

Impact of Employee Satisfaction on Customer Satisfaction: A Study of Lahore Electric Supply Company of Pakistan

**Raja Irfan Sabir¹, Naeem Akhtar², Saira Aziz³, Binesh Sarwar⁴, Salman Zulfiqar⁵,
Muhammad Irfan⁶**

¹Assistant Professor, Department of Management Sciences, COMSATS Institute of Information Technology, Sahiwal, Pakistan.

^{2,5}MS Scholar, Department of Management Sciences, COMSATS Institute of Information Technology, Sahiwal, Pakistan.

^{3,4,5}Lecturer, Department of Management Sciences, COMSATS Institute of Information Technology, Sahiwal, Pakistan.

Received: November 3 2013

Accepted: December 22 2013

ABSTRACT

The purpose of this study is to find the relationship of variables such as management relationship, job involvement, policies and procedures, and employee satisfaction on customer satisfaction in Lahore Electric Supply Company. Study used the quantitative approach of research. The population for this research was the employees of Lahore Electric Supply Company. Researcher used the non-probability sampling technique and random sampling. For this research sample size was 125 employees of Lahore Electric Supply Company. Researcher used the survey method for collection of data with instrument of likert scale questionnaire. Results indicate that the relationship of various variables was positive with customer satisfaction. Results also indicate that reliability of instrument and variables create positive impact on employees and customer satisfaction of Lahore Electric Supply Company. Employees used different variables which was easy to satisfy. The study supports the hypothesis that various factors of employee satisfaction has the most significant and strong impact on customer satisfaction. The study supports the research findings that there is a positive relationship between employee satisfactions which is associated with the customer satisfaction of Lahore Electric Supply Company.

KEY WORDS: Customer satisfaction, Employee productivity, Job involvement, Management relationship, Policies

INTRODUCTION

Employee satisfaction is depend on the knowledge, skills, rules and regulations, and attitude enhancing the performance of employees and after satisfaction of employees its impact on customer satisfaction. Satisfaction of employee is about knowing where you stand at present, and where you will be after some time, but customer satisfaction is about knowing what is the level of loyalty. Employee satisfaction is about the acquisition of knowledge, skills, and abilities (KSA) through professional development and customer satisfaction is depend knowledge, skills, abilities of employees. There are also additional services available online and e-marketing for those who wish to receive customer satisfaction above and beyond that which is offered by their organization. Different services include career counseling, skill assessment, and supportive services of employees develop a positive relationship between employees and customers. Customer satisfaction is depend on different categorize of employee satisfaction as on-the-job or off-the-job. Employee satisfaction is necessary to ensure an adequate supply of staff that is technically and socially competent and capable to handle the customers and fulfill their need of services satisfaction. Therefore a continual need for the process of staff development, and employee satisfaction fulfills the customer satisfaction of this process. Customer satisfaction should be viewed therefore as an integral part of the process of total quality management. The problem is lack of proper employee satisfaction and its impact on employee productivity as well as customer satisfaction. This lack of proper customer satisfaction is relationship of intervention variables of employees satisfaction. This is creating impact on the employee productivity, organizational performance and customer satisfaction. The present study is quantitative in nature and researcher used the survey method for data collection with instrument of questionnaire. For analysis of data researcher used the regression for independent and dependent variable. The results interpreted with tables and conclusion drawn on the basis of results. Researcher provided the recommendations for better customer satisfaction of Lahore Electric Supply Company.

***Corresponding Author:** Raja Irfan Sabir, Assistant Professor, Department of Management Sciences, COMSATS Institute of Information Technology, Sahiwal, Pakistan.

Background of Problem

The study intends to investigate the impact of employee satisfaction on employee productivity in Lahore Electric Supply Company. In very short span, lots of changes occurred in this sector with respect to supply, technological requirements and intensifying competition, which resulted in increasing demand for well trained workforce. Employee Productivity is the log of net sales over total employees - an economic measure of output per unit of input. Employee productivity measures may be examined collectively (across the whole economy) or viewed industry by industry. Employee satisfaction has been an important variable in increasing organizational productivity. Most of researches including Colombo and Stanca (2008), Sepulveda (2005) and Konings & Vanormelingen, (2009), showed that Employee satisfaction is a fundamental and effectual instrument in successful accomplishment of the firm's goals and objectives, resulting in higher productivity. Employee satisfaction design refers to the degree to which the Employee satisfaction has been designed and delivered in such a way that provides trainees the ability to transfer learning back to the job. The researcher argues that part of transfer design is the degree to which Employee satisfaction instructions match job requirements (Holton, 2000). This study demonstrated the significant factors influenced on Lahore Electric Supply Company ability to meet the customer's needs, related to employee satisfaction. What is the status of key employee satisfaction measures in this organization, and how do these key factors affect customer satisfaction?

