

**PREDICTING EFFECT OF SERVICE ORIENTATION ON
ORGANISATIONAL PERFORMANCE BY CUSTOMER CONTACT
EMPLOYEES IN THE MALAYSIAN FOOD SERVICE INDUSTRY**

By

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ABSTRACT

PREDICTING EFFECT OF SERVICE ORIENTATION ON ORGANISATIONAL PERFORMANCE BY CUSTOMER CONTACT EMPLOYEES IN THE MALAYSIAN FOOD SERVICE INDUSTRY

Organisations in the food service industry have started to focus on the deliverance of quality services to customers as one of the ways to be successful in the current competitive environment. To maintain the quality of service above the desirable level, management of these organisations are turning their attention towards service orientation. Conceptual model of this study was established based on resource-based view suggesting that service orientation and its dimensions (service encounter practices, service system practices, service leadership practices and human resource management practices) are the valuable resources organisation shall exploit to stand out from the competitors. This study employed quantitative cross sectional research design and non-probability purposive and snowballing technique in which, data were collected through survey administered online. Multiple regression analysis was conducted to understand the relationships and to examine the predicting effects of service orientation on organisational performance. Total of 203 contact employees from food service industry in Malaysia were recruited. Results were consistent with most of the past studies that conducted in other industry as service orientation was found to have positive predicting effect on the organisational performance. Managerial implications for

exploiting all the fundamental elements of service orientation and practical suggestions for foodservice organisation with limited resources were provided.

Keywords: service orientation, service encounter practices, service system practices, service leadership practices, human resource management practices, organisational performance, food service industry.

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APPROVAL SHEET

This dissertation/thesis titled “**PREDICTING EFFECT OF SERVICE ORIENTATION ON ORGANISATIONAL PERFORMANCE BY CUSTOMER CONTACT EMPLOYEES IN THE MALAYSIAN FOOD SERVICE INDUSTRY**” was prepared by SIA KYE FUNG and submitted as partial fulfilment of the requirements for the degree of Master of Psychology at Universiti Tunku Abdul Rahman.

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DECLARATION

I hereby declare that the dissertation is based on my original work except for quotations and citations which have been duly acknowledge. I also declare that it has not been previously or concurrently submitted for any other degree at UTAR or other institutions.



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Date: 19 November 2021

TABLE OF CONTENTS

	Page
ABSTRACT	ii
ACKNOWLEDGEMENTS	iv
APPROVAL SHEET	v
SUBMISSION SHEET	vi
DECLARATION	viii
TABLE OF CONTENTS	ix
LIST OF TABLES	xii
LIST OF FIGURES	xiii
LIST OF ABBREVIATIONS/NOTATION/GLOSSARY OF TERMS	xiv
CHAPTER	
1.0 INTRODUCTION	1
1.1 Introduction	1
1.2 Background of the study	1
1.3 Problem Statement	5
1.4 Research Objective	7
1.5 Research Question	8
1.6 Hypothesis	8
1.7 Significance of the study	9
1.8 Definition of key terms	10
1.9 Scope and limitation	14
1.10 Summary of introduction	15

2.0	LITERATURE REVIEW	16
2.1	Introduction	16
2.2	Organisational Performance	16
2.3	Service Orientation	20
	2.3.1 Dimension of service orientation	22
	2.3.2 Service encounter practices	23
	2.3.3 Service system practices	25
	2.3.4 Service leadership practices	27
	2.3.5 Human resource management practices	29
2.4	Hypothesis development	31
	2.4.1 Relationship between service orientation and organizational performance	31
2.5	Theoretical framework	37
2.6	Conceptual framework	40
2.7	Summary of literature review	41
3.0	METHODOLOGY	42
3.1	Introduction	42
3.2	Research design	42
3.3	Population and sample	43
3.4	Instruments and measurements	44
3.5	Pilot study	46
3.6	Data collection procedure	48
3.7	Data cleaning	49
3.8	Reliability analysis	49
3.9	Data analysis technique	51

3.10	Summary of methodology	51
4.0	DATA ANALYSIS AND FINDINGS	52
4.1	Introduction	52
4.2	Descriptive analysis	52
4.3	Assumptions for multiple regression analysis	57
4.3.1	Assessment of normality	57
4.3.2	Assessment of linearity and homoscedasticity	60
4.3.3	Assessment of multicollinearity	61
4.3.4	Assessment of independence of observation	63
4.3.5	Assessment of outliers	63
4.4	Multiple regression analysis	64
4.5	Independent t-test	66
4.6	Summary of data analysis and findings	68
5.0	DISCUSSION, RECOMMENDATION AND CONCLUSION	69
5.1	Introduction	69
5.2	Discussion of major findings	69
5.3	Implications of study	76
5.4	Limitations and suggestions for future study	80
5.5	Conclusion	82
	REFERENCES	83
	APPENDICES	110

LIST OF TABLES

Table		Page
3.1	Reliability scores for the variables	50
4.1	Profile of respondents	54
4.2	Profile of respondents	55
4.3	Skewness and Kurtosis value for service encounter, service system, service leadership, HRM and OP	58
4.4	Tolerance and VIF value for service encounter, service system, service leadership and HRM	62
4.5	Durbin-Watson value to detect autocorrelation	63
4.6	Cook's distance value to detect autocorrelation	64
4.7	Multiple Regression results	66
4.8	Independent T-test for service orientation by Gender	68

LIST OF FIGURES

Figure		Page
1.0	P-P plot of regression standardized residual	59
2.0	Scatterplot for homoscedasticity	61

LIST OF ABBREVIATIONS/NOTATION/GLOSSARY OF TERMS

BNM	Bank Negara Malaysia
DOSM	Department of Statistics Malaysia
HRM	Human resource management
OP	Organisational performance
USDA	United States of Department of Agriculture
VIF	Variance inflation factor

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides an introduction of this study, leading to research objective and problem statements. This chapter starts with a background overview of food service industry in Malaysia. Problems exist in the Malaysian food service industry that related to the present study will be discussed, and objectives will be highlighted.

1.2 Background of the Study

Malaysia is a developing country with a population of roughly 32.6 million people (Department of Statistics Malaysia [DOSM], 2019) in which middle to high-income group accounted for 60% of the population. Households with higher income were found to spend significantly more as compared to households with lower income on eating out (French et al., 2010). Besides, the economic growth of 4.9% that achieved by Malaysia in the second quarter of 2019 despite the challenging external environment (Bank Negara Malaysia [BNM], 2019) further anticipated growth in the purchasing power among Malaysians because of the rise

in disposable income and financial assistance (The Star Online, 2018). The increased spending power of Malaysians will also contribute to the eating out behaviours and bring business opportunities to the food service industry, which refers to any premises that make profits by selling food to the public (United States of Department of Agriculture [USDA], 2019). A statistic released by the ministry of finance that showed 8.1% of increment in the restaurants and hotels consumptions in the fourth quarter of 2019 further supported the claim of increased business opportunities (DOSM, 2020). The vigorous development of the food service industry indicates that eating out activities have increased (Faridah Ahmad, 2015). Other than having higher disposable income to spend on eating out, Malaysians also viewed eating out as a social mean to have quality interaction with others (Perry, 2017). Family tends to eat out more often and view it as the opportunity to build strong family relationships through spending quality time together. Similarly, teenagers or adolescents have this 'Mamak' culture where they will gather at 24 hours restaurants to chat or watch sports tournament regardless of their gender and occupation (Ali & Abdullah, 2012). However, not all the eating out behaviours is due to social interactions, but also due to need. Urbanization has played an important role in changing the lifestyle of Malaysians. A study by Taylor's University disclosed that at least 64% of Malaysians ate out at least a meal per day (Tan, 2014). This is probably due to lack of time, skill or inclination to cook for themselves and having meals outside as it is so much more convenience. Similarly, for families, with both parents busy working or working multiple jobs, less and less of the family, especially the parents, have the luxury of

time to prepare meals for the family members. This leads to a situation where an external food service provider becomes the primary option for urban citizens to fill up the stomach (Ali & Abdullah, 2012).

This phenomenon of increased eating out behaviours manage to attract many people to open more restaurants despite the high reported failure rates of 15%, 37.62% and 53.06% after one, three and five years of establishment (Healy & Mac Con Iomaire, 2018). This statement is further proven by the annual growth rate of food and beverage establishment that released by DOSM (2016), which is 5.1%. The growth in the establishment of food service outlets provides customers with more options but also increases the difficulties of any outlets in attracting customers. As a result, food service organisation's ability to sustain the business is being affected by the nature of high competition. Despite its competition, food service industry still capable of providing a lot of business opportunities as a result of its nature of an expanding market (Barrow & Powers, 2009). Opportunities in the food service industry had contributed approximately RM 67.1 billion to the economy of Malaysia in 2017 (DOSM, 2019). The increasing market competition had required organisations to formulate and implement strategies to differentiate from competitors (Kandampully & Solnet, 2005), which also applies to the food service industry. Out of all kind of strategies, service-related organisations are starting to direct their attention towards intangible services. This is because service is one of the significant factors that determine the profitability of the service industry (Tekin, 2017). Intangible services provide customers with better value

that is necessary for an organisation to stay relevant in the field (Kandampully & Solnet, 2005). Some companies even made excellent service delivery, an essential part of their business strategy to cultivate this ability and as a result, concepts such as service orientation find their place in the organisation's overall strategy (Lehto, 2013). Continuous output of service orientation is necessary for the survival and the prosperity of service organisations (Kandampully & Solnet, 2005). An organisation is required to identify and adopt service-oriented practices that are valuable to customers while making sure its internal culture and activities are meeting the needs of the customers to differentiate from other competitors (Kandampully & Solnet, 2005). Service orientation is one of the keys to the prosperity of service-related organisations (Homburg et al., 2002; Lyn et al., 2000; Lytle & Timmerman, 2016).

Look into the performance of an organisation after the implementation of a strategy is necessary to determine the effectiveness of the applied strategy. The increasing market competition has shaped organisational performance into the indispensable indicator in identifying the success and survival of any organisation (Richard et al., 2009). Frequent review of the organisational performance allowed timely strategy modification. The most direct way to measure organisational performance will be looking into the financial performance of the organisation.

1.3 Problem Statement

Organisational performance is an important element for the success and survival of a restaurant. Food service operators such as restaurant owners are keen to retain all their customers, attract new customers, expand their businesses, increase their market share and achieve higher profit through satisfying their customers. However, the food service industry was found to have a failure rate of 15%, 37.62% and 53.06% in the first, third and fifth years of establishment (Healy & Mac Con Iomaire, 2018). These statistics not only give us a glimpse of the competitiveness of the food service industry but also show us the difficulties to achieve profitability to sustain the business. Profitability is one of the most appropriate indicators to express organisational performance (Burja, 2011).

Food service focuses on providing customers with good meal experiences and service values. However, this is not always the case as service failures are often experienced due to the variability nature of services (Okwachi, 2019). The situation in Malaysia indicates that restaurants' organisational performance – i.e., profitability is being affected by the level of service orientation such as customer service (Kanyan et al., 2016). The increasing difficulty of survival indicates the need to understand the influencing factors to guide food service operators to find the right components to maintain profitability. Due to the fierce competition among competitors, restaurants that rely solely on good taste can no longer succeed (Faridah Ahmad, 2015). In a competitive market, food service operators

must identify differentiating factors to attract customers to revisit the restaurant (Hu et al., 2009). Failure to sustain business due to lack of differentiation may increase the unemployment rate of Malaysia, which will eventually contribute to a lower national economics. Operators need to pay attention to something more than just the taste of food to remain competitive and significant in the business. The closure of a Michelin-starred restaurant in Malaysia due to poor business performance further supports this claim. Results of a post-interview with the customers showed that poor service was one of the main contributors to the closed down of the business (Chinese Border-crossing Question and Answer, 2017).

Service orientation seems to be one of the decisive factors in creating high quality of customer service and superior customer value (Lytle & Timmerman, 2006). Organisational performance such as customer loyalty, business growth, profit is allegedly to arise from service orientation (Heskett et al., 1997). The concept of service orientation that provides guidance or solutions to the service issues faced reveals the potential contribution of service orientation towards organisational performance in the food service industry. It is essential for food service organisation to improve the perceptions of customers in overall service quality and perceived value to win over their heart and earn their loyalty (Hu et al., 2009). Although service orientation is commonly being studied in the service industry but many of the prior studies explored the effects of service orientation on different performance indicators such as service quality, financial performance, customer satisfaction and customer loyalty mostly in service industry such as bank

and retail (Kim, 2011; Eren et al., 2013; Lytle & Timmerman, 2006). Limited studies had measured service orientation in food service industry (Kim et al., 2005; Kim et al., 2003). Despite the potential importance of service orientation in food service industry, limited study has conducted to measure its predicting effect on the organisational performance in food service industry (Kim et al., 2005).

