)	190	12.0
Gender:	<u>Number</u>	<u>Percent</u>
Male	19	9.9
Female	172	90.1
Position:		
Hairdresser	176	92.0
Store manager (hairdresser as a second job)	15	8.0
Main source of professional knowledge:	<u>Frequency</u>	<u>Percent</u>
Internal on-the-job training	172	90.5
External on-the-job training	81	42.6
Self-training at one's own cost	120	62.6
Others	14	7.4

Table 5.8 Characteristics of Customers (n = 441)

	<u>Number</u>	<u>Mean</u>
Age	433	36.1
Monthly Income (NTD: New Taiwan Dollars)	357	\$50,416.4
Money spent (NTD) / every visit	400	\$791.8
Gender:	<u>Number</u>	<u>Percent</u>
Male	28	6.3
Female	413	93.7
Education (Degree obtained):		
Elementary school / Junior high school and below	7	1.6
High school / Vocational school	164	37.3
College	139	31.6
University	108	24.4
Postgraduate school and above	22	5.1
Occupation in general:		
Unemployment / Retirement	14	3.3
Housewife / Student	113	25.6
General employee / Technical staff	138	31.2
Professional / Manager	106	24.0
Others	70	15.9
Frequency of visiting:		
Once a week	127	28.7
Twice a month	110	24.9
Every one month	65	14.7
Every two months	30	6.9
Every three months	21	4.8
Others	88	20.0
Consumption item:	<u>Frequency</u>	<u>Percent</u>
Shampooing and/or Blow-dry	379	85.9
Haircutting	256	58.4
Perms	154	34.9
Colour-treated	155	35.1
Nourishment	183	41.6
Others	31	7.2

### 5.3.6 Process and Analysis of Dyadic Data

In light of the dyadic data collection, a “matched-dyad” (Deshpandé et al., 1993) analysis approach was used in the current study. Data from the firms and the customers were not analysed separately but jointly. In the current research, the unit of analysis was the paired sample of a service provider and her/his customers. Relating to the unit of analysis, some studies have dealt with similar research methods as examining the dyad (e.g., Deshpandé et al., 1993; Siguaw et al., 1998). However, detailed procedures have not been reported. The current study hence proposed the following approach to deal with this problem.

In order to form a matched dyad for subsequent statistic analysis, the data from overall customers under each sample service providers was first integrated. The way to integrate customer data was by averaging the scale scores gained from a service provider’s customers for each variable to fit the requirement of a single pair calculation (Hartline et al., 2000). Specifically, the scores on each questions obtained from each customer of the same service provider were averaged to get a simple arithmetic average for each variable.

The identification number pre-coded on each questionnaire was used as an index to process the customer data. Every customer datum was identified according to the coding number of the matched service provider by utilising some database functionalities provided by SPSS version 10.0. A mean was then produced for each variable to form a set of integrated customer data. As such, the customer data relating to any specific service provider was the input for the subsequent dyad analysis.

Thus, every averaged customer data related to a certain service provider were merged into the firm data file to generate the required dyadic data file. In this way, every input customer data was processed accurately to form the dyad. This procedure also provided a way to detect input data error, ensured the quality of data input and enhanced the precision of the research data.

The sets of dyadic data were then used in any subsequent analyses for the current research. In order to verify the causal sequence of variables proposed in the conceptual model, SEM was utilised. LISREL is one such approach that is widely accepted and proved to be the most effective way for the understanding of causality among variables (Hair et al., 1998). However, AMOS (Analysis of Moment Structures), a more user-friendly substitute for LISREL, is preferred and generally used by scholars and practitioners. This study uses AMOS version 4.0 (Arbuckle, 1999) instead of LISREL to analyse the causality amongst variables under the construct of SU, the EF, SA and RETN. This process further ensured the validity of the proposed CVBMO construct in terms of its capability for forecasting subsequent performance variables. The results and discussion will be detailed in the next chapter.

## 5.4 Post-fieldwork validation of the CVBMO Measures

### 5.4.1 Scale Purification at Post-fieldwork Stage

After fieldwork, scale purification was undertaken again using Cronbach's coefficient alpha and item-to-total correlation. In terms of the research purpose at the stage of post-fieldwork, the scale purification ensured that the measures used to generate data for resolving the research problems were validated. Item deletion regarding the same measure item in the paired questionnaires (i.e., the constructs of EF & SA) was different from that used for the pre-test. Considering the practicality of scale items applied to different objects (i.e., the firm and the consumer) to make contribution to future study, any measure scale with poor reliability in either questionnaire was deleted from further analysis. Consequently, 60 and 57 items were retained for the EF and the SA constructs respectively. In addition, 29 items remained in the SU construct and 1 item was deleted from the 7 scale items of the RETN construct.

The items are indicated with (\*) in each major construct described in section 5.1.3, were deleted in the subsequent analysis. The iteration of scale purification ensured the appropriateness of the measures used in the study.

### 5.4.2 Validity Assessment at Post-fieldwork Stage

#### 5.4.2.1 Criterion-related Validity

The criterion-related validity is supported when the variable used can correctly predict some criterion measure in an empirical testing (Churchill, 1979). Two types of criterion-related validity were examined in the study: concurrent validity and predictive validity.

#### **Concurrent validity**

Concurrent validity can be established in two ways. The first one involves examining whether the research instrument can differentiate different groups of respondents from their scale scores by examining the relationship between two concurrent measures of the same construct. The other way to establish concurrent validity is to examine whether the empirical relationship of two concurrent measures of the same construct is as expected. This depends on the direction and magnitude of correlation coefficients.

In this study, concurrent validity was assessed first by examining the relationship between the management support discriminated between service providers with low/high support and their scores on service efforts. Similarly, whether the retention scale discriminated between customers with high and low retention was used to determine whether the scores of different groups on the measurement of customer satisfaction were different.

In order to assess concurrent validity, cluster analysis using Quick Cluster of SPSS version 10.0 was first used to divide all employees into two groups in terms of low and high management support. The variable management support (Q.NO. S1~S32) was used as the cluster variate. Post-clustering test using ANOVA showed that the cluster centroids of the two groups in terms of the management support were significantly different at  $p < .001$  (see Appendix 4, Table 4a). This suggests that the employee sample was successfully divided into two groups of low ( $N= 100$ ) and high ( $N= 91$ ) management support. In a similar fashion, all customers were divided into two groups using the variable customer retention (Q.NO. C1~C7) as the cluster variate. Post-clustering test using ANOVA also showed that the cluster centroids of the two groups in terms of the customer retention were significantly different at  $p < .001$  (see Appendix 4, Table 4b). This suggests that the sample of customer was successfully divided into two groups of low ( $N= 87$ ) and high ( $N= 104$ ) customer retention. The concurrent validity of both questionnaires was then assessed in sequence, using ANOVA.

As shown in Table 4c (see Appendix 4) regarding the perceptions of service employees with low and high management support to their efforts, except one item (AA14), the F value of scale items were significant at the level of  $p < .05$ . This indicates that the research instrument for the firm was capable of differentiating different types of service employees, and provides evidence for the concurrent validity of the firm questionnaire.

In the same way, the results of ANOVA regarding customers with low and high retention to their satisfaction showed a significant level at  $p < .05$  in general. Of all the 63 scale items, only 4 items were non-significant (see Appendix 4, Table 4d). This indicates that the research instrument for the customer was also capable of differentiating different types of customers, and provided the evidence of concurrent validity of the consumer questionnaire.

In this study, the relationships of the four major constructs were also examined for the purpose of establishing concurrent validity. As shown in Table 5.9, the correlation values between the components of all four major constructs were significantly high. The direction and strength of these relationships were consistent with the expected results. This provided support for the concurrent validity of these constructs.

Table 5.9 Correlation Values between Major Constructs:

Correlation values between management supports (SU) and service-providers' effort (EF)

	SU1	SU2	SU3	SU4	SU5	SU6	SU7	SU8	SU9
<b>EF1</b>	.467**	.490**	.420**	.464**	.509**	.464**	.381**	.465**	.491**
<b>EF2</b>	.369**	.413**	.361**	.331**	.408**	.378**	.411**	.443**	.470**
<b>EF3</b>	.451**	.470**	.424**	.455**	.502**	.512**	.468**	.483**	.534**
<b>EF4</b>	.406**	.521**	.453**	.528**	.514**	.511**	.463**	.477**	.583**
<b>EF5</b>	.328**	.427**	.373**	.452**	.462**	.464**	.425**	.446**	.477**
<b>EF6</b>	.289**	.406**	.385**	.416**	.425**	.394**	.358**	.403**	.462**
<b>EF7</b>	.273**	.383**	.352**	.390**	.322**	.354**	.304**	.341**	.427**
<b>EF8</b>	.327**	.375**	.348**	.418**	.373**	.387**	.374**	.400**	.485**

\*\* p &lt; .01

Correlation values between service providers' effort (EF) and customer satisfaction (SA)

	EF1	EF2	EF3	EF4	EF5	EF6	EF7	EF8
<b>SA1</b>	.560**	.437**	.532**	.540**	.492**	.512**	.548**	.496**
<b>SA2</b>	.406**	.564**	.505**	.470**	.425**	.421**	.475**	.472**
<b>SA3</b>	.450**	.463**	.609**	.559**	.538**	.512**	.563**	.592**
<b>SA4</b>	.359**	.315**	.443**	.584**	.523**	.516**	.584**	.526**
<b>SA5</b>	.298**	.279**	.402**	.516**	.546**	.501**	.550**	.529**
<b>SA6</b>	.359**	.336**	.457**	.529**	.526**	.587**	.587**	.550**
<b>SA7</b>	.299**	.284**	.409**	.477**	.442**	.454**	.599**	.494**
<b>SA8</b>	.365**	.313**	.476**	.478**	.472**	.478**	.541**	.624**

\* p &lt; .05; \*\* p &lt; .01

Correlation values between customer satisfaction (SA) and customer retention (RETN)

	SA1	SA2	SA3	SA4	SA5	SA6	SA7	SA8
<b>RETN</b>	.413**	.380**	.447**	.412**	.459**	.436**	.458**	.487**

\*\* p &lt; .01

### Predictive validity

Establishing Predictive validity involves evaluating the ability of selected variables to discriminate different individuals on a future criterion. In the current research, this meant examining whether management support could predict an employee's effort on CVBMO to satisfy customers, and whether customer satisfaction could predict retention.

Predictive validity was examined using correlation analysis. The results indicate that generally the relationship between low/high management support and low/high service providers' efforts was highly correlated at a significance level of  $p < .05$  (see Appendix 5, Table 5a). The direction and magnitude of correlation coefficients were all as expected. This suggested that the prediction of an employee's performance of satisfying customers can come from their perceptions of management support. The predictive validity of the research instrument for the firm was therefore supported.

In the same way, the results of correlation analysis regarding the relationship between customers with low/high satisfaction and low/high customer retention were significant at  $p < .05$  (see Appendix 5, Table 5b). This showed that customer satisfaction was capable of predicting customer retention. The predictive validity of the consumer questionnaire therefore was also established.

### 5.4.2.2 Construct Validity

To assess construct validity, it is necessary to evaluate to what extent the instrument exactly measures the underlying concept. Three methods were used for this examination in the current research: they are convergent validity, discriminant validity, and nomological validity.

#### Convergent validity

Different approaches for examining convergent validity were adopted in the current research in terms of scale validation. There are two ways to assess convergent validity. The first one is to evaluate whether all components converge on a common construct. Correlation analysis was undertaken for investigating the relationship between every two components of the same construct. A strong correlation between two components indicates that they are converging on a common underlying construct. As shown in the following correlation matrixes (Table 5.10), the components in each major construct were all highly correlated each other at a significance level of  $p < .01$ .

Table 5.10 Correlation Values between Dimensions of Major Constructs for Convergent Validity Assessment:

Correlation values between 9 dimensions of the management support construct (SU)

	SU1	SU2	SU3	SU4	SU5	SU6	SU7	SU8	SU9
SU1	1								
SU2	.583**	1							
SU3	.427**	.750**	1						
SU4	.523**	.599**	.502**	1					
SU5	.584**	.626**	.472**	.684**	1				
SU6	.597**	.649**	.429**	.634**	.691**	1			
SU7	.573**	.603**	.464**	.596**	.536**	.740**	1		
SU8	.649**	.615**	.503**	.582**	.615**	.693**	.750**	1	
SU9	.530**	.692**	.579**	.553**	.544**	.688**	.643**	.717**	1

\*\*  $p < .01$

Correlation values between 8 dimensions of the service providers' effort construct (EF)

	EF1	EF2	EF3	EF4	EF5	EF6	EF7	EF8
EF1	1							
EF2	.788**	1						
EF3	.823**	.815**	1					
EF4	.795**	.708**	.839**	1				
EF5	.708**	.643**	.778**	.874**	1			
EF6	.724**	.613**	.728**	.848**	.874**	1		
EF7	.706**	.632**	.752**	.835**	.795**	.814**	1	
EF8	.665**	.637**	.761**	.791**	.746**	.727**	.749**	1

\*\*  $p < .01$

Table 5.10 (Continued)

Correlation values between 8 dimensions of the customer satisfaction construct (SA)

	SA1	SA2	SA3	SA4	SA5	SA6	SA7	SA8
SA1	1							
SA2	.747**	1						
SA3	.802**	.786**	1					
SA4	.714**	.705**	.787**	1				
SA5	.660**	.657**	.764**	.877**	1			
SA6	.718**	.703**	.794**	.856**	.890**	1		
SA7	.684**	.658**	.775**	.811**	.790**	.843**	1	
SA8	.715**	.652**	.796**	.729**	.752**	.815**	.760**	1

\*\* p &lt; .01

Correlation values between 7 scale items of the customer retention construct (RTEN)

	RTEN 1	RTEN 2	RTEN 3	RTEN 4	RTEN 5	RTEN 6	RTEN 7
RTEN 1	1						
RTEN 2	.446**	1					
RTEN 3	.474**	.618**	1				
RTEN 4	.309**	.640**	.655**	1			
RTEN 5	.475**	.590**	.657**	.678**	1		
RTEN 6	.390**	.627**	.739**	.719**	.773**	1	
RTEN 7	.499**	.708**	.516**	.583**	.611**	.594**	1

\*\* p &lt; .01

The second way to assess convergent validity is to examine whether two instruments designed to measure the same concept are correlated closely. In the study, the parallel CVBMO measures (Q.NO. AA1~AA63 in the EF construct, and Q.NO. A1~A63 in the SA construct) used in both types of questionnaires are tested. These identical measures were designed to measure the concept of CVBMO from both the perspectives of the firm and the customers. The scale score obtained from both kinds of respondents were examined. Results of correlation analysis indicated that the two different instruments measuring the CVBMO concept were highly correlated at a significance level of  $p < .05$ . This provides support for the convergent validity (see Appendix 6).

### Discriminant validity

Discriminant validity is established when the theoretically predicted uncorrelated relationship between two variables is empirically supported. In this study, two variables that are predicted to be unrelated were examined: management support (the SU construct) and customer satisfaction (the SA construct), service providers' efforts (the EF construct) and customer retention (the RETN construct), as well as management support and customer retention. The correlation matrixes as shown in Table 5.11 indicate the relationships between each pairs of unrelated variables. The results show that most of the above-mentioned relationships exhibited low correlations (coefficient  $< .20$ ) that were non-significance at  $p < .05$ . Only a small percent of relationships (about 27%) show a significance at  $p < .05$ , and their correlations are lower than .30. The discriminant validity of our instrument was therefore supported.

Table 5.11 Correlations between Major Variables for Discriminant Validity Assessment:

Correlations between management supports (SU) and customer satisfaction (SA)

	SU1	SU2	SU3	SU4	SU5	SU6	SU7	SU8	SU9
SA1	.186**	.089	.039	.156*	.149*	.200**	.071	.158*	.250**
SA2	.097	-.012	-.017	.032	.058	.086	.064	.083	.191**
SA3	.163*	.051	.048	.163*	.117	.149*	.088	.172*	.248**
SA4	.053	.022	.079	.091	.027	.041	.038	.079	.159*
SA5	-.036	-.059	-.026	.013	-.020	-.028	-.051	-.020	.060
SA6	.047	-.014	.021	.050	.054	.038	.025	.083	.172*
SA7	.072	-.013	-.010	.070	.033	.020	.019	.094	.162*
SA8	.152*	.054	.086	.153*	.125	.124	.073	.139	.237**

\*p &lt; .05; \*\*p &lt; .01

Correlations between service providers' efforts (EF) and customer retention (RTEN)

	EF1	EF2	EF3	EF4	EF5	EF6	EF7	EF8
RETN	.047	.060	.147*	.171*	.092	.092	.152*	.266**

\*p &lt; .05; \*\*p &lt; .01

Correlations between management supports (SU) and customer retention (RTEN)

	SU1	SU2	SU3	SU4	SU5	SU6	SU7	SU8	SU9
RETN	.165*	.077	.040	.113	.113	.115	.076	.146*	.136

\*p &lt; .05

### Nomological Validity

Based on the relationship between two variables in the same construct, Nomological validity is used to empirically verify the anticipated relationship of these two variables, which are supposed to be relevant in theory. In this study, the modelled relationships among four major variables in the CVBMO construct were examined.

The correlation matrixes, as shown in Table 5.9, also indicated the predicted relationships between two variables. The results show that the relationships between examined variables are all significantly correlated each other at a significance level of  $p < .01$ . As the direction and weights exhibited by the correlation coefficients were all consistent with the anticipated relationships, nomological validity for all the above four major constructs was therefore supported.

### 5.4.3 Reliability Assessment at Post-fieldwork Stage

In a similar fashion, the inter-item consistency reliability was assessed again after fieldwork. The results of inter-item consistency reliability tests in the post-fieldwork suggest that the scales employed in the current research for the four major constructs were appropriate in representing the nature of each construct. The alpha values of the SU construct showed high internal consistencies with alphas for each dimension ranging from .8311 to .9017. The alpha value for the overall scale of the SU measures was .9646, which is considered high (Nunnally, 1967). These results suggest that the scale employed in the HQ construct was appropriate in representing the nature of management supports.

Regarding the paired constructs in both types of questionnaire, the alpha value for the overall scale of the EF construct is .9827. This value is considered high as recommended by Nunnally (1967). The reliability coefficients for the eight dimensions of variables ranged from .8091 to .9417, indicating high internal consistency among the items. As regards the SA construct in the customer questionnaire, the alpha value for the overall scale was .9828. The reliability coefficients for the eight dimensions ranged from .8180 to .9478, well within the acceptable range limit recommended by Nunnally (1967). The inter-item consistency reliability of both constructs was thus established. These results confirm the appropriateness of the scales employed in representing the nature of service employees' efforts and that of customer satisfaction respectively.

As to the RETN construct, the alpha value was .9113, which is considered high (Nunnally, 1967). This suggested that the scale employed in the RETN construct was appropriate in representing the nature of customer retention. Consequently, the inter-item consistency reliability was established for our questionnaires.

## 5.5 Chapter Summary

In this chapter, the analytic methods used in relation to the scale generation, measurement purification, research instrument design, data collection and scale validation were detailed described in sequence. A rigorous research approach was undertaken.

The scales employed in both questionnaires for the firms and the customers have proven to exhibit reliability and validity in terms of the different methods used for these examinations. This suggests that the scales employed in the current research to measure the four major constructs (i.e., the constructs of SU, EF, SA, and RETN) were appropriate in representing the nature of each construct. The appropriateness of the CVBMO measures has therefore been established. In addition, the practicality of employing the measures was demonstrated. All these examinations provided a solid base for establishing the intended CVBMO model discussed in the next chapter.

## Chapter 6. Research Results and Discussions

### 6.0 Introduction

This chapter highlights the essential procedure for building a valid CVBMO model. Construct validation and model fit are two foci. The criteria used for assessing model fit are justified in the earlier section.

Using the measures validated in the preceding chapter, a further construct validation is undertaken. Reliability and validity of construct are examined. This provides the base for generating a measurement model of CVBMO. According to the fitted measurement model, a full structural model of CVBMO is proposed. This proposed model provides the base of subsequent competing model development.

In order to produce the most fitting model, two competing models are assessed according to three categories of fit indices: absolute, incremental, and parsimonious fit. The best fitting model representing the underlying theory of CVBMO is appraised and presented.

Regarding causality and strength of the hypothetical relationships proposed in the current research, the structural equation modelling (SEM) is used for verification. The causality in the relation between four major variables is examined: they are management support, employee efforts, customer satisfaction, and customer retention. Moreover, two additional relationships are identified in the final model. The strength of the structural relationships and the major determinants of each construct are discussed.

Lastly, two specific models of CVBMO regarding sample service employees with contrasting service performance (high and low) are described. These advanced models provide different views on CVBMO.

### 6.1 Overview of Building the CVBMO Model

#### 6.1.1 The Procedure for Model Development

The measures verified in the preceding chapter provided the basis for building the intended model. In this study, the procedures used to establish the desired CVBMO model referred to extant articles of SEM (Structural Equation Modeling) such as Hoyle (1995) and Hair et al. (1998), specifically adapted for the current research. AMOS (Analysis of Moment Structures) was used as a research tool because of its user-friendly graphical interface and its wide adoption as an easier way of specifying structural models.

Establishing a valid model was ensured by construct validation and model fit. All components in the model are examined for internal consistency, unidimensionality and multicollinearity, where a correlation analysis was undertaken for each examination. In addition, discriminant validity and convergent validity were assessed, and used to test whether the constructs were separate from each other and internally homogenous.

Confirmatory factor analysis was used for validating the measurement model. The loading of constructs on indicators (observed variables) was examined. The criteria of goodness-of-fit measure recommended by researchers were adopted for assessing the model fit. This provided a solid base for model building.

Latent variable path analysis (Bentler, 1980) was used to establish the structural model. Those guided criteria were also used for assessing structural model fit. In addition to the goodness-of-fit measures, the structural coefficients used to assess the strength of paths in the model were also examined. This provided a comprehensive way to assess our model. A further interpretation of the path coefficients is discussed in a meaningful way when a model has reached an adequate fit.

Consistent with emerging consensus on model comparisons in structural equation modelling (Bollen and Long, 1992), two rival models were proposed. These models were then tested with the proposed model in order to identify the most fitting model. A CVBMO model from a general perspective of all samples was produced accordingly.

Moreover, two specific CVBMO models based on sample service employees with high and low business performance were developed for comparison purpose. These advanced CVBMO models provided an insight into the CVBMO practice from the perspectives of high and low service performers and their customers.

### 6.1.2 Goodness-of-Fit Measures Used in the Current Research

The choice of which goodness-of-fit measures should be used is a matter of dispute among methodologists. It is important not to rely on a single index to evaluate a model from an objective view (Hoyle, 1995). In order to provide different perspectives on the acceptability of a model fit, three categories of fit indices are used as criterion in the current research when appropriate: they are absolute, incremental, and parsimonious fit measures. Under each, more than one index is used for evaluation. The criteria for model fit selected in this study are based on recent suggestions in the literature by Tinsley and Brown (2000) and Hair et al. (1998), as shown in Table 6.1.

Each kind of fit measures has its own purpose. The absolute fit indices reflect the degree of overall goodness-of-fit of a model without reference to a comparison model. The incremental fit indices are also called comparative fit indices. This set of goodness-of-fit measures compares the model under consideration with some competing models in order to examine its superiority. The parsimonious fit indices indicate the parsimony of a model and are used in comparing alternative models.

Table 6.1 Goodness-of-Fit Measure Used in the Current Research

	Ideal Score <sup>a</sup>	Level of Acceptable Fit <sup>b</sup>
<b>Absolute Fit Indices</b>		
Chi-square statistic	$p > .05$	Not significant $\chi^2$ (at least $p > .05$ )
Goodness-of-fit index (GFI)	$> .90$	Higher values indicate better fit, no established thresholds
Adjusted goodness-of-fit index (AGFI)	$> .90$	.90
Root mean square error of approximation (RMSEA)	$< .08$	$< .08$
<b>Incremental / Comparative Fit Indices</b>		
Comparative fit index (CFI)	$> .90$	$> .90$
Normed fit index (NFI)	$> .90$	$> .90$
Tucker-Lewis index (TLI)	$> .90$	$> .90$
<b>Parsimonious Fit Indices</b>		
Parsimonious goodness-of-fit index (PGFI)	Higher values indicate greater model parsimony, used in comparing between models. Values vary between 0 and 1 and.	
Parsimonious normed fit index (PNFI)	Higher values indicate better fit, used only in comparing between alternative models. No recommended levels of acceptable fit.	
Akaike information criterion (AIC)	Smaller positive values indicate parsimony, used in comparing alternative models. Values close to zero indicate better fit and greater parsimony	

Source: Tinsley and Brown (2000)<sup>a</sup>, Hair et al. (1998)<sup>b</sup>

### 6.1.3 Latent Variable Path Analysis Approach for Model Building

Following the two-stage modelling approach suggested by Anderson and Gerbing (1988), a latent variable path analysis was undertaken. Both measurement and structural relations were examined. The latent variables consisted of the four major variables proposed previously. The conceptual CVBMO model represented in Chapter 3 specified the predictive relationship among the latent variables. The scales developed and verified in Chapters 4 and 5 defined how the latent variables are measured. All this provided a baseline for building the desired CVBMO model.

The indicator used to represent each measurement model depends on the significance of the  $\lambda$  loadings. At least two observed indicators were eventually identified for each latent variable (Bollen, 1989). After assessing the fit of the measurement model on the basis of the proposed conceptual model, a full latent variable path analysis model was build. This structural model was then assessed for model fit, and consequently modified when necessary. Regarding the underlying theory, the proposed model was then compared with other competing models for generating the most appropriate CVBMO model.

## 6.2 Measurement Model of CVBMO

### 6.2.1 Construct Validation

#### 6.2.1.1 Internal Consistency

The psychometric soundness of the CVBMO measurement instrument is supported from the results presented in the preceding chapter. The results demonstrated the appropriateness of the CVBMO measures. In this chapter, a review of items for each construct was undertaken for post fieldwork validation and to provide the foundation for model building.

Cronbach's alpha value was calculated for each construct for the assessment of internal consistency. The items that did not significantly contribute to the reliability were eliminated. As a result, 92 and 63 items were retained respectively for the CVBMO construct in the dyad questionnaires for the firms and the customers: 32 for SU, 60 for EF; and 57 for SA, 6 for RETN. The items deleted are reported in Tables 6.2 to 6.4.

A high internal consistency of the measurement can therefore be attested. As presented in Tables 6.2 to 6.4, all Cronbach's alpha values were above the .70 cutoff level of reliability recommended for theory testing research (Nunnally and Bernstein, 1994) and the suggested level for scale robustness (Nunnally, 1978).

Construct reliability was further verified from the combined alpha values. All the Cronbach's alpha values calculated for the components of each construct were well within the acceptable range limit. The stability of entire components within each construct is evident, supporting the reliability of each construct.

Table 6.2 SU (Management Supports)

Dimension	Original No. of Items	Item deletion <sup>a</sup>		Final No. of Items	Cronbach's Alpha	
		Pre-test	Post-fieldwork		Pre-test	Post-fieldwork
1. On-the-job training	3	0	0	3	.8202	.8345
2. Working morale	7	2	0	5	.7036	.8947
3. Outlet atmosphere	3	0	1	2	.7515	.9017
4. Out-bound organisational learning	4	1	0	3	.8174	.8311
5. Understanding of customers	4	0	1	3	.8060	.8859
6. Service policy making	5	1	0	4	.8559	.8827
7. Company-wide communication	4	0	1	3	.7859	.8369
8. In-bound organisational learning	4	1	0	3	.8729	.8854
9. Employee recruitment and retention	5	2	0	3	.8581	.8497
Combined Scale					.9478	.9646

<sup>a</sup> Deleted items were shown as indicator (\*) in the appendix: Questionnaire for the firms, and were not used in the analysis.

Table 6.3 EF (Employee Effort) &amp; SA (Customer Satisfaction): Duplicated Measures

Dimension	Original No. of Items	Item deletion <sup>a,b</sup>			Final		Cronbach's Alpha			
		Pre-test	Post-fieldwork		No. of Items		Pre-test		Post-fieldwork	
			Firm	Customer	Firm	Customer	Firm	Customer	Firm	Customer
1. Good service behaviours	12	3	0	0	9	9	.9149	.9354	.9298	.8935
2. Good consuming environment	11	6	1	1	4	4	.8265	.8678	.8405	.8180
3. Good episodes in service	13	7	0	0	6	6	.9055	.9439	.8891	.9016
4. Individualised value	22	2	1	4	19	16	.8840	.9389	.9417	.9478
5. Economic value	12	2	1	0	9	10	.8152	.9387	.9220	.9407
6. Risk avoidance in service	9	3	0	0	6	6	.9463	.9435	.9167	.9150
7. Social-psychological interaction	8	4	0	0	4	4	.8393	.9148	.9100	.9041
8. Considerations of service alternatives	6	3	0	1	3	2	.8169	.8879	.8091	.8428
Combined Scale							.9725	.9879	.9827	.9828

<sup>a</sup> Deleted items were shown as indicator (\*) in the appendix: Questionnaire for the firms and customers respectively, and were not used in the analysis.

<sup>b</sup> In order to generate same measure items for examination of both firms and consumers in terms of research purpose, items were deleted simultaneously in pre-test. However, considering the practicability of scale items applied to different objects (i.e., the firm and the consumer), items were deleted differently in post-fieldwork validation.

Table 6.4 RETN (Customer Retention): One dimension

Item no. 1-7	Original No. of Items	Item deletion <sup>a</sup>		Final No. of Items	Cronbach's Alpha	
		Pre-test	Post-fieldwork		Pre-test	Post-fieldwork
		7	0	1	6	.8537

<sup>a</sup> Deleted items were shown as indicator (\*) in the appendix: Questionnaire for the customers, and were not used in the analysis

### 6.2.1.2 Unidimensionality

The Cronbach's alpha values can not guarantee the unidimensionality of constructs but assumes it exists at best (Hair et al., 1998). In order to check the unidimensionality of each construct, the items of the constructs were assessed more rigorously based on the correlation matrix of the items produced by SPSS.

Unidimensionality is evidence that a single trait or construct underlies a set of measures (Anderson and Gerbing, 1988). The resulting correlation matrix of the items showed that all items loaded highly on their corresponding constructs, as shown in Table 6.5. This supports the independence of the constructs (discriminant validity, convergent validity) and provided strong empirical evidence of their validity.

### 6.2.1.3 Multicollinearity

Multicollinearity can reduce the reliability of SEM estimates and affect the results of SEM. The correlation value of two variables should be low. All the variables included in the model are conceptually relevant. The low correlation value ensures each variable included in the model can have clearly defined effect. Each of them either can be predicted or can be accounted to a certain extent by the other variables in the analysis. If the correlation value of two variables is higher than .80, this indicates that the two variables are close to identical. This suggests a problem of multicollinearity (Hair et al., 1998). The higher the multicollinearity, the more difficult to ascertain the effect of any single variable explained by the other variables due to their interrelationships.

Accordingly, the relationship between the four major variables was assessed for multicollinearity. The results showed that the low correlation coefficient occurs generally among the variables ( $<$  or  $=$  .60). This indicates that the effect of multicollinearity among the variables is negligible in the current research (see Table 6.5).

Table 6.5 Item Correlation Matrixes

	SU1	SU2	SU3	SU4	SU5	SU6	SU7	SU8	SU9	EF1	EF2	EF3	EF4	EF5	EF6	EF7	EF8	SA1	SA2	SA3	SA4	SA5	SA6	SA7	SA8	C2	C3	C4	C5	C6	C7
SU1	1																														
SU2	.58	1																													
SU3	.43	.75	1																												
SU4	.52	.60	.50	1																											
SU5	.58	.63	.47	.68	1																										
SU6	.60	.65	.43	.63	.69	1																									
SU7	.57	.60	.46	.60	.54	.74	1																								
SU8	.65	.61	.50	.58	.61	.69	.75	1																							
SU9	.53	.69	.58	.55	.54	.69	.64	.72	1																						
EF1	.47	.49	.42	.46	.51	.46	.38	.47	.49	1																					
EF2	.37	.41	.36	.33	.41	.38	.41	.44	.47	.79	1																				
EF3	.45	.47	.42	.46	.50	.51	.47	.48	.53	.82	.82	1																			
EF4	.41	.52	.45	.53	.51	.51	.46	.48	.58	.80	.71	.84	1																		
EF5	.33	.43	.37	.45	.46	.46	.43	.45	.48	.71	.64	.78	.87	1																	
EF6	.29	.41	.39	.42	.43	.39	.36	.40	.46	.72	.61	.73	.85	.87	1																
EF7	.27	.38	.35	.39	.32	.35	.30	.34	.43	.71	.63	.75	.84	.80	.81	1															
EF8	.33	.38	.35	.42	.37	.39	.37	.40	.48	.67	.64	.76	.79	.75	.73	.75	1														
SA1	.19	.09	.04	.16	.15	.20	.07	.16	.25	.56	.44	.53	.54	.49	.51	.55	.50	1													
SA2	.10	-.01	-.02	.03	.06	.09	.06	.08	.19	.41	.56	.50	.47	.42	.42	.48	.47	.75	1												
SA3	.16	.05	.05	.16	.12	.15	.09	.17	.25	.45	.46	.61	.56	.54	.51	.56	.59	.80	.79	1											
SA4	.05	.02	.08	.09	.03	.04	.04	.08	.16	.36	.31	.44	.58	.52	.52	.58	.53	.71	.70	.79	1										
SA5	-.04	-.06	-.03	.01	-.02	-.03	-.05	-.02	.06	.30	.28	.40	.52	.55	.50	.55	.53	.66	.66	.76	.88	1									
SA6	.05	-.01	.02	.05	.05	.04	.03	.08	.17	.36	.34	.46	.53	.53	.59	.59	.55	.72	.70	.79	.86	.89	1								
SA7	.07	-.01	-.01	.07	.03	.02	.02	.09	.16	.30	.28	.41	.48	.44	.45	.60	.49	.68	.66	.78	.81	.79	.84	1							
SA8	.15	.05	.09	.15	.12	.12	.07	.14	.24	.36	.31	.48	.48	.47	.48	.54	.62	.72	.65	.80	.73	.75	.82	.76	1						
C2	.15	.05	.00	.10	.06	.11	.08	.13	.13	.04	.07	.14	.17	.11	.10	.18	.27	.49	.44	.54	.48	.47	.46	.49	.48	1					
C3	.17	.12	.05	.11	.15	.15	.08	.13	.13	.09	.07	.14	.13	.06	.09	.08	.21	.33	.31	.37	.24	.24	.26	.30	.38	.62	1				
C4	.15	.04	.05	.05	.06	.08	.07	.16	.12	.05	.07	.11	.15	.06	.05	.09	.21	.32	.34	.36	.35	.39	.35	.34	.38	.64	.66	1			
C5	.16	.08	.04	.14	.15	.09	.06	.14	.12	.01	.03	.10	.14	.07	.07	.10	.19	.27	.26	.28	.29	.37	.34	.32	.37	.59	.66	.68	1		
C6	.15	.11	.10	.12	.12	.12	.07	.11	.12	.07	.03	.12	.14	.05	.07	.11	.20	.38	.33	.33	.35	.38	.38	.37	.46	.63	.74	.72	.77	1	
C7	.07	.01	-.03	.06	.04	.04	.04	.07	.08	.00	.03	.13	.14	.11	.09	.18	.26	.33	.27	.40	.36	.44	.41	.48	.41	.71	.52	.58	.61	.59	1

Note: SU = Management support, EF = Employees' effort, SA = Customer satisfaction, C = RETN =Customer retention

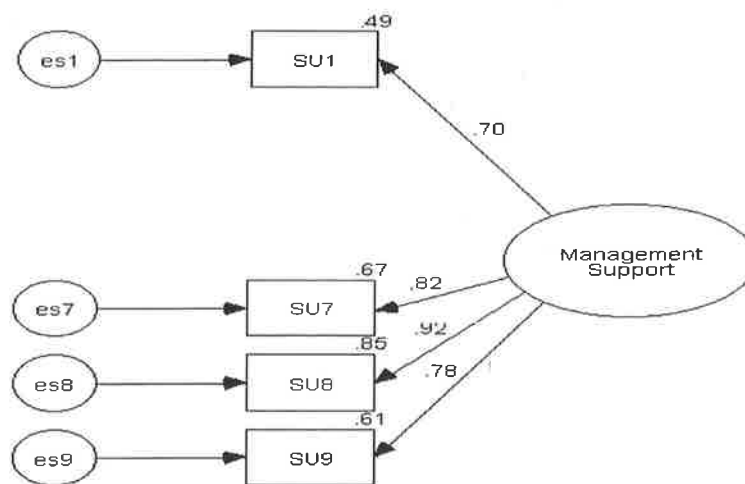
## 6.2.2 Measurement Model Fit

### 6.2.2.1 Convergent Validity

In this chapter, convergent validity was assessed for the measurement model fit regarding the assignment of indicators to each construct. This validity is suggested by loadings and the overall fit produced by confirmatory factor analysis using AMOS 4.0. The prior purified scale items tested by Cronbach's alpha were used in the analysis. The value for each of the observed variables in the models was based on the average of the items used to represent it. The deletion of certain components on the basis of AMOS diagnostics increased the fit to a better level.

