Employee Satisfaction and Service Quality: Is There Relations?

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Abstract

Studies on the relationship between employee job satisfaction and performance have controversy. The Howthorne Studies conducted in 1930 was conducted to test the effect of job attitudes on performance. In the study it was found that a happy employee is a productive employee (Saari & Judge, 2004). Although many previous studies and support from the Social Exchange Theory states that employee job satisfaction affects the service quality, but the impact of employee job satisfaction on service quality cannot be detected. This research was conducted in three private hospitals in Central Java with a self-assessment by 134 employees who assess employee job satisfaction and customer-assessment by 134 customers who assess the service quality it receives as a measure of the performance of a service company. The relationship between two variables is discussed.

Keywords: Employee Job Satisfaction, Service Quality, Private Hospital.

1. INTRODUCTION

A strong relationship between employee satisfaction and customer satisfaction with the service quality is considered very important for managerial strategy that focuses on a comprehensive approach to manage service quality. The literature on service quality suggests a link between employee satisfaction and customer satisfaction (Schneider & Bowen, 1993; Hartline, Maxham, & McKee, 2000; Loveman, 1998; Schlesinger & Zermitksy, 1991). The relationship between employee satisfaction and service quality will be stronger in business activities based on the activity of individual employees who serve customers directly. In other words, the relationship between employee satisfaction and service quality will be stronger in service firms than manufacturing firms.

In a service company, employee satisfaction, customer satisfaction and service quality are the three things that are very important (Lam, Zhang, & Baum, 2001). The previous researchers found a positive relationship between employee satisfaction and customer satisfaction (Koys, 2003; Wagenheim, Evanchitzky, & Wonderlich, 2007). One of the antecedents of customer satisfaction is employee satisfaction (Wagenheim, et al., 2007; Yee, Yeung, & Cheng, 2008). Implicit assumption underlying the relationship between customer satisfaction and employee satisfaction is an increase in employee satisfaction will lead to increased customer satisfaction due to better service quality. Most of the previous research supports a positive relationship between employee satisfaction and customer satisfaction (Schlesinger & Zermitksy, 1991; Schlesinger & Heskett, 1991; Schneider & Bowen, 1985; Yee et al., 2008). Therefore, positive changes in employee attitudes will drive positive change on customer satisfaction.

The relationship between employee satisfaction and work behavior are disclosed in Howthorne Studies. Nevertheless, with the passage of time, the findings in the study are defined and difficult to be verified. Many studies conducted in the operational management found or examined the relationship between service quality, customer satisfaction, and business performance (Heim & Sinha, 2001; Balasubramanian, Konana, & Menon, 2003; Nagar & Rajan, 2005). However,
research on the impact of employee satisfaction on the operational performance is rarely done. Only a few studies examine the relationship between employee satisfaction and service quality of service (Hartline et al., 2000; Singh & Sirdeshmukh, 2000). Although Voss, Tsikritktsis, Funk, Yarrow, and Owen (2005) have developed an empirical model of the impact of employee satisfaction on service quality and customer satisfaction, but empirical research on it is still rarely done.

Studies conducted by Loveman (1998) on the banking sector do not provide empirical support for the positive impact of employee satisfaction on customer satisfaction. Homburg and Stock (2004) found that there are no studies that examine the factors that affect the strength of the relationship between employee satisfaction and customer satisfaction. Empirical evidence on the matter is also less consistent. Employee satisfaction can influence customer satisfaction directly or mediated by variables related to employee behavior (Homburg & Stock, 2004).

