

A Different View on Customer Orientation in Metalworking Firms

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Abstract

In this paper, an original model was constructed and a research analysis was conducted to find out the influence of spiritual leadership on customer orientation in metalworking firms. Research was performed on 578 employees in the metal industry. According to the results, it was determined that the constructed model is significant and, spiritual leadership affects the customer orientation processes. However, the total explained variance of customer orientation depending on spiritual leadership could have only reached a value of 20%, which managerial level employees should take into consideration when constructing their strategic maps.

Keywords: *Customer orientation, spiritual leadership, metal industry*

1. Introduction

People join various organizations for the most part of their lives. The organizations are strong social tools to arrange relationships between individuals. An organization is a structure where two or more individuals come together to achieve specified goals (Applewhite, 1965). Another definition is that, organizations are goal directed, boundary maintaining, and socially constructed systems of human activity, which focus attention on the social processes involved in the genesis and persistence of organizations (Aldrich, 1999). Whenever an individual wants to achieve his goals that require more power than he has, he must cooperate with others. We may understand from these statements that organizations satisfy the individuals' needs with interactive and collaborative

working processes. Sometimes, the complexity of these processes and environmental changes force organizations to search for more efficient operational exploration to improve in their industry. This often means increasing the efficiency that will play an important role in accelerating their development. To be sure there may be many factors affecting the organization's effectiveness, and one of them is customer orientation. For G'omez et al. (2004) being customer oriented plays a key role in a successful business strategy. It is widely known that customer satisfaction is crucial in organizational effectiveness and being customer oriented enhances customer satisfaction. The growing competition induces enterprises to be more customer oriented. This entails to measure the effects of each process on customer

orientation when constructing strategic maps. In this paper, we will try to investigate customer orientation (CO) from the perspective of spiritual leadership variables (SLV) in the metalworking industry. The selected variables of spiritual leadership related with this industry are vision, altruistic love, meaning/calling and membership, which have first been discussed and acknowledged by Fry, Vitucci and Cedillo (2005) in related literature.

This is an original study being applied on the metal industry. This sector has been selected for several reasons. The metal sector has great significance in the Asian economy as well as in the global economy. Experts in this sector create strategy maps by following global market conditions. Therefore, our study gains an international importance as well. Besides the global view, we selected this sector for other reasons as well. Since the metalworking manufacturing is a heavy industry, working conditions in this sector are very harsh. The results of this study will help to cope with these harsh conditions. From a social work perspective, there is a significant number of employees in the metal industry across the world. In this manner, the subject will concern a great number of people. In addition, investing in this sector requires great amount of capital goods, which may discourage the investors. Therefore, the investors will gain a broader point of view in the decision process of investing in this sector. Lastly, there are few researches related with the development of this sector (depending on the factors stated in our model). Hence, the organizations will gain an extensive vision to grow in this sector and this will help to raise the standards of professional social work. Furthermore, our study may contribute to the globally acting sectors other than metal that are facing similar problems.

2. Literature review

2.1 Customer orientation

Marketing is getting great importance for the firms day by day, which helps them increase their profits. Price, product, promotion and place are the fundamentals of marketing as the answer to meeting