As can be seen in Figures 6.1 to 6.4 with respective associated goodness-of-fit indices, the loading between the observed variable and latent variable for each construct ranged from .68 to .97 and all exceeded the acceptable limit of .50 (Steenkamp and van Trijp, 1991). Moreover, the fit statistics of each measurement model (one-dimensional model) indicate a reasonable level of fit. All these demonstrated adequate convergent validity. Consequently, the convergent validity for all four major constructs in the CVBMO model is supported.

Figure 6.1 Measurement Model for the Management Support Construct



Goodness-of-fit Indices\*:

$$\chi^2_2 = .377, p = .828$$

$$\chi^2\text{-Ratio} = .188$$

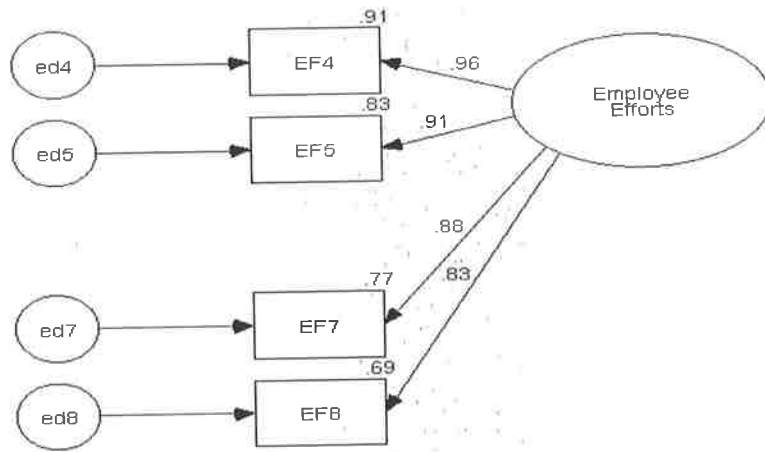
$$\text{GFI} = .999$$

$$\text{AGFI} = .995$$

$$\text{RMSEA} = .000$$

\*A better fit emerged after eliminating the second, third, fourth, fifth, and sixth dimensions.

Figure 6.2 Measurement Model for the Service Employees' Effort Construct



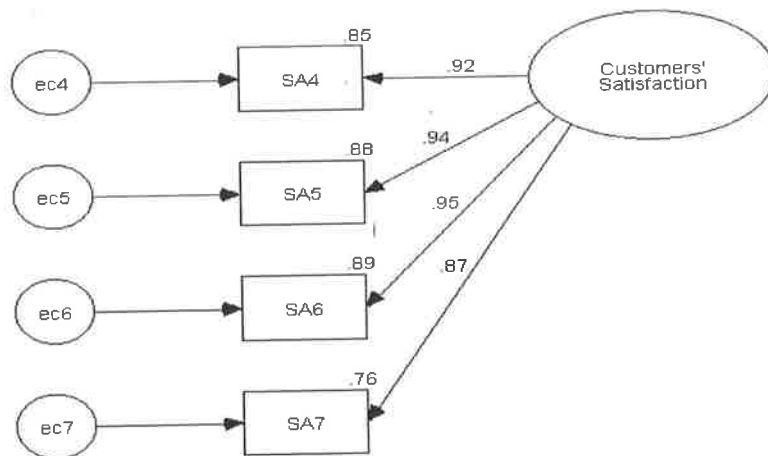
Goodness-of-fit Indices\* :

$\chi^2_2 = 1.863, p = .394$   
 $\chi^2$ -Ratio = .932

GFI = .995  
 AGFI = .975  
 RMSEA = .000

\* A better fit emerged after eliminating the first, second, third and sixth dimensions.

Figure 6.3 Measurement Model for the Customer Satisfaction Construct



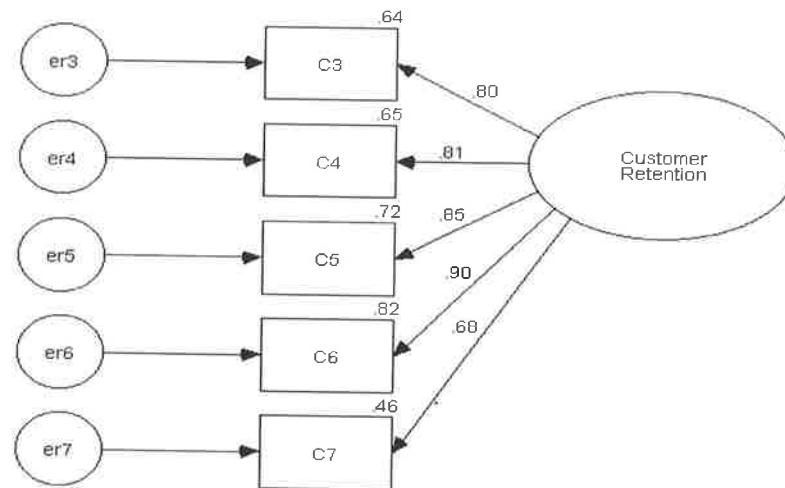
Goodness-of-fit Indices\* :

$\chi^2_2 = 5.594, p = .061$   
 $\chi^2$ -Ratio = 2.797

GFI = .968  
 AGFI = .841  
 RMSEA = .097

\* A better fit emerged after eliminating the first, second, third and eighth dimensions.

Figure 6.4 Measurement Model for the Customer Retention Construct



Goodness-of-fit Indices\*:

$$\chi^2_5 = 6.492, p = .261$$

$$\chi^2\text{-Ratio} = 1.298$$

$$\text{GFI} = .986$$

$$\text{AGFI} = .959$$

$$\text{RMSEA} = .040$$

\*The first item was eliminated due to low item-to-total correlation; a better fit emerged after eliminating the second item.

### 6.2.2.2 Composite Reliability and Variance Extracted

A further examination of the measurement model fit was undertaken by assessing the composite reliability and variance extracted. The composite reliability, an internal consistency reliability measure, is used for examining the construct reliability. The variance extracted, a complementary measure to the construct reliability value, was also assessed. When the values exceed the acceptable level of .50 (Hair et al., 1998), the reliability of constructs in the model is evident.

As presented in Table 6.6, both the measures of composite reliability and variance extracted exceeded the acceptable level of .50. All composite reliabilities for each construct were above .90, which demonstrated the internal consistency of each latent construct. The average variance extracted for each construct ranged from .69 to .95, which indicate the representative nature of indicators for the latent construct. The reliability of each construct in the measurement model is therefore evident.

Moreover, the validity of measurement model can also be examined from the variance extracted for each construct. Evidence of discriminant validity exists when the average variance extracted for each construct is greater than the squared correlation between that construct and another construct in the model (Fornell and Larcker, 1981) or beyond the threshold level of .50.

As presented in Table 6.6, the measures of variance extracted exceeded the acceptable level of .50. The average variance extracted for each construct ranged from .69 to .95, which indicate the representative nature of indicators for the latent construct. The discriminant validity of the CVBMO constructs is therefore evident.

As presented in Table 6.6, the average variance extracted for each construct ranged from .69 to .95, which exceeded the acceptable level of .50. The discriminant validity of the CVBMO constructs is therefore evident.

In addition, the interrelations of the constructs are presented in Table 6.7. The low correlation between constructs with indirect relationship and high correlation between constructs with direct relationship also supports the validity of each construct included in the model.

Table 6.6 Composite Reliability and Variance Extracted Measures

Components	Composite Reliability	Variance Extracted	Standardised Loading
Management Support	.90	.69	
SU1: On-the-job training			.70
SU7: Company-wide communication			.82
SU8: In-bound organisational learning			.92
SU9: Employee recruitment and retention			.78
Employee Efforts	.95	.84	
EF4: Individualised value			.96
EF5: Economic value			.91
EF7: Social-psychological interaction			.88
EF8: Considerations of alternatives			.83
Customer Satisfaction	.98	.95	
SA4: Individualised value			.92
SA5: Economic value			.94
SA6: Risk avoidance in service			.95
SA7: Social-psychological interaction			.87
Customer Retention	.90	.70	
C3: Revisit intention			.80
C4: Consumption frequency			.81
C5: Consumption expenditure			.85
C6: Recommendation intention			.90
C7: Rejection of competitors' service alternative			.68

Table 6.7 Construct Inter-correlations

	SU	EF	SA	RETN
SU	1			
EF	.559	1		
SA	.345	.618	1	
RETN	.153	.273	.442	1

Note: SU (management support), EF (employee efforts), SA (customer satisfaction), RETN (customer retention)

## 6.3 Structural Model of CVBMO

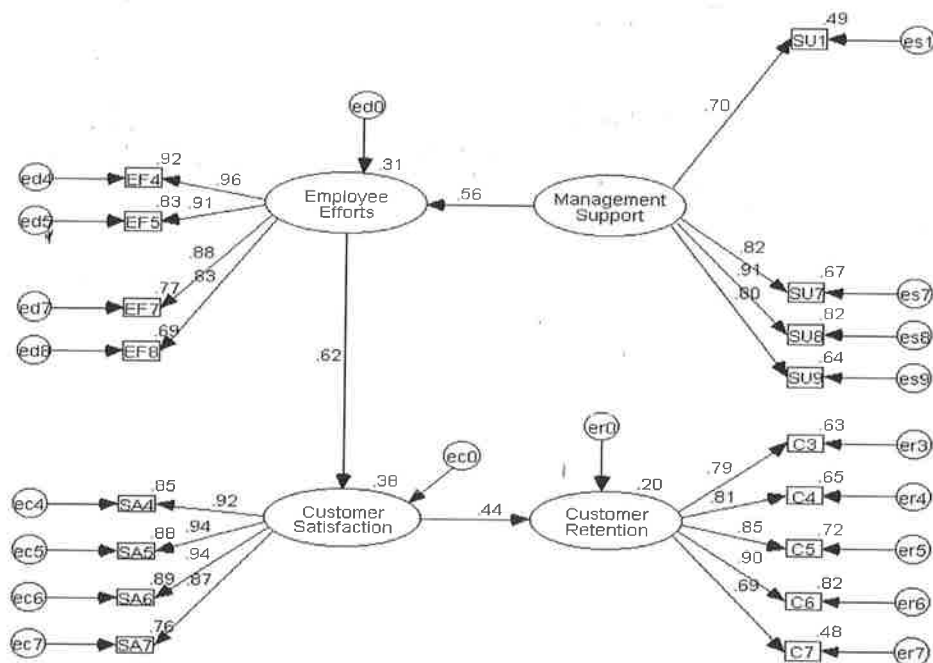
### 6.3.1 Full CVBMO Model

#### 6.3.1.1 Initial Model

As the measurement models were valid as presented previously, we proceeded with developing the structural model. The method of latent variable path analysis was used for building the desired CVBMO model. All constructs verified for reliability and validity in prior sections were included in the full latent variable model, which incorporate both structural and measurement relationships.

As shown in Figure 6.5, the resulting initial full model exhibits a somewhat a poor fit ( $\chi^2_{116} = 311.179$ ,  $p = .000$ ;  $\chi^2$ -Ratio = 2.683; GFI = .853; AGFI = .806; RMSEA = .094). According to Anderson and Gerbing (1988), a poor fitting model can result from an unfit measurement model, an unfit structural model, or both. As each measurement models (one-dimensional model) described previously achieved the statistical significance, an improvement of this poor-fitting structural model was required.

Figure 6.5 Initial Full Model of CVBMO



#### Goodness-of-fit Indices:

Absolute fit:	Incremental fit:	Parsimonious fit:
$\chi^2_{116} = 311.179$ , $p = .000$	NFI = .898	Pclose = .000
$\chi^2$ -Ratio = 2.683	TLI = .922	AIC (default; saturated) = 385.179; 306
GFI = .853	CFI = .933	PNFI = .766
AGFI = .806		PGFI = .646
RMSEA = .094		

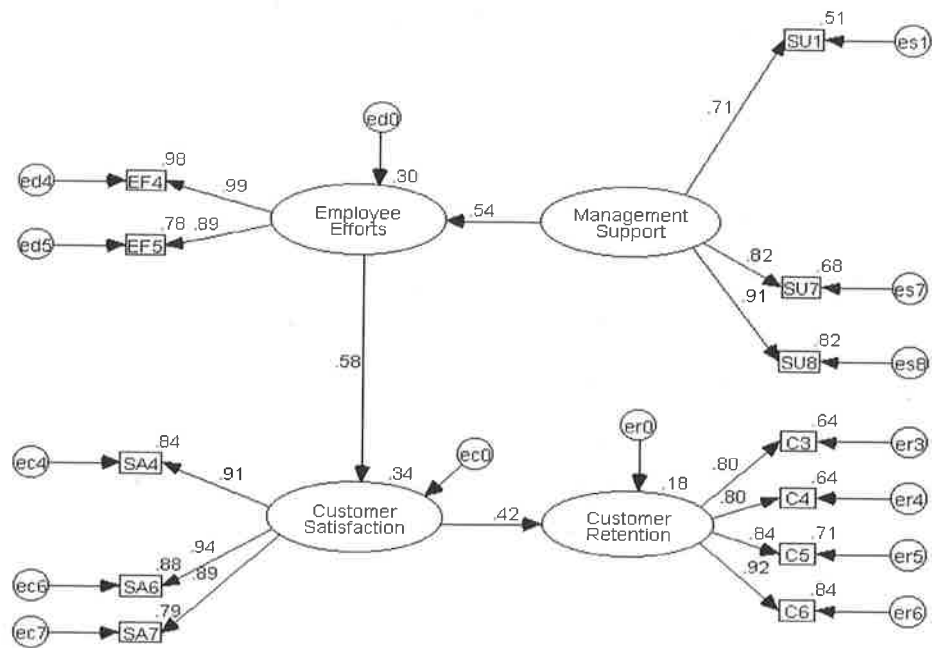
### 6.3.1.2 Proposed Model

Given the completeness of the proposed structural paths between two latent variables (construct), the indicators of each construct were reviewed with modification indices for a better model fit. As suggested by Hair et al. (1998), deleting the indicators of which the residual shows a higher modification index than others in a model can gradually improve the overall model fit. The modification index generated from the covariance analysis of residuals using AMOS suggests the candidates for deletion. Higher modification index indicates the larger covariance of two residuals, which result in a poorer model fit. Hence, deleting indicators with residuals demonstrating the highest modification index is expected to gradually improve the model fit. As shown in Table 6.8, the modification index among residuals es9, ed7, ec5, er7, and ed8 are relatively high. Accordingly, the indicators SU9, EF7, SA5, C7 and EF8 were deleted in sequence from the initial model to reach a better fit. Based on the improvement of prior initial full model (i.e., Figure 6.5), a proposed model was accomplished as presented with associated goodness-of-fit indices in Figure 6.6.

Table 6.8 Modification Indices

	ec4 (SA4)	ec5 (SA5)	ec6 (SA6)	ec7 (SA7)	ed4 (EF4)	ed5 (EF5)	<b>ed7 (EF7)</b>	<b>ed8 (EF8)</b>	er3 (C3)	er4 (C4)	er5 (C5)	er6 (C6)	<b>er7 (C7)</b>
ed4 (EF4)									.205	.238	.171	.080	1.997
ed5 (EF5)									.000	.560	.007	.650	.001
ed7 (EF7)									.605	.632	.325	.018	2.526
ed8 (EF8)									.352	.233	.197	.055	3.582
ec4 (SA4)					.873	1.853	.537	1.892	.034	.608	1.148	.057	.930
<b>ec5 (SA5)</b>					1.625	1.310	<b>9.180</b>	<b>3.858</b>	1.229	1.239	1.662	.668	<b>10.715</b>
ec6 (SA6)					2.200	.039	.500	1.037	.055	.752	.039	.689	.151
ec7 (SA7)					1.559	.153	.000	.072	1.317	.594	.855	.015	.009
es1 (SU1)	.000	.662	.042	.288	.992	.734	.099	.003	.514	.021	.143	.168	.326
es7 (SU7)	.049	.001	.203	.614	.364	.650	1.208	.031	.001	.271	.126	.277	.003
es8 (SU8)	.066	1.052	.074	.392	1.007	1.107	.119	.008	.009	1.596	.394	.415	.120
<b>es9 (SU9)</b>	.000	<b>2.938</b>	.703	.066	.265	1.971	<b>11.216</b>	<b>3.972</b>	.032	.146	.046	.043	<b>4.581</b>

Figure 6.6 Proposed CVBMO Model



Goodness-of-fit Indices:

Absolute fit:	Incremental fit:	Parsimonious fit:
$\chi^2_{51} = 92.847, p = .000$	NFI = .948	Pclose = .110
$\chi^2$ -Ratio = 1.821	TLI = .969	AIC (default; saturated) = 146.847; 156
GFI = .932	CFI = .976	PNFI = .733
AGFI = .896		PGFI = .609
RMSEA = .066		

Table 6.9 Structural Parameter Estimates of Proposed Model

Structural Path	Proposed Model		
	Estimate <sup>a</sup>	t-value <sup>b</sup>	R <sup>2</sup>
Management support → Service employees' efforts	.544	6.528***	.296
Service employees' efforts → Customer satisfaction	.584	8.542***	.341
Customer satisfaction → Customer retention	.420	5.511***	.176

<sup>a</sup>Standardised Coefficient; <sup>b</sup>Critical Ratio (z value) equal to t-value when  $df \geq 30$

\*\*\* $p < .001$

The proposed model provides a better fit to the data than did the initial model (Figure 6.6 cf. Figure 6.5). This improved model  $\chi^2_{51}$  is 92.847,  $p = .000$ , which indicates a significant improvement of model fit. Overall, the goodness-of-fit indices indicate an acceptable fit of the proposed model except for  $\chi^2$ . The loading coefficients between major constructs were adequate and with the expected direction. Both the standardised estimates and t-values also support the relationship between the constructs (see Table 6.9). However, given the current research focus of model building, the most fitting model must be aimed for. As equivalent models exist for almost any models, researchers strongly encourage pursuing a superior fit of preferred models over selected, plausible equivalent models (e.g., Kline, 1998). "It is important to present *all* of the simplest alternatives compatible with the background knowledge and data rather than to arbitrarily

choose one (Spirtes et al., 1998, p.203) ”. Considering this, two competing models were subsequently developed as described in the next section.

### 6.3.2 Competing Models

A nested model approach was used to generate competing models. Given constant constructs and the same number of indicators, two rival models were provided with changed estimated relationships. They competed with the proposed model for the most fitting model later as detailed in section 6.3.3.

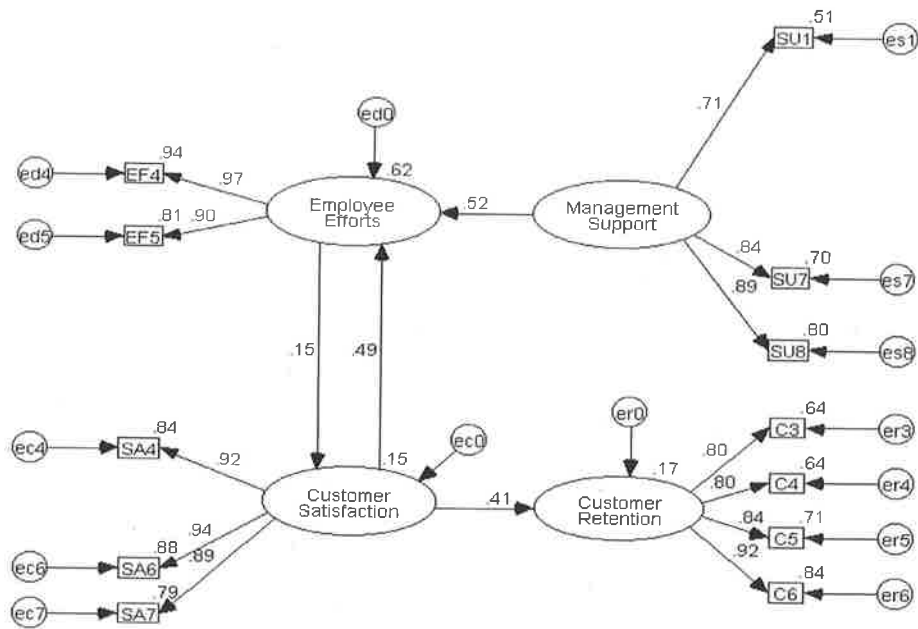
Each competing model was examined here by the following statistics to be part of absolute, incremental, and parsimonious fit indices:  $\chi^2$ , Goodness-of-fit index (GFI), Adjusted goodness-of-fit index (AGFI), Root mean square error of approximation (RMSEA); Normed fit index (NFI), Tucker-Lewis index (TLI), Comparative fit index (CFI); and Akaike information criterion (AIC), Parsimony normed fit index (PNFI), Parsimonious goodness-of-fit index (PGFI). The acceptability of the fit indices shown in Table 6.1 (section 6.1.2) was used as criteria for assessing model fit. Each competing model was examined in sequence.

#### 6.3.2.1 Competing Model 1

The first competing model is shown in Figure 6.7. A single relationship of customer satisfaction to the employee efforts was added. This reverse relationship, which is contrary to the original hypothetical structural relationship of employee efforts to customer satisfaction, reflects the possible impact of customer satisfaction on employee efforts.

Overall, the goodness-of-fit indices indicate a good fit of the competing model 1 except for  $\chi^2$  (see Figure 6.7). Moreover, all the path coefficients were significant (see Table 6.10). This also supports the added relationship of customer satisfaction to employee efforts in the model.

Figure 6.7 Competing Model 1



Goodness-of-fit Indices:

Absolute fit:	Incremental fit:	Parsimonious fit:
$\chi^2_{50} = 72.923, p = .019$	NFI = .959	Pclose = .500
$\chi^2$ -Ratio = 1.458	TLI = .982	AIC (default; saturated) = 128.923; 156
GFI = .942	CFI = .987	PNFI = .727
AGFI = .909		PGFI = .604
RMSEA = .049		

Table 6.10 Structural Parameter Estimates of Competing Model 1

Structural Path	Competing Model 1		
	Estimate <sup>a</sup>	t-value <sup>b</sup>	R <sup>2</sup>
Management support → Service employees' efforts	.518	7.496***	.615
Customer satisfaction → Service employees' efforts	.494	5.637***	
Service employees' efforts → Customer satisfaction	.147	2.117*	.154
Customer satisfaction → Customer retention	.413	5.424***	.171

<sup>a</sup>Standardised Coefficient; <sup>b</sup>Critical Ratio (z value) equal to t-value when  $df \geq 30$

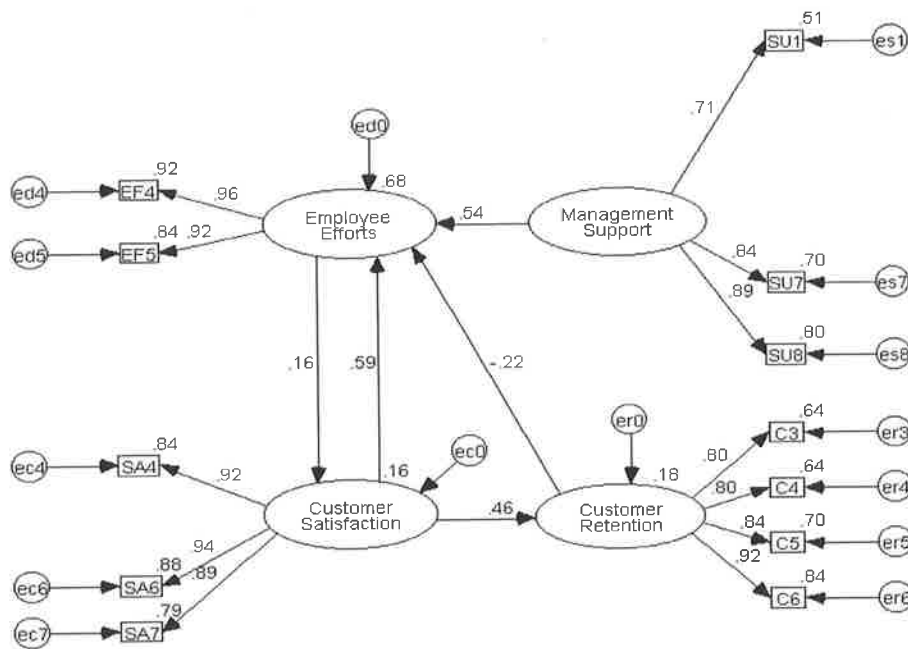
\*\*\* $p < .001$ , \* $p < .05$

### 6.3.2.2 Competing Model 2

The second competing model is presented in Figure 6.8. The possible contribution of customer retention to employee efforts is considered. In addition to the prior supported adverse relationship of customer satisfaction to employee efforts, one relationship of customer retention to employee effort is added in the model.

Regarding the underlying theory, these two different hypothetical relationships result in a much better fitting model than previous ones. The overall fit indices indicate a good model fit (see Figure 6.8). Moreover, both relationships of the new structural paths are supported with other hypothesised relationships in the model (see Table 6.11).

Figure 6.8 Competing Model 2



Goodness-of-fit Indices:

Absolute fit:	Incremental fit:	Parsimonious fit:
$\chi^2_{49} = 60.108, p = .133$	NFI = .967	Pclose = .808
$\chi^2$ -Ratio = 1.227	TLI = .991	AIC (default; saturated) = 118.108; 156
GFI = .951	CFI = .994	PNFI = .718
AGFI = .922		PGFI = .598
RMSEA = .035		

Table 6.11 Structural Parameter Estimates of Competing Model 2

Structural Path	Competing Model 2		
	Estimate <sup>a</sup>	t-value <sup>b</sup>	R <sup>2</sup>
Management support → Service employees' efforts	.536	7.995***	.677
Customer satisfaction → Service employees' efforts	.591	7.223***	
Customer retention → Service employees' efforts	-.216	-3.656**	
Service employees' efforts → Customer satisfaction	.157	2.244*	.164
Customer satisfaction → Customer retention	.455	5.546***	.180

<sup>a</sup>Standardised Coefficient; <sup>b</sup>Critical Ratio (z value) equal to t-value when df ≥ 30

\*\*\*p < .001, \*p < .05

### 6.3.3 Model Comparisons and Final Model

The proposed model and two competing models were appraised with the full consideration of the underlying theory. Three types of fit indices described previously were used as criterion of model fit. The model comparison was undertaken by examining for each model, the overall fit indices, the significance of estimated coefficients and the t-value computed by the AMOS 4.0 maximum-likelihood method. A very rigorous standard was adopted for model comparisons. A preferred model is one where the overall goodness-of-fit reach an ideal score as suggested previously in section 6.1.2.

In addition, root mean square error of approximation (RMSEA), the comparative fit index (CFI), and parsimonious goodness-of-fit index (PGFI) were used selectively as a test of model fit. The RMSEA values of below .10 indicate a good fit to the data, and values below .05 suggest a very good fit (Steiger, 1990). The CFI values of above .95 indicate a good overall fit, while values of between .90 and .95 suggest adequate fit (Bentler, 1990). The higher values of PGFI indicate a more parsimonious model, although no established range of acceptable values exists for this measure (Kelloway, 1998).

The analysis revealed that each of the models demonstrate to some extent unsatisfactory results: the p-values below the desired level in proposed model (P), and competing model 1 (C1); the RMSEA values below acceptable level in proposed model; and the lower PGFI values in competing model 2 (C2). Nevertheless, the CFI values for all models were excellent. Since a rigorous standard of model fit was adopted, an acceptable model was considered as the one where the p-value associated with  $\chi^2$  value was greater than or equal to .05 (Bagozzi and Foxall, 1996). Accordingly, the competing model 2 outperforms the other two models in terms of overall fit indices. Also, a significant difference is shown in model comparisons (see Table 6.13). All the results are documented in Tables 6.12 and 6.13.

Table 6.12 Goodness-of-Fit Measure for the Proposed (P) and Competing Models (C1, C2)

Model	$\chi^2$	df	p-value	RMSEA	CFI	PGFI
P	92.847	51	.000	.066	.976	.609
C1	72.923	50	.019	.049	.987	.604
C2	60.108	49	.133	.035	.994	.598

Table 6.13 The Significant Difference in Models

Model	Comparison	$\Delta\chi^2$	$\Delta$ df	p-value
P				
C1	P vs. C1	19.924	1	.0000
C2	C1 vs. C2	12.815	1	.0003

A comparison of the fit statistics from the above three models indicates that competing model 2 fits far better, albeit somewhat less parsimoniously than the other two models. Moreover, competing model 2 not only takes into account the underlying theory but also provides more information from two additional and verified structural relationships. Comparing the results, competing model 2 appears to represent the best model. Consequently, competing model 2 is accepted as accurately representing the structure of CVBMO. This final model is presented in Figure 6.8.

As can be seen in Table 6.11 (section 6.3.2), this model yields an excellent fit with significant structural path. The significance of estimated coefficient, t-value and  $R^2$  demonstrate the strength of the structural paths. In addition, the standardised coefficients of two variables in a model were all less than .80, which suggests that there are no concerns about multicollinearity. The structural model fit is evident, demonstrating the robustness of this CVBMO model.

## 6.4 Examining the Relationships and Indicators in the CVBMO Model

The testing of the CVBMO model was accomplished by examining the completely standardised parameter estimates and their t-values between any two variables in the model. The p-values of the estimates for hypothesis testing were determined in one-tailed t-tests. Because of the directional hypotheses, the rule of 1.65 t value was used as the critical value at the significance level of .05. Also, examining the indicators representing how the latent variables are measured is needed. Assessing both the proposed structural relations and the proposed measurement relations are equal concerns when using latent variable path analysis for model building. Both assessments reflect the true power of SEM to provide a complete model incorporating both structural and measurement considerations (Kelloway, 1998). Examining the relationships between any two latent variables, as well as the indicators of each construct, can then allows a full latent variable path analysis model to be developed.

Table 6.14 presents the standardised path coefficients and their t-values. The results indicate that all the hypothesised relationships within the model are supported. Two additional relationships are also identified from competing models with statistical significant and appropriate direction. Also, Table 6.15 shows the final indicators representing each latent variable in the CVBMO model for the specific research context. These findings are reported and discussed in details sequentially.

Table 6.14 Results of Proposed Relationships Testing in the CVBMO Model

Hypothesised Relationships	Label	Hypothesis	Estimate <sup>a</sup>	t-value <sup>b</sup>	Conclusion
Management support → Service employees' efforts	ME	H1 (+) <sup>¶</sup>	$\gamma_1 = .536$	7.995***	Supported
Service employees' efforts → Customer satisfaction	ES	H2 (+)	$\gamma_2 = .157$	2.244*	Supported
Customer satisfaction → Customer retention	SR	H3 (+)	$\gamma_3 = .455$	5.546***	Supported
<b>Added Relationships</b>					
Customer satisfaction → Service employees' efforts	SE	(+)	$\gamma_{a1} = .591$	7.223***	Supported
Customer retention → Service employees' efforts	RE	(-)	$\gamma_{a2} = -.216$	-3.656**	Supported

<sup>¶</sup>Hypothesised direction of effect

<sup>a</sup>Standardised Coefficient; <sup>b</sup>Critical Ratio (z value) equal to t-value when  $df \geq 30$

\*\*\*P < .001, \*\*P < .01, \* p < .05

Table 6.15 Final Indicators of each Construct in the CVBMO Model

Latent Variables	Indicators	Label
Management support	On-the-job training	SU1
	Company-wide communication	SU7
	In-bound organisational learning	SU8
Employee efforts	Individualised value	EF4
	Economic value	EF5
Customer satisfaction	Individualised value	SA4
	Risk avoidance in service	SA6
	Social-psychological interaction	SA7
Customer retention	Revisit intention	C3
	Consumption frequency	C4
	Consumption expenditure	C5
	Recommendation intention	C6

In order to simplify the wording for discussion, the term in *italic* in the paragraphs of the following sections represents the meaning described as follows:

*“Management support”*:

The headquarters’ management support for employees’ efforts to create and deliver customer value in the implementation of market orientation (based on service employees’ perceptions of the headquarters’ management support)

*“Employee efforts”*:

Service employees’ efforts to implement market orientation by means of fulfilling customer value (based on employees’ view on the effective approach to satisfy customers)

*“Customer satisfaction”*:

Customers’ satisfaction with their service providers’ market orientation performance in terms of customer value (based on customers’ view on the determinants of customer satisfaction)

*“Customer retention”*:

Customers’ loyal behaviours reflecting their satisfaction with their service providers’ market orientation performance in relation to customer value

### 6.4.1 Hypotheses Testing

The hypothesised relationships proposed in the CVBMO model were tested first. As shown in Table 6.14, all the tests were statistically significant and in the appropriate direction (positive and negative). This fully supports our hypotheses. Discussion of these hypotheses is provided in the following sections.

#### 6.4.1.1 Relationships between *Management Support* and *Employee Efforts*

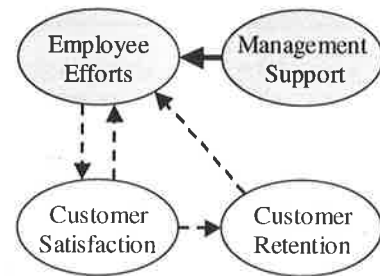
##### Hypothesis 1:

Service employees' perceptions of headquarters' management support for CVBMO have a significant and positive influence on their market orientation behaviours.

##### Findings:

As hypothesised, the headquarters' management support for CVBMO has a significant and positive impact on service employees' efforts in relation to market orientation (H1:  $\gamma_1 = .536$ ,  $p < .001$ ). The market orientation action includes a variety of market-oriented activities aimed at satisfied customers to retain them, developed by headquarters and implemented by front-line employees. The finding suggests

that employees' perceptions of their headquarters' market orientation do influence their attitudes about implementing market orientation and service practices. Specifically, they are aware of the management's support for on-the-job training (SU1), company-wide communication (SU7), and in-bound organisational learning (SU8). Their awareness of these positively influence their efforts in relation to market orientation.



##### Discussion:

Model results presented in this chapter (see Figure 6.8) suggest that *management support* can affect service employees' work performance. Employees' awareness of management support such as effective company-wide communication (SU7) (e.g., having an intensive frequency of internal communication) has significant effects on their efforts to fulfil market orientation. This, in turn, satisfies customers, and enhances customer retention. Thus, understanding *management support* has potential managerial implications

Understanding *management support* can assist headquarters in establishing more effective supportive work environment, which is usually associated with an increase of employees' productivity (Day and Bedeian, 1991). For example, the current research shows that developing an in-bound organisational learning environment based on employees' view can lead to employees' better service attitude and behaviour. *Management support* for in-bound organisational learning, such as encouraging front-line employees to share personal service experiences in informal occasion, can assist employees in dealing with their service failure positively via learning from

senior employees' experience.

The significant relationship between *management support* and *employee efforts* suggests the importance of increasing employees' job satisfaction to achieve better organisation's business performance. Whenever *management support* is needed and sought by employees, such *management support* generally increases employees' job satisfaction and improves their work performance. These conclusions are consistent with the empirical findings provided by Babin and Boles (1996), that employees' perceptions of supervisory support have a direct and positive effect on job satisfaction, which in turn positively influence their job performance.

In addition, our results also imply that providing *management support* based on service employees' views can effectively reinforce an organisation's market competitiveness. A service organisation's competitiveness can largely depend on employees' commitment to, and capacity for, the delivery of value-added service. The resulting positive effect of *management support* on employees' attitude toward market orientation and service practices suggests that headquarters' market orientation has a positive impact on employees. This influence is reflected by employees' invested effort in fulfilling market orientation with value delivery in service. This also suggests that *management support* is a crucial antecedent of employees' market orientation behaviours.

Moreover, adopting employees' view in an organisation's *management support* can create a win-win situation for both management and employees. On the one hand, based on service employees' first-hand information on customers' current and latent needs observed from customers at encounter, an organisation can benefit from providing effective supports to assist employees to effectively deliver value as needed or suggested by target customers. On the other hand, to a certain extent, service employees' expression of their concern about *management support* can reflect their demands in improving their work performance. An organisation's *management support* complying with employee needs in such a way can benefit employees by improving their capacities to serve customers better. All of these can result in the increase in customer satisfaction and in turn, expected business performance for an organisation. Additionally, the improvement of employees' capacity to deliver value and service performance can motivate them to continually explore desirable customer value by their observations on consumers, and can cause them to commit to the management with greater willingness. This further contributes to an organisation's competitive advantage in a longer term.

Overall, this established relationship between *management support* and *employee efforts* makes further contributions to the research domain of market orientation. Few studies have provided empirical evidence on the issue of supervisory support for service employees in a retail setting (Babin and Boles, 1996) and on the adoption of market-oriented behaviour (Siguaw et al., 1998). Our finding, therefore, provides new insight into management support for market orientation practice from the perspective of employees. It extends our knowledge of how employees' perceptions can affect their service behaviours, their service performance, and may consequently impact on their organisation's business performance in a specific context.

