



# Organizational Consequences:

## The Effects of Putting Employee Satisfaction Before Customer Satisfaction

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### Hypothesis (Position)

Ignoring the idea that the customer is always right will lead to greater employee loyalty and satisfaction. Employee loyalty and satisfaction will then improve productivity and benefit the organization.

### Purpose of the Research:

The purpose of this research was to determine if putting employees before customers helps loyalty and satisfaction to ultimately lead to lower turnover and increased productivity. Also, this research project aimed to guide managers in customer service industries to allow them to adapt their managerial styles to increase the bottom line for businesses. This study had data backed information that allowed managers to adapt their practices based on the level of customer involvement within a company. Companies that deal with customers face to face or in daily conversation were the targeted companies for this study.

### Questions to be Answered:

Does manager support increase employee satisfaction?

Does employee satisfaction increase productivity?

Does productivity affect the bottom line?

Are there negative effects on the customers when managers support employees?

Do these negative effects have a large impact?

### Methodology:

Initially, this project pulled secondary research to find current positions on the hypothesis. This research pulled from books, scholarly articles, journals, websites, and other online sources through Cal Poly Pomona's library databases. This was the historical research used for the project. Historical research was limited to recent years to keep the information relevant and accurate for the project. Historical research was also used to help guide this project in questions that should be asked that may have not been answered before.

Next, primary research was collected by creating online surveys and sending them to both managers and employee level people to see the effects of managerial support from multiple positions. The survey was distributed to employed, unemployed, and retired individuals who have worked in a business that dealt with customers. As previously stated different levels of employees were surveyed to compare answers. All questions were the same for every person who took the survey.

Finally, six manager interviews were conducted. Managers worked in industries that were largely focused on customer service. Managers were asked how they support their employees to keep them satisfied. Managers were also asked how to keep customers satisfied. Managers were additionally questioned on whether they believe customer or employee satisfaction was more important.

### Importance of the Study:

This study aimed to prove to be of importance because of the lack of support employees can feel when they work in the customer service industry. 80% of people working in the United States in 2008 were working in a service industry (Cadwallader, Jarvis, Bitner, & Ostrom, 2009). This means a large majority of the population is affected. Customer service organizations often face higher turnover than other industries. High turnover results in increased costs for companies and decreased profits. This study provided alternative methods of managerial support styles to allow companies and managers to adapt, if needed. The study showed companies information that is data backed to prove increasing managerial support with employees will benefit the company, employees, and managers.

### Assumptions:

Scholarly articles, journals, books, and websites accessed through Cal Poly Pomona's Library databases provide accurate and reliable information.

All answers to survey questions are truthful.

Managers know the effects of their managerial style.

All surveyed have been employed at some part of their life.

### Limitations:

Level of managers may not be high enough to know if decisions affected the bottom line.

Survey had a limited reach of people researchers are able to network to. Including online Facebook groups, school clubs and associations, friends, and family.

Data comes from Cal Poly Pomona databases and may not include all available data.

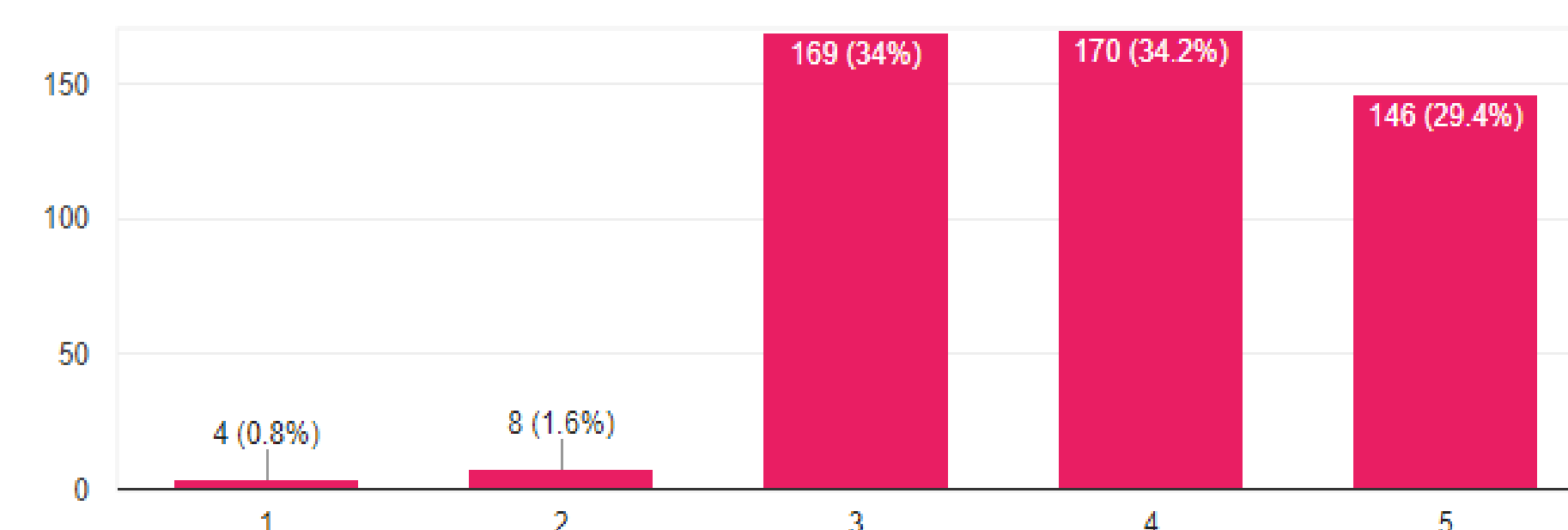
Survey respondents may not be truthful in answers