This study will attempt to answer whether service orientation and its dimensions (service encounter practices, service system practices, service leadership practices, human resource management practices) have positive predicting effects on the organisational performance in food service industry through the lens of contact employees. This is to provide managers or operators with best service-oriented practices to maximize their competitiveness, reduce the chance of closure during the first, third and fifth years of establishment by improving their organisational performance.

1.4 Research Objective

This study was carried out to examine the predicting effects of service orientation and its dimensions (service encounter practices, service system practices, service leadership practices, human resource management practices) on organisational performance in the Malaysian food service industry as perceived by contact employees.

1.5 Research Question

The following question was posted to be answered by this study:

1. What are the predicting effects of service orientation and its dimensions (service encounter practices, service system practices, service leadership practices, human resource management practices) on organisational performance in the Malaysian food service industry as perceived by contact employees?

1.6 Hypothesis

Null hypothesis (H₀): Service orientation and its dimensions (service encounter practices, service system practices, service leadership practices, human resource management practices) will have no effect on organisational performance in Malaysian food service industry as perceived by contact employees.

Research hypothesis (H₁): Service orientation and its dimensions (service encounter practices, service system practices, service leadership practices, human resource management practices) will have positive effect on organisational performance in Malaysian food service industry as perceived by contact employees.

1.7 Significance of the Study

This study is an effort to understand the predicting effects of service orientation and its dimensions (service encounter practices, service system practices, service leadership practices, human resource management practices) on organisational performance in the Malaysian food service industry. It provides food service operators with a better understanding on how service orientation improves organisational performance and encourages them to adopt service orientation in their operations. The result should benefit operators and the entire food service industry and improve service orientation to reduce dissatisfaction among customers. The findings would be worthwhile for operators to evaluate their current strategy on services to remain competitive in the industry. Later, operators will proactively adopt and implement service orientation to focus on service-oriented practices that are not currently available or at low in the organisation, thereby improving organisational performance as advantages acquired through intangible resources are harder to be imitated by the competitors.

In addition to the practical aspects of the food service industry, this study contributes theoretically. Theoretically, service orientation and organisational performance have a positive and significant relationship. The relationship is related to the Resource-Based View theory. The Resource-based View refers to internal resources that play a role in determining successful organisational performance (Wernerfelt, 1984). It conceptualizes the resources that organisations

contain and will help create added value to the organisational performance. This theory divides resources into tangible and intangible assets and service orientation and its dimensions are regarded as intangible assets in this study. These contribute to the food service organisation's competitive advantages and make it an excellent business organisation. The Resource-based View also emphasizes the correlation between organisational opportunities and capabilities. This mechanism of the Resource-based View shows the importance of service orientation in the food service industry to establish sustainable core competencies and competitive advantages that contribute to the survival of the organisation. The survival of food service organisation will also indirectly contribute to the income of the nation through taxes.

1.8 Definition of key terms

Conceptual definition.

It refers to the definition that outlines the basic principles of a term or variable (Church, 2005).

Contact Employees. Contact employees are the employees who take customers' orders, deliver bills, and serve foods and drinks to the customers in a casual-dining restaurant with table service.

Service orientation. Lytle et al. (1998) defined service orientation as “an organisation-wide embracement of a basic set of relatively enduring organisational policies, practices and procedures intended to support and reward service giving behaviours that create and deliver service excellence.” (p. 459).

Service Encounter Practices. This practice refers to the interaction between employees and customers and the ability of employees to make the necessary service decisions.

Service Leadership Practices. This shows the leader’s style and vision communication in an organisation.

Human Resource Management Practices. This practice refers to human capital investments that help employees to achieve their greatest potential through human resource practices (Schneider et al., 1992).

Organisational performance. Organisational performance refers to the results of multiple aspects of firm performance factors, including performance of business operation, inventory management, employee, social responsibility, innovation, customer results, market and financial results (Sadikoglu & Olcay, 2014).

Operational definition.

It refers to definition that outlines a metric to measure a conceptually defined term or variable (Church, 2005).

Service orientation. The operational definition of service orientation will be the service encounter practices, service system practices, service leadership practices, and HRM practices as perceived by the contact employees, which will be reflected in the total self-report score of service encounter practices, service system practices, service leadership practices, and HRM practices.

Service Encounter Practices. Quality of treatment provided to customers and degree of empowerment received from the organisation in delivering services as perceived by the contact employees, which will be reflected in the total self-reported score of item 1 to item 6 of SERV*OR scale developed by Lytle et al. (1998). The higher total score indicates better service quality while lower total score indicates poorer service quality.

Service System Practices. System use in failure prevention, failure recovery, communication and the technology used as perceived by contact employees, which will be reflected in the total self-reported score of item 7 to item 21 of SERV*OR scale developed by Lytle et al. (1998). The higher total score indicates better systems used in supporting the values deliverance to the stakeholders while lower total score indicates poorer system used in supporting the values deliverance to the stakeholders.

Service Leadership Practices. The leadership style of leaders and degree of service objectives and goals were being emphasized as perceived by the contact employees, which will be reflected in the total self-reported score of item 22 to item 30 of SERV*OR scale developed by Lytle et al. (1998). The higher total score indicates stronger servant leadership style being demonstrated and higher frequency of service vision being communicated while lower total score indicates weaker servant leadership style being demonstrated and lower the frequency of service vision being communicated.

Human Resource Management Practices. The degree of investment in human capital and rewards given by the organisation to the employees as perceived by the contact employees, which will be reflected in the total self-reported score of item 31 to item 35 of SERV*OR scale developed by Lytle et al. (1998). The higher total score indicates better investment and rewards given to the contact employees. In comparison, the lower total score indicates more mediocre investment and rewards given to the contact employees.

Organisational performance. The operational definition of organisational performance will be the results of multiple aspects of firm performance factors, which will be reflected in the total self-report score of item 1 to item 27 of organisational performance scale developed by Sadikoglu and Olcay (2014). The higher total score indicates better performance of the organisation while lower total score indicates poorer performance of the organisation.

1.9 Scope and Limitations of the Study

This study is going to be conducted by recruiting only contact employees from food service organisations in Malaysia who provide face to face customer services to walk-in customers in the dining area without taking the cuisine and type of restaurants into account. Contact employees were being selected because they are the one who fulfil the organisational promises, sell organisational services, and represent the image of the organisation (Bettencourt & Brown, 1997). If handled satisfactorily, contact employees' services are opportunities to win

customer loyalty (Roberts, 2019). Sample of the study that consisted of only contact employees from a different type of food service organisation in Malaysia will affect the generalizability of the results to the whole food service industry in general.

1.10 Summary of Introduction

Importance of service has grown due to the change of the nature of businesses. Although service orientation had gained favour from both researchers and operators in different field of service sectors, poor service was still a problem in the food service industry in Malaysia. This might be due to the limited amount of service orientation study on food service industry that caused operators to neglect service and to direct their attention on the taste and the presentation of the food. Therefore, this study is conducted to confirm the claims of previous studies, which high service orientation led to high organisational performances (Homburg et al., 2002; Kohli & Jaworski, 1990; Lynn et al., 2000; Lytle et al., 1998; Narver & Slater, 1990).

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature related to both the variables in this study, in which organisational performance is the dependent variable and service orientation is the independent variable. This chapter started with a review of organisational performance and followed by service orientation. This chapter will also discuss and explain the choice of the Resource-based View as the underpinning theory for this study.

2.2 Organisational performance

Organisational performance is the dependent variable of this study. A vast number of studies on organisational performance has been carried out due to the significance of organisational performance in strengthening the competitiveness and effectiveness of an organisation (Hassan, 2014). Organisational performance is viewed as one of the most significant factors in the management and organisational field (Combs et al., 2005), which motivate researchers, scholars and managers to devote a large amount of energy, time in research to understand organisational performance better (Jing & Avery, 2011).

Although organisational performance is a continuously studied variable, there is no universally accepted definition for organisational performance. Different researchers and scholars had viewed organisational performance differently. Moullin (2007) indicated that organisational performance is measuring the value delivered by the organisation to the stakeholders. It is also a significant factor used in determining the success of organisations in achieving the strategic direction (Neely, 1999 as cited in Hassan, 2014). This is supported by Antony and Bhattachatyya (2010) as they believed that organisational performance creates and delivers organisation's value to the customers and functioned as the evaluation and assessment tool in determining the success of the organisation. The process of having internal and external assessments and evaluations has become a norm for organisations in identifying challenges and opportunities, which are helpful for organisations to remain competitive and to strengthen the growth of the organisation (Ramlall, 2003). Therefore, it is significant to keep track of the organisation's business situation, which will provide useful information in enhancing organisational performance. Osundina and Osundina (2012) viewed organisational performance as the outcome of a firm over awhile. Some viewed organisational performance as the actual outcomes of a firm as compared to the expected or determined goals or objectives (Škrinjar et al., 2008; Werner & DeSimone, 2009). Despite the vast amount of different views on organisational performance proposed by researchers and scholars, they do share a common belief where organisational performance is referring to results achieved by an organisation.

This study had adopted the view of Sadikoglu and Olcay (2014) on organisational performance. It refers to multiple aspects of firm performances, including business operation performance, inventory management performance, employee performance, social responsibility, innovation, customer results, and market and financial results. Business operation performance refers to the measurable results of the processes of an organisation, such as reliability, production cycle time, and inventory turns (Azim et al., 2015). Inventory management performance refers to the effectiveness and efficiency in using and replenishing the inventory such as ingredients (Lyles, 2018). Employee performance refers to the work achievements achieved by employees after putting in the necessary effort (Karakas, 2009). Social responsibility refers to the responsible conduct of organisation for and to the society (Moon, 2014). Innovation performance refers to the quality of the inventiveness of an organisation in producing new products or services (Mazur & Inków, 2017). Customer results refer to the customer satisfaction, retention and complaint rate (Sadikoglu & Olcay, 2014). Lastly, market and financial results refer to the quantitative understanding of the market share and profit achieved by an organisation (Sadikoglu & Olcay, 2014).

These results could be measured objectively or subjectively depending on the source of data and analysis method (Ozgun, 2019). However, the credibility of subjective performance indicators often receives criticism. Some mentioned that individual or manager from an organisation might be overstating their performance

to avoid revealing the weaknesses of the organisation (Singh et al., 2015). Meier and O'Toole (2012) argue that the subjective measurement of organisational performance can lead to false results as they found common method bias is a significant problem with managers' perceptions. Hult et al. (2008) provided a different view as they found subjective data are valid and reliable after comparing the assessment of organisational performance in various journal articles. This view was supported by Venkatraman and Ramanujam (1987) as they pointed out that managers are not as biased as they think. The performance data given by managers can be used as desirable indicators to measure organisational performance. This study measured the results of the food service industry subjectively as Dess and Robinson (1984) concluded that subjective data could be the substitute when objective data was not accessible.

Factors such as customer satisfaction, corporate social responsibility and competition have major impact on the performance of the organisation. Therefore, organisations are advised to conduct regular check to improve their performance and competitiveness (Hasan, 2014). However, merely looking at the performance of the organisation does not provide much practical information. It is significant to pay attention to the organisations' resources such as employees, materials, tools, and leaders because of its impacts on the performance of the organisation. Utilising available resources is critical for an organisation to perform well (Mohamad, 2016).

2.3 Service orientation

Service orientation is the dependent variable of this study. Service orientation is a construct that can be split into two different perspectives based on the nature of the study. It can be viewed as an individual-related construct or an organisation-wide construct (Homburg et al., 2002). Although both individual-level service orientation and organisation-level service orientation are frequently labelled with same the term ‘service orientation’, the two are measuring different aspects of service orientation. Hogan et al. (1984) defined individual-level service orientation as a set of attitudes and behaviours that influence the quality of employee-customers interaction. Individual-level service orientation also often refers to the personality traits of the employees (Yoon et al., 2007). Through these definitions, individual-level service orientation will be referring to the outward manifestation of the attitudes and tendency of an individual to foresee, recognize and fulfil the needs of the customers.

On the contrary, organisation-level service orientation was defined by Lytle et al. (1998) as “an organisation-wide embracement of a basic set of relatively enduring organisational policies, practices and procedures intended to support and reward service giving behaviours that create and deliver service excellence.” (p. 459). Organisation-level service orientation is chosen for this study because of its broad impact potential, which is derived from its organisation-wide propensity to strive for excellence in service. This propensity is manifested

when service-oriented companies are consistently demonstrating service-producing practices, such as helping, assisting and meeting the needs of customers (Lytle et al., 1998). Constant demonstration of service-production practices reflects the organisational climate that emphasizes outstanding service as the strategic priority due to its notable impact over the customer satisfaction, differentiation and profitability. According to Schneider and Bowen (1993), the organisational climate has effect on the customers as employees' perception on the internal service processes of an organisation is correlated to the service quality that experienced by customers. Thus, the existence of the organisation-wide service orientation is the key factor in determining the ability of an organisation to deliver superb services to customers (Lytle et al., 1998). All the terms 'service orientation' in this study refers to the organisation-level service orientation.