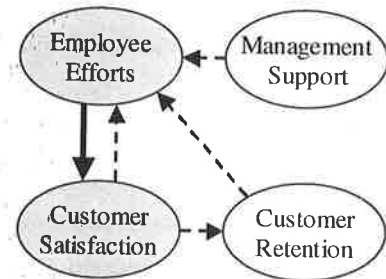
### 6.4.1.2 Relationships between *Employee Efforts* and *Customer Satisfaction*

#### Hypothesis 2:

Service employees' efforts to implement CVBMO have a significant and positive influence on customer satisfaction.

#### Findings:

Empirical support was found for the relationship between service employees' efforts on CVBMO and customer satisfaction, as hypothesised by Hypothesis 2. The employees' service performance is related significantly and positively to customer satisfaction (H2:  $\gamma_2 = .157, p < .05$ ). The results of the study indicate that service employees' efforts on delivering individualised value (EF4) and economic value (EF5) particularly satisfies customers.



#### Discussion:

This finding, that employing customer value in market orientation practice leads to customer satisfaction, gives added empirical evidence to the relevant studies examining the relationship between customer value and customer satisfaction. Though this study did not aim to test the relationship between customer value and customer satisfaction, such a relationship was included in forming the proposed CVBMO model as discussed in sections 3.1.2 and 3.1.3. The construct of EF has included the concept of customer value. This verified relationship between employee efforts and customer satisfaction thus suggests that customer value delivered by employees' effort can effectively satisfy customers. The relationship between customer value and customer satisfaction has been controversial among researchers. Some researchers stated that customer satisfaction depends on customer value (e.g., Mano and Oliver, 1993; Oliver, 1997). Yet, some researchers claimed that providing value cannot ensure customer satisfaction (e.g., Langley and Holcomb, 1992; Meyer and Blümelhuber, 2000). The research outcome of this study clarifies the causal sequence that customer value leads to customer satisfaction, which remained undefined in previous studies.

Also, this result extends our understanding of the relationship between customer value and customer satisfaction in relation to market orientation, where such causality had not been fully explored. The result suggests that providing customer value (by value-added service) in market orientation practice positively influences customer satisfaction. This makes a further contribution to studies of both market orientation and customer value. In our case, for example, service employees' efforts to deliver individualised value (EF4) by providing extra service to cater for customers' pleasure significantly influenced their customers' satisfaction.

In addition, this finding supports the contention that employees' performance during the "moments of truth" (Carlzon, 1987) significantly influences customers' overall satisfaction, as suggested in past studies (e.g., Mittal and Lassar, 1996; Price and Arnould, 1999). Several effective strategies to satisfy customers are revealed from *employee efforts*. For example, the results suggest that convenience (individualised value) and payment equity (economic value) are two effective elements of *employee efforts*.

A brief summary of the results discussed above provides empirical support for integrating customer value into market orientation from service employees' perspective. That is, service employees' efforts to implement market orientation by delivering customer value have a significant and positive effect on customer satisfaction. Further, combining the findings of both hypotheses 1 and 2 suggest that a market-oriented organisation should act on the premise that it is important to satisfy employees first. This provides a solid basis upon which to generate a better business performance for an organisation adopting market orientation.

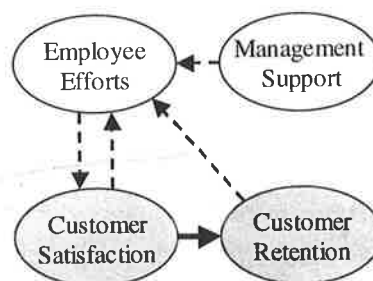
#### 6.4.1.3 Relationships between *Customer Satisfaction* and *Customer Retention*

##### Hypothesis 3:

Customers' satisfaction with their service provider's CVBMO efforts has a significant and positive influence on their retention.

##### Findings:

The results indicate that customers' satisfaction with their service provider's efforts in relation to CVBMO has a significant and positive impact on their retention (H3:  $\gamma_3 = .455$ ,  $p < .001$ ). Specifically, customer retention results from satisfaction with service employees' efforts in delivering individualised value (SA4), considering their risk avoidance in service (SA6), and taking into account their need for social-psychological interaction (SA7). In effect, their loyalty is reflected by their revisit intention, consumption frequency, consumption expenditure, and recommendation intention.



##### Discussion:

This result identifies several value-added business activities, which are effective in satisfying customer, and in turn, achieving customer retention. According to Oliver (1999), certain mechanisms exist in, and intercept the formation of, the relationship between customer satisfaction and customer retention. Thus, researchers should take the possible obstacles into account when aiming for customer loyalty such as personal determinism and social bonding as suggested by Oliver (1999). In response to this, this study suggests that involving several dimensions of customer value, including intrinsic and extrinsic ones in market orientation practice, can effectively strengthen the link of customer satisfaction to customer retention. Our empirical results

support this. Based on service employees' application of different kinds of customer value in market orientation practice, the effect of customers' perceptions of employee performance on satisfaction is positive. This provides practical guidance on what to do to satisfy customers, which can lead to customer retention. For example, fulfilling customers' needs for social-psychological interaction by recognising and greeting them whenever they visit the store may result in customer retention.

This significant relationship between customer satisfaction and customer retention provides empirical evidence for the primary role of service employees in the relationship between market orientation and business performance. In this study, for example, business performance can be enhanced by an increase of customers' consumption expenditure (C5), which result from employees' efforts to fulfil customer satisfaction. It is evident that customers' perceptions of, and satisfaction with, employees' service performance have an impact on their retention, as suggested in previous studies (e.g., Mittal and Lassar, 1996; Cronin and Taylor, 1992; Parasuraman, Berry, and Zeithaml, 1991). However, this empirical result does not support previous studies that salesperson loyalty is an antecedent to store loyalty (e.g., Macintosh and Lockshin, 1997; Reynolds and Beatty, 1999). The measure item of customer retention regarding constancy of relationship, "I have had a specific hairdresser over than one year" was discarded in post-fieldwork validation due to low item-to-total correlation. When customers are satisfied with employees' market orientation performance, customer retention is reflected by loyal behaviour directed at the store (e.g., revisit intention) rather than at the service employee.

The above discussion on hypothesis 3 provides an insight into customer retention, particularly the approach to it. This study suggests that customer satisfaction is the antecedent of customer retention, consistent with studies of customer satisfaction and/or customer retention (e.g., Gale, 1997; Oliver, 1999). Moreover, our results suggest that service employees should stress certain essential satisfaction factors, derived from customers' view on satisfaction, in their service efforts. According to our results, these essential factors of *customer satisfaction* lead to customer retention. Service employees who include these essential factors in their efforts to satisfy customers can effectively retain customers. This further enhances our understanding of the impact of customers' perceptions of *employee efforts on customer satisfaction*, and in turn, on *customer retention*.

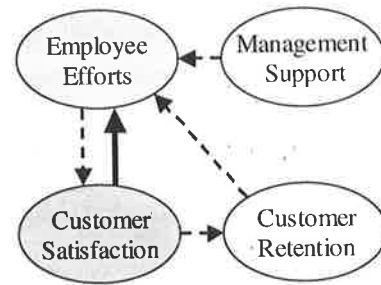
#### 6.4.2 Added Relationships

Competing model 2 revealed two additional effects that impact upon employees' efforts on CVBMO, namely customer satisfaction and customer retention. As seen in Table 6.14, both relationships were statistically significant and in the appropriate direction (positive and negative respectively). This enhances the contribution of the current research. Discussion of these added relationships follow in sequence.

### 6.4.2.1 Relationships between *Customer Satisfaction* and *Employee Efforts*

#### Findings:

The effect of customer satisfaction on employee efforts was highly significant ( $\gamma_{al} = .591$ ,  $p < .001$ ). Based on customers' perceptions of service employees' market orientation efforts, three critical measures of *customer satisfaction* highly influence employees' efforts to implement market orientation: namely, customers' individualised value (SA4), customers' avoidance of risk-taking in service (SA6), and customers' need of social-psychological interaction (SA7).



A notable finding emerged from examining this reverse relationship (SE) with the originally hypothesised one (i.e., Hypothesis H2: ES). Both the supported relationships of customer satisfaction to employee efforts (SE:  $\gamma_{al} = .591$ ,  $p < .001$ ) and the originally hypothesised one (ES:  $\gamma_2 = .157$ ,  $p < .05$ ) show a significant interrelationship between service employees and their customers. The greater strength of this reverse causality suggests that the feedback from *customer satisfaction* is a driving force behind employees' market orientation efforts.

#### Discussion:

The second antecedent to service employees' efforts, customer satisfaction, is revealed by this verified relationship. *Customer satisfaction* inspires employees' confidence in implementing market orientation. Customer satisfied with value-added service reinforces service employees' behaviours to continue to deliver value in their market orientation practice. Customers' appraisal of their efforts provides managers with an effective way to motivate service employees. An example of this in our case is that *customer satisfaction* with individualised value (SA4) such as 'creating surprise' or 'a sense of fresh and new in their usual hairstyle' can drive employees to keep working on delivering similar value (i.e., SA4) in different way such as creating new service experiences.

The finding of a highly significant relationship between service employees and their customers provides an insight into the interaction between employees and customers and its impact on customer satisfaction, and employee efforts. Consistent with past literature (e.g., Mittal and Lassar, 1996; Price and Arnould, 1999), our results suggest that the performance of service employees in their interaction with customers significantly influences customers' overall satisfaction. In addition, this study further supplies empirical evidence that customer satisfaction has a reciprocal and decisive influence on employee efforts.

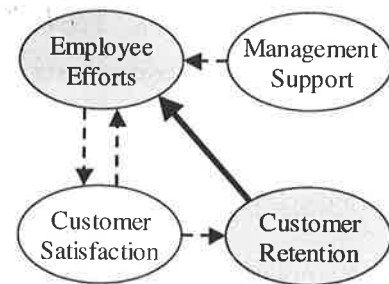
Combining both supported relationships between service employee efforts and customer satisfaction (i.e., ES and SE), the difference in the strength of these two reverse relationships (i.e., ES:  $\gamma_2 = .157$ , and the reverse SE:  $\gamma_{al} = .591$ ) highlights the dominant role of customers in the interaction between customers and employees for value delivery in market orientation practice. These two reverse relationships are all dyadic in nature. They provide an insight into the views of

both service employees and customers on CVBMO, and the impact of this on their respective service and consumer behaviour (i.e., employee effort on, and customer satisfaction with, CVBMO). The impact of *customer satisfaction* on *employee efforts* is higher than that of *employee efforts* on *customer satisfaction*. This supports the view that customer value can only be defined by customers themselves (Weinstein and Pohlman, 1998). The leading role of customers in their interaction with service employees suggests the way to improve employees' performance based on *customer satisfaction*. This is consistent with the view that only customers decide the success or failure of service provided (Meyer and Blümelhuber, 2000).

#### 6.4.2.2 Relationships between *Customer Retention* and *Employee Efforts*

##### Findings:

The second added relationship, the effect of customer retention on service employees' efforts, is also significant ( $\gamma_{a2} = -.216, p < .01$ ) with negative direction. This verified relationship indicates that low customer retention leads to high employee efforts and vice versa. According to our results, the non-financial index of customer retention is specially measured by customers' revisit intention (C3), consumption frequency (C4), consumption expenditure (C5), and recommendation intention (C6). According to our results, when customer retention falls, employees make more efforts to implement market orientation.



##### Discussion:

The non-financial index of customer retention was used in the study to provide an evaluation of business performance from the perspective of customers. This index provided a warning of customer loss as well as a convincing proof of customer gain for firms, signified by relevant consumer behaviours, that is, revisit intention, consumption frequency, consumption expenditure, and recommendation intention. As these items measure the consequence of customer satisfaction with employees' performance of market orientation, a market-oriented organisation can adopt them when auditing front-line employees' efforts to fulfil market orientation.

This supported relationship between customer retention and employee efforts suggests a third driving force of employee efforts, namely customer retention. By examining jointly this relationship with the preceding ones regarding employees' efforts (i.e., ME, SE), three strong antecedents to employee efforts have thus been revealed: management support, customer satisfaction, and customer retention. The effect of these three driving forces on employees' efforts is highly significant (ME:  $\gamma_1 = .536, p < .001$ ; SE:  $\gamma_{a1} = .591, p < .001$ ; RE:  $\gamma_{a2} = -.216, p < .01$ , see Table 6.14). Model results also show that these three driving forces jointly make a significant contribution to employee efforts, explaining two third of its variance ( $R^2 = .677$ , see Table 6.11). This offers a considerable insight into employee efforts on CVBMO.

While it is reasonable that low customer retention would motivate employee efforts, the reverse statement, that high customer retention leads to low employee efforts on market orientation is less expected. However, previous studies suggest that recruiting a new customer costs more than keeping a loyal one (e.g., Reichheld, 1996). It is thus well worth the effort for employees to concentrate on retaining frequent customers. Employees need to make less effort to satisfy frequent customers whom they understand much better than occasional ones. Hence, when an employee keeps a number of loyal customers, s/he can implement market orientation with less effort.

### 6.4.3 Integrated Discussion of the CVBMO Model

Having reported the empirical results and discussed each verified relationship in the CVBMO model, this study further examines the links between key variables in the model. In this way, further findings are revealed, enhancing the contribution of this research. This integrated discussion is presented as follows.

#### 6.4.3.1 The Effects of Key Factors of CVBMO upon Business Performance

A clear causal relationship among the key variables discussed in this study was established. This provides an insight into the potency of market orientation from different perspectives. Making a comprehensive view of the validated CVBMO model (see Figure 6.8) provides new insight into the direct and indirect effect of market orientation on business performance from three standpoints of headquarters, front-line employees, and customers.



Namely, from management's perspective, adopting market orientation can cause customer retention indirectly through *management support*, *employee efforts*, and *customer satisfaction*. From employees' perspective, implementing market orientation can result in customer retention through *customer satisfaction*. From customers' perspective, *customer satisfaction* directly leads to customer retention. By providing empirical evidence of the indirect and direct links between market orientation and customer retention at three levels (i.e., management, employees, and customers), this research contributes significantly to the research domain of market orientation.

This study also empirically supported the influence of the interpersonal issue on the contribution of market orientation toward business performance. The impact of interaction between headquarters and front-line employees, and between front-line employees and customers on the market orientation-business performance link was supported in this study. This is demonstrated by the supported relationships as shown in Table 6.14: the relationships between *management support* and *employee efforts* (i.e., ME), and between *employee efforts* and *customer satisfaction* (i.e., ES and SE); and then the effect of *customer satisfaction* on customer retention (i.e., SR), and that of *customer retention* on employee efforts (i.e., RE). In addition, in contrast with the findings of Jones et al. (2000), our results suggest that the employees' interaction with customers significantly

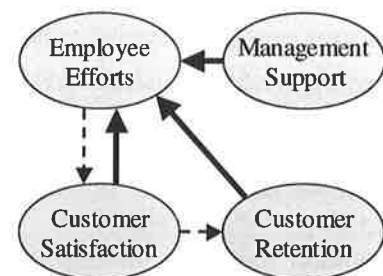
influences customers' overall satisfaction.

The findings of the three supported hypothesised relationships (i.e., ME, ES, and SR) are analogous to the indirect relationship established by Cronin et al. (2000). Based on customer sample data, they found that customer value leads to customer satisfaction, which in turn result in customer retention. A further step taken in the current study is that such relationship is identified in the research domain of market orientation and examined from a dyadic perspective including views of both employees and customers.

The verified relationships between employee efforts and customer satisfaction (i.e., ES), between customer satisfaction and customer retention (i.e., SR), and between customer satisfaction and employee efforts (i.e., SE) also suggest an avenue to effectively achieve customer retention. Based on the views of both employees and customers in relation to CVBMO, the results of this study imply that *employee efforts* to achieve *customer satisfaction* do not necessarily lead to customer retention. Only if service employees understand the determinants of customer satisfaction based on customer views on CVBMO and carry out this in their service, can employees' efforts to satisfy customers result in customer retention.

#### 6.4.3.2 Three Antecedents of Employee Efforts to Implement CVBMO

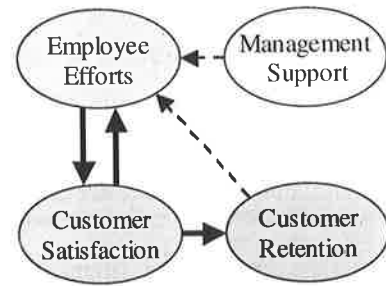
In addition to management support, the valid CVBMO model in this study suggests two more antecedents to service employees' market orientation behaviours, namely, customer satisfaction and customer retention. This highlights the influence of customers' appraisal of employees' performance and its consequence. Results suggest that customer satisfaction depends on service employees' performance of market orientation, which drives employees to make further efforts to fulfil market orientation. Also, customer retention resulting from customer satisfaction significantly affects employees' efforts to implement market orientation.



Importantly, the model results stress the importance of *customer satisfaction* as a mediating variable between employee efforts and customer retention. Only if customers are satisfied with employees' performance, can employees' efforts lead to customer retention. This is demonstrated by the significant relationships between employee efforts and customer satisfaction (i.e., ES), and between customer satisfaction and customer retention (i.e., SR) as shown in Table 6.14. The determinants of *customer satisfaction* show the opinions of customers on employees' efforts to satisfy them. According to our results, this then results in customer retention. This provides managers with effective guidance as to the management support required in order to aid employees in serving customers better. Further, the determinants of customer satisfaction leading to customer retention provide managers with effective ways of improving their service employees' performance to retain customers.

### 6.4.3.3 The Existence of Difference in Dyadic View on CVBMO

This study presents a dyadic view of the elements and effects of CVBMO. Specifically, to employees, the determinants of CVBMO were examined from their perceptions of management support provided by the headquarters. The effect of CVBMO is reflected by employees' efforts to implement market orientation. This represents the supply side of CVBMO (i.e., from the perspective of firms). To customers, the determinants of CVBMO were examined from their perceptions of employees' efforts to implement market orientation. Their satisfaction with employees' performance of market orientation reflects the effect of CVBMO and determines customer retention. This represents the demand side of CVBMO (i.e., from the perspectives of customers). Both perspectives provide a fuller view of market orientation in terms of antecedents and influences in the specific context. Hence, understanding these dyadic perceptions of market orientation have potential research and managerial implications.



A further examination of this dyadic view suggests the existence of different interpretation of market orientation between both parties. This is revealed from the model results presented in Figure 6.8. Regarding the fulfilment of customer satisfaction from both perspectives, the determinants of customer satisfaction based on employees' efforts to fulfil market orientation (i.e., employees' delivery of individualised value and economic value) differ from the determinants of customer satisfaction based on customers' appraisal of employees' performance of market orientation (i.e., customers' perceptions of individualised value, avoidance of risk-taking in service, and need for social-psychological interaction in service). Though the difference in interpreting market orientation exists between both parties, results showed that employees' market orientation efforts impact upon customer satisfaction. The added reverse relationship of employees' market orientation efforts upon customer satisfaction, was also established. This suggests that market orientation can take effect between both parties even though they may have different views of what specifically determines market orientation. The reasons behind this apparently contradictory results are worth exploring.

The relationship between employee efforts and customer satisfaction (i.e., ES, see Table 6.14) supports that employees have fulfilled customer satisfaction. The determinants of *customer satisfaction*, based on customers' appraisal of employees' performance, further suggest that employees are capable of providing certain services that basically satisfy customer (SA4: individualised value, SA6: risk avoidance in service, SA7: social-psychological interaction). As these determinants are derived from customers' appraisal of employees' performance, they can be regarded as key elements of customer satisfaction in that only customers decide the success or failure of the service provided (Meyer and Blumelhuber, 2000). In addition to these key service elements, extra services emphasised in *employee efforts* were also found to be effective in satisfying customers (EF4: individualised value, EF5: economic value). This implies that

employees can satisfy customers not just by providing key service elements in response to customer request, but also by emphasising certain extra services based on their own service experience of satisfying customers. Since this relationship of employee efforts to customer satisfaction is reciprocal in nature, this finding leads to the managerial implication that the way of achieving customer satisfaction is not necessarily based on a common view of both parties. This highlights the contribution of the current research toward fulfilling customer satisfaction in the implementation of market orientation.

Furthermore, though different interpretations of CVBMO exist between both parties, this study verified both causal relationships of employees' market orientation effort to customer satisfaction (ES:  $\gamma_2 = .157$ ,  $p < .05$ ), and customer satisfaction to customer retention (SR:  $\gamma_3 = .455$ ,  $p < .001$ ). Based on the indirect relationship of employee efforts to customer retention through customer satisfaction, the difference in strength of the relationships between ES and SR implies that what employees consider as a way to satisfy customers may not necessarily lead to customer retention but may only ensure customer satisfaction. By contrast, when customers satisfy with *employee effort* should lead to customer retention.

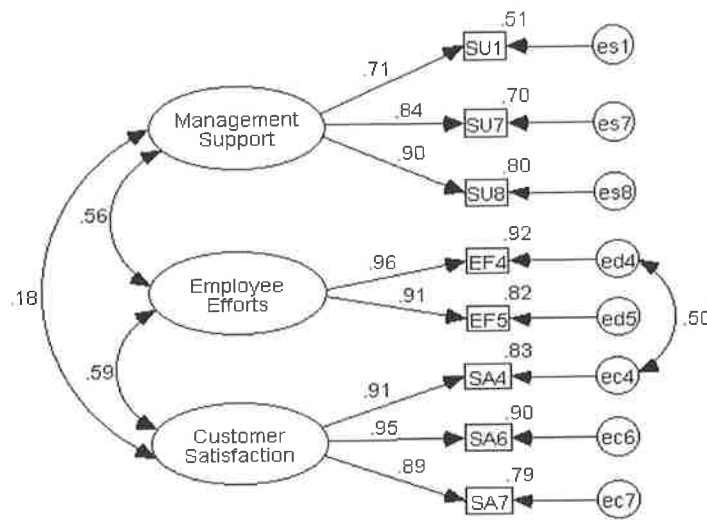
Although customer satisfaction may still result despite a discrepancy between both parties' views of market orientation, the only way employees' efforts can achieve customer retention should be based on a consensus about customer satisfaction. In other words, the transformation of customer satisfaction to customer retention depends on the key service elements of customer satisfaction being addressed previously (i.e., the determinants of *customer satisfaction* based on customers' appraisal of employees' performance of market orientation). This provides service employees with an avenue to fulfil customer retention: to retain customers, service employees should not just listen or adopt customers' opinions based on their own interpretation. It is also important for service employees to put themselves in customers' position to understand customers' views on their market orientation efforts at satisfying them. This study thus sheds light on a service approach aimed at achieving customer retention via the implementation of market orientation.

In addition, the finding of differences between both parties' interpretation of market orientation implies that the approaches taken in pursuit of customer satisfaction (i.e., the structural path ES: between *employee efforts* and customer satisfaction) and customer retention (i.e., the structural path SR: between *customer satisfaction* and customer retention) are different. Their outcomes are separate and distinct. The results show that employees' efforts (determinants of *employee efforts*) are not exactly what make customers satisfied with employees' service performance (determinants of *customer satisfaction*). Also, as discussed previously, employees' efforts do not necessarily lead to customers being satisfied with employees' service performance. Hence, an organisation should discriminate between customer satisfaction and customer retention while aiming for both in order to improve business performance. This would avoid false expectations resulting from lumping them together and confusing the consequence of customer satisfaction with that of customer retention.

## 6.5 Three-dimensional CVBMO Construct and Business Performance

The unidimensionality of each construct was shown in the resulting final model in Figure 6.8 (see section 6.3.2). The loading between these measurement items and the latent construct all exceeded acceptable level of .5 (Steenkamp and van Trijp, 1991) and the overall fit of the model was good. This demonstrates adequate convergent validity for each construct in the final model. In order to confirm the three-dimensional CVBMO construct as proposed in this study (i.e., management support, employee efforts, customer satisfaction), the correlations among the latent constructs are examined further by confirmatory factor analysis using AMOS 4.0. Curved arrows assigned using SEM among three latent constructs represent correlations between constructs in the model as can be seen in Figure 6.9.

Figure 6.9 Three-dimensional Customer Value-based Market Orientation Construct



### Goodness-of-fit Indices:

Absolute fit:	Incremental fit:	Parsimonious fit:
$\chi^2_{16} = 16.015, p = .452$	NFI = .987	Pclose = .834
$\chi^2$ -Ratio = 1.001	TLI = .999	AIC (default; saturated) = 56.015; 72
GFI = .979	CFI = .999	PNFI = .564
AGFI = .953		PGFI = .435
RMSEA = .002		

Correlations	Estimate	t-value
Management support ↔ Service employees' efforts	.561	5.701***
Service employees' efforts ↔ Customer satisfaction	.590	6.392*
Management support ↔ Customer satisfaction	.182	2.013***

\*\*\*p < .001, \*\*p < .01, \*p < .05

As shown in Figure 6.9, the associated goodness-of-fit indices indicate a good fit of the model. Moreover, the correlations between any two latent constructs are all found to be significant at  $p < .05$ . This demonstrates the significance of the relation between the three dimensions of the

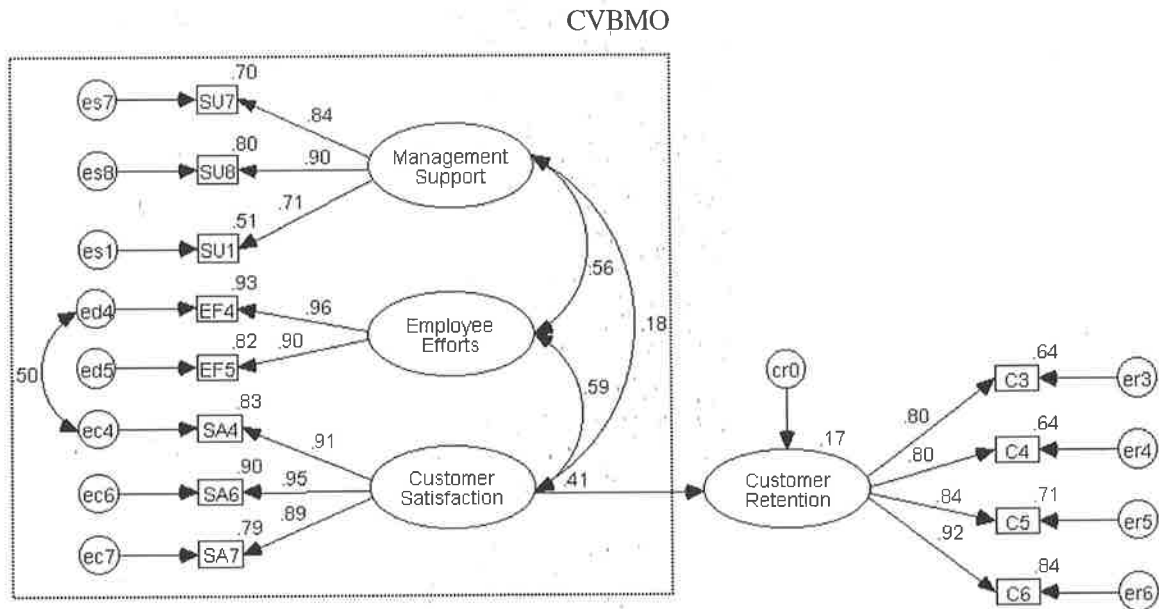
CVBMO construct. In addition, the average variance of a given construct is greater than the squared paths between the construct and other constructs. This suggests that the proposed three constructs (i.e., management support, employee efforts, customer satisfaction) are distinct (Fornell and Larcker, 1981). These results thus support a three-dimensional CVBMO construct proposed in this study.

After verifying the correlations between dimensions of the CVBMO construct, using confirmatory factor analysis, this study makes a further attempt at establishing the relationship between latent dimensions of CVBMO and business performance (or more specifically, customer retention). The relationships among key variables verified in previous sections indicate either a direct or an indirect link between the three latent dimensions (i.e., management support, employee efforts, and customer satisfaction) each with customer retention. As only customer satisfaction has a direct link with customer retention, a unidirectional arrow was assigned using SEM to point out the possible causal relation between the latent dimensions of CVBMO and business performance (see Figure 6.10).

Figure 6.10 presents this model with excellent overall fit indices. The significance of estimated coefficient, t-value demonstrates the strength of the structural path. This significantly supports the CVBMO-business performance relationship ( $\gamma = .410$ ,  $p < .001$ ). A clear effect of market orientation on business performance is demonstrated in the study. This research outcome provides a conclusive evidence of the positive effect of market orientation on business performance. Specifically, implementing customer value-based market orientation can effectively lead to customer retention.

The impact of market orientation (inclusive of customer value) on business performance as measured by customer retention is clear. This study thus supplies the empirical evidence of an market orientation-business performance relationship by using a non-financial performance index, customer retention. Different from the conventional approach of using financial indices in existing studies of market orientation, this non-financial performance index adopted in this study (i.e., customer retention) provides different views on evaluating business performance. Varied practical indications of customer retention are suggested from this verified relationship (see Table 6.15, section 6.4). By establishing the relationship between market orientation and customer retention, this research contributes importantly to the research domain of market orientation.

Figure 6.10 A Model of Retail Customer Retention: The CVBMO Construct and its Business Performance indices



Goodness-of-fit Indices:

Absolute fit:	Incremental fit:	Parsimonious fit:
$\chi^2_{49} = 60.123, p = .133$	NFI = .966	Pclose = .807
$\chi^2$ -Ratio = 1.227	TLI = .991	AIC (default; saturated) = 118.123; 156
GFI = .952	CFI = .994	PNFI = .718
AGFI = .923		PGFI = .598
RMSEA = .035		

Correlations	Estimate	t-value
Management support ↔ Service employees' efforts	.561	5.619***
Service employees' efforts ↔ Customer satisfaction	.590	6.309***
Management support ↔ Customer satisfaction	.182	2.104*

\*\*\*p < .001, \*p < .05

Structural Path	Estimate	t-value
Customer satisfaction → Customer retention	.410	5.411***

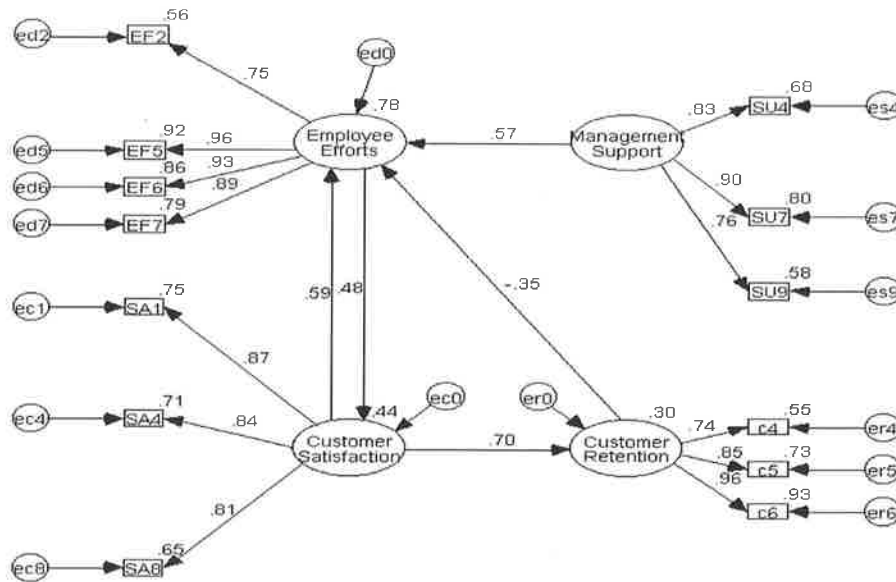
\*\*\*p < .001

### 6.6 Further Development of the CVBMO Model

To provide an insight into the difference in CVBMO practice of the sample service employees, the CVBMO model was further examined. All service employees in our sample were divided into two groups according to high and low service performance, as classified primarily by participating firms. All the data were then processed using latent variable path analysis for model building.

Both resulting models regarding high and low service performer are presented in Figures 6.11 and 6.12 respectively. The goodness-of-fit indices show the overall fit of these two specific CVBMO models. As shown in Table 6.16, the estimates of structural path indicate support for all five paths associated with the CVBMO model with high service performers. By contrast, the estimates of structural path indicate support for only four of the five paths associated with the CVBMO model with low service performers. A comparison of the same structural path in these two advanced CVBMO models provides further information (see Table 6.17). Also, Table 6.18 shows the final indicators of each construct in the advanced CVBMO model for high and low performers in the specific research context. By providing different perceptions of CVBMO from the perspectives of high and low service performers, these specific models make a further contribution to the current research.

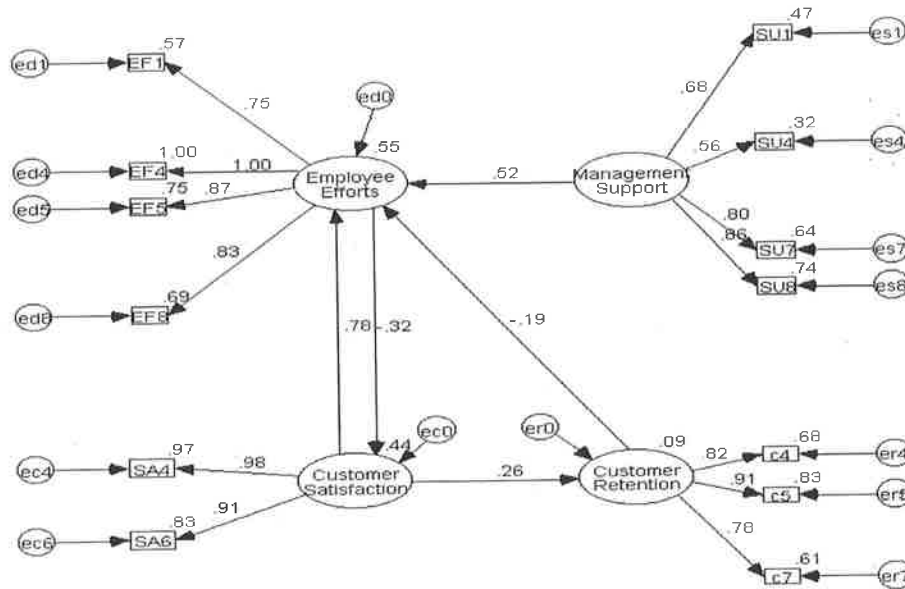
Figure 6.11 The CVBMO Model of High Service Performers



Goodness-of-fit Indices:

Absolute fit:	Incremental fit:	Parsimonious fit:
$\chi^2_{60} = 60.899, p = .443$	NFI = .940	Pclose = .844
$\chi^2$ -Ratio = 1.015	TLI = .999	AIC (default; saturated) = 122.899; 182
GFI = .913	CFI = .999	PNFI = .723
AGFI = .868		PGFI = .602
RMSEA = .013		

Figure 6.12 The CVBMO Model of Low Service Performers



Goodness-of-fit Indices:

Absolute fit:	Incremental fit:	Parsimonious fit:
$\chi^2_{60} = 68.958, p = .200$	NFI = .924	Pclose = .632
$\chi^2$ -Ratio = 1.149	TLI = .986	AIC (default; saturated) = 130.958; 182
GFI = .906	CFI = .989	PNFI = .710
AGFI = .857		PGFI = .587
RMSEA = .040		

Table 6.16 Structural Model Estimates regarding High and Low Performers

Structural Path	Label	High Performer (n <sub>H</sub> = 96)			Low Performer (n <sub>L</sub> = 95)		
		Estimate <sup>a</sup>	t-value <sup>b</sup>	R <sup>2</sup>	Estimate <sup>a</sup>	t-value <sup>b</sup>	R <sup>2</sup>
Management support → Service employees' efforts	ME <sub>HL</sub>	.571	6.359***	.778	.518	5.340***	.550
Customer satisfaction → Service employees' efforts	SE <sub>HL</sub>	.588	4.786***		.781	5.124***	
Customer retention → Service employees' efforts	RE <sub>HL</sub>	-.346	-3.737**		-.192	-2.202*	
Service employees' efforts → Customer satisfaction	ES <sub>HL</sub>	.475	3.527**	.444	-.320	-.989	-.445
Customer satisfaction → Customer retention	SR <sub>HL</sub>	.699	5.388***	.295	.264	2.254*	.093

H: High service performers; L: Low service performers  
<sup>a</sup>Standardised Coefficient; <sup>b</sup>Critical Ratio (z value) equal to t-value when df ≥ 30  
 \*p < .05, \*\*p < .01, \*\*\*p < .001

Table 6.17 Comparison of Structural Path between the Models of High and Low Performers

Structural Path	Label	High Performer (n <sub>H</sub> = 96)		Low Performer (n <sub>L</sub> = 95)		F-value	p-value
		Estimate <sup>a</sup>	Standard Error	Estimate <sup>a</sup>	Standard Error		
Management support → Service employees' efforts	ME	.571	.102	.518	.087	.156	.693
Customer satisfaction → Service employees' efforts	SE	.588	.114	.781	.131	1.237	.268
Customer retention → Service employees' efforts	RE	-.346	.100	-.192	.078	1.471	.227
Service employees' efforts → Customer satisfaction	ES	.475	.145	-.320	.376	3.922	.049*
Customer satisfaction → Customer retention	SR	.699	.111	.264	.112	7.610	.006**

H: High service performers; L: Low service performers

<sup>a</sup> Standardised Coefficient

\*p &lt; .05, \*\*p &lt; .01

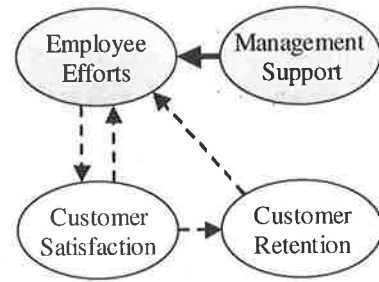
Table 6.18 Final Indicators of each Construct in the CVBMO Models of High and Low Performers

Latent Variables	Indicators	Label	Performers	
			High	Low
Management support	On-the-job training	SU1		✓
	Out-bound organisational learning	SU4	✓	✓
	Company-wide communication	SU7	✓	✓
	In-bound organisational learning	SU8		✓
	Recruitment and retention of the outstanding employees	SU9	✓	
Employee efforts	Good service behaviours	EF1		✓
	Good consuming environment	EF2	✓	
	Individualised value	EF4		✓
	Economic value	EF5	✓	✓
	Risk avoidance in service	EF6	✓	
	Social-psychological interaction	EF7	✓	
	Considerations of service alternatives	EF8		✓
	Customer satisfaction	Good service behaviours	SA1	✓
Individualised value		SA4	✓	✓
Risk avoidance in service		SA6		✓
Considerations of service alternatives		SA8	✓	
Customer retention	Consumption frequency	C4	✓	✓
	Consumption expenditure	C5	✓	✓
	Recommendation intention	C6	✓	
	Rejection of competitors' service alternative	C7		✓

### 6.6.1 Relationships between Management Support and the CVBMO Efforts of High and Low Service Performers

#### Findings:

The results indicate that headquarters' management support has a significant and positive impact on the CVBMO efforts of both high and low service performers ( $\gamma_{ME-H} = .571, p < .001$ ;  $\gamma_{ME-L} = .518, p < .001$ ). Moreover, there is no significant difference in the impact of management support to employee efforts between high and low service performers (structural path ME: F-value = .156,  $p = .693$ , see Table 6.17).