Objectives of Research

The specific objective of this study is:

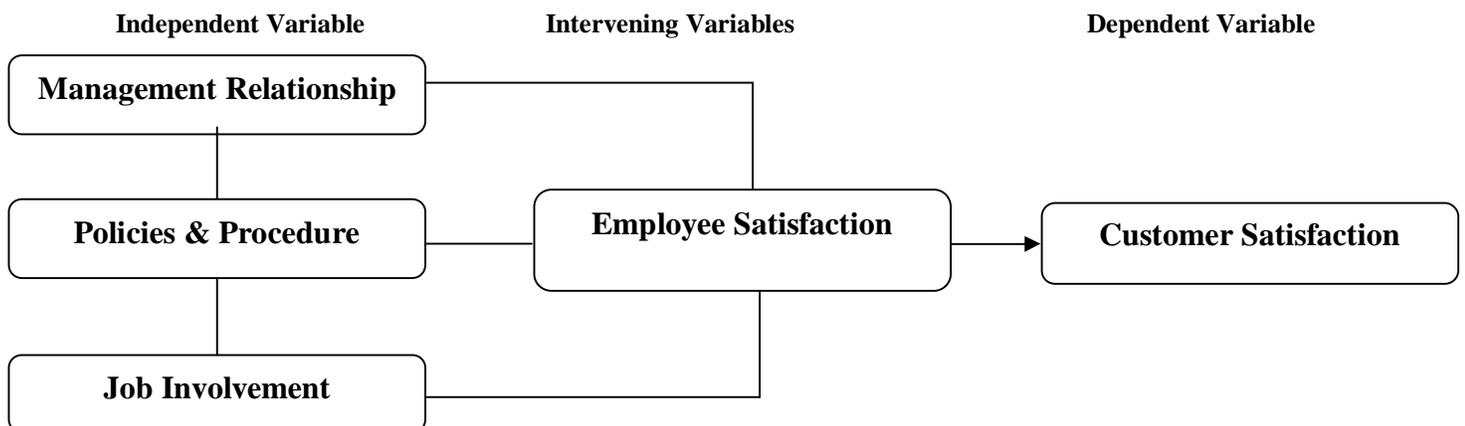
- 1) To investigate the impact of relationship of management on customer satisfaction in Lahore Electric Supply Company.
- 2) To determine whether or not job involvement of employee impact on customer satisfaction in Lahore Electric Supply Company.
- 3) To examine the degree of relationship of policies & procedure on customer satisfaction in Lahore Electric Supply Company.
- 4) To provide the recommendations to management of Lahore Electric Supply Company.

LITERATURE REVIEW

Fulfillment of feelings, wishes, and expectations of need are denoted as satisfaction. Every business has an element of satisfaction. It may be higher, lower, or equal in term of motivation, expectation and fulfillment of need is satisfaction (Allen and American Society for, 2004). Employee satisfaction is based on achievement of vision and mission, on other side customer satisfaction is necessary for any organization (Banker et al., 2000). Now a day's balanced score card is an important factor for any organization for implementation of its policies. Financial and non-financial factors are providing a system for improvement of organization with proper feedback from customer. Customer feedback is helpful for organization to improve its efficiency and proper utilization of resources is providing a comprehensive direction for organizational success (Xu and Goedegeburre, 2005). To understand the performance of employees and its impact on customer' behavior is an important factor in intangible services of employees. Now a day's satisfaction of customer is a benchmark and other organization monitored (Banker et al., 2000). Research defining the relationship of both employee and customer satisfaction. Organization success is depend on employee satisfaction and its result is reflected in customer satisfaction (Xu and Goedegeburre, 2005). The concept of satisfaction is reflects the level of satisfaction of employees and customers. Organization can attain the advantages with the help of satisfaction of employees and continuous improvement process with motivation. If to satisfied the internal customer ultimate object to satisfied the external customers (Xu and Goedegeburre, 2005). Managers are trying to apply the best practice in production and functional area for development of effective human resource. Services are the key issue in development of career. In marketing, direct relation with customer is raising a question of their satisfaction. HR department is adopting different policies and strategies for satisfaction of employees and its impact toward customer satisfaction (Xu and Goedegeburre, 2005). Loyal and satisfied employees work for organizational profitability and reduces the cost of production. As well as a satisfied customer is an advertisement and goodwill of organization. satisfied customer is increasing the business volume of organization. This is a chain of profitability and it become lengthy and lengthy (Barbosa et al.). Now business environment changed day to day and global trade is increasing as well as competition. Competitive environment is acceptable in term of financial return and manager is accepting the change. Organizational financial progress is an impact of customer satisfaction. Financial performance and customer relationship is a direct relation and satisfaction of employees developing impact on it. Direct relation of customer satisfaction and employee is a key part of success in any organization. Customer satisfaction is a mediating factor between the employees satisfaction and organizational performance (Christina G. Chi, Dogan Gursoy., 2009). Customer satisfaction is a benchmark of success of any organization. There is a positive relationship between employees and customer and its impact on service quality. Perception of customer regarding service quality is a factor employee job satisfaction and customer