Past research had provided few rationales for organisation to select service orientation as the instrument to improve service competence. First, service orientation deals with the decline in product margins and gives organisations different attractive ways to establish and achieve competitive advantages (Malleret, 2006; Mathieu, 2001; Oliva & Kallenberg, 2003; Vargo & Lusch, 2004). Highly service-orientated organisations also enjoy benefits in the form of social and psychology (Jaworski & Kohli, 1993; Kelley, 1992; Kohli & Jaworski, 1990; Schlesinger & Heskett, 1991; Schneider et al., 1992). Employees of such companies are proud to be part of the organisations and committed to working towards the common goal of satisfying customers (Jaworski & Kohli, 1993).

Service orientation is also beneficial to the customer interface as a business strategy that promotes a higher level of service orientation satisfies customers, which allows organisation to be more profitable (Anderson et al., 1994; Hallowell et al., 1996). This is agreed by Bowen et al. (1989) as they speculated organisations with higher service orientation level have the potential to more successfully implement their competitive strategy, which translates into higher customer satisfaction. Bowen et al. (1989) also pointed service orientation as a remarkable and significant element that differentiates organisations from competitors. Organisation's effort of promoting service orientation among contact employees has shown to be significant to the success in the business of the service-based organisation (Kim et al., 2005).

2.3.1 Dimension of service orientation

Study by Lytle et al. (1998) provides a comprehensive description of service orientation. Service orientation was reflected in service, which can be illustrated via three main points (Lytle et al., 1998). Service involves attending, helping, and meeting someone's needs. Secondly, service is always delivered to people. Lastly, service can only be delivered if employees who can attend to the needs of the customer are in the right place in the service creation chain (Berry et al., 1994; O'Connor & Shewchuck 1995; Schneider & Bowen 1995). Service orientation occurs when organisations' service climate produces, fosters and rewards service practices and behaviours that are known to meet customer needs.

Level of service orientation was measured through determining the belief of employees on organisational policies, practices and procedures of service (Lehto, 2013). Lytle et al. (1998) viewed service orientation as a construct that consists of ten fundamental elements. These ten elements include servant leadership, service vision, customer treatment, employee empowerment, service failure prevention, service failure recovery, service technology, service standards communication, service training and service rewards. These are the best service practices that can increase the customer satisfaction. SERV*OR scale was being constructed by Lytle et al. (1998) to put the concept into practice and to be measurable. Confirmatory factor analysis by Lytle et al. (1998) indicated that these ten elements could be further grouped into four different service practices, which are service leadership practices, service encounter practices, human resource management practices and service system practices. Lee et al. (1999) who used SERV*OR scale in their study also supports the categorization.

2.3.2 Service encounter practices

This service practice refers to the interaction between employees and customers and the ability of employees to make the necessary service decisions. As mentioned by Lytle et al. (1998), it consists of two fundamental elements of service orientation, namely customer treatments and employee empowerment. These employee-customer interactions or encounters provide organisations with the opportunities to define themselves in the minds of customers (Carlzon, 1987).

This practice is important because customers' evaluation of service quality is often formed through brief encounters with contact employees (Parasuraman et al., 1988).

Customer treatment equals the quality of service (Lytle et al., 1998). It requires employees to attend and meet the needs of customers (Gonzalez & Garazo, 2006). The treatments customers received directly affect their perception of service performance and customer satisfaction, which in turn affect retention rate and brand loyalty (Liao & Chuang, 2004; Tekin, 2017). Thus, it is important for organisations to continuously engage in practices that enable customers to develop a positive perception of service performance.

Employees are considered empowered when they gained authority and freedom to decide what should be done in a situation to satisfy the needs of the customers (Hartline & Ferrell, 1996; Lytle et al., 1998). Employee empowerment requires managers to forgo a considerable amount of control over the process of delivering services (Lytle et al., 1998). This is necessary to enable contact employees to make decisions in a timely and flexible manner, as these decisions are positively related to the satisfaction of customers (Albrecht & Zemke, 1985; Heskett et al., 1990). Contact employees who perceive more empowerment from the organisation will display appreciation by doing their task with pleasure rather than complaining (Yen et al., 2016). Contact employees who receive low level of

empowerment will not hold themselves accountable, which is more likely to lead to a decline in overall service quality.

2.3.3 Service system practices

This practice refers to the systems used in producing services and the technology used to support the value that the organisation delivered to the stakeholders. Service system practices cover both service failure prevention and recovery. It also consists of service standards communication and service technology. Sewell and Brown (1992) mentioned that a sound system is important to continue to provide quality services. According to Berry et al. (1994), poor quality of service is usually a problem caused by the poor design of the system rather than by people. The design and functionality of service creation and delivery system are critical to the continued delivery of outstanding services (Lytle et al., 1998). Service system needs to cover all the essential service-driven practices and procedures to deliver outstanding services to the customer.

Sparks and Weber (2008) stated that customers often evaluate the contact employees' ability to prevent service failures and perform service recovery in determining the quality and satisfaction of the services received (as cited in Jones, 2008). Effective service recovery practices are important as suggested by several studies, in which the combination of repeating failure in meeting the service expectation and inability to compensate customers are likely to cause

dissatisfaction to arise among the customers (Parasuraman et al., 1985; Johnston & Fern, 1999). Therefore, it is important for the organisation to prevent service failure actively and to respond to the service failure effectively to minimize the harm of service failure (Albrecht & Zemke, 1985).

It's easier to meet a set of standards when all organisation members know the service standards (Kohli & Jaworski, 1990; Sewell & Brown, 1992). When these standards are communicated to all employees, the results of internal benchmarking can be maximised and service failures can be minimised. As employees become more familiar with the service standards, probability for the organisation to recover from service failures will also increase (Lytle et al., 1998).

Another way to deliver excellent service is through the usage of technology. With the advancement of technology, human started to demand instant gratification and waiting is no longer an option that is acceptable for most of the human beings. Carefully designed and structured service technologies enable customers to experience personalised and efficient services that can both satisfy their needs and make them feel that the organisation is taking care of them. Lytle et al. (1998) believed that service technology could be one of the most critical tools that contribute to organisational success as it produces excellent service values to the customers.

This dimension of service orientation has become more important because of pandemic COVID-19. Pandemic forced foodservice operators into digital

transformation, including establishing ordering website or online applications to serve, attract and retain customers. Statistic released by Rakuten Insight showed that 58% of respondents had ordered more food during COVID-19 pandemic (as cited in Statista, 2020). This shows the importance of having a mobile application or website for food service operators to survive and thrive during this pandemic. A statistic released by the president of The Malaysia Singapore Coffeeshop Proprietors' General Association (MSCPGA) showed that more than 2,000 restaurants in Malaysia have been permanently closed due to Movement Control Order (The Star Online, 2020). Most of them were 'mamak' or restaurants that do not use any online application or website for food ordering.

2.3.4 Service leadership practices

This service practice indicates the leaders' style and vision communication in an organisation. It consists of two fundamental elements of service orientation, which are servant leadership and service vision, as suggested by Lytle et al. (1998). Leadership is significant in creating and sustaining an effective service orientation (Heskett et al., 1997; Schneider, 1980). This is because the service climate of an organisation that influences the customers' perceived service quality (Schneider & Bowen, 1993) is shaped by the managers' attitudes and behaviours (Albrecht & Zemke, 1985; Berry et al., 1994). Church (1995) discovered that leadership behaviours influenced the unit level of organisational performance. Church (1995)

argued that the existence of management actions increased both the quality of service and the organisational climate.

Servant leaders refer to leaders who empowered others to achieve the standard of services by leading with examples and actions (Heskett et al., 1997). Servant leaders actively involved in identifying the issues employees faced, providing assistances to tackle the issues and meeting the needs of the employees (Lytle et al., 1998). Servant leaders are the one who shaped the culture of service delivery rather than just a person who informed others regarding the service-related policies (Schlesinger & Heskett, 1991). It was believed that service climate established by servant leaders could affect contact employees' service behaviours and the outcomes of the organisation (Heskett et al., 1997; Hunter et al., 2013).

Service vision refers to the service objectives and goals of an organisation. It was meant to inculcate the desire of organisational members to provide quality services. Service vision will become the basis of service behaviour and the motivation for quality service delivery (Lytle et al., 1998). Continuously conveying the service vision of the organisation has reinforced the significance of delivering excellent services to customers to produce excellent value for the organisation. It helps instil a broad desire among the members of the organization to provide quality services (Eren et al., 2013).

2.3.5 Human resources management practices

Human resource management (HRM) practices refer to human capital investments that help employees to achieve their most enormous potential through human resource practices (Schneider et al., 1992). According to Lytle et al. (1998), HRM practices cover two fundamental elements of service orientation, namely service training and service reward. Both service training and rewards had received a lot of emphasis from researchers (Johnson et al., 2018). Service industry leaders viewed investment in human capital is as important as investment in assets or tools as the ability and skills to satisfy the demands of customers are the main business advantages of the service industry (Schlesinger & Heskett, 1991).

Service training refers to human resource practices that equipped employees with essential basic skills that might exert influence over customer satisfaction (Lytle et al., 1998; Schneider & Bowen, 1995). A survey by Gallup on service quality found that contact skills of employees such as manners and attitudes are the majority factors that determine the satisfaction of majority customers (Benoy, 1996). The survey results make organisations more willing to allocate more resources for training to improve their skills and empower employees to provide outstanding services (Lytle et al., 1998).

Rewards refer to the monetary expression of appreciation to the employees for their work outcomes (Baskar, 2013) while recognition refers to the act of acknowledging employees for their contributions, notably performance improvement, creativity and innovation (Brun & Dugas, 2002). Rewards are being used by the organisation to direct the motivation of employees in a specific desirable way through the allocation of compensation in exchange for performances (Baskar, 2013). Recognition is implemented for employees to feel valued and appreciated in exchange for their high willingness and commitment to perform extraordinarily (Baskar, 2013). Research done by Kim et al. (2005) in the restaurant context found that commitment of contact employees towards the organisation was positively related to service orientation that prioritized customers. In short, both rewards and recognition were aimed at elevating the commitment of contact employees to give a boost to their performance.

As the focus shifts to online websites and mobile application, it is important for the organisation to equip their contact employees with the necessary knowledge to master the new system. It is necessary to equip contact employees with the knowledge and skills to handle customers virtually so that they can be helpful and quick in handling customers virtually. A statistic released by Eptica (2020) showed that 50% of customers who participated in the study wanted to receive a response from the operator within half an hour.

2.4 Hypothesis development

Pieces of literatures that display the relationship between both the independent and dependent variables of this study will be reviewed to support the development of the hypothesis.

2.4.1 Relationship between service orientation and organisational performance

Tekin (2017) viewed service quality that is closely related to service orientation as the strategic element that contributes to the organisational performance especially the profitability of the organisation. A study conducted by BenyoussefZghidi and Zaiem (2017) further confirms the view of Tekin (2017) as they verified a positive impact of service orientation on the business outcome. A similar result was found in the field of clothing and furniture as Homburg et al. (2002) identified that service orientation and organisational performance was linked positively in which service orientation explained 57% of the variance in organisational performance. Higher level of service orientation increases the possibility for contact employees to establish personal relationships with the customers. Important customer information can be obtained through this close contact and be used to increase customer benefits (Berry & Parasuraman 1997). The study also showed that organisational performance is positively related to organisational profitability (Homburg et al., 2002). This showed that service orientation is a strategic concept that managers could exploit to maximise the

revenue. Service orientation that puts emphasis on quality services enable organisation to increase its value proposition and secure customer satisfaction, leading to higher profitability (Yoon et al., 2007).

Study by Antioco et al. (2008) demonstrated that the relationship between service orientation and organisation performance remains the same across different business sectors. However, a contrary result was reported by BenyoussefZghidi and Zaiem (2017) as the strength of the relationship between service orientation and performance varies according to the business sector. This might be due to the way they deliver services. Some sectors are reactive while some are proactive in delivering services. BenyoussefZghidi and Zaiem (2017) suggested that being more proactive in offering services that covered both product-related and customer-oriented could help the organisation to perform better. Service orientation studies conducted to measure bank performance also reported different results. Lynn et al. (2000) found that bank with higher service orientation tends to financially outperform bank with lower service orientation regardless of the background of the bank. A study by Lytle and Timmerman (2006) demonstrated a curvilinear relationship between service orientation and consumer-product performance, which is one of the elements of organisational performance. This provides operators with the idea that medium level of service orientation might be harmful to the success of an organisation including service organisations (Lytle & Timmerman, 2006). Conversely, a study by Neely (2008) provides us with a different view. Some companies that adopt service as their strategy have failed to

generate income high enough to make up for the extra investment they must make (Neely, 2018). Investment in services increases revenues and costs, so proper monitors are needed to make the organisation more profitable.