However, comparing both model results show that the perceptions of management support from highly performing employees is somewhat different from that of low ones. An examination of the determinants of perceived management support from both parties indicates a common view for out-bound organisational learning and company-wide communication. In addition, the headquarters' management support for recruitment or retention of outstanding employees especially has a positive impact on the efforts of high service performers. Comparatively, low service performers perceive on-the-job training and in-bound organisational learning as two special management supports positively influencing their service performance.

#### Discussion:

The findings provide a new view on management support from the perspectives of both high and low service performers. To the author's knowledge, previous literature on market orientation has never examined the issue of employees' perceptions of management support and its effect on their market orientation efforts nor has examined these two kinds of employees simultaneously. The results support the view that market-orientated organisations tend to have employees with high work performance as suggested in past studies (e.g., Kohli and Jaworski, 1990; Siguaw et al., 1994; Mengüç, 1996). In this study, the impact of market orientation from employees' perceptions of management support has similar effect on employees' effort to implement market orientation for both high and low service performers. Yet, based on the employees' perceptions of management support, the motivation of employees' market orientation efforts is somewhat different between high and low service performers. Thus, understanding employees' perceptions of management support from both types of employees has potential research and managerial implications.

A comparison between high and low service employees about their perceptions of management support reveals similarities and differences. As can be seen in Table 6.18, the similarity suggests the basic demands of management support for both types of service employees to carry out market orientation. Provision of these primary management supports should be an efficient way for management to inspire the efforts of both types of service employees, as they are needed equally among employees. Also, the difference suggests the additional demands of high and low service employees respectively for management support to fulfil market orientation. This provides

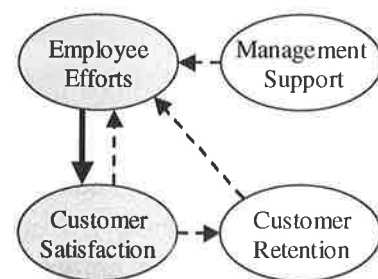
management with the means to supply effective management support to assist different types of employees. That the provision of management support depends on the fit for different types of employees suggests ways to enhance service employees' capacity for practicing market orientation. In this study, for example, management support for recruiting and detaining outstanding employees (for high service performers) and providing on-the-job training (for low service performers) has a significantly influence on their efforts to carry out market orientation. Both employees then can make the most of their management supports and perform better in their implementation of market orientation.

In addition, similar to the findings of the previously validated CVBMO model, this advanced CVBMO model concerning high and low service performers also identified management support as a driving force behind employee effort. Results suggest that management support is a critical factor for employees' market orientation efforts for both high and low service performers. In other words, only if employees perceive management support from headquarters' market orientation performance, can they exert their efforts to implement market orientation. Given that the components of such a driving force may differ between high and low service performers, management should customise ways to provide support for different types of employees, according to their specific needs in terms of management support.

### 6.6.2 Relationships between the CVBMO Efforts of High and Low Service Performers and Customer Satisfaction

#### Findings:

As expected, CVBMO efforts of employees with high service performance had a significant and positive impact on customer satisfaction ( $\gamma_{ES-H} = .475, p < .01$ ). Their efforts in keeping good consuming environment, reducing customers' risk perception, providing customers social-psychological interaction and delivering economic value effectively satisfied their customers. By contrast, this study did not support a causal relationship between low performers' CVBMO efforts and customer satisfaction ( $\gamma_{ES-L} = -.320, p: ns$ ). These low performers failed to satisfy customers in spite of all their efforts to deliver economic value in service, make good impressions on service behaviours, provide individualised value in service, and endeavour to offer the best service alternatives.



#### Discussion:

There is a significant difference in the relationship of employee efforts to customer satisfaction between high and low service performers (structural path ES: F-value = 3.922,  $p = .049$ , see Table 6.17). The different results about the causal relationship between employee efforts and customer satisfaction between high and low service performers (i.e.,  $\gamma_{ES-H} = .475, p < .01$ ;  $\gamma_{ES-L} = -.320, p: ns$ , see Table 6.17) highlight the superiority of high service performers over low ones, as the futile

nature of the efforts made by low performers is revealed in this study. These findings imply that effective CVBMO efforts can satisfy customers and indicate what they are. By learning from high service performers, management can train all service employees to be more effective in satisfying customers.

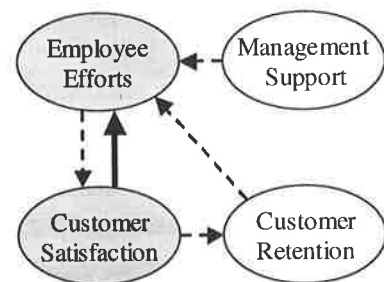
For example, the result indicates that both high and low performers involve economic value (EF5) in their value-added service, yet the emphasis of this type of value in serving customer is different. Model results suggest that using this value is a top priority by high service performers ( $\lambda_{H-EF5} = .96$ ) but not by their low performance counterparts ( $\lambda_{L-EF5} = .87$ ). This adds to the reasons for the radical discrepancy in the impact on customer satisfaction. Also, the results suggest that a difference in value exists between high and low service performers for satisfying customers. This provides an insight into the value delivered in market orientation practice by both high and low performers and its impact on customer satisfaction.

This study supports the relationship between employee effort and customer satisfaction in the case of high performers, but not for low performers. As these causal relationships (i.e.,  $ES_H$  and  $ES_L$ ) are examined based on dyadic data, the results that high service performers are more effective in satisfying customers than their lower counterparts (i.e., accepted  $ES_H$ , but unaccepted  $ES_L$ ) highlight the contribution of the matched sets of high service performers and their customers. High service performers' success in satisfying their customers reflects an effective customer service, and suggests an effective way to satisfy customers. Moreover, according to the results of this study, adopting the view on customer satisfaction from the perspectives of both high service performers and their major customers can result in customer retention (i.e., structural path:  $ES_H$  and  $SR_H$ ). This provides a new insight into the effective way to satisfy customers, which lead to customer retention.

### 6.6.3 Relationships between Customer Satisfaction and the CVBMO Efforts of High and Low Service Performers

#### Findings:

An adverse relationship was found between employee efforts and customer satisfaction. The results indicate that customer satisfaction had a significant and positive impact on employees' CVBMO efforts for both high and low service performers ( $\gamma_{SE-H} = .588, p < .001$ ;  $\gamma_{SE-L} = .781, p < .001$ ). However, the determinants of customer satisfaction, based on customers' perceptions of service employees' performance of market orientation, were not the same between these two types of service employees. Specifically, customers' perceptions of individualised value (SA4) influences both high and low service performers. Additionally, customers' perceptions of employees' good service behaviours (SA1) and the superiority over customers' service alternatives (SA8) especially affected the efforts of high



service performers. For low service performers, however, customers' avoidance of risk-taking in service (SA6) particularly prompted their market orientation efforts.

Moreover, this study identified a second antecedent of employees' CVBMO efforts, namely customers' satisfaction with service employees' performance. This finding applies equally to both high and low performers. Further, of all antecedents of employee efforts, our results show that customer satisfaction is the main driving force for both high and low performers ( $\gamma_{SE-H} = .588$ ,  $\gamma_{SE-L} = .781$ , see Table 6.16).

### **Discussion:**

The supported adverse relationship between employee efforts and customer satisfaction (i.e., SE, see Table 6.16) is consistent with the general view of the importance of customers' positive feedback to enhance employees' performance. The non-significant difference in the impact of customer satisfaction to employee efforts between high and low service performers (structural path SE: F-value = 1.237,  $p = .268$ , see Table 6.17) suggests that customers' feedback is equally important for both high and low service performers. Moreover, this study provides managers with different criteria when judging employees' service performance based on the difference in the determinants of customers' satisfaction between high and low service employees' performance. This also provides service employees an effective way to provide better service to satisfy customers.

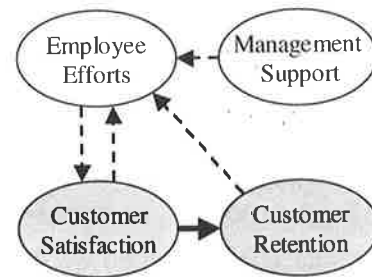
In addition, the main driving force of employee efforts on CVBMO for both high and low service performers, namely customer satisfaction, supports the importance of valuing customers' experiences of service purchase. Such an external driving force (as opposed to the internal driving force of management support) suggests that the customers' appraisal of service employees' performance significantly influence employees' motivation towards service achievement. In other words, customers' views on employees' performance have a decisive influence on business performance as suggested in previous studies and the success or failure of service provided by employees indeed depends on customers (Meyer and Blümelhuber, 2000).

Further, by examining jointly this relationship with the preceding reverse one regarding employees' efforts (i.e., SE and ES, see Table 6.16), a virtuous cycle of interaction in service delivery process is uncovered. The influence of customer satisfaction on employee efforts is greater than the reverse for both high and low service performers. The dominance of customers in the interaction with employees is again supported. This provides managers with ways to inspire their employees' working efforts, for improving their work performance, by adequately adopting customer opinions about their determinants of satisfaction with employees' service performance.

### 6.6.4 Relationships between Customer Satisfaction and Customer Retention towards High and Low Service Performers

#### Findings:

The results, as shown in Figures 6.11, 6.12 and Table 6.16, indicate a significant and positive relationship between customer satisfaction and customer retention for both high and low service performers ( $\gamma_{SR-H} = .699$ ,  $p < .001$ ;  $\gamma_{SR-L} = .264$ ,  $p < .05$ ), supporting a causal relationship of customer satisfaction to customer retention.



The results also uncover similarities and differences in the determinants of customer satisfaction between high and low service performers. Customers are satisfied with both high and low service employees' market orientation performance in delivering individualised value (SA4), which leads to retention. Additionally, customers' perceptions of high performers' efforts in terms of good service behaviours (SA1), and the superiority over customers' service alternatives (SA8) lead to retention. By contrast, customers' satisfaction with low performers' consideration of their avoidance of risk-taking in service (SA6) influenced retention.

The similarity and difference in the indicators of customer retention between high and low service performers was shown in the results. For both high and low performers, customer retention was measured by consumption frequency and consumption expenditure. Moreover, customers' retention with high service performers was particularly reflected by their recommendation intention (C6). By contrast, customer retention with low performers was determined primarily by their rejection of competitors' service alternative (C5).

#### Discussion:

A relationship between customer satisfaction and customer retention is supported for both high and low service performers. Consistent with previous study (e.g., Gale, 1997; Cronin et al, 2000), the results suggest that customer satisfaction is a prerequisite for customer retention. Over and above this, this study provides an insight into the connection between customer satisfaction and customer retention from the perspective of high and low service performers and their customers. Moreover, there is a significant difference in the relationship of customer satisfaction to customer retention between high and low service performers (structural path SR:  $F\text{-value} = 7.610$ ,  $p = .006$ , see Table 6.17). The impact of customer satisfaction on customer retention is very different between high and low service performers, the former being much greater than the latter ( $\gamma_{SR-H} = .699$ ,  $p < .001$ ;  $\gamma_{SR-L} = .264$ ,  $p < .05$ , see Table 6.16). This provides an insight into effective ways to satisfy customers, which in turn, may lead to customer retention.

Furthermore, the consistency between this developed CVBMO model (i.e., high and low performers and their respective customers) and the prior original CVBMO model (i.e., all sample employees and their customers) is the emphasis on the individualised value (SA4) in the

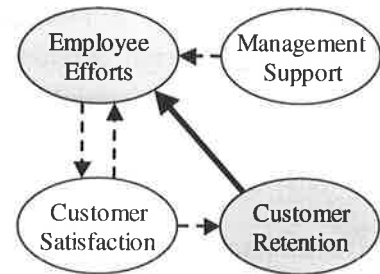
determinant of customer satisfaction from the perspective of customers. Hence, individualised value is a critical condition for satisfying customers in general. In this study, this dimension of value includes convenience, novelty, consumer sovereignty, respectability and exclusivity and aesthetics consciousness.

When combining this common supported relationship with those between employee efforts and customer satisfaction (i.e., SR and ES), the results suggest effective service approaches for employees to achieve customer retention. As the major customers of high service performers can be loyal customers, an employee can satisfy customers in an effective way by learning from the essential service needed by these customers. Moreover, the market orientation efforts made by high service performers in the delivery of value effectively achieve customer satisfaction. By contrast, the service provided by low service performers can not satisfy customers. These results imply that by learning from the key service elements needed by the customers of high service performers, and the service provided by high service performers, low performance employees may achieve customer retention through satisfying customer in a more effective way.

### 6.6.5 Relationships between Customer Retention and the CVBMO Efforts of High and Low Service Performers

#### Findings:

The results indicate that customer retention has a significant and negative impact on the CVBMO efforts of both high and low service performers ( $\gamma_{RE-H} = -.346, p < .01$ ;  $\gamma_{RE-L} = -.192, p < .05$ , see Table 6.16). A further examination of these relationships indicate that customers' consumption frequency (C4) and consumption expenditure (C5) influence both high and low employees' efforts. Additionally, customers' recommendation intention (C6) has a particular impact on high service performers' market orientation efforts. For low service performers, it is customers' rejection of competitors' service alternative (C5) that especially influences their efforts.



In addition, this study identified a third antecedent of employees' CVBMO efforts, namely customer retention. This applies to both high and low service performers (i.e.,  $\gamma_{RE-H} = -.346, p < .01$ ;  $\gamma_{RE-L} = -.192, p < .05$ ).

#### Discussion:

The similarity and difference in the indicators of customer retention between high and low service performers provide an effective gauge of service employees' performance. Basically, the indices of customers' consumption frequency and consumption expenditure indicate customer intention to remain in a business relationship. Moreover, by learning from the effect of high performers service performance, this study suggests that customers' recommendation intention demonstrates loyalty

to the business relationship. This is consistent with the view of Kotler (1994) commenting on the behaviour of satisfied customers who talk favourably about certain organisations in relation to their positive consumption experience.

The results, that customer retention has a negative impact on both high and low employees' efforts to implement market orientation, suggest that whenever customer retention decreases, employees' efforts to implement market orientation are enhanced, and vice versa. Moreover, as there is no significant difference in this relationship between high and low performers (RE: F-value = 1.471,  $p = .227$ ), customer retention has similar effect upon employee efforts to implement market orientation regardless of whether they are high or low performers. This provides a new insight into customer retention from its impact on the implementation of market orientation by all front-line employees.

This finding of a negative relationship between customer retention and efforts of both high and low performers in the developed CVBMO model is consistent with that found for all sample employees in the original CVBMO model. However, this provides an insight into this relationship from the perspectives of high and low employees and their respective customers. The classification of high and low performers was based on the service performance of all sample employees provided by the participating firms. As this study is dyadic in nature, two types of matched sets were generated: high performers and their major loyal customers (who mainly cause them to be high performers); and low performers and their major disloyal customers (who mainly cause them to be low performers). The confirmation that customer retention has a negative impact on both high and low employees' efforts to implement market orientation reveals that the greater the numbers of loyal customers, the lesser the efforts of employee to implement market orientation. In other words, employees can fulfil market orientation in an effortless way when customer retention is high. This is because loyal customers are frequent customers, who are well known by service employees. Employees can benefit from this and provide customised value-added service in an effortless way. Similarly, for low performers, when the numbers of their loyal customers increase, they may make less effort to implement market orientation rather than spent most of their efforts recruiting new customers.

In addition, the third antecedent of employees' CVBMO effort, customer retention, together with customer satisfaction and management support, highly account for service employees' efforts of both high and low service performers ( $R^2_{M/S/RE-H} = .778$ ;  $R^2_{M/S/RE-L} = .550$ , see Table 6.16). These three antecedents jointly make a significant contribution to the efforts of employee with high and low service performance. Moreover, among these three driving forces, customer satisfaction is the main one for both high and low performers ( $\gamma_{SE-H} = .588$ ;  $\gamma_{SE-L} = .781$ ). This provides an insight into the driving forces of employee efforts on market orientation.

Furthermore, there is no significant difference in the impact of these three antecedents of employee efforts between high and low service performers (structural path ME: F-value = .156,  $p = .693$ ; SE: F-value = 1.237,  $p = .268$ ; RE: F-value = 1.471,  $p = .227$ , see Table 6.17). This suggests that the

effect of these antecedents on the efforts of both types of employee is the same. Also, their collective effect on employee efforts is high. Management can thus use the synergistic effect of these three antecedents by working along these three lines to improve and evaluate their front-line employees' service performance.

## 6.7 Chapter Summary

Based on a systematic and rigorous approach, a valid CVBMO construct and related models of customer retention were established. The selected items made reliable and valid measures for the four research constructs. Both the reliability and validity assessment validated the measurement models. Goodness-of-fit statistics, indicating the overall acceptability of the structural model analysed, were acceptable.

Three hypotheses were supported with two added relationships. This proved the strength of the hypothetical structural relationships in the CVBMO model. A detailed discussion of empirical results for each verified relationship and integrated relationships in the model was presented. In addition, a three-dimensional CVBMO construct was confirmed. Significantly, the relationship between CVBMO and business performance was verified. This provides a convincing way to implement a value-based market orientation to improve business performance.

The CVBMO model was further developed according to the service performance of all sample employees provided by the participating firms. Two specific models were developed regarding the matched sets of high and low service performers and their respective customers. These specific models provided different perspectives on CVBMO for high and low service employees and their respective customers. Both the general and specific models offered a comprehensive view on CVBMO. The following chapter will reach the conclusions of the current research, discuss its contribution and provide management implications. Research limitations and directions for future research will also be provided.

## Chapter 7. Research Conclusions and Management Implications

### 7.0 Introduction

This chapter reaches the conclusions of the current research. Based on qualitative and quantitative analysis presented in previous chapters, a summary of the general findings in the study is provided. Research findings discussed previously are summarised first. Research contribution and management implications are discussed sequentially in the following sections. The research contribution is discussed from the theoretical and methodological perspectives. In a similar way, managerial implications are proposed. Finally, limitations of the study and directions for future research are discussed.

### 7.1 Research Conclusions

The initial motivation of the current study was to examine the underlying structure of market orientation, and explore whether a customer-centric construct of market orientation was better able to predict business performance. These questions are important because they reflect two key issues in the existing market orientation literature. One is the adequacy of existing market orientation measures. The other is the possible answer to questions concerning the market orientation-business performance relationship.

Three enquiries thus formed the basis of the current study. The first is whether the concept of customer value can be incorporated into market orientation to consolidate the construct. The second enquiry concerns identifying the advantage of implementing market orientation for an organisation. The third enquiry considers the impact of a value-based perspective of market orientation on headquarters, service employees, and the ultimate customers in a retailing context. A comprehensive literature review was conducted to find answers to the above enquiries; however, answers from previous studies were far from satisfactory. Three hypotheses were therefore developed in an attempt to provide better insight into the understanding of the construct and effect of market orientation. A measurement of customer value-based market orientation (CVBMO) was also developed and designed to better measure the potential of market orientation. Evidence from the current study proved the reliability and validity of the CVBMO measures. Also, the research hypotheses and two added hypothetical relationships were strongly supported. Consequently, this study built a valid market orientation model defined by customer value concept. A summary of the research outcomes is presented in the following sections.

### 7.1.1 The Customer Value based Market Orientation Measures

This study developed a three-dimensional customer value based market orientation (CVBMO) construct. A general review of its three components (management support, employee efforts, and customer satisfaction) and the indices of its business performance outcome (i.e., customer retention) are shown in Figure 7.1.

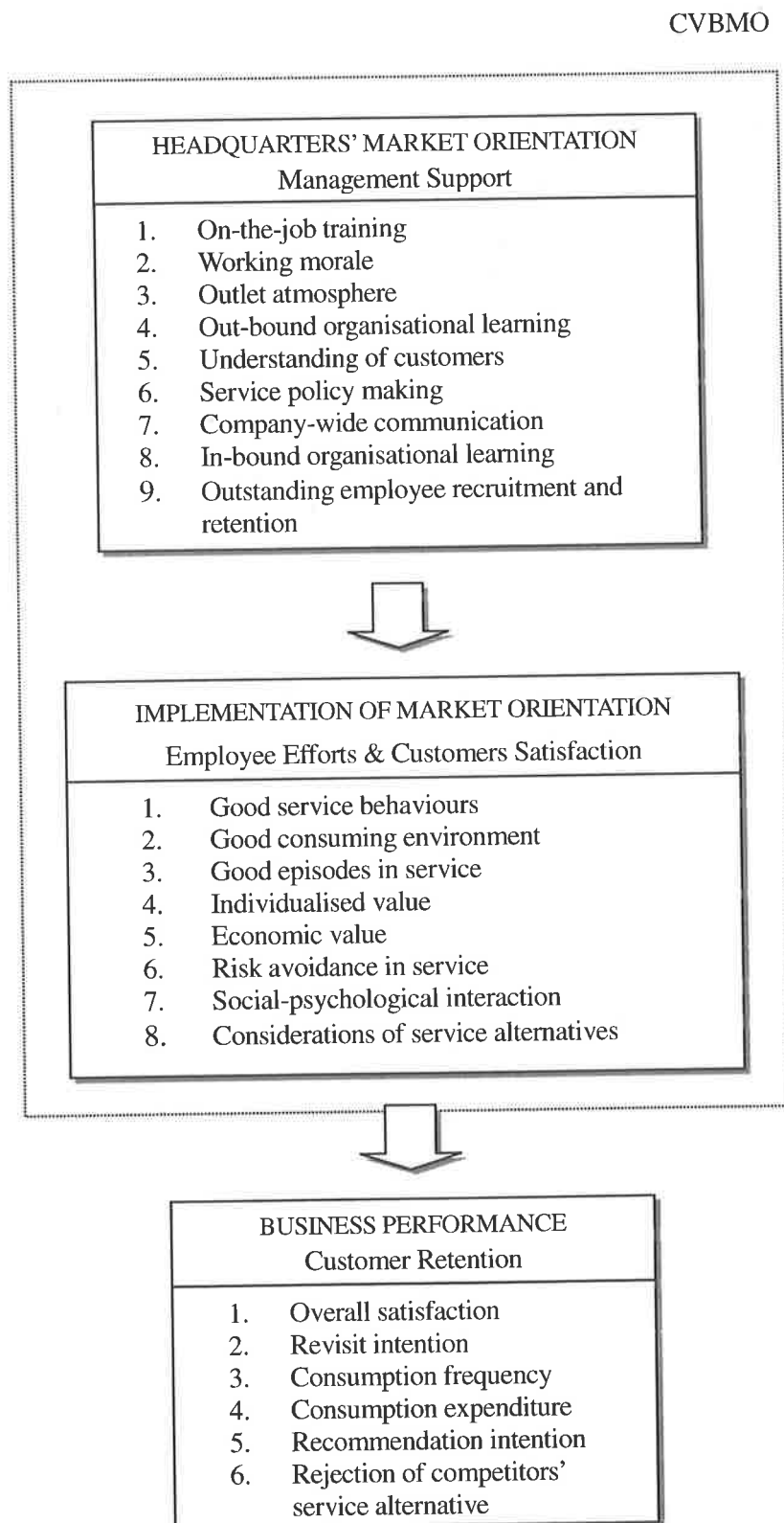
Developed initially from focus group interviews with representatives of both firms and customers, and verified by different validity and reliability tests at different stages of the qualitative pilot study, the pre-test, and the post-fieldwork, the measurement of CVBMO was generated and validated systematically in the study. The scales used to measure CVBMO were proved to be appropriate in representing the nature of each dimension as concluded from analysis results of the validation of measure items and construct validation in Chapters 5 and 6, respectively. The validation of the CVBMO measures proved that the customer value concept can be incorporated fittingly into market orientation. This provided an avenue to consolidate the market orientation construct.

### 7.1.2 The Customer Value based Market Orientation Model

Two kinds of CVBMO model built in the research context of retailing were presented. One is a CVBMO model based on all matched data sets of sample service employees and their customers, which provides a general view on market orientation by means of delivering customer value in market orientation practice. The other is the advanced CVBMO model based on further classifying the whole matched data sets into two groups according to service performance, which extends our views to the specific implementation of market orientation by high and low performers and the perceptions of their respective customers.

The advantage of implementing market orientation for an organisation was verified from the validated models. A market-oriented organisation can benefit from market orientation via their employees' efforts and customers' satisfaction and retention. From the perceptions of both employees and customers on market orientation, the CVBMO models clearly presented effective ways to foster employees' market orientation efforts and guide them to satisfy customers. Avenues to generate loyal customers were also indicated. These empirical models provided a fruitful insight into the antecedents and consequences of market orientation from a value perspective.

Figure 7.1 An Empirical Model of Customer Value based Market Orientation



### 7.1.3 Relationships between Major Variables

The effect of market orientation was demonstrated in the study. Research evidence showed the impacts of a value-based market orientation on headquarters, service employees, and the ultimate customers in a retailing context. The relationships between four major variables (the degree of headquarters' market orientation represented by "*management support*", employees' market orientation performance represented by "*employee efforts*", "*customer satisfaction*", and "*customer retention*") were supported in this study as shown in Table 7.1.

In general, evidence from the current study strongly supported the research hypotheses. Five types of relationships were examined in the CVBMO model. In addition, three driving forces of employee efforts were identified. They are "*management support*", "*customer satisfaction*", and "*customer retention*", which constitute the antecedents of employee efforts. Also, the impact of interaction between employees (by employee efforts) and customers (by customer satisfaction) on business performance was verified in the study.

Table 7.1 Empirical Results of Relationships in the CVBMO Models

Label	Hypothesized/Added Relationships in the CVBMO Model	Conclusion
ME	Service employees' perceptions of headquarters' management support for CVBMO have a significant and positive influence on their market orientation behaviours.	✓
ES	Service employees' efforts to implement CVBMO have a significant and positive influence on customer satisfaction.	✓
SR	Customers' satisfaction with their service provider's CVBMO efforts has a significant and positive influence on their intention to return.	✓
SE	Customers' satisfaction with their service provider's CVBMO efforts has a significant and positive influence on service employees' efforts to implement CVBMO.	✓
RE	Customers' retention has a significant and positive influence on service employees' efforts to implement CVBMO.	✓
Relationships in the Advanced CVBMO Model		
ME <sub>H</sub> <sup>†</sup>	High service performers' perceptions of headquarters' management support for CVBMO have a significant and positive influence on their market orientation behaviours.	✓
ES <sub>H</sub>	High service performers' efforts to implement CVBMO have a significant and positive influence on customer satisfaction.	✓
SR <sub>H</sub>	Customers' satisfaction with a high service performer's CVBMO efforts has a significant and positive influence on their intention to return.	✓
SE <sub>H</sub>	Customers' satisfaction with a high service performer's CVBMO efforts has a significant and positive influence on the high service performer's efforts to implement CVBMO.	✓
RE <sub>H</sub>	Customers' retention has a significant and positive influence on high service performers' efforts to implement CVBMO.	✓
ME <sub>L</sub> <sup>†</sup>	Low service performers' perceptions of headquarters' management support for CVBMO have a significant and positive influence on their market orientation behaviours.	✓
ES <sub>L</sub>	Low service performers' efforts to implement CVBMO have a significant and positive influence on customer satisfaction.	×
SR <sub>L</sub>	Customers' satisfaction with a low service performer's CVBMO efforts has a significant and positive influence on their intention to return.	✓
SE <sub>L</sub>	Customers' satisfaction with a low service performer's CVBMO efforts has a significant and positive influence on the high service performer's efforts to implement CVBMO.	✓
RE <sub>L</sub>	Customers' retention has a significant and positive influence on low service performers' efforts to implement CVBMO.	✓

<sup>†</sup> H: High service performers, L: Low service Performers; Conclusion: ✓ = supported / Accepted; × = not supported / Rejected

### 7.1.4 Comparisons between General and High/Low Performers and their Customers

By using latent variable path analysis for model building, this study demonstrated the determinants of each construct in two types of valid CVBMO models respectively. The original CVBMO model generated from all matched data sets provided a general view on customer value-based market orientation. The advanced CVBMO models produced for high and low service performers (with their respectively matched customers) provided a comparable view on customer value-based market orientation. An overview of both types of CVBMO models in relation to CVBMO actions in different phases of implementation is shown in Table 7.2. This provided an insight into the implementation and effect of customer value-based market orientation.

Table 7.2 Similarities and Differences in CVBMO Actions between General and High/Low Service Performers

Dimensions Constructs	All Samples	Similarities	Differences	
		High & Low Performers	High Performer	Low Performer
HQ MO	<ul style="list-style-type: none"> <li>On-the-job training (SU1)</li> <li>Company-wide communication (SU7)</li> <li>In-bound organisational learning (SU8)</li> </ul>	<ul style="list-style-type: none"> <li>Out-bound organisational learning (SU4)</li> <li>Company-wide communication (SU7)</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment and retention of the outstanding employees (SU9)</li> </ul>	<ul style="list-style-type: none"> <li>On-the-job training (SU1)</li> <li>In-bound organisational learning (SU8)</li> </ul>
MO EFFORT	<ul style="list-style-type: none"> <li>Individualised value (EF4)</li> <li>Economic value (EF5)</li> </ul>	<ul style="list-style-type: none"> <li>Economic value (EF5)</li> </ul>	<ul style="list-style-type: none"> <li>Good consuming environment (EF2)</li> <li>Risk avoidance in service (EF6)</li> <li>Social-psychological interaction (EF7)</li> </ul>	<ul style="list-style-type: none"> <li>Good service behaviours (EF1)</li> <li>Individualised value (EF4)</li> <li>Considerations of service alternatives (EF8)</li> </ul>
SATISFACTION	<ul style="list-style-type: none"> <li>Individualised value (SA4)</li> <li>Risk avoidance in service (SA6)</li> <li>Social-psychological interaction (SA7)</li> </ul>	<ul style="list-style-type: none"> <li>Individualised value (SA4)</li> </ul>	<ul style="list-style-type: none"> <li>Good service behaviours (SA1)</li> <li>Considerations of service alternatives (SA8)</li> </ul>	<ul style="list-style-type: none"> <li>Risk avoidance in service (SA6)</li> </ul>
RETENTION (Items)	<ul style="list-style-type: none"> <li>Revisit intention (C3)</li> <li>Consumption frequency (C4)</li> <li>Consumption expenditure (C5)</li> <li>Recommendation intention (C6)</li> </ul>	<ul style="list-style-type: none"> <li>Consumption frequency (C4)</li> <li>Consumption expenditure (C5)</li> </ul>	<ul style="list-style-type: none"> <li>Recommendation intention (C6)</li> </ul>	<ul style="list-style-type: none"> <li>Rejection of competitors' service alternative (C7)</li> </ul>

SU: Management support, EF: Employee effort, SA: Customer satisfaction, C: Customer retention

## 7.2 Research Contribution

### 7.2.1 Theoretical Contribution

#### 7.2.1.1 A Customer Value based Market Orientation Concept

Recognised in the literature review for its importance in terms of market orientation, the customer value concept was integrated with market orientation to form the proposed customer value-based market orientation concept. Originated from focus group interviews with representatives of both firms and customers, and refined at different stages of the qualitative pilot study, the pre-test, and the post-fieldwork, the CVBMO concept was developed systematically and involved key informants in the research process. This concept emphasise the equal consideration of the firms, service employees, customers and competitors in implementing market orientation. Different from the partial view apparent in past studies, a comprehensive view on market orientation practice was thus provided.

By a scientific approach, this concept was tested by constructing a CVBMO model. Evidence from the current study verified its practicality. Many ways to achieve business performance by implementing customer value in market orientation practice were revealed. This also empirically verified Slater and Narver's theoretical assertion (1990, 1994a, 1998, 2000) of the importance of customer value for market orientation. Significantly, what "superior" customer value involved in market orientation implementation, as yet unspecified in past studies, was identified in this thesis. The valid CVBMO models (general and advanced) based on the views of both firms and customers provided evidence for this. "Superior" customer value is the critical determinant of CVBMO that lead to customer satisfaction and in turn, can result in customer retention (e.g., the individualised value in service). The proposed CVBMO concept thus makes a contribution to the research domains of both market orientation and customer value.

#### 7.2.1.2 The Pioneering Measures of Customer Value based Market Orientation

Rather than replicating or synthesising existing measures used in previous market orientation studies, the measurement for market orientation developed in this study was a new undertaking. This study included participants from both firms and customers in the scale development process. The lack of sufficient informants identified in previous market orientation measures was thus addressed. Also, the customer value concept was integrated into this initial measurement. Customer-centric thinking was thus fully reflected by such modifications. Moreover, evidence from a detailed examination of this customer value-based market orientation (CVBMO) measures in different phases of research showed the desirable reliability and validity. Therefore, this validated CVBMO measure are distinct from previous market orientation measures in its adoption of the views of both firms and customers in the scale development process, and was verified by collected data from both types of qualified respondents. This makes a valuable contribution to the measure of market orientation.

### **7.2.1.3 A Validated Customer Value based Market Orientation Model**

A valid market orientation model was presented in this study. This model is distinct from extant market orientation constructs by providing a value-based perspective of market orientation. The components of customer value theory, when incorporated systematically, consolidate the construct of market orientation because it is more capable of capturing the essence of market orientation. The customer-centric thinking embedded in the marketing concept and transplanted in market orientation was fully reflected in this CVBMO model.

The CVBMO model provides a valuable insight into the effect of market orientation. The effect of market orientation revealed from the interrelation between the headquarters, service employees, and customers in a service context enhances our understanding of the process of market orientation practice. Significantly, an emphasis placed on the interaction between service employees and their customers differentiated this study from previous ones. As most previous studies centre on the relationship between an organisation and its employees, a focus on this external interface provided a much-needed understanding of the effects of implementing market orientation.

In addition, by using non-financial performance indices of customer retention to examine the market orientation-performance relationship, this study provided a different view on the effect of market orientation on business performance. The workforce contribution to an organisation's business performance, such as service employees' efforts to satisfy and retain customers, could then be appropriately measured. These non-financial performance indices thus supplement the traditional financial indices used for the manufacturing industry in past studies. Moreover, based on customers' satisfaction with employees' service performance, the non-financial or performance index of customer retention was better suited to capture the comprehensive nature and total effect of market orientation. An organisation's business performance can thus better be predicted. In addition, the time lag effects identified by researchers as one critical cause of ineffective market orientation were reduced. Such a model of retail customer retention therefore contributed much to the research domain of market orientation.

### **7.2.1.4 Verified Relationships between Four Major Variables**

This study provided empirical evidence of value delivery in market orientation practice, based on the interrelationships between management, the service employees, and customers in the service context. Research results supported the casual sequence that management support influences employee efforts, employee efforts impact on customer satisfaction, and customer satisfaction results in customer retention. Contrasting with the lopsided view held by previous studies of market orientation, this study considers equally the internal, interactive, and external relationships of exchange partners between an organisation, employees, and customers in an exchange process. This disclosed an integrated approach to effectively implement market orientation and also indicated some practical ways to satisfy and retain customers.

