

Role of Empathy and Customer Orientation in Job Satisfaction and Organizational Commitment¹

Gordhan K. Saini
S. K. Pandey
Archana Singh
Gurumurthy Kalyanaram

Researchers have paid considerable attention to the concept of customer orientation, particularly in the services sector. It is shown that customer-oriented organizations are more likely to contribute to customer satisfaction and organizational goals as against organizations with no customer orientation (Brown, Mowen, Donovan, & Licata, 2002; Donovan, Brown, & Mowen, 2004; Kotler, 1998). Service employees' direct interaction with the customer is often considered as a main determinant of the customer's overall satisfaction (Rust, Zahorik, & Keiningham, 1995; Dobni, 2002; Donovan et al., 2004). Therefore, the study of antecedents of service employees' attitude and behavior in service encounters are extremely important. Service employees' empathy (i.e., caring and individualized attention) is one such antecedent which is considered a major requirement for winning service encounters (Parasuraman, Zeithaml, & Berry, 1988; Zeithaml, Berry, & Parasuraman, 1996; Wieseke, Geigenmuller, & Kraus, 2012) and success of service interactions is based on the intensity of empathy visible in employee-customer interactions (Gabbott & Hogg, 2000). In this study, we examine the role of empathy in influencing customer orientation and their impact on job satisfaction and employees' organizational commitment.

Insurance Services and Research Gaps

Scholars have recommended the use of relationship marketing strategy to conquer service intangibility (Berry, 1983) and have highlighted its relevance for 'credence' services (i.e., services that are difficult for customers to assess even after purchase and consumption) (Zeithaml, 1982). Selling of insurance, which is high on credence property, requires a high level of relationship marketing and the same could be a time consuming process (Crosby & Stephens, 1987). Insurance is a very complex, abstract and high-on-high credence element (Lynch & Mackay, 1985) and benefits of the same are difficult to prove.

Moreover, the presence of over 20 insurance companies makes the Indian insurance industry highly competitive; thus customer-oriented selling becomes important in such an environment (Singh & Das, 2012). Cross-selling of several services to the same customers (Chen & Mau, 2009; Huang, 2008; Jeng, 2008; Verhoef, 2003; Verhoef et al., 2001) demands employees to be more empathic and customer-oriented. Additionally, Indian society being a collectivist, high-context, strong uncertainty-avoidance, and large power-distance culture (Hofstede, 1981) puts more challenges on employee behavior while dealing with customers.

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In the customer orientation field, there are few studies in the Asian context, mainly with respect to China (Chang & Zhu, 2011; Liu & Chen, 2006; Zhu & Nakata, 2007; Zhang, 2010, etc.); however, there is only one study on India (i.e., Siddiqi & Sahaf, 2009), focusing on the banking sector. This study estimates the impact of customer orientation of service employees (COSE) on employee outcomes (i.e., service effort, job satisfaction, esprit de corps. and commitment) and customer outcomes (i.e., service quality perception and customer satisfaction). However, the study did not include empathy as one of the study concepts. A seminal study in the life insurance sector, though not on India, is Crosby and Stephens (1987) which suggests that relationship marketing adds value to the service package but it is not a substitute of having strong and core services. There is one major study (i.e., Sarthak & Tobacman, 2011) in the Indian context in the micro insurance sector. Sarthak and Tobacman (2011), through field experiment, examined the role of innovative marketing intervention in promoting complex financial products such as rainfall insurance.

Particularly, studies are absent on the role of empathy in customer orientation and its consequences on employees in the insurance or micro insurance sector. Two studies separately examined these concepts. One study (Widmier, 2002) examined the role of empathy on customer orientation while another study (Donavan et al. (2004)) investigated the effect of customer orientation on job satisfaction, organizational commitment and organizational citizenship behavior–altruism. Considering the significance of these concepts in service setting, it is surprising to note that hitherto no study examined empathy, customer orientation and its consequences together in a single model. The main purpose of this paper is to fill this void and add to the literature in this field by examining the role of empathy in customer orientation and its effect on job satisfaction and organizational commitment. Moreover, earlier studies

were primarily based on the data collected from only one insurance sector (i.e., life insurance; broadly insurance sectors are classified into three categories – life insurance, non-life insurance and micro insurance) while in this study, we collect data from three different insurance sectors, thus making the sample more representative and leading to better generalizability.

