

The impact of employee satisfaction on customer satisfaction: Theoretical and empirical underpinning

Assignment 6: Read and summarize

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What is this study about?

Five employee variables that impact on customer satisfaction:

- communication
- rewards
- employee loyalty
- retention
- commitment

This study is important because it discusses two main issues affecting customer and employee satisfaction, namely, the effect of:

1. Employee satisfaction on customer satisfaction.
2. A set of employee satisfaction antecedents.

Hypothesis of the study

Communication and employee satisfaction

H1: Employee communication positively influences employee satisfaction.

Rewards and employee satisfaction

H2: Rewards positively influence employee satisfaction.

Employee satisfaction and employee loyalty

H3: Employee satisfaction positively influences employee loyalty.

Employee satisfaction and employee retention

H4: Employee satisfaction positively influences employee retention.

Employee satisfaction and employee commitment

H5: Employee satisfaction positively influences employee commitment.

Employee satisfaction and customer satisfaction

H6: Employee satisfaction positively influences customer satisfaction.

Methodology

Employees satisfaction is believed to be shaped, developed and created by having effective business systems and well-developed business processes (Van Dolen et al., 2004). The structural models and the measurements were evaluated with the help of PLS-SEM.

The measurement model (outer model) is usually described by the association between the indicators, whereas the structural model is signified by the association between the latent constructs. The SEM-PLS was used in combination with the greatest probability method to measure the proposed model (Anderson & Gerbing, 1988). Coefficient of determination Using the coefficient of determination (R^2 value) measure this coefficient can be used to decide the predictive accuracy of the model.

Conclusion

Customer retention won't be seen until high levels of staff satisfaction are attained. As a result, customer happiness has been regarded as one of the most important issues in business and marketing literature, with frequent searches.

This study found that there is a strong link between employee satisfaction and staff engagement, retention, and even loyalty in the service sector, and that this link has been validated. Employee happiness was also influenced by employee communication and how incentives were presented to them, according to the study.

Customers engage with employees on a daily basis, thus this connection should be carefully analyzed. A number of direct and indirect factors influence customer-employee interactions.

All of this should be studied and monitored over time, not merely once a year.