### Survey Findings:

The survey was diverse in terms of age, education, and employment status. Almost every person who took the survey had heard the term "The customer is always right." This shows the significance of the term. Of the 542 responses received 497 had worked a job that dealt with customers on a daily basis. Of the 497 participants, 319 had held a manager or supervisor position with employees who dealt with customers on a daily basis. A large majority (74%) of the survey participants rated customer service at a 5, very important. A slightly higher number (76.7%) of survey participants rated personal satisfaction at a 5, very important. 95.7% of survey participants agreed that manager support is at least sometimes important. Majority of participants said their work performance would not change in a situation where their manager took a customer's side of theirs. However, 63.6% of participants said work performance would increase slightly or more if a manager took their side over a customer's.

If your manager took your side over a customer's how would this affect your performance at work?

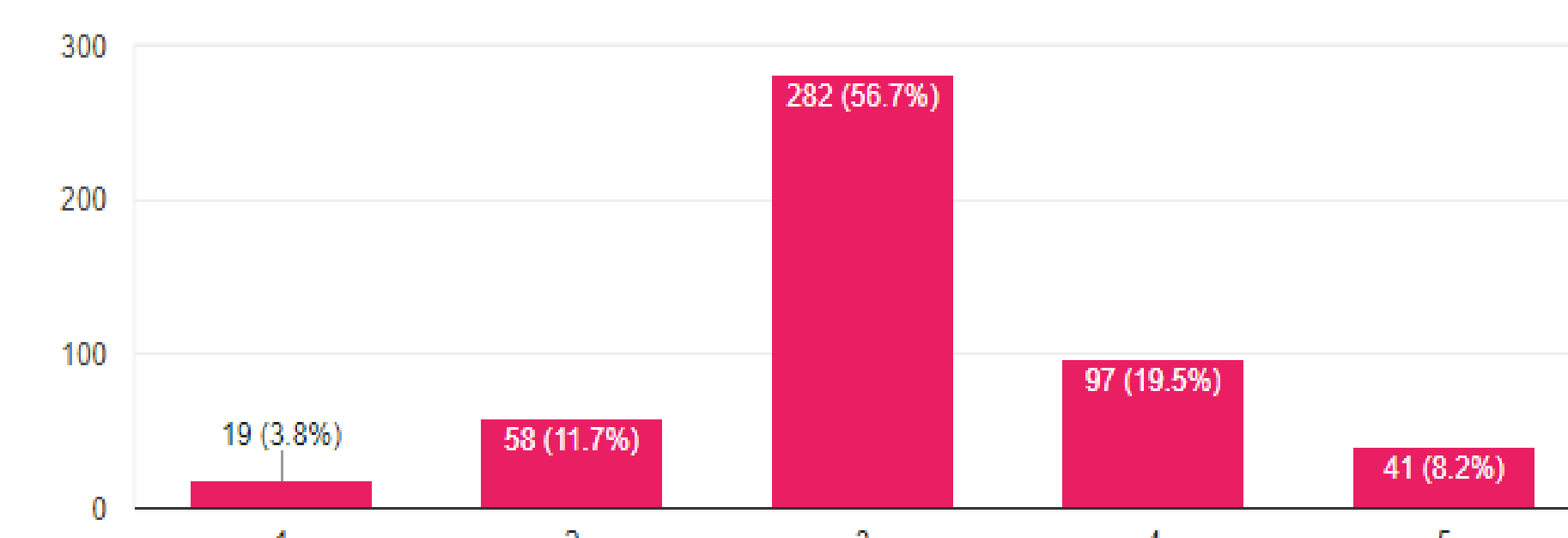
497 responses



1= Would perform much worse than before 5= Would perform much better than before

If your manager took a customer's side over yours how would this affect your performance at work?

