

Customer-oriented HRM, Employee Attitude about Customers, and Employees' Customer Orientation: A Mediation Analysis

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Abstract

Employees' customer orientation is critical for increasing customer satisfaction which is a strategic goal of any business organization that needs survival and growth. There are no theoretical argument and empirical evidence with regard to the mediating effect of employee attitude about customers on the relationship between customer-oriented Human Resource Management (HRM) and employees' customer orientation. An empirical study was carried out to examine the relationships among customer-oriented HRM, employees' customer orientation and employee attitude about customers by adopting a survey to 60 managers from hotels operating in the Trincomalee district of Sri Lanka. The findings revealed significant and positive relationships among the three variables under the study and that employee attitude about customers is a partial mediator in the linkage between customer-oriented HRM and employees' customer orientation.

Key Words: Customer-oriented HRM, Employee Attitude about Customers, Employees' Customer Orientation, Sri Lanka

Introduction

The prominence of sustainability has risen due to grave global problems such as economic globalization, increasing social and environmental awareness, media attention, and pressure from various stakeholder groups. As a result, both developed and developing countries are striving to achieve the sustainable development goals in 2030, which were underlined at the United Nations Sustainable Development Summit in 2015. Sustainable development is defined as *“development that meets the needs of the present without compromising the ability of future generations to meet their own needs”* (United Nations, 1987). In recent years, sustainability has become one of the primary objectives of business organizations. Opatha (2019, p.3) defined organizational sustainability as *“deliberate constant endeavor to utilize human and other resources, and natural environment to meet needs of current stakeholders of the organization while maintaining and if possible enhancing human and other resources, and natural environment to meet needs of future stakeholders”*. Organizational sustainability is operationalized by basing on the triple bottom line (TBL) framework, which includes three performance dimensions: economic, social, and environmental performance (Willard, 2002). As a result, contemporary organizations must focus equally on ecological, social, and economic performance to assure organizational sustainability and become partners in sustainable development.

Indeed, it has been generally observed that contemporary organizations prioritize economic performance beyond social and environmental performance together, as it is essential to ensure the survival and growth of organizations as well as fulfillment of stakeholders' expectations (Opatha, 2019). Economic performance is an indispensable factor, and without it, organizations may find it difficult to focus on environmental and social performance. In this context, customer satisfaction is a crucial factor contributing to the organization's economic performance (Opatha, 2019). To put that into perspective, it is impractical for organizations to perform economically outstanding without a high level of customer satisfaction. Hence, attaining customer satisfaction is considered one of the strategic goals of all business organizations. Further, satisfied customers are regarded as the critical driver of organizational success (Kotler, Armstrong, and Agnihotri, 2018). As a result, contemporary organizations consider customers as their vital stakeholders and satisfying them is their ultimate goal of organizations to accelerate their profitability and overall organizational performance.

Throughout this discourse, HRM is considered to be the imperative organizational area that presents the most significant potential for customer satisfaction by attracting, developing and retaining the right employees who can serve for the customers (Kiger, 2002; Ott and Dijk, 2005; Chang et al, 2012; Opatha, 2019). Researcher stated that HRM has a crucial role in creating, enhancing, and maintaining customer satisfaction in business organizations due to the direct connection of employees with customers (Opatha, 2019). Further, an organization's customer satisfaction highly depends on its employees as they directly influence customers (Williams and Attaway, 1996; Kiger, 2002). Schneider (1994) emphasized the need for HRM in service organizations to satisfy customers. Najam et al (2020) proved that HRM could improve customer satisfaction via enhancing employee satisfaction. Ott and Dijk (2005) found that

HRM practices such as training and performance management have a significant effect on employees' satisfaction which is essential to enhance customer satisfaction.

Further, Garlick (2010) revealed that teamwork and customer-related training play a pivotal role in determining customer service quality. Furthermore, Chand (2010) came up with a study to explain the impact of HRM practices on service quality, customer satisfaction and performance in the hotel industry. The results indicate that HRM practices positively and directly affect service quality and customer satisfaction, which ultimately leads to enriching the overall hotel performance. Ueno (2012) carried out a study to examine the relative importance of six HRM practices such as communication, training, teamwork, performance appraisals and reward, recruitment and selection, and empowerment in terms of their impact on customer-oriented culture. Furthermore, Ueno (2012) found that implementing these HRM practices is highly effective in building and maintaining a customer-focused culture, which is essential in improving service quality and customer satisfaction.

