CUSTOMER SATISFACTION, ITS ANTECEDENTS AND LINKAGE BETWEEN EMPLOYEE SATISFACTION AND CUSTOMER SATISFACTION: A STUDY

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ABSTRACT

The main aim of this paper is to consider the issues that are most important, but has not been given relevant importance in the past i.e. linkage between employee satisfaction and customer satisfaction and employee prominent role to foster customer satisfaction which drive firm’s profitability. Most firms who strive to acquire customer satisfaction must satisfy their employee’s needs and wants first. It is widely recognized from past literature that customer needs will be satisfactorily met only when employee needs are being satisfactorily met. In this paper, we first discuss conceptualization of customer satisfaction, its antecedents and its relevant importance to firm’s profitability. Then, we discuss how employee satisfaction is linked with customer satisfaction. Moreover, we provide suggestions to improve employee satisfaction to foster customer satisfaction.

Keywords: Customer Satisfaction, Antecedents of Customer Satisfaction, Service Quality, Employee Satisfaction, Linkage between Employee and Customer Satisfaction.

INTRODUCTION

The topic of customer satisfaction has received considerable interest in recent years, is one of the most popular research topics in marketing (Patterson, 1997; Naeem, 2010; Karna, 2004; Churchill, 1982; Spreng Mackezie and Olshavsky, 1996; Yoon, 2010) has attracted significant attention from top management in many companies (Bernhardt, 2000). A customer is satisfied when an offering performs better than expected and is dissatisfied when expectations exceed performance (Bolton, 1991) or when actual experience exceeded from expectations. Kotler et al (2006) points out that whether the buyer is satisfied after purchase depends on the offer’s performance in relation to the buyers expectations. Similarly, customers have expectations with regard to the behavior of service employees, when these are exceeded, the level of customer satisfaction with the service provider is positively influenced (Thurau, 2004).

Customer satisfaction can be derived from product (Churchill, 1982; Oliver, 1993; Homburg and Rudolph, 2001; Westbrook, 1980) which relates to the customer's evaluation of product performance based on such characteristics as durability, dollar value, technical sophistication, and ease of use (Homburg and Giering 2001) consumption experience (Bearden and Teel, 1983) and price (Anderson, 1996). Moreover, satisfaction with salesperson performance has received considerable attention (Sheth, 1973) which relates to the interaction between the sales personnel and the customer and the ability of the sales
representative to meet a customer’s unique needs (Homburg and Giering, 2001). In addition to it, service encounter play a prominent role in customer satisfaction (Suprenant, 1987, Bitner, 1990).

Customer satisfaction is often seen as crucial link in establishing long term relationships (Patterson, 1997; Karna, 2004) and few businesses can survive without establishing solid relationships with their customers (Morgan and Hunt, 1994; Dwyer, Schurr, and Oh, 1987). Customer satisfaction also contributes to customer retention (La Barbera and Mazursky, 1983; Zeithaml, Berry, and Parasuraman 1996; Anderson and Sullivan, 1990; Anderson, Fornell, and Lehmann 1994; Cronin and Taylor 1992; Bearden and Teel 1983; Boulding et al. 1993; Oliver and Swan 1989; Oliver, 1980; Rust, 1994; Newman and Werbel, 1973; Fornell and Wernerfelt 1987, 1988). According to Kotler (2006) “One key to customer retention is customer satisfaction, a satisfied customer stays loyal longer” and loyalty drives profitability and growth (Heskett, 1994; Pugg, 2002). Loyal and satisfied customers are best achieved by loyal and satisfied employees (Heskett, 1994). It is widely recognized from literature that without satisfied and motivated employees it is impossible to produce world-class products and impossible to achieve satisfied and loyal customers (Eskildsen and Dahlgaard, 2000).

CONCEPTUALIZATION OF CUSTOMER SATISFACTION

The literature on customer satisfaction/dissatisfaction suggests two different conceptualizations: Transaction specific and Cumulative (Boulding, 1993).