Theoretical Background and Hypothesis Development

Empathy

Empathy is conceptualized as a personality trait, interpersonal process or behavior and can be either unidimensional or multi-dimensional (Duan & Hill, 1996; Kerem, Fishman, & Josselson, 2001). Broadly two streams of literature exist about the conceptualization of empathy. The first emphasizes cognitive view and suggests that empathy is a person's capability of understanding another person's internal state (Hogan, 1969; Lamont & Lundstrom, 1977; Pilling & Eroglu, 1994). This has been described as 'perspective-taking', which are cognitive efforts to identify and appreciate others' thoughts and feelings (Barrett-Lennard, 1981; Bernstein & Davis, 1982; Dymond, 1949).

Another stream of literature considers empathy as one person's response to another person's emotional situation (Eisenberg & Strayer, 1987; Hoffman, 1984; Mehrabian & Epstein, 1972) and suggests two dimensions - empathic concern and emotional contagion (Coke, Batson, & McDavis, 1978). Empathetic concern is defined as one person's response to another person's emotions in an environment without going through these emotions, and this generates a helping behavior (i.e., Batson, 1991; Buchheimer, 1963). In emotional contagion, a person actually shares another person's emotions when the latter experiences these emotions (Duan & Hill, 1996; Gladstein, 1983). Emotional contagion leads

to transference of emotions between two persons and may generate gestures in a person which are similar to the affected person (Davis, 1983).

Overall, scholars converge that empathy is a multi-dimensional construct encompassing cognitive and emotional elements (Kerem, Fishman, & Josselson, 2001; Smith, 2006). In this paper, we follow Widmier (2002) and define empathy as a two-dimensional construct which includes cognitive dimension called as perspective taking, and emotional dimension, named as empathic concern. Employee empathy is defined as an employee's ability to anticipate and respond to a customer's feelings, thoughts and experiences at the time of service interactions (Castleberry & Shepherd, 1993; Wieseke et al., 2012, p. 317).

Hypothesis Development: Empathy and Customer Orientation

Widmier (2002) shows that both components of empathy - perspective-taking and empathic concern - significantly influence customer orientation. Literature (Mayer & Greenberg, 1964; Morlan, 1986) also suggests that empathy is vital for making successful sales and Dawson, Bloch, and Ridgway (1990) find a relationship between empathy and sales.

Two major studies (Bagozzi et al., 2012; Widmier, 2002), have proved that customer orientation is positively related to empathy. McBane (1995) suggests that empathy is composed of perspective-taking and empathic concern, and both are positively correlated to adaptive selling (Giacobbe, Jackson, Crosby, & Bridges, 2006), which subsequently leads to customer orientation (Franke & Park, 2006). It is argued that salespeople with high perspective-taking abilities are better able to understand and satisfy specific customer needs. This may also translate into an ability to satisfy the customer (Greenberg & Greenberg, 1983; Sager & Ferris, 1986; Scheibelhut & Albaum, 1973). On the contrary, salespeople with low perspective taking

ability have difficulty in understanding the customer's needs and views, making it hard for them to please customers (Widmier, 2002).

Earlier research studies (Brems, 1989; Davis, 1980; Davis, 1983) have shown that empathic concern permits the salesperson to have unequivocal emotional responses to the emotional experiences of others. Literature reveals that emotional dimension of empathy influences the helping behavior (Davis, 1983) and salespersons who are high in empathic concern share their customer's emotions (Batson, O'Quin, Fultz, Vanderplas, & Isen, 1983; Batson et al., 1991, Cialdini et al., 1987; Schaller & Cialdini, 1988). This generates a willingness to increase their explicit enjoyment through the satisfaction of the customer (Giacobbe, 1991; Widmier, 2002).

