

Impact of Employee Satisfaction on Success of Organization: Relation between Customer Experience and Employee Satisfaction

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Abstract– Employee satisfaction is considered weighty when it comes to define organizational success. Employee’s satisfaction is central concern particularly in the service industry. Need to enhance employee satisfaction is critical because it is a key to business success of any organization. In the present milieu, employee satisfaction has come under limelight due to stiff competition where organizations are trying to carve competitive advantage through the human factor. The purpose of this study is to observe the relationship between employee satisfaction and customer satisfaction and to examine the impact of both on organizational success. This study scrutinizes the effects of different factors of organization which affects the employee satisfaction. This is a cohort study in which qualitative research methodology was used. The data was collected through self-administrated questionnaire which contains multiple choice questions and open-ended questions. Results of the principal component analysis (PCA) based on correlation matrix revealed a great deal of employees (hotel workers) satisfaction among surveyed cohorts where customers also had expressed satisfaction with existing services. Mainly environmental cleanliness, quality food and room services has played vital role in creating contentment and subsequent satisfaction among customers. From employee’s perspective, conducive working atmosphere coupled with incentives like salary and frequent trainings focused the employees to work with dedication to uplift the organization (hotels) which is reflected clearly by the satisfaction level of customers. Our study confirms indirect relation between organizational success and employee satisfaction which was mediated by customers. In conclusion, it seems reasonable to believe that understanding of employee role is extremely important as it appears key factor in the success of modern organization.

Keywords– Employee’s Satisfaction, Organizational Success, Customer’s Satisfaction and Job Satisfaction

I. INTRODUCTION

Employee satisfaction plays a significant role in defining organizational success. It is necessary to understand as to

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how employees can be kept satisfied and motivated to achieve out-of-the ordinary results. Customer satisfaction seems to be a natural corollary of employee satisfaction and in turn organizational success is upshot of this duo.

There is a need to create a work environment that encourages employees to give quality response to customer needs. This is the key to pull service-profit chain of business. Satisfied employees generate customer satisfaction by excellence in performance that leads to organizational success thus resulting in improved financial success. So there is a direct connection between employee satisfaction and customer satisfaction.

Employee satisfaction not only enhances the productivity, but also increases the quality of work. It is necessary for a company to perceive as to what employees feel, think, desire along with discovering how the workforce devotion and commitment can be increased. With amplifying employee devotion, business outcomes can be improved, productivity can be enhanced, commitment can get intensified and attrition rate can take a dip.

There is a cause-and-effect relationship between the customer satisfaction and employee satisfaction. It is unfeasible to uphold customer loyalty without employee loyalty. Customer service eventually depends on the community who provide that service. For that matter, employee loyalty and volunteerism are required especially for those employees who serve on front lines. Loyalty, devotion and volunteerism cannot be enforced on people. It can only be done by providing them encouraging and satisfying work environment.

II. LITERATURE REVIEW

A. Customer Satisfaction

Business environment has changed due to globalization and free trade and the global competition is increasing with exploding. Because of these reasons, to stay in a competitive environment and deliver acceptable financial returns, managers must know how to handle changes which are unexpected.

Financial performance depends on customer satisfaction. There is a direct relation of financial performance and customer satisfaction and indirect relation with employee satisfaction which is intervened by customer satisfaction. But there is a direct relation between customer satisfaction and employee satisfaction. The relation between employee

satisfaction and financial performance may not be found because it is mediated by customer satisfaction [1].

In service industry, customer satisfaction is the key to success. A positive relationship exists between customer satisfaction, employee satisfaction and perceived service quality. Customer perceived service quality completely intercedes between job satisfaction of employees and customer satisfaction. Service-profit chain framework shows that employees who are satisfied can be more productive than those employees who are less satisfied [2].

B. Employee Satisfaction

It is factual that employee satisfaction is an innermost concern in service industry. It is a multi-factorial construct. Employee satisfaction contains basic factors, excitement factors and performance factors. Basic factors are the minimum requirements that cause dissatisfaction. Excitement factors increase customer satisfaction and performance factors result in satisfaction only when performance is high [3].

