Employee Rhetorical Sensitivity as a Mediator in the Relationship Between Customer Orientation and Customer Retention

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Abstract

Research Aims - The current study proposes to fill in the gap in customer orientation literature by focusing on the relationship between customer orientation, employee rhetorical sensitivity and customer retention from the customer perspective.

Design/Methodology/Approach - The sample was collected at the KLIA and KLIA2 using convenience sampling. In which the questionnaire was distributed to the experience customer of travel agency.

Research Findings - The finding indicates that customer orientation and employee rhetorical sensitivity has positively influence customer retention. Additionally, employee rhetorical sensitivity partially mediates the relationship between customer orientation and customer retention.

Theoretical Contribution/Originality - Academically, this study contributes to the literature of customer orientation and rhetorical sensitivity.

Managerial Implications in the South East Asian Context - Practically, travel agencies manager will lead to better understanding of need to pay attention to both customer orientation and employee rhetorical sensitivity in enhancing the services in the travel agency sector in Malaysia and South East Asian Country.

Research Limitation & Implications - Although the study only focuses on customer orientation and employee rhetorical sensitivity as a predictor towards customer retention, it send signals to travel agencies managers that the both construct are important component to ensure customer retention.

Keywords - Employee rhetorical sensitivity, customer orientation, customer retention, travel agency.

INTRODUCTION

Tourism industry has experienced tremendous changes over the decades. Information technology advancement has changed the tourism industry landscape with the emergence of new travel middlemen that are called as travel cybermediaries. This travel cybermediaries such as Trivago, Agoda and Airbnb offer wider selection for consumer to plan their own travel and holiday without assistance of travel agency. Nowadays, more and more customers prefer to utilize these travel cybermediaries in planning their travel and holiday where they can ‘mix and match’ the offers to

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create their own travel packages that suit their budget and timing. By doing so, the customers can save more money as compared to utilizing travel agency services. This scenario is supported by Lang (2000), who stressed that internet has changed the customer purchasing behavior especially in the tourism industry. According to Euromonitor (2017), there is an increase in impulse purchase of online booking trip as compared to physical visit to the travel agency in buying holiday package in Malaysia. With advancement of in information technology travel agencies are facing intense competition from travel cybermediaries.

Therefore, travel agency needs to utilize their resources to improve relationship quality (Bataineh, Al-Abdallah, Salhab, & Shoter, 2015) and customer relationship management (Zare & Chukwunonso, 2015) in order to retain current customers and ultimately remain competitive in the marketplace. Kim and Ok (2010) confirmed that customer orientation is an important elements in enhancing customer retention especially in the food-service industry. Moreover, previous researchers have rigorously studied relationship marketing but studies specifically on employee rhetorical sensitivity are still lacking especially in the case of travel agency (e.g. Lang, 2000; Mokhtaruddin, Che Wel, Alam, & Khalid, 2018). As proved by Knutson, Komolsevin, Chatiketu, and Smith (2003), rhetorical sensitivity will lead to more effective communication by salesperson and thus induce firm’s sales performance. Furthermore, Sin, Tse, Yau, Chow, and Lee (2005) states that, business performance consists of sales growth, customer retention, return on investment and market share. Therefore, current study intends to investigate employee rhetorical sensitivity as a mediator in the relationship between customer orientation and customer retention in travel agency context.

LITERATURE REVIEW

Customer orientation

Deshpande, Farley and Webster (1993), define customer orientation as a set of organization belief that position customer interest as first priority in managing business, and at the same time protect other stakeholders such as owner, managers, and employees, in order to achieve a long-term profitable relationship. In other words, the focus on the needs of current and potential customer only is inadequate, whereand the value and belief of customer focus has to be reinforced and practiced in the overall organization. In short, customer orientation is the focus of the organization as a whole.

Customer retention

Customer retention can be defined as the way of converting the new customers into regular clients through creating greater customer value, and long-term customer satisfaction (Kotler & Armstrong, 2013). Jeng and Bailey (2012) further define customer retention as customer engaging in a formal or informal relationship with the firm over a period of time and at the same time perform repeat purchases.

