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CUSTOMER ORIENTATED LEADER – CONTRIBUTION TO FUTURE RESEARCH*

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Abstract. Both leadership and customer orientation are widely described in management sciences. As independent cognitive categories, they are a frequent subject of research. Customer orientation is still evolving mainly due to the dynamics of changes in the company's environment. The perception of the company as a system and being at the same time a visionary, a strategist and a decision-maker and having an impact on the employees' subject is responsible for the client's benefits and the creation of its value resulting from building a relationship. This is the role of the leaders in enterprises. The assumption of such an assumption is justified, because in practice marketing orientation means creating a company mission based on values significant for the client, ensuring the participation of all employees in creating growing values for the client and including it in the process of creating value. Nowadays we can talk about a customer-oriented leader. The aim of the study is to identify types of customer-oriented leaders in the commercial and service sector, and to systematize knowledge in terms of leadership and customer orientation. The choice of the sector resulted from the often close and direct relationships that take place in the exchange process. Methods of the research: quantitative studies Computer Assisted Web Interviewing (CAWI), monographic/descriptive method, cluster analysis.

Keywords: leadership; customer orientation; trade and service sector; innovations

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1. Introduction

Acceptance of the customer's point of view as the basis for the company's operations in the environment is not only at the operational level, but above all, at the strategic level. Bearing the above in mind, a far-reaching simplification is that the relations with the client are decided by the personnel directly involved in its service and having direct contact with it. The perception of the company as a system and being at the same time a visionary, a strategist and a decision-maker and having an impact on the employees' subject is responsible for the client's benefits and the creation of its value resulting from building a relationship. This is the role of the leaders in enterprises. The assumption of such an assumption is justified because in practice marketing orientation means creating a company mission based on values significant for the client, ensuring the participation of all employees in creating growing values for the client and including it in the process of value creation (Mazurek-Łopacińska, 2011). For the purpose of this study, it was assumed that the leader is a top-level manager who is able to organize people and resources to effectively achieve the set goals and has the ability to lead the organization to long-term success (Karaszewski, 2006; Laužikas & Miliūtė, 2020). The subject of the research were the leaders managing innovative enterprises with a commercial and service profile located in North-Eastern Poland. The aim of the article is to identify types of customer-oriented leaders in the commercial and service sector as well as to systematize knowledge in terms of leadership and customer orientation. Focusing on this group of respondents is the result of previous research (Widelska & Jeseviciute-Ufartiene, 2018), according to which the identification of factors determining customer orientation may depend on the type of enterprise. In the case of service enterprises, there is a direct relationship, which significantly shortens the distance between the company and the customer and affects the scope of customer focus. The choice of the sector resulted from the often close and direct relationships that take place in the exchange process. Methods of the research: quantitative studies CAWI, monographic/descriptive method, cluster analysis.

2. Leadership and customer orientation in management sciences

Both leadership concepts and customer orientation have been widely described in the management sciences, but the relationships and dependencies that arise between those that still require further exploration. Leadership and customer orientation are the basic pillars on which the company's activity is based, and as the results of previous research show, their mutual interactions may affect its development and competitive position (Day, 1999; Kennedy at al. 2003, Kirca at al. 2005, Narver 1998, Palm, 2011). Customer orientation remains the basic and integral competence of the modern organization. Each enterprise is maintained by the client and interacts with it directly. It is the client and his needs that determine the basic directions of development and the client ultimately decides about the purchase and acceptance of the offer (Sheth et al., 2000). Therefore, it is necessary to combine both concepts and introduce them to the science of managing the category of customer-oriented leadership.