Previous researchers found an association between employee satisfaction and customer satisfaction. However, Schmit and Allscheid (1995) found that the relationship between employee satisfaction and customer satisfaction are still in need of conceptual and empirical evidence. A positive relationship between employee satisfaction and customer satisfaction has been widely demonstrated. However, studies that are based on theory and empirical analysis of the relationship are still rarely done (Homburg & Stock, 2004). Based on a variety of exposure in previous studies, this study will review the relevant literature and develop a conceptual model of the relationship between employee satisfaction and service quality, and to develop relevant hypotheses. Then, this study also describes the methodology followed by the findings from empirical studies are used to test the research hypothesis. In the end, this article will discuss the results of research both theoretically and empirically, the limitations of the study, and practical implications for researchers and managers.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Employee Satisfaction

Spector stated that employee satisfaction is employee satisfaction on the job or the extent to which state employees like his job (Sharma & Mani, 2013). Employee satisfaction indicates feelings of employees towards the work. Employee satisfaction is also defined as an overall evaluation of the work for the company. Employee satisfaction can be viewed as a machine that brings a change in the internal environment in the employee's performance and service quality required in the repair and improvement services to customers. Employee satisfaction is an important thing but never fulfilled at any time and is very difficult to calculate the employee satisfaction. Organizations prefer to measure something that is easily measured because it is quantitative, such as financial performance and productivity.

Employee satisfaction in service organizations achieved in the internal satisfaction. Bulgarella states that employees who are satisfied are employees who are motivated to convey his concern for others (Paul, 2013). Satisfied employees are employees who can be empowered. In other words, employees who are satisfied will have the resources and the responsibility to understand and meet the customer's demands and needs. Employees who are satisfied assessed as having emotional resources sufficient to show empathy, understanding, respect, and attention to the customer.

Employee job satisfaction is an important and an attractive factor in the research, particularly related to resource management human. Kusku (2003) stated that employee satisfaction is important to achieving quality and accountability of the organization. Employees will be more productive if they are satisfied with the work and the environment in which employees work and can improve the quality of the organization. Trivelas and Dargentidou’s (2009) research results showed that employee job satisfaction caused by human relations and job enrichment, as well as the work environment that is positively related to the quality of administration. These employees
not only deliver and create services, but also become part of the service, so that employee satisfaction will improve the service quality.

2.2. Service Quality and Customer Satisfaction

Services quality covers quality processes and quality output. Service quality is quality during the process that is acceptable to consumers. The output quality is the quality perceived by the customer after the service is received. If the customer service received is equal to the expected, the service quality is quite good. On the other hand, if the services received worse than expected, then the service quality is also considered bad. In other words, if the service quality can be met, the service is said to be satisfactory. Customers satisfied with the services received.

Customer satisfaction is a function of the service quality that is perceived and valued by customers. Customer satisfaction is the perception or judgment made by customers for services it receives. The customer satisfaction definition is various. There is a diverge definition between one customer and other customers. In other words, there is no one definition of the same regarding customer satisfaction. Definition of customer satisfaction is very complex, therefore, research on customer satisfaction should be continuously carried out. Definition of customer satisfaction is most often used by researchers is the success or failure of a business to meet customer expectations.

Service quality is a concept that drives interest and debate in the research literature because it is difficult in the definition and measurement with no consensus. There are a number of different definitions of service quality. First, the service quality is a service that can meet the needs or expectations of the customer (Dotchin & Oakland, 1994; Lewis & Mitchell, 1990). Secondly, the service quality can also be defined as the difference between customer expectations of the service and the service is perceived or received by the customer (Parasuraman, Zeithaml, & Berry, 1985).

Assessment of service quality performed during the service delivery process which usually requires the presence of a relationship between the customers and employees who provide services. Results of research conducted by Priyathanalai and Moenjohn (2012) showed a positive and significant relationship between employee satisfaction and service quality. Schlesinger and Zorntzsky (1991) also examine job satisfaction and service quality and found that employee perceptions of job satisfaction and the ability to serve has a positive relationship with perceptions of the service quality. In his observations, Bitner (1990) found that low job satisfaction can reduce the performance of services. This suggests a significant correlation between job satisfaction and employee performance.