It has been noted (Franke & Park, 2006; Homburg, Wieseke, & Bornemann, 2009) that empathy is a very important antecedent of customer orientation because it considers being responsive to environmental factors contributing to the customer's pain. Equally, Saxe and Weitz (1982) suggest that customer orientation involves a concern for others. Decety and Lamm (2006, p. 1151) highlight that taking the perspective of another person "allows us to overcome our usual egocentrism, tailor our behavior to others' expectations, and thus make satisfying interpersonal relations possible" (see also Davis, 1994). Bagozzi et al. (2012) find a positive correlation between the brain areas associated with empathy and higher level of customer orientation, i.e. higher score on customer orientation leads to higher stimulation in a particular brain area associated with empathy.

Based on the above discussion, we hypothesize:
Hypothesis 1: Empathy leads to higher customer orientation

Customer Orientation

A sizable portion of literature deals with customer orientation and its outcomes. It should be noted here that customer orientation literature can be broadly divided into two major streams. The first stream focuses on factors which help in creating customer orientation, and the second centers around the outcomes of customer orientation. Here, in this literature review, we focus on the consequences of customer orientation.

Scholars have reported consequences of customer orientation like superior customer value creation (Guenzi et al., 2011) and superior performance, both in financial and product innovation (Zhang, 2010; Luk et al., 2004; Luo, Tsu, & Liu, 2008, Roxana, Petre, & Gavrea, 2013). Customer orientation is likely to have a better relationship with market indicators which, in turn, results into financial indicators (Zhu & Nakata, 2007). Better organizational culture (Aydin & Ceylan, 2011) and better corporate reputation (Chang & Zhu, 2011) are also identified as outcomes of customer orientation. Higher customer orientation leads to higher knowledge of customer needs, which increases the customer satisfaction and willingness to pay (Homburg et al., 2009). Customer orientation increases satisfaction of customers and positively affects the sales performance (Simon, Gomez, McLaughlin, & Wittink, 2009). Perception of higher customer orientation also increases loyalty of customers (Ha & John, 2010). Thorsten (2004) suggests that customer orientation is an important determinant of customer satisfaction, emotional commitment of customers and contributes positively in retention.

Goebel, Marshall and Locander (2004) found a higher level of customer orientation in the employees of purchasing departments towards external customers and these employees became more customer-oriented towards other internal departments. The

study provided credibility that enhanced customer orientation of customer facing departments ultimately enhances better internal cooperation and customer orientation within the organization. Chen & Chen (2010) found that customer orientation also leads to customer oriented behaviors of service employees which, in turn, had a positive influence on service quality.

Several researchers have studied the effect of customer orientation on employees and have found its positive relationship with job satisfaction, organizational commitment and decreased turnover intentions (Karatepe, Yavas, & Babakus, 2007; Thorsten, 2004; Babakus, Yavas, & Ashill, 2011; Beatson, Lings, & Gudergan, 2008; Donovan et al., 2004; Siddiqi & Sahaf, 2009). Customer orientation leads to lower burnout (Babakus et al., 2011), increased trust (Beatson et al., 2008) and performance of organizational citizenship behavior by the employees (Donovan et al., 2004). Customer orientation also has been found to enhance job performance (McNally, 2007; Simon et al., 2009). In the Indian context, customer orientation was found to positively impact employee service effort, job satisfaction, esprit de corps and commitment (Siddiqi & Sahaf, 2009).

Following Donovan et al. (2004), in this study, we concentrate on job satisfaction and organizational commitment variables because of their implications on employee retention in the service sector (e.g., Mobley, 1977; Morgan & Hunt, 1994; Porter & Steers, 1973).

Hypothesis Development: Job Satisfaction and Organizational Commitment

Literature suggests that service sector employees with a high level of customer orientation will show higher level of job satisfaction (e.g., Donovan et al., 2004, Edwards, 1991; Super, 1953). This is analogous to the

concept of Person-Job fit mechanism. Customer-oriented employees are more likely to fit to the service situation than to the employees with lower customer orientation as they are inclined to take pleasure in serving customers and their special needs. Hence, it is quite likely that service employees with higher customer orientation will lead to higher job satisfaction than the employees with no or low customer orientation.