Research on the relationship between leadership and customer orientation raises some substantive and conceptual doubts. Both business leadership and customer orientation are the subject of many studies, but their definition and perception is diverse, which often makes these categories ambiguous and heterogeneous (including Alio, 2012, McDermott, et al 2011). The description of customer orientation as a subject of research is usually declarative. It justifies and explains the benefits of the company that result from focusing on customers and providing them with satisfaction. Customer orientation is presented as a superior orientation, the implementation of which has the greatest impact on building a competitive advantage. All company's efforts should focus on the profitable satisfaction of the client's needs. This means that it is necessary to look for factors determining customer orientation in the company. Leadership seems to be one of the key factors. Previous research confirms this

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(Kennedy et al 2003, Kirca et al. 2004), because regardless of the leader's approach, the top-level manager is directly involved in the process of its implementation in the company. Decisions regarding clients, regardless of the organizational structure and the adopted management model, are made at the highest level. Creating customer value is an activity based on strategic decisions that are the top managers' competence, not just personnel directly involved in the service process (including Sararijavi et al, 2014). The research results also indicate that the way of business management can be a barrier to developing market competences of the company (Harris & Ogbonna, 2001). The research also shows the leaders oriented to the needs of employees are also more aware of the expectations of clients (Pekovic, 2016, Boddy & Croft, 2016). Leadership promotes creativity, which has an impact on the development of innovation and the degree of customer orientation (Harris & Ogbonna, 2001). It should be emphasized that a customer-oriented enterprise has a customer management system - a business strategy based on building long-term relationships with clients, which aims to maximize the level of customer satisfaction while minimizing their outflow (Tracey & Tran, 2001). Orientation on the client's needs means cooperation at the inter-organizational level, contributing to building cooperation ties (Park et al., 2017). The scientific exploration of customer orientation also confirms the existence of relationships that exist between the concentration of the company on the needs of customers and the level of its innovation (including Esty & Porter, 2005, Roswening & Grinstein, 2015). Meeting ever new and more frequently changing needs requires a quick response from the company's thrones, in the form of innovative products, but also innovative methods of communicating with target roars. There are studies confirming that more customer-oriented enterprises are more open to innovation (Franbach and others, 2003; Ford & Paolio, 2013).

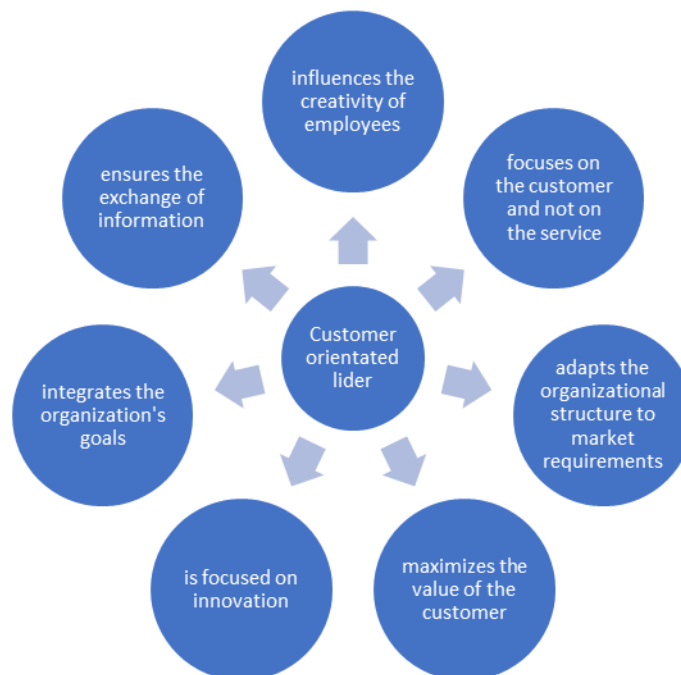


Fig. 3. Factors determining the leader's orientation to the client
Source: author's elaboration

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Summing up, it should be emphasized that a client-oriented leader, especially in a service enterprise (Fig. 3), focuses not on the client but on the service, integrates the organization's resources to achieve market objectives, invests in modern information exchange systems, solves problems (Wickham, 2007) and adapts the organizational structure to market requirements (Wickham, 2007). This is due to the specificity of the service as a product (Griffiths et al., 2001), its heterogeneity (Alzaydi, 2018). On the one hand, the specificity of the service as a product facilitates building long-term relationships, but on the other hand it strengthens the client's role and its bargaining power (Mickelsson, 2013). Therefore, there is a dilemma of who should be more responsible for relations (Cook & Macaulay, 2011, Swan et al 2002). It should be emphasized that the client is also a co-creator of creating the value of the service (Heinonen et al., 2010).