Previous studies investigated various predictors of customer retention. This predic-
Customer orientation and customer retention

Kirca, Jayachandran, and Bearden (2005) state that customer orientation is the effort of a company to generate a high level of customer value, satisfaction, innovation, and performance. Hennig-Thurau (2004) investigates the relationship between customer orientation (dimensions include social skills, technical skills, motivation, and decision-making authority) and customer satisfaction, commitment, and retention. It indicates that customer orientation has a direct relationship with customer retention. More recent research on customer orientation has confirmed that customer orientation has a positive impact on performance (e.g., Singh & Venugopal 2015; Tang 2014; Terho et al. 2015; Zingg & Henseler 2015). Whereas, study in the business-to-business context, Guo & Wang (2015) show that market orientation (i.e., customer orientation, competitor orientation, and inter-functional coordination) has a positive influence on customer retention. Previous studies also prove that customer orientation is an important predictor of customer retention. Based on the above, it can be hypothesized that:

H1: There is a positive relationship between customer orientation and customer retention.

Employee rhetorical sensitivity

Over the past three decades, rhetorical sensitivity has attracted the attention of communication scholars (e.g., Dilbeck & McCroskey, 2008; Hart, Carlson, & Eadie, 1980; Savolainen, 2014). According to Hart, Carlson, and Eadie (1980), rhetorical sensitivity is an attitude toward encoding or converting the spoken message. Bokor (2013) defines modern rhetoric as an invitation to understand in order to create a relationship rooted in equality, intrinsic value, and self-determination. House, Dallinger, and Kilgallen (1998) argue that rhetorical sensitivity is to deliver construct and message in multiple ways as well as when the message is in one-way communication.

Findings by Dilbeck and McCroskey (2008) indicate that rhetorical sensitivity is different from communication competence. In addition, Dowling and Bliss (1984) express rhetorical sensitivity as related to the interpersonal competency because to be successful in clinical experience especially for clinical students, they need to have positive interpersonal relations. According to O’Malley and Prothero (2004), there are different ways of communication happening in the organization based on individual approach to communication. Therefore, it is essential to investigate the employee rhetorical sensitivity in customer orientation. Fischer and Bristor (1994) study on rhetoric of relationship marketing indicate that rhetoric marketing will increase the company intention towards customers.
Rhetoric is the process of communication that transform some messages to be more attractive for retransmission and thus increasing retention of the original message, where the message are modified to forms an effective agreement with rational situation and perceptual fluency (Fox, Rinaldo, & Amant, 2015). Rhetorical enhance the message and turn into persuasive agenda. Previous study determine that product positioning strategy is part of rhetorical technique to increase consumer preferences for a specific product (Urde & Koch, 2014). Thus it prove that rhetorical was applied as a mechanics to influence the consumer behavior either to purchase or to retain.

In addition, another study confirm that rhetoric was applied as a part of communication for product positioning with the aim to influence the consumer mind towards the product and enhance the customer relationship (Blankson, Kalafatis, Coffie, & Tsogas, 2014). This prove that rhetoric communication create a positive customer relationship which leads to customer retention. Another study on rhetoric determine positive relationship for rhetorical and social entrepreneurs. Thus confirm that, there are stakeholder engagement (Chandra, 2016). Rhetorical is about communication that will peruse and influence the target group.

Based on past literature, rhetorical sensitivity acts as a predictor on clinical skill (Dowling & Bliss, 1984), intercultural communication effectiveness (Knutson et al., 2003; Knutson & Posirisuk, 2006), and corporate social responsibility (Marais, 2012). Further, Boorom, Goolsby, and Ramsey (1998) investigate the relationship of relational communication characteristic (include rhetoric) on salesperson adaptiveness and sales performance. Their finding indicates that relational communication characteristics have significant role in influencing sales performance. This study focuses on the importance of effective communication in enhancing firm performance. Consequently, it can be hypothesized that:

H2: There is a positive relationship between customer orientation and employee rhetoric sensitivity

H3: There is a positive relationship between employee rhetoric sensitivity and customer retention

H4: Employee rhetoric sensitivity will mediate the relationship between customer orientation and customer retention.

CONCEPTUAL FRAMEWORK

Figure 1 shows the conceptual framework of this study. This conceptual framework are developed based on previous literature.

RESEARCH METHOD

This study is classified under quantitative research and cross-sectional study. The sampling method used is purposive sampling under non-probability sampling. A purposive sampling is usually employed for studies where the respondent is selected based on the knowledge of population and the purpose of the study. The sample of this study must has of at least one time experience sof using travel

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The survey questionnaire consists of two sections. Section A is on respondent profile and Section B is on customer orientation, employee rhetorical sensitivity and customer retention. Items measuring customer orientation was adapted from Henning-Thurau (2004) whereas items measuring and employee rhetorical sensitivity was adapted from Knutson, Smith, and Kaweewong (1980), and the measurement items for customer retention was adapted from Bojei et al. (2013). A six-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (6) was utilized in this study where and Smart PLS 3.0 software was utilized to analyze the data after it successfully passed the data screening test (to qualify the data for further analysis). According to Hair, Hult, Ringle, and Sarstedt (2014) Smart PLS 3.0 software has the ability to achieve high level of statistical power and it falls under nonparametric method which easily incorporates reflective and formative measurements and it is able to handle complex models. Data screening recommended that only 363 cases can be utilized for the main analysis.