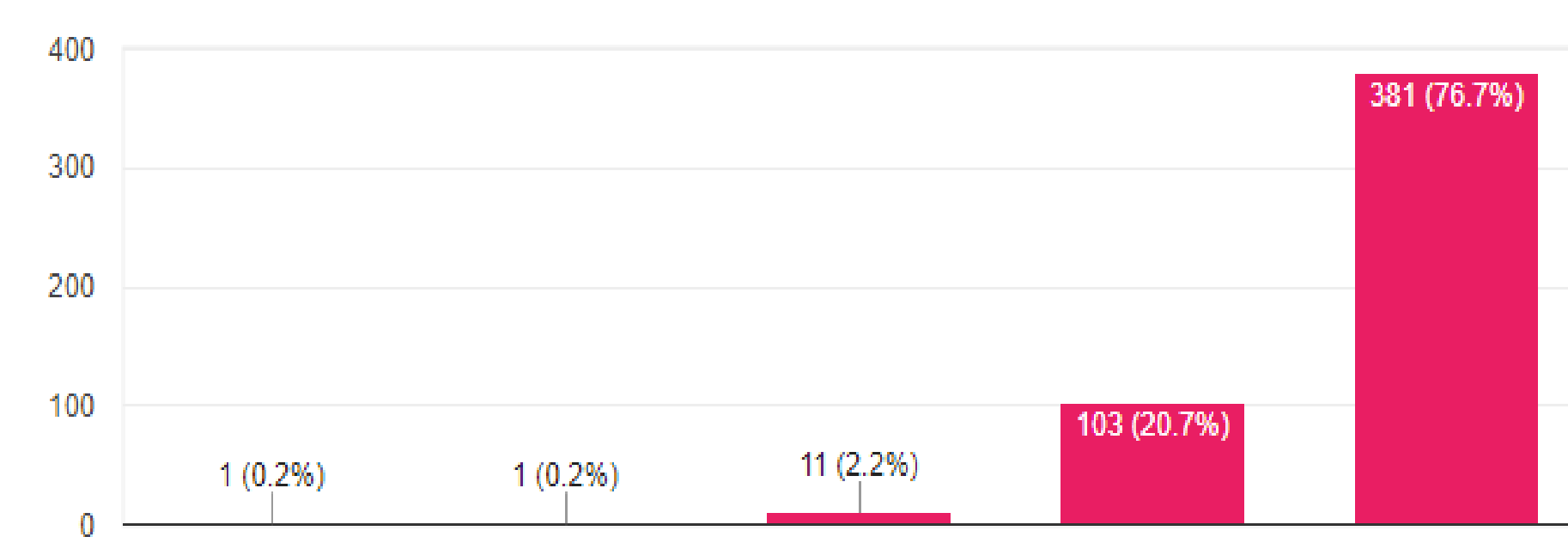
497 responses



1= Would perform much worse than before 5= Would perform much better than before

How important is personal satisfaction in your job?