Several studies emphasized the role of customer orientation of employees in ensuring customer satisfaction (Coelho et al, 2010; Babakus and Yavas, 2012; Sousaa and Coelho, 2013). According to Saxe and Weitz (1982), a customer-oriented employee can create stronger relationships with their customers, resulting in customer satisfaction. Donovan et al (2004) found that customer-oriented employees extend more significant attempts to satisfy their customers. Ifie (2014) suggests that employees will foster more organizational commitment when the organization's customer orientation counterparts with their customer orientation. Accordingly, customer-oriented employees can be considered as the critical driver of customer satisfaction. In this scenario, Peccei and Rosenthal (1997) revealed that shaping and reshaping the attitude about customers and customer satisfaction among the employees is a significant route to enhance their customer-orientation. Opatha (2019) revealed that employee attitude about customers is a potentially critical antecedent for employees' customer orientation. Further, Stock and Hoyer (2005) suggested that managers can influence the employees' attitude about customers to enhance their customer orientation.

Researchers (Ott and Dijk, 2005; Anastasiou and Nathanailides, 2015) mentioned that although numerous studies have related HRM with customer satisfaction, there is a need to gather additional empirical evidence to ensure the precision of the results. Moreover, several studies have emphasized that employee attitude about customers and customer orientation of employees can be treated as the crucial and compelling factors to boost customer satisfaction (Opatha, 2019; Pimpakorn and Patterson, 2010). Shaping and reshaping employees' attitudes about customers and customer orientation of employees are possible through customer-oriented HRM. There is no empirical evidence concerning the mediating effect of employee attitude about customers on the relationship between customer-oriented HRM and customer orientation of employees in the Sri Lankan context and perhaps the international contexts. This study is needed particularly regarding the hotel industry in the Sri Lankan context because employees' customer orientation is considered as a key driver of customer satisfaction for hotels. So, this study may be considered as a pioneering study in the realm of HRM in testing the mediating role of employee attitude about customers. The

problem addressed for the study is: Are customer-oriented HRM and employees' customer orientation positively related and is this positive relationship mediated by employee attitude about customers?

Objectives of the Study

1. To examine whether customer-oriented HRM has a significant positive relationship with employees' customer orientation.
2. To examine the relationship between customer-oriented HRM and employee attitude about customers.
3. To establish the relationship between employee attitude about customers and employees' customer orientation.
4. To test the mediating effect of employee attitude about customers on the relationship between customer-oriented HRM and employees' customer orientation.

Conceptualization of the Variables

Customer-oriented HRM

The employees an organization employs are indispensable for an organization and an organization cannot perform more than its employees perform (Arulrajah and Opatha, 2012). HRM is about managing employees of an organization. Scholars have used a range of titles to portray customer-related HRM systems, such as customer-focused HRM (Schneider, 1994); internal marketing (Pantouvakis, 2012); brand-centered HRM (Chang et al, 2012); and customer service-focused HRM system (Chao and Shih, 2016). These HRM systems are focused on how organizations can enhance customer satisfaction via employees. Further, these studies suggest certain HRM practices which can satisfy the customers. For example, Opatha (2019) suggested eight HRM strategies such as (1) attract, select and hire right people, (2) induct new employees to customers, (3) provide customer satisfaction training, (4) evaluate employees' customer satisfaction behavior and results, (5) reward employees on customer satisfaction, (6) punish deviant behavior of employees, (7) create and maintain a service climate, and (8) ensure supportive management to customer satisfaction. In addition to that, a study conducted by Cantarello et al (2012) revealed that employee skill-developing practices, namely training, socialization, and manager's job rotation can contribute to customer satisfaction. Subsequently, previous studies have concentrated on examining, depicting, and explaining the content of HRM frameworks that attribute to customer satisfaction, as well as the empirical influence of various HRM functions on the employee, customer, and organizational outcomes. However, previous studies did not conceptualize a system of HRM which particularly contributes to customer satisfaction. It is suggested that organizations need to emphasize the role of the HRM system to enhance customer satisfaction in contrast to traditional HRM. Therefore, organizations need to tailor HRM practices to foster appropriate employees' attitudes and behaviors towards satisfying customer needs to facilitate the attainment of competitive advantage.

Based on the above literature, this study considers an HRM system that focuses on customer satisfaction and it should include a collection of HRM practices intended to enhance

employees' competencies about customers and employees' attitudes about customers, promote their motivation, and provide appropriate opportunities to contribute to customer satisfaction. Researchers of this study have termed the HRM, which contributes to customer satisfaction, as "customer-oriented HRM." Integration of customer satisfaction into HRM results in creating a variable called customer-oriented HRM. The working definition which is the nominal definition (Babbie, 1986; Opatha, 2003) assigned by the researchers of this study to the term *customer-oriented HRM* is: the HRM practices that create, maintain, and enhance employees' customer-oriented competencies, attitudes, and customer orientation to finally contribute to customer satisfaction. Customer-oriented HRM aims at creating, enhancing, and retaining customer-oriented employees who can give a maximum individual contribution to ensure customer satisfaction.