satisfaction. Organizational profit shows the level of satisfaction of employees, who are more satisfied and are less satisfied (Steven P. Brown, Son K. Lam., 2008). In any industry customer and employee satisfaction is the most important part organizational strength. Satisfaction of employees depend on different factors such as excitement and performance. These factors are also the cause of dissatisfaction. Customer satisfaction is depending on excitement factor and it is increasing the level of performance of employees (Kurt Matzler, Birgit Renzl., 2007). Satisfaction of employees related to customer satisfaction and service quality for organizational profitability. Service quality have a positive impact on customer satisfaction. Organizational profitability shows the satisfaction level of employees. Employee satisfaction plays an important role in organizational profitability and performance of quality and operational performance. Employee satisfaction is playing a key role in organizational performance in service industry. Quality and profit life cycle is an impact of employee satisfaction (Rachel W.Y. Yee, Andy C.L. Yeung, T.C. Edwin Cheng., 2008). For service quality improvement customer loyalty is an important factor and employee loyalty important for organizational profitability and progress (Andy C. L. Yeung T.C. Edwin Cheng, 2009). Relationship between employees and organization is benchmark for competitor. This relationship plays an important role in organizational success. This relationship required further development for more success. Managers are taking initiative for this development and enhancing the organizational performance with customer relationship. Improvement of employees is the outcome of organization motivation. To fulfill the quality of products and customer needs depend on the employee satisfaction (Jacqueline A-M. Coyle-Shapiro, Lynn M. Shore., 2007). Authority of employees is an effective tool for satisfaction. Job satisfaction depend on the employee empowerment. This authority also causes of customer satisfaction. Employee satisfaction also leads toward the customer satisfaction which impact on the organizational success. If job satisfied is in fact employee satisfied. Job satisfaction is an important factor of organization success. Customer and employee satisfaction are inter related. Its compulsory to satisfy the employees and attain the impact on customer satisfaction (Isaiah O. Ugboro, Kofi Obeng., 2000). Today's big challenge is the service quality and higher customer satisfaction. Customer satisfaction is refer the performance of the organization, its depend on the evaluation of organization (Gustafsson, Johson, & Roos, 2005). Satisfied customer are the directly evidence of employee satisfaction (Homburg and Stoct, 2004). Satisfied customer are those customer who are the repeat customer, and overall satisfaction is the strong impact of employee satisfaction and loyalty (Prayukvong, Sophon, Hongpukdee, & Charupas, 2007). When a person is become a customer and reached at the level of satisfaction, means he or she loyal customer and its depends on experience and perception of quality (Yu, Lei, Yu, & Yu- Ching, 2005). Satisfied customer are always recommend to improve the quality and service but non satisfied customer never prefer again to buy the product (DiCostanzo, 2008). A negative word of mouth reduce the satisfaction level of customer and it spread all around and stop the new customer (Yu et.al 2005). Customer satisfaction always depend on different factors, such as quality, policies and procedure, job involvement, company offers, and word of mouth in a positive way (Prayukvong, et al. 2007). For gain of competitive position in market different organization are using different strategies, but the most important is to satisfied the customer and evaluate the product and services (Maztler, Bailom, Hinterhuber, Renzl, & Pichler, 2004). Employee satisfaction is also an important factor of customer satisfaction and it depends on work environment, actually work environment defining the conditions for working (Homburg & Stock, 2004). Attitude of employees is major issue and it define the happiness of employees and unhappy, organizations making arrangement for future on the basis of employee attitude (Silve, 2006). On the other hand employee quality of work, intelligence, emotions, behavior, and leadership are playing an important role for customer satisfaction (John, 2009).