Liao and Chuang (2004) mentioned that the treatment received is positively related to the retention rate and brand loyalty formation of customers. Granting contact employees with authority and opportunity to participate in decision making help to improve the treatment customers receive (Liao & Chuang, 2004). This is because empowered contact employees can contribute first-hand information about the behaviours of customers to better serve customers and meeting a wide range of customers' demand. Past study showed that increase in employee discretion led to increase in sales and service quality (Batt, 1999). Study by Liao and Chuang (2004) showed that by having service encounter practices in place, empowered contact employees will provide better service, leading to higher organisational performance.

Berry et al. (1994) mentioned that service failure prevention is a significant determinant of service quality. Employees' capability to prevent service failure is the deciding factor that determines customer satisfaction and their perception of the service received (Sparks & Weber, 2008 as cited in Jones (2008). All this could be carried out with a good design system that reminds contact employees on the step to prevent service failure. Customers that received satisfied service all the times will be more likely to revisit and increase their spending power. This

indirectly contributes to the performance of the organisation. Equally important is the organisation's recovery capacity from service failures. Service failure causes the customers to enter a state of dissatisfaction and a successful recovery process act as a remedy plan to remove the dissatisfaction (Ashill et al., 2005). Without an effective system in handling service failure efficiently, organisation has the potential to lose customers who are dissatisfied. The situation will become worse when dissatisfied customers engage in negative word of mouth marketing (Bitner et al., 1994) and this might cause the organisation to lose even more potential new customers. All these contribute to the poor performance of an organisation. Communicating the structure and standards to all the contact employees help to minimize service failures and maximize the percentage to retain customers who experienced service failures. As contact employees become familiar with service standards, contact employees know what action to take in different unforeseen circumstances. This directly increases the company's ability to recover from service failures (Lytle et al., 1998). Advancement in service technology also enabled contact employees to provide outstanding services to customers, which can help to increase the perceived value of customers (Treacy & Wiersema, 1993). Pennings (1995) stated technology had played a crucial role in promoting organisational performance. However, the adoption of new technology might result in a reduction in productivity and efficiency at first but eventually, bring advantages (Pennings, 1995). Therefore, continuous monitoring is needed for timely modification and adoption to maximise the advantages of the new technology. Based on the above discussion, it is feasible to draw an agreement that

service system practices that cover ways to prevent service failure, service recovery, technology used in delivering services are significant to improve overall organisational competitiveness and organisational performance.

Moreover, it is believed that service orientation among contact employees can be shaped by leaders or managers that demonstrate service leadership practices. Lytle et al. (1998) stated that leaders with servant leadership would display service-oriented behaviours in daily conduct, which will lead to an increase in the number of employees with service orientation. Most of the contact employees imitate their leaders to behave appropriately in the workplace (Han et al., 2019). High level of service-oriented behaviours among contact employees that shaped by service leadership practices will contribute to a higher organisational performance and success (Lytle & Timmerman, 2006).

Organisation uses HRM practices as one of the methods to show concern towards the career development of contact employees. Service training can help to improve the human capital in a service organisation through developing the competency of the contact employees in delivering services (Minbaeva et al., 2003). Food service industry depends a lot on contact employees to serve in a way that fulfils the organisations' standard, meet or even exceeds the needs and expectations of customers (Kusluvan et al., 2010). Contact employees are required to possess deep understanding of customer expectations to go beyond the expectations, which can be acquired through experience (Choo, 2016). However,

service training is found to be helpful for contact employees to handle the customer needs especially among those without much experience to develop task-related skills (Karatepe et al., 2007; Schlesinger & Heskett, 1991). Johnson (1996) also found that service training help contact employees to offer better service and achieve customer satisfaction. Through meeting and exceeding the needs of the customers, customers tend to have a higher retention rate that can contribute to the performance of the organisation.

Other than service training, rewards as part of the HRM practices also play a significant role in motivating contact employees, both intrinsically and extrinsically, to deliver excellent services. This is due to the facts that rewards, or recognitions are job resources that buffer the negative impacts of job demands, which will eventually reinforce contact employees for to display better performance (Bakker & Demerouti, 2008). The Human tendency to strive is related to their motivational force. Therefore, organisations need to establish a clear link between service performance and rewards to award contact employees' desirable actions (Vroom, 1964). This showed that HRM practices play a significant role in improving the service delivery of contact employees, affecting the quality of service, customers' satisfaction, and organisational performance. However, a contrary result was showed in the study by Liao and Chuang (2004). They found that training was not related to service performance. Participation in training does not guarantee that employees will transfer the knowledge learned in training to work (Liao & Chuang, 2004). Employees might attend numerous

training programs prepared by the organisation but failed to improve, maintain, and deliver high quality of service. Thus, based on past research, this study proposes the following hypothesis.

H1: Service orientation and its dimensions (service encounter practices, service system practices, service leadership practices, human resource management practices) will have a positive effect on organisational performance in the Malaysian food service industry as perceived by contact employees.

2.5 Theoretical framework

A Resource-based View is an approach that identified the strategic resources or capabilities that can be exploited by organisations to achieve competitive advantages. Article by Barney (1991) was generally viewed as the pivotal work that popularized the Resource-based View. The Resource-based View sees valuable, uncommon, imperfectly imitable, and irreplaceable resources as the key to superior performance as these resources enabled the organisation to obtain and maintain competitive advantages (Barney, 1991).

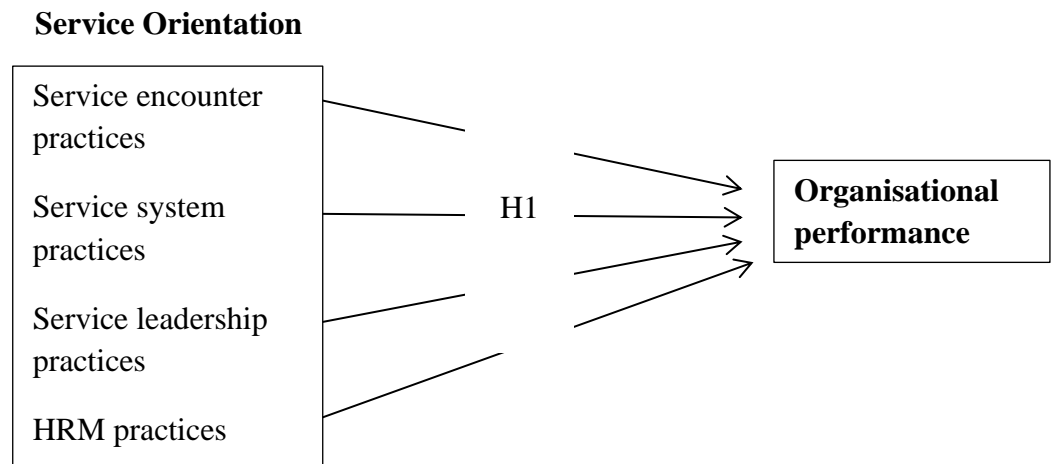
According to the theory, organisations with strategic resources tend to survive better as compared to competitors that do not (Ketchen & Short, 2011). Strategic resources refer to rare resources that are valuable to an organisation, which are difficult to be substituted and hard to be imitated by the competitors

(Chi, 1994). These rare valuable resources that are difficult to imitate will help the organisation to obtain competitive advantages that allow the organisation to gain profit (Barney, 1991). Some strategic resources are hard to imitate as some of the resources are under legal protection, and some of the resources are reflecting the unique composition of the organisation such as culture, people and skills that owned by individuals in the organisation (Ketchen & Short, 2011).

Resources generally divided into two categories, which are tangible resources and intangible resources. Physical assets that are easily seen, such as cash, land, vehicles and buildings are considered as tangible resources. Conversely, intangible resources refer to nonphysical assets that are difficult to be quantified such as knowledge, skills of employees, culture, and reputation (Ketchen & Short, 2011). Ketchen and Short (2011) stated that organisations that wish to achieve long-term competitiveness should pay more attention towards the intangible resources for they fit the definition and criteria of strategic resources more as compared to tangible resources. Service orientation is an intangible aspect of an organisation's strategic focus on superior services (Lytle et al., 1998). Homburg et al. (2002) further revealed that service orientation is the strategic element in satisfying the customers through the organisation's commitment to delivering excellent services. This is supported by Beatson et al. (2008) as they viewed service orientation as the organisational strategy that affects the delivery of superior services.

Based on the Resource-based View, food service organisation that managed to exploit service orientation will help the organisation to gain competitive advantages over the other competitors, which shall further translate into higher organisational performance. All these were illustrated in the conceptual framework, as shown in chapter 2.6. When using this theory, service orientation is perceived as an important resource for competitive advantage. As such, its dimensions, namely service encounter practices, service system practices, service leadership practices and HRM practices all play an important role in helping organisations achieve competitive advantage, thus contributing towards organisational performance as well. Food service organisations with service-orientation and its dimensions satisfy customers with their outstanding services. This is important as service quality is the determinant factor on restaurant customer's revisit intention (Yan et al., 2013). With the increase in the revisit intention and the amount of actual revisit, the food service organisations make profits and increase their performance through repeat purchases of customers. Gaining customer satisfaction is significant as it is the key to achieve positive word of mouth and customer referrals that lead to higher organisational performance (ZorBari-Nwitambu, 2017). Description above shows that service orientation and its dimensions as the intangible resource has predicting effect on the dependent variable, organisational performance.

2.6 Conceptual framework



Service orientation and its dimensions (service encounter practices, service system practices, service leadership practices and HRM practices) is the strategic resource that organisation should exploit to facilitate the service orientation that aimed at increasing the capabilities of contact employees in serving customers, increasing customer satisfaction and organisational performance or profits. These broad practices of service orientation that being carried out are considered a valuable resource that is imperfectly imitable by other competitors as service orientation are cultivated through practices that are unique to an organisation. Therefore, the outward display of service orientation of contact employees will vary from one organisation to another. **An organisation will gain unique conditions to outperform the competitors and to achieve business victory by cultivating these service orientation practices.**

2.7 Summary of Literature review

Organisational performance is considered as a tool to measure the success of an organisation (Antony & Bhattachatyya, 2010) through either subjective data or objective data (Croteau & Bergeron, 2001). The scale by Sadikoglu and Olcay (2014) will be adapted to measure perceived organisational performance as subjective data that measures different aspects of organisational performance are included. Scholars believe that customer satisfaction is related to organisational performance especially profitability (Bitner et al., 1990). One of the factors that contributed to customer satisfaction is service orientation (Lytle et al., 1998). Service orientation is either study through the individual level or organisational level. SERV*OR scale by Lytle et al. (1998) will be adapted as it is one of the most common methods in measuring service orientation.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter consists of research design, population and sample, instruments and measurements, pilot study, data collection procedures, data cleaning, reliability analysis, assumptions for multiple regression analysis, and data analysis techniques. Summary of the chapter will be provided at the end of the chapter.

3.2 Research Design

This study adopted a quantitative cross-sectional research approach, in which one point data will be collected, analysed and summarized to achieve the objectives of this study. Sampling design for this study were the combination of non-probability purposive sampling technique and snowball sampling technique. Purposive sampling is a non-probability sampling method that involves randomly selecting members of a specific subgroup of the population with specific expected characteristics (Krosnick et al., 2014). Purposive sampling technique was chosen to recruit the initial group of participants and make them the initial referrers of the snowball sampling technique. Next, the snowball sampling technique was chosen

due to its effectiveness in the process of data collection. Snowball sampling is another non-probability sampling method that involves members of a rare subgroup inviting other subgroup members to participate in a study (Krosnick et al., 2014). This sampling method reaches subjects that are difficult to reach or unwilling to participate. This is because humans are more likely to participate in research when invited or referred by someone they know.

3.3 Population and sample

The population of this study consisted of contact employees from sit—down food service organisations in Malaysia. The sampling frame of the study consisted of all contact employees in sit-down restaurants in Malaysia that provide dine in services, regardless of their race, age, year of service, education level and nationality. Contact employees were recruited as the participants of this study as they are the company representatives in which, their attitudes, behaviours, and skills serve as the mechanism to either improve or impair the image of the company, satisfaction, and loyalty of customers (Choo, 2016; Schneider & Bowen, 1985). Contact employees needed to interact face-to-face with customers and to provide table services, such as delivering food, presenting bills, collecting money from the customers are the inclusion criteria of this study. Participants who did not have the opportunity to serve customers face-to-face will be the exclusion criteria of this study. As there was no population statistics on the number of contact employees of the food service industry in Malaysia, the sample size of this study

was determined using formula and rule of thumb. Green (1991) had come out with a formula to determine the sample size of an unknown population based on the number of variables of a study. Sample size equals to $50 + 8(M)$, where M equal to the number of variables. As this study had five variables, the minimum sample size according to the formula by Green (1991) will be 90. Rule of thumb by Roscoe (1975) determines the suitable sample size for most studies is between the range 30 to 500. Therefore, this study recruited 203 participants, which is between 90 and 500. Due to the particularity of the participants, it was difficult for researchers to identify and locate the participants, so the participants were recruited through purposive and snowballing methods. The researcher sought help from participants to provide referrals to identify and to recruit other potential subjects.