Using SOCO scale (Saxe & Weitz, 1982), numerous researchers (Hoffman & Ingram, 1991, 1992; Pettijohn, Pettijohn, & Taylor, 2007) have investigated the relationship between customer orientation and job satisfaction. They found that higher job satisfaction leads to higher customer orientation. Reverse to this causality and similar to Donovan et al. (2004), we argue that service employee characteristics like dispositional customer orientation will lead to job satisfaction, and not vice versa. An employee with higher customer orientation is more likely to be a fit for a service job than the employee with low customer orientation, and the former will experience greater job satisfaction than the latter. Thus, we hypothesize as follows:

Hypothesis 2: High (low) customer orientation leads to high (low) job satisfaction

Jaworski and Kohli's (1993) research shows that employees feel pride in working for an organization where all employees' objective is to satisfy customer needs and customer orientation plays an important role in this. While working for such an organization, employees realize their valuable contribution and feel higher levels of job satisfaction (Kohli & Jaworski, 1990). Moreover, organizational goals and values are the key motivating factors for the employees of customer oriented organizations and employees make all efforts in obtaining those goals in order to preserve organizational membership (Kelley, 1992).

Kelley (1992) and Pettijohn et al. (2007) show that organizational commitment is an antecedent of customer orientation. Contrarily, Donovan et al. (2004) have found organizational commitment to be an outcome of customer orientation. As argued earlier, service sector situation and the employee's willingness toward meeting customer need generates the prospect for organizational commitment to develop. Earlier researchers (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990) show that employees will observe a higher level of commitment to the organization if they think that their organization practices the marketing orientation. A similar effect can be seen at the micro level for service employees and service firms execute the marketing concept via their employees (Donovan et al., 2004). Therefore, due to greater level of customer orientation, service employees will become committed to the organization. Recent studies (Donovan et al., 2004; Siddiqi & Sahaf, 2009) have shown that higher level of customer orientation leads to higher level of job satisfaction and organizational commitment. Like H2, we argue that higher customer-oriented employees will fit the service job better than low customer-orientation employees. Subsequently, service employees will experience higher levels of commitment to their organizations. This leads to the following hypothesis.

Hypothesis 3: High (low) customer orientation leads to high (low) organizational commitment

Literature shows that customer orientation mediates the relationship between personality traits and performance ratings (Brown et al., 2002). Customer orientation positively influences a salesperson's performance and job satisfaction (e.g. Keillor, Parker, & Pettijohn, 2000; Schwepker, 2003; Singh & Das, 2012). Employees with a high level of empathy receive higher customer attention than employees with low level of empathy because empathy generates interaction

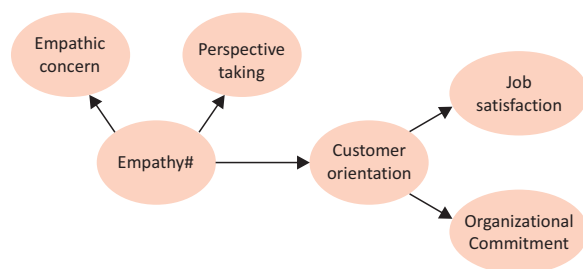
between employee and customer (Comer & Drollinger, 1999) and augments the communication process between the two (e.g., Boorum, Goolsby, & Ramsey, 1998; Castleberry & Shepherd, 1993). Evidence (Bodkin, 1989; Spiro & Weitz, 1990) is available that both empathy and customer orientation can have a similar effect on employee behaviors. Thus, we argue that the effect of empathy on job satisfaction and organizational commitment may be mediated by customer orientation.

Hypothesis 4: Customer orientation mediates the relationship between empathy and job satisfaction.

Hypothesis 5: Customer orientation mediates the relationship between empathy and organizational commitment.

The conceptual model is shown in Figure 1.

Figure 1: The Conceptual Model



Approach and Methodology

Note: #Empathy is a second order latent variable with two reflective first order latent variables, i.e., perspective taking and empathic concern.