Research Model



In the literature review, it has been observed that different variables like management relationship, job involvement, policies and procedure and employee satisfaction is created impact on customer satisfaction. Organizational performance ultimately depends upon employee performance and Employee satisfaction is a tool to improve employee performance. The following theoretical framework has been formulated to depict a relationship between Employee satisfaction and employee performance, in the presence of intervening variables. Employee satisfaction is creating a positive relationship on employee productivity. Employee satisfaction and Policies & procedure are the true compliments of giving a better shape to employees' performance. Employee satisfaction on its behalf tries to overcome the gaps between employees and major contents of their working environment. It may be in the form of learning from seniors, receiving satisfaction, cooperation from peers, and respects and obeying from the subordinates. It enables employees to actively participate in providing supportive suggestion on their behalves and conveying it to concerning management for the betterment of the employees and organization. These aspects of Employee satisfaction construct its value in the eyes of those think tanks whose minds revolve around the value generation of organization through proper utilization of all sorts of assets, and the most important out of them are their employees. Organizations around the world who are working with the notion of continuous progress in their employees work and performance, they should arrange such programs those can polish the employees' abilities and can develop their competencies which are required at the workplace. Employee satisfaction not only mentally develops the employee but also prepare them to make better their health in order to be with active mind and more productive thought for the organization.

Along with the ability of mental and physical development of employees' healthy Employee satisfaction not only prepares the old age employees to push up their performance, but it also adds effective attributes to the working abilities of young workers. The organizations which are producing some physical products for society, they should be very much careful about their employees who work on those products. Keeping the picture in mind regarding customer need they will be able to give a better shape to employee behaviour with them through proper Employee satisfaction. Especially companies who market their products through its employees should train their employees according to change in customer need and trend of market (Hollenbeck, Derue and Guzzo, 2004).

In the real life of human being, all the situations are sometime characterized by the actions which happen in routine where the individuals are able to perform different tasks and they receive Policies & procedure about their performance and abilities, (Eberlin et al, 2009). All the working areas whether service or production oriented are comprised of necessity of response from their employees about their working environment and its situations, and (Timothy and Clinton, 2005) expressed that marginal increase in production has been achieved through Policies & procedure and its proper response.

Policies & procedure is basic source of educating human in the sense of removing barriers they face in propagating their activities towards the targets they are given in their working environment (Watts, 2007). That is why, without proper Policies & procedure, the individuals and the organizations are unable to develop the standards which could meet the streamlined objectives. Employees' responses also turn helpful not only in removing undesired practices specific to them but also processing of information received through it can create healthy suggestions relevant to the development of the employees, and preparing them for higher future positions (Van and Geoffrey, 2005). Today future managers are the subordinates of the current managers. They will turn into managers as well as the leaders of the coming days, provided that their way is made clear of unfavorable conditions which can be hindrances in their way to progress towards those positions. Policies & procedure acts as a bridge between employees' non satisfactory conditions and management response to it. In educational institutions students utilize Policies & procedure process to clarify their contents and concepts of relevant subjects. Also Policies & procedure is provided to the students from their instructors which assures whether their approach regarding a certain topic or study is accurate and relevant or they are deviating from actual concept (Ertmer et al, 2007).

Hypothesis

On the basis of previous studies the present study hypothesis that:

- H1: There is an association between customer satisfaction with perception of management relationship.
- H2: There is an association between job involvement with perception of work, and customer satisfaction.
- H3: There is a positive correlation between employee satisfaction and customer satisfaction.

RESEARCH METHODOLOGY

The researcher used quantitative approach for this research. The population for this research was the employees of Lahore Electric Supply Company. Researcher used the non-probability sampling technique and random sampling. For this research sample size is 125 employees of Lahore Electric Supply Company. Researcher used the survey method for collection of data with instrument of questionnaire.

Reliability Data Analysis

The collected data is verified for its reliability by calculating the Cronbach’s Alpha. According to the alpha value more than 0.6, shows that the scale can be considered reliable. According to the productivity of employee with its determinants has good internal consistency, with a cronbach’s alpha coefficient as 0.60. The results show that cronbach’s alpha ranges from 0.618 to 0.641 which shows that the scale is reliable. It exceeds the recommended value of 0.6, demonstrating sufficient internal consistency in the scale applied to the research model.