3.4 Instruments and measurements

Organisational performance.

Organisational performance as perceived by contact employees was measured using the scale adopted from Sadikoglu and Olcay (2014). This scale was chosen because it measures 7 performance factors covering financial and non-financial indicators that are widely used to identify organisational performance (Sadikoglu & Olcay, 2014). These 7 performance factors consist of operational performance, inventory management performance, employee performance,

innovation performance, social responsibility, customer results and market and financial performance. It is a scale that consists of 27 items that anchored by a 5-point Likert scale, where 1 equal to strongly disagree and 5 equal to strongly agree (Refer to appendix A). One example of the item of the scale will be ‘The company products/ services delivery on time to customers’. The Cronbach’s alpha value of the organisational performance scale in the original study conducted by Sadikoglu and Olcay (2014) was reported as 0.86, 0.90, 0.87, 0.88, 0.90, 0.81 and 0.90. **Instead of measuring seven different dimensions of performance, this study used the scale to measure the overall performance by combining all the seven different dimensions into one dimension, organisational performance.** Mohamad (2016) used same approach in his study to measure the impacts of business excellence model on organisational performance. Mohamad (2016) deleted 3 items from the original scale and reported a Cronbach’s alpha value of 0.94 in his pilot study.

Service orientation.

SERV*OR scale adopted from Lytle et al. (1998) was used to measure the service orientation level of the food service industry as perceived by contact employees. Chose this scale because it is a widely used scale that measures the organisational service orientation, and it has been proven useful in different sectors **(Lytle & Timmerman, 2006; Luk et al., 2013; Robinson & Williamson, 2014).** It is a scale that consists of 35 items that cover all four broad areas of service practices of service orientation, which are service leadership practices, service encounter

practices, HRM practices and service system practices. There are nine items measuring service leadership practices, six items measuring service encounter practices, five items measuring HRM practices and 15 items measuring service system practices. One of the examples of similar items were ‘This organisation noticeably celebrates excellent service’ and ‘Management provides excellent incentives and rewards at all levels for service quality, not just productivity’. This scale is anchored by a 5-point Likert-scale, where 1 equal to strongly disagree and 5 equal to strongly agree (Refer to appendix B). One example of the item of the scale was ‘This organisation noticeably celebrates excellent service’. The Cronbach’s alpha value of SERV*OR scale wasn’t reported in the original study but was reported in a study conducted by Robinson and Williamson (2014). Cronbach’s alpha value of service encounter practices was 0.887, service system practices was 0.945, service leadership practices was 0.950 and HRM practices was 0.929.

3.5 Pilot study

A pilot study was necessary to be carried out to test the validity and reliability of the scales used in a study. Number of participants for the pilot study should consist of ten to twenty per cent of the actual sample size of a study (Baker, 1994). Therefore, 20 participants or contact employees **who met the inclusion criteria of this study were recruited to participate in the pilot study**. The duration of the pilot study lasted for a week, which was from the 25th of February 2019 to 3rd

of March 2019. Questionnaires were administered online via a URL link, and reliability tests were carried out once the process of data collection was completed. Based on the analysis, all items for both scales were reliable as all of them had Cronbach's coefficient alpha value above 0.70, which is the minimum acceptable Cronbach's coefficient alpha value as suggested by DeVellis (2012). The Cronbach's coefficient alpha value of operational performance, inventory management performance, employee performance, innovation performance, social responsibility, customer results and market and financial performance were reported as 0.949, 0.783, 0.793, 0.887, 0.929, 0.698 and 0.881. The overall Cronbach's alpha value of organisational performance was reported as 0.965. The Cronbach's coefficient alpha value for service encounter practices, service system practices, service leadership practices, and human resource management practices were reported as 0.779, 0.897, 0.887 and 0.826. Thus, all items of both scales were retained for actual testing although the Cronbach's alpha value for one of the organisational performance dimension was below 0.70. This was because in this study, the organisational performance scale was used to measure the overall performance of organisation, rather than the seven different dimensions of performances and all items were worth retaining because of its high Cronbach's alpha value.

3.6 Data collection procedures

The survey method was used to gather the required data. The survey instrument was a questionnaire, which was administered online. The survey link with the purpose and inclusion criteria was sent through social media application such as WhatsApp, Facebook Messenger, and Instagram to recruit friends and family who fulfilled the sampling criteria. They were required to answer and requested to forward the link to their contact that fulfilled the participation criteria and to repeat the same instructions to every person they referred. As the questionnaire was being administered online, all participations were considered as voluntary, and no compensation will be given as participants voluntarily click into the link, answer the questionnaire. Participant information sheet (refers to appendix C) that consists of the research objective, participants' rights was presented on the first page of the link before participants proceed with the actual study that consists of demographic form (refers to appendix D), SERV*OR scale adopted from Lytle et al. (1998) and organisational performance scale adopted from Sadikoglu and Olcay (2014). Prequalification questions such as 'Does your position require you to get in touch (face to face interaction) with the customers', 'Please state your job designation in the organisation' and 'Does your company provide table services' were included to filter the data so that all data that being analysed were truly from those who provide service and have face to face contact with the customers. Data cleaning, reliability analysis and assumption checks for

multiple regression analysis were being carried out before the data were being analysed.

3.7 Data Cleaning

Total of 203 data collected from the online survey was transferred into SPSS 21, and any incomplete data or data that did not meet the inclusion criteria were removed during data cleaning. A total of 79 data were deleted, and 62 of them were due to the failure to provide table services or engage in any interaction with the customers. The remaining 17 data were removed due to the inappropriate or inaccurate position in the food outlet such as accountant and salesgirl.

3.8 Reliability analysis

In order to test the reliability of all scales used in the study, reliability analyses were carried out, and the minimum acceptable Cronbach's alpha coefficient score was 0.70 as suggested by DeVellis (2012). Reliability analysis was conducted on the scale of service encounter practices measured by six items. Cronbach's alpha revealed that the scale had a reliability score of 0.694 and removal of any of the items will lead to a decline in the alpha value. Even if Cronbach's alpha was slightly lower than the minimum acceptable score of 0.70 recommended by DeVellis (2012), the scale and all the items will remain. As pointed out by George and Mallery (2003), especially in the case of small sample

sizes, Cronbach's alpha value greater than 0.60 and close to 0.70 is still considered acceptable. Reliability analysis was also conducted on service system practices that consisted of 15 items. Cronbach's alpha showed that the scale had acceptable reliability, $\alpha = 0.863$. All items were worthy of retention as removal of any item will lead to the decline in the alpha value. Reliability analysis was conducted on service leadership practices that made up of 9 items. Cronbach's alpha value displayed that the scale to reach acceptable reliability, $\alpha = 0.883$. All items were worthy of retention, resulting in a decline in the alpha value if removed. A reliability analysis was conducted on human resource management practices that comprised of 5 items. Cronbach's alpha value displayed that the scale had acceptable reliability of $\alpha = 0.886$. All items were worthy of retention as removal of any of the items will lead to decrease in alpha value. Lastly, a reliability test was carried out on organisational performance scale that consisted of 27 items. Cronbach's alpha value showed the scale had acceptable reliability, $\alpha = 0.942$. All items were worthy of retention as removal of the items will lead to decrease in alpha value.

Table 3.1

Reliability scores for the variables

Variables	No of items	Cronbach's Alpha
Service encounter practices	6	.694
Service system practices	15	.863
Service leadership practices	9	.883
HRM practices	5	.886
Organisational performance	27	.942

3.9 Data analysis techniques

Various statistical analyses were carried out using the **Statistical Package for Social Sciences (SPSS) 21**. Descriptive analysis that describes the data characteristics was carried out. Lastly, multiple regression analysis was conducted to understand the relationships between the independent variable, service orientation (servant leadership practices, service encounter practices, HRM practices and service system practices) and dependent variable, organisational performance and to examine the predicting effect of service orientation on organisational performance in food service industry as perceived by contact employees.

3.10 Summary of methodology

Online survey questionnaire was administered to collect data and SPSS was used to analyse the data for this cross-sectional study. Measurements of variables in the questionnaire were discussed. Procedure of data collection, sample size, sampling technique, analysis methods and pilot study were also being discussed. Results of Cronbach's alpha coefficient test indicated that the scales adopted in this study are reliable and valid.

CHAPTER 4

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter displays the findings of this study that obtained through a few analyses. This chapter starts with descriptive analysis that describes the profile of the respondents. It will follow by multiple regression analysis to test the hypothesis of this study and end with additional independent t-test analyses to identify the effect of gender on the 4 practice areas of service orientation.

4.2 Descriptive analysis

Respondents' profile is presented in Table 1 with the information in the form of percentage and frequency distribution. Based on the 124 remaining responses collected through the online surveys administration, 71 (57.3%) of the respondents were female and 53 (42.7%) of the respondents were male. Most of the respondents were from the age group of 18 to 21, which comprised of 66 (53.2%) respondents and the age group of 22 to 25 that consisted of 53 (42.7%) respondents followed by the age group of 26 to 30 that consisted of 3 (2.4%) respondents and the age group of 35 and above, which consisted of 2 (1.6%) respondents.

In terms of nationality, 123 (99.2%) of the respondents were Malaysians and 1 (0.8%) of the respondents were non-Malaysians. From the ethnicity, majority of them were Chinese, 108 (87.1%), followed by Malay, 7 (5.6%), Others, 8 (6.5%) and Indian, 1 (0.8%).

Fourthly, in terms of education qualification, 72 (58.1%) of the respondents reported to have an undergraduate degree, 18 (14.5%) of them had SPM or equivalent qualifications, 17 (13.7%) of the respondents reported to finish their Pre-University, 13 (10.5%) of them reported having diploma qualifications, 3 (2.4%) of the respondents reported having postgraduate degree and 1 (0.8%) respondent did not attend or graduated from high school.

In terms of the job position, 96 (77.42%) of them were either working as waiters or waitresses with or without other additional positions such as cashier, dish washer and bartender, 21 (16.94%) of them were either working as service crews, servers or hosts with or without other additional positions such as barista or cashier, 7 (5.65%) of them were working as other position such as receptionists, barista and cashier. Lastly, in terms of type of food outlet, 70 (56.45%) of them were working in a sit-down restaurant, 52 (41.94%) of them were working in either dessert shop or café while 2 (1.61%) of them were working in a bar or bistro.

Table 4.1*Profile of respondents*

Characteristics	Frequency n = 124	Percentage (%)
Gender		
Male	53	42.7
Female	71	57.3
Age group		
18 – 21 years	66	53.2
22 – 25 years	53	42.7
26 – 30 years	3	2.4
31 – 35 years	0	0
Above 35 years	2	1.6
Nationality		
Malaysians	123	99.2
Non-Malaysians	1	0.8
Race		
Malay	7	5.6
Chinese	108	87.1
Indian	1	0.8
Others	8	6.5
Education level		
Did not attend/graduate high school	1	0.8
SPM or equivalent	18	14.5
Pre-University/STPM/Foundation	17	13.7
Diploma	13	10.5
Undergraduate	72	58.1
Postgraduate	3	2.4
Job position		
Waiter/waitress and others	96	77.42
Service crew/server/host and others	21	16.94
Others	7	5.65
Type of food outlet		
Sit down restaurant	70	56.45
Dessert shop or café	52	41.94
Bar or bistro	2	1.61

Table 4.2***Education level and service orientation***

Education level		Service Encounter	Service System	Service Leadership	HRM
Did not attend/graduate high school	Mean	4.333	3.867	2.222	1.800
	N	1	1	1	1
	Std deviation				
SPM or equivalent	Mean	3.750	3.678	3.803	3.589
	N	18	18	18	18
	Std Deviation	0.496	0.688	0.613	0.744
Pre-University/STPM/Foundation	Mean	3.510	3.639	3.628	3.059
	N	17	17	17	17
	Std Deviation	0.769	0.602	0.638	1.259
Diploma	Mean	3.910	3.636	3.863	3.600
	N	13	13	13	13
	Std Deviation	0.507	0.567	0.696	0.852
Undergraduate	Mean	3.752	3.654	3.850	3.644
	N	72	72	72	72
	Std Deviation	0.544	0.555	0.699	0.876
Postgraduate	Mean	3.778	3.689	3.852	3.533
	N	3	3	3	3
	Std Deviation	0.419	0.252	0.548	0.306

For respondent who did not attend or graduated from high school, the mean score of service encounter practices is 4.333, the mean score of service system practices is 3.867, the mean score of service leadership practices is 2.222, and the

mean score of human resource management practices is 1.800. For respondent who had SPM or equivalent qualifications, the mean score of service encounter practices is 3.750 (SD = 0.496), the mean score of service system practices is 3.678 (SD = 0.688), the mean score of service leadership practices is 3.803 (SD = 0.613), and the mean score of human resource management practices is 3.589 (SD = 0.744). For respondent who had pre university level, the mean score of service encounter practices is 3.510 (SD = 0.769), the mean score of service system practices is 3.639 (SD = 0.602), the mean score of service leadership practices is 3.628 (SD = 0.638), and the mean score of human resource management practices is 3.059 (SD = 1.259). For respondent who had diploma level, the mean score of service encounter practices is 3.910 (SD = 0.507), the mean score of service system practices is 3.636 (SD = 0.567), the mean score of service leadership practices is 3.863 (SD = 0.696), and the mean score of human resource management practices is 3.600 (SD = 0.852). For respondent who reported to have an undergraduate degree, the mean score of service encounter practices is 3.752 (SD = 0.544), the mean score of service system practices is 3.654 (SD = 0.555), the mean score of service leadership practices is 3.850 (SD = 0.699), and the mean score of human resource management practices is 3.644 (SD = 0.876). For respondent who reported having postgraduate, the mean score of service encounter practices is 3.778 (SD = 0.419), the mean score of service system practices is 3.689 (SD = 0.252), the mean score of service leadership practices is 3.852 (SD = 0.548), and the mean score of human resource management practices is 3.533 (SD = 0.305).