2.3. Relationship Quality of Service and Employee Satisfaction

Quality Management mentioned in the literature that customer satisfaction is a key to employee satisfaction. Employees are said to be associated significantly satisfied with the service quality and customer satisfaction. Satisfied employees are more productive, innovative, and loyal, so the impact on customer satisfaction. Employees who are satisfied will be able to play the role of a strong core in achieving excellence and organizational effectiveness. Effect of employee satisfaction on service quality and customer satisfaction has also been widely discussed in the literature and marketing practice lately (Spiro & Weitz, 1990). Employees who are dissatisfied or unhappy would not be able to provide excellent service to the customer (Schlesinger & Zorntskly, 1991; Brief & Motowidlo, 1986; Brown & Lam, 2008). In the Operations Management literature, the significance of the attitude of the employees in the organization such as satisfaction, commitment, and loyalty, and how these attitudes affect the performance of the organization are rarely presented in depth (Boudreau, 2004; Boudreau, Hopp, McClain, & Thomas, 2003). How human resources can affect the operations of the organization is a study that is rarely done.

The influence of customer satisfaction on employee satisfaction is supported by Social Exchange Theory (Konovsky & Pugh, 1994) and the Psychological Contract Theory (Robinson & Morrison, 1995). The essence of both theories is the norm of reciprocity. Satisfied customers will feel
engage and cooperate with people who have satisfying or beneficial for him (Bateman & Organ, 1993). Beaty and Lee (1996) stated that customers who develop relations with employees will allow the employee to give attention to the customer. In other words, positive reinforcement of customers will increase customer satisfaction on the employees who have served.

The researchers argue that employee satisfaction will improve the services quality that are based on similarity or justice in the Social Exchange Theory. Although there are different views in the Social Exchange Theory, experts agree that social exchange involves a series of interactions that make up the responsibilities (Cropanzano & Mitchell, 2005). In Social Exchange Theory, if the employee offers a comfortable working conditions that can make employees feel satisfied, there will be a tendency to make the extra effort for the organization as a way to repay the kindness they have received (Wayne, Shore, & Linden, 1997; Flynn 2005). Therefore, the researchers suggested that employees who are satisfied will have a commitment to serve customers better (Loveman, 1998; Silvestro and Cross, 2000; Yoon & Suh, 2003).

A lot of research tried for finding the relationship between human resources and service quality. The research results of Malhotra and Mukherjee (2004) stated that, research on the relationship between human resources and service quality remains to be done. Xu and Goedegebuure (2011) suggested a positive relationship between employee satisfaction and customer satisfaction. The same thing has also been tested by Hartline and Ferrell (1996) and Schneider and Bowen (1985). Several studies have shown the character and strength of the relationship between employee satisfaction and customer satisfaction (Schlesinger & Zaltman, 1991; Schlesinger & Heskett, 1991). Heskett explained that the relationship between employee satisfaction and customer satisfaction is an analogous to a mirror satisfaction (Singh, 2000). Business success is the result of employee satisfaction that will be reflected or followed by customer satisfaction.

Besides positively related, employee satisfaction will lead to customer satisfaction. Employees who are satisfied will deliver a good service. Therefore, the employee would make satisfied customers also feel satisfied (Schlesinger & Zaltman, 1991). Bolton and Drew (1991) stated that job satisfaction can directly affect customers’ perception of service quality. In other words, job satisfaction has a positive impact on the quality of service which will affect customer satisfaction. Oh and Yoon (2011) also found that job satisfaction of employees in the service sector has a significant influence on the quality of service and concluded that job satisfaction also affects customer satisfaction.

Meanwhile, Zeithaml and Bitner found the existence mutual influence (reciprocal effect) between employee satisfaction and customer satisfaction (Paul, 2013). Employees who are satisfied will try to satisfy the customer. Furthermore, customer satisfaction will strengthen employee satisfaction on the job. The relationship between employee satisfaction and customer satisfaction shows that employee satisfaction will increase when customers appreciate her efforts and employee's service. This suggests the need for feedback from customers for the services is received. The feedback can be either positive (appreciation) or negative (complaints) against the employee. In other words, the relationship between customer satisfaction and employee satisfaction are complex.