3. Research methodology

The conclusions were drawn on the basis of results of a quantitative study carried out using Computer Assisted Web Interviewing (CAWI) conducted with 204 business leaders from Podlasie Voivodeship. The research was carried out in November 2017 - October 2018 as a part of grant from the National Science Center entitled "Leadership and customer orientation in an innovative enterprise". According to the concept accepted by the study a leader was deemed to be a person who:

1. Is a manager from the highest level of management or is the owner of the business or, on account of being the founder of a company (first owner) still influences its development and has a part in making key decisions.
2. Runs an enterprise employing at least 3 workers.
3. Manages an innovative company which is implementing at least one type of innovation including product, process, technological or informational innovations.

For the purpose of the application, this paper uses the results of research conducted among the leaders representing the trade and service sector. A preliminary analysis of the research results indicated that there are differences in customer orientation between enterprises with different profiles (Fig. 4).

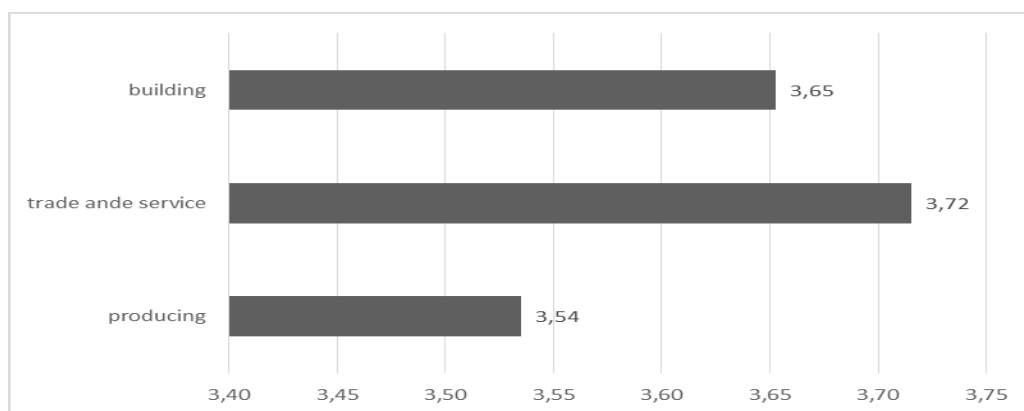


Fig. 4. Company's profile and customer orientation
Source: author's elaboration on the basis of results of the CAWI research

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The assumption of boundary conditions listed above was the consequence of the conceptual character of leadership. As has been mentioned previously leadership is a multidimensional category which functions within numerous concepts and theories (Kraszewski, Skrzypczynska, 2016). This fact was a certain limitation. The choice of study respondents was a certain type of a compromise and it is obvious that the accepted criteria do not fully define respondents as leaders. It is certainly disputable whether one's position always makes one a leader. Hence, the approach which identifies a leader as a complete manager who can manage people and available resources to effectively realize established goals and has the ability to lead an organization to long-term success, was established as the starting point (Karaszewski, 2006). Acceptance of this perspective allowed a preliminary identification of relations which occur between leadership and customer orientation. Inclusion in the study of managers from the highest level of management running innovative enterprises was intentional. Initial review of up-to-date scientific works concerning leadership and customer orientation shows that innovations are, as it were, an integral part of both of these concepts. Being oriented at innovation can be interpreted as being customer oriented. Introduced innovations are a reaction to the changing market conditions. On the other hand, leaders are the main tool for the improvement of an organization and influencing its success.