Approach and Methodology

A standard questionnaire was used to collect data from employees working in different insurance companies of India. The scales for the study constructs were adopted from the literature. The selected scales were valid and reliable, and were most widely used (measured in terms of citation) by previous

researchers. Two dimensions of empathy were measured using McBane (1995) scale. These dimensions of empathy were used to study the role of empathy on a salesman's customer orientation (Widmier, 2002) and on customer-employee interactions (Wieseke et al., 2012). Perspective taking construct was measured using three items scale while empathic concern had two items. Following Donovan et al. (2004) customer orientation was conceptualized as a four-dimensional construct – pamper dimension, need dimension, delivery dimension and personal relations dimension. Pamper and need dimensions had three items each while delivery and personal relations dimensions had two items each. All the items were taken from Donovan et al. (2004) and were measured using a seven point Likert scale: 1 = strongly disagree and 7 = strongly agree.

To measure an employee's organizational commitment, we follow the scale used by Donovan et al. (2004) who adapted this scale from the research work of Morgan and Hut (1994). One item scale was used to measure job satisfaction (1= very dissatisfied and 7= very satisfied), adapted from Donovan et al. (2004). Research studies (Churchill, Ford, & Walker, 1974) show that use of global measure of job satisfaction enables measurement of an overall evaluation of job satisfaction and this neither focuses on any one of the several dimensions of job satisfaction nor on multiple items. All the scales were seven point Likert type: 1 = strongly disagree and 7 = strongly agree. Reliability statistics for the used scales is given in Table 1. All constructs show adequate reliability and Cronbach's Alpha value lies between 0.64 and 0.94.

Table 1: Reliability Statistics of Key Constructs

Constructs	Cronbach's Alpha
<i>Empathy</i>	
1. Perspective taking dimension	0.68
2. Empathic concern dimension	0.64
<i>Customer orientation</i>	
3. Pamper dimension	0.78
4. Need dimension	0.77
5. Deliver dimension	0.94
6. Personal relations dimension	0.83
7. Organizational commitment	0.91

Data were collected between January and March 2014 from the employees of India's five insurance companies. The company names are not revealed to ensure confidentiality. A total of 146 useable

responses were obtained; of these, 38 employees were from rural and micro insurance, 62 from life insurance and 46 from non-life insurance. 92 were male and average age was 49 years.

Results

Table 2 shows the descriptive statistic and correlations among the study variables. It can be observed that perspective taking and empathic concern have significant correlations at 0.01 level with all four dimensions of the customer orientation. Job satisfaction is highly correlated with all the dimensions of empathy and customer orientation at 0.01 level. Among these, job satisfaction has the highest correlation ($r=0.50$) with delivery dimension. Organizational commitment also shows statistically significant correlations with empathy and customer orientation dimensions.

Table 2: Descriptive Statistics and Correlations among Study Variables

	Mean	Std. Deviation	Job satisfaction	Pamper	Need	Delivery	Personal relations	Perspective taking	Empathic concern	Organizational commitment
Job satisfaction	6.08	1.28	1							
Pamper	5.95	1.25	0.40**	1						
Need	5.45	1.39	0.30**	0.57**	1					
Delivery	6.26	1.29	0.50**	0.80**	0.54**	1				
Personal relations	5.42	1.66	0.27**	0.44**	0.35**	0.42**	1			
Perspective-taking	5.00	1.54	0.23**	0.42**	0.31**	0.45**	0.30**	1		
Empathic concern	4.99	1.43	0.28**	0.54**	0.40**	0.52**	0.38**	0.64**	1	
Organizational commitment	6.07	1.42	0.61**	0.50**	0.40**	0.56**	0.40**	0.30**	0.46**	1

Note: **Correlation significant at the 0.01 level

Since we wanted to test multiple relationships together, the structural equation model (SEM) was the most obvious data analysis technique as other methods like ordinary least squares (OLS) regression cannot provide estimates for multiple paths. Thus, hypotheses were tested using SEM analysis and t-tests. Table 3 shows the SEM analysis results obtained from Amos version 20. SEM model fitted well as it can be inferred from the model fit statistics reported in

Table 3. Model fit statistics of two measurement models (i.e., empathy and customer orientation) were also good (Table 4). Covariates, age, gender, type of insurance company were not significant in the fitted model so they were dropped from the final model.