the need to convert manufacturers' product into cash (Kotler, 1997). The firms doing serious analyses for marketing are market oriented firms. There have been important studies on market orientation by many authors. Kohli and Jaworski (1990) point out three groups of activities to define market orientation; generation of market intelligence relating to present and future customers' needs, dissemination of intelligence across departments within the organization and organizational responsiveness (Bozic, 2006). This basic definition can be explained as scanning of the environment to gather information about customers and competitors, dissemination of this information to all of the members of the organization for maximum utilization, and converting this information as new (value-added) actions to offer in the marketplace. The other well-known authors for related concepts are Narver and Slater (1990) who define market orientation as a one-dimensional construct which is made up of three behavioral components: customer orientation, competitor orientation and inter functional coordination; and two decision-making criteria: long-term focus and profit focus (Bozic, 2006). The other definition for market orientation which has been stated by Martin and Grbac (2003) is that it is the implementation of marketing activities designed to satisfy customer needs better than competitors (Erdil et al., 2003). These definitions state that market orientation is crucial for the organizations and the basic part of market orientation is to focus on customers, and hence, organizations, which analyze their customer needs better will be more market oriented. In this context, customer orientation (as a part of market orientation) should be analyzed. Kohli and Jaworski (1990) define customer orientation that it represents the degree to which customer information is both collected and used by the business unit. For Deshpande et al. (1993), customer-orientation is the set of beliefs that puts the customer into the center, while not excluding those of all other stakeholders such as owners, managers, employees, in order to develop a long-term profitable enterprise. Therefore, the organizations use customer information to forecast the future needs of the firm. Thinking of customer priorities in the organization is the main part of

customer orientation. The firm should cluster its customers and make a classification of them depending on various properties. In order to make better customer groups, knowing the cultural, political, social, demographic or other properties of the customers comes into prominence. More customer-focused organizations will add more value for their customers. This brings us to the conclusion that customer orientation is not a simple concept and there is not a general marketing principle for it. The marketing principle varies from organization to organization and customer to customer. Even if an organization thinks that it has found a specific marketing tool for any customer, this may vary (as time passes) depending on external factors. Reacting to market feedback may allow an organization to adapt to the external changes (Erdil et al., 2003). Sometimes the external environment may drastically change which causes crisis and turbulence. In that time, the organization may need to revise its customer-centered marketing principles. The organizations need research to foresee these types of problems before the crisis comes and should investigate for possible solutions earlier. Therefore, it gains importance for the organizations to think of their customers with the external environment and to deal with customer orientation as a systematic process. Another point is that the organizations should try to enhance their skills in predicting the behaviors of their customers. The deviations from these predictions should be analyzed periodically. The organizations may need to rebuild their marketing strategies as a result of these analyses. This means that organizations should see customer orientation as a continuous process. Consequently, a customer-oriented company has to develop a continuous communication system with its customers and create a customer focused environment within the company (Hartline et al., 2000).

2.2 Leadership in the organizations

2.2.1 Definition of the leadership

According to Conger (1993), the turbulent environment of the twenty-first century requires newer forms of leadership at all levels of the organization (Ford & Ismail, 2006). The organization

may lose or gain in the market because of its own leadership ability. Leadership may be defined as the lifting of people's vision to a higher sight, the raising of their performance to a higher standard, the building of their personality beyond its normal limitations (Drucker, 1985). It also analyzes attributes and capabilities of the organization, to assist the individuals in the development of their interpersonal relationships and other related skills. These capabilities, attributes and the strategic choices of leaders add value to the organization and inspire their teams to implement those strategies. The major players here are the leader and the followers. The leader's characteristics and behaviors influence the followers and the influencing process and its outcomes that occur between the leader and the followers are analyzed by the leadership concept (Antonakis, 2006). Organizational leadership inspires active followership and the members follow the leader's idea or a systematic process. This systematic process involves transactions among the followers, which are managed by the leaders. In addition to this, leadership is a dynamic process that requires different leadership activities for different conditions. For (Gibbons, 2000) leadership is an influencing process between leaders and the followers and sometimes the roles are changed between the followers and the leaders, where the followers also may influence the leaders. Therefore it is not only a top-down process but also exercised sideways, diagonally, and down-up throughout an organizational hierarchy (Antonakis, 2006).

2.2.2 Spiritual leadership

In the rapidly changing global world, peoples need for leadership and ethics is more than they have needed before. Therefore, investigating leadership in a deeper manner comes into question. A narrower concept 'spiritual leadership' is a type of leadership and will be investigated in our study.