Two added and validated relationships, between employee efforts and customer satisfaction and customer retention respectively made a further contribution. These two factors (customer satisfaction and customer retention), together with management support, constituted the driving forces of employee efforts in the study. In addition to management support, the antecedent of market orientation implementation found in existing studies, this study thus provided new evidence of the pivotal role of employee efforts in market orientation implementation.

Significantly, the supported relationships, of employee efforts to customer satisfaction and its reverse, verified the importance of the service encounter. This study thus provided an insight into the “moments of truth” from the perspectives of both service providers and their customers. Research evidence highlighted the leading role of customers and indicated appropriate ways to enhance employee efforts and satisfy customers. All are critical to a successful business.

Most importantly, avenues for customer retention were revealed in this study. To the best of the author’s knowledge, the relationship between market orientation and customer retention had never been empirically investigated until now. Evidence from the current research showed that customer satisfaction is the prerequisite of customer retention. However, the influence of customer satisfaction upon customer retention depends on the consistency between customer perception of employee efforts and their own views on customer satisfaction. The role of customer satisfaction in generating customer retention was emphasised. This further suggests the critical role of management’s support for employees’ market orientation performance. As opposed to only creating bonds between service employees and the customers (i.e., interactive relationship) to satisfy and retain customers (Beatty et al., 1996; Reichheld, 1996), this study emphasised the necessity of linking the bond between service employees and customers with the internal one between the management and service employees in order to achieve customer retention.

The causal relationships between management support, employee efforts, customer satisfaction, and customer retention were also verified based on the matched data sets of high/low service performers and their customers. To the author’s knowledge, past literature in market orientation study has never examined service employees’ behaviour in market orientation implementation in a comparative way, nor based on the perspective of high and low service performers and their respective customers. By contrasting high and low performers, the critical factors of success and failure in implementing market orientation can be revealed. The obstacles in the way to achieve a positive business performance can also be identified. The advanced CVBMO models regarding high and low service performers thus made a further contribution.

## 7.2.2 Methodological Contribution

### 7.2.2.1 Procedures for Developing the Customer Value based Market Orientation Measures

The procedure used for developing CVBMO measures differentiates the current research from past market orientation studies. Different from extant measurements of market orientation based on firms' predominant view over the scale development, this study adopted the views of both the firms (represented by service employees) and the customers.

The common views on delivering customer value in market orientation practice identified in the qualitative pilot study provided an insight into the value-based perspective of market orientation. Originated from this identical view, the validated measurement for CVBMO provided a valuable means to truly reflect the power of market orientation to both firms and customers. In this study, the approach to scale development enabled a fuller evaluation of the market orientation-business performance link. That is, by interpreting customer-centric thinking from customer perspective and then by including such an insight in the scale development, the total effect of market orientation can be fully appraised. Also, the duplicated measure items designed in both research instruments for measuring the service practices and attitudes of both firms and customers provided a means to compare the views of both parties. Insight drawn from this comparison further suggests directions to close the gap in different interpretations of market orientation between both parties.

### 7.2.2.2 Processes to build the Customer Value based Market Orientation Model

The processes undertaken to construct the CVBMO model distinguished the current research. The qualitative research conducted first by six focus group interviews provided a fuller view of value delivery in market orientation practice from the perspectives of both firms and customers. The shared views derived from both parties revealed at this research stage verified the importance of customer value for market orientation and the applicability of incorporating the customer value concept into market orientation. An initial empirical model of customer value-based market orientation was then produced. This model was further validated based on both perspectives in the following phase of quantitative research. The customer value concept was therefore incorporated systematically and comprehensively into market orientation and with the participation of key informants in the research process.

Rather than interviewing management regarding their practice of market orientation, this study presented the views of service employees on their organisation's market orientation performance in terms of management support. Based on the service employees' perceptions of their organisation's management support for the implementation of market orientation, this study suggested ways to enhance employees' market orientation efforts. The needs and wants for management support of service employees themselves suggested several effective ways to prompt their efforts to practice market orientation.

A dyadic sampling approach involving the collection of data from a matched set of service employees and their customers was used in this study. Data collected by this method provided views on customer value delivered in market orientation practice from the perspectives of service employees and their respective customers. The view on value offered in the implementation of market orientation between an organisation and its competitors was also revealed from customers' perspective. All the above reflect realistically the concern of both parties with value delivery in market orientation practice.

### 7.2.2.3 Methods Used for Analysis

An integrated data analysis process was proposed for analysing the matched data sets, making a substantial contribution to the current research outcomes. The similarities and differences in the views on market orientation between both parties were then revealed. This provided effective ways to implement market orientation and indicated practical directions to improve an organisation's competitiveness. A further data comparison between high and low service employees respectively, with their matched customers, provided another way to enhance an organisation's performance in terms of market orientation, by learning from the success of high service performers and from the mistakes of low service performers.

In a similar way, evidence from the current research also provided an effective approach to customer retention. This was derived from the comparisons between the determinants of "*employee efforts*" and that of "*customer satisfaction*". This research provides evidence that employees' perceptions of satisfied customers by means of their market orientation efforts (i.e., the determinants of "*employee efforts*") led to customer satisfaction. Also, customers' perceptions of, and satisfaction with, service providers' market orientation performance (i.e., the determinants of "*customer satisfaction*") led to customer retention. A comparison between both determinants suggests an effective approach to customer retention. The whole matched sets of data analysed in this study thus provided a general view of employee and customers on CVBMO, which led to customer retention. Further, an analysis of matched data sets based on high and low service performers provided an insight into the service behaviour of different types of service performers as well as practical approaches for customer retention. For example, learning ways to keep customer loyal from high service performers, and taking warning from the service behaviour of low performers to avoid customer loss.

On the whole, the resulting CVBMO model generated from latent variable path analysis using SEM presented an overall view of the relationships between four major constructs and their indicators in the CVBMO model. The antecedents and consequences of effective implementation of market orientation by means of customer value were evident. The determinants of four major constructs were also clearly indicated. Therefore, the methodological approach taken in the study resulted in a very comprehensive view of market orientation, and also led to several practical ways to apply a value-based market orientation for improving business performance.

### 7.3 Management Implications

The current study provided a comprehensive customer value-based market orientation model. It is hoped that firms can utilize these concepts and empirical results from the field study at the management level, employee level, and customer level. Insights drawn from this study also benefit marketing practitioners and service providers seeking to improve business performance by implementing market orientation. Recommendations for management practices are given in the following paragraphs.

The measure items developed in the study can be used as effective performance audit tool for human resource management. Especially, for chain-store retailers, headquarters can use the measures for management support to evaluate the performance of related departments or business units providing essential supports for front-line employees. Generated from employees' perception of their organisation's market orientation, the measures for management support can also be used to predict front-line employees' service performance, which provide the reference for promotion.

The measures for employee efforts can be used to appraise front-line employees' service performance. Derived from the views of both employees and customers on value delivered in implementing market orientation, these measure items are identical to the measures for customer satisfaction. The management can thus adopt both measures for an understanding of the service performance gap between the firms (by the measure for employee efforts) and the customers (by the measure for customer satisfaction).

By employing validated measures for customer satisfaction, management can effectively evaluate customer satisfaction from customers' views on front-line employees' efforts to satisfy them. Also, the management can use the measures as the leading indices to predict customer retention. In addition, the indices of customer retention can be used to detect changes in consumer behaviour. The management thus can take precaution against customer loss or be confident about the achievement of business performance.

The validated models provided useful guidelines for implementing a value-based market orientation. Also, practical ways to achieve customer retention were indicated. Managers and service providers can benefit from these for effectively practicing market orientation and improving business performance (via customer retention). Table 7.2 recommends the way to retain customers by means of emphasising specific value delivered in different phrases of market orientation implementation. For further details, please refer to Tables 5.2 and 5.3 in Chapter 5.

The "superior" customer value identified in the study for effectively fulfilling market orientation has various practical applications. The way to apply such "superior" customer value depends on an organisation's business goal, whether it is in pursuit of customer satisfaction or further is aiming at customer retention. For example, in order to satisfy customers, front-line employees are

needed to serve customers by showing individualised value and economic value in service. For a further step to achieve customer retention, in addition to considering customers' avoidance of risk-taking in service and their needs for social-psychological interaction, an emphasis on individualised value is imperative. Management can use such "superior" customer value for cultivating a value-based market orientation culture within the organisation, and for judging service employees' efforts. Also, the contents of such "superior" customer value can be used by management as a guideline for providing essential and effective management support for assisting service employees to reach the business goal. Service employees can also benefit by the contents of such "superior" customer value, which were proved to be effective to satisfy or further retain customers. By employing the contents of such "superior" customer value as a means to detect blind spots about their service behaviours, service employees can improve their service performance.

The important role played by front-line employees in fulfilling market orientation for business performance was evident in this study. To benefit fully from the effect of market orientation, firms should understand how to motivate employees effectively and help them implement market orientation well. The three driving forces of employee efforts identified in the study (i.e., management support, customer satisfaction, customer retention) provided directions for managers. Research outcomes highlight the need to consider what the service employees' demands in terms of effective management support. Reflecting from the front-line employees' observations of customer behaviours, management support should effectively drive employees' effort to practice market orientation. Management can thus use such insights into the service employees' demands for effective management support provided in this thesis for the purpose of designing a comprehensive support and as a basis for developing effective support networks. This might then reward firms with productive employees and an increase in employee satisfaction.

Moreover, providing front-line employees with customer feedback is critical. Our results suggest the importance of feedback about customers' views on satisfaction, on their willingness to repeat patronage. Providing such information on a regular basis and in a customized way should benefit front-line employees and enable them to understand their customers better, to appreciate the merits and realise the defects of their own service behaviour from the customers' perspective. Additionally, the feedback of customers' response to competitors' marketing activities can benefit front-line employees by providing them with a comprehensive view on the competitive situation in market. This then rewards the firms with an increase in external customer satisfaction, and eventually the improvement in business performance by the endurance of customer loyalty.

## 7.4 Limitations of the Study and Directions for Future Research

It is impossible to undertake “perfect” research. This leads to research opportunities for subsequent researchers. A research can be constrained by “delimitations” and “limitations”. According to Rudestam and Newton (2001 p.90), the distinction between the two constraints is that the former refers to “limitations on the research design that you have imposed deliberately” and the latter implies “restrictions in the study over which you have no control”. This applies to the current research and is discussed in sequence as follows.

The results of this study are based on cross-sectional observations with samples from firms and consumers in Taiwan, and generalisations about other populations would be premature. Insights drawn from the current research should thus be regarded as a starting point for future research investigation. A cross-population investigation of the issues addressed in the study could produce further insights and contribute to our understanding of a value-based perspective of market orientation.

These empirical results are valid only for a specific context - the service-dominated industry of retailing, whichever is qualified by two criteria as stated in section 4.4 or as represented in Table 4.1. Managers in other industries should therefore employ the reported contents of customer-value based market orientation (CVBMO) with caution. In addition, when using the results of cross-sectional studies, managers should consider changes in customer needs and competitive situation in the market, and interpret these results accordingly. A replication of the study in different kinds of industries should increase the generalisability of the CVBMO model.

The sample employees in the study are mainly from the company-owned franchising stores of the selected sample firms. It could be valuable to examine the approach to market orientation taken by service providers from non-franchising stores. A comparison between franchising stores and non-franchising ones regarding the link between market-orientated actions and business performance should provide headquarters with suggestions about chain-store management. In addition, the link between business size and market orientation performance has not been widely examined in past studies. The firms participating in the study were mainly from chain-store retailers with larger business size. A further exploration of market orientation in smaller chain-store retailers may provide additional empirical evidence for the effect of market orientation in different business types. Furthermore, a study including independent retailers and chain-store ones would provide a valuable insight into the degree of market orientation adopted by a different business type in retailing.

Based on sample employees’ perceptions of their organisation’s market orientation and derived from focus group interviews, the results emphasize the importance of management support to service employees’ efforts. However, being limited by research budget and time, this study did not acquire information on the same issue from the management in headquarters. The views from management concerning the critical promoter of employees’ efforts to implement market

orientation may be different. This may broaden our discussion of headquarters' market orientation beyond the issue of management support.

This study undertook a stratified random sampling procedure for collecting data from both firms and their customers. However, it is common in marketing studies to use imperfect random sampling. The problem is then how to carry out a random sampling procedure as thoroughly as possible for achieving research quality. In this study, a complete random sampling procedure for sampling service employees was achieved by selecting randomly from the roster of service employees provided by sampling firms. However, the sampling process for customers was not perfectly random in that the population of customers could not be defined. A priori predetermined time schedule for customer data collection (i.e., morning and afternoon on weekdays, and afternoon on weekends) was thus designed for addressing the impossibility of sampling customers in a perfect random way. This enhanced the chance to include a variety of sample customers with different consumption patterns. In a constant interval of time, customers who happened to enter the store at predetermined time and were served by the sampling service employee were selected as candidate respondents. After agreed to participate, they were selected as respondents. In this way, subjectivity in selecting customers was avoided. Though sampling customers at random could not be entirely achieved in this study, the author avoided most bias in the sampling process.

Structural equation modelling (SEM) was used as the major approach to model-building in the study. The major constraint on applying SEM is the need for large sample size, which is based on the underlying assumption of model fit tests such as the  $\chi^2$  test. It is suggested that the sample size can have an effect on the result of model fit. Since there is no consensus regarding the definition of "large" (Kelloway, 1998), this study followed Bentler and Chou (1987) in deciding the sample size. They suggest using a ratio of sample size to estimated parameters between 5:1 and 10:1 when estimating sample size. When using dyadic sampling frame, it is relatively difficult to obtain sufficient numbers of respondents from both firms and customers simultaneously. More time and efforts are thus spent to acquire as much dyads as possible. The total resulting number of matched data sets was 191, which is within the desired range. The original CVBMO model based on this number of samples exhibited a good fit. A further classification of all matched data sets was used for the advanced CVBMO models. The sample size of high and low performers was 96 and 95, respectively. This is somewhat lower than the minimum level of 100 recommended for models incorporating latent variables (Marsh, Balla, and MacDonald, 1988). Nevertheless, the overall goodness-of-fit indices of these models reached a satisfactory score. This indicates that the effect of sample size on research outcomes was negligible in the current research. Future study using both the SEM techniques and dyadic sampling frame may aim for different sample size to test whether the research outcome is different.

Finally, the attempts made by the current research should be the starting points for new insights into the value of market orientation. This study confirmed the theoretical assertion of the pivotal role of customer value in consolidating the market orientation construct, and that of the

importance of customer value for market orientation. Significantly, this study empirically supported the proposed CVBMO model in terms of validity and reliability. Testing the theoretical model supported all a priori hypotheses. Therefore, this research contributes to the field of Marketing by conceptualising a customer value defined market orientation for customer service as having three dimensions, by developing scales to measure these dimensions of value based market orientation and, by developing a model of customer retention in a competitive retail industry. In addition, the model of customer retention identified in this thesis provides evidence of the importance of management support for service employees' service performance. Most importantly, it indicates that service providers should attempt to manage customer satisfaction and perceptions of value in the implementation of market orientation as they are directly related to customer retention. Researchers may find it interesting to replicate this empirical research in different research domains by examining the measures and testing the model of customer value based market orientation. This should improve our understanding of the ultimate attainment and value of market orientation.



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## **Appendix 1. Executive Summary of Focus Group Interview**

- Part 1. Preparation for Focus Group Interview
- Part 2. Participants
- Part 3. The Moderator Guide



## **Executive Summary of Focus Group Interview:**

### Part 1. Preparation for Focus Group Interviews

- The topic of focus group interviews  
: A value-based perspective of market orientation and customer service
  
- Establishing the groups and plan of session
  - The participants: store managers & customers by means of the screening criteria (see as Part 2)
  - The number of groups: 3 for each type of informants (store manager & customers)
  - The number of participants in each group: 8~12 persons
  - The length of a session: 90 minutes
  - The sites: In principle, Taiwan Chain Store and Franchise Association (TCSFA) for store managers; conference room of respective participating companies for customers
  - The timing of sessions: depending on the possibility of accessing these respective informants
  
- The moderator  
: The current researcher is the moderator
  
- Conducting focus group discussions
  - The level of moderator involvement: playing primary role of as a catalyst for discussion; managing the balance of opinions
  - The number of topics in a session: including structured and unstructured topics under the general accepted number of 12 on average for each type of informants
  - Questions for discussion: open-ended questions from general issues to specific ones (see as Part 3)
  - Pre-testing the moderators' guide: The topics and questions for discussion are pre-tested for wording and certainty of eliciting discussion by experienced scholars in this type of research, prospective customers, and practitioners in the selected type of retail industry (i.e., hairdressing)
  - Run the beginning, middle and end of sessions: Following the moderator's guide (see as Part 3)
  
- Data Processing  
: Depending on the amount of information, the data may be coded manually or use qualitative software as assistance for content analysis
  
- Analyzing and interpreting the information  
: Results are written to be parts of relevant chapters of the thesis

## Part 2. Participants

### ■ Screening criteria of recruiting participants:

#### A. Sampling firms

: Store managers/hairstylists

1. The location of her/his hair salon/barbershop is in urban areas
2. Having been in this position more than one year (in-house promotion from general service employees is preferable)
3. Having the working experience as a hairstylist

#### B. Customers

: Office ladies and office gentlemen the age of 20 to 40

1. No family or relative is working in or operating a hair salon/barbershop
2. Having been to a salon/barbershop within latest 3 months
3. Being used to hairdressing in a salon/barbershop, not do-it-yourself

### ■ Background of present participants:

#### A. Store managers/hairstylists

1. What is the title of your current position? \_\_\_\_\_
2. How long have you been working with this position? \_\_\_\_\_ years \_\_\_\_\_ months
3. How long have you been working for your company? \_\_\_\_\_ years \_\_\_\_\_ months
4. How many hours do you allocate your daily working time in contact with your customers on average? \_\_\_\_\_ hours
5. How many customers do you service a day on average? \_\_\_\_\_
6. How many customers name you for service when they enter the shop? \_\_\_\_\_
7. How long have you been working in hairdressing? \_\_\_\_\_ years \_\_\_\_\_ months
8. Sex:  Male  Female
9. Age: \_\_\_\_\_
10. Education:  
 elementary school/junior high school  high school/vocational school  college  
 university  post graduate school and above  other, please specify: \_\_\_\_\_
11. What does the main source of your professional knowledge come from? (Multiple choice)  
 internal on-the-job training  external on-the-job training  self-training  
 other, please specify: \_\_\_\_\_

B. Customers

1. Sex:  Male  Female

2. Education:

elementary school/junior high school  high school/vocational school  college

university  post graduate school and above  other, please specify: \_\_\_\_\_

3. Age: \_\_\_\_\_

4. What is your total income one month on average? NTD \_\_\_\_\_

5. How often do you go to a hair salon/barbershop on average?

every one month  every two months  every three months

others, please specify: \_\_\_\_\_

6. How much do you spend each time on the service of hair salon/barbershop on average?

less than NTD1,000  NTD1,000~1,999  NTD2,000~2,999  NTD3,000~

Others, please specify: \_\_\_\_\_

7. In general, what kind of service do your expenditure spend on in a hair salon/barbershop?

(Multiple choice)

shampooing  haircutting  perm  color-treated  nourishment

others, please specify: \_\_\_\_\_

8. What is the type of hair salon/barbershop that you usually patronage? (Single choice)

independent store  chain store  others, please specify: \_\_\_\_\_

### Part 3. The Moderator Guide

#### ■ Agenda of Focus Group Interview

##### 1. Activities before the focus group

- Recruiting the participants
- Arranging the date, time, avenue of meeting for each type of informants
- Preparing the necessary facilities in the room for discussion  
Tape recorder, blank tapes, labels on tapes, extension cord, microphone, clock/timekeeper;  
Name tags; Refreshments; Notepaper and pen
- Arranging gifts

##### 2. Activities at the focus group

- Arrival of participants  
Filling in the form of “background of present participants” (see as appendix 1)
- The beginning of sessions  
Warming-up: Self-introduction of each participant and moderator; Ensuring the anonymous of participation; Reminding the rule for discussion-only one person to speak at a time;  
Explaining the purpose of the discussion; An overview of the topic
- The middle of sessions  
Raising the open-ended questions for discussion under each topic;  
Further clarification of points and issues when appropriate or necessary
- The end of sessions  
A summary of the main points

##### 3. Activities after the focus group

Thank for participation and present gifts

#### ■ Topics/Questions for focus group discussion

In terms of purposes, some of the following questions involve the store managers’/ the customers’ perceptions of relative competitors’ performance of customer service in the equivalent market.

##### A. Topics/Questions for store managers:

- Service employees’ perceptions of their company’s policy of customer service & market orientation
  1. With reference to the service employees’ perceptions of company’s policy of customer service & market orientation (company’s competitive advantage; market intelligence)
  2. With reference to the consequence of the service employees’ perceptions of company’s policy of customer service to their job satisfaction and service performance

- The views of customer value
  1. With reference to the service employees' perceptions of their company's view of customer value
  2. With reference to the consequence of the service employees' perceptions of their company's view of customer value to their job satisfaction and service performance
  3. With reference to the service employees' perceptions of their company's view of customer value in relation to their company's primary competitor(s)
- The implementation of customer service
  1. With reference to the service employees' implementation of their company's policy of customer service
  2. With reference to the service employees' interaction with their customers
  3. With reference to the service employees' performance of customer service in relation to their company's primary competitor(s)
- Company's management supports
  1. With reference to the service employees' perceptions of their company's management supports
  2. With reference to the consequence of management supports to the service employees' performance of implementing customer service
  3. With reference to the service employees' perception of their company's supports in relation to the company's primary competitor(s)

B. Topics/Questions for customers:

- Exploring the concept of customer value from customers' viewpoints
  1. The meaning of customer value (in terms of the perception of customer service in a specific context—hair salon/barbershop)
  2. The motives of customer value in terms of positive and negative consumption experiences in a hair salon/barbershop
- Customers' general purchasing behaviors (Given that a customer has planned to go to a hair salon/barbershop)
  1. The determinations of selecting a hair salon/barbershop
  2. With reference to the patronage of a certain hair salon / barbershop
- Customers' perceptions of general service provided in a hair salon/barbershop
  1. The criteria used and possible influences to evaluate received service from a hair salon/barbershop
  2. With reference to the relationship with a specific service provider
- Customers' reactions to their service providers' performance of customer service
  1. With reference to the occasion of interacting with a service provider
  2. With reference to the consequence of interaction to the impact of purchase intention next time



## **Appendix 2. Final Questionnaires**

- ◆ A survey of service practices and employee attitude (English edition)
- ◆ 顧客服務實況與員工態度調查 (Chinese edition)
  
- ◆ A survey of service practices and customer attitude (English edition)
- ◆ 服務消費實況與顧客態度調查 (Chinese edition)





Dear Hairstylist,

Thank you for your assistance in this academic research. Enclosed please find a gift coupon of Les Enphants at face value of NT\$500. You have been randomly selected to participate in this research with your headquarters' approval. We are trying to ascertain your opinion on a number of issues regarding service practices and employee attitude in hairdressing. Please answer all questions and all responses will be confidential to the researcher.

This survey should take only a few minutes to complete. Please remember that there are no right or wrong answers. Considering your privacy, after completing this questionnaire, please put it into the enclosed envelop and seal it. Then, please leave it with the store manager and the researcher will collect it later.

All the information you provided will be processed with all the other questionnaires. None of your information will be disclosed. Your contribution to this survey is greatly appreciated. Thank you in advance for taking the time to fill in this questionnaire.

Sincerely yours,

Dr. Pascale Quester  
Associate Professor

Shu-Ching Chen  
PhD student in Marketing  
School of Commerce  
Adelaide University  
[shu-ching.chen@adelaide.edu.au](mailto:shu-ching.chen@adelaide.edu.au)



(a secret code instead of the name of a service provider)



## A survey of service practices and employee attitude

This survey should take only a few minutes to complete. Please remember that there are no right or wrong answers. We are trying to ascertain your opinion on a number of issues. Please answer all questions and take the completed questionnaire to store manager.

### Part 1.

Concerning your perception of your headquarters' supports to you for implementing market-oriented activities, to what extent do you agree or disagree with the following statements?

(1: strongly disagree, 7:strongly agree)

	Strongly Disagree		Neither Agree Nor Disagree			Strongly Agree	
	1	2	3	4	5	6	7
<b>• The on-the-job training in my company...</b>							
1. conforms to the customers' needs and wants.	1	2	3	4	5	6	7
2. enhances my professionalism.	1	2	3	4	5	6	7
3. enhances my understanding of service procedure and consumer behavior.	1	2	3	4	5	6	7
<b>• My working morale is highly inspired by...</b>							
4. my perception of other employees' loyalty to the company.	1	2	3	4	5	6	7
5. the assurance of job security in my company.	1	2	3	4	5	6	7
6. the friendly atmosphere of my working environment.	1	2	3	4	5	6	7
7. the wide adoption of employees' opinion in service policy development by my company.	1	2	3	4	5	6	7
8. the provision by my company of an outlet for stress.	1	2	3	4	5	6	7
<b>• A good outlet atmosphere is fostered in my company by...</b>							
9. the vitality of good interrelation among employees.	1	2	3	4	5	6	7
10. the cooperation at work among employees.	1	2	3	4	5	6	7
11. store manager acting as a coordinator of appropriate job arrangement among employees.	1	2	3	4	5	6	7
<b>• My competitive consciousness is advanced by...</b>							
12. the dissemination of competitors' information within my company.	1	2	3	4	5	6	7
13. the learning from other business with good business performance by my company.	1	2	3	4	5	6	7
14. the learning from the needs of the customers in my company.	1	2	3	4	5	6	7
15. following the instruction of my company to treat customers as individuals in order to explore their different needs.	1	2	3	4	5	6	7
16. following the instruction of my company to listen to the customers with sympathy.	1	2	3	4	5	6	7
17. following the instruction of my company to be sensitive to the customers' consuming motives such as changing hairstyle.	1	2	3	4	5	6	7
18. following the instruction of my company to be sensitive to the customers' facial expressions in order to figure out what exactly they need.	1	2	3	4	5	6	7

(a secret code instead of the name of a service provider)

	Strongly Disagree		Neither Agree Nor Disagree			Strongly Agree	
<b>• In terms of service policy development, my company...</b>							
19. fully considers customers' needs and wants.	1	2	3	4	5	6	7
20. widely adopts the front-line employees' opinions.	1	2	3	4	5	6	7
21. fully considers the current trend of competitive market.	1	2	3	4	5	6	7
22. fully considers the competitive difference in varied chain store locations.	1	2	3	4	5	6	7
<b>• In terms of internal communication processes, my company...</b>							
23. has an intensive frequency of internal communication.	1	2	3	4	5	6	7
24. takes advantage of every meeting to disseminate company policy and discuss implementation issues.	1	2	3	4	5	6	7
25. does not have any barrier in the inter-functional communication.	1	2	3	4	5	6	7
26. allows employees to access to the management for communication without a lot of red tape.	1	2	3	4	5	6	7
<b>• In terms of organizational learning approach, my company...</b>							
27. makes the content of on-the-job training conform to the employee demand.	1	2	3	4	5	6	7
28. places emphasis on on-the-job training for the full development of employees' potential for work.	1	2	3	4	5	6	7
29. encourages employees to share personal service experiences with the other employees.	1	2	3	4	5	6	7
<b>• In order to attract and keep outstanding employees, my company...</b>							
30. shows consideration for the employees' rights and interests.	1	2	3	4	5	6	7
31. has the supervisor acting capably as an inspiration for encouraging the subordinates' working moral.	1	2	3	4	5	6	7
32. makes employees identify themselves with my company.	1	2	3	4	5	6	7

**Please check thoroughly that you have completed each question.**

## Part 2.

Concerning your experiences of serving customers, to what extent do you agree or disagree with the following statements? (1: strongly disagree, 7: strongly agree)

	Strongly Disagree		Neither Agree Nor Disagree			Strongly Agree	
<b>• It is important to serve a customer with...</b>							
1. a show of politeness.	1	2	3	4	5	6	7
2. a show of friendliness/kindness.	1	2	3	4	5	6	7
3. a show of courtesy.	1	2	3	4	5	6	7
4. an honest response to the customers' decision-making about their choice of hairstyle.	1	2	3	4	5	6	7
5. a show of consideration for the customers' interests.	1	2	3	4	5	6	7
6. a meticulous attitude in service details.	1	2	3	4	5	6	7
7. a consistent service quality as expected from any outlet.	1	2	3	4	5	6	7
8. a quality service with the awareness of the dynamic competitive market.	1	2	3	4	5	6	7
9. customized services by understanding a customer's preferences or demands or motives beforehand.	1	2	3	4	5	6	7
<b>• In terms of consuming environment, it is important to...</b>							
10. make customers feel a sense of delight in the service process.	1	2	3	4	5	6	7
11. make customers feel relaxed and/or at ease in service procedure.	1	2	3	4	5	6	7
12. keep a tidy store environment.	1	2	3	4	5	6	7
13. have wide distance among seats for customers' privacy.	1	2	3	4	5	6	7
14. offer appealing service facilities for entertaining customers.	1	2	3	4	5	6	7

(a secret code instead of the name of a service provider)

	Strongly Disagree		Neither Agree Nor Disagree			Strongly Agree	
<b>• In terms of episodes in service, it is important to...</b>							
15. provide service in accordance with customers' verbal requirement.	1	2	3	4	5	6	7
16. make customers feel they are treated exclusively.	1	2	3	4	5	6	7
17. be able to achieve a customer's sense of "value for money".	1	2	3	4	5	6	7
18. save customers' time on communication by letting them have a specific hairdresser.	1	2	3	4	5	6	7
19. adequately delegate employee for service.	1	2	3	4	5	6	7
20. actively enquire about customers' opinions on service satisfaction and react accordingly.	1	2	3	4	5	6	7
<b>• In terms of customer value, our customers are concerned about...</b>							
21. spending less time on commuting to a store.	1	2	3	4	5	6	7
22. the lasting of designed hairstyle.	1	2	3	4	5	6	7
23. the ease of self-handling the hairstyle after service.	1	2	3	4	5	6	7
24. flexible operating hours.	1	2	3	4	5	6	7
25. being served by one person (non-trainee) in all service steps.	1	2	3	4	5	6	7
26. the adoption of an appointment system.	1	2	3	4	5	6	7
27. the employees' capability of using up-to-date hairdressing skills for creating fashionable hairstyle.	1	2	3	4	5	6	7
28. the employees' ability to create surprise or a sense of fresh and new in the customer's usual hairstyle.	1	2	3	4	5	6	7
29. the possibility of gaining new service experiences in a store.	1	2	3	4	5	6	7
30. the freedom of selecting a hairdresser.	1	2	3	4	5	6	7
31. being actively notified of information about something good for them.	1	2	3	4	5	6	7
32. being free from the pressure of sales promotion in store.	1	2	3	4	5	6	7
33. a show of sincerity in dealing with their service complaint.	1	2	3	4	5	6	7
34. offering differential service in favor of frequent customers.	1	2	3	4	5	6	7
35. price allowance for frequent customers.	1	2	3	4	5	6	7
36. attractive gifts for frequent customers.	1	2	3	4	5	6	7
37. the initiative in communication taken by employees.	1	2	3	4	5	6	7
38. providing extra service for catering to their pleasure.	1	2	3	4	5	6	7
39. the aesthetics in hairstyle.	1	2	3	4	5	6	7
40. a demonstration of aesthetics in the store appearance.	1	2	3	4	5	6	7
<b>• In terms of economic value, our customers are concerned about...</b>							
41. matching prices with competitors' short-term campaign.	1	2	3	4	5	6	7
42. a positive response to service failure.	1	2	3	4	5	6	7
43. the fairness of the exchange of payment for quality of auxiliary hairdressing.	1	2	3	4	5	6	7
44. the fairness of the exchange of payment for service outcome.	1	2	3	4	5	6	7
45. the fairness of the exchange of payment for service contents.	1	2	3	4	5	6	7
46. the fairness of the exchange of payment for time spent in store.	1	2	3	4	5	6	7
47. fairness in the sales promotion in store.	1	2	3	4	5	6	7
48. promotional offerings regarding the customers' interests.	1	2	3	4	5	6	7
49. the notice of sales promotion by different media.	1	2	3	4	5	6	7
50. the assurance of low risk for participating in promotion activities.	1	2	3	4	5	6	7
<b>• In term of customers' risk perception, it is important to...</b>							
51. make an assertion of high service quality.	1	2	3	4	5	6	7
52. show efforts to maintain and enhance the company's reputation in service.	1	2	3	4	5	6	7
53. execute well the service process prescribed for customers.	1	2	3	4	5	6	7
54. keep the cleanness of the employees' appearance.	1	2	3	4	5	6	7
55. maintain the sanitation of hairdressing utensils.	1	2	3	4	5	6	7
56. deal promptly with the customers' complaints or their negative reactions to service.	1	2	3	4	5	6	7

(a secret code instead of the name of a service provider)

	Strongly Disagree		Neither Agree Nor Disagree			Strongly Agree	
<p>• <b>In terms of social-psychological interaction with customers, it is important to...</b></p>							
57. recognize and greet customers whenever visiting.	1	2	3	4	5	6	7
58. entertain different customers in different ways.	1	2	3	4	5	6	7
59. let a customer speak his/her mind without reticence.	1	2	3	4	5	6	7
60. make efforts to maintain relationship with the customers after service.	1	2	3	4	5	6	7
<p>• <b>In terms of considerations of service alternatives, customers are concerned about...</b></p>							
61. masterly skills in hairdressing in comparison with competitors' offers.	1	2	3	4	5	6	7
62. the understanding of their service needs instantly in comparison with competitors' offers.	1	2	3	4	5	6	7
63. the opinions of relatives and/or friends to the service outcome.	1	2	3	4	5	6	7

**Please check thoroughly that you have completed each question.**

## Respondent Information

The following information will be treated confidentially and used for the research only. Please answer each question by either writing it down or ticking the box applied to you.

