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Moderating Role of Customer Orientation on the Link between Market Oriented Behaviors and Proactive Service Performance among Relationship Managers in the Business Banking Industry

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Abstract

Banking is one of the main sections of the service sector where knowledge and human capital are considered the vital strategic asset, apart from loans and infrastructure. Nevertheless, recent development such as the liberalisation of the service sector and the tightening of capital requirements has spurred competitive pressures, particularly in the Malaysian scenario. Focusing on business-to-business (B2B) banking as opposed to retail banking, business banking sector's performance relies heavily on the individual roles of relationship managers or RMs, who act as the liaison for their clients pertaining to their financing activities. The RM's abilities to persistently conduct sound credit risk management while maintaining healthy asset growth are particularly dependent on their ability to manage customer knowledge that they possess. Such persistent behaviour is referred to as proactive service performance, in which employees' outcome exceeds the expectations of customers and supervisors. The impact of customer knowledge management on service performance among RMs is indeed a matter of practical interest among bankers, yet it is theoretically underrated in the academia. Market orientation and customer knowledge, although not entirely new, are often researched in organisational contexts. However, being relevant to the marketing literature, empirical studies pertaining to individual customer knowledge behaviour are often given less attention. Therefore, this concept paper intends to narrow this gap by proposing a model of individual market orientation, customer orientation and proactive service performance. In the model, the concepts of individual market orientation and proactive service performance are elaborated, followed by hypotheses that propose linkages between the variables of each construct. Subsequently, the suggested practical implications provide managers and human resource experts with insights on how to enhance their sales performance particularly in the individualised financial service context.

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1. Introduction

The banking and financial service sector is well known for rapid changes in both market offerings and regulations. The recent capital adequacy ratio (CAR) requirement that is modelled after Basel III Accord (an international regulation which requires banks to increase their capital reserves amid higher market and operational risks) imposed by Bank Negara in 2013 has forced Malaysian commercial banks to re-strategize their risk and return approaches. Being recognized as the elite front liners of the bank among the business-to-business (B2B) loan/financing scene, Relationship Managers (RMs) often find themselves pitted against ambidextrous expectations; (1) generating income to the business banking division through sales or utilization of banking facilities, and (2) ensuring that the interest of the bank is protected through proper due diligence and credit risk mitigation (preventing the loan from going into default). In layman terms, RMs are functioning akin to salesperson, credit analyst, servicing agent and debt collector, all at the same time.

The main duties of RMs that involve maintaining positive and win-win relationship with customers make them suitable candidates for this study. Given the demanding nature of the business, the causal relationship between individual market orientation behaviors and service outcomes will be expected to narrow the gap of the literature pertaining to personalized conduct of market orientation. The ability of being proactive in meeting their customers' needs and making sound judgments pertaining to risk-return profiles of customers will certainly differentiate RMs who are either high performers or ordinary salespersons. Their individual market oriented behavior will certainly dictates how they acquire, share and make use of the customer knowledge at their disposal. Besides, RMs should inculcate noble values in assisting customers to purchase what they really need as a priority rather than maximizing profit for the sake of achieving departmental key performance indicators and sales figures. This is where customer orientation of RMs deserves equal attention in the proposed behavior-performance model.

The question 'to what extent does RM's market oriented behavior influence their service performance' remains a prospective research opportunity that should be addressed by future research among marketing scholars. This research intends to propose a model of RM's behavioural conduct pertaining to market orientation, as the main antecedent to individual performance. The customer orientation of the RMs serves as a moderator that is expected to enhance the relationship between individual market orientation and proactive service performance. Given that very minimal attention has been given on the study involving individual market orientation, customer orientation and performance at the individual context, such research undertaking will potentially reduce the existing gap in the market orientation literature. The theoretical foundations are explained in the following section, which is followed by the development of hypothesis statement.

2. Review of the literature

2.1. Proactive service performance

The ability of employees to perform the tasks that are prescribed to them in their job description is always a good thing for the employers. However, their prescribed efforts may not suffice in situations where their workplace is becoming more decentralized and customer needs are constantly changing. Hence, such behavioral outcomes are highly valued in high-contact services industry in which there is always the possibility of unexpected needs raised by the customers. Borman and Motowidlo (1997) introduced organizational citizenship behaviour (OCB) as a 'beyond the ordinary' job performance indicator, in which the employees' efforts are purely discretionary and contribute to the firm's overall performance. However, Van Dyne, Graham and Dienesch (1994) argued that OCB may not fit well in the context of customer-related services, justified by the different manner customers are ought to be treated as compared to office colleagues. In this case, customers need employees to exert extra patience and humbleness, the altruistic values that are apparently lacking in the OCB concept.

Previous studies have shown a mixed use of job performance outcomes in either services or B2B sector. Berhman and Perrault (1982) were among the earliest scholars to propose the use of sales performance among B2B salespeople. Their findings established selling skills as a predictive factor of sales performance. Meanwhile, Bettencourt and Brown's (1997) study among customer service personnel adopted proactive social behaviors as the indicators of the outcome. In another research involving hotel frontlines, their performance was measured through

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