Employee Attitude about Customers

Luthans (1998) defines attitude as a "persistent tendency to feel and behave in a particular way toward some object". According to Robbins and Judge (2013), attitude is defined as "the evaluative statements or judgments concerning objects, people, or events". Further, Robbins and Judge (2013) stated that attitude has three components such as cognitive component (the opinion or belief segment of an attitude); affective component (the emotional or feeling segment of an attitude) and behavioral component (an intention to behave in a certain way toward someone or something). Opatha (2019) stated that employees need to be prepared for customer service cognitively, affectively and behaviorally to ensure the right attitude. Employees need a positive attitude regarding customer satisfaction in addition to customer-oriented competencies. Even though employees have customer-oriented competencies, they will not foster customer-oriented behaviors without the right attitude about customers. In this context, Opatha and Rathnayake (2018) defined employee attitude about customers as "the extent to which the employee believes that customers are the most important stakeholder and excellent customer service is essential, feels the customer service interestingly, and has a behavioral tendency towards excellent customer service". In line with past studies, the working definition of employee attitude about customers is: "the degree to which an employee feels positively, believes seriously, and intends to act firmly with respect to actions that will satisfy consumers." In this perspective, an employee should have a positive feeling about customer satisfaction, believe firmly the importance of customer satisfaction and an intention to be a serious contributor to customer satisfaction. Accordingly, employee attitude about customers consists of three aspects as cognitive aspect (belief in customer satisfaction), affective aspect (positive feeling about the customer satisfaction), and behavioral aspect (intention to be a serious contributor to satisfy the customers). These three aspects are critical to determining the employees' customer orientation.

Employees' Customer Orientation

The concept of customer orientation was developed in the work of Levitt (1960) and is considered the critical field of marketing research. Based on the study done by Kelley (1992), customer orientation of employees is defined as the "employees' general commitment toward customer satisfaction". According to Brown, Mowen, Donavan, and Licata (2002), customer orientation of employees is an enduring personal disposition to meet customer

needs in an on-the-job context. DuBrin (2009) defined customer orientation of employees as a “set of individual predispositions and an inclination to provide service, courteous, and helpful in dealing with customers and associates”. Based on the above definitions, the researchers defined employees’ customer orientation as “the extent to which an employee is inclined to guarantee that customers are satisfied.” Therefore, customer orientation of employees is an essential component to satisfy the customers. A customer-oriented employee should have adequate competencies and positive attitudes to make efforts to satisfy the customers.

Literature Review and Hypotheses Development

Customer-oriented HRM and Employees’ Customer Orientation

The working definition of customer-oriented HRM is: the HRM practices that create, maintain, and enhance employees’ customer-oriented competencies, attitudes, and customer orientation to finally contribute to customer satisfaction. Opatha (2021) developed recently a generic model of HRM according to which there are five fields of HRM (i.e., employment planning, staffing, HR development, rewards management, and employee & labour relations) and 18 functions (i.e., job design, job analysis, HR planning, recruitment, selection, hiring, induction, performance evaluation, training & development etc) under these five fields. HRM functions can be performed in the way that will create, maintain and enhance customer orientation within each employee in the organization. For example, customer orientation can be considered as a key criterion in doing performance evaluation of each employee. Another example is that a special training program can be developed and implemented to create and enhance a high level of customer orientation of employees. Thus, implementation of customer-oriented HRM practices should lead to make employees customer-oriented. Based on these arguments, the researchers propose the first hypothesis:

Hypothesis 1: A significant and positive relationship exists between customer-oriented HRM and employees’ customer orientation.

Customer-oriented HRM and Employee Attitude about Customers

Several studies emphasized that employee attitude about customers is critical in ensuring customer satisfaction (Chand, 2010; Opatha, 2019). Even if employees are competent in customer satisfaction, they will not foster customer-oriented behaviors if they do not have a favorable attitude toward customers (Opatha, 2019). Every employee in the organization must be ready to serve consumers at any time. In this context, HRM practices are the primary means to employee attitude development, which is required to ensure customer satisfaction. For this purpose, there is a definite need for contemporary organizations to attract, select, develop and retain employees with positive attitude about customers in addition to the customer-oriented competencies. Customer-oriented HRM practices are treated as result-oriented practices that enable organizations to create and acquire customer-oriented employees through developing employee attitudes about customers (Opatha, 2019). However, it is easier and cheaper to select employee(s) with the right attitude towards customers than changing or developing their attitudes via training and development. HRM functions can be performed in the way that will create and enhance a positive attitude about

customers within each employee in the organization. One example is that employee attitude about customers can be considered as a key criterion in doing performance evaluation. Another example: a special training program can be developed and implemented to create and enhance a positive employee attitude about customers. Thus, implementation of customer-oriented HRM practices should help an organization streamline its entire customer-centered operation, making it more professional and efficient through intensifying the employee attitude about customers. Based on these arguments, the researchers propose the second hypothesis:

Hypothesis 2: There is a significant and positive relationship between customer-oriented HRM and employee attitude about customers.