Employee satisfaction is closely related to service quality and customer satisfaction which is then related to firm profitability. Service quality has a positive persuade on customer satisfaction. Besides this, firm profitability has a reasonable non-recursive effect on employee satisfaction. Employee satisfaction plays a considerable role in enhancing the firm profitability and improving operational performance of organizations and quality of goods and services. There is no doubt in it that employee satisfaction is critical to attain quality and profitability in service industry especially. Employee satisfaction impacts quality at industry through satisfaction-quality-profit cycle. In service industry, to achieve quality and profitability at organization, employee satisfaction is fundamental and without it, service industry cannot think of being successful [4].

Employee loyalty is the important factor to improve service quality which is interconnected to customer satisfaction and customer loyalty and it gives progress to make firm profitability in industries. [8].

An imperative relationship exists between employee and organization. This employee organization relationship plays an important role in success of any organization. There is a need of developments in it. Managers are believed to develop a role relationship in which actions and decisions should promote the interest of organization. Employee involvement and contributions in organization is outcome of the interest. The quality of employee organization relationship requires fulfillment of needs, quality of interaction, adaptability and identification [5].

Employee empowerment is also an effective way of satisfying them. When employees are given employee empowerment, then it leads to job satisfaction. Employee empowerment also causes customer satisfaction. Similarly job satisfaction also leads to customer satisfaction which leads to organizational success [6].

Employee satisfaction is in fact job satisfaction. Job satisfaction is an important job organization factor. Both of them are significantly related. Therefore, it is necessary to maintain job satisfaction so that employees can be motivated.

In studying job satisfaction, job rotation, work method, problem solving and goal setting are important factors to consider and job satisfaction is also influenced by employee's age, marital status and work experience [7].

The distinction of individual employment characteristics may influence how employees feel about their work environment [9] and the relationship between employee satisfaction and financial performance may not be easily perceptible due to the fact that it is reconcile by customer satisfaction [10].

III. METHODOLOGY

A. Measurement

In this research paper, we investigate factors of employee satisfaction that affect organizational performance. For exploring those factors, firstly customer's experience was accumulated. Satisfied employees would culminate customer satisfaction and this will result in organizational success.

Based on literature review, two self-administrated questionnaires were developed. One questionnaire was designed to get response from customers for their experience at hotels and other questionnaire was designed to get response from employees for their job satisfaction.

In questionnaire designed to collect customer satisfaction data, following things were observed:

- The customers/respondent's personal profiles related to gender, education, income and willingness to stay at hotels.
- The customers experience related to greeting, atmosphere, environmental cleanliness, food and service quality.

In questionnaire designed to collect employee satisfaction data, the following things were observed:

- Employee salary and promotion.
- Employee satisfaction related to the guidance and training to employees and their physical working conditions.
- Employee response related to work load at employees and their contribution.

All the responses were measured using Likert-type scale, where 1=strongly disagree and 5=strongly agree.

B. Data Collection

In this research, data was collected from 12 well known (five or seven stars) hotels in 4 big cities of Pakistan. The questionnaires were distributed among customers and employees and requested to fill them up with their personal preferences.

A total of 150 questionnaires were collected from customers and 25 questionnaires were collected from employees. Among them, 132 customer questionnaires and 20 employee questionnaires were selected for analysis because remaining questionnaires were having incomplete answers.

C. Data Analysis

The collected data was recorded in SPSS tool for analysis of data. Contingency tables were prepared to analysis variations between male and female customers. Chi-square test of independence was used to check the visiting customers with respect to gender vary in education or not. Also through χ^2 -test, the preference among male and female customers was analyzed for the duration of stay in hotel. Principal component analysis was performed on both types of data set (customer and employees) to identify components (variables) with maximum loading scores that account highest variance in the data. This would enable us to select attributes in customer experience and employee satisfaction.

IV. RESULTS

Overall description of the survey is presented as case processing summary with respect of male and female respondents. Two variables are described here, one related to education status of the customers while other variable was about duration of stay in hotel. Response for former variable was 100% while a number of customers declined to respond about latter variable. Therefore, cases with missing values were omitted from the raw data during analysis.

A. Customer Satisfaction

i). The relationship between gender of customers who visited the hotels and their education was evaluated by chi-square test to homogeneity. The results indicate that there is significant relation between education level male and female customers.

ii). The preference of duration of stay between males and female customers was appeared non significant and it seems that the hotels surveyed in this study are equally preferred by male and female in terms of deciding how many days they want to stay.