We created a full structural model based on the major hypotheses and the same is shown in Figure 1. Structural model fit was good ($\chi^2 = 161.96$, d.f.

= 157, $p > 0.10$; GFI = 0.91; TLI = 0.99; CFI = 0.99; NFI = 0.90 and RMSEA = 0.02). Table 3 shows the standardized path coefficients (SPCs) and associated t-values for all relationships in the structural model.

The relationship between empathy and customer orientation is statistically significant at 0.01 level (SPC=0.77, t-value = 4.30) supporting Hypothesis 1.

This suggests that higher customer orientation leads to higher level of job satisfaction. Similarly, coefficients of customer orientation with dependent variables job satisfaction and organizational commitment is 0.50 (t-value = 5.11) and 0.65 (t-value = 5.78) respectively which is statistically significant at 0.01 level. Thus, Hypothesis 2 and Hypothesis 3 were also supported.

Table 3: Results of SEM Model: Structural Model

Structural Paths	Standardized path coefficient	t-value
Empathy → CO	0.77	4.30***
CO → Job satisfaction	0.50	5.11***
CO → organizational commitment	0.65	5.78***
<i>Model fit statistics</i>		
Chi-square	161.96	
d.f.	157	
GFI	0.91	
TLI	0.99	
CFI	0.99	
NFI	0.90	
RMSEA	0.02	
<i>Variance Explained (R square)</i>		
CO	0.60	
Job satisfaction	0.30	
Organizational commitment	0.43	

Note: *** Coefficient significant at the 0.01 level

Table 4: Results of SEM Model: Measurement Model

Measurement Paths	Standardized path coefficient	t-value
Perspective taking	0.93	Fixed
Empathic concern	0.93	3.50***
<i>Model fit statistics: Chi square = 9.72, d.f.=7, GFI=0.98, NFI=0.95, RMSEA=0.05</i>		
Pamper	0.97	Fixed
Need	0.78***	6.43***
Deliver	0.92***	7.34***

Measurement Paths	Standardized path coefficient	t-value
Personal relations	0.54***	5.03***
<i>Model fit statistics: Chi-square = 38.62, d.f.=30, GFI=0.95, NFI=0.96, RMSEA=0.04</i>		
Perspective taking1	0.52	Fixed
Perspective taking2	0.55	4.84***
Perspective taking3	0.85	5.66***
Empathic concern1	0.68	Fixed
Empathic concern2	0.69	7.00***
Pamper1	0.59	Fixed
Pamper2	0.82	7.44***
Pamper3	0.83	7.44***
Need1	0.87	Fixed
Need2	0.67	7.18***
Need3	0.48	5.20***
Deliver1	0.95	Fixed
Deliver2	0.94	21.18***
Personal relations1	0.90	Fixed
Personal relations2	0.77	6.47***
Organizational commitment1	0.87	Fixed
Organizational commitment2	0.96	13.78***

Note: *** Coefficient significant at the 0.01 level.

To confirm our findings relating to Hypothesis 2 and Hypothesis 3, we ran two groups (samples) t-test on job satisfaction and organizational commitment variables. All employees were classified into two groups (i.e., first, employees with high customer orientation and second, employees with low customer orientation) based on the responses received on the Likert scale. For this purpose, an overall average of four dimensions of customer orientation was calculated and employees with an average of 6 and above were classified in the high customer orientation group (total 75 employees; mean customer orientation = 6.39) and employees with an average of less than 6 were categorized in the low customer orientation group (total 71 employees; mean customer orientation = 5.75) (Figure 2). For job satisfaction variable, t-test was statistically significant (t-value 3.11, $p < 0.01$), suggesting major differences in job satisfaction score of two groups with different levels of customer

orientation. Employees with higher (lower) customer orientation had higher (lower) level of job satisfaction, thus confirming Hypothesis 2. Similarly, for organizational commitment variable t-value was 4.39 (p value < 0.01), indicating statistically significant differences across two categories of customer orientation. Employees in high customer orientation group had a mean score of 6.55 and employees in low customer orientation group had a mean score of 5.57 on organizational commitment variable (Figure 3). Thus, the t-test results support SEM analysis results and confirm Hypothesis 3.