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<th>Reference</th>
<th>Perspective</th>
<th>Definition</th>
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<td>Anderson et al., 1994; Fornell, 1992</td>
<td>Cumulative</td>
<td>Customer satisfaction can be defined as overall evaluation based on the total purchase and consumption experience with a good or service over time</td>
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<td>Fornell, 1994; Churchill and Suprenant, 1982, Tse and Wilton, 1988; Oliver and DeSarbo, 1988; Oliver 1977, Oliver, 1980; Oliver 1993</td>
<td>Transaction specific</td>
<td>Customer satisfaction is expressed as a function of pre purchase expectations and post purchase perceived performance of the respective product/service</td>
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The most commonly used conceptualizations are based on two perspectives: cumulative and transaction. Several authors agree that there is need to adopt cumulative definition of satisfaction (Johnson, 2002) because cumulative satisfaction is a more fundamental indicator of the firm’s past, current, and future performance and motivates firm’s investment in customer satisfaction (Anderson, 1994) provide a reliable performance benchmark for making broad based comparisons (Johnson, 2002), whereas transaction specific satisfaction provide information about particular product or service encounter (Anderson, 1994). In consistent manner Hsu, 2008 posits that cumulative customer satisfaction is a fundamental indicator of firms past, current and future performance instead of specific transactional information about a product or service encounter. Cumulative satisfaction should be viewed as a theoretical or latent variable (similar to an attitude). As a latent variable, satisfaction can be empirically measured and meaningfully compared as a weighted-average or index of satisfaction indicators (Johnson, 2002). Homburg and Giering (2001) have taken broader perspective to explain customer satisfaction. Customer satisfaction can be defined “as the result of a cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance. The satisfaction judgment is related to all the experiences made with a certain supplier concerning his products, the sales process, and the after-sale service.
Antecedents of Customer Satisfaction

Customer satisfaction is influenced by overall quality, price, expectations (Anderson, 1994; Fornell et al., 1996) firm image (Aga, 2007) and persons desires (Spreng, 1996). Moreover, several authors have examined positive relationship between expectation and satisfaction (Ernest et al., 1987; Churchill and Surprenant 1982) product's perceived performance and the customer's expectations regarding that performance (Churchill and Surprenant 1982; Oliver 1980; Westbrook and Oliver 1981; Yi 1990; Tse and Wilton 1988). Oliver and Desarbo, (1988) suggest that effects of expectations and perceived performance are mediated via disconfirmation construct (Churchill and Surprenant 1982).

Studies related to antecedents of customer satisfaction

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Expectation Disconfirmation Paradigm

The expectation disconfirmation paradigm is most popular in customer satisfaction literature (Oliver 1980, 1981; Spreng, MacKenzie, and Olshavsky 1996; Tse and Wilton 1988). Several authors have reported that expectations and disconfirmation are important variables to explain customer satisfaction (Bearden and Teel, 1983; Rogers, 1998). According to Churchill, 1982 the full disconfirmation paradigm encompasses four constructs: expectations, performance, disconfirmation, and satisfaction. Disconfirmation arises from discrepancies between customer satisfaction different for different types of industries prior expectations and actual performance. if perceived performance exceeds a consumer’s expectations (a positive disconfirmation), then the consumer is satisfied but if perceived performance falls short of his or her expectations (a negative disconfirmation), then the consumer is dissatisfied (Spreng, 1996). Expectations are considered to be the needs or desires of the consumer, identified by what the consumer feels should be delivered by the provider of the service before receiving it (Millan, 2004). Prior literature confirms the impact of disconfirmation of expectation on satisfaction (Yi, 1990). Researchers have found that consumer involvement with products or services influence the operation of disconfirmation in determining satisfaction (Day, 1977).

