

Impact of Employee Satisfaction on Customer Satisfaction: A Review

Richa Sharma*

HR Manager, WEB4EYE Technologies, NOIDA, Uttar Pradesh, India

ABSTRACT

The rapid development in technology and increase in people's standard of living have brought great challenges to Marketers to serve their customers and put them forward higher requirements for the enthusiastic and satisfied workforce. This paper aims to understand the impact of employee satisfaction on customer satisfaction with particular reference to the service sector in India. This paper presents a review on analyzing the impact of employee satisfaction on customer satisfaction. This paper aims to propose a complete picture of highly impacting employee satisfaction on customer satisfaction and loyalty. The work consists of the analysis of prior research studies concerning service profit chain or employee satisfaction and its outcome on Customer satisfaction and loyalty studied by various researchers. The study's findings suggested that the private sector providing a positive work environment and support will significantly impact various satisfying employees in the organization and leading in attaining customer satisfaction and thus helps in achieving overall organizational profits.

Keywords: Customer satisfaction, Employee satisfaction, Service sector.

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INTRODUCTION

To achieve a competitive edge, the industries are innovation-oriented and trying to deliver their best for the satisfaction of their customers and making them loyal. An essential part of any business is its employees. A drastic change in customer needs and wants requires a quick response for various queries handled by the employees, and during these changes, we cannot just follow the rigid approach in handling customers, and we should understand the importance of employees. So here, the concept of employee satisfaction comes, and we can define it as employee satisfaction is the terminology used to describe whether employees are happy, contented, and fulfilling their desires and needs at work.

Objective of the Study

- To present a review of studies related to employee satisfaction.
- To identify the impact of employee satisfaction on customer satisfaction.
- To draw implications from the study.

Review of Literature

(Berry et al., 1990) in their study identified various factors that are considered important for increasing the satisfaction level of customers and helps in judging services.

(Schneider and Bowen, 1993) suggested that job satisfaction leads to increased customer service and increases customer satisfaction. The direct relationship between employee satisfaction and customer satisfaction was identified.

Corresponding Author: Sharma, R. HR Manager, WEB4EYE Technologies, NOIDA, Uttar Pradesh, India, Phone: +91-9958362980, Email: richasharma3647@gmail.com

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(Rogers. et al., 1994) according to their research concluded that unhappy and dissatisfied employees could not deliver exceptional services. The organizational commitment of employees plays an important role in customer satisfaction.

(Rust et al., 1996) suggested that employees who build a good relationship with customers helped to serve customers. Customers who receive better services complain less and create fewer problems for employees.

(Heskett et al., 1997) identified the relationship between employee satisfaction and customer satisfaction with their analogy of the satisfaction mirror that conveyed the idea that business success results from employee satisfaction, which is reflected as customer satisfaction. (Bernhardt et al., 2000) explained that as per the service profit chain, satisfied employees provide good services to customers and by this helps in achieving customer satisfaction and loyalty of customer for the company.

(Sergeant and Frankel, 2000) focused on the impact of employee satisfaction and its effect on customer satisfaction. They analyzed that satisfied employees exist

in an environment, which provides support services and policies that assist them in dealing with customers. Satisfied and loyal employees, in turn, create loyal and satisfied customers.

(Harter, Schmidt and Hayes, 2002) established the link between employee satisfaction and its various outcomes, including customer satisfaction, productivity, and profit.

(Homburg and Stock, 2004) analyzed that service employees with a high level of job satisfaction appeared as balanced and pleased to the customers with their environment, leading to positive influence on the level of customer satisfaction and if the employees are dissatisfied.

Yingzi Xu & Robert Goedegebuure (2005) tested the relationship between employee satisfaction, customer satisfaction, and their joint impact on profitability in Chinese securities and found a positive relationship between them.

(Brown & Lam, 2008) in their study found that customer satisfaction was key to organizational success. There was a positive relationship between customer satisfaction, employee satisfaction, and perceived service quality, and they observed that customer-perceived service quality completely intercedes between employees' job satisfaction.

(Jeon and Choi, 2012) analyzed the relationship between employee satisfaction and customer satisfaction and examined the role of various moderating variables, which affect these linkages. The study stated that the relationship between employee satisfaction and customer satisfaction is unilateral not bilateral and further suggested that self-efficacy and co-operative orientation have a moderate impact on customer satisfaction.

Implications of the Study

- It helps in enhancing the efficiency of the employees.
- It helps in identifying the importance of employee satisfaction.
- It helps in identifying various factors that affect employee satisfaction.
- It helps in identifying the linkages between employee satisfaction and customer satisfaction.
- This study will serve as a basis to identify the impact of employee satisfaction on customer satisfaction.

Limitations

- Strong background of data is required before making any conclusion.
- The employees of every sector are different, so we cannot generalize the study's implication in all areas.
- The study is a review; to draw better insight, we can conduct various quantitative studies.

CONCLUSION

From the above study, we can say that there is a great impact of employee satisfaction on customer satisfaction and loyalty, leading to increased return on investment and financial profits. Every organization must identify various ways to serve their employees well, and the employees should be empowered and well trained so that they can positively deal with the customers. Since the workforce of any organization is the most important asset, efforts should be made to retain and satisfy them.

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