We hypothesized full median relationship of customer orientation between empathy and job satisfaction (Hypothesis 4); and empathy and organizational commitment (Hypothesis 5). However, to validate our hypotheses, we also estimated a rival model including

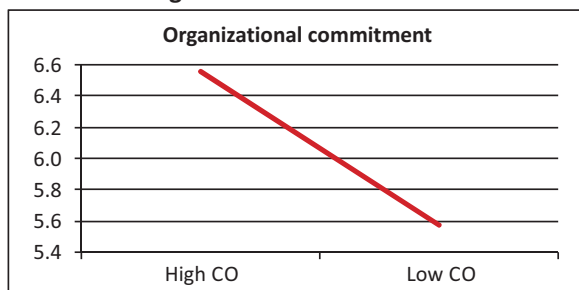
a direct link between empathy and job satisfaction; and empathy and organizational commitment. We did it to test for partial mediation. In this model, empathy was considered an independent variable while job satisfaction and organizational commitment were taken as dependent variables. The model fitted well (chi-square = 61.99, d.f. = 31, $p < 0.01$, GFI = 0.92, TLI = 0.91, CFI = 0.94, NFI = 0.90, RMSEA = 0.08). The relationship between empathy and job satisfaction (SPC=0.70; t-value=3.94) and empathy and organizational commitment (SPC=0.66, t-value =3.92) was significant. When customer orientation was introduced in the model, both SPCs became insignificant suggesting full mediation between empathy and two dependent variables (i.e., job satisfaction and organizational commitment). Thus, the results support Hypothesis 4 and Hypothesis 5; and evidence was not found for partial mediation.

Overall, results suggest that empathy positively influences customer orientation and customer orientation leads to job satisfaction and organizational commitment. Customer orientation fully mediates the relationship between empathy and job satisfaction and organizational commitment. The level (high or low) of customer orientation determines employees' job satisfaction and organizational commitment.

Figure 2: Customer orientation and Job satisfaction



Figure 3: Customer orientation and Organizational commitment



Post-hoc analysis was carried out to find out the relative contribution of the two dimensions of empathy. In the analysis, perspective taking and empathic concern dimensions of empathy were taken as independent variables while customer orientation was considered as a dependent variable. A good model fit was achieved (chi-square = 78.38, d.f. = 59, $p > 0.01$; GFI = 0.93; TLI = 0.97; CFI = 0.98; NFI = 0.93 and RMSEA = 0.04). The relationship between perspective taking and customer orientation was significant (SPC = 0.66, t-value = 4.33) and similarly empathic concern also predicted customer orientation (SPC = 0.79, t-value = 4.89). Thus, empathic concern dimension had more impact on empathy than perspective taking dimension.

This may be due to the nature of insurance services where emotions play an important role in the consumption of insurance services. It should be noted that employees who are high in empathic concern understand their customers' emotions (Batson et al., 1983; Batson et al., 1991; Cialdini et al., 1987; Schaller & Cialdini, 1988). Employees tend to derive happiness through the satisfaction of their customers (Giacobbe, 1991; Widmier, 2002).

Discussion and Managerial Implications

The major objective of this study is to examine the role of empathy on customer orientation and its impact on job satisfaction and employees' organizational commitment. Our findings are similar to earlier studies (Brown et al., 2002; Donovan et al., 2004; Saxe & Weitz, 1982; Widmier, 2002). The results reveal that empathy is measured by its two dimensions, i.e., perspective taking and empathic concern, and these dimensions significantly affect customer orientation. Employees with high perspective taking abilities may be more customer-oriented because of their understanding of customer needs; however, on the other hand, employees with limited perspective taking ability may require extra effort to be customer oriented. Similarly, consistent with previous studies (Batson et al., 1983; Batson et al., 1991; Cialdini et al., 1987; Schaller & Cialdini, 1988), we find that employees with high

empathic concern share their customers' emotions which make them more customer-oriented in employee-customer interactions. Our analysis shows that customer orientation leads to job satisfaction and organizational commitment (similar to Donovan et al., 2004).