RESULT AND DISCUSSIONS

Respondent Profile

Appendix 1 shows the profile of respondents involved in this study.

Measurement Model

According to Hair, Black, Babin, and Anderson (2010), for the measurement model, it is acceptable that the factor loadings and average variance extracted (AVE) is more than 0.5 and composite reliability (CR) is 0.7 and above.

Table 1 indicates the result of convergent validity, composite reliability and Cronbach’s alpha. It shows AVE value of CO, CR and ERS is larger than 0.5, which indicates that they meet the acceptable standard of convergent validity (Hair et al., 2014). This table also shows the result of reliability analysis in which the value of Composite Reliability and Cronbach’s Alpha are greater than 0.8, which means that the instrument used in this study has high internal consistency (Hair et al., 2014;
Nunnally, 1978). Therefore, it is verified that the measurement model has acceptable convergent validity.

Next, the discriminant validity of the constructs was assessed. Discriminant validity was assessed to ensure that the construct is different from other constructs (Hair et al., 2010). This can be established through comparing between the square root of the AVE extracted and the correlations of the other constructs (Santhanamery & Ramayah, 2014). Heterotrait-monotrait ratio of correlation (HTMT) has been utilized because it can detect discriminant validity very satisfactorily (Henseler, Ringle, & Sarstedt, 2015). Table 2 presents the HTMT result for this study. The results prove that there is discriminant validity among the constructs.

**Structural Model**

The structural model shows the relationship between latent variables or constructs based on the hypothesis developed in the research model (Santhanamery and Ramayah, 2014). In PLS analysis, the predictive power of the structural model is evaluated through R² values of the endogenous construct and the significance of all path estimates (Chin, 2010). Hence, the R² value together with the path coefficients shows the degree of the data in supporting the hypothesized model (Chin, 1998). Figure 1, Table 3 and Table 4, shows the structural model of the study. Customer orientation is found to be significantly related to customer retention (β=0.397, p<0.01) and employee rhetorical sensitivity (β=0.690, p<0.01), thus supporting H1 and H2. Employee rhetorical sensitivity (β=0.430, p<0.01) is also found to be significantly related to customer retention. Therefore, H3 is supported.

This study employs bootstrapping method to test the indirect effect (Preacher & Hayes, 2008). The indirect effect was tested between customer orientation and customer retention. The bootstrapping analysis reveals that the indirect effect is significant with the t-value of 4.543. Thus, this study confirms that there is mediation given that the indirect effect 0.297, 95% Boot CI: [LL=0.180, UL=0.419] does not straddle in between. Therefore, based on this result, H4 is supported.

Further, this study used the “blindfolding” procedure to measure predictive relevance (Q²) of the model fit. The Q² “represents a measure of how well the observed values are reconstructed by the model and its parameter estimates” (Chin, 1998). When Q² is greater than zero, it indicates that the model has predictive relevance.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average Variance Extracted (AVE)</th>
<th>Composite Reliability</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation</td>
<td>0.620</td>
<td>0.951</td>
<td>0.942</td>
</tr>
<tr>
<td>Customer Retention</td>
<td>0.750</td>
<td>0.971</td>
<td>0.967</td>
</tr>
<tr>
<td>Employee Rhetoric Sensitivity</td>
<td>0.576</td>
<td>0.905</td>
<td>0.877</td>
</tr>
</tbody>
</table>

**Table 1**
The result of convergent validity, composite reliability and Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Constructs</th>
<th>CO</th>
<th>CR</th>
<th>ERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation</td>
<td>0.724</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Retention</td>
<td></td>
<td>0.739</td>
<td>0.750</td>
</tr>
<tr>
<td>Employee Rhetoric Sensitivity</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 2**
Discriminant validity of constructs (HTMT)
The result of blindfolding indicates that this model has achieved predictive relevance with value of $Q^2 = 0.243$.