Employee Attitude about Customers and Employees' Customer Orientation

According to the theory of planned behavior, "attitude is considered as the powerful predictor of behavior" (Ajzen, 1991). To create a customer-oriented workforce, developing competencies is not enough. Beyond the competencies, organizations need to pay more attention to attitude development to create a customer-oriented workforce. According to Opatha (2019), the employee needs to believe in customer satisfaction, have a positive feeling about customer satisfaction and have the intention to be a serious contributor to customer satisfaction. These three aspects are critical to determining the customer orientation of employees. In this sense, researchers revealed that employee attitudes about customers lead to enhancing their customer orientation (Stock and Hoyer, 2005; Yoo and Arnold, 2015). Thus, employees who have a positive attitude about customers utilize their knowledge and skills to satisfy the customers. Customer orientation is especially applicable to employees, who interact with customers as their primary job function (Briggs et al, 2015). Thus, employee attitude about customers is essential to successfully perform their customer-centric duties and responsibilities of the job. Based on these arguments, the researchers propose the following hypothesis:

Hypothesis 3: Employee attitude about customers and employees' customer orientation are positively and significantly linked.

Linkage between Customer-oriented HRM and Employees' Customer Orientation through Employee Attitude about Customers

Based on the above-cited literature evidence, it is possible to establish a positive direct relationship between employee attitude about customers and customer orientation of employees. Employees must be cognitively, affectively, and behaviorally equipped for customer service in addition to having customer-oriented competencies (Opatha, 2019). Customer orientation is a work value that captures the extent to which an enduring belief guides employees' job perceptions, attitudes, and behaviors in the importance of customer satisfaction (Zablah et al, 2012). Employee attitude about customers can be considered as an antecedent of customer orientation of employees. In addition, researchers argued that organizations could develop, shape, and reshape the employees' positive attitude towards customer satisfaction through the implementation of certain HRM practices (Opatha, 2019;

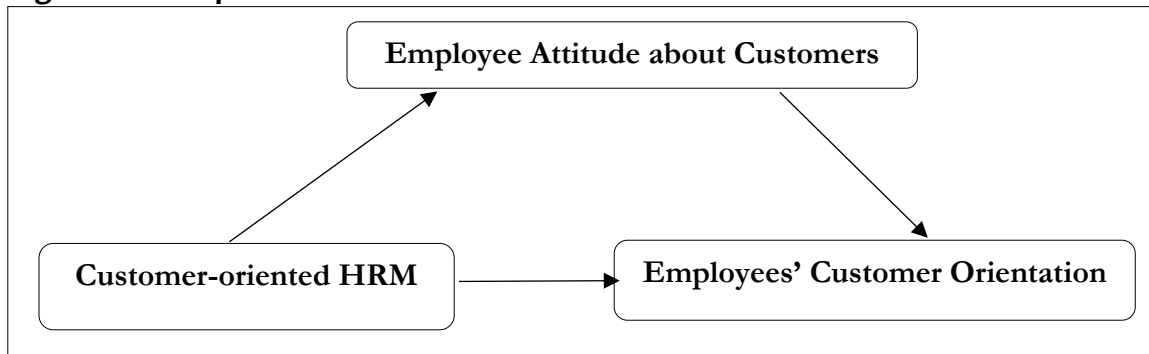
Chao and Shih, 2016). Hence, researchers of this study believe that it is possible to promote the customer-orientation among the employees by implementing appropriate customer-oriented HRM practices, which are highly fruitful in developing employee attitudes about customers. If a question, i.e., how does customer-oriented HRM lead to employees' customer orientation, the answer is through employee attitude about customers. Hence, we argue that employee attitude about customer satisfaction is an intervening variable, i.e., a mediator. This reasoning directs to formulate the following hypothesis concerning the mediating effect of employee attitude about customers on the relationship between the customer-oriented HRM and customer orientation of employees.

Hypothesis 4: Employee attitude about customers significantly mediates the relationship between customer-oriented HRM and employees' customer orientation.

The Conceptual Model

The conceptual framework elaborates the relationships among the variables, explains the theory underlying these relations and describes the nature and direction of the relationships (Sekaran, 2006). An attempt was made to develop a network of associations among the three variables by using past empirical data, arguments, and logical beliefs. Based on the above three hypotheses, it is possible to build the conceptual model to show the relationships among customer-oriented HRM, employee attitude about customers, employees' customer orientation. Figure 1 gives the conceptual model.