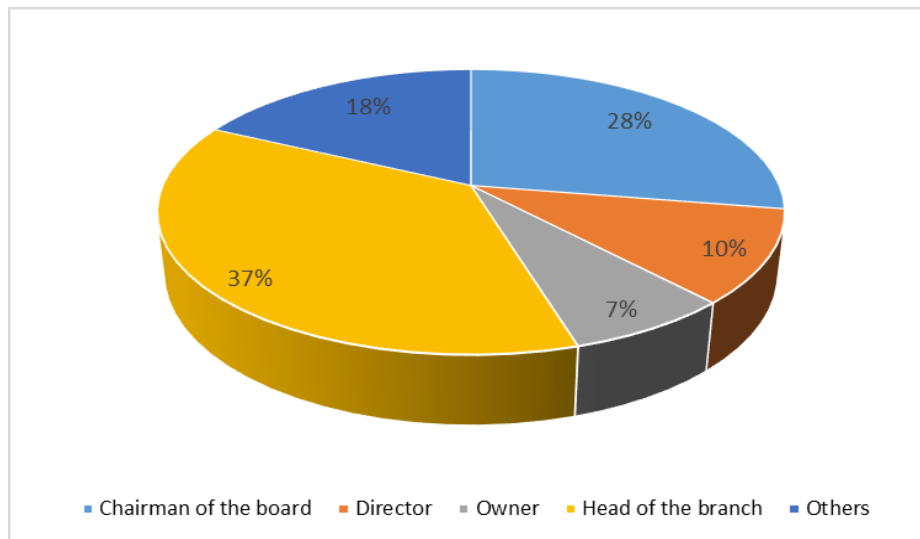


Fig. 5. Distribution of trade and service companies in relation to their position.
Source: author's elaboration on the basis of results of the CAWI research

The study included 152 leaders among whom 37% are directors, 37% are chairmen of the board, 7% are company owners and 28% are heads of the branch (Fig. 5).

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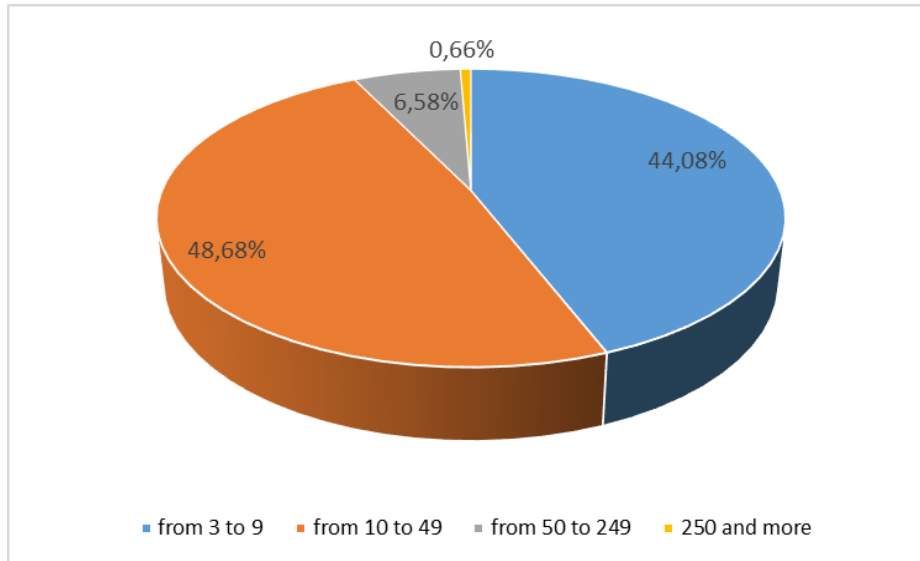


Fig. 6 Structure of trade and service enterprises according to the number of their employees
Source: author’s elaboration on the basis of results of the CAWI research

The greatest number of respondents (48.7%) ran companies employing from 10 to 49 workers while 44,08% of participants managed businesses employing from 3 to 9 workers. Very large companies hiring more than 250 people had the smallest representation in the study. The distribution of respondents according to industry was also the same as the distribution within the Voivodeship.