4.3 Assumptions for multiple regression analysis

Before regression analysis, data set were computed to be tested for several assumptions in order to obtain results that were valid and reliable. Data set will need to comply with the assumptions of normality, linearity and homoscedasticity, multicollinearity, independence of observation and outliers before proceeding with multiple regression analysis.

4.3.1 Assessment of normality

Multiple regression analysis assumes all predictor variables and dependent variable are normally distributed. Normality test is usually used to assess if a data set is normally distributed with minimal outliers. This can be done through Skewness and Kurtosis and normal probability plot (P-P).

Skewness expresses the symmetry of the distribution while Kurtosis describes the “peakedness” of the distribution (Pallant, 2013). According to Pallant (2013), a normally distributed data will have Skewness values within the range of ± 2 and Kurtosis values within the range of ± 7 . Skewness values of this study were ranging from -0.598 to 0.243 and Kurtosis values of this study were ranging from -0.530 to 0.633 , indicating a normally distributed data set. Table 2 shows the value of Skewness and Kurtosis for service encounter practices, service system practices, service leadership, human resource management (HRM) practices, and organisational performance (OP).

Table 4.3

Skewness and Kurtosis value for service encounter, service system, service leadership, HRM and OP

	N	Mean	Skewness		Kurtosis	
			Statistics	Std. Error	Statistics	Std. Error
Service encounter	124	3.740	-.306	.217	.633	.431
Service system	124	3.656	.135	.217	.142	.431
Service leadership	124	3.801	-.010	.217	-.530	.431
HRM	124	3.534	-.598	.217	.057	.431
OP	124	3.613	.243	.217	-.057	.431
Valid N	124					
(listwise)						

Chambers et al. (1983) mentioned that normal probability plot is another technique utilised to determine whether the distribution of data set is normal. A visual inspection of the P-P plot verified the normality. Based on Figure 1, all the points together form an approximate straight diagonal line that were not completely on the line but close from bottom left to top right. This suggested no major deviations from normality (Pallant, 2013).

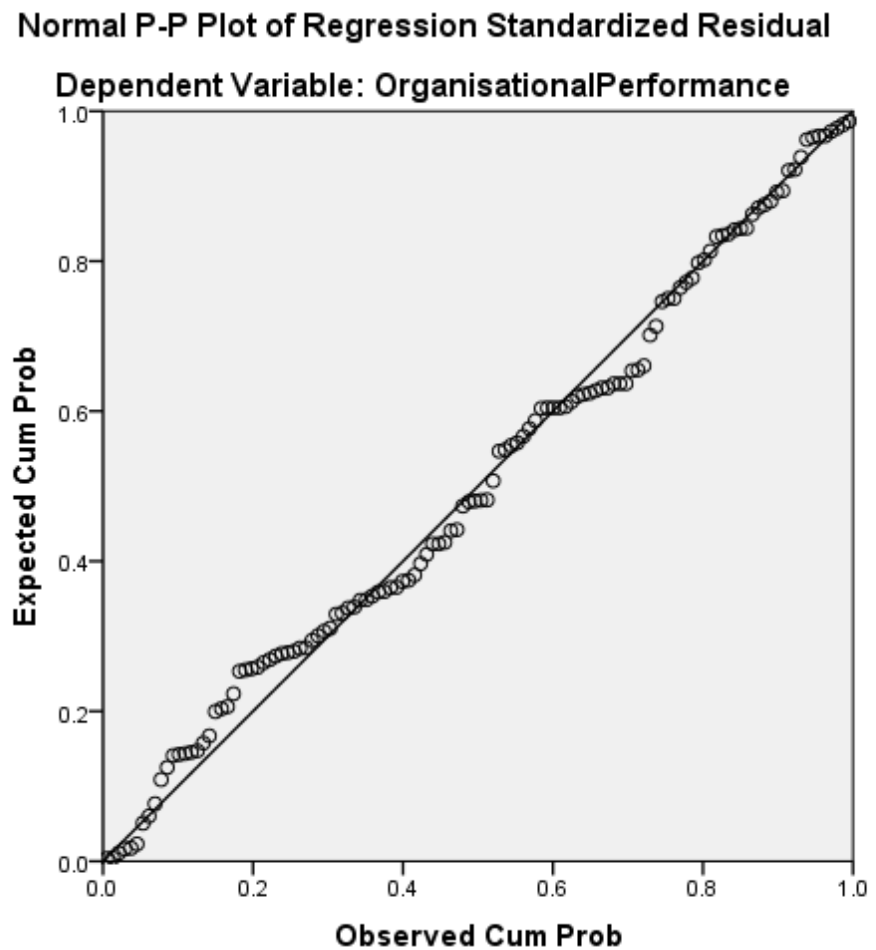


Figure 1: P-P plot of regression standardized residual

4.3.2 Assessment of linearity and homoscedasticity

A scatterplot of the standardised residual was inspected for linear association. This is to ensure there was no violation on the assumption of linearity and homoscedasticity. The residuals were all randomly scattered around the horizontal axis with most concentrated around the centre based on the guideline of Pallant (2013). This showed linearity as no deviations from a centralised rectangle were found. Based on Figure 2, there was no evidence on the existence of curvilinear relationship thus the data met the assumptions of linearity and homoscedasticity.

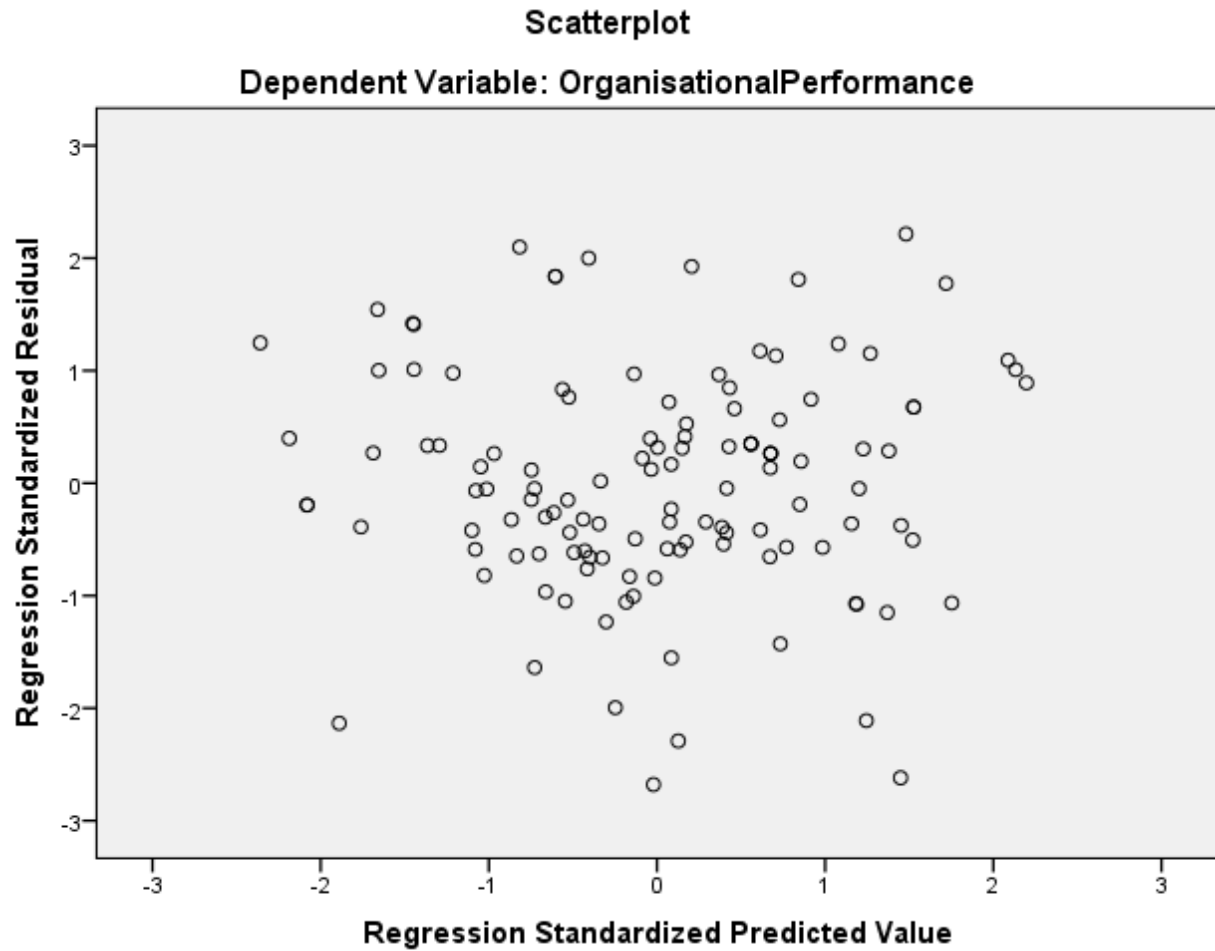


Figure 2: Scatterplot for homoscedasticity

4.3.3 Assessment of multicollinearity

Multicollinearity occurs when multiple variables in a model correlated to each other. Multicollinearity led to poor estimation of regression coefficient (Pallant, 2013).

Tolerance value and variance inflation factor (VIF) tests were carried out to test the absence of multicollinearity. Pallant (2013) mentioned that severe

multicollinearity problem exists when the tolerance value less is than .10 or VIF value is above 10. Results of the tests indicated that multicollinearity was not a concern (Service encounter, Tolerance = .600, VIF = 1.666; Service system, Tolerance = .457, VIF = 2.190; Service leadership, Tolerance = .343, VIF = 2.915; HRM, Tolerance = .393, VIF = 2.544). Table 3 tabulates the Tolerance and VIF value for service encounter, service system, service leadership and human resource management (HRM).

Table 4.4

Tolerance and VIF value for service encounter, service system, service leadership and HRM

	<u>Collinearity Statistics</u>	
	Tolerance	VIF
Service encounter	.600	1.666
Service system	.457	2.190
Service leadership	.343	2.915
HRM	.393	2.544

a. Dependent Variable: organisational performance

4.3.4 Assessment of independence of observation

In order to obtain a regression result that is valid and reliable, it is necessary that the data is tested for the assumption that the residuals are independently distributed and there's no autocorrelation in the data. Durbin-Watson value can be anywhere from 0 to 4 and if there is no autocorrelation (where subsequent observations are related), the Durbin-Watson statistics should be in the range of 1.5 to 2.5. Data set with Durbin-Watson value outside of the range will be considered as having failed to meet the assumption of independence of observation. This data set met the assumption of independence of observation (Durbin-Watson value = 2.097). Table 4 displays the Durbin-Watson value of this data set.

Table 4.5

Durbin-Watson value to detect autocorrelation

Model	Durbin-Watson
1	2.097

a. Predictors: (Constant), HRM, service encounter, service system, service leadership

b. Dependent Variable: organisational performance

4.3.5 Assessment of outliers

Cook's distance is usually implemented to detect outliers in regression analysis due to its ability to estimate how influential a point is in the computation

of a regression analysis. Different texts provide different threshold values for a point to be considered as influential. This study adopted the claim of Tabachnick and Fidell (2013) in which cases with Cook's distance values larger than 1 may indicate the presence of overly influential cases that needed to be removed from the analysis. Maximum value of Cook's distance in this study is .102, which is below 1 showed that data of this study are significant without any major problems or outliers. Therefore, all data are being retained. Table 5 shows Cook's distance value for all the available points in this study.