Sr. No	Variables	No of Items	Alpha Reliability
01	Policies & procedure	5	0.640
02	Job Involvement	6	0.621
03	Management Relationship	5	0.618
04	Employee satisfaction	5	0.641

Correlation Analysis

Analysis of the correlation matrix indicates that Employee satisfaction has a moderately positive relationship with employee productivity $r=0.064$, job involvement $r=0.366$, Policies & procedure $r=0.025$ and Management Relationship $r= 0.135$. The positive result implies that better job involvement leads to improved productivity of employees as Employee satisfaction $r=0.366$, employee productivity $r=0.312$, Policies & procedure $r=0.065$ and Management Relationship $r= 0.207$. The results also indicate that there is a strong, positive correlation between the two variables productivity of employees and Management Relationship factor $r=0.021$, Employee satisfaction $r=0.135$, Policies & procedure $r=0.165$ and job involvement $r= 0.207$.

Regression Analysis

In order to test the hypothesis, the study used linear regression analysis to find out the relationship and intensity for each factor of Employee satisfaction impact on productivity of employee. The dependent variable and the independent variables are aggregated for data analysis and are entered for regression analysis. The value of R squared (goodness of fit) is 0.168 approximately. The value of R squared shows the portion of independent variable explained by the independent variables. The coefficient of correlation R is 0.384 approximately. The regression coefficients are shown in below table.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.410 ^a	.168	.145	.38209
a. Predictors: (Constant), Management Relationship, Employee satisfaction, Policies & procedure, Job Involvement				

The results are interpreted as follows:

Employee satisfaction: The first hypothesis in this study (H_1) is about the impact of Employee satisfaction factor on the productivity of employees. The hypothesis is accepted as the results show that Employee satisfaction factor has a coefficient value of 0.044 and significance of 0.666, which is consistent with the results of the study done. This leads to the acceptance of the hypothesis as there exists a positive relationship between Employee satisfaction and productivity of employees.

Job Involvement: The analysis result shows the coefficient value of 0.058 and significance of 0.000. The result shows a strong positive relationship of the variable with productivity of employees. The result confirms the hypothesis (H_2) that has found a significant positive relationship between job involvement and productivity.

Feed Back: Based on the coefficient value 0.020 and significance level 0.001, it is suggested that Policies & procedure is the strongest relationship of productivity of employees among the rest of the variables. Hence, hypothesis (H_3) is accepted to be true.

Management Relationship: The result shows coefficients value of 0.043 the statistics is confirms a positive relationship between the independent and dependent variable at a significance level of 0.108. The result leads to the acceptance of our hypothesis (H_4) and findings.

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.402	.384		14.059	.000
	Employee satisfaction	.019	.044	.035	.433	.666
	Job Involvement	.235	.058	.335	4.053	.000
	Policies & procedure	-.064	.020	.250	3.243	.001
	Management Relationship	-.069	.043	.127	-1.616	.108

a. Dependent Variable: Employee Productivity

Implications of the Study

According to the research findings, certain areas are identified as the most critical while customer satisfaction. These identified areas must be thoroughly considered by the Lahore Electric Supply Company to increase their productivity of employees. Improvement of employee satisfaction enables the employees to increase the customer satisfaction in the Lahore Electric Supply Company. The degree of productivity of employees done by the organization periodically motivates employees with management relationship, as it using versatility in its employee satisfaction techniques for customer satisfaction. For customer satisfaction try to employee job involvement should be developed in order to ensure reliable and timely provision of policies and procedure for employees.

Conclusion

This research scrutinized the different factors of customer satisfaction that satisfy customers and develop a positive relationship between employees and customers. On the basis of results, employee satisfaction reflect the company image. In areas of customer satisfaction, satisfied employees are extremely important because they represent the organization to the public. Every organization should develop policies that strengthen the employees and increase the satisfaction level of employees to enhance organizational performance, which results in customer satisfaction as well as customer retention.

Recommendations

Lahore Electric Supply Company is key organization in electricity supply in Pakistan. The researcher proposes the following recommendations: Further research should be conducted in this area to explore the impact of service quality on customer satisfaction. There is a need to explore more independent variables like as supervisory support, customer participation on customer satisfaction. There is a need to utilize the employee motivation for further research.

Acknowledgment

The authors declare that they have no conflicts of interest in this research

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