Current Performance is a Predictor of Customer Satisfaction

Several other authors found that sometimes disconfirmation have no impact on customer satisfaction. Churchill, 1982 demonstrated performance had a direct effect on satisfaction with durable goods. In case of durable product performance appears to impact customer satisfaction directly rather through disconfirmation. This is due to the reason that this product is new and no prior information of this product is available. In this case, current performance is assumed to have greater impact on customer satisfaction not through disconfirmation. Similar, Findings have been found by Tse and Wilton (1988) for compact disc players and by Bolton and Drew (1991) in consumer telephone services. When the consumer has no expectations about a product or experience, performance becomes the primary determinant of satisfaction (LaTour, 1979). It is confirmed that performance is found to be strongest predictor of customer satisfaction (Tse and Wilton, 1988; Oliver and Desarbo, 1988). Moreover, Johnson (1991) argues that, in a dynamic perspective, customers’ experience with products and services should result in a general increase in perceived satisfaction. This increase can not be explained strictly on the basis of
disconfirmation. Cardoza (1965) stated that "customer satisfaction may depend not only upon the product itself, but also upon the experience surrounding acquisition of the product" (p. 249).

Service Quality is Most Important Component to Explain Customer Satisfaction

In spite of all factors studied, service quality has received considerable attention (Lien, 2008). This is due to the reason that the quality of goods can easily be measured by taking into account the certain physical properties; the measurement for services is rather difficult because the quality in this case depends on large number of factors (Aga, 2007). Several studies report that quality's effect on customer satisfaction is often seen as greater than other antecedents (Churchill and Suprenant, 1982; Oliver and DeSarbo, 1988; Anderson and Sullivan, 1993). Furthermore, Cronin and Taylor, 1992 concludes perceived service quality leads to customer satisfaction which in turn, has a significant effect on purchase intentions. Boulding and Zeithaml (1993) points out the positive effect of perceived service quality on behavioral intention. Expectations and delivered service influenced perceived service quality, which in turn, has an impact on behavioral intentions such as willingness to provide favorable word of mouth and engage in repeat business (Bernhardt et al., 2000).

There is also a controversy regarding the relationship between customer satisfaction and service quality. Some authors reported that relationship exist between customer satisfaction and service quality (Oliver and DeSarbo 1988; Parasuraman, Zeithaml, and Berry 1994). Some posit that service quality is important antecedent of customer satisfaction (Parasuraman et al. 1988; Churchill and Suprenant 1982; Cronin and Taylor 1992; Spreng and Mackoy, 1996; Oliver, 1993; Fornell 1992; Oliver and DeSarbo 1988; Chigozirim, 2008). Some other argues that customer satisfaction is an antecedent of service quality. Finally, it is agreed that customer satisfaction is broader construct than service quality, so service quality assumed to be an important antecedent of customer satisfaction.

Dimensions of Service Quality

In past literature, service quality incorporates two dimensions: Functional quality and Technical quality. Functional quality relates to the relational aspects of service delivery whereas technical quality concerned with core aspects of service. Parasuraman SERVQUAL scale of service quality is correspondence with two distinct dimensions of service quality i.e. technical and functional quality (Lien, 2008). In customer satisfaction literature, two types of benefits (Functional benefits and Psychological benefits) have been studied. Functional benefits constitute perceived service quality. SERVQUAL scale developed for evaluating satisfaction for a variety of services (Banks, credit card companies, repair and maintenance companies), contains five dimensions, i.e. tangibles, reliability, responsiveness, empathy and assurance (Parasuraman, 1988). Tangible is appearance of physical facilities, equipment, personnel and communication materials. Reliability is ability to perform promised service dependably and accurately (Zeithaml et al, 1988). Empathy is the ability to identify, understand and respond appropriately to customer's emotional state before, during and after the transaction (Shaffer, 2008). Assurance is knowledge and courtesy of employees and their ability to convey trust and confidence (Zeithaml et al, 1988).