Figure 1. Conceptual Framework



Method

Study Design

As far as the purpose of the study is concerned, it was exploratory, analytical and predictive as it tested hypotheses and a pioneering study in exploring the concept of customer-oriented HRM at least in Sri Lankan context. The extent of researcher interference in the study was minimal because the study was conducted in a natural environment of the organization with minimum interference by the researcher with the normal flow of work. This study is non-contrived because the study was done in a natural environment of an organization where work proceeds normally. This study was a cross-sectional one in the time horizon because data were collected in one single time from the respondents. This study unit of analysis is the

individual because the data gathered from each individual and it treated each manager's response as an individual data source.

Population and Sample

In Sri Lanka, tourism is the third-largest export earner in the economy, after remittances, textiles and garments (Tourism Development Authority, Sri Lanka, 2019). In this sense, the hospitality industry plays a crucial role in the overall economy by supporting the development of tourism. The Sri Lankan hotel sector is vital for the tourism industry as well as the economy of the country as it balances the economic interests with social and environmental responsibilities (Bandara et al, 2018). The Sri Lankan hotel sector contributes to the economy with more revenue and it has been rapidly developing with increasing tourist arrivals after the civil war (Ramgade and Walvekar, 2016). In modern service organizations, customer satisfaction is a key factor contributing to organizational success (Anastasiou and Nathanailides, 2015). Within the restaurant and hospitality industry, employee behaviors and relationships are important in determining customer satisfaction (Mathe, Scott-Halsell and Roseman, 2013). The importance of human resources in the labor-intensive hospitality industry has been highlighted for a long time (Kang, Heo, and Kim, 2015). The positive actions from the employees at service encounters towards the customers could be a very important factor as it is directly related to customer satisfaction (Robbins and Judge, 2013). Based on the importance of customer satisfaction in the hotel industry as well as the selected hotels, this study has selected managers of hotels that are operating in Trincomalee district Sri Lanka. Therefore, conducting this study in the Sri Lankan context could provide useful knowledge that helps Sri Lankan hotels to enhance their employees' customer orientation, their customer satisfaction, and performance.

The total population for the study was about 100 managers from hotels operating in the Trincomalee district. The total population was considered for data collection, hence there was no selection of a sample to conduct this study. There were 100 questionnaires delivered to the hotel's managers. However, only 60 managers responded to the questionnaire due to the pandemic situation in the country. The hotel industry was drastically affected by the Covid-19 pandemic situation. Therefore, the researchers were able to reach only 60 managers to collect the data.

The managers are playing a vital role in determining the success or failure of the organization. Organizations need the right managers to ensure the survival and sustainability of the organization. Organizational success heavily depends on managers' attitude, competencies, and job performance. In this sense, hotels managers are considered as the drivers of the superior performance of hotels. Therefore, hotels managers have the awareness of the internal customers (employees) as well as external customers. Therefore, manager is considered as the unit of analysis for the study.

Measurement

Customer-oriented HRM

An instrument was developed by the researchers to measure customer-oriented HRM. They were multi-item interval scales, and the question statement items were developed from the elements and dimensions identified from the acts of conceptualization and operationalization of the variable. The survey instrument is given as an appendix. Accordingly, customer-oriented HRM has 12 dimensions including job design, job analysis, human resource planning, recruitment, selection, induction, performance evaluation, training & development, reward management, discipline management, health & safety management and employee relations. This instrument had a Cronbach's alpha of 0.893 which is higher than 0.70. Hence, this instrument had good reliability.

Employee attitude about customers

For this research study an instrument was used by adapting from past literature work of Opatha (2019) to measure the employee attitude about customers. This instrument could be used to measure the employee attitude about customers, and that consisted of six question items in five-point Likert scale. The instrument had a good degree of reliability with a Cronbach's alpha of 0.773.

Employees' customer orientation

The researchers used an instrument adapted from past research works of Brown et al (2002) and Stock and Hoyer (2005) to measure the employees' customer orientation. This instrument used to measure employees' customer orientation consisted of five question items in five-point Likert-scale. The instrument had a good level of internal consistency with a Cronbach's alpha of 0.867.

Validity of the Instruments

Content validity refers to the extent to which the measurement device, in our case the measurement questions in the questionnaire, provides adequate coverage of the investigated questions (Saunders, Lewis and Thornhill, 2009). More than two question statements were developed for each of the elements identified from the literature and therefore each of the three instruments contained an adequate degree of content validity. Factor analysis was used to measure the construct validity of the instruments, and it is a multivariate technique that confirms the dimensions of the concept that have been operationally defined, as well as indicating which of the items are the most appropriate for each dimension (establishing construct validity) (Sekaran and Bougie, 2013). Under the KMO & Bartlett's Test of Sphericity, the three instruments are as follows: Customer-oriented HRM (0.581), Employee attitude about customers (0.767), and Employees' customer orientation (0.721). Kaiser (1974) recommends that the accepted index of KMO & Bartlett's Test of Sphericity should be over 0.5. Hence, KMO & Bartlett's Test of Sphericity test ensured that the sample size was adequate to perform the factor analysis. All the items used to measure the dimensions of the three variables contributed to measuring the relevant concepts by above 50% (cumulative %). Thus, these results show that the construct validity of the instruments was established. Furthermore, the construct validity of the instruments used for this study was ensured by the