The scores of somewhat agree and strongly disagree are separated in first dimension as there have large negative scores which is also shown in biplot diagram. This indicates that most of the customers are decisive in terms of environmental cleanliness which they have observed in the hotels. This trend is confirmed as the principal component analysis has separated the responses of customers in varying category points visible in biplot diagram (Fig. 1).

In the above table, each eigenvalues corresponds to a factor and each factor to one dimension. The highest eigenvalues were observed for the first three factors indicating high percentage of variance ensuring that maximum variation are accounted in first three dimensions. The results presented here indicate that overall satisfaction of customers was fairly high particularly for educated customers who preferred to stay for longer duration in hotels. The other factors which contributed in bringing satisfaction level among customers are environmental cleanliness and health atmosphere coupled with good quality of food, beverage and room services.

B. Employee Satisfaction

The PCA performed on the variables pertaining to employee’s satisfaction revealed a definite relationship between satisfaction levels of employees and the parameters tested. The maximum variance in the data set was revealed in the first two dimensions of the principal component axes with highest eigenvalues. Among the parameters tested, monthly income and working conditions had enabled most of the employees to stay with the present job and they did not left the job because of salary insufficiency. The PCA scores obtained on second component axis also explains that employees are satisfied with the guidance and training facilities and therefore they have not thought of searching or dreaming for other jobs.

Category Points: Env. cleanliness is keenly observed

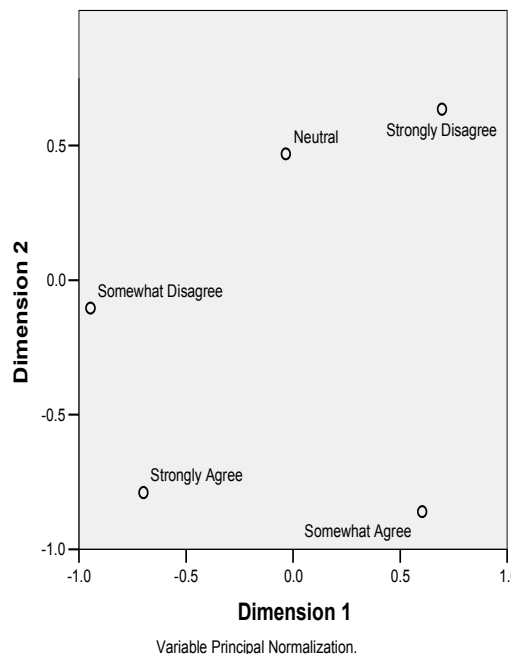


Fig. 1: PCA biplot for the response of customers about cleanliness in hotels.

Category Env. Cleanliness is keenly observed	Frequency (N = 132)	Centroid Coordinates	
		1	2
Strongly Disagree	33	0.696	0.635
Somewhat Disagree	33	-0.947	-0.104
Neutral	29	-0.035	0.469
Somewhat Agree	27	0.603	-0.86
Strongly Agree	10	-0.699	-0.789

Table 1: Category Analysis

	Case Processing Summary					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender vs Education	132	100.0%	0	.0%	132	100.0%
Gender vs Stay	89	67.4%	43	32.6%	132	100.0%

Table 2: Case Processing summary

			Level of Education					Total
			Less than high school	High school	Bachelor's Degree	Graduate Degree	Doctorate	
Gender	Male	Count	18	24	24	8	10	84
		% within Gender	21.4%	28.6%	28.6%	9.5%	11.9%	100 %
	Female	Count	12	14	6	15	1	48
		% within Gender	25.0%	29.2%	12.5%	31.3%	2.1%	100 %
Total		Count	30	38	30	23	11	132
		% within Gender	22.7%	28.8%	22.7%	17.4%	8.3%	100 %
			Pearson $\chi^2 = 15.45$ P < 0.005					

Table 3: Level of Education

			Stay in Hotel					Total	
			One day	Two days	Three days	Four days	Five days		Six or more days
Gender	Male	Count	7	15	16	18	16	4	76
		% within Gender	9.2%	19.7%	21.1%	23.7%	21.1%	5.3%	100 %
	Female	Count	2	3	5	2	1	0	13
		% within Gender	15.4%	23.1%	38.5%	15.4%	7.7%	.0%	100 %
Total		Count	9	18	21	20	17	4	89
		% within Gender	10.1%	20.2%	23.6%	22.5%	19.1%	4.5%	100 %
			Pearson $\chi^2 = 3.96$ Non significant						