Customer management is a very important issue for the organization. This is due to the majority of companies trying to achieve market dominance to win the competition. In fact, many
companies strengthen their competitive ability with customer-oriented strategy and performance-based management. Efforts for improving customer satisfaction is important for organizations, especially service organizations. Much research has been done on the relationship between employee satisfaction and customer satisfaction. However, the researchers still feel a lack of conceptual and empirical support regarding their relationship. Several other researchers stated that employee job satisfaction is influenced by the work climate caused by the customer. In a meta-analysis, Mathieu and Zajac (1990) concluded that employee satisfaction has little direct impact on business performance. Many researchers have tested the correlation between employee satisfaction and work behavior of individuals such as labor turnover, absenteeism, delays, use of illegal drugs, and sabotage. However, the relationship between employee job satisfaction and operational performance such as service quality is less explicitly and accurately studied empirically. Based on a variety of such exposure, the hypothesis of this study is there is an absence of a significant direct relationship between employee satisfaction and service quality.

2.4. Self-Assessment and Rating Customer
This study has two objectives. First, this study replicates the results of research that has been done before. I would like to confirm the relationship between employee perceptions of job satisfaction and practice relating to customer perception of the service quality that is received. This study did not test hypotheses about the relationship between employee perceptions of the practices of human resource management and customer perception of service quality. The second purpose of the study was based on the belief that a positive work experience for employees will be reflected in a positive experience for the customer. Therefore, this study uses employee surveys and customer surveys. It is based on the consideration that the service organization, especially high contact service, employees are people who deal directly with customers. Employees are the people who need to know of how they respond to the wants, needs, and expectations, and they are very important people.

The use of two raters aims to overcome the bias problem that occurs when using only one source of assessment, the achievement of the perception of fairness, and acceptance of the results of the performance appraisal. According to Harris and Schaubroeck (1988), the advantages of multiple raters including increased ability to observe and measure a variety of jobs, improve reliability, fairness, and acceptance of the assessed, and improve defensibility of performance assessment. At first, the feedback system from a variety of sources is used for the purpose of development (London & Smither, 1995) and shifted for administrative purposes. The trend toward administrative based on the assumption that the system can provide a better quality of information and provide more complete information than that obtained by a single source (Greguras, Robie, Schleicher, & Goff III, 2003). Furthermore, there is a theory proposed by Taft on interpersonal judgment which states that the accuracy of the assessment by one person against another person determined by the assessor motivation to evaluate accurately, the existence of norms or standards to evaluate precisely, and the capability for evaluating an assessment (Decotiis & Petit, 1978).

According Schnake (1991), there are differences between the appraisal due to differences in the interaction of personal, organizational culture, level of task dependency, management style, job characteristics, and various other contextual factors. This study examined the relationship between attributes of employees that employee job satisfaction is assessed by the employees with self-assessment and the performance of the organization or company in the form of service quality that is assessed by the customer (customer-assessment).

3. RESEARCH METHODS
3.1. Samples and Procedures
This study was done using a questionnaire distributed to collect individual data on respondents. The timing of the surveys carried out around about four months. The sample consisted of 134 customers (with a response rate of 67%) of 200 customers who are patients or families of patients and 134 employees (response rate 90%) of 150 employees working in a private hospital...
in located in Central Java Province. The respondents received a survey using pen and paper. Respondents were assured anonymity of answers to the questionnaire that they have given and respondents completed the survey during working hours.

This study also uses a self-assessment and the assessment of others (others-assessment). Clear self-assessment is appropriate to employee job satisfaction variables. The patient or the patient’s family assesses the service quality that is received. Employee indeed is a most appropriate respondent to self-report in job satisfaction (Conway & Lance, 2010). Method variance is usually assumed to increase the correlation, but the general situation of considerable research, the method will actually weaken the correlation variance compared to the situation without method variance.

3.2. Measurement
Instrument or measuring instrument is designed to study the individual level of analysis units. Each respondent in the study were asked to complete a questionnaire according to their shares. Patients completed questionnaires five types of service quality, which is an assessment of the physical hospital’s facilities, service reliability, fast response in dealing with patients, service assurance, and hospital care for patients. Questionnaires five dimensions of service quality and employee job satisfaction questionnaire taken from Beamount (2012) were adapted to the needs of the hospital.