The findings of this study generally support the findings of previous study on customer orientation (e.g., Bojei et al., 2013; Guo & Wang, 2015) and the results shows that customer orientation has a positive effect on customer retention. This finding is parallel with the social exchange theory that are also referred as a contingent return. This contingent return assumes that a resource will continue to flow only if there is a value return contingently (Emerson, 1976). In this case, when the travel agency provides customer orientation and employee rhetorical sensitivity as their resources, in return they will gain retention from the customer (valued return).

This study also proves that favorable employee rhetorical sensitivity provided by travel agency would lead to stronger customer retention. The results show that there is a positive significant link between employee rhetorical sensitivity and customer retention in travel agency. Thus, this study proves the statement by Fischer and Bristor (1994) that rhetoric marketing will increase the company intention towards customers. In other words, rhetoric marketing helps in enhancing customer orientation that leads to customer retention and rhetoric in communication was verified to influence sales performance (Boorom, Goolsby, and Ramsey 1998). As stated by Sin, Tse, Yau, Lee, and Chow (2002), customer retention is one of the dimensions in measuring business performance.

This study confirms the mediation effect of employee rhetorical sensitivity between customer orientation and customer retention and the findings of this study offers valuable insights for theory especially in employee rhetorical sensitivity. Employee rhetorical sensitivity is being included in consumer behavior studies. Based on previous literature, most of employee rhetorical sensitivity is studied in the communication field (Dilbeck & McCroskey, 2008). Thus, the current study proves that employee rhetorical sensitivity is another predictor for customer retention. Consequently, combination of customer orientation and employee rhetorical sensitivity offers by traditional travel agency to the customer will ensure customer to retain and achieve competitive advantage over the travel cybermediaries.

### MANAGERIAL IMPLICATIONS IN THE SOUTH EAST ASIAN CONTEXT

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Coefficient</th>
<th>T value</th>
<th>P value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Customer Orientation → Customer Retention</td>
<td>0.397</td>
<td>5.013</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Customer Orientation → Employee Rhetorical Sensitivity</td>
<td>0.690</td>
<td>13.560</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Employee Rhetorical Sensitivity → Customer Retention</td>
<td>0.430</td>
<td>5.619</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

### Table 4

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Coefficient</th>
<th>T value</th>
<th>Lower Limit</th>
<th>Upper Limit</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4</td>
<td>Customer Orientation → Employee Rhetorical Sensitivity → Customer Retention</td>
<td>0.297</td>
<td>4.802</td>
<td>0.184</td>
<td>0.419</td>
<td>Partial Mediation</td>
</tr>
</tbody>
</table>
Therefore, this study provides significant input to the travel agency to manage their customer orientation effectively in order to achieve competitive advantage. The first steps, travel agency should recruit an employee that have high level of knowledge, expert in their job description, have an extensive social skills, motivated and can fulfill their customer needs. In other words, they have to recruit highly competent staff. Next, travel agency should provide intensive training to all staff regarding customer orientation and the importance of rhetorical sensitivity in order to enhance the firm’s services and thus lead to customer retention. In the other words, customer orientation will also increase employee rhetorical sensitivity that inevitably leads to customer to remain with the same travel agency in future. In order to sustain and achieve competitive advantage, travel agency should integrate all their resources to practice high customer orientation and excellent rhetorical communication among the staff to provide a better service and thus differentiate them from competitors. Therefore, travel agency should provide training specifically in customer orientation that consists of social skills, technical skills, motivation and decision-making authority to their staff as well as rhetorical sensitivity in order to equip them in serving customer in traditional travel agency.

**THEORETICAL IMPLICATIONS**

This study contributes to the existing body of knowledge pertaining to travel agency services specifically in the aspects of managing customer orientation and employee rhetorical sensitivity. Furthermore, this study demonstrates the validity of the current customer retention scale from the customer perspective scale develop by Bojei et al. (2013). Moreover, this finding strengthened the result from Hennig-Thurau (2004) that customer orientation have direct influence on customer retention. Consequently, finding indicates that the predictive power of both customer orientation and employee rhetorical sensitivity in influencing customer retention.

**CONCLUSION**

The outcome of the current study proves that customer orientation and employee rhetorical sensitivity is a strong predictor of customer retention. This study also has some limitations. It only focuses on customer orientation and employee sensitivity as a predictor towards customer orientation. In addition, this study employs a cross-sectional research design, which only measures the phenomenon once. It is recommended that future studies employ a longitudinal study to enable researcher to keep track on the trend of customer retention. It is also suggested that future studies test the effects of other variables such as market orientation, product orientation and entrepreneurial orientation on customer retention. However, this study can be used as a platform or a starting point for future studies in different service provider’s perspective.