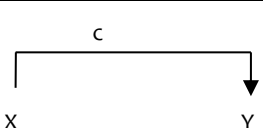
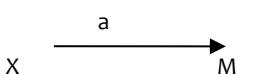
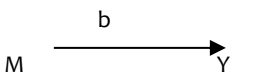
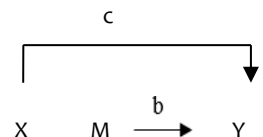
fact that the correlation analysis supported the hypotheses formulated linking the relationships among the independent, dependent, and mediating variables.

Data Analysis Techniques

Statistical Package for Social Sciences (SPSS) was used to analyze the primary data collected from the respondents. Correlation analysis is used to examine the relationship between the variables (Jahangir and Begum 2008). The Pearson Product-Moment Correlation Technique was used to test the relationships among the variables concerning the three hypotheses numbering H1 to H3. According to Sekaran (2000), the correlation coefficient value (r) ranging from 0.10 to 0.29 is considered weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong. However, according to Field (2005), the correlation coefficient should not go beyond 0.8 to avoid multicollinearity. The correlation matrix shows that multicollinearity does not threaten the validity of the data.

Researchers have adapted the mediation analysis to examine the mediating effect of employee attitude about customers on customer-oriented HRM and customer satisfaction linkage (H4). This method was proposed by Baron and Kenny (1986) and Frazier, Tix and Barron (2004) to examine the mediating effect. Their procedure presents four steps to be followed by performing the runs of three regression equations to establish a mediating effect of a variable on the relationship between a predictor variable and an outcome variable. The first step is to show that the predictor is significantly related to the outcome, and the second step is to show that the predictor is significantly related to the mediator. To show that the mediator is significantly related to the outcome variable is the third step. The fourth step is to show that the strength of the relationship between the predictor variable and the outcome variable is significantly reduced when the mediator is added to the model. Several Sri Lankan researchers (e.g., Iddagoda and Opatha, 2020, Opatha, 2020; Thevanes and Arulrajah, 2020) applied this method to examine the mediating effects. Table 1 presents the procedure.

Table 1. Four-Step Approach for Simple Mediation Analysis

	Analysis	Visual Description
Step 1	Conduct a simple regression analysis with X predicting Y to test for path c alone	
Step 2	Conduct a simple regression analysis with X predicting M to test for the path a	
Step 3	Conduct a simple regression analysis with M predicting Y to test for path b alone	
Step 4	Conduct a multiple regression analysis with X and M predicting Y	

Source: Adapted from Baron and Kenny (1986) and Frazier, Tix and Barron (2004)

Results

Correlation Analysis

The researchers formulated three hypotheses to achieve the study objectives. Table 2 displays the hypotheses developed for this study. Hypotheses (from H1 to H3 given in Table 2) were tested using correlation analysis. The results of Pearson's Product Moment Correlation analysis are shown in Table 3.

Table 2. Hypotheses (from H1 to H4) of the Study

No	Hypotheses
H1	<i>A significant and positive relationship exists between customer-oriented HRM and employees' customer orientation.</i>
H2	<i>There is a significant and positive relationship between customer-oriented HRM and employee attitudes toward customers.</i>
H3	<i>Employee attitude about customers and employees' customer orientation are positively and significantly linked.</i>
H4	<i>Employee attitude about customers significantly mediates the relationship between customer-oriented HRM and employees' customer orientation.</i>

Table 3. Pearson Correlation Coefficients

No	Variables	Coefficient	Sig
1	<i>Customer-oriented HRM and employees' customer orientation</i>	0.620**	0.000
2	<i>Customer-oriented HRM and employee attitude about customers</i>	0.372**	0.000
3	<i>Employee attitude about customers and employees' customer orientation</i>	0.562**	0.000
**Correlation is significant at the 0.01 level (2-tailed)			
Source: Survey data			

According to Table 3, the correlation coefficients of customer-oriented HRM and employees' customer orientation, customer-oriented HRM and employee attitude about customers, and employee attitude about customers and employees' customer orientation were significant at $p < .01$. The correlation analysis supported to acceptance of the hypotheses (from H1 to H3). Correlation analysis substantiates that direct significant positive relationships exist between customer-oriented HRM and employees' customer orientation, customer-oriented HRM and employee attitude about customers, and employee attitude about customers and employees' customer orientation.

Mediation Analysis

The mediation analysis consisted of the four steps recommended by Baron and Kenny (1986) and Frazier, Tix and Barron (2004). The results are given in Table 4.