Table 1. Structure of respondents according to the type of introduced innovations

No	Innovation type	Answer	
		Yes	No
1	a new or a significantly improved product has been introduced into the company's offer	84,2%	15,8%
2	the company's machine park has been expanded or modernized, new machines or devices have been purchased, the production process has been improved	62,5%	37,5%
3	the company has purchased, implemented new software or IT solutions such as, for example, CRM	69,7%	30,3%
4	the company has implemented new methods of marketing communication or modern promotion tools using, for example, social networks (FACEBOOK) or remarketing	82,2%	17,8%

Source: author’s elaboration on the basis of results of the CAWI research

In relation to the scope of implemented innovations most study participants introduced product innovations (84,2%). Improvement of communication methods was carried out by 82,2% of respondents. Technological innovations were realized by 66.7% of participants while process innovations were done by 69,7% of them. The type of implemented innovations depended on the company's field of operation (Tab. 1).

The cluster analysis method was used for the purpose of the research. It is a set of methods of multidimensional statistical analysis, consisting in segmentation of data in order to identify homogeneous objects of the studied population. This method consists in dividing the set of data into groups, so as to obtain clusters in which the

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elements are similar to each other and at the same time different from the elements from other groups (Zalewska, 2017).

3. Analysis of test results

During the research process entrepreneurs (leaders) were asked to assess, on a scale of 1 to 5 where 1 was a full denial and 5 meant full approval, the veracity of statements relating to a market oriented company (Tab. 2). It presents the average values of the assessment of single statements indicated by all respondents participating in the survey. According to the leaders taking part in the study customers determine the directions in which the company develops and a rapid reaction to the needs of the market decides about its success. This manner of perceiving the success of an organization fully falls into the concept of customer orientation. Respondents agree as to the fact that an enterprise can be the creator of new needs and shape new trends.

Table 2. Assessment of statements arising from customer orientation by leaders

No	VARIABLE
P05_01	Rapid reaction to the needs of the market decides about the success of an enterprise
P05_02	Customers determine the enterprise's direction of development
P05_03	The customer is the most important stakeholder within the organization
P05_04	The customer is more than just a stakeholder – he is a resource of the enterprise
P05_05	Systematic monitoring of needs and expectations of customers is essential
P05_06	Maintaining relationships with return customers is more difficult than gaining new customers
P05_07	The ability to maintain relationships with return customers is more important than the ability to gain new customers
P05_08	An enterprise should be a creator of new needs and shape new trends
P05_09	A leader (manager from the highest level of management, company owner) should be in direct control of the marketing department
P05_10	The marketing department (sales department) is most responsible for building relationships with customers
P05_11	It is the customers and their needs who are the main source of inspiration in the creation of new products and services
P05_12	The customers are most of all partners and not a source of profit
P05_13	A leader should concentrate on building close relationships only with key customers
P05_14	Standards for customer service are a factor which determines successful sales
P05_15	Every product can be sold – everything depends on the skills of the salesman
P05_16	The customer is the co-creator of product value
P05_17	An enterprise should aspire to expand internationally

Source: author’s elaboration on the basis of results of the CAWI research

The distribution of answers in the scope of question 5 (Fig. 7) indicates that the leaders representing the trade and service sector agree that the response to customer needs influences the success of the company (36.8% indicated 4, and 42.1% - 5). The top manager assigns great importance to market monitoring (42.8% assesses this claim on 5) and sales skills (almost 40% of respondents fully agree that sales skills are key). Leaders do not differentiate customers into loyal and key ones (structure of answers to question P05_07 and P05_13).