The notion of spirituality in the workplace has come into a considerable prominence in the last decade (Gibbons, 2000). Spirituality is the source of harmonizing expression of compassion and wisdom, and sometimes healing with compassion and wisdom,

which are mental concepts (Maxwell, 2003). It is an intangible concept, composed in the members' mind, flourishing there and inspiring towards big strategic projects. It is one of the fundamentals of volunteer work. Although spiritual leaders often espouse the values such as love, harmony, unity, compassion, peace, truth or honesty; what they so often project instead is greed, cynicism, arrogance, impatience, self-doubt, envy, and moral decline (Kakabadse, Kouzmin, & Kakabadse, 2002). Comparing these values makes spiritual leaders find more ethical ways for their followers. In spiritual leadership, the value is distributed all over the organization by the help of the ethical skills of the leader. Another important factor for spiritual leaders is to develop new specialized skills. This means that the leader has to renew himself to accommodate the changes around the organization and the leader has to develop the ability of making a big picture analysis. The spiritual leaders are the key players in the organizations, and they are empowered with the roles in helping facilitate the effort of change. Fostering a positive and successful change for the organization begins at the top and works downwards. This requires loading responsibilities into the members, which may be difficult to achieve. In a spiritual environment, the members share the responsibilities more willingly and this facilitates the leader's role.

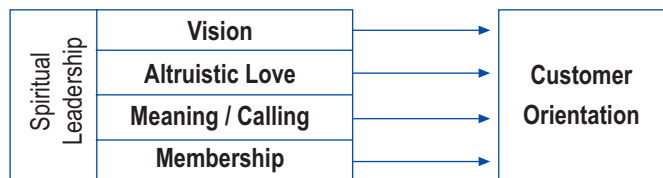
2.2.3 The theory of spiritual leadership

The theory of spiritual leadership is developed within an intrinsic motivation model that incorporates leader and follower values as vision, hope, faith, and altruistic love, creating meaning and being a loyal member of the organization, in order to contribute to organizational commitment and productivity (Fry, Vitucci, & Cedillo, 2005). Due to this, it can be said that followers are strictly motivated with spiritual leaders. There becomes a different atmosphere, which has been created by spiritual leaders. This positive atmosphere composes a coherence between the leaders and the followers. In accordance with our model, we will study spiritual leadership in terms of vision, altruistic love, meaning/calling and membership. Vision defines the attractive future for an organization, which is also in the motivator role. It is in the future,

not in the present. The leader has a crucial role in creating this vision and supervising it that composes bridges between today and tomorrow. The second dimension of spiritual leadership is altruistic love, which is to love everybody with no exception. This means that, the people prefer to suffer themselves instead of suffering the others. The other dimension is 'meaning/calling', in which the organization members believe that the job they do is important and meaningful for them and that it makes a difference in people's lives. The last dimension, 'membership' means that the organization understands its members and appreciates them, therefore the employees become loyal members of the organization.

3. The research model

Accordingly, we have constructed a relationship between the concepts, and created a model. According to this model, SLV affects CO. The model for this research (depending on these factors) may be seen in figure 1. Figure 1: The constructed model



4. Methodology

The research plan has been stated as researching for the survey questions through the literature, constructing the best fitting survey from the alternatives, reaching the participants and informing them for the survey, gathering the data, and measuring & analyzing these data.

4.1 Scales

To perform our research, we have searched for the related scales in the literature. The scales have been obtained after a detailed investigation of the literature. The CO scale is adapted from Deshpande et al. (1993) and the SLV from Fry et al. (2005).

Two different scales were used to gather data. There

are 6 descriptive items for the first type of questions and 30 items for the second type of questions. The second type of questions are to calculate the value of CO and spiritual leadership. We asked the respondents to fill 9 items for CO and 21 items for spiritual leadership. Spiritual leadership has been composed of four sub-dimensions, which are vision (5 items), altruistic love (7 items), meaning/calling (4 items) and membership (5 items). In the second type of questions, the respondents have filled the statements in – Likert response categories – ranging from 1 to 5, where (1) is strongly disagree and (5) is strongly agree.