1. Sex:      1.  Male      2.  Female
2. What is your age? \_\_\_\_\_
3. What is the best description of your current position?
  1.  A hairstylist      2.  A store manager      3.  A store manger as well as a hairstylist
  4.  Others, please specify: \_\_\_\_\_
4. How long have your been working with this position approximately? \_\_\_\_\_ years
5. How long have you been working for your company approximately? \_\_\_\_\_ years
6. How many hours do you allocate your daily working time in contact with your customers on average?  
\_\_\_\_\_ hours
7. How many customers do you service a day on average? \_\_\_\_\_ persons
8. How many customers name you for service when they enter the shop a day on average? \_\_\_\_\_ persons
9. How long have you been working in hairdressing approximately? \_\_\_\_\_ years
10. What does the main source of your professional knowledge come from? (Multiple choice)
  1.  Internal on-the-job training      2.  External on-the-job training
  3.  Self-training at one's own cost      4.  Others, please specify: \_\_\_\_\_

**Thank you for your contribution to this research.**

## 顧客服務實況與員工態度調查

親愛的設計師，感謝您撥空參與這次的跨國性學術研究調查。透過貴公司總部的允諾配合，您乃是經由隨機抽樣所挑選出來的答卷代表者。在此提醒您的是，對於以下所有問項，您個人所表示的意見將沒有所謂對錯之分。重點在於瞭解台灣美髮從業人員在服務顧客上的實況與意見。每一個問題都需要您提供個人寶貴的經驗。

- \* 為維護您的隱私權，請在回答全部問題之後，放入隨此問卷所附上的信封袋，封口後轉交給店經理。研究者將就全部回收的問卷，進行整體的分析研究，並不會針對個人填答內容個別處理，請您放心填答，謝謝您對本研究所做出的貢獻！

澳洲國立阿德雷得大學商學院  
副教授 Dr. Pascale Quester  
行銷博士班研究生 陳淑青  
E-mail: shu-ching.chen@adelaide.edu.au

第一部份：請就貴公司管理階層對員工在落實公司市場政策下，實際提供給您個人在工作上的種種支援或協助，和以下每一項陳述的內容相互對照，然後根據個別數目字所代表的意義圈選出您個人對所陳述內容的同意程度。

	完全不同意	相當不同意	不同意	無法確定	同意	相當同意	完全同意
就公司給我在工作上的實際支援或協助來說...							
1. 我所接受的公司任職訓練內容，與顧客所需要的一致。	1	2	3	4	5	6	7
2. 我所接受的公司任職訓練內容，提昇了我的專業技能。	1	2	3	4	5	6	7
3. 我所接受的公司任職訓練內容，提昇了我對工作服務流程及消費者知識的了解。	1	2	3	4	5	6	7
4. 同仁在行為上對公司的忠誠表現，讓我工作時士氣高昂。	1	2	3	4	5	6	7
5. 公司保證了員工在工作上的安全感，讓我工作時士氣高昂。	1	2	3	4	5	6	7
6. 公司有著親切友善的工作環境氣氛，讓我工作時士氣高昂。	1	2	3	4	5	6	7
7. 公司樂於將員工的意見反映在所制定的服務政策上，讓我工作時士氣高昂。	1	2	3	4	5	6	7
8. 公司提供員工紓解壓力的管道，讓我工作時士氣高昂。	1	2	3	4	5	6	7
9. 同仁在工作中，彼此間的互動關係良好，充滿活力，使得店內的工作氣氛良好。	1	2	3	4	5	6	7
10. 同仁在工作中，彼此的合作意願很強，使得店內的工作氣氛良好。	1	2	3	4	5	6	7

	完全 不同 意	相 當 不 同 意	不 同 意	無 法 確 定	同 意	相 當 同 意	完 全 同 意
就公司給我在工作上的實際支援或協助來說...							
11.	1	2	3	4	5	6	7
12.	1	2	3	4	5	6	7
13.	1	2	3	4	5	6	7
14.	1	2	3	4	5	6	7
15.	1	2	3	4	5	6	7
16.	1	2	3	4	5	6	7
17.	1	2	3	4	5	6	7
18.	1	2	3	4	5	6	7
19.	1	2	3	4	5	6	7
20.	1	2	3	4	5	6	7
21.	1	2	3	4	5	6	7
22.	1	2	3	4	5	6	7
23.	1	2	3	4	5	6	7
24.	1	2	3	4	5	6	7
25.	1	2	3	4	5	6	7
26.	1	2	3	4	5	6	7
27.	1	2	3	4	5	6	7
28.	1	2	3	4	5	6	7
29.	1	2	3	4	5	6	7
30.	1	2	3	4	5	6	7
31.	1	2	3	4	5	6	7
32.	1	2	3	4	5	6	7

屆此告一段落，請檢查一遍，以上所有的問題是否已經”全部”回答！

第二部分：請根據您多年服務顧客的個人經驗，和以下每一項陳述的內容相互對照，然後根據個別數目字所代表的意義圈選出您個人對所陳述內容的同意程度。

	完全不同意	相當不同意	不同意	無法確定	同意	相當同意	完全同意
• 以我個人的經驗來說，顧客來店消費會感到滿意，是因為.....							
1. 我以禮貌的言行舉止來接待顧客。	1	2	3	4	5	6	7
2. 我以友善親切的言行舉止來接待顧客。	1	2	3	4	5	6	7
3. 我表現出殷勤的言行舉止來接待顧客。	1	2	3	4	5	6	7
4. 我會誠實地回應顧客所做的消費決定，譬如顧客本身所選擇的髮型適合否。	1	2	3	4	5	6	7
5. 我會在服務中，處處顯示出為顧客著想的言行舉止。	1	2	3	4	5	6	7
6. 我在接待顧客上，重視服務的細節。	1	2	3	4	5	6	7
7. 我能夠提供顧客與其他分店人員一樣的服務品質水準。	1	2	3	4	5	6	7
8. 我能夠在察覺同業市場競爭動態下，提供顧客不輸給競爭對手的服務水準。	1	2	3	4	5	6	7
9. 我能夠在事先了解顧客偏好、需求、或是消費動機下，提供不同顧客不同的服務。	1	2	3	4	5	6	7
10. 我讓顧客在服務過程中，感受到樂趣。	1	2	3	4	5	6	7
11. 我讓顧客在服務過程中，感到輕鬆、自在。	1	2	3	4	5	6	7
12. 店內的環境整潔。	1	2	3	4	5	6	7
13. 店內座位彼此間的距離夠寬，考量了顧客的隱私感。	1	2	3	4	5	6	7
14. 店內提供了附加的服務設施，譬如電視、錄影帶，供顧客娛樂之用。	1	2	3	4	5	6	7
15. 我能提供顧客與她/他口頭上要求一樣的服務。	1	2	3	4	5	6	7
16. 我讓顧客有特別為她/他提供個人量身定做般服務的感受。	1	2	3	4	5	6	7
17. 我讓顧客有「來這家店花錢消費，真值得！」的感受。	1	2	3	4	5	6	7
18. 店裡會讓顧客由她/他所熟悉或特定的設計師來服務，使顧客能節省花在溝通服務需求上的時間。	1	2	3	4	5	6	7
19. 公司在服務顧客上給了我足夠的權限，讓我能適時的處理顧客的要求。	1	2	3	4	5	6	7
20. 我在服務中，會主動地詢問顧客對我所提供服務的滿意程度，並且能夠根據所獲得的意見來修正。	1	2	3	4	5	6	7
21. 顧客來店的路上所花費的時間少。	1	2	3	4	5	6	7
22. 我所設計出來的髮型持久。	1	2	3	4	5	6	7
23. 我所設計出來的髮型，讓顧客離店後自己也能動手整理維護。	1	2	3	4	5	6	7
24. 店裡有彈性的營業或關店時間。	1	2	3	4	5	6	7
25. 店裡由一位非實習生的服務人員來提供顧客全程的服務。	1	2	3	4	5	6	7
26. 店裡提供了顧客事先預約制的美髮服務方式。	1	2	3	4	5	6	7
27. 我會運用最新的美髮技術，為顧客創造出時髦的髮型。	1	2	3	4	5	6	7
28. 我能夠在顧客平常的髮型中，創造出新鮮感。	1	2	3	4	5	6	7
29. 我能讓顧客在店中消費時，體驗到不斷更新的服務方式。	1	2	3	4	5	6	7
30. 店裡讓顧客能夠自行選擇設計師。	1	2	3	4	5	6	7
31. 我會主動的告知顧客，對她/他有好處的消費訊息或資訊。	1	2	3	4	5	6	7
32. 我能讓顧客在店中消費時，不會有被推銷的壓力。	1	2	3	4	5	6	7

	完全不同意	相當不同意	不同意	無法確定	同意	相當同意	完全同意
● 以我個人的經驗來說，顧客來店消費會感到滿意，是因為.....							
33. 我能有誠意的處理或回應顧客對服務所作的抱怨或意見。	1	2	3	4	5	6	7
34. 店裡提供了常來的顧客，有別於一般顧客的不同服務。	1	2	3	4	5	6	7
35. 店裡提供了常來的顧客，在消費金額上的折扣。	1	2	3	4	5	6	7
36. 店裡提供了常來的顧客，吸引人的贈品。	1	2	3	4	5	6	7
37. 我會採取主動，在服務中與顧客溝通。	1	2	3	4	5	6	7
38. 我會提供顧客額外的服務，來取悅她/他。	1	2	3	4	5	6	7
39. 我所設計出來的髮型具有顧客想要的美感。	1	2	3	4	5	6	7
40. 店面的外觀所具有的美感，與我所設計出來的髮型感覺一樣。	1	2	3	4	5	6	7
41. 公司在價格上會迎合競爭者的短期降價活動，也舉辦類似的價格促銷。	1	2	3	4	5	6	7
42. 我在服務顧客出錯時，能正面積極的採取補救措施。	1	2	3	4	5	6	7
43. 公司提供給顧客使用的美髮產品的品質，使顧客覺得花錢花的真值得。	1	2	3	4	5	6	7
44. 我展現在顧客髮上的美髮成果，讓顧客覺得花錢花的真值得。	1	2	3	4	5	6	7
45. 我提供給顧客的服務內容，讓顧客覺得花錢花的真值得。	1	2	3	4	5	6	7
46. 顧客在店裡消費所停留的時間，使顧客覺得花錢花的真值得。	1	2	3	4	5	6	7
47. 顧客覺得公司所舉辦的促銷活動，沒有欺騙消費者的嫌疑。	1	2	3	4	5	6	7
48. 公司所提供的促銷贈品，考慮到了顧客的利益或興趣。	1	2	3	4	5	6	7
49. 公司讓顧客能由多種不同的媒介管道，獲知促銷活動的訊息。	1	2	3	4	5	6	7
50. 公司會顧及顧客在參與活動上的顧慮，讓促銷活動的風險性低，使顧客能放心的參與。	1	2	3	4	5	6	7
51. 公司堅持主張提供顧客高於一般品質水準的服務。	1	2	3	4	5	6	7
52. 我能竭盡所能的爲了維護並提昇公司信譽而賣力服務顧客。	1	2	3	4	5	6	7
53. 我能確切執行好所安排給顧客的服務流程。	1	2	3	4	5	6	7
54. 我會留意並維持儀容的整齊乾淨。	1	2	3	4	5	6	7
55. 我會維持所使用的美髮工具的清潔衛生。	1	2	3	4	5	6	7
56. 我能迅速地處理顧客的抱怨或服務上的負面意見。	1	2	3	4	5	6	7
57. 顧客每次一上門，我就能認出來並且問候迎接。	1	2	3	4	5	6	7
58. 對不同的顧客，我會採用投其所好的不同服務方式。	1	2	3	4	5	6	7
59. 我讓顧客在與我互動中能暢所欲言。	1	2	3	4	5	6	7
60. 顧客離店後，我會做種種嘗試，努力與顧客保持關係。	1	2	3	4	5	6	7
61. 我所提供給顧客的美髮技術，專業化的程度比競爭對手高。	1	2	3	4	5	6	7
62. 我與顧客在溝通服務需求上所花的時間，能比競爭對手短。	1	2	3	4	5	6	7
63. 顧客的親友對她/他上回接受我服務後的美髮結果，譬如所設計的髮型，有正面的評價。	1	2	3	4	5	6	7

\* 請檢查一遍，以上所有的問題是否已經“全部”回答！

受訪者基本資料：以下問題所提供的資料將予以保密，僅供本研究使用。請依據問項逐一回答，或勾選出適合的答案。

1. 性別：1.  男 2.  女

2. 請問您的年齡：\_\_\_\_\_歲

3. 請問何者適合描述你目前的職位：

1.  美髮師或設計師 2.  店經理兼美髮師或設計師

4. 請問您在目前職務的工作，到今天為止大約有幾年的時間？\_\_\_\_\_年

5. 請問您從進入公司開始，到今天為止的工作年資，總共大約有幾年的時間？\_\_\_\_\_年

6. 請問您每天工作中，平均與顧客接觸的時間，大約有多少小時？\_\_\_\_\_小時

7. 請問您每天工作中，平均服務到的顧客，大約有多少人？\_\_\_\_\_人

8. 請問就您個人目前來說，來店指名您服務的顧客，每天平均大約有多少人？\_\_\_\_\_人

9. 請問您從事美髮或理容行業的工作經驗，到今天為止總共大約有幾年的時間？\_\_\_\_\_年

10. 請問您在累積個人專業知識上的主要來源為何？（可單選或複選）

1.  公司內部訓練 2.  公司派外受訓 3.  自費進修或自修 4.  其他，請註明：

麻煩請再次檢視，以上本問卷中所有問題是否全部填答完整。

謝謝您對本研究所做出的貢獻！

\* 請在回答全部問題之後，放入隨此問卷所附上的信封袋，封口後交回給店經理。

問卷編號：





Dear Customer,

Thank you for your assistance in this academic research. You have been randomly selected to participate in this research. We are trying to ascertain your opinion on a number of issues regarding service practices in hairdressing and customer attitude toward service providers. Please answer all questions and all responses will be confidential to the researcher.

For your kindly feedback, we provide a variety of gift coupons (Les Enphants, Working House, MOS Burger). You can have your choice among these three options while returning your completed questionnaire. Your selection will be posted in terms of your preference and correspondence

This survey should take only a few minutes to complete. Please remember that there are no right or wrong answers. Considering your privacy, after completing this questionnaire, please put it into the enclosed stamped addressed envelope, seal and post it.

All the information you provided will be processed with all the other questionnaires. None of your information will be disclosed. Your contribution to this survey is greatly appreciated. Thank you in advance for taking the time to fill in this questionnaire.

Sincerely yours,

Dr. Pascale Quester  
Associate Professor

Shu-Ching Chen  
PhD student in Marketing  
School of Commerce  
Adelaide University  
[shu-ching.chen@adelaide.edu.au](mailto:shu-ching.chen@adelaide.edu.au)



## A survey of service practices and customer attitude

This survey should take only a few minutes to complete. Please remember that there are no right or wrong answers. We are trying to ascertain your opinion on a number of issues. Please answer all questions and then the completed questionnaire to store manager or the researcher.

### Part 1.

(1) From your perception of the service providers' service performance, to what extent do you agree or disagree with the following statements? (1: strongly disagree, 7:strongly agree)

(2) For each of the following statements, please tick whichever ones you think is important in hairdressing service.

	(1)							(2)
	Strongly Disagree			Neither Agree Nor Disagree			Strongly Agree	It is Important
<b>• In terms of receiving service, I am satisfied that the employee...</b>								
1. showed politeness.	1	2	3	4	5	6	7	<input type="checkbox"/>
2. showed friendliness/kindness.	1	2	3	4	5	6	7	<input type="checkbox"/>
3. showed courtesy.	1	2	3	4	5	6	7	<input type="checkbox"/>
4. was honest in response to my decision-making such as choice of hairstyle.	1	2	3	4	5	6	7	<input type="checkbox"/>
5. showed the consideration of my interests.	1	2	3	4	5	6	7	<input type="checkbox"/>
6. was meticulous in service details.	1	2	3	4	5	6	7	<input type="checkbox"/>
7. provided a consistency of service quality as expected in any outlet.	1	2	3	4	5	6	7	<input type="checkbox"/>
8. provided a quality service with the awareness of the dynamic competitive market.	1	2	3	4	5	6	7	<input type="checkbox"/>
9. provided a customized service by understanding my preferences, demands, or motives beforehand.	1	2	3	4	5	6	7	<input type="checkbox"/>
<b>• In terms of consuming environment, I am satisfied that...</b>								
10. the employee made me feels a sense of delight.	1	2	3	4	5	6	7	<input type="checkbox"/>
11. the employee made me feel relaxed and/or at ease.	1	2	3	4	5	6	7	<input type="checkbox"/>
12. the store environment was tidy.	1	2	3	4	5	6	7	<input type="checkbox"/>
13. the wide distance among seats showed respect for my privacy.	1	2	3	4	5	6	7	<input type="checkbox"/>
14. appending service facilities for entertaining me was offered.	1	2	3	4	5	6	7	<input type="checkbox"/>
<b>• In terms of episodes in service, I am satisfied that the employee...</b>								
15. provided service in accordance with my verbal requirement.	1	2	3	4	5	6	7	<input type="checkbox"/>
16. made me feels a sense of customization in her/his service offer.	1	2	3	4	5	6	7	<input type="checkbox"/>
17. made me feels a sense of "value for money".	1	2	3	4	5	6	7	<input type="checkbox"/>
18. saved me time on communication as she/he is assigned to be my specific hairdresser.	1	2	3	4	5	6	7	<input type="checkbox"/>
19. adequately delegated service.	1	2	3	4	5	6	7	<input type="checkbox"/>
20. actively enquired about my opinions on service satisfaction and reacted accordingly.	1	2	3	4	5	6	7	<input type="checkbox"/>

	Strongly Disagree		Neither Agree Nor Disagree			Strongly Agree		It is Important
<ul style="list-style-type: none"> <li><b>In terms of customer value, I am satisfied that...</b></li> </ul>								
21. less time was spent on commuting to a store.	1	2	3	4	5	6	7	<input type="checkbox"/>
22. the hairstyle lasted a long time.	1	2	3	4	5	6	7	<input type="checkbox"/>
23. it was easy to self-handle the hairstyle.	1	2	3	4	5	6	7	<input type="checkbox"/>
24. the operating hours were flexible.	1	2	3	4	5	6	7	<input type="checkbox"/>
25. an employee (non-trainee) was assigned to provide services in all service steps.	1	2	3	4	5	6	7	<input type="checkbox"/>
26. a reservation system was practiced.	1	2	3	4	5	6	7	<input type="checkbox"/>
27. the employee was able to use up-to-date hairdressing skills to create a fashionable hairstyle.	1	2	3	4	5	6	7	<input type="checkbox"/>
28. the employee was able to create surprise or a sense of fresh and new in my usual hairstyle.	1	2	3	4	5	6	7	<input type="checkbox"/>
29. the employee was able to provide me with a new service experience.	1	2	3	4	5	6	7	<input type="checkbox"/>
30. the employee asked me my preference for selecting a hairdresser.	1	2	3	4	5	6	7	<input type="checkbox"/>
31. the employee actively notified me of information about something good for me.	1	2	3	4	5	6	7	<input type="checkbox"/>
32. the employee did not pressure me to take advantage of sales promotion in store.	1	2	3	4	5	6	7	<input type="checkbox"/>
33. the employee showed sincerity in dealing with my service complaint.	1	2	3	4	5	6	7	<input type="checkbox"/>
34. the employee provided differentials in service in favor of frequent customers.	1	2	3	4	5	6	7	<input type="checkbox"/>
35. price allowance was made for frequent customers.	1	2	3	4	5	6	7	<input type="checkbox"/>
36. attractive gifts were offered for frequent customers.	1	2	3	4	5	6	7	<input type="checkbox"/>
37. the employee took the initiative in communicating with me.	1	2	3	4	5	6	7	<input type="checkbox"/>
38. the employee provided extra service for catering to my pleasure.	1	2	3	4	5	6	7	<input type="checkbox"/>
39. aesthetics was shown in my hairstyle.	1	2	3	4	5	6	7	<input type="checkbox"/>
40. a sense of aesthetics in hairdressing was demonstrated by the store appearance.	1	2	3	4	5	6	7	<input type="checkbox"/>
<ul style="list-style-type: none"> <li><b>In terms of monetary issues, I am satisfied that...</b></li> </ul>								
41. the chain store matched prices with competitors' short-term campaign.	1	2	3	4	5	6	7	<input type="checkbox"/>
42. the employee had positive responses to service failure.	1	2	3	4	5	6	7	<input type="checkbox"/>
43. the quality of auxiliary hairdressing was worth the price I paid.	1	2	3	4	5	6	7	<input type="checkbox"/>
44. the service outcome was worth the price I paid.	1	2	3	4	5	6	7	<input type="checkbox"/>
45. the offer in service contents was worth the price I paid.	1	2	3	4	5	6	7	<input type="checkbox"/>
46. the time spent in store for service was worth the price I paid.	1	2	3	4	5	6	7	<input type="checkbox"/>
47. the sales promotion offered in store were fair (no deception).	1	2	3	4	5	6	7	<input type="checkbox"/>
48. my interests are considered in promotional offerings.	1	2	3	4	5	6	7	<input type="checkbox"/>
49. I was well aware of sales promotion in store through different media.	1	2	3	4	5	6	7	<input type="checkbox"/>
50. the assurance of low risk for participating in promotion activities.	1	2	3	4	5	6	7	<input type="checkbox"/>
<ul style="list-style-type: none"> <li><b>In term of risk perception, I am satisfied that...</b></li> </ul>								
51. the chain store asserts high service quality.	1	2	3	4	5	6	7	<input type="checkbox"/>
52. the employee showed efforts to maintain and enhance the company's reputation in service.	1	2	3	4	5	6	7	<input type="checkbox"/>
53. the employee executed well her/his prescribed service procedure for customers.	1	2	3	4	5	6	7	<input type="checkbox"/>
54. the employee had a neat look.	1	2	3	4	5	6	7	<input type="checkbox"/>
55. the hairdressing utensils were clean.	1	2	3	4	5	6	7	<input type="checkbox"/>
56. the employee promptly dealt with my complaints or negative reactions to service.	1	2	3	4	5	6	7	<input type="checkbox"/>

	Strongly Disagree			Neither Agree Nor Disagree			Strongly Agree	It is Important
<ul style="list-style-type: none"> <li><b>In terms of social-psychological interaction in service, I am satisfied that the employee...</b></li> </ul>								
57. recognized and welcomed me whenever I visited the store.	1	2	3	4	5	6	7	<input type="checkbox"/>
58. entertained different customers in different ways.	1	2	3	4	5	6	7	<input type="checkbox"/>
59. the employee provided an occasion to speak my mind without reticence.	1	2	3	4	5	6	7	<input type="checkbox"/>
60. the employee made efforts to maintain a relationship with me after service.	1	2	3	4	5	6	7	<input type="checkbox"/>
<ul style="list-style-type: none"> <li><b>In terms of considerations of service alternatives, at the moment, I am satisfied that...</b></li> </ul>								
61. the employee had masterly skills in hairdressing in comparison with competitors.	1	2	3	4	5	6	7	<input type="checkbox"/>
62. the employee understood immediately what I wanted in comparison with competitors.	1	2	3	4	5	6	7	<input type="checkbox"/>
63. the opinions of my relatives and/or friends to my service outcome after my last visit made me satisfied.	1	2	3	4	5	6	7	<input type="checkbox"/>

- **Please check thoroughly your answer for completing each question**
- **Remember that you needed to tick in the left column all those you deem important for quality service.**

## Part 2.

From your perception of overall service performance, to what extent do you agree or disagree with the following statements?

	Completely Disagree			Neither Agree Nor Disagree			Completely Agree
<ul style="list-style-type: none"> <li><b>In terms of willingness of retention, .....</b></li> </ul>							
1. I have had a specific hairdresser over than one year.	1	2	3	4	5	6	7
2. I am extremely satisfied with overall service performance.	1	2	3	4	5	6	7
3. I will visit this store again.	1	2	3	4	5	6	7
4. I will increase my frequency of patronage in this store.	1	2	3	4	5	6	7
5. I will increase my expenditure in this store in the future.	1	2	3	4	5	6	7
6. I am glad to recommend this store to others.	1	2	3	4	5	6	7
7. I do not consider alternatives of this store.	1	2	3	4	5	6	7

## Respondent Information

The following information will be treated confidentially and used for the research only. Please answer each question by either writing it down or ticking the box applied to you.

1. Sex:            1.  Male            2.  Female
  
2. Education:
  1.  Elementary school / Junior high school
  2.  High school / Vocational school
  3.  College / University
  4.  Post graduate school and above
  5.  Others, please specify: \_\_\_\_\_
  
3. What is your age? \_\_\_\_\_
  
4. What is your occupation in general?
  1.  Unemployment/ Retirement
  2.  Housewife / Student
  3.  General employee / Technical staff
  4.  Professional / Manager
  5.  Others, please specify: \_\_\_\_\_
  
5. What is your total fixed income one month on average? \_\_\_\_\_
  
6. How often do you go to this hair salon/barbershop on average?
  1.  Once a week
  2.  Twice a month
  3.  Every one month
  4.  Every two months
  5.  Every three months
  6.  Others, please specify: \_\_\_\_\_
  
7. How much do you spend each time on the service of hair salon/barbershop on average? \_\_\_\_\_
  
8. In general, what kind of service do your expenditure spend on in a hair salon/barbershop? (Single or Multiple choice)
  1.  Shampooing / Blow-dry
  2.  Haircutting
  3.  Perm
  4.  Colour-treated
  5.  Nourishment
  6.  Others, please specify: \_\_\_\_\_

**Please check thoroughly that you have completed each question.**

**Thank you for your contribution to this research.**

## 服務消費實況與顧客態度調查

親愛的消費者，謝謝您撥空參與這項跨國性的學術研究調查。您個人乃是經由隨機抽樣下所挑選出來的消費者答卷代表者。在此提醒您的是，對於以下所有問項，您個人所表示的意見將沒有所謂對錯之分。重點在於瞭解台灣的消費者在進行美髮服務消費時，根據本身所認知的服務價值對服務人員所表現出來的服務績效的看法。每一個問項都需要您的參與。

\* 為回饋您的參與，我們準備了各種禮卷要送給您。凡於民國九十一年四月二十五日以前（以郵戳為憑）寄回問卷（逾期視為自動棄權），並在確認您針對每一個問題皆提供了寶貴的意見之後，我們將根據您個人所提供資料寄出謝禮。為維護您的隱私權，請在回答全部問題之後，放入隨此問卷所附的已貼回郵信封袋，封口後直接投入郵筒。謝謝您的協助！

澳洲國立阿德雷得大學商學院  
副教授 Dr. Pascale Quester  
行銷博士班研究生 陳淑青  
E-mail: shu-ching.chen@adelaide.edu.au

### 第一部份：

步驟一、請就您個人這一次在這家店內的實際消費經驗，以及與美髮師或髮型設計師（以下通稱美髮師）的互動結果，和以下每一項陳述的內容相互對照，然後根據個別數目字所代表的意義圈選出您個人對所陳述內容的同意程度。

步驟二、請根據以下的每一項陳述，在□中勾選出任何您個人在美髮消費上覺得重要的服務要素。

	一、							二、 這一點對我來說重要
	完全不同意	相當不同意	不同意	無法確定	同意	相當同意	完全同意	
● 在這家店消費，令我感到滿意的地方在於...								
1. 服務我的美髮師言行舉止有禮貌。	1	2	3	4	5	6	7	<input type="checkbox"/>
2. 服務我的美髮師態度友善親切。	1	2	3	4	5	6	7	<input type="checkbox"/>
3. 服務我的美髮師有著殷勤的的言行舉止。	1	2	3	4	5	6	7	<input type="checkbox"/>
4. 服務我的美髮師會誠實的回應我所做的消費決定，譬如老實的告訴我，我本身所選擇的髮型適不適合我。	1	2	3	4	5	6	7	<input type="checkbox"/>
5. 服務我的美髮師，處處顯示出為我著想的言行舉止。	1	2	3	4	5	6	7	<input type="checkbox"/>
6. 服務我的美髮師，會注意到種種服務上的細節。	1	2	3	4	5	6	7	<input type="checkbox"/>
7. 服務我的美髮師所提供的服務品質水準，與其他分店的人員相同。	1	2	3	4	5	6	7	<input type="checkbox"/>
8. 服務我的美髮師能在察覺同業競爭狀況下，提供我不輸給競爭對手的服務水準。	1	2	3	4	5	6	7	<input type="checkbox"/>
9. 服務我的美髮師能在事先了解我個人偏好、需求、或是消費動機下，提供我個人化的服務。	1	2	3	4	5	6	7	<input type="checkbox"/>
10. 服務我的美髮師讓我在服務過程中，感受到樂趣。	1	2	3	4	5	6	7	<input type="checkbox"/>
11. 服務我的美髮師在服務過程中，讓我感到輕鬆、自在。	1	2	3	4	5	6	7	<input type="checkbox"/>
12. 這家店店內的環境整潔。	1	2	3	4	5	6	7	<input type="checkbox"/>

	完全不同意	相當不同意	不同意	無法確定	同意	相當同意	完全同意	這一點對我來說重要
● 在這家店消費，令我感到滿意的地方在於...								
13. 這家店服務顧客的座位彼此間的距離夠寬，考量到顧客的隱私感。	1	2	3	4	5	6	7	<input type="checkbox"/>
14. 這家店內提供了附加的服務設施，譬如電視、錄影帶，供我在店內消費時可用。	1	2	3	4	5	6	7	<input type="checkbox"/>
15. 服務我的美髮師提供了與我口頭上要求一致的服務。	1	2	3	4	5	6	7	<input type="checkbox"/>
16. 服務我的美髮師所提供的服務，讓我感覺到是特別為我個人量身定做的。	1	2	3	4	5	6	7	<input type="checkbox"/>
17. 服務我的美髮師讓我有「來此花錢消費，真值得！」的感受。	1	2	3	4	5	6	7	<input type="checkbox"/>
18. 服務我的美髮師節省了我花在溝通服務上的時間，因為她/他是我在此店裡的特定或熟悉的美髮師。	1	2	3	4	5	6	7	<input type="checkbox"/>
19. 服務我的美髮師有足夠的權限能力，能適時處理我在服務上的需求。	1	2	3	4	5	6	7	<input type="checkbox"/>
20. 服務我的美髮師會主動的詢問我，對所提供服務的滿意程度，並且能夠根據所獲得的意見來修正。	1	2	3	4	5	6	7	<input type="checkbox"/>
21. 我來這家店消費，路上所需要花費的時間少。	1	2	3	4	5	6	7	<input type="checkbox"/>
22. 服務我的美髮師所設計出來的髮型持久。	1	2	3	4	5	6	7	<input type="checkbox"/>
23. 服務我的美髮師所設計出來的髮型，讓我離店後自己也能動手整理維護。	1	2	3	4	5	6	7	<input type="checkbox"/>
24. 這家店能有彈性的為顧客調整營業或關店的時間。	1	2	3	4	5	6	7	<input type="checkbox"/>
25. 這家店由一位非實習生的美髮師提供我全程的服務。	1	2	3	4	5	6	7	<input type="checkbox"/>
26. 這家店提供了我能事先預約的服務制度。	1	2	3	4	5	6	7	<input type="checkbox"/>
27. 服務我的美髮師能夠應用最新的美髮技術，創造出時髦的髮型。	1	2	3	4	5	6	7	<input type="checkbox"/>
28. 服務我的美髮師有能力在我平常的髮型中，創造出新鮮感。	1	2	3	4	5	6	7	<input type="checkbox"/>
29. 服務我的美髮師讓我能體驗到不斷更新的服務方式。	1	2	3	4	5	6	7	<input type="checkbox"/>
30. 這家店讓我能夠自由的選擇美髮師。	1	2	3	4	5	6	7	<input type="checkbox"/>
31. 服務我的美髮師會主動的告知，對我有好處的消費訊息或資訊。	1	2	3	4	5	6	7	<input type="checkbox"/>
32. 服務我的美髮師不會在我消費時，向我推銷，給我壓力。	1	2	3	4	5	6	7	<input type="checkbox"/>
33. 服務我的美髮師能有誠意的處理或回應，我對服務的抱怨或意見。	1	2	3	4	5	6	7	<input type="checkbox"/>
34. 這家店對常來的顧客，提供了有別於一般顧客的不同服務。	1	2	3	4	5	6	7	<input type="checkbox"/>
35. 這家店對常來的顧客，提供了消費金額上的折扣。	1	2	3	4	5	6	7	<input type="checkbox"/>
36. 這家店對常來的顧客，提供了吸引人的贈品。	1	2	3	4	5	6	7	<input type="checkbox"/>
37. 服務我的美髮師在服務中，會主動與我溝通。	1	2	3	4	5	6	7	<input type="checkbox"/>
38. 服務我的美髮師會提供我額外的服務，來取悅我。	1	2	3	4	5	6	7	<input type="checkbox"/>
39. 服務我的美髮師為我所設計出來的髮型，具有美感。	1	2	3	4	5	6	7	<input type="checkbox"/>
40. 這家店店面的外觀所呈現的美感，與為我服務的美髮師所設計出來的髮型感覺一樣。	1	2	3	4	5	6	7	<input type="checkbox"/>

	完全不同意	相當不同意	不同意	無法確定	同意	相當同意	完全同意	這一點對我來說重要
● 在這家店消費，令我感到滿意的地方在於...								
41. 這家店會跟著競爭者活動，也舉辦類似的短期降價促銷。	1	2	3	4	5	6	7	<input type="checkbox"/>
42. 服務我的美髮師在服務出錯時，能正面積極的採取補救措施。	1	2	3	4	5	6	7	<input type="checkbox"/>
43. 這家店所使用的美髮產品的品質，讓我有付錢付的真值得的感受。	1	2	3	4	5	6	7	<input type="checkbox"/>
44. 服務我的美髮師展現在我頭髮上的美髮成果，讓我有付錢付的真值得的感受。	1	2	3	4	5	6	7	<input type="checkbox"/>
45. 服務我的美髮師提供給我的服務內容，讓我有付錢付的真值得的感受。	1	2	3	4	5	6	7	<input type="checkbox"/>
46. 我來這家店裡消費所停留的時間，讓我有付錢付的真值得的感受。	1	2	3	4	5	6	7	<input type="checkbox"/>
47. 這家店所舉辦的促銷活動，讓我感覺公平合理、沒有被欺騙的感覺。	1	2	3	4	5	6	7	<input type="checkbox"/>
48. 這家店所提供的促銷贈品，考量到我的利益或興趣。	1	2	3	4	5	6	7	<input type="checkbox"/>
49. 我能由各種不同的媒介管道，得知這家店的促銷活動訊息。	1	2	3	4	5	6	7	<input type="checkbox"/>
50. 這家店所舉辦的促銷活動，能讓我無須擔心風險的參與。	1	2	3	4	5	6	7	<input type="checkbox"/>
51. 這家店堅持提供顧客高於一般品質的服務。	1	2	3	4	5	6	7	<input type="checkbox"/>
52. 服務我的美髮師在服務中，竭盡所能的為維護並提升公司信譽而賣力。	1	2	3	4	5	6	7	<input type="checkbox"/>
53. 服務我的美髮師確切執行了安排給我的服務流程。	1	2	3	4	5	6	7	<input type="checkbox"/>
54. 服務我的美髮師儀容上整齊乾淨。	1	2	3	4	5	6	7	<input type="checkbox"/>
55. 服務我的美髮師所使用的美髮工具清潔衛生。	1	2	3	4	5	6	7	<input type="checkbox"/>
56. 服務我的美髮師能迅速的處理我所做的抱怨或對服務上的意見。	1	2	3	4	5	6	7	<input type="checkbox"/>
57. 在我每一次上門時，為我服務過的美髮師就能認出我來並且問候迎接。	1	2	3	4	5	6	7	<input type="checkbox"/>
58. 服務我的美髮師對不同的顧客，都能提供投其所好的不同服務。	1	2	3	4	5	6	7	<input type="checkbox"/>
59. 服務我的美髮師在與我互動中，讓我能暢所欲言的抒發。	1	2	3	4	5	6	7	<input type="checkbox"/>
60. 在我離店後，為我服務過的美髮師還做種種嘗試，努力與我維繫關係。	1	2	3	4	5	6	7	<input type="checkbox"/>
61. 服務我的美髮師所提供的美髮技術，比我消費過的其他店家的美髮師，專業化的程度高。	1	2	3	4	5	6	7	<input type="checkbox"/>
62. 我與服務我的美髮師在溝通我個人的服務需求時，所需要花費的時間，比我消費過的其他店家的美髮師短。	1	2	3	4	5	6	7	<input type="checkbox"/>
63. 親友對我前次來此消費，為我服務的美髮師所展現的服務結果有正面的評價。	1	2	3	4	5	6	7	<input type="checkbox"/>

\* 請檢查一遍，以上所有問題是否已經“全部”回答完畢！

\* 並提醒你，是否已經將所有您個人認為重要的服務要素在  裡勾選出來！

第二部份：就您個人這一次在此店內消費後的實際經驗以及對整體服務的評價，和以下每一項陳述的內容相互對照，根據個別數目字所代表的意義圈選出您個人對所陳述內容的同意程度。

	完 全 不 同 意	相 當 不 同 意	不 同 意	無 法 確 定	同 意	相 當 同 意	完 全 同 意
1. 我在這家店有固定的美髮師，為我服務已經超過一年了。	1	2	3	4	5	6	7
2. 我很滿意這家店所提供整體的服務表現。	1	2	3	4	5	6	7
3. 我還會再度光臨這家店。	1	2	3	4	5	6	7
4. 我願意增加光臨這家店的次數。	1	2	3	4	5	6	7
5. 我願意選擇在這家店進行其他的美髮服務消費。	1	2	3	4	5	6	7
6. 我樂意推薦這家店給其他人。	1	2	3	4	5	6	7
7. 我不會考慮可能替代目前這家店的其他選擇。	1	2	3	4	5	6	7

\* 請檢查一遍，以上所有兩大部分的問題是否已經”全部”回答完畢！

受訪者基本資料：請依據以下問題逐一回答，或勾選出適合的答案。您所提供的資料僅供本研究使用，所有回答內容將獲得保密。

1. 性別：1.  男                      2.  女
2. 請問您的教育程度(目前已獲得的學位)：
  1.  國小 / 國中及以下    2.  高中 / 高職    3.  專科    4.  大學    5.  碩士或以上
3. 請問您的年齡：\_\_\_\_\_ 歲
4. 請問以下何者最適合描述您目前的職業別：(單選)
  1.  待業中/退休    2.  家庭主婦/學生    3.  一般員工/技術人員    4.  專業人士/經理人
  5.  其它，請註明：\_\_\_\_\_
5. 請問您個人平均每月固定的總收入？新台幣 \_\_\_\_\_ 元
6. 一般來說，請問您平均多久會光臨一次美髮店或美容院？
  1.  一星期一次    2.  一個月兩次    3.  一個月一次    4.  兩個月一次
  5.  三個月一次    6.  其它，請註明：\_\_\_\_\_
7. 一般來說，請問您每一次到美髮店或美容院的平均消費金額？新台幣 \_\_\_\_\_ 元
8. 一般來說，請問您每一次光臨美髮店或美容院經常的消費項目？(可單選或複選)
  1.  洗髮    2.  剪髮    3.  燙髮    4.  染髮    5.  護髮
  6.  其它，請註明：\_\_\_\_\_

麻煩請再次檢視，以上本問卷中”所有問題是否全部填答完整”。

謝謝您對本研究所做出的貢獻！

問卷編號：

### **Appendix 3. ANOVA Analysis of Non-response Bias**

- Measurement for Service Employees' Perception of Management Support
- Measurement for Service Employees' Efforts
- Measurement for Customers' Satisfaction on Service Employees' Efforts
- Measurement for Customer Retention