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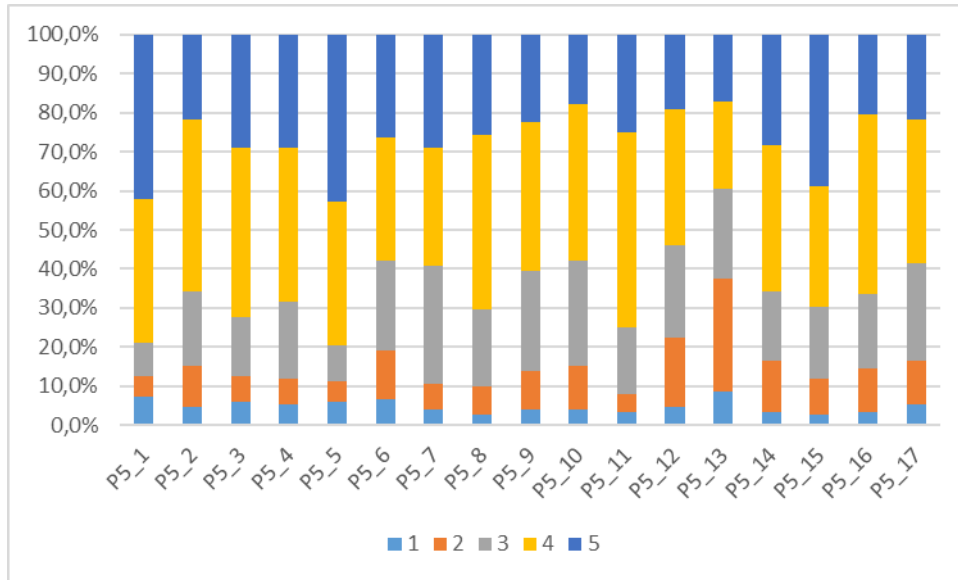


Fig. 7. Assessment of statements under question P05 (Table 2)
Source: author's elaboration on the basis of results of the CAWI research

Using one method of cluster analysis called Ward's method and analyzing the process of agglomeration allows for distinguishing three clusters of companies. In order to determine of number of similar companies in terms of customers orientation, cluster dendrogram was used (Fig. 8).

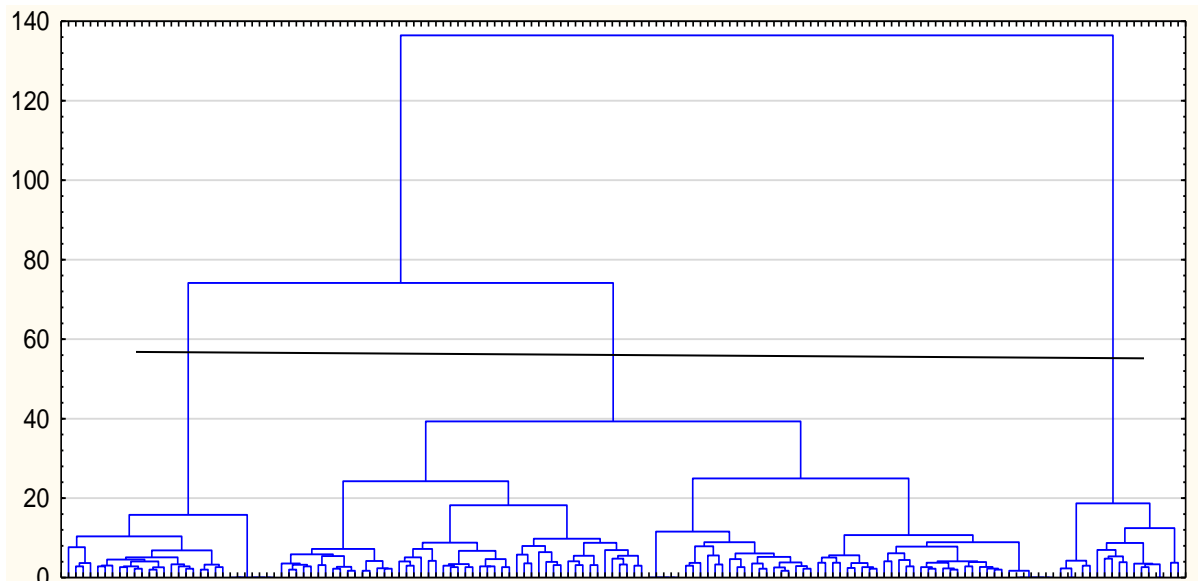


Fig. 8. Cluster dendrogram
Source: author's elaboration

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As the result of using k-means procedure three clusters of companies were singled out. Each cluster is characterized by different level of answers. One of the ways identifications of the cluster nature is the analysis of average values of answers for each cluster. In order to present the nature of each cluster, a figure of average values of particular indicators for each cluster is given (Fig. 9).