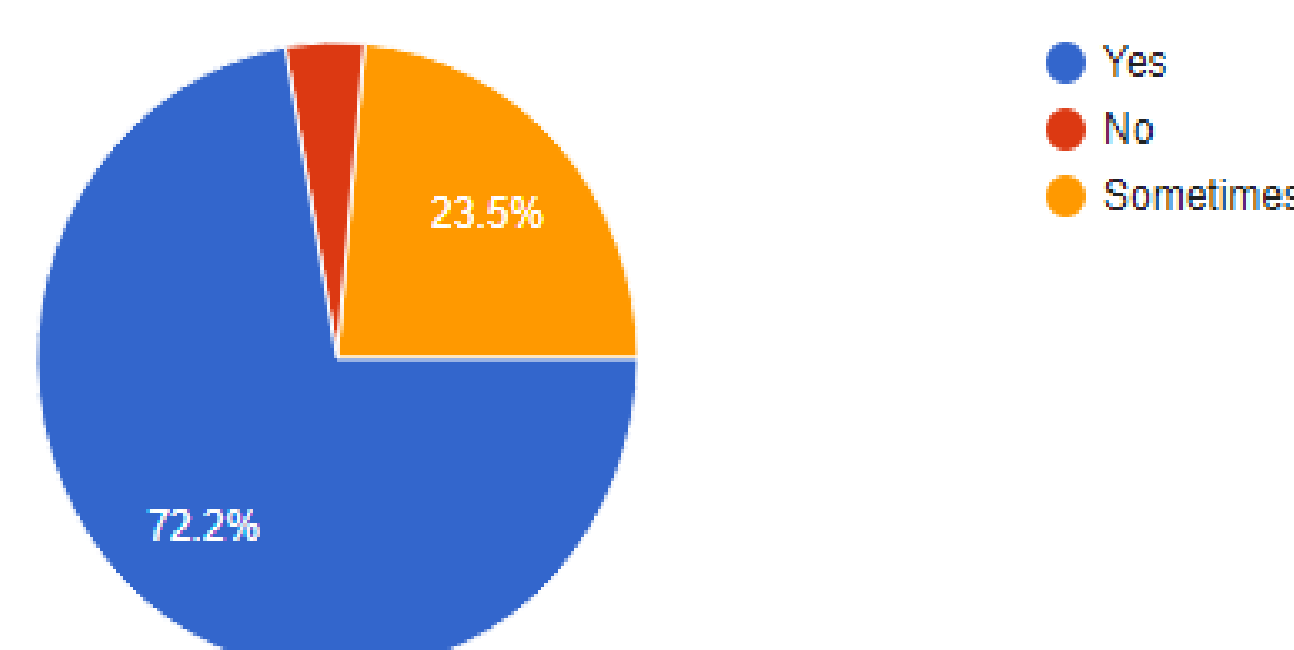
497 responses



1= Not at all important 5= Very Important

Is manager support necessary for satisfaction in your job?

497 responses



### Interview Findings:

Managers of different levels were interviewed and held their position from a few months to over 16 years. Each manager said customer satisfaction is very important. Managers slightly changed answers on industry they were in but all said customer's who are satisfied come back. All managers agreed employee satisfaction was important. Most said that employee attitudes determine how they will work and treat customers. Happy employee equals happy customers or at least customers who will be treated right. Every manager said employee satisfaction and customer satisfaction are equally important. To have customer satisfaction, managers said they provide quality training for employees, so customers get consistent service. Also, greeting customers, making them feel welcome, asking if they have questions, and trying to resolve any issues they may have. For creating employee satisfaction managers stated communication is important. Also, providing training, benefits, income, and encouragement. Tips for other managers varied. Most respondents were focused on manager support for employees, some focused on the customers, and others focused on what it was like to be a manager. Managers support is a tip provided. Be kind to customers is another. Also, make sure you are ready to be a manager.

### Discussion:

Overall, it appears that most respondents value customer and personal satisfaction in their jobs. Looking at age, education, and employment status, held similar results of importance regardless of what segment was looked at. Respondents also were likely not to change performance if a manager took a customer's side over their but would increase performance if a manager took their side over a customer's. The initial hypothesis was that if managers disregard the idea that the customer is always right, employee loyalty and satisfaction will be increased. The original hypothesis was correct. In this research, this study found that manager's taking employee's sides over a customer's, has a chance of increasing employee performance. Also, almost all respondents believed that manager support was at least sometimes necessary with the majority responding with a yes manager support is necessary. In the interviews, it was discovered managers recognize the value of employees and their satisfaction. Many of the managers stressed the importance of keep customers happy but also keeping employees happy. Keeping employees happy is an essential part of an organization and a necessary part to keep an organization running.

### Conclusion:

Organizations need employees to keep their businesses running. This study found that employees who have to deal with customer's need manager support. Other studies have found that manager support leads to reduced turnover (Karatepe & Kilic, 2015). Reduced turnover is known to reduce costs for organizations. While employees may not be affected by managers taking a customer's side, they are positively affected when a manager takes their side. The customer is not always right, sometimes employees are. Of the 6 managers interviewed, all of them said they believed employees and customers are equally important. The original hypothesis of the study was found to be correct. Other insights were also found from this study. Such as, most employees believing the customer satisfaction was very important to them as well personal satisfaction.

### Recommendations:

This study recommends that managers remember to think of employees when making decisions. If a manager finds themselves in a situation where they have both a customer and an employee believing they are right, then the manager should listen to both sides (Moran, 2014). As found in interviews with managers, employees need to be equipped with the proper knowledge and training to do their jobs. Providing quality training and employee development is essential to an organization's success (Bercu, 2017). One study suggests that management and organizations look at their employees as customers and their jobs as the products they are selling. This study suggests using internal marketing to positively influence job satisfaction among employees (Ishaque & Shahzad, 2016). This study recommends managers to market the jobs within their organization to employees. Managers should also know the employees they are hiring. Employees need to fit with an organization's values and goals. Also, managers have a better chance of having satisfied employees if their employees are emotionally intelligent (Adil & Kamal, 2016). Organizations should also collect data from customers to determine where they are succeeding and where they need to improve. Collecting data on customer's opinion can help improve the quality of life for customers and customer satisfaction (Fischer, Smith, & Kennedy, 2014). Organizations can take this data and use it to develop their training programs to help provide employees with the tools they need to succeed. Organizations should also ensure the climate or culture they are providing matches the employees they are hiring. If the organizational climate is favorable stress is reduced and employee satisfaction is increased (Thakre & Shroff, 2016).