## ANOVA Analysis of Non-response Bias:

### Measurement for Service Employees' Perceptions of Management Support

Items	Distribution				F value
	1st		2nd		
s1	5.587 <sup>a</sup>	(1.057) <sup>b</sup>	5.500 <sup>a</sup>	(1.011) <sup>b</sup>	.251
s2	6.112	(.889)	5.854	(.825)	3.129
s3	5.972	(.949)	5.979	(.887)	.002
s4	5.476	(1.093)	5.667	(.953)	1.169
s5	5.524	(1.080)	5.729	(1.067)	1.299
s6	5.692	(1.022)	5.688	(.971)	.001
s7	5.259	(1.033)	5.208	(1.166)	.080
s8	4.937	(1.133)	4.958	(1.031)	.013
s9	5.615	(1.156)	5.604	(1.125)	.003
s10	5.566	(1.025)	5.667	(1.117)	.328
s11	5.406	(1.140)	5.438	(1.070)	.029
s12	5.364	(1.098)	5.417	(.846)	.093
s13	5.469	(1.093)	5.250	(.812)	1.617
s14	5.273	(1.082)	5.333	(.834)	.125
s15	5.273	(1.344)	5.438	(1.070)	.595
s16	5.713	(1.039)	5.438	(.897)	2.704
s17	5.853	(.919)	5.646	(.838)	1.909
s18	5.811	(.942)	5.875	(.789)	.178
s19	5.664	(1.081)	5.417	(.986)	1.969
s20	5.497	(1.054)	5.083	(1.145)	5.284*
s21	5.776	(1.051)	5.625	(.866)	.809
s22	5.615	(1.087)	5.542	(.798)	.187
s23	5.437	(1.145)	5.250	(.887)	1.058
s24	5.608	(.993)	5.417	(1.007)	1.330
s25	4.986	(1.348)	4.938	(1.210)	.049
s26	5.147	(1.278)	5.208	(1.091)	.089
s27	5.510	(1.093)	5.333	(1.078)	.950
s28	5.615	(1.087)	5.604	(.984)	.004
s29	5.622	(1.067)	5.646	(.934)	.018
s30	5.210	(1.174)	5.063	(1.245)	.549
s31	5.378	(1.125)	5.333	(1.038)	.058
s32	5.566	(.983)	5.438	(1.029)	.604

\* p< .05; a. mean; b. standard deviation

Measurement for Service Employees' Efforts

Items	Distribution				F value
	1st		2nd		
aa1	5.972 <sup>a</sup>	(.896) <sup>b</sup>	5.979 <sup>a</sup>	(.956) <sup>b</sup>	.002
aa2	6.070	(.869)	5.958	(.898)	.582
aa3	5.776	(1.017)	5.625	(1.104)	.761
aa4	5.881	(.946)	5.750	(1.000)	.671
aa5	5.846	(.952)	5.750	(1.000)	.358
aa6	5.909	(.911)	5.708	(1.031)	1.632
aa7	5.818	(.961)	5.708	(.898)	.484
aa8	5.818	(.932)	5.604	(1.180)	1.648
aa9	5.839	(.962)	5.771	(.857)	.191
aa10	5.755	(.980)	5.750	(.863)	.001
aa11	5.874	(.941)	5.875	(.789)	.000
aa12	5.545	(1.060)	5.521	(.945)	.020
aa13	5.343	(1.205)	5.146	(1.238)	.946
aa14	4.364	(1.697)	4.875	(1.468)	3.480
aa15	5.259	(1.086)	4.979	(1.194)	2.265
aa16	5.434	(1.091)	5.313	(1.114)	.438
aa17	5.811	(.896)	5.750	(.863)	.171
aa18	5.930	(.969)	5.750	(.812)	1.340
aa19	5.776	(1.017)	5.500	(1.072)	2.580
aa20	5.573	(1.051)	5.583	(.821)	.004
aa21	4.818	(1.039)	4.792	(.922)	.025
aa22	5.629	(.917)	5.604	(.893)	.028
aa23	5.797	(.946)	5.896	(.857)	.409
aa24	4.427	(1.590)	4.604	(1.735)	.428
aa25	4.497	(1.732)	4.292	(1.725)	.504
aa26	5.294	(1.244)	4.938	(1.295)	2.887
aa27	5.881	(.968)	5.646	(1.041)	2.044
aa28	5.755	(.913)	5.708	(.898)	.096
aa29	5.608	(.957)	5.708	(.898)	.404
aa30	5.965	(.974)	6.021	(1.082)	.111
aa31	6.007	(.876)	6.104	(.857)	.447
aa32	5.909	(.895)	5.792	(.922)	.609
aa33	5.846	(.944)	5.604	(.962)	2.338
aa34	5.182	(1.314)	5.146	(1.288)	.027
aa35	5.287	(1.237)	5.146	(1.185)	.476
aa36	4.748	(1.485)	4.646	(1.313)	.181
aa37	5.734	(.971)	5.771	(.722)	.057
aa38	5.343	(1.082)	5.292	(1.202)	.075
aa39	5.699	(.920)	5.688	(1.014)	.006
aa40	5.294	(1.150)	5.458	(.898)	.816
aa41	4.951	(1.493)	5.021	(1.345)	.082
aa42	5.937	(.913)	5.813	(.842)	.694
aa43	5.832	(1.048)	5.667	(.907)	.956
aa44	5.811	(.919)	5.833	(.834)	.022
aa45	5.776	(.915)	5.771	(.881)	.001
aa46	5.643	(.974)	5.375	(1.003)	2.687
aa47	5.916	(.908)	5.896	(.905)	.018
aa48	5.510	(1.180)	5.583	(.964)	.149
aa49	5.587	(1.147)	5.833	(.953)	1.791
aa50	5.727	(1.022)	5.854	(.922)	.581
aa51	5.965	(.915)	5.854	(.945)	.519
aa52	5.895	(.878)	5.854	(.825)	.081
aa53	5.797	(.900)	5.854	(.850)	.148
aa54	5.853	(.903)	5.938	(.783)	.334
aa55	5.860	(.969)	5.938	(.783)	.251
aa56	5.727	(.943)	5.854	(.899)	.665
aa57	5.615	(.956)	5.500	(.968)	.520
aa58	5.643	(1.017)	5.688	(.803)	.075
aa59	5.734	(.919)	5.750	(.934)	.010
aa60	5.517	(1.027)	5.479	(.945)	.052
aa61	5.678	(.961)	5.625	(.937)	.112
aa62	5.042	(1.174)	4.938	(1.119)	.291
aa63	5.573	(.923)	5.542	(.849)	.044

\* p<.05; a. mean; b. standard deviation

Measurement for Customers' Satisfaction on Service Employees' Efforts

Items	Distribution				F
	1st		2nd		
a1	6.332 <sup>a</sup>	(.661) <sup>b</sup>	6.024 <sup>a</sup>	(.896) <sup>b</sup>	.013
a2	6.385	(.630)	6.239	(.663)	.094
a3	6.125	(.699)	6.052	(.678)	.051
a4	6.195	(.735)	6.026	(.881)	.012
a5	6.052	(.768)	5.829	(.946)	.007
a6	5.987	(.747)	5.832	(.819)	.055
a7	5.079	(1.001)	4.847	(1.150)	.149
a8	5.912	(.867)	5.728	(.768)	.331
a9	6.204	(.697)	6.044	(.757)	.536
a10	5.850	(.721)	5.630	(.916)	.002
a11	6.168	(.668)	6.021	(.639)	.211
a12	6.077	(.725)	5.946	(.866)	.862
a13	5.527	(.829)	5.300	(1.060)	.162
a14	4.261	(1.203)	4.608	(1.340)	.005
a15	5.931	(.776)	5.792	(.791)	.291
a16	5.701	(.968)	5.696	(.902)	.094
a17	6.015	(.746)	5.910	(.876)	.011
a18	6.357	(.677)	6.273	(.693)	.074
a19	6.135	(.709)	5.963	(.752)	.082
a20	6.050	(.772)	6.111	(.729)	.329
a21	5.349	(1.371)	5.229	(1.425)	.028
a22	5.933	(.789)	5.734	(1.032)	.772
a23	5.952	(.787)	5.965	(.777)	.293
a24	4.966	(1.064)	5.292	(.971)	.034
a25	5.027	(1.466)	5.213	(1.259)	.264
a26	5.573	(.998)	5.514	(1.216)	.212
a27	5.710	(.830)	5.766	(.827)	.110
a28	5.774	(.860)	5.701	(.808)	.049
a29	5.676	(.889)	5.648	(1.066)	.462
a30	6.043	(.835)	5.783	(.979)	.066
a31	6.143	(.744)	5.991	(.758)	.089
a32	5.930	(.925)	5.701	(1.208)	.269
a33	6.026	(.766)	5.837	(.828)	.200
a34	5.238	(1.108)	5.505	(.893)	.554
a35	5.372	(1.170)	5.582	(.996)	2.147
a36	4.799	(1.125)	4.627	(1.147)	.046
a37	6.156	(.746)	6.004	(.757)	1.210
a38	4.824	(1.090)	4.882	(1.075)	.499
a39	6.012	(.742)	5.882	(.778)	.640
a40	5.420	(.933)	5.382	(.839)	.043
a41	5.436	(.840)	5.580	(.955)	.123
a42	5.738	(.930)	5.724	(.756)	.562
a43	5.665	(.871)	5.694	(.879)	.253
a44	5.988	(.799)	5.823	(.693)	.008
a45	6.004	(.774)	5.776	(.756)	.049
a46	5.718	(.889)	5.604	(.842)	.072
a47	5.739	(.841)	5.837	(.734)	.125
a48	4.990	(.974)	5.139	(.878)	.191
a49	5.191	(.966)	5.290	(.856)	.007
a50	5.570	(.795)	5.557	(.819)	.412
a51	5.729	(.837)	5.648	(.849)	.012
a52	6.011	(.833)	5.892	(.712)	.071
a53	5.999	(.839)	5.945	(.743)	.190
a54	6.329	(.667)	6.238	(.714)	.143
a55	5.983	(.855)	5.958	(.778)	.035
a56	6.020	(.789)	5.816	(.816)	1.336
a57	6.108	(.806)	6.092	(.944)	.104
a58	5.684	(.900)	5.731	(.750)	.010
a59	6.023	(.860)	5.951	(.760)	.121
a60	5.684	(1.038)	5.828	(.796)	.320
a61	6.060	(.862)	5.955	(.985)	.015
a62	5.683	(1.038)	5.701	(.979)	.061
a63	5.958	(.899)	5.792	(.823)	.310

\* p<.05; a. mean; b. standard deviation

### Measurement for Customer Retention

Items	Distribution				F value
	1st		2nd		
c1	5.975 <sup>a</sup>	(1.262) <sup>b</sup>	5.840	(1.335)	.395
c2	6.045	(.722)	6.077	(.657)	.074
c3	6.379	(.694)	6.340	(.657)	.114
c4	5.995	(.876)	6.007	(.832)	.006
c5	6.005	(.879)	5.823	(.859)	1.563
c6	6.174	(.824)	5.924	(.837)	3.296
c7	5.781	(1.058)	5.845	(.908)	.141

\* p<.05; a. mean; b. standard deviation

## **Appendix 4. Concurrent Validity**

- Cluster Analysis of the Samples of Service Employees
- Cluster Analysis of the Samples of Customers
- ANOVA for Concurrent Validity (the Firm)
- ANOVA for Concurrent Validity (the Customer)



**Concurrent validity:**

**Table 4a. Cluster Analysis of the Samples of Service Employees**

Variate Management support	Cluster		F value
	1: Low support	2: High support	
S1	5.060	6.133	67.477***
S2	5.550	6.589	101.666***
S3	5.400	6.600	134.138***
S4	5.030	6.078	60.586***
S5	4.930	6.300	127.192***
S6	5.150	6.300	90.838***
S7	4.610	5.956	124.395***
S8	4.410	5.533	65.110***
S9	4.970	6.333	102.865***
S10	5.060	6.189	76.978***
S11	4.730	6.178	134.418***
S12	4.800	6.011	96.765***
S13	4.770	6.122	141.145***
S14	4.710	5.922	101.407***
S15	4.680	6.022	71.078***
S16	5.060	6.300	113.595***
S17	5.240	6.433	146.879***
S18	5.230	6.500	183.650***
S19	4.970	6.311	124.937***
S20	4.790	6.067	97.945***
S21	5.160	6.389	111.302***
S22	4.990	6.278	124.055***
S23	4.800	6.044	92.050***
S24	4.990	6.200	109.207***
S25	4.290	5.733	81.299***
S26	4.570	5.822	65.354***
S27	4.880	6.122	90.279***
S28	4.960	6.344	139.721***
S29	4.970	6.367	158.194***
S30	4.590	5.822	68.517***
S31	4.800	6.011	82.158***
S32	4.970	6.167	106.795***
N	100	91	

\*\*\*p<0.001

**Table 4b. Cluster Analysis of the Samples of Customers**

Variate Retention	Cluster		F value
	1: Low retention	2: High retention	
C1	5.138	6.613	93.872 ***
C2	5.575	6.452	120.229 ***
C3	5.895	6.766	128.718 ***
C4	5.364	6.529	156.909 ***
C5	5.243	6.558	242.613 ***
C6	5.467	6.649	191.440 ***
C7	5.057	6.417	149.973 ***
N	87	104	

\*\*\*P<0.001

Table 4c. ANOVA for Concurrent Validity (the Firm)

Item	Employees' perception of management support in relation to their CVBMO efforts				F value
	Employee with Low support		Employee with High support		
	Mean <sup>a</sup>	Standard Deviation <sup>b</sup>	Mean <sup>a</sup>	Standard Deviation <sup>b</sup>	
AA1	5.600 <sup>a</sup>	(.853) <sup>b</sup>	6.400 <sup>a</sup>	(.776) <sup>b</sup>	45.377***
AA2	5.630	(.812)	6.511	(.691)	64.135***
AA3	5.330	(.933)	6.200	(.962)	40.000***
AA4	5.440	(.903)	6.311	(.802)	48.994***
AA5	5.440	(.880)	6.267	(.845)	43.395***
AA6	5.400	(.816)	6.389	(.775)	72.942***
AA7	5.360	(.859)	6.278	(.794)	58.105***
AA8	5.380	(.874)	6.200	(.962)	37.908***
AA9	5.360	(.835)	6.356	(.724)	76.311***
AA10	5.340	(.913)	6.222	(.761)	51.726***
AA11	5.510	(.893)	6.289	(.723)	43.055***
AA12	5.140	(.921)	6.000	(.948)	40.151***
AA13	4.940	(1.188)	5.700	(1.116)	20.530***
AA14	4.300	(1.418)	4.744	(1.833)	3.531
AA15	4.810	(.971)	5.611	(1.129)	27.639***
AA16	4.990	(.927)	5.911	(.967)	44.899***
AA17	5.330	(.739)	6.300	(.741)	81.341***
AA18	5.450	(.869)	6.356	(.754)	58.247***
AA19	5.210	(1.028)	6.244	(.724)	63.019***
AA20	5.110	(.909)	6.100	(.822)	61.513***
AA21	4.570	(.700)	5.078	(1.220)	12.688***
AA22	5.270	(.802)	6.022	(.861)	38.861***
AA23	5.370	(.812)	6.333	(.764)	70.447***
AA24	4.050	(1.403)	4.933	(1.740)	14.964***
AA25	4.130	(1.447)	4.789	(1.952)	7.077**
AA26	4.820	(1.201)	5.611	(1.196)	20.631***
AA27	5.330	(.922)	6.378	(.743)	73.361***
AA28	5.330	(.817)	6.200	(.782)	55.932***
AA29	5.160	(.849)	6.156	(.748)	72.787***
AA30	5.690	(.961)	6.300	(.953)	19.233***
AA31	5.610	(.852)	6.500	(.623)	66.364***
AA32	5.540	(.904)	6.256	(.743)	35.085***
AA33	5.360	(.847)	6.267	(.832)	55.191***
AA34	4.580	(1.084)	5.856	(1.186)	60.001***
AA35	4.820	(1.123)	5.756	(1.125)	32.835***
AA36	4.280	(1.240)	5.233	(1.484)	23.240***
AA37	5.290	(.844)	6.256	(.696)	73.012***
AA38	4.960	(.942)	5.767	(1.112)	29.275***
AA39	5.190	(.800)	6.278	(.719)	96.278***
AA40	4.850	(.999)	5.878	(.934)	53.325***
AA41	4.680	(1.246)	5.311	(1.591)	9.358**
AA42	5.450	(.809)	6.422	(.687)	78.884***
AA43	5.300	(.990)	6.344	(.721)	67.780***
AA44	5.380	(.789)	6.31	(.744)	69.650***
AA45	5.340	(.794)	6.267	(.761)	67.056***
AA46	5.140	(.853)	6.067	(.897)	53.238***
AA47	5.540	(.858)	6.333	(.764)	44.896***
AA48	5.140	(1.101)	5.967	(.999)	29.126***
AA49	5.200	(1.064)	6.156	(.923)	43.292***
AA50	5.290	(.856)	6.289	(.877)	62.982***
AA51	5.500	(.870)	6.422	(.719)	62.617***
AA52	5.420	(.755)	6.411	(.652)	92.913***
AA53	5.360	(.772)	6.322	(.716)	78.753***
AA54	5.430	(.756)	6.378	(.712)	78.684***
AA55	5.500	(.893)	6.311	(.759)	44.968***
AA56	5.390	(.852)	6.178	(.842)	40.954***
AA57	5.200	(.899)	6.022	(.834)	42.410***
AA58	5.300	(.870)	6.078	(.864)	38.084***
AA59	5.380	(.896)	6.144	(.773)	39.222***
AA60	5.180	(.936)	5.878	(.958)	25.745***
AA61	5.260	(.848)	6.122	(.859)	48.361***
AA62	4.750	(.947)	5.311	(1.304)	11.681***
AA63	5.240	(.793)	5.933	(.884)	32.470***

<sup>a</sup> Mean; <sup>b</sup> Standard Deviation; \*P<0.05, \*\*P<0.01, \*\*\*P<0.001

Table 4d. ANOVA for Concurrent Validity (the Customer)

Item	Customers' retention in relation to their satisfaction with the employees' CVBMO efforts				F value
	Customers with Low retention		Customers with High retention		
	Mean <sup>a</sup>	Standard Deviation <sup>b</sup>	Mean <sup>a</sup>	Standard Deviation <sup>b</sup>	
A1	5.908 <sup>a</sup>	(.818) <sup>b</sup>	6.544 <sup>a</sup>	(.507) <sup>b</sup>	43.110***
A2	6.096	(.709)	6.560	(.485)	28.630***
A3	5.903	(.727)	6.277	(.616)	14.860***
A4	5.880	(.773)	6.381	(.703)	22.038***
A5	5.670	(.824)	6.268	(.712)	28.954***
A6	5.630	(.784)	6.213	(.645)	31.798***
A7	4.822	(1.011)	5.187	(1.043)	5.968*
A8	5.546	(.726)	6.133	(.848)	25.842***
A9	5.803	(.701)	6.465	(.573)	51.660***
A10	5.454	(.767)	6.080	(.668)	36.426***
A11	5.839	(.702)	6.376	(.515)	36.998***
A12	5.804	(.717)	6.244	(.745)	17.087***
A13	5.136	(.855)	5.749	(.833)	25.025***
A14	4.195	(1.069)	4.477	(1.366)	2.437
A15	5.565	(.718)	6.172	(.724)	33.563***
A16	5.322	(.853)	6.016	(.913)	29.090***
A17	5.589	(.827)	6.323	(.550)	53.682***
A18	6.014	(.746)	6.605	(.478)	43.893***
A19	5.768	(.804)	6.363	(.510)	38.504***
A20	5.737	(.810)	6.340	(.592)	35.177***
A21	5.159	(1.397)	5.453	(1.362)	2.156
A22	5.458	(.793)	6.240	(.743)	49.353***
A23	5.644	(.738)	6.216	(.724)	29.045***
A24	4.806	(.901)	5.250	(1.122)	8.845**
A25	4.776	(1.358)	5.324	(1.422)	7.332**
A26	5.301	(1.033)	5.774	(1.027)	10.010**
A27	5.376	(.755)	6.015	(.775)	33.059***
A28	5.511	(.835)	5.960	(.803)	14.264***
A29	5.276	(.834)	5.998	(.888)	33.111***
A30	5.699	(.863)	6.211	(.824)	17.467***
A31	5.797	(.786)	6.363	(.609)	31.407***
A32	5.515	(.994)	6.171	(.917)	22.481***
A33	5.600	(.778)	6.296	(.638)	46.151***
A34	4.959	(.958)	5.595	(1.062)	18.512***
A35	5.193	(.897)	5.619	(1.265)	6.920**
A36	4.605	(.891)	4.881	(1.287)	2.855
A37	5.788	(.742)	6.393	(.638)	36.776***
A38	4.680	(.951)	4.971	(1.171)	3.461
A39	5.594	(.725)	6.302	(.611)	53.638***
A40	5.042	(.865)	5.718	(.829)	30.257***
A41	5.270	(.726)	5.641	(.945)	8.955**
A42	5.349	(.787)	6.057	(.839)	35.719***
A43	5.239	(.853)	6.034	(.706)	49.629***
A44	5.477	(.651)	6.340	(.642)	84.505***
A45	5.509	(.686)	6.313	(.645)	69.355***
A46	5.220	(.757)	6.082	(.774)	59.914***
A47	5.318	(.679)	6.137	(.728)	63.669***
A48	4.653	(.826)	5.340	(.937)	28.311***
A49	4.832	(.872)	5.538	(.871)	31.079***
A50	5.117	(.573)	5.943	(.767)	68.691***
A51	5.301	(.756)	6.049	(.751)	46.764***
A52	5.559	(.765)	6.333	(.655)	56.733***
A53	5.536	(.774)	6.361	(.640)	64.984***
A54	5.947	(.710)	6.606	(.477)	58.270***
A55	5.479	(.826)	6.394	(.574)	80.906***
A56	5.523	(.747)	6.341	(.635)	66.878***
A57	5.657	(.861)	6.478	(.612)	58.953***
A58	5.241	(.721)	6.076	(.787)	57.414***
A59	5.563	(.839)	6.375	(.627)	58.379***
A60	5.191	(.958)	6.163	(.763)	60.834***
A61	5.508	(.865)	6.474	(.645)	77.897***
A62	5.195	(.873)	6.100	(.953)	46.023***
A63	5.519	(.767)	6.248	(.836)	38.734***

<sup>a</sup> Mean; <sup>b</sup> Standard Deviation; \*P<0.05, \*\*P<0.01, \*\*\*P<0.001



## **Appendix 5. Predictive Validity**

- Management Support to Employee Efforts
- Customer Satisfaction to Customer Retention



## Predictive validity:

Table 5a. Management Support (S1~S32) to Employee Effort (AA1~AA63)\*

	S1	S2	S3	S4	S5	S6	S7	S8	S9	S10	S11	S12	S13	S14	S15	S16	S17	S18	S19	S20	S21	S22	S23	S24	S25	S26	S27	S28	S29	S30	S31	S32
AA1	.382	.410	.410	.446	.349	.520	.442	.360	.425	.426	.274	.278	.382	.410	.328	.414	.475	.469	.350	.383	.326	.397	.330	.341	.309	.286	.331	.481	.399	.330	.367	.389
AA2	.383	.456	.440	.447	.398	.564	.452	.361	.452	.421	.326	.324	.429	.409	.298	.469	.517	.508	.403	.402	.382	.425	.348	.371	.336	.301	.388	.539	.454	.341	.372	.416
AA3	.390	.412	.281	.431	.380	.430	.392	.303	.383	.395	.219	.396	.373	.371	.367	.388	.372	.316	.436	.397	.352	.323	.305	.401	.371	.429	.472	.370	.369	.328	.345	
AA4	.328	.359	.343	.363	.335	.447	.424	.304	.421	.363	.309	.301	.452	.468	.322	.417	.428	.455	.339	.324	.286	.276	.335	.304	.319	.289	.401	.398	.395	.323	.287	.279
AA5	.368	.365	.394	.427	.424	.475	.438	.322	.419	.403	.342	.299	.424	.426	.341	.433	.511	.503	.307	.308	.305	.414	.369	.340	.342	.344	.315	.381	.362	.257	.355	.364
AA6	.450	.478	.421	.479	.438	.502	.480	.315	.460	.416	.419	.366	.471	.440	.377	.499	.567	.508	.401	.397	.404	.454	.451	.420	.380	.387	.402	.477	.410	.364	.384	.395
AA7	.414	.462	.472	.514	.455	.463	.496	.316	.440	.456	.381	.349	.408	.416	.429	.440	.495	.493	.368	.397	.357	.398	.459	.343	.378	.409	.423	.465	.427	.421	.393	.423
AA8	.385	.408	.321	.404	.370	.361	.395	.273	.324	.330	.285	.304	.395	.375	.473	.401	.438	.414	.273	.486	.330	.375	.384	.286	.404	.334	.381	.415	.337	.436	.356	.339
AA9	.309	.389	.412	.413	.479	.489	.536	.382	.447	.426	.307	.362	.481	.477	.390	.507	.564	.561	.353	.379	.375	.454	.349	.316	.262	.286	.309	.467	.416	.345	.371	.420
AA10	.353	.399	.338	.447	.453	.476	.456	.372	.386	.412	.319	.287	.410	.393	.384	.413	.490	.490	.320	.389	.400	.413	.343	.280	.413	.421	.406	.511	.405	.303	.358	.397
AA11	.344	.392	.303	.388	.367	.426	.361	.367	.360	.413	.348	.286	.384	.307	.321	.383	.480	.444	.277	.393	.363	.430	.312	.324	.379	.440	.370	.449	.367	.294	.327	.339
AA12	.351	.350	.344	.463	.440	.425	.416	.319	.441	.464	.408	.321	.448	.441	.386	.368	.428	.462	.318	.406	.375	.438	.406	.406	.404	.425	.380	.443	.338	.370	.428	.365
AA13	.330	.387	.249	.400	.305	.393	.327	.374	.279	.298	.418	.234	.323	.360	.374	.352	.333	.344	.267	.343	.339	.317	.252	.372	.435	.472	.470	.506	.319	.373	.376	.302
AA14	.048	.075	.159	.314	.189	.269	.260	.194	.168	.220	.205	.216	.155	.301	.225	.087	.14	.205	.13	.193	.144	.196	.042	.154	.156	.247	.155	.266	.194	.229	.317	.233
AA15	.323	.372	.354	.316	.338	.370	.416	.320	.366	.359	.350	.274	.357	.371	.371	.391	.408	.408	.370	.440	.371	.335	.317	.401	.398	.464	.364	.404	.326	.395	.346	.312
AA16	.311	.308	.356	.334	.386	.362	.415	.389	.377	.319	.297	.259	.322	.257	.333	.373	.391	.374	.383	.391	.335	.377	.419	.303	.333	.334	.305	.348	.375	.285	.409	.357
AA17	.319	.371	.446	.462	.515	.507	.534	.482	.461	.455	.430	.330	.438	.442	.493	.530	.549	.534	.423	.444	.376	.462	.372	.380	.458	.455	.410	.510	.440	.358	.428	.442
AA18	.343	.411	.426	.407	.427	.432	.410	.310	.367	.372	.418	.338	.432	.332	.317	.487	.511	.538	.432	.428	.472	.498	.392	.465	.406	.401	.395	.482	.392	.369	.410	.390
AA19	.417	.421	.380	.462	.402	.493	.433	.348	.374	.433	.482	.343	.395	.472	.352	.443	.518	.508	.516	.551	.461	.455	.331	.593	.487	.492	.392	.477	.360	.413	.413	.307
AA20	.424	.384	.379	.505	.513	.456	.471	.393	.422	.449	.413	.323	.417	.409	.464	.472	.497	.538	.427	.484	.450	.478	.376	.378	.475	.473	.391	.517	.444	.382	.392	.400
AA21	.137	.260	.230	.275	.304	.238	.372	.358	.292	.331	.265	.254	.257	.277	.217	.192	.196	.212	.279	.216	.189	.268	.246	.205	.259	.326	.138	.197	.261	.255	.314	.253
AA22	.404	.405	.430	.424	.508	.430	.488	.429	.375	.363	.361	.291	.347	.383	.392	.478	.499	.478	.401	.368	.329	.437	.271	.321	.345	.337	.317	.438	.377	.338	.307	.417
AA23	.389	.361	.398	.429	.495	.478	.564	.438	.427	.442	.362	.323	.426	.428	.466	.519	.577	.581	.438	.410	.363	.454	.358	.389	.335	.373	.339	.456	.394	.268	.360	.408
AA24	.252	.213	.262	.363	.292	.305	.325	.314	.243	.315	.263	.206	.269	.408	.371	.215	.208	.235	.143	.264	.227	.226	.210	.193	.347	.317	.286	.342	.284	.322	.288	.306
AA25	.280	.153	.168	.214	.243	.131	.261	.195	.215	.247	.171	.217	.265	.302	.310	.203	.206	.201	.117	.259	.119	.147	.209	.078	.258	.307	.194	.224	.211	.280	.182	.180
AA26	.331	.309	.304	.348	.273	.335	.389	.299	.135	.179	.260	.13	.238	.390	.256	.338	.415	.400	.454	.439	.423	.317	.223	.356	.404	.337	.382	.425	.309	.459	.393	.374
AA27	.429	.482	.458	.345	.467	.499	.526	.404	.454	.438	.452	.342	.413	.404	.340	.474	.586	.536	.434	.461	.418	.398	.353	.411	.451	.430	.405	.511	.419	.428	.490	.451
AA28	.376	.405	.428	.376	.469	.443	.458	.326	.375	.332	.431	.444	.496	.392	.373	.537	.491	.491	.435	.443	.415	.456	.322	.334	.445	.348	.388	.465	.465	.329	.411	.427
AA29	.378	.358	.445	.462	.495	.452	.521	.460	.463	.424	.484	.465	.498	.492	.459	.537	.540	.513	.417	.444	.364	.481	.409	.416	.499	.379	.357	.458	.417	.357	.435	.419
AA30	.173	.169	.248	.239	.280	.223	.173	.185	.195	.198	.290	.221	.238	.186	.314	.274	.311	.334	.215	.288	.287	.337	.265	.328	.305	.251	.275	.330	.293	.282	.275	.207
AA31	.317	.253	.345	.347	.441	.480	.418	.319	.324	.303	.403	.400	.495	.433	.398	.474	.484	.482	.419	.403	.472	.441	.300	.441	.351	.315	.362	.487	.411	.340	.362	.370
AA32	.319	.273	.329	.276	.370	.388	.338	.247	.312	.249	.342	.330	.348	.323	.229	.381	.424	.420	.396	.300	.365	.342	.291	.398	.305	.279	.288	.386	.325	.319	.342	.343
AA33	.388	.384	.356	.347	.475	.446	.442	.283	.396	.392	.419	.412	.455	.377	.354	.517	.514	.495	.473	.447	.424	.463	.386	.415	.379	.322	.356	.481	.395	.367	.352	.417
AA34	.314	.324	.320	.440	.446	.526	.466	.427	.401	.461	.430	.449	.396	.514	.377	.422	.446	.507	.480	.463	.419	.385	.350	.431	.335	.336	.258	.353	.329	.411	.443	.400
AA35	.313	.288	.260	.353	.385	.440	.405	.349	.329	.369	.423	.385	.376	.480	.366	.329	.342	.392	.402	.416	.374	.398	.359	.449	.352	.392	.267	.340	.291	.408	.381	.327
AA36	.329	.277	.265	.361	.341	.321	.268	.284	.266	.357	.398	.461	.446	.401	.333	.322	.354	.331	.365	.459	.443	.453	.247	.380	.414	.453	.307	.374	.387	.470	.366	.343
AA37	.363	.337	.363	.389	.483	.428	.477	.329	.377	.369	.475	.463	.532	.445	.376	.540	.571	.571	.470	.435	.470	.434	.413	.429	.407	.396	.484	.507	.390	.424	.529	
AA38	.206	.189	.258	.322	.359	.360	.358	.281	.291	.302	.364	.353	.399	.416	.390	.387	.360	.398	.371	.393	.355	.308	.260	.231	.328	.265	.290	.293	.300	.347	.301	.302
AA39	.299	.342	.375	.429	.552	.539	.500	.372	.432	.408	.499	.419	.466	.402	.368	.489	.530	.556	.506	.466	.521	.474	.244	.418	.411	.415	.411	.520	.479	.376	.443	.506
AA40	.373	.291	.262	.384	.417	.434	.386	.387	.407	.429	.510	.473	.493	.464	.421	.452	.416	.411	.397	.424	.358	.467	.405	.320	.465	.382	.297	.381	.466	.429	.458	.426
AA41	.192	.170	.143	.12	.176	.09	.07	.071	.087	.133	.173	.151	.261	.261	.257	.164	.180	.176	.183	.204	.213	.243	.230	.179	.124	.165	.195	.231	.269	.155	.135	.143
AA42	.350	.374	.445	.385	.444	.469	.422	.383	.318	.341	.406	.389	.487	.483	.370	.487	.550	.545	.492	.459	.527	.488	.395	.501	.433	.468	.439	.516	.480	.400	.452	.406
AA43	.366	.430	.406	.425	.433	.384	.462	.313	.383	.375	.401	.395	.515	.438	.416	.487	.501	.523	.445	.437	.379	.452	.365	.408	.352	.360	.389	.428	.453	.370	.427	.467
AA44	.320	.325	.417	.412	.497	.444	.500	.345	.382	.374	.433	.380	.486	.465	.427	.492	.560	.558	.482	.462	.489	.523	.360	.475	.484	.423	.374	.501	.415	.385	.431	.430

Table 5a. (Continued)

AA45	.348	.378	.418	.453	.506	.495	.501	.361	.424	.392	.430	.354	.456	.423	.357	.471	.481	.557	.493	.448	.449	.523	.325	.479	.443	.402	.315	.447	.406	.364	.416	.392
AA46	.291	.285	.337	.445	.449	.461	.451	.349	.380	.331	.350	.239	.385	.435	.432	.445	.485	.449	.447	.450	.433	.467	.341	.366	.390	.317	.376	.452	.351	.354	.372	.404
AA47	.249	.277	.316	.252	.420	.282	.302	.253	.292	.289	.296	.282	.350	.329	.324	.357	.411	.419	.374	.271	.338	.406	.448	.394	.348	.306	.352	.321	.348	.224	.297	.252
AA48	.245	.240	.224	.309	.337	.288	.237	.189	.282	.304	.301	.265	.381	.373	.409	.360	.342	.353	.318	.361	.373	.442	.257	.283	.326	.302	.338	.362	.373	.284	.212	.292
AA49	.274	.310	.360	.306	.419	.413	.351	.302	.341	.386	.314	.313	.345	.355	.298	.312	.368	.419	.339	.260	.395	.434	.311	.414	.357	.286	.373	.450	.411	.255	.297	.325
AA50	.309	.271	.344	.329	.453	.360	.329	.264	.296	.294	.321	.358	.425	.455	.385	.400	.421	.502	.476	.373	.461	.463	.383	.390	.369	.349	.322	.384	.465	.270	.282	.306
AA51	.267	.296	.403	.319	.429	.348	.391	.327	.371	.328	.372	.366	.504	.393	.329	.462	.454	.486	.432	.407	.424	.426	.399	.422	.417	.357	.386	.433	.495	.346	.365	.365
AA52	.353	.403	.494	.492	.502	.504	.489	.401	.434	.443	.453	.401	.479	.431	.414	.551	.545	.582	.525	.457	.498	.491	.379	.436	.504	.424	.455	.550	.501	.399	.432	.490
AA53	.269	.289	.370	.470	.500	.483	.518	.392	.467	.450	.429	.369	.420	.402	.350	.483	.526	.550	.474	.366	.434	.451	.317	.388	.390	.313	.309	.421	.423	.285	.379	.450
AA54	.252	.303	.397	.418	.474	.518	.475	.287	.393	.364	.435	.418	.473	.429	.351	.468	.503	.539	.383	.417	.459	.427	.267	.389	.452	.332	.372	.493	.421	.350	.344	.417
AA55	.202	.247	.320	.382	.424	.435	.415	.251	.393	.390	.338	.366	.389	.326	.268	.337	.350	.435	.364	.350	.429	.350	.245	.331	.388	.355	.391	.431	.361	.330	.328	.351
AA56	.222	.252	.326	.389	.396	.476	.490	.344	.386	.384	.363	.366	.361	.426	.249	.412	.431	.494	.446	.337	.353	.395	.259	.361	.361	.310	.230	.353	.344	.346	.358	.305
AA57	.367	.411	.389	.396	.426	.505	.441	.350	.429	.408	.396	.417	.398	.326	.287	.326	.404	.367	.402	.353	.362	.410	.301	.409	.368	.298	.352	.412	.349	.335	.329	.361
AA58	.247	.286	.282	.465	.491	.507	.452	.311	.397	.458	.425	.425	.435	.442	.420	.370	.398	.456	.420	.365	.426	.429	.316	.388	.363	.295	.324	.445	.367	.336	.357	.363
AA59	.270	.269	.360	.443	.439	.457	.506	.342	.403	.418	.381	.429	.392	.376	.307	.386	.438	.458	.448	.387	.397	.442	.281	.356	.382	.312	.348	.424	.368	.315	.396	.430
AA60	.297	.283	.262	.406	.409	.421	.380	.268	.369	.323	.420	.431	.365	.359	.285	.283	.316	.329	.359	.365	.361	.437	.316	.240	.350	.273	.215	.354	.330	.349	.392	.375
AA61	.260	.264	.269	.477	.445	.440	.471	.261	.425	.437	.481	.458	.473	.445	.423	.482	.504	.482	.404	.508	.429	.450	.273	.381	.443	.356	.308	.428	.375	.408	.429	.468
AA62	.276	.237	.235	.336	.364	.279	.334	.194	.207	.227	.263	.249	.276	.271	.320	.216	.215	.219	.219	.345	.301	.290	.234	.220	.416	.345	.336	.327	.234	.345	.293	.295
AA63	.368	.298	.324	.299	.432	.320	.347	.117	.289	.318	.340	.316	.369	.341	.328	.366	.417	.365	.313	.340	.320	.329	.323	.348	.324	.315	.367	.406	.373	.325	.330	.342