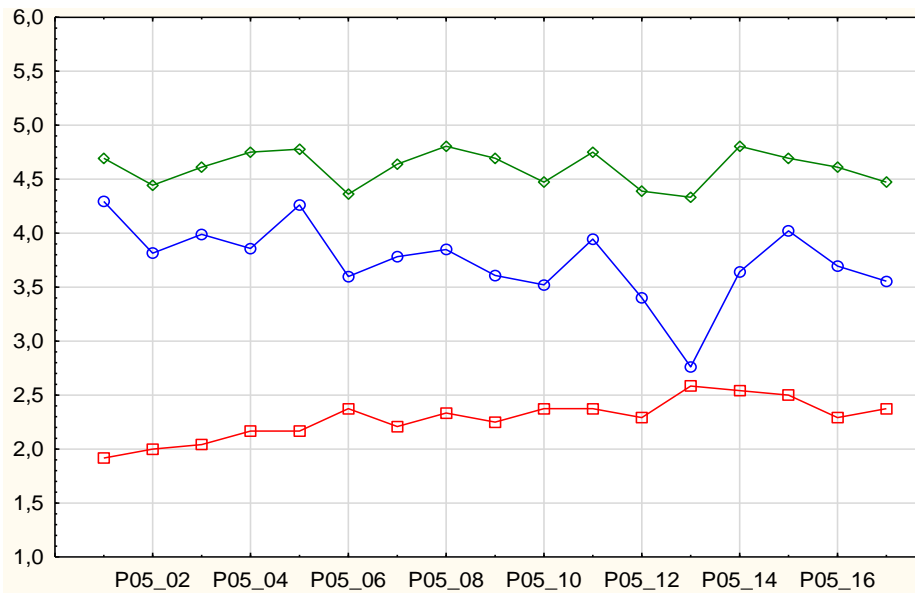


Fig. 9. Average scores for each cluster
Source: author's elaboration

In cluster 1 (blue line) there are 92 companies, in focus 2 (green line) - 24, while in focus 3 (red line) - 36 companies. Cluster analysis allowed to distinguish 3 types of customer-oriented leaders: strongly oriented, moderately oriented and poorly oriented. The most numerous group are moderately customer-oriented leaders. In their opinion, focusing on the needs of clients determines the success of the organization. Strong attention is focused on market monitoring and obtaining information about customers and trends. The clients' needs are their inspiration in the process of making changes. They pay a lot of attention to sales techniques - in their opinion, sales skills are crucial in building long-term relationships with clients. In their opinion, the leader should not differentiate clients and focus only on key clients. Client-focused leaders are the most customer-oriented 2. They see customer orientation in two ways - both strategically and operationally. They treat the client as a creator of success, but also pay attention to adjusting the organization to the needs of target markets. Particular attention is paid to customer service standards. The least customer-oriented leaders focus the most attention on service systems and improving sales skills. They do not perceive the client in a strategic dimension. It can be presumed that these are managers who are an intermediate link in the supply chain.

Conclusions

The issue of customer-oriented leaders requires further exploration. This is due to the fact that many factors determine this category of determinants. One of them is the sector. The inference article was supported by CAWI survey results conducted among the leaders of the trade and service sector. The preliminary epistemological analysis indicates that the client-oriented leader:

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- focuses on the client and not on the service;
- adapts the organizational structure to market requirements;
- integrates the organization's goals;
- provides information exchange;
- affects the creativity of employees;
- is focused on innovation;
- maximizes the value of the customer.

Conducted cluster analysis confirms the importance of customer orientation in the commercial and service sector. The separated groups point to a high degree of concentration, which is appropriate for enterprises of this type. However, there are leaders characterized by low level of orientation and focusing primarily on the operational sphere. The test results submitted should be regarded as preliminary.

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