4.2 Sample and data collection

We drew our sample from the employees of metalworking firms in Turkey. The selected firms have had a manufacturing process. They are all profit oriented organizations. After specifying the sample, we have formed the survey instrument and searched for potential participants to send the questionnaire to. More than 1000 contacts were made or attempted. Some of them were ineligible, some of them refused to participate in the survey, and some of them did not respond although they accepted to participate. A total of more than 600 surveys returned, however, some of them had excessive missing values and were excluded from the analysis. Finally, the valid responses have reached 578. We have sent the questionnaire to the participants via electronic mail. In some circumstances, we telephoned the firms to inform them about the survey and requested them to join. The data were collected within about eight months, between the autumn of 2007 and spring of 2008.

4.3 Analysis and results

After gathering the data, we have entered them in SPSS (Statistical Programming for Social Sciences) version 11.5. Some SPSS tools, which are descriptive statistics, reliability analysis, factor analysis, correlation analysis and regression analysis, have been used to analyze the data.

4.3.1 Results of the descriptive statistics

In the first analysis, we have described the basic features of the data with the descriptive statistics to

provide simple summaries about respondents.

- Out of 578 respondents, the average age of individuals who joined the survey is 32.75 (Mean=32.75, Standard Deviation =7.94).
- The average of total working year is 11.01 (Mean=11.01, Standard Deviation =7.91).
- The average of working year on their current firm is 7.69 (Mean=7.69, Standard Deviation =6.21).
- 8% of 578 employees have graduated from primary school (44/578), 67% of them have graduated from high school (387/578), 25% of them have graduated from college (147/578).
- The respondents who are between the age of 19 and 25 are 20% (116/578), between 26 and 35 are 47% (272/578), between 36 and 45 are 24% (141/578), older than 46 are 8% (49/578).
- The managers consist of 7% of total (40/578).
- The employees working on the production department are 56% (322/578) and the other departments are 44% (256/578).
- The rate of the respondents whose job-life is between 1 and 10 years is 54% (314/578), 11 and 20 years is 32% (183/578), more than 20 years is 14% (81/578).
- The rate of the respondents who have been working on their current firm for 1 to 10 years is 71% (410/578), for 11 to 20 years is 24% (138/578), for more than 20 years is 5% (30/578).

4.3.2 Results of the reliability analysis

The second applied analysis at SPSS was the reliability analysis. The computation of Cronbach's alpha on the reliability of a test is a good alternative in SPSS (Hatcher, 1994). The Cronbach's alpha value has come out as 0.994 for CO, 0.972 for vision, 0.997 for altruistic love, 0.982 for meaning/calling, 0.997 for membership. Vavra (1999) states that a scale is reliable if its Cronbach's alpha value is equal or above the value of 0.70 (Ozdogan & Tuzun, 2007). Since each of the Cronbach's alpha values (which we calculated by SPSS) are above 0.70, we have proved that the scales we used for our research are all reliable.

4.3.3 Results of the factor analysis

The third analysis is the factor analysis in order to specify a set of observed variables in terms of a small number of factors. In the factor analysis, -- the factor loadings -- show, what percent of each item has been loaded to the factors. Furthermore, the total explained variance (which we have calculated by the factor analysis tool on SPSS) shows the total measuring capacity of items for the related variables.

In factor analysis, it is a common rule that -- the values above 0.50 in rotated component matrix -- are acceptable (Albayrak, 2005). We will analyze the results in accordance with this statement. Therefore, for the results of the factor analysis of the spiritual leadership, each SLV (vision, altruistic love, meaning/calling and membership) has gone to different factors. This shows that each of the variables indicates different meanings for the respondents. The factor analysis also helped us to know our scale's measuring capacity of spiritual leadership, which has come out to be 0.963.

Subsequently, we investigated the factor analysis results of the CO. The CO has been measured as one-dimensional and as expected, we have had only one factor for this variable. In addition, the total capacity of our scale to measure the CO has come out as 0.957.