All correlations are significant at and below .05 unless indicated by a shade area

Table 5b. Customer Satisfaction (A1~A63) to Customer Retention (C1~C7)

	C1	C2	C3	C4	C5	C6	C7
A1	.359**	.541**	.365**	.298**	.434**	.443**	.452**
A2	.316**	.571**	.458**	.311**	.392**	.419**	.429**
A3	.220**	.501**	.299**	.246**	.349**	.313**	.282**
A4	.173*	.545**	.423**	.382**	.373**	.425**	.373**
A5	.238**	.566**	.310**	.289**	.353**	.346**	.436**
A6	.228**	.588**	.324**	.325**	.397**	.411**	.461**
A7	.053	.296**	.08	.206**	.205**	.157*	.262**
A8	.149*	.476**	.379**	.434**	.359**	.440**	.363**
A9	.255**	.538**	.446**	.458**	.365**	.446**	.471**
A10	.278**	.485**	.291**	.361**	.355**	.383**	.479**
A11	.322**	.594**	.470**	.333**	.432**	.478**	.473**
A12	.175*	.516**	.394**	.384**	.401**	.429**	.287**
A13	.220**	.462**	.292**	.378**	.430**	.376**	.330**
A14	.095	.279**	.159*	.221**	.177*	.222**	.220**
A15	.317**	.604**	.412**	.395**	.417**	.405**	.492**
A16	.255**	.525**	.313**	.407**	.355**	.398**	.406**
A17	.310**	.611**	.480**	.433**	.517**	.472**	.458**
A18	.515**	.573**	.513**	.369**	.402**	.346**	.473**
A19	.401**	.486**	.433**	.388**	.349**	.341**	.428**
A20	.295**	.565**	.442**	.359**	.341**	.382**	.502**
A21	-.088	.207**	.039	.172*	.165*	.118	.143*
A22	.349**	.451**	.379**	.375**	.467**	.428**	.347**
A23	.193**	.395**	.398**	.348**	.314**	.364**	.302**
A24	.102	.377**	.207**	.215**	.205**	.232**	.266**
A25	.034	.329**	.078	.270**	.225**	.252**	.293**
A26	.091	.400**	.224**	.288**	.273**	.297**	.345**
A27	.186*	.496**	.332**	.421**	.369**	.412**	.433**
A28	.150*	.508**	.212**	.276**	.262**	.287**	.369**
A29	.223**	.522**	.360**	.459**	.377**	.400**	.380**
A30	.146*	.440**	.292**	.278**	.340**	.376**	.292**
A31	.281**	.548**	.369**	.336**	.386**	.434**	.495**
A32	.275**	.400**	.333**	.332**	.374**	.352**	.331**
A33	.296**	.574**	.400**	.466**	.437**	.395**	.447**
A34	.128	.391**	.153*	.332**	.319**	.251**	.388**
A35	.189**	.378**	.235**	.245**	.309**	.260**	.343**
A36	.138	.324**	.093	.258**	.195**	.204**	.277**
A37	.297**	.511**	.441**	.333**	.432**	.422**	.436**
A38	.086	.218**	.059	.128	.122	.109	.203**
A39	.258**	.585**	.489**	.490**	.468**	.495**	.454**
A40	.214**	.516**	.238**	.392**	.384**	.390**	.388**
A41	.179*	.362**	.188**	.248**	.306**	.202**	.366**
A42	.298**	.541**	.303**	.423**	.370**	.322**	.429**
A43	.246**	.572**	.348**	.543**	.513**	.492**	.601**
A44	.354**	.620**	.523**	.560**	.551**	.602**	.594**
A45	.259**	.541**	.401**	.492**	.468**	.492**	.597**
A46	.212**	.472**	.293**	.420**	.439**	.430**	.480**
A47	.287**	.625**	.363**	.496**	.511**	.523**	.607**
A48	.237**	.479**	.263**	.323**	.392**	.357**	.508**
A49	.202**	.420**	.177*	.327**	.359**	.300**	.379**
A50	.362**	.566**	.412**	.547**	.570**	.565**	.496**
A51	.284**	.539**	.403**	.515**	.519**	.555**	.525**
A52	.412**	.454**	.369**	.367**	.434**	.422**	.428**
A53	.396**	.602**	.339**	.417**	.441**	.440**	.558**
A54	.419**	.560**	.366**	.412**	.488**	.510**	.508**
A55	.302**	.559**	.455**	.521**	.562**	.551**	.539**
A56	.355**	.595**	.461**	.451**	.495**	.484**	.575**
A57	.510**	.518**	.488**	.396**	.439**	.467**	.552**
A58	.348**	.531**	.400**	.439**	.381**	.422**	.535**
A59	.443**	.540**	.438**	.362**	.427**	.452**	.533**
A60	.420**	.502**	.392**	.365**	.413**	.375**	.526**
A61	.458**	.538**	.557**	.478**	.549**	.546**	.506**
A62	.373**	.430**	.367**	.361**	.487**	.429**	.478**
A63	.281**	.464**	.373**	.357**	.421**	.484**	.366**

\*p&lt;.05, \*\*p&lt;.01, \*\*\*p&lt;.00



## **Appendix 6. Convergent Validity**

- The Correlation Values of the CVBMO Measures between the Questionnaires of Service Employees and Customers



## Convergent validity:

The correlation values of the CVBMO measures between the questionnaires of service employees and their customers\*

	WA1	WA2	WA3	WA4	WA5	WA6	WA7	WA8	WA9	WA10	WA11	WA12	WA13	WA14	WA15	WA16	WA17	WA18	WA19	WA20	WA21	WA22	WA23	WA24	WA25	WA26	WA27	WA28	WA29	WA30	WA31	
WAA1	.616	.539	.381	.331	.369	.329	.298	.261	.301	.283	.296	.271	.223	.059	.246	.240	.302	.277	.355	.324	.211	.214	.184	.198	.07	.187	.170	.198	.199	.323	.227	
WAA2	.445	.669	.384	.357	.322	.388	.231	.168	.283	.263	.370	.244	.181	-.012	.289	.217	.270	.323	.316	.268	.127	.188	.156	.119	-.018	.132	.128	.176	.167	.307	.214	
WAA3	.309	.388	.637	.284	.314	.404	.291	.190	.290	.317	.352	.263	.210	.054	.286	.320	.322	.189	.323	.375	.252	.14	.190	.215	.118	.246	.253	.239	.233	.375	.227	
WAA4	.215	.270	.207	.527	.104	.214	.103	.103	.279	.139	.147	.228	.103	.106	.216	.171	.256	.224	.246	.205	.059	.185	.328	.150	-.023	.024	.185	.09	.123	.200	.136	
WAA5	.382	.403	.401	.363	.584	.391	.234	.206	.378	.324	.360	.276	.275	.066	.355	.291	.330	.372	.359	.436	.162	.151	.206	.178	.09	.255	.192	.216	.187	.324	.292	
WAA6	.261	.412	.363	.255	.259	.664	.228	.268	.304	.279	.398	.260	.228	.053	.337	.310	.296	.299	.365	.320	.095	.234	.218	.252	.105	.249	.231	.188	.204	.348	.219	
WAA7	.252	.310	.356	.108	.266	.394	.460	.233	.217	.210	.233	.185	.275	.112	.243	.286	.258	.135	.284	.314	.162	.098	.133	.335	.186	.285	.264	.246	.229	.384	.182	
WAA8	.291	.324	.340	.255	.232	.423	.295	.484	.324	.311	.318	.294	.306	.098	.286	.330	.378	.275	.334	.318	.151	.190	.186	.336	.248	.291	.355	.217	.288	.367	.237	
WAA9	.315	.315	.330	.260	.370	.341	.335	.188	.221	.672	.243	.378	.179	.178	.034	.282	.398	.340	.291	.297	.300	.118	.211	.265	.172	.078	.214	.266	.289	.193	.225	.211
WAA10	.373	.413	.434	.290	.339	.429	.252	.266	.325	.576	.455	.304	.301	.107	.293	.357	.374	.309	.407	.418	.198	.204	.207	.246	.147	.270	.316	.268	.285	.367	.312	
WAA11	.261	.365	.315	.212	.279	.356	.111	.154	.286	.348	.690	.243	.265	-.056	.322	.212	.234	.338	.367	.341	.044	.180	.185	.016	-.062	.116	.113	.097	.113	.185	.137	
WAA12	.250	.313	.307	.194	.207	.286	.116	.156	.166	.204	.313	.523	.399	.033	.318	.245	.353	.364	.316	.280	.062	.231	.216	.165	.14	.186	.189	.135	.204	.227	.299	
WAA13	.299	.332	.314	.094	.286	.301	.211	.182	.142	.239	.310	.306	.486	.143	.254	.223	.303	.260	.367	.303	.194	.284	.098	.164	.195	.240	.174	.137	.231	.295	.228	
WAA14	.150	.260	.200	.056	.103	.295	.170	.151	.05	.223	.169	.221	.293	.430	.281	.255	.246	.235	.242	.278	.064	.121	.165	.373	.338	.206	.245	.233	.306	.353	.314	
WAA15	.206	.291	.268	.247	.208	.303	.172	.179	.284	.219	.328	.265	.268	.14	.484	.246	.281	.361	.367	.321	-.024	.223	.233	.230	.191	.276	.219	.206	.223	.275	.166	
WAA16	.380	.406	.399	.265	.274	.457	.265	.224	.403	.359	.360	.258	.310	.14	.379	.548	.421	.267	.368	.344	.095	.322	.285	.344	.246	.237	.336	.381	.370	.416	.363	
WAA17	.387	.386	.390	.383	.329	.437	.223	.232	.425	.361	.328	.347	.273	.153	.380	.394	.645	.355	.419	.362	.123	.299	.336	.250	.205	.289	.276	.209	.236	.336	.293	
WAA18	.344	.435	.255	.405	.381	.354	.116	.216	.326	.347	.452	.335	.269	.03	.452	.209	.344	.640	.500	.374	.132	.318	.231	.113	.073	.136	.169	.127	.171	.274	.244	
WAA19	.351	.388	.334	.369	.376	.369	.222	.150	.298	.306	.361	.307	.317	.091	.375	.271	.318	.369	.651	.418	.218	.299	.189	.185	.124	.230	.229	.164	.240	.284	.294	
WAA20	.347	.364	.392	.301	.371	.382	.232	.175	.315	.407	.438	.254	.342	.173	.386	.395	.395	.375	.498	.578	.112	.225	.312	.284	.172	.286	.303	.298	.252	.326	.356	
WAA21	.369	.365	.362	.253	.351	.299	.218	.275	.273	.304	.306	.373	.322	.257	.303	.278	.360	.297	.352	.338	.485	.255	.036	.188	.236	.252	.264	.262	.363	.383	.302	
WAA22	.341	.393	.240	.315	.238	.379	.082	.187	.247	.271	.323	.360	.268	.101	.384	.308	.366	.479	.412	.266	.114	.585	.350	.169	.113	.176	.249	.197	.283	.300	.252	
WAA23	.262	.303	.191	.395	.225	.308	.143	.146	.255	.215	.313	.190	.207	.112	.334	.241	.306	.366	.283	.315	-.035	.376	.650	.239	.091	.154	.235	.14	.137	.228	.226	
WAA24	.108	.199	.204	.069	.138	.282	.144	.290	.176	.213	.202	.312	.309	.252	.274	.272	.242	.255	.208	.226	.122	.185	.177	.394	.298	.279	.336	.270	.329	.330	.241	
WAA25	.136	.200	.142	.061	.071	.214	.079	.158	.071	.240	.157	.314	.300	.190	.269	.247	.282	.281	.242	.208	.131	.282	.171	.326	.360	.228	.280	.261	.326	.307	.327	
WAA26	.283	.317	.340	.165	.248	.360	.290	.224	.245	.280	.342	.417	.429	.166	.333	.283	.298	.282	.301	.333	.177	.237	.145	.317	.293	.518	.303	.252	.276	.358	.283	
WAA27	.279	.330	.287	.338	.301	.339	.292	.320	.310	.329	.319	.269	.357	.180	.346	.362	.340	.304	.390	.309	.176	.323	.300	.331	.250	.342	.543	.365	.377	.367	.292	
WAA28	.293	.353	.324	.225	.326	.389	.250	.292	.378	.302	.304	.155	.227	.144	.266	.430	.326	.225	.251	.309	.13	.303	.225	.326	.217	.400	.415	.621	.400	.424	.243	
WAA29	.286	.359	.313	.275	.281	.396	.259	.302	.318	.373	.276	.242	.312	.301	.338	.446	.396	.296	.376	.336	.217	.289	.250	.428	.298	.324	.492	.455	.528	.461	.342	
WAA30	.243	.332	.344	.257	.303	.367	.292	.279	.323	.232	.196	.234	.262	.189	.300	.373	.346	.264	.288	.285	.146	.216	.235	.374	.311	.331	.325	.334	.370	.536	.282	
WAA31	.343	.415	.343	.398	.417	.411	.287	.339	.375	.320	.220	.289	.312	.248	.369	.376	.431	.347	.379	.414	.236	.246	.318	.381	.287	.309	.398	.295	.354	.419	.646	
WAA32	.181	.372	.337	.308	.301	.339	.189	.168	.276	.167	.259	.309	.258	.103	.390	.246	.343	.330	.296	.267	.019	.199	.204	.190	.13	.294	.182	.220	.187	.258	.352	
WAA33	.352	.382	.375	.364	.422	.396	.332	.276	.320	.361	.277	.235	.261	.183	.354	.405	.375	.268	.334	.425	.150	.241	.277	.306	.167	.297	.313	.323	.281	.388	.367	
WAA34	.282	.317	.218	.288	.229	.368	.095	.187	.277	.267	.223	.292	.309	.220	.284	.348	.335	.293	.366	.377	.112	.209	.148	.305	.223	.222	.319	.261	.319	.311	.315	
WAA35	.305	.292	.260	.253	.265	.309	.141	.230	.295	.268	.233	.262	.223	.195	.292	.360	.345	.333	.351	.368	.007	.217	.257	.311	.264	.243	.371	.268	.274	.309	.342	
WAA36	.167	.204	.123	.096	.156	.218	.05	.067	.108	.135	.114	.164	.143	.058	.209	.221	.204	.189	.242	.165	-.031	.058	.014	.218	.272	.155	.204	.114	.181	.218	.235	
WAA37	.247	.404	.321	.256	.312	.430	.182	.169	.345	.237	.335	.221	.212	.082	.342	.391	.339	.347	.312	.327	-.043	.189	.275	.346	.208	.309	.236	.279	.240	.349	.289	
WAA38	.328	.327	.288	.216	.287	.381	.281	.306	.259	.267	.151	.259	.324	.264	.345	.357	.324	.190	.289	.286	.271	.254	.221	.384	.324	.322	.332	.327	.333	.480	.348	
WAA39	.356	.360	.327	.476	.383	.349	.236	.225	.402	.267	.209	.276	.282	.148	.366	.440	.467	.278	.323	.378	.144	.288	.354	.276	.194	.262	.383	.359	.306	.341	.397	
WAA40	.206	.269	.296	.248	.233	.336	.314	.255	.244	.257	.172	.279	.310	.229	.315	.355	.393	.257	.323	.334	.074	.245	.253	.323	.283	.290	.388	.369	.369	.397	.277	
WAA41	.158	.229	.201	.208	.184	.223	.098	.139	.197	.212	.217	.228	.269	.217	.332	.279	.277	.258	.231	.271	.066	.133	.217	.338	.271	.176	.314	.292	.346	.312	.282	
WAA42	.383	.416	.389	.363	.380	.420	.297	.301	.352	.407	.303	.289	.289	.262	.408	.469	.417	.335	.407	.426	.108	.339	.335	.438	.274	.353	.372	.401	.373	.458	.426	
WAA43	.368	.366	.367	.354	.345	.320	.265	.164	.347	.255	.270	.194	.241	.138	.354	.368	.465	.315	.386	.428	.157	.348	.387	.358	.235	.265	.304	.262	.283	.385	.360	
WAA44	.329	.377	.375	.335	.242	.343	.192	.133	.322	.278	.308	.247	.205	.092	.325	.329	.416	.351	.388	.314	.06	.345	.378	.258	.077	.167	.260	.223	.224	.306	.271	

(continued)

WAA45	.293	.359	.334	.353	.235	.354	.141	.115	.306	.254	.310	.218	.236	.072	.343	.272	.376	.333	.414	.360	.125	.314	.363	.202	.067	.163	.231	.183	.238	.289	.292
WAA46	.237	.253	.321	.223	.200	.375	.259	.178	.278	.205	.244	.265	.305	.176	.353	.292	.325	.215	.367	.278	.143	.208	.272	.315	.280	.334	.325	.271	.299	.323	.276
WAA47	.308	.294	.366	.308	.321	.374	.201	.316	.332	.375	.337	.291	.271	.188	.306	.320	.428	.327	.411	.465	.251	.294	.300	.183	.134	.225	.283	.207	.306	.315	.375
WAA48	.155	.179	.286	.179	.185	.309	.165	.051	.129	.224	.137	.229	.284	.186	.252	.314	.279	.165	.269	.289	.142	.189	.184	.290	.309	.184	.320	.237	.301	.290	.341
WAA49	.232	.293	.299	.259	.234	.341	.228	.228	.247	.336	.214	.243	.262	.320	.352	.338	.369	.271	.340	.348	.148	.219	.254	.399	.331	.230	.384	.339	.413	.462	.346
WAA50	.281	.322	.336	.298	.260	.399	.186	.162	.281	.337	.254	.307	.312	.268	.369	.333	.377	.295	.347	.333	.180	.342	.324	.279	.190	.183	.338	.253	.384	.355	.359
WAA51	.365	.366	.328	.353	.327	.403	.234	.202	.354	.427	.308	.293	.304	.310	.402	.380	.495	.313	.415	.426	.222	.349	.326	.265	.264	.313	.392	.315	.367	.345	.419
WAA52	.378	.396	.410	.227	.326	.434	.319	.239	.281	.376	.297	.299	.303	.263	.371	.364	.412	.298	.402	.425	.226	.290	.285	.393	.263	.303	.332	.352	.389	.495	.423
WAA53	.310	.391	.400	.364	.306	.413	.304	.245	.279	.337	.250	.199	.210	.221	.326	.439	.375	.237	.395	.391	.256	.256	.286	.346	.271	.241	.400	.372	.366	.470	.425
WAA54	.287	.295	.348	.330	.346	.324	.210	.209	.275	.262	.173	.280	.265	.190	.261	.303	.343	.238	.295	.346	.240	.175	.271	.234	.189	.241	.331	.228	.284	.382	.305
WAA55	.196	.319	.254	.358	.304	.385	.211	.191	.265	.264	.236	.293	.306	.171	.380	.208	.362	.309	.363	.336	.044	.183	.337	.255	.133	.233	.288	.185	.271	.283	.359
WAA56	.276	.368	.413	.341	.370	.441	.327	.239	.308	.358	.278	.302	.279	.238	.380	.415	.375	.268	.353	.373	.214	.310	.339	.379	.217	.401	.421	.351	.345	.390	.347
WAA57	.351	.452	.430	.359	.337	.425	.273	.287	.357	.411	.344	.256	.218	.257	.348	.372	.437	.314	.374	.405	.232	.210	.223	.284	.226	.258	.336	.298	.338	.338	.439
WAA58	.267	.359	.327	.266	.313	.419	.284	.272	.275	.406	.282	.289	.369	.362	.382	.445	.442	.339	.410	.433	.158	.263	.263	.423	.301	.312	.470	.395	.474	.487	.459
WAA59	.438	.477	.468	.316	.415	.461	.348	.281	.402	.458	.386	.277	.331	.340	.445	.469	.473	.376	.440	.471	.202	.293	.280	.390	.258	.354	.375	.444	.433	.503	.457
WAA60	.343	.417	.410	.302	.368	.447	.360	.300	.254	.466	.301	.297	.363	.382	.371	.402	.488	.337	.397	.441	.255	.323	.238	.406	.377	.322	.428	.376	.506	.507	.435
WAA61	.311	.326	.259	.377	.307	.399	.253	.319	.362	.366	.269	.284	.288	.237	.374	.413	.479	.354	.400	.413	.163	.332	.362	.316	.304	.322	.470	.328	.362	.326	.397
WAA62	.303	.274	.309	.246	.342	.370	.272	.187	.373	.372	.330	.260	.404	.298	.442	.430	.456	.382	.404	.421	.117	.318	.276	.318	.314	.352	.426	.380	.473	.332	.288
WAA63	.274	.394	.315	.373	.306	.430	.179	.208	.310	.336	.426	.272	.277	.216	.472	.330	.418	.433	.393	.420	.064	.311	.395	.202	.076	.153	.313	.242	.316	.292	.325

(continued)

WAA1	.082	.277	.179	.183	.159	.215	.243	.295	.234	.231	.253	.230	.282	.247	.217	.147	.033	.088	.147	.218	.239	.207	.337	.217	.196	.199	.196	.222	.142	.211	.200	.248
WAA2	.210	.258	.173	.139	.044	.302	.191	.231	.127	.167	.213	.139	.265	.256	.129	.102	-.05	.047	.083	.178	.207	.236	.291	.231	.159	.198	.164	.239	.142	.235	.071	.297
WAA3	.158	.268	.272	.153	.138	.254	.309	.257	.265	.160	.273	.270	.283	.346	.221	.202	.122	.159	.106	.202	.297	.306	.379	.231	.261	.259	.253	.275	.201	.243	.096	.262
WAA4	.075	.169	.161	.176	.122	.178	.176	.254	.172	.199	.264	.203	.298	.235	.124	.104	.076	.08	.096	.185	.108	.191	.236	.230	.162	.157	.153	.169	.026	.209	.075	.232
WAA5	.230	.344	.287	.307	.190	.323	.241	.311	.260	.220	.307	.304	.300	.333	.268	.252	.098	.127	.176	.270	.290	.246	.385	.274	.288	.265	.241	.295	.178	.289	.250	.341
WAA6	.173	.266	.245	.188	.136	.300	.297	.213	.192	.113	.233	.147	.273	.345	.189	.167	.047	.119	.131	.236	.236	.249	.239	.258	.199	.281	.213	.257	.160	.268	.052	.281
WAA7	.022	.227	.247	.138	.189	.197	.306	.194	.360	.147	.191	.170	.233	.241	.227	.085	.08	.189	.086	.200	.311	.263	.281	.180	.220	.189	.255	.229	.195	.207	.139	.254
WAA8	.007	.232	.282	.176	.188	.245	.356	.276	.290	.209	.265	.229	.290	.348	.279	.240	.102	.161	.158	.262	.279	.246	.309	.195	.229	.279	.275	.215	.232	.303	.095	.244
WAA9	.126	.247	.255	.218	.024	.312	.234	.350	.195	.192	.266	.255	.347	.346	.260	.162	.041	.107	.128	.298	.237	.204	.281	.209	.219	.301	.198	.294	.127	.402	.171	.357
WAA10	.147	.316	.356	.305	.222	.290	.340	.255	.257	.265	.350	.277	.281	.328	.231	.279	.185	.159	.246	.304	.327	.275	.385	.291	.280	.305	.295	.338	.275	.334	.156	.322
WAA11	.101	.215	.138	.125	-.026	.265	.14	.142	.051	.07	.111	.118	.183	.225	.12	.147	-.014	.042	.041	.148	.160	.159	.213	.193	.160	.223	.112	.199	.145	.218	.103	.295
WAA12	.185	.296	.230	.208	.089	.269	.147	.186	.235	.198	.233	.227	.247	.235	.182	.147	.074	.068	.145	.202	.247	.162	.282	.286	.165	.148	.138	.134	.159	.226	.160	.179
WAA13	.196	.284	.244	.134	.104	.156	.211	.12	.346	.146	.209	.243	.244	.336	.246	.238	.106	.198	.175	.209	.251	.189	.306	.288	.174	.182	.231	.185	.274	.195	.254	.165
WAA14	.202	.204	.346	.249	.276	.259	.324	.094	.291	.327	.288	.295	.165	.256	.239	.205	.254	.326	.279	.325	.367	.353	.322	.278	.200	.346	.365	.347	.333	.213	.222	.260
WAA15	.308	.297	.255	.251	.141	.336	.172	.207	.241	.159	.271	.292	.380	.392	.274	.173	.029	.107	.118	.206	.255	.206	.249	.284	.246	.245	.221	.300	.223	.334	.192	.316
WAA16	.280	.410	.364	.313	.261	.446	.305	.371	.321	.319	.434	.368	.384	.440	.378	.213	.127	.176	.229	.349	.423	.402	.365	.328	.339	.322	.373	.406	.290	.367	.226	.355
WAA17	.196	.319	.333	.310	.230	.331	.235	.325	.328	.240	.331	.418	.412	.426	.308	.259	.141	.121	.198	.383	.317	.280	.335	.320	.242	.344	.259	.315	.196	.430	.224	.370
WAA18	.263	.293	.218	.269	.076	.314	.173	.240	.203	.185	.242	.257	.291	.323	.151	.202	.067	.135	.194	.251	.193	.237	.247	.337	.269	.303	.222	.304	.246	.371	.278	.361
WAA19	.241	.380	.297	.245	.178	.302	.238	.299	.316	.217	.301	.303	.315	.379	.308	.199	.143	.184	.187	.278	.268	.351	.335	.377	.318	.248	.318	.287	.215	.344	.242	.330
WAA20	.161	.415	.418	.343	.230	.323	.390	.293	.376	.249	.344	.365	.286	.417	.342	.281	.219	.215	.170	.376	.349	.373	.339	.350	.302	.345	.366	.386	.250	.362	.298	.333
WAA21	.141	.363	.342	.235	.232	.205	.413	.356	.367	.243	.258	.299	.256	.328	.334	.250	.161	.251	.287	.365	.282	.372	.373	.187	.304	.396	.288	.311	.329	.287	.269	.326
WAA22	.221	.338	.289	.341	.187	.284	.179	.319	.255	.278	.331	.335	.447	.408	.270	.242	.160	.200	.310	.307	.296	.252	.269	.262	.288	.271	.277	.252	.240	.371	.228	.351
WAA23	.188	.309	.179	.288	.116	.336	.239	.255	.180	.237	.287	.348	.387	.337	.209	.163	.161	.202	.183	.227	.220	.199	.271	.285	.221	.251	.217	.251	.169	.263	.162	.295
WAA24	.127	.219	.354	.274	.273	.276	.363	.240	.362	.308	.305	.245	.269	.299	.258	.181	.156	.252	.239	.298	.290	.241	.250	.178	.230	.280	.334	.228	.311	.286	.163	.177

(continued)

WAA25	.122	.236	.300	.262	.301	.241	.354	.233	.382	.339	.331	.342	.253	.334	.333	.194	.215	.225	.234	.393	.438	.364	.278	.191	.256	.300	.388	.262	.296	.296	.343	.181	.182
WAA26	.307	.325	.281	.281	.185	.338	.190	.246	.302	.226	.351	.331	.372	.356	.335	.263	.093	.118	.239	.217	.282	.252	.393	.250	.313	.202	.264	.263	.227	.283	.230	.180	
WAA27	.171	.369	.298	.267	.166	.307	.322	.381	.356	.326	.323	.333	.389	.390	.374	.222	.128	.247	.292	.329	.291	.322	.420	.288	.386	.316	.320	.297	.292	.424	.304	.331	
WAA28	.259	.387	.388	.252	.144	.372	.362	.376	.419	.299	.359	.307	.351	.363	.427	.204	.105	.286	.243	.362	.333	.290	.315	.204	.379	.259	.377	.399	.335	.335	.204	.263	
WAA29	.182	.405	.450	.344	.267	.381	.429	.376	.415	.390	.427	.390	.391	.434	.457	.284	.264	.394	.404	.392	.440	.412	.407	.277	.431	.380	.473	.437	.447	.411	.312	.327	
WAA30	.239	.290	.327	.202	.268	.329	.397	.272	.366	.274	.356	.415	.315	.355	.374	.220	.216	.339	.260	.275	.371	.360	.369	.265	.311	.268	.444	.353	.388	.234	.173	.265	
WAA31	.372	.425	.408	.403	.359	.393	.430	.423	.355	.476	.461	.462	.371	.446	.406	.422	.376	.354	.427	.462	.454	.425	.463	.385	.390	.370	.403	.392	.364	.421	.280	.406	
WAA32	.611	.351	.182	.247	.186	.370	.148	.297	.172	.252	.288	.249	.342	.294	.206	.225	.098	.136	.185	.227	.244	.266	.289	.381	.277	.211	.206	.231	.169	.264	.136	.298	
WAA33	.294	.576	.343	.331	.304	.339	.330	.433	.351	.290	.403	.368	.401	.371	.352	.327	.251	.262	.289	.336	.340	.305	.359	.286	.427	.317	.328	.376	.271	.338	.278	.351	
WAA34	.166	.306	.457	.303	.293	.277	.357	.330	.375	.367	.377	.349	.269	.345	.356	.272	.236	.242	.299	.401	.283	.327	.325	.313	.327	.293	.323	.313	.243	.338	.230	.275	
WAA35	.172	.283	.326	.418	.297	.298	.269	.337	.316	.351	.348	.345	.339	.326	.251	.245	.238	.210	.277	.406	.274	.315	.335	.322	.304	.357	.287	.348	.262	.453	.229	.351	
WAA36	.088	.196	.211	.210	.325	.168	.287	.143	.265	.207	.210	.252	.118	.106	.134	.066	.117	.132	.103	.247	.208	.260	.208	.162	.151	.232	.225	.193	.173	.228	.051	.154	
WAA37	.356	.364	.359	.369	.187	.586	.278	.238	.239	.267	.390	.286	.319	.280	.231	.197	.135	.221	.194	.281	.321	.303	.307	.308	.300	.305	.319	.419	.298	.343	.175	.295	
WAA38	.163	.342	.391	.259	.282	.186	.465	.298	.383	.368	.354	.401	.290	.366	.363	.235	.193	.255	.306	.398	.380	.385	.411	.230	.352	.347	.341	.310	.244	.288	.198	.262	
WAA39	.338	.450	.432	.351	.253	.387	.309	.606	.377	.408	.417	.437	.414	.428	.399	.314	.210	.234	.317	.428	.327	.316	.397	.343	.365	.288	.229	.336	.191	.432	.260	.408	
WAA40	.227	.385	.433	.272	.301	.255	.328	.349	.563	.292	.329	.367	.350	.391	.414	.263	.277	.323	.236	.372	.339	.256	.306	.285	.315	.230	.324	.262	.270	.358	.227	.280	
WAA41	.207	.250	.298	.305	.216	.324	.328	.310	.308	.383	.311	.312	.257	.283	.262	.172	.214	.253	.267	.274	.268	.282	.322	.246	.276	.321	.334	.336	.277	.245	.190	.248	
WAA42	.349	.468	.444	.422	.335	.477	.391	.400	.375	.434	.633	.430	.387	.397	.363	.360	.276	.318	.372	.378	.430	.468	.462	.443	.496	.385	.449	.455	.408	.419	.298	.374	
WAA43	.248	.381	.307	.327	.238	.340	.334	.373	.375	.302	.387	.585	.477	.476	.354	.251	.221	.296	.236	.340	.423	.399	.406	.356	.364	.375	.346	.360	.315	.376	.215	.364	
WAA44	.325	.351	.280	.367	.226	.387	.180	.297	.268	.309	.322	.388	.620	.487	.257	.258	.138	.238	.238	.267	.341	.236	.319	.292	.295	.229	.218	.298	.217	.339	.150	.361	
WAA45	.314	.328	.331	.317	.203	.331	.276	.290	.272	.280	.278	.372	.478	.569	.338	.271	.125	.220	.224	.291	.308	.234	.340	.313	.241	.217	.201	.265	.179	.317	.180	.355	
WAA46	.245	.330	.331	.250	.213	.341	.342	.319	.388	.306	.303	.350	.377	.493	.536	.230	.167	.209	.219	.380	.356	.315	.340	.244	.294	.229	.294	.284	.191	.273	.185	.252	
WAA47	.321	.454	.332	.332	.262	.309	.295	.377	.337	.302	.347	.358	.383	.469	.388	.532	.340	.273	.367	.441	.327	.301	.355	.319	.367	.364	.307	.262	.321	.386	.251	.429	
WAA48	.118	.308	.287	.276	.319	.206	.340	.242	.418	.358	.290	.309	.235	.273	.342	.267	.353	.324	.273	.384	.347	.310	.288	.252	.289	.222	.323	.252	.262	.258	.157	.227	
WAA49	.235	.362	.402	.313	.327	.311	.426	.261	.468	.417	.358	.374	.300	.311	.355	.294	.362	.461	.364	.454	.395	.382	.364	.332	.360	.342	.440	.368	.437	.343	.283	.378	
WAA50	.241	.324	.394	.414	.285	.318	.274	.298	.356	.433	.363	.323	.336	.346	.358	.376	.357	.338	.429	.428	.376	.313	.382	.297	.361	.310	.327	.308	.345	.376	.216	.391	
WAA51	.272	.410	.369	.357	.295	.319	.364	.412	.422	.370	.398	.437	.375	.484	.490	.326	.317	.235	.337	.586	.429	.433	.434	.320	.401	.427	.389	.428	.314	.481	.301	.393	
WAA52	.245	.423	.371	.353	.342	.324	.398	.314	.378	.353	.426	.443	.390	.435	.396	.308	.276	.315	.315	.407	.607	.402	.469	.325	.414	.386	.446	.415	.379	.368	.317	.407	
WAA53	.217	.406	.350	.248	.246	.323	.456	.330	.344	.385	.419	.389	.256	.383	.391	.251	.270	.300	.264	.415	.457	.636	.444	.365	.472	.433	.413	.376	.318	.380	.219	.385	
WAA54	.263	.341	.341	.276	.205	.222	.297	.332	.328	.292	.324	.392	.346	.398	.347	.309	.176	.239	.301	.316	.334	.317	.639	.332	.340	.255	.225	.239	.195	.322	.244	.381	
WAA55	.385	.307	.292	.299	.198	.342	.215	.285	.211	.324	.318	.337	.312	.345	.237	.307	.189	.254	.307	.311	.326	.295	.391	.553	.305	.266	.251	.271	.242	.282	.202	.355	
WAA56	.290	.478	.405	.388	.299	.393	.336	.383	.338	.430	.482	.397	.357	.346	.361	.326	.291	.299	.355	.347	.387	.426	.432	.329	.594	.366	.431	.380	.345	.362	.291	.391	
WAA57	.267	.401	.386	.368	.245	.378	.373	.340	.291	.375	.394	.354	.328	.372	.340	.351	.283	.223	.341	.478	.422	.458	.383	.341	.375	.562	.364	.480	.312	.450	.239	.460	
WAA58	.269	.403	.449	.391	.373	.412	.403	.365	.429	.427	.446	.379	.341	.397	.413	.365	.390	.364	.409	.428	.510	.386	.420	.373	.443	.393	.539	.462	.429	.423	.319	.405	
WAA59	.362	.458	.465	.465	.372	.467	.395	.380	.378	.424	.480	.461	.434	.465	.466	.387	.343	.325	.412	.499	.528	.462	.471	.374	.454	.477	.495	.633	.397	.463	.365	.510	
WAA60	.234	.409	.481	.353	.355	.396	.429	.320	.479	.443	.441	.461	.352	.404	.418	.407	.410	.476	.437	.499	.498	.433	.420	.411	.431	.426	.515	.465	.570	.438	.350	.421	
WAA61	.243	.406	.408	.348	.284	.323	.341	.417	.416	.367	.413	.434	.399	.472	.418	.345	.265	.266	.316	.505	.388	.372	.397	.364	.380	.398	.341	.366	.242	.595	.323	.407	
WAA62	.273	.424	.461	.368	.268	.362	.294	.351	.453	.336	.415	.460	.418	.512	.454	.332	.294	.323	.308	.436	.413	.356	.405	.400	.420	.408	.396	.477	.429	.477	.492	.386	
WAA63	.336	.380	.366	.395	.211	.371	.289	.367	.261	.292	.346	.356	.492	.456	.243	.350	.238	.252	.305	.399	.374	.305	.403	.388	.356	.376	.294	.387	.322	.456	.245	.649	

All correlations are significant at and below .05 unless indicated by a shade area