Table 4.6

Cook's distance value to detect outliers

	Minimum	Maximum	Mean	Standard deviation	N
Cook's Distance	<.001	.102	.009	.016	124

a. Dependent Variable: organisational performance

4.4 Multiple regression analysis

A multiple linear regression was carried out to predict organisational performance using service orientation's dimensions, service encounter practices, service system practices, service leadership practices and human resource management practices. A significant regression equation was found ($F(4,119) = 105.065, p < .001$), with an R^2 of .779, $R^2_{Adjusted}$ of .772. The R^2 of .779 pointed out that the four independent variables together could explain 77.9% of the variability

of the dependent variable, organisational performance. The regression equation was predicted organisational performance is equal to $.509 + .170$ (service encounter practices) + $.248$ (service system practices) + $.154$ (service leadership practices) + $.277$ (human resource management practices). Organisational performance increased by 0.170, 0.248, 0.154, and 0.277 units with the increase of 1 unit in service encounter practices, service system practices, service leadership practices and human resource management practices respectively.

Regarding effect size, Cohen (1988) recommended a R^2 of .0196 can be considered as small, a R^2 of .13 can be considered as medium, and a R^2 of .25 can be considered as large. Thus, the combined effect by service encounter practices, service system practices, service leadership practices and human resource management practices is considered large based on Cohen's (1988) conventions. Therefore, the results had supported hypothesis 1. Table 4.7 tabulates the results of multiple regression analysis.

Table 4.7*Multiple regression results*

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
(Constant)	.509	.194		2.618	.010
Service encounter practices	.170	.057	.164	2.958	.004
Service system practices	.248	.066	.241	3.775	<.001
Service leadership practices	.154	.063	.179	2.436	.016
Human resource management practices	.277	.043	.438	6.373	<.001

Significant at $p < 0.05$

$R^2 = 0.779$, $F = 105.065$, Significance $F = 0.00$, Durbin-Watson = 2.097

4.5 Independent T-test

An independent sample t-test was conducted to compare is there any differences between male and female in terms of service encounter practices. There were no significant differences in the scores of male ($M = 3.802$, $SD = 0.602$) and female ($M = 3.695$, $SD = 0.542$); $t(122) = 1.038$, $p = 0.301$. Thus, there is no difference between male and female in terms of service encounter practices.

An independent sample t-test was conducted to compare is there any differences between male and female in terms of service system practices. There were no significant differences in the scores of male ($M = 3.640$, $SD = 0.670$) and female ($M = 3.668$, $SD = 0.483$); $t(122) = -0.264$, $p = 0.792$. Thus, there is no difference between male and female in terms of service system practices.

An independent sample t-test was conducted to compare is there any differences between male and female in terms of service leadership practices. There were no significant differences in the score of male ($M = 3.807$, $SD = 0.785$) and female ($M = 3.797$, $SD = 0.600$); $t(122) = 0.085$, $p = 0.932$. Thus, there is no difference between male and female in terms of service leadership practices.

An independent sample t-test was conducted to compare is there any differences between male and female in terms of human resource management practices. There were no significant differences in the score of male ($M = 3.604$, $SD = 0.974$) and female ($M = 3.482$, $SD = 0.896$); $t(122) = 0.723$, $p = 0.471$. Thus, there is no difference between male and female in terms of human resource management practices.

Table 4.8

Independent T-Test for Service Orientation by Gender

Variables	Male		Female		t (122)	Sig
	M	Std Deviation	M	Std Deviation		
Service encounter practices	3.802	0.602	3.695	0.542	1.038	0.301
Service system practices	3.640	0.670	3.668	0.483	-0.264	0.792
Service leadership practices	3.807	0.785	3.797	0.600	0.085	0.932
Human resource management practices	3.604	0.974	3.482	0.896	0.723	0.471

Significant at $p < 0.05$

4.6 Summary of Data analysis and findings

All analyses conducted were reported in this chapter. A multiple linear regressions analysis determines the predicting effects of 4 different independent variables on dependent variable. Additional analyses identify the effects of gender and education level differences on service orientation practices. Results found will be further discussed in Chapter 5.

CHAPTER 5

DISCUSSION, RECOMMENDATION AND CONCLUSION

5.1 Introduction

This chapter discusses and links the findings of this study with literature. Firstly, this chapter will highlight and discuss the main findings of the empirical test that support the main objective of the study. Secondly, this chapter will be presenting the implications and recommendations of this study next. The last part of this chapter will be presenting the limitations and the future direction for future research.

5.2 Discussion of major findings

This study was intended to measure the predicting effects of service orientation (service encounter practices, service system practices, service leadership practices and human resource management practices) on organisational performance in the Malaysian food service industry as perceived by contact employees. Hypothesis was being examined and supported by the results. Results of the study supported the claim that service orientation (service encounter practices, service system practices, service leadership practices and human

resource management practices) has positive predicting effects on the perceived organisational performance in Malaysian food service industry.

This study shows that service encounter practice is one of the predictors of organisational performance. Although treatment customers receive is the main aspect customers used to rate the quality of services (Liao & Chuang, 2004; Tekin, 2017) but according to Sparks and Weber (2008) as cited in Jones (2008), perceived capability such as competency, listening skills and dedication of contact employees in delivering services are important too. Contact employees who can respond quickly and accurately to customer needs are considered highly competent by the customers. Employee empowerment allows contact employees to respond quickly to any environmental changes and demands (Ongori, 2009). Eliminating the need to seek management approval indirectly improves service quality and job performances (Nykodym et al., 1994) because of personal accountability (Rafiq & Ahmed, 1998). Contact employees who focus on responding quickly and accurately to the needs of customers in the process of delivering services can be the unique characteristics that differentiate the food service organisation from other rivals that neglect services as suggested by the Resource-based View. Service orientation reflected in the contact employees' ability in providing services and their interaction with customers establishes a strong relationship with satisfied customers, which will translate into higher loyalty and improve the organisation's reputation (Briggs et al., 2018).

Some argued that the higher the existing service system practice, the higher the service orientation, so the higher the organisational performance. A well-designed system increases the speed and efficiency of service delivery processes (Berry et al., 1994) in which produces delightful and satisfied customers. Both service failure and service recovery are significant components of an excellent service delivery system. No matter how prepared the service organisation is, due to the nature and characteristics of the service, service failure is inevitable (Hart et al., 1990). Hart et al. (1990) found that more than half of the customers who complained about poor service quality took a more negative view of the service providers. Therefore, any type of failure in the service delivery process is sufficient to cause customer churn. Failed to handle service failures quickly and effectively produce customers that are even more dissatisfied (Parasuraman et al., 1985) as it is the second time the organisation has let the customers down (Bitner et al., 1990). This might produce negative word of mouth (Bitner et al., 1994) that can trigger the action of brand rejection and translate into sales fall (Chiosa & Anastasiei, 2017). Therefore, a system with a superior compensation design for affected customers is necessary to minimize the negative impact of service failures had on the organisation. The usage of technology is another way to promote customer satisfaction due to its ability to provide more efficient, customized and better services (Kincaid & Baloglu, 2005). It is essential to satisfy customers with customized services or foods as Homburg et al. (2005) found that satisfied customers were more willing to spend more. Utilizing the service system can be the unique selling proposition that set the food service organisation apart from the

other competitors as it provides customers with distinct positive experiences. The study by Pennings (1995) and Lytle and Timmerman (2006) supported all the arguments above as the findings suggested that service system in the form of technology play a role in improving customers' satisfaction on the imparted services.

Evidence in this study showed higher service leadership practices result in a higher organisational performance. It mentioned that the servant leaders who carry out service leadership practices are leaders who actively involved in identifying and tackling issues faced by fellow contact employees (Lytle et al., 1998) and this leadership style of leading with good examples will develop a service climate that in turn translates to better service performance among contact employees (Hunter et al., 2013). The servant leadership style is critical in the food service industry due to the ability to influence contact employees to imitate leaders to provide satisfactory services, thus emphasizing the importance of cultivating servant leadership in food service organisations because the leader's behaviour has a significant impact on the performance of the department in the organisation (Church, 1995). Melchar and Bosco (2010) found servant leaders establish a culture that shapes followers into servant leaders and thus increases organisational loyalty and encourages higher customer loyalty through satisfactory services. High customer loyalty will bring forth the behaviour of repeat purchasing among the customers, and this will increase the revenue of the organisation as repeated customers tend to spend more as compared to new customers (Avey, 2018). Avey

(2018) further mentioned that repeat customers account for roughly 40 per cent of the store revenue despite the facts that repeat customers only account for 8 per cent of the total amount of customers. This argument is consistent with the Resource-based View as intangible resources of organisations in the form of servant leaders allow organisations to gain competitive advantages over their rivals. Findings of Liden et al. (2000) further emphasize the significance of servant leadership as its application help to increase organisational commitment and job performance of the contact employees. It is also very crucial for service leaders to continuously convey service vision of the organisation as it serves as the motivator to provide quality services (Lytle et al., 1998). Service leader who always communicates the service vision can reinforce the behaviour of providing excellent services as the act of communicating service vision is a clear announcement on the service goals and objectives. Increased goal clarity is related to improved performance (Anderson & Stritch, 2015). Individuals working towards specific goals tend to allocate more time working on tasks that help achieve their goals (Terborg, 1976).

Customer satisfaction and repurchase intentions were affected by the competency of employees to provide services (Sparks & Weber, 2008 as cited in Jones, 2008). HRM practices were tools commonly used in amplifying the competencies of employees (Mohammed & HazrilIzwar, 2014). Two components of HRM practices, training and reward have positive associations with organisational performance (Choo, 2016; Kusluvan et al., 2010). Contact employees who received training from the organisation have a higher likelihood to

generate the feeling of being valued by the organisation and developed the tendency to reciprocate with positive attitudes, behaviours and better performance in carrying out their tasks (Aryee et al., 2002). Training is the strategy employed by the organisation to improve both employee satisfaction and job performance (Huang, 2019). Focus on the personal growth of employees, especially to improve and equip them with new skills help to achieve these goals. Relevant training programs cherished employees and minimized their turnover rate as training programs helped them to meet the requirements of their works (Adeyi et al., 2018) and helping them to stay relevant in the field. Contact employees who believed they receive excellent training will have higher willingness to transfer and apply the learned skills, knowledge, and abilities gained from training into real work and thus improve their performance that will further translate into higher organizational performance. Satisfied contact employees are likely to work or serve customers in a way that allow customers to experience similar kind of satisfaction. Rewards and recognition as mentioned by Bakker and Demerouti (2008) has the potential to motivate and increase the performance of the employees as it buffers the negative impact of job demands. A study by Atambo et al. (2012) also showed that acknowledging the accomplishments, achievements, and efforts of the employees in carrying out their duties can improve the performance in both individual and organisational level. Employee recognition and rewarding process foster a sense of ownership and belonging among contact employees in the workplace as their contributions and works are being respected and appreciated by the organisation. The sense of ownership and belonging at

work will further motivate contact employees to provide customers with genuine services that exceed the needs of customers to improve the satisfaction of customers and increase the retention rate of customers. Products of HRM practices such as employees who are capable, satisfied, and willing to provide extra services are the intangible resource that helps the organisation to stand out from the other rivals. HRM practices as the highest contributor to the organisational performance as shown in the previous chapter further emphasized the necessity of equipping, recognizing and rewarding contact employees as satisfied contact employees will repay the organisation by being more positive, courteous and helpful towards customers, which can translate into continuous improvements in both organisational capabilities and performance.

Females tend to hold most of the front-line service positions due to their stereotyped roles as nurturers (Mattila et al., 2003). They also considered showing better care to the customers as compared to male (AFA-CWA, 2010 as cited in Mathies & Burford, 2011). Current study found that there is no significant difference between genders in terms of service orientation. Mathies and Burford (2011) also reported that both genders described the same basic concepts in defining good customer services. The mean score of service orientated practices were also being compared in terms of education background and results show no significance differences in terms of education level except participant who did not attend or graduated from high school. However, there's only 1 participant in that category and the small sample data of this group could not be generalised to the

whole population. This proves that service orientation is not determined by nature but nurture. Organisations should invest in programs that help to improve the service orientations of the contact employees.

5.3 Implications of study

Findings obtained through empirical analysis has answered the research question and accomplished the objective, which is to determine the predicting effect of service orientation on organisational performance. Findings are relevant to the Malaysian food service industry. Operators should invest more in establishing a service-oriented climate to differentiate and enhance competitiveness. These investments that aimed at fostering high service orientation climate will positively influence the performances of the food service industry. In terms of managerial implications, food service operators or restaurants in Malaysia has the possibility and ability to produce higher levels of financial, fame gain, and growth through careful management of service orientation.