Table 4: Variable Principal Normalization obtained by Principal Component Analysis (PCA)

Variable Description	Principal components extracted				
	Dimension 1	Dimension 2	Dimension 3	Dimension 4	Dimension 5
Eigenvalues =>	1.598	1.515	1.385	1.274	1.175
Customer Satisfaction with overall	0.73				
Education	0.70				
Duration of Stay in hotel	0.69				
Env. cleanliness is keenly observed					0.79
Hotel Atmosphere is healthy					0.62
Appropriate music is being played				-0.76	
Interior design and decor is perfect			-0.65		
Employees are attentive				0.69	
Employees are helpful and friendly					
Good quality room services		0.66			
Food quality was good			0.71		
Beverage quality was good		0.77			
Food taste and appear was excellent					
Menu variety was admirable					

Table 5: Results of the Principal component analysis (PCA) for variables reflecting customer satisfaction, the scores over 0.5 were included in this analysis

Variable Description	Principal components extracted			
	Dimension 1	Dimension 2	Dimension 3	Dimension 4
Eigenvalues =>	3.410	2.055	1.418	1.160
Monthly Income	0.69			
Guidance and training		0.77		
Physical working conditions are very good	0.67			
Rules and regulations affect your performance negatively				-0.53
All employees at your hotel are promoted with their performance	-0.71			
Salary is reasonable according to job	0.87			
Many colleagues left the job because Salary was not reasonable	-0.80			
You are satisfied with this job		0.54		
Appropriate recognition given for my contribution			0.58	
Work load of my job is reasonable		0.69		
I spend parts of my day dreaming about better job	-0.69			

Table 6: Results of the Principal component analysis (PCA) for variables reflecting employee satisfaction, the scores over 0.5 were included in this table

V. DISCUSSION AND IMPLICATIONS

The results have following main findings.

- The customers are conscious about cleanliness of hotel. And if cleanliness is keenly observed in hotels, it shows the interest of employees.
- The variables accounted with highest PCA scores indicate that overall customer satisfaction is quite focused in terms of valuing specific aspects in hotels such as health atmosphere, good quality of food and beverages. In addition, room service has also been the focus of customers in values the satisfaction.
- Among most of the variables, identified in our study, one aspect is striking i.e. unless the concerned employees worked with dedication, the challenge to bring satisfaction among customers would be tough. However, this was not the case as most of the aspects pertaining to customer satisfaction were properly addressed without any major flow. This at one indicate hand an ardent workforce of hotel employees and successful organizational behavior at managerial scale the other hand for creating passion and zeal among employees which was reflected by high level of customer satisfaction.
- Here the significance of long term investment made by any organization in developing human resource becomes evident. Since in our survey results a striking snapshot of the significance of the selected attributes in customer experience and employee satisfaction were found interdependent, therefore, it is worth mentioning that hotel managers planning their policies and allocate resources keeping their employees with a high priority would benefit from substantial customer gain and organizational success simultaneously.
- The implications of meeting future demands of customers have always been a challenging task. Our study is therefore quite significant in setting the benchmarks for customer satisfaction related to hotel industry particularly in the competitive environment of present era. Hence more relevant, up-to-date and accurate information about various aspects of customers such as demography, age groups and financial status would be important for hotel managers and owners to introduce incentives for capturing the attention of maximum customers.

VI. CONCLUSION

This research scrutinized the factors of employee satisfaction that satisfy customers which results in organizational success. Considering the results of current work, we conclude that local public enterprises such as investigated in this study is not independent and tied with factors indirectly related to each other. The findings of this research suggested that impact of employee satisfaction on the success of organization is undeniable. Moreover, sustaining the satisfaction level of customers is a continuous process whose basics are intricately linked with the

employees whose performance reflects through customer satisfaction and organization progress.

VII. LIMITATIONS OF STUDY

There are various limitations of this study. Although survey was conducted in 4 cities of Pakistan, but as all other cities are not covered so generality of the findings is not warranted. Besides this, there is a need to observe and explain SPSS results carefully and cautiously.

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