

Employee Relationship Quality and Customer Satisfaction: The Case of Halal Products Supplier at Elhajj Products SdnBhd

Syezreen Dalina Rusdi¹, Nur`ain Achim¹, Wan Edura Wan Rashid², Nurasyikin Hayat¹

¹Faculty of Business Management, Universiti Teknologi MARA, Puncak Alam, Selangor, Malaysia

²Institute of Business Excellence, Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia

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ABSTRACT

Customer satisfaction is often a misused and abused expression. Many organizations exploit it as a casual approach to state that their customers are happy and satisfied with the levels of service rendered and the products purchased. One of the most important factors affecting customer satisfaction is employee relationship quality. This paper aims to investigate the association between employee relationship quality and customer satisfaction. To serve the purpose of this study, a total of 40 sets of questionnaires were gathered from regular customers of Elhajj Products Sdn Bhd. The findings indicate that the aspects of employee relationship quality (trust, commitment and conflict handling) have a significant impact on customer satisfaction. Among the three aspects of employee relationship quality, commitment showed the strongest unit contributions towards customer satisfaction. Several suggestions have been made if a study of this nature is to be carried out in the future to change the research setting including testing other potential variables and widen the scope of the study, so that it can be generalized and have more significant contributions to the body of knowledge.

KEYWORDS: Employee Relationship Quality, Trust, Commitment, Conflict Handling, Customer Satisfaction.

INTRODUCTION

Employee relationship quality is an important factor in ensuring repeat purchase from customers compared to contractual obligation or price competition [3]. It is important to know the key dimensions of relationship quality that employees must have especially for firm-customer relationship because it normally offers many benefits to the organization. Customer satisfaction really matters not only to the customer, but even more so to the business because it directly impacts a company's bottom line profit.

With a large Muslim population, halal cosmetics are becoming more popular in Malaysia. Having a better understanding of the religion issues, Elhajj Products Sdn Bhd offers halal skincare product for the niche Hajj and Umrah pilgrimage market as well as for the daily ibadah needs for the ummah. Customer satisfaction issues is not exceptional for the company, as it is the one and only company providing skincare products for Hajj and Umrah. Based on the statistics from 2010 to 2014, the number of total customers on average is decreasing gradually. From 2010 to 2011, the numbers of customer purchasing halal skincare products at Elhajj Products Sdn Bhd decrease to 10%. Unexpectedly, the numbers keep decreasing in the following year with 15%. In 2013, the decreases of customers are 6% and in 2014 the percentage dropped slightly 1%.

For that reason, the study attempted to investigate the aspects of employee relationship quality (trust, commitment and conflict handling) that affect customer satisfaction at Elhajj Products Sdn Bhd. The issues may be varies but to fit with the context of halal product supplier such as Elhajj Products Sdn Bhd, the study was focusing on employee relationship quality pertaining to customer satisfaction. The result of this study will benefit the Elhajj Products Sdn Bhd as it deals with a lot of customers. This study will also disclose opinion from the customers regarding the relationship quality of the company's employees. This research can also secure the profitability of the company, since it will identify how many customers are satisfied with the current relationship quality by employees. With the information obtained from this research, the managing director of the company can detect the performance of employees at Elhajj Products Sdn Bhd.

LITERATURE REVIEW

Customer Satisfaction

The definition of customer satisfaction differs let alone the cause affecting it. Customer defined satisfaction as a good feel comes from them as a result of their perception of proper serve or product performance [8]. Satisfaction also described as a positive feeling that is created in every person after using the goods or services.

If goods and received services by the customer meet his expectations, he may be satisfied and vice versa[1]. Knowing this, organizations need to truly focus on their customers through the actions and deeds [22].

Employees' skills, characteristics and attitudes have been shown to influence customer satisfaction [6, 2]. Customer satisfaction lays foundation for the success of a business. Because of that, every business or firm aims to satisfy its customers well. Factors that determine customer satisfaction are quality of products, quality of customer service and relationship quality. Customer satisfaction does not only mean satisfying the customers itself, but also including customer retention in case of service failure[18]. Thus, organizations or firms must know how to solve complaints through various recovery strategies. The newest development for every institution, though the oldest one is serving the customer. The most secured way to survive and succeed is offering good quality services in order for customers to be reminded of the service[11]. Besides that, there is an effect on the profitability of business if the business has good customer satisfaction. Customer satisfaction begins with clear, operational definitions from both the customer and the organization [13]. In [7] said that what made customers happy with products and services in the last few years would not now meet the expectations of customers at present. In addition, customers' wants, needs and expectations move as quickly as the market itself. Therefore, what would have delighted and surprised them a short while back is now seen as a thing of the past. Target shared by almost every successful organization is delivering effective customer service and having total customer satisfaction. Customers nowadays expect a broader range of products and more competitive prices through more efficient and convenient channels [21]. Customer satisfaction usually will have so many relationships in business such as relationship with organizational performance, job satisfaction of employees, employees' relationship quality and others.