Table 4. Mediation Analysis

Step	Independent Variable	Dependent Variable	R ²	β	Sig.
1	Customer-oriented HRM (Path C)	Employees' customer orientation	0.385	0.620	0.000
2	Customer-oriented HRM (Path A)	Employee attitude about customers	0.138	0.372	0.003
3	Employee attitude about customers (Path B)	Employees' customer orientation	0.316	0.562	0.008
4	Customer-oriented HRM	Employees' customer orientation	0.512	0.477	0.000
	Employee attitude about customers (Path B and C)			0.385	0.000

Table 4 shows the results of the mediation analysis. Step-1 which tests the effect of the predictor (customer-oriented HRM) on the outcome (employees' customer orientation) was performed (regression coefficient=0.385, $p=0.000$). The result indicates that customer-oriented HRM is positively and significantly related to employees' customer orientation. Step-2 shows that customer-oriented HRM is positively and significantly related to employee attitude about customers (regression coefficient = 0.372, $p=0.003$). The result reveals that the predictor is significantly related to the mediator. The result of step-3 indicates that employee attitude about customers is positively related to employees' customer orientation (regression coefficient= 0.562, $p = 0.008$). The result reveals that the mediator is significantly related to the outcome. Finally, based on the mediation analysis, from step 1 to step 3, the relationships between the variables are significant as the sig value is less than 0.01. In step 4, employee attitude about customers (0.000) is significant and customer-oriented HRM (0.000) is significant. Frazier et al (2004) pointed out that when Path C' is zero, there is complete mediation; otherwise, a partial mediation exists. In this case, Path C' was 0.385 and this is still significant ($p < .01$). As it was smaller than Path C (which was 0.620), there is a partial mediation. The results of mediation analysis suggest that employee attitude about customers partially mediates the relationship between customer-oriented HRM and employees' customer orientation. The analysis supports the acceptance of what was hypothesized in Hypothesis 4 (H4).

Discussion and Conclusion

The employees are considered as the significant stakeholders in determining customer satisfaction. Owing to this reason, contemporary organizations are in an immense necessity to identify and implement the HRM practices which can enhance the level of customer orientation of employees to ensure customer satisfaction. Nevertheless, inadequate research

has been conducted to elucidate the relationships underlying HRM and customer satisfaction. This study was an attempt to fulfill the theoretical and empirical gaps in HRM and customer satisfaction using empirical evidence from Sri Lanka. As no previous similar studies are being available to the researcher, there is no possibility of making a traditional type of discussion to confirm the research findings through the previous empirical research evidence.

To examine whether customer-oriented HRM has a significant positive relationship with employees' customer orientation was the first objective of this study. It was found that customer-oriented HRM has a significant positive relationship with employees' customer orientation. As theorized based on arguments and logical beliefs customer-oriented HRM makes employees customer oriented. Hence it is important for an organization, that is in need of creating and enhancing customer orientation of its employees, to embed customer orientation in the HRM functions. The second objective of the study was to explore the relationship between customer-oriented HRM and employee attitude about customers. The results of the study have shown a positive and significant relationship between customer-oriented HRM and employee attitude about customers. The organization should create a conducive HRM that is customer-oriented for achieving a higher level of positive attitude of employees about customers. It is possible to change the employee attitude about customers through the implementation of customer-oriented HRM practices. Thus, the researchers suggest that business organizations need to do the identification and implementation of customer-oriented HRM practices to create and retain employees with a positive attitude towards customers. If a more proactive approach is adopted, organizations need to consider more on selecting the right employees with the right attitude about customers rather than changing or developing their attitudes via training and development. Generally, it is more expensive to change the attitudes of employees through training practice. Henceforth, selection of employees with the right attitude can be a cost-effective practice for the organization. The findings also serve as empirical evidence for some conceptual studies (e.g., Opatha, 2019 and Opatha and Rathnayake, 2018) on the subject.

Third objective of the study was to establish the relationship between employee attitude about customers and employees' customer orientation. This finding of the study provides the empirical evidence for the theory of planned behavior (Ajzen, 1991) which proposes attitude is a powerful predictor of behavior. Moreover, this finding of the study can be considered as empirical evidence to the theoretical argument of Opatha (2019) that the employee needs to be prepared for customer service cognitively, affectively and behaviourally for ensuring the right attitude. The finding of the study suggests that organizations can motivate the employees to foster the customer-oriented behaviors of employees at the workplace by influencing on their attitudes about customers. Thus, employee attitude about customers directly contributes to the customer orientation of employees which paves the way to foster customer-oriented behaviors to satisfy the customers. A better understanding of how employee attitude about customers relates with customer orientation of employees should help managers to hire and train the customer-oriented employees, thereby ensuring the delivery of consistent service to satisfy the customers. This finding lends support to the previous studies which suggested a possibility to enhance the customer orientation of

employees by improving their attitude about customers (eg., Stock and Hoyer, 2005; Yoo and Arnold, 2015).