Firstly, management's ability to come out with a believable and attractive service vision is significant in establishing the culture of service orientation (Lytle & Timmerman, 2006). Managers and operators of the food service industry shall translate some aspects of service such as politeness into specific standards such as the way to greet customers, the way to serve foods and the way to say goodbye to customers as the service guideline for contact employees to be consistent in

delivering services. The establishment of a clear set of policies and practices on how to treat customers and teach them to the contact employees help to increase the repurchase intention of customers (Sisk, 2018). Operators should provide contact employees with the power and flexibility to make changes to the deliverance of service, as different customers may request different types of services. This improves the overall service quality (Alabar & Abubakar, 2013). High-performing units usually consist of contact employees who feel responsible for exceeding customer expectations and are authorised by management to take the necessary measures to meet customer requirements (Lytle & Timmerman, 2006).

Secondly, food operators or managers shall establish the willingness to purchase and install updated service-related technologies to assist contact employees in delivering quality services. Service-related systems such as point of sale (POS) systems integrated with tablets not only help to reduce the burdens of contact employees but also reduced the likelihood of order errors. Implement a system that consists of service failure prevention and service recovery will be helpful. A guide on service failure prevention and recovery should be introduced, which will provide contact employees with the knowledge and ability to respond to unforeseen situations. A fast and effective response is able to keep 95% of unhappy customers (Albrecht & Zemke, 1985). The system shall also allow a certain degree of flexibility, as the method of recovery may vary from situation to situation. The correct implementation of these systems is closely related to how

customers perceive the organisation's service passion and service performance (Schneider et al., 1992).

Thirdly, managers or operators should try to establish this climate of service orientation by paying attention to their leadership style. Managers and operators shall always explain the direction or vision of the service to each contact employee clearly. In addition to providing guidance and instructions to contact employees, managers and operators should also lead by example to develop contact employees' servant leadership (Briggs et al., 2018). Spending time with contact employees on the frontline, displaying the desirable behaviours and focusing on the needs of customers and contact employees are some of the actions the operators can take to achieve this. By letting managers or operators demonstrate services that exceed customer expectations, contact employees can clearly understand their performance expectations and show similar behaviour and attitudes towards customers and colleagues (Leonard, 2019). Contact employees could also receive timely feedback on how to improve their service behaviours from managers or operators who spend time in the field.

Lastly, managers or operators shall also implement training programs that specifically cater to the essential skills in service encounters. Hong et al. (2013) supported this standpoint as they believed helpful training was training that directed to specific skills sets needed in the job instead of conveying general knowledge on the procedure or policy. Well organised training programs motivate

contact employees to deliver the encouraged serving behaviours as they are imparted with the knowledge, practical steps, and support to transfer training to the job. Managers or operators also need to provide contact employees with an adequate amount of time to go through the training programs before measuring their performances and provide them with feedback regularly. A friendly environment encourages contact employees to apply the newly learned skills and techniques (Lim & Nowell, 2014). Operators or managers shall also motivate contact employees and reinforce the desirable serving behaviours of them with rewards to promote the positive serving behaviours of employees. Rewards such as bonuses, salary increases, profit sharing, and recognition can motivate contact employees to continue to perform well.

As the subject of this study, contact employees should also take the initiative to make good use of the power granted by the superiors to make quality-critical decisions and show satisfactory attitude and emotions throughout the service delivery process. Contact employees should also view trainings to improve their service skills or handle new technologies as opportunities to achieve personal growth, cultivate customer satisfaction, and build customer relationships, rather than a burden. This is because contact employees are the representatives of the organisations' image and person who require these knowledge and skills to fulfill the promises (Bettencourt & Brown, 1997).

Thus, it is significant for managers and operators of restaurants and food outlets to be highly conscious of the dimensions of service orientation that are highly valued by the customers so that service efforts can be focused on those properties to maximize the benefits. However, not every operator of the food service industry has sufficient funds to implement all fundamental elements of service orientation. Operators with limited funds can choose to concentrate on instilling work-related skills in contact employees through training and encourage them through rewards or install service-related technologies and implement service standards because human resource management practices and service system practices are the two main contributors to service orientation.

5.4 Limitations and suggestions for future study

It is always appropriate to take limitations in a study into consideration when evaluating the findings as limitations are inevitable in research studies. This study does have some limitations that allow for further research. Firstly, it was difficult to derive causal relationships due to the nature of the cross-sectional study design. Thus, conduct future research with a longitudinal design is suggested to apprehend the causal relationship between the independent variable and dependent variable.

Secondly, even if this research has the advantage of controlling cross-industry variation, it is difficult to generalise the results of this research to other

industries. Future research of similar area shall involve dyadic or triadic, multisource data collections in which recruit chefs, managers, and customers to improve the generalisation of the findings in the food service industry. Even if there is no evidence that the results of the study are biased, multi-source data collection may make the results more reliable and less biased.

Future researchers could also take other variables such as the cuisine of a restaurant into consideration as different cuisine might display a different kind of serving culture, which might emphasize different dimensions of service orientation. Western-themed restaurants were more likely to emphasize more on the quality of service as compared to Chinese themed restaurant (Qian, 2012). This study also serves a basis for future researchers to carry out and expand the study of service orientation on contact employees in the food service industry. This study also tried to address this variable by collecting the data on the types of the food service outlet from the participants. However, the collected data does not identify the store's cuisine because most participants use general terms (such as sitting down in a restaurant or cafe) to answer the open-ended questions.

Lastly, future research could pay attention on the implications of service orientation across individual levels on the food service industry. This study focused solely on the impacts of the organisational level of service orientation on organisational performance. Future research can also study the individual level of service orientation that focuses on the personal traits of contact employees to gain

a better understanding of how traits influence service orientation and the performance of food service organisations.

5.5 Conclusion

The significant economic contribution of the food service industry had led to a situation where more and more investors chose to invest in this saturated market by opening more and more food service outlets. However, with the increasing number of entrants into this market, food service operators are facing a high amount of pressure to sustain and survive. The ability to provide satisfactory face to face services to the customers might be an effective way to differentiate from the other competitors. This paper provides some clarity on which dimension of service orientation contributes the most to the performance of the food service industry. Managers or operators of food service outlets shall apply the findings of this study by investing time, effort, and money to establish the service-oriented climate in the whole organisation to further increase their competitiveness, sustainability, and profitability.

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APPENDICES

Appendix A

Measurement items of organisational performance from Sadikoglu and Olcay (2014)

Instructions:

People may use the following statements to describe themselves. For each statement, decide whether you strongly disagree, disagree, more or less disagree, undecided, more or less agree, agree or strongly agree with the statement using the following 5 point scale. In the box to the right of each statement, tick in the box on the 5 point scale that best describes you.

Strongly disagree	Disagree	Undecided	Agree	Strongly Agree
1	2	3	4	5

Statements	1	2	3	4	5
Quality of our products/services is high					
Reliability of our products/services is high					
We deliver our products/services on time to customers					
Purchase material turnover is high in our firm					
Total inventory turnover is high in our firm					
Our employees' organisational commitment is high					
Our employees' job performance is high					
Our employees' absenteeism is low					
Our employees' morale is high					
Our employees' turnover rate is low					
The number of successful new product/service introductions of our firm is high					
The use of latest technology innovations in our new product is high					
The technological competitiveness of our firm is high					
The speed of new product development of our firm is high					
The number of our new products that are first-to-market is high					
Protection of environment in our firm has developed					

Noise levels caused by our firm have decreased					
Pollution levels caused by our firm have decreased					
Our firm has a positive impact on society					
Our firm is actively involved in the community					
Customer satisfaction has improved					
Customer retention has improved					
Customer complaints have decreased					
Return on assets of our firm has increased					
Market share of our firm has improved					
Profits of our firm have grown					
Sales of our firm have grown					

Appendix B

Measurement items of service orientation from Lytle et al. (1998)

Instructions:

People may use the following statements to describe themselves. For each statement, decide whether you strongly disagree, disagree, more or less disagree, undecided, more or less agree, agree or strongly agree with the statement using the following 7 point scale. In the box to the right of each statement, tick in the box on the 7 point scale that best describes you.

Strongly disagree	Disagree	Undecided	Agree	Strongly Agree
1	2	3	4	5

Statements	1	2	3	4	5
Employees care for customers as they would like to be cared for.					
Employees go the “extra mile” for customers					
We are noticeably more friendly and courteous than our competitors.					
Employees go out of their way to reduce inconveniences for customers.					
Decisions are made "close to the customer." In other words, employees often make important customer decisions without seeking management approval.					
Employees have freedom and authority to act independently in order to provide excellent service					
We enhance our service capabilities through the use of “state of the art” technology					
Technology is used to build and develop higher levels of service quality					
We use high levels of technology to support the efforts of men and women on the front line					
We go out of our way to prevent customer problems					
We go out of our way to “head off” or prevent customer problems rather than reacting to problems once they occur					
We actively listen to our customers					

We have an excellent customer complaint handling system for service follow-up					
We have established problem-solving groups to enhance our ability to resolve service breakdowns					
We provide follow-up service calls to confirm that our services are being provided properly					
We provide every customer with an explicit service guarantee					
We do not wait for customers to complain, we use internal standards to pinpoint failures before we receive customer complaints					
Every effort is made to explain the results of customer research to every employee in understandable terms					
Every employee understands all of the service standards that have been instituted by all departments					
We have a developed chain of objectives linking together every branch in support of the corporate vision					
Service performance measures are communicated openly with all employees regardless of position and function					
There is a true commitment to service, not just lip service					
Customers are viewed as opportunities to serve rather than as sources of revenue					
It is believed that fundamentally, the organisation exists to serve the needs of its customers					
Management constantly communicates the importance of service					
Management regularly spends time “in the field” or “on the floor” with customers and front-line employees					
Management is constantly measuring service quality					
Management shows that they care about service by constantly giving of themselves					
Management provides resources, not just “lip service”, to enhance employee ability					
Managers give personal input and leadership into creating quality service					
Management provides excellent incentives and rewards at all levels for service quality, not just					

productivity					
This organisation noticeably celebrates excellent service					
Every employee receives personal skills training that enhances his/her ability to deliver high quality service					
We spend much time and effort in simulated training activities that help us provide higher levels of service when actually encountering the customer					
During training sessions we work through exercises to identify and improve attitudes toward customers					

Appendix C

Participation Information Sheet

**Title: PREDICTING EFFECT OF SERVICE ORIENTATION ON
ORGANISATIONAL PERFORMANCE BY CUSTOMER CONTACT
EMPLOYEES IN THE MALAYSIAN FOOD SERVICE INDUSTRY**

I am Sia Kye Fung, a Psychology student from University Tunku Abdul Rahman and this is my dissertation. This study is supervised by Dr. Lee Lai Meng, the deputy dean of Faculty of Art and Social Science and Puan Wirawahida Binti Kamarul Zaman, lecturer of Faculty of Art and Social Science. You are invited to participate in this study on investigating the impact of perceived service orientation on organisational performance of food service industry among contact employee in Kuala Lumpur.

Who is eligible to participate?

- Contact employees from sit-down foodservice organisation in Kuala Lumpur
- Provide menu, take order, present bills, collect payments, provide receipts, serve foods and drinks

How to participate in this study?

Read the information sheet and complete 2 parts of the questionnaires. It will take roughly 15 minutes to complete everything. You have the rights to request for assistance throughout the study. Besides that, you may decide to withdraw from the study at any time without any penalty. You have the right to have your questions about the procedures answered. If you have any questions as a result of reading this information sheet, you should ask the researcher before the study begins.

Compensation

Your participation in this study is voluntary without compensation.

Benefits and risks

There are no known benefits and risks for you to participate in this study.

Confidentiality

No personal details will be published and no attempts will be carried out to identify your personal information in this study except on the demographic forms where I have asked on the age, birth order, race, gender, nationality, religion and level of education.

Thank you for taking the time to consider and participate in this study.

Research conducted by,
Sia Kye Fung
Master in Psychology (Industrial & Organisational),
Faculty of Art and Social Science,
University Tunku Abdul Rahman

If you would like to know the results of this study, you may contact me through my email address which is kyefung@live.com or you may contact my main supervisor, Dr. Lee Lai Meng via lmlee@utar.edu.my. Thank you.

Appendix D

Demographic Form

Tick the appropriate response.

A1) Does your position require you to get in touch with the customers?

Yes No

A2) Please state your job designation in the organization (Example: waiter, receptionist, cashier, etc.)

A3) Age:

Below 20

21-25

26-30

Above 30

A4) Nationality:

Malaysia Non-Malaysian

A5) Gender:

Male Female

A6) Race:

Malay Chinese Indian

Others

A7) Last level of education:

Did not graduate from high school

SPM/ O levels / equivalent

Pre University (CIMP, MUFY, etc.)

/diploma

Undergraduate (Bachelors)

Postgraduate (Masters)

A8) How long have you been working here?

< 1 month > a month but < a year

> a year

A9) Does your company provide table services?

Yes No

A10) State the type of food outlet that you are currently working at (Example: sit down restaurant, café, fast food, Mamak, etc)

A11) Please state the number of employees working in the food outlet that you are currently working at