Employees with higher level of empathy are likely to have higher level of customer orientation. Empathy enables service employees to understand customers' concerns and address their special needs while delivering services. Such employees are expected to perform better because of their higher level of empathy which leads to customer orientation, a major determinant of job satisfaction.

Employees high on customer orientation are better suited to service firms. Managers need to understand the level of customer orientation possessed by current and prospective employees. Therefore, it has major implications on employee engagement, recruitment and selection practices of organizations. Specifically, service organizations should induct candidates high on customer orientation because such employees are more suited to service jobs and likely to perform better. Moreover, in an insurance service organization, an employee deals with credence services which are difficult to evaluate even after consumption and therefore, high level of interactions between employees and customers are expected. In such a situation, empathy and customer orientation is likely to play a major role in handling employee-customer interactions and subsequent outcomes like employee satisfaction and customer satisfaction. Additionally, relevant training to improve the customer orientation of employees can be considered.

Within a service organization, managers should identify tasks requiring different levels of customer orientation and the tasks should be assigned to employees accordingly, that is, service operations which require higher (lower) level of customer orientation should be given to the employees who are high (low) on customer orientation. Such a strategy

may minimize the possible negative effect of lower customer orientation on employee satisfaction.

The importance of empathy and customer orientation is expected to remain high in services where the interaction of employee and customer is high and possibility of use of self-service technology (e.g., net banking, phone banking, self ticketing, auto checkout) is low. Insurance, particularly in case of rural and micro insurance, adaption of self-service technology is unlikely due to low financial literacy of target customers. Therefore, it makes great sense to deploy employees who are high on customer orientation in such services.

Limitations and Direction for Future Research

A few limitations of our study should be noted. First, due to limited responses, we aggregated the responses from the employees working in three different insurance sectors (i.e., rural and micro insurance, life insurance and non-life insurance). One may expect a different pattern emerging if sector specific studies are carried out. So it may be a good idea to examine convergence and divergence in results based on the responses from three different insurance sectors. Second, we did not consider situational factors like level of interaction between employee and customer, resourcefulness of the firm and the firm's market orientation; further studies may consider these factors. Third, other important questions (suggested by earlier research studies also) such as - is it possible to inculcate and develop customer orientation through training? If yes, then what could be the potential impact of training on customer orientation? Specific studies are suggested to create and validate an instrument for identifying employees with the required level of empathy and customer orientation for a given position. Lastly, studies with large sample sizes could be considered to ascertain the validity of our results.

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Gordhan Saini is currently an assistant professor at the School of Management and Labour Studies at the Tata Institute of Social Sciences, Mumbai. Dr. Saini is a post-doctoral fellow of Indira Gandhi Institute of Development Research, Mumbai. His current areas of interest include marketing strategy, employer branding and social marketing. He has published research papers in national and international journals including *Journal of Brand Management*, *International Journal of Nonprofit and Voluntary Sector Marketing*, *Social Marketing Quarterly* and *Economic and Political Weekly*. He can be contacted at gksaini@tiss.edu or gksaini81@gmail.com.

S. K. Pandey is a faculty in the area of Marketing at Indian Institute of Management Rohtak. He did his Ph.D. in Management (in 2006) and M. B. A. (in 2001) from Institute of Business Management, CSJM University Kanpur. He qualified UGC-NET in management in December 2000. He has over 15 years of teaching experience. He has published several papers in peer reviewed refereed and 'ABDC' ranked international publications. He has also presented numerous papers in international and national conferences of repute. His paper won the Outstanding Paper award in the MMA Spring Conference in 2010 at Chicago. He can be contacted at sk.pandey@iimrohtak.ac.in

Archana Singh is currently a lecturer with National Insurance Academy, Pune, engaged in training, teaching, research and consultancy. She is pursuing her Ph.D. from IIT Bombay on "Agrarian Crisis and Farmers' Suicides in India". Her current areas of research interest include micro, rural and social insurance and rural development. She can be contacted at sarchana.nia@gmail.com

Gurumurthy Kalyanaram is a distinguished policy and management consultant, and a highly cited scholar who has served as Advisor, Dean, Director and Professor globally. He can be contacted at kalyan@alum.mit.edu