The fourth objective of this study was to test the mediating effect of employee attitude about customers on the relationship between customer-oriented HRM and employees' customer orientation. The results of the study revealed that employee attitude about customers plays a significant mediating role in the relationship between customer-oriented HRM and employees' customer orientation. This supports the idea that when an organization implements customer-oriented HRM practices, that will shape and reshape the employee's attitude about customers. Accordingly, they will become as customer-oriented employees.

This study has identified and highlighted several HRM practices under the 12 functions of HRM such as job design, job analysis, human resource planning, recruitment, selection, induction, performance evaluation, training and development, reward management, discipline management, health and safety management and employee relations. The identified bundle of HRM practices is labeled as the "customer-oriented HRM practices". For academic research, this study contributes to understanding the relationships among customer-oriented HRM, employee attitude about customers and customer orientation of employees. Being a pioneering study, the findings of the study contribute to HRM and marketing literature. Furthermore, the current study provides a reliable and validated scale for measuring customer-oriented HRM. It is useful for future researchers to measure customer-oriented HRM.

It is widely accepted that customer satisfaction is a fundamental vehicle to guarantee the profitability as well as the sustainability of the business organization. In order to ensure customer satisfaction, it is necessary to have customer-oriented employees. To ensure customer orientation of employees, their attitude about customers needs to be positive. Organizations that want to increase employees' customer orientation should embed customer orientation in HRM practices. Employee attitude about customers can be shaped and reshaped through the adaptation of customer-oriented HRM practices. Hence, we suggest that organizations are required to embed increased customer orientation in HRM in order to build a positive employee attitude about customers which results in increased employees' customer orientation.

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Appendix: Survey (Question Items) of Customer-oriented HRM Practices

Customer-oriented job design	
1.	My hotel created customer-oriented jobs through adding customer-centric duties, tasks and responsibilities.
2.	My hotel increased the number of existing positions of job and designed and implemented new jobs which directly deal with the customers in order to minimize the customer waiting time.
Customer-oriented job analysis	
3.	My hotel identified and clearly defined the specific customer-centric duties and responsibilities of the job in the job description.
4.	My hotel identified and defined the appropriate competencies, attitudes and qualifications needed to successfully perform the job which aims at maximising the customer satisfaction in the job specification.
Customer-oriented human resource planning	
5.	My hotel forecasted the number of employees and types of employees to implement the practices and initiatives which aim at maximising customer satisfaction.
6.	My hotel engaged in deciding the appropriate strategies to meet the forecasted demand for maximizing customer satisfaction (e.g. appointing a customer-oriented supervisor, a specialized trainer for customer satisfaction).
Customer-oriented recruitment	
7.	My hotel communicated the hotel's concern about customer satisfaction through the recruitment efforts.
8.	My hotel included customer satisfaction criteria in the recruitment messages/advertisements.
Customer-oriented selection	
9.	My hotel has an employee selection procedure to effectively identify the customer-oriented candidate(s).
10.	My hotel applied psychological tests (eg. big five dimensions) as the selection methods to select the people who concern about customer satisfaction by analysing their customer-oriented attitude and behaviours.
Customer-oriented induction	
11.	During the induction programmes, my hotel invited key customers to give speeches or views to the new employees hired.
12.	My hotel included a separate item for identifying and understanding customers in the induction programmes.
Customer-oriented performance management	
13.	My hotel has the performance appraisal techniques (e.g. behavioral observation scale, customer oriented MBO method etc) to evaluate employees according to their behavior toward customer satisfaction.

14.	My hotel provided appraisal feedback to each employee in order to recognize their customer satisfaction efforts.
Customer-oriented training and development	
15.	My hotel provided the job-related training to enhance the customer satisfaction.
16.	My hotel identified the customer satisfaction training needs through skill gap analysis.
17.	My hotel provided opportunity to everybody to be trained on art of customer dealing.
Customer-oriented reward management	
18.	My hotel provided financial and non-financial incentives to appreciate employees who were excellent in terms of enhancing customer satisfaction.
19.	My hotel involved in setting clear career path and promotion plan as well as welfare facilities for customer-oriented employees based on their annual customer-oriented performance reviews.
Customer-oriented health and safety	
20.	My hotel has ensured a right workplace for all to improve the employees' physical and mental well-being to satisfy the customers.
21.	My hotel involved in developing strategies (e.g. provide happiness education and counselling, promote job satisfaction etc) to enhance employee happiness in order to ensure their involvement in customer satisfaction.
Customer-oriented discipline management	
22.	My hotel enforced punishments to the employees who had behaved in the way that made the customers dissatisfied.
23.	My hotel has placed the customer complaint box in order to collect employee's deviant behaviors.