Employee Relationship Quality

Employee relationship quality is an important factor in ensuring repeat purchase from customers compared to contractual obligation or price competition. It is important to know the key dimensions of relationship quality that employees must have especially for firm-customer relationship because it normally offers many benefits to the organization [2]. There are three aspects under employee relationship quality which include commitment, trust and conflict handling. These aspects are also supported by [14] who looked at trust and commitment as aspects of relationship quality. In a consumer market context, the interaction of consumers often does not differentiate between the person providing the service and the organization.

Relationship quality can be defined as a measure of the extent to which consumers or customers want to maintain a relationship with their service providers [3]. The relationship quality usually focused on the overall nature of the relationship between the consumers and the firm and in order to have relationship success, which the central of that success is to fulfil consumers' needs [5]. There is no clear explanation on what relationship quality is but there is a general agreement that satisfaction, trust and commitment are key aspects of relationship quality. Employees must have these aspects of relationship quality in order to have good customer satisfaction [3]. The first aspect in relationship quality that employees and the firm must have is trust. If employees or firm does not get trust from customers or consumers, they will not repeat purchasing from that firm. On the contrary, if customers trust their service firm, they are more likely to have a positive attachment to the firm. Trust also has a positive impact on satisfaction because when customers believe that the firm is honest in their dealings with them, it is likely to result in the customers being more satisfied with that firm. Furthermore, trust is the major determinant that contributes in maintaining strong firm-customer relationship [18].

Another aspect of relationship quality is employee commitment. In previous literature, commitment has been found to be related with employee performance [14]. Besides that, employee commitment can also function as a psychological bond that encourages individuals to act in ways that are consistent with the interest of the organization [4]. In [15] cited defined commitment as an enduring desire to maintain the relationship. In addition, he believes that commitment will ensure a long-term orientation in relationship. Commitment to the organization can be beneficial to customer satisfaction in two ways. On one hand, employees being committed to their organizations generally deliver high quality service to customers [4]. In [9] also reported commitment as the key element in managing the relationship between the firm and its customers.

In [15] pointed out that a firm-customer orientation must focus on building and maintaining customer's trust in order to handle conflicts, even before these arise. Conflicts that normally arise are complaints from customers about service quality, quality of products and switching costs. Understanding why customers complain, and addressing concerns before they happen might save time [12]. Customers nowadays are more knowledgeable, sophisticated, informed and assertive because of the current information and communication technologies that allow them to gain knowledge and information very easily [11]. Because of that, customers usually demand a higher level of customer service. In [13] stated that satisfaction with complaint handling is the satisfaction of a customer who complains with the service providers' response to the complaint. If customer satisfied with the service provided, they will not complain anything. So, it can be concluded that employees know how to handle the complaint.

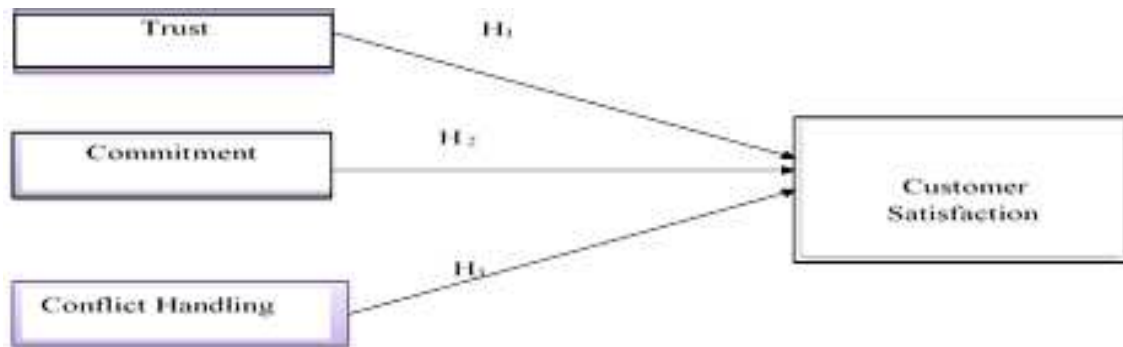


Figure 1: Employee relationship quality

H₁: There is a relationship between employee trust and customer satisfaction.

H₂: There is a relationship between employee commitment and customer satisfaction.

H₃: There is a relationship between employee conflict handling and customer satisfaction.

METHODOLOGY

A quantitative survey was undertaken to serve the purpose of this study. The respondents were given sufficient time to complete the questionnaires. About 40 sets of questionnaires were distributed on the 8th of May 2015 and a week later, the researcher managed to collect back all the questionnaires. Therefore, the survey return rate was 100%. The questionnaires were adapted from [17] using 5-point Likert-Scale with 17 items to answer the research questions. The questionnaires were divided into 3 parts. The first part of the survey required respondents to rate the importance of 12 items related to employee relationship quality which includes trust, commitment and conflict handling. Whereas, the second section contained 5 items on customer satisfaction in the scale of 1 (strongly disagree) to 5 (strongly agree). The last part of the questionnaire involved the demographic information of the respondents. Given the sensitive nature of the questions, all responses provided by the respondents were guaranteed of anonymity. The last part of the questionnaire involved collecting demographic information of the respondents. All data were analyzed using Statistical Package for Social Sciences (SPSS).