Employee Prominent Role to Deliver Excellent Service

Much of the services marketing literature have focused on providing external customers with quality services (Gremler, 1995). Organizations depend on their employees to be in tune with the needs of their customers for purposes of designing and delivering services or products (Young, 2009). Rosenbluth and Peters, report that the needs of the customer are second to employee needs, because customer needs will be satisfactorily met only when employee needs are being satisfactorily met (as referred in Gremler, 1995).
Employees are important and inseparable part of the organization and have been received considerable attention by both academicians and practitioners. Employees in a service organization serve as representatives of both the organization and their products or services to the customer (Chigozirim, 2008) responsible for creating value for customers and delivering excellence in service quality (Judd, 2003; Hartline, 1996) also referred as first customers of the organization by many researchers (Chigozirim, 2008) and are recognized as the most crucial asset of today’s organization (Eskildsen and Dahlgaard, 2000). According to Osman, 2004 delivering superior customer value and satisfaction are critical to a firm's competitive advantage. Dabholkar, 2008, have reported that employees who are satisfied with their jobs will be more likely to purchase products from their employer than from a competitor. Similarly, employees of an organization can be considered as internal customers who, like external customers, are looking to get their needs satisfied (Gremler, 1995).

Satisfied Employees Tend be More Loyal, Committed and Productive

Satisfied employees tend to be more involved, dedicated, have greater organizational commitment, more loyal and productive towards customer needs, thus enhancing customer satisfaction, which is the ultimate aim of businesses today (Naem, 2010; Yee, 2008; Kim, 2004; Lings, 1999; Heskett, 1997). Harter et al. (2002) found that employee satisfaction resulted in higher productivity and reduction in employee turnover. Dabholkar, (2008) posits that reduction in employee turnover lead to profits due to the cost savings in not having to constantly hire and train new employees.

In his Service Profit Chain Heskett (1994) demonstrate positive relationship between employee satisfaction and customer satisfaction which in turn enhance firm’s profitability. He posits: “Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to the customers. Value is created by productive employees. Employee loyalty drives productivity and loyalty is the outcome of satisfied employee. Employee satisfaction, in turn, results primarily from high-quality support services of leaders and policies from organization that enable employees to deliver results to customers”.

Employee Satisfaction is must to Attain Customer Satisfaction

In past years, the relationship between employee and customer satisfaction has been widely studied in the literature (Stock, 2005; Schneider, 1973; Schneider et al., 1980; Eskildsen and Dahlgaard, 2000; Schlesinger & Heskett, 1991; Heskett, 1997; Bernhardt et al., 2000; Harter et al., 2002; Wangenheim et al., 2007; Chi, 2008; Lovemen, 1998). Schneider (1991) concluded that employee satisfaction and customer satisfaction are positively correlated and Schlesinger and Zomitsky (1991) found that this relationship gets stronger as employee increase in tenure (as cited in Bernhardt, 2000).

Pugh, 2002 points out that employee satisfaction lead to organizational outcomes such as customer satisfaction and financial performance. In consistent manner, Service Profit Chain proposed by Heskett, 1994 support positive link between employee satisfaction and customer satisfaction which in turn, enhance firms profitability in the long run and Employee Customer Profit Chain proposed by Rucci, 1998 posits that employee satisfaction and customer satisfaction are positively related. Employee satisfaction is critical to achieve firms’ success and profitability. Several studies have shown positive and significant effect of employee satisfaction on firm’s profitability (Heskett, 1994; Rucci, 1998; Pugg, 2002; Dabholkar, 2008).

Suggestions to Improve Employee Satisfaction to Foster Customer Satisfaction

Employee satisfaction can be enhanced by employing organizational practices i.e. human resource practice such as training, recruitment, selection, etc, availability of job resources (organization support i.e. coworker support, supervisor support) and internal service quality. Internal service quality has an impact on employees’ service capability, i.e., their
ability, authority, and latitude to meet the customers’ needs. Service capability increases employees’ productivity and output quality. Further, employees’ productivity influence service value perceived by customers. Service value means the results customer receive in relation to the total costs (both the price and other costs to customers incurred in acquiring the service). Service value has a positive connection with customer satisfaction, which leads to customer loyalty (Ju, 2005).

In addition to it, the employees relationship to the customer and to the organization has a huge relevance, its balance is necessary to the success of the both parties in the exchange relationship as their influence on the service, service delivery, service production and ultimately customer satisfaction is very substantial, also is their profitability to the organization necessary to the sustenance of the business (Chigozirim, 2008). Moreover, customer orientation of service employees is imperative to enable employees to meet customer service related expectations.

REFERENCES