The next analysis that we have applied to our research was to find out the results of 'Kaiser-Meyer-Olkin (KMO) test' and 'Bartlett's Test of Sphericity'. These tests inform the researchers about the adequacy level of factor analysis (Semerci, 2004). In order to conclude whether the amount of data is sufficient to measure our research and adequate for the factor analysis, we have performed these two tests. Consequently, the results of Bartlett's test of our research are significant (at the level of $p < 0.001$) for all of the variables and, the measures of KMO tests are; 0.911 for CO and 0.931 for spiritual leadership. KMO test result is adequate above the value of 0.50 and the result is to be considered better as this value approaches to 1 (Aydin, 2007). Therefore, the results of these tests approve the adequacy of our scale.

4.3.4 Results of the correlation analysis

After proving that the scales are reliable and sufficient to measure our data, we may search for the correlation analysis. The correlation analysis gives the results about the variables whether they tend to vary together or not. For the results of the correlation analysis (which we had from SPSS), there are significant correlations (at the $p < 0.001$ level) between CO and each SLV (vision, altruistic love, meaning/calling and membership).

4.3.5 Results of the regression analysis

We have also applied regression analysis to our research. We have investigated whether the constructed model is significant or not. In addition, the regression analysis tool in SPSS has calculated the 'total explained variance' of our model. In SPSS, from the model summary table in the output of regression analysis, the regression equation has been composed. This equation indicates the mathematical relationship between the dependent variable (CO) and independent variables (SLV). Regression analysis is one of the important analyses of our research as it informs us what percent of the CO can be explained by SLV.

Since the research questions have the capacity of measuring the variables, we will be able to investigate the significance of the model. The ANOVA table (see table 1) of regression analysis informs us that our model is significant (at the level of $p < 0.001$).

Table 1: ANOVA (Regression analysis)

ANOVA ^b					
Model		Sum of Squares	df	Mean Square	F Sig.
1	Regression	184.168	4	46.042	36.135 0.000 ^a
	Residual	730.105	573	1.274	
	Total	914.272	577		

a Predictors: (Constant), vision, altruistic love, meaning/calling and membership

b Dependent Variable: Customer orientation
Additionally, the SLV can explain 20% of the total

variance of CO. This is the R square value that can be seen on model summary part of regression analysis (table 2).

Table 2
Model summary of regression analysis

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
0.449a	0.201	0.196	1.12880

a Predictors: (Constant), vision, altruistic love, meaning/calling and membership

Besides that, by analyzing the coefficients part of regression analysis result, the equation is formed as; $(CO) = 1.507 + 0.192 X (\text{Vision}) - 0.189 x (\text{Altruistic Love}) + 0.363 X (\text{Meaning/Calling}) + 0.168 X (\text{Membership})$

This equation informs the audiences about the importance level of the variables as how to maximize the CO in metalworking manufacturing, depending on SLV.

5. Conclusion and discussion

The results of this study have original implications for businesses as well as academic researchers that the CO has a significant relationship with the variables of spiritual leadership (vision, altruistic love, meaning/calling and membership). All these variables have positive correlations with CO except altruistic love. There may be many factors causing this. Furthermore, meaning/calling has the greatest effect on CO. Future studies should analyze the reasons; why altruistic love affects CO negatively and, vision and membership are less important than meaning/calling in the metalworking industry.

The total explained variance (0.20) of CO is very low, which entails the researchers to find out other factors, join the model and increase the concerned value. The results of this study help us conclude that spiritual leaders make no considerable sense in metal sector employees towards being customer

oriented. Metalworking manufacturing is a heavy industry and trading in this sector requires great monetary power. Therefore, the employees and the customers may be more finance focused. This may cause the employees to give less importance to spiritualism.

We believe that the results of this study may be useful for metalworking firms as well as other global organizations in planning their strategic maps and increasing their effectiveness. Nevertheless, as another discussion area, we suggest that researchers study other international businesses to compare the results and reach a detailed and sensible conclusion.

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