FINDINGS AND DISCUSSION

The study intended to investigate the association between employee relationship quality which comprises of three elements namely employee trust, employee commitment and employee conflict handling towards customer satisfaction among regular customers at Elhadj Products Sdn. Bhd.

Pearson Product-Moment Correlation Coefficient was employed to indicate the strength and directions of the relationship that can be computed by applying a formula that takes into considerations the independent and dependent variables. Table 1 shows the result indicating that the independent variables are statistically significant with the p-value of 0.000 at 0.01 significant levels.

Table 1: Correlation analysis (n = 40)

| Variables | | 1 | 2 | 3 | 4 |
|----------------------------|---------------------|---------|---------|---------|---------|
| Employee trust | Pearson correlation | (0.952) | | | 0.686** |
| Employee commitment | Pearson correlation | | (0.929) | | 0.750** |
| Employee conflict handling | Pearson correlation | | | (0.950) | 0.579** |
| Customer satisfaction | Pearson correlation | | | | (0.961) |

** Correlation is significant at the 0.01 level (2-tailed)

From Table 1, it shows the result of correlation analysis. The result indicates that employee relationship quality has a significant association with customer satisfaction. Employee commitment has the highest value of correlation ($r=0.686$) at 0.01 significance values, followed by employee trust ($r=0.750$) and employee handling conflict ($r=0.579$) at 0.01 significance value. Therefore, it can be concluded that all aspects in employee relationship quality have a significant relationship to the customer satisfaction. Hypotheses for this research were accepted.

In addition, regression analysis was applied to determine how well one or more independent variable will predict the value of the dependent variable [20]. From the analysis, it shows the value of $R^2 = 0.420$ indicates that 42% of customer satisfaction is influenced by the employee relationship quality. The remaining 58% was

influenced by other factors that are not tested in this study. Further research is required to identify other factors that influence customer satisfaction. To elaborate, the value of Beta Standardized Coefficient signifies the largest coefficient is 0.393 that is referred to employee commitment. This means that employee commitment makes the strongest unit contribution towards customer satisfaction. Hence, among the three aspects, the strongest aspect that contributes to customer satisfaction is employee commitment.

CONCLUSION AND RECOMMENDATIONS

In general, based on the findings derived from researcher through the data analysis, the research objectives were met and research hypotheses were tested. Whereby, it can be concluded that there is a relationship between all three aspects under employee relationship quality with customer satisfaction that the strongest element contributed to customer satisfaction was employee commitment. Meanwhile, the lowest element that contributed to customer satisfaction was employee trust.

It also proved that employee relationship quality has a positive relationship to the customer satisfaction. Therefore, the constructed hypotheses can logically accept which it indicates the relationship between employee relationship quality and customer satisfaction. According to [19], good perceived relationship quality which is built from the interaction between customer and provider has a positive impact on customer loyalty or repurchase intention.

As aforementioned by researcher, both independent and dependent variables have a relationship because they complement each other. If customer did not satisfy with the relationship quality by employees, they will stop to purchase with Elhaji Products SdnBhd and vice versa if they are satisfied with relationship quality by employees. They will continue to purchase halal merchandise at Elhaji Products SdnBhd and in fact might be promoted these products to their relatives or friends. Customers have a lot of power to expose or promote company products directly or indirectly.

In addition, from this research, the Elhaji Products SdnBhd organization got to know how their employees dealt with their customers. According [14], employees and satisfied customers are very important to an organization. If customers are not satisfied with the way the employees deal with them, the organization will be affected especially in sales. Similarly, in [10] stated that the key variable in many businesses is customer satisfaction. Besides that, some previous research shows that employee relationship quality such as employee conflict handling do not have an effect on customer satisfaction and this finding not compatible with the study of [12].

A number of recommendations can be identified. Since the lowest aspect of employee relationship quality is employee trust, however trust is very important in order to retain the customer. Hence, in order to improve employee trust, employees at Elhaji Products SdnBhd must have a good communication skill with customer. This statement was proved by previous research stated that trust and communication were dependent to each other [16]. Furthermore, in order to improve the employee trust, employees at Elhaji Products SdnBhd must be more transparent and truthful while delivering the information. Correspondingly, according to [6], the employee relationship-trust can be defined as consumers' confidence in the service provider's reliability and integrity and it is similar to the concept of trustworthiness. Employees must share as much information about the product they are selling as they can in order to gain trustworthiness from the customer.

Several suggestions have been made if a study of this nature is to be carried out in the future. Further research should study other variables and elements that contribute to customer satisfaction other than employee trust, commitment and how employee handling conflict. As only one organization is involved in this study, it limits the generalizability and exploration of the findings. For this reason, it is crucial for the future research to make a research from different organizations specifically from halal industries as the need for halal products and services has risen and explore other determinant factors that lead to customer satisfaction.

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