**References**


Appendix

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Number of Respondents (n=363)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>98</td>
<td>27</td>
</tr>
<tr>
<td>Female</td>
<td>265</td>
<td>73</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>132</td>
<td>36.4</td>
</tr>
<tr>
<td>Married</td>
<td>231</td>
<td>63.6</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-29</td>
<td>153</td>
<td>42.1</td>
</tr>
<tr>
<td>30-39</td>
<td>104</td>
<td>28.7</td>
</tr>
<tr>
<td>40-49</td>
<td>76</td>
<td>20.9</td>
</tr>
<tr>
<td>50-59</td>
<td>30</td>
<td>8.3</td>
</tr>
<tr>
<td>60 and above</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malay</td>
<td>247</td>
<td>68</td>
</tr>
<tr>
<td>Chinese</td>
<td>74</td>
<td>20.4</td>
</tr>
<tr>
<td>Indian</td>
<td>32</td>
<td>8.8</td>
</tr>
<tr>
<td>Others</td>
<td>10</td>
<td>2.8</td>
</tr>
<tr>
<td>Highest Education Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary school</td>
<td>34</td>
<td>9.4</td>
</tr>
<tr>
<td>Diploma/certificate</td>
<td>46</td>
<td>12.7</td>
</tr>
<tr>
<td>Bachelor degree</td>
<td>151</td>
<td>41.6</td>
</tr>
<tr>
<td>PhD/Master’s degree</td>
<td>131</td>
<td>36</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; RM1,000</td>
<td>38</td>
<td>10.5</td>
</tr>
<tr>
<td>RM1,000-RM2,000</td>
<td>38</td>
<td>10.5</td>
</tr>
<tr>
<td>RM2,001-RM3,000</td>
<td>49</td>
<td>13.5</td>
</tr>
<tr>
<td>RM3,001-RM4,000</td>
<td>32</td>
<td>8.8</td>
</tr>
<tr>
<td>RM4,001-RM5,000</td>
<td>49</td>
<td>13.5</td>
</tr>
<tr>
<td>RM5,001-RM6,000</td>
<td>71</td>
<td>19.6</td>
</tr>
<tr>
<td>Over RM6,000</td>
<td>86</td>
<td>23.7</td>
</tr>
</tbody>
</table>

Customer retention
1. The employees of this travel agency have a high level of knowledge.
2. This travel agency’s employees are experts in their job.
3. The employees of this travel agency are highly competent.
4. The employees of this travel agency have extensive social skills.
5. The employees of this travel agency are able to consider their customers perspective.
6. The employees of this travel agency know how to treat a customer well.
7. The employees of this travel agency show strong commitment to their job.
8. The employees of this travel agency do their best to fulfill their customers needs
9. The employees of this travel agency are always highly motivated.
10. The employees of this travel agency are allowed to decide autonomously in customer matters.
11. The employees of this travel agency have appropriate room for maneuver in solving customer problems.
12. In the case of customer requests, this travel agency’s employees do not need to ask their superior for permission.
Employee rhetorical sensitivity

1 Others have told me that the employee of the travel agency communicate well with difficult people.
2 In an argument, travel agency employee usually gets their point across without hurting their relationship with
   the other person.
3 The travel agency employee feels uncomfortable when people argue in public.
4 The travel agency employee is good at figuring out the meanings behind what others say.
5 In group situations, travel agency employee usually offer their opinions about the topic of discussion.
6 The travel agency employee usually disagrees with someone without damaging our relationship.
7 Most of the conflicts the travel agency employee has with others are resolved to everyone’s satisfaction.

Customer retention

1 I feel loyalty towards this travel agency.
2 Even if this travel agency were difficult to reach I would still keep booking my travel there.
3 I think of myself as a loyal customer to this travel agency.
4 I am very committed to this travel agency.
5 I am willing to make an effort to book travel with this travel agency.
6 I am willing ‘to go the extra mile’ to remain as a customer of this travel agency.
7 I would rather stay with this travel agency I usually frequent than trying a different travel agency I am unsure
   of.
8 I do most of my travel booking at this travel agency.
9 I intend to continue travel booking at this travel agency over the next few years.
10 I prefer to book travel frequently at one travel agency only.
11 I care a lot about which travel agency I frequent.

Appendix 2
Demographic Profiles of Respondents (continued)