3.3. Descriptive Statistics, Validity, Reliability and Inter Scale Correlation
This study used a questionnaire developed by previous researcher translated from English, then translated back into the original language. It is intended for translation consistency. Corrected Item-Total Correlation was conducted to test the validity of the measuring instrument. Based on testing the validity of using the corrected item-total correlation, then there are 6 items of physical hospital’s facilities, 5 items of service reliability, 3 items of fast response in providing the services, 6 items of assurance services, 4 items of attention on the patient, and 12 items of employee satisfaction are valid. To assess the reliability of items measuring all variables, internal consistency checks with Tho Cronbach Alpha is performed. The Cronbach Alpha of the test resulted in a record 0.8388 for the hospital physical evidence, 0.8262 for reliability services, 0.6717 for fast response in providing the service, 0.6350 for guarantee service, and 0.7814 for the attention of the patient, as well as 0.6743 for employee satisfaction far above the reliability limit as recommended by Hair, Black, Babin, Anderson, & Tatham (2006) of 0.6. Content validity of the instrument used to assess the measurements made at the stage of pre-tested by asking the expert opinions of two professors from college and has specialized in quantitative research in terms of methodology and discipline of organizational behavior. The scale is then performed Randomized Pretest on all respondents as suggested by Sekaran and Bougie (2010).

Based on theoretical and empirical estimation, the bivariate correlation between two dimensions of service quality is positive, while the bivariate correlation between each dimension of service quality and employee satisfaction was not significant. In other words, there is no correlation between quality of service and employee satisfaction in cases in three hospitals in Central Java Province. Standard deviation calculation results, the reliability scale, and the correlation between among all variables presented in Table 1.

<table>
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<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
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<td>0.4074</td>
<td>0.8388</td>
<td>1.00</td>
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<tr>
<td>Kehandalan</td>
<td>2.8209</td>
<td>0.4128</td>
<td>0.8262</td>
<td>0.501**</td>
<td>1.00</td>
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<td>Cepat Tanggap</td>
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<td>0.4683</td>
<td>0.6717</td>
<td>0.284**</td>
<td>0.642**</td>
<td>1.00</td>
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<tr>
<td>Jaminan</td>
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<td>0.3301</td>
<td>0.6350</td>
<td>0.573**</td>
<td>0.624**</td>
<td>0.514**</td>
<td>1.00</td>
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<td>Perhatian</td>
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<td>0.5161</td>
<td>0.7814</td>
<td>0.424**</td>
<td>0.651**</td>
<td>0.662**</td>
<td>0.796**</td>
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<tr>
<td>Kepuasan</td>
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<td>0.3264</td>
<td>0.6743</td>
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Notes: correlation is significant at the 0.01 level (2-tailed)

TABLE 1: Mean, Standard Deviation, and Correlation among Research Variables.
Based on Table 1, the correlation between employee satisfaction and each dimension of service quality is not significant. This means that employee satisfaction is not related to quality of service. It is also reinforced by the correlation between employee satisfaction and all of quality service dimensions are also not significant. $(r = -0.030)$.

4. RESULTS AND DISCUSSION

Many companies are enthusiastic in applying centered approach operations and perform a variety of effective ways to improve organizational efficiency. This has an impact on the management of human resources in the operating system. The importance of employee attitudes such as job satisfaction, employee loyalty, and organizational commitment, as well as its impact on operational performance is often ignored in the literature operational management (Boudreau, 2004). On the other hand, the issue of management of human resources in science is much discussed Organizational Behavior and Organizational Psychology for decades. In fact, the interest of researchers and practitioners of Organizational Behavior and Human Resources Management are rooted in the understanding or premise that the employee attributes are important for the effectiveness of the organization.

Operations Management and Human Resource Management seems to indicate the separation in terms of discussion of these issues in a long time, despite the fact that there is a correlation between the two (Boudreau et al., 2003). Study about the impact of employee attributes on the actual operational activities is important for service industries for personal service employees interact with customers. Since a long time, research on the attributes of the employee and the employee's performance has been the domain of Organizational Psychology, Operations Management instead. However, operational managers have greater involvement in the management of services. Therefore, the attributes of employees is an important factor for operational efficiency.

The results of this study differ from previous studies that examined the relationship between employee job satisfaction and service quality. Many previous studies have shown that the organization is not likely to improve service quality, organizational performance, and productivity before the achievement of internal customer satisfaction or which in this case is employee satisfaction. The researchers suggest that service quality is influenced by employee satisfaction (Hartline & Ferrell, 1996). This means the ability to manage the service quality should be done by giving attention to job satisfaction. In other words, service quality depends on employee job satisfaction. This study examined the relationship between service quality and employee satisfaction. Service quality of is evaluated by the customer, while employee satisfaction using employee’s self-assessment.

Increasing importance of satisfaction has led researchers to study the phenomenon of satisfaction from two sides, i.e., employee satisfaction and customer satisfaction. This study has tried to examine the relationship between employee satisfaction and service quality in the health care sector in some private hospitals. This study focused on finding the relationship between employee job satisfaction and service quality using a data link between employee and customer feedback responses. Based on previous research, there is a positive relationship between the two variables (Homburg & Stock, 2004), a negative relationship between the two variables (Silvestro & Cross, 2000), and there was no significant relationship between the two variables (Brown & Mitchell, 1995). This research result was confirmed to Brown and Mitchell’s (1995) study.

The influence of contextual and methodological may moderate the relationship between the two variables that cause the nature of the relationship is different. Understanding the strength and context dependency relationships can provide insight into the level of employee satisfaction that will affect customer ratings. How does the influence of the type and number of services will also be influential in context and design research. The results of analysis of previous researchers stated that the nature of the relationship between the customer and the employee are different.
between one service industry and other service industries (e.g., personal and non-personal services, presence services face to face directly or indirectly, business to business activities or business to customer) (Brown & Lam, 2008). This will be an underlying condition in which the customer response will specifically sensitive to employee satisfaction.

According to Lovelock (1993), there are some classification services, namely, personal services (e.g., medical, fitness) or service encounter and property services (e.g., repair, garage) or business encounters which have many differences. Personal services require proximity between the service provider and the customer. There is an interpersonal relationship between service providers and customers through meetings and affective communication. In a personalized service, customers can closely observe the process and results of the services. In the manufacturing company, interaction occurs only in the front office or lobby. It is difficult to evaluate the results of the ownership of the service performed. In the best personal service, customer service performance may be perceived as technical competence and pleasant service. As a result, service providers have a greater opportunity to differentiate itself through the services quality in service industries. It can be said that the relationship of employee satisfaction and service quality will be stronger in service industries than in manufacturing industries. A number of services found that relationship between job satisfaction and performance in the service quality will be stronger at the organizational level rather than at the individual level (Ostroff & Harrison, 1992; Gully, Dennie, & Whitney, 1995; Judge, Thoresen, Bono, & Patton 2001).

5. CONCLUSIONS
The results of this study indicate that there is no relationship between employee job satisfaction and quality of service. This research supports previous research that suggests that the relationship between the two variables is not consistent. In various concepts stated that the two variables are related, but the effects are reciprocal. Defining the service quality is difficult and contributes to the lack of consistency in research on service quality. The same thing also happened on employee job satisfaction is multidimensional.

This study uses two assessors, the self-assessment is used by the employee in assessing satisfaction of work, while customer assessments used in assessing the service quality that is received. Research excellence that uses more than one assessor is eliminating the presence of common variance caused by an assessor who must assess more than one variable research (Conway & Lance, 2010).

Finally, this study also showed some weaknesses. This study was only conducted in three hospitals in Central Java Province. Therefore, there may be different results when the same research study carried out in different places. In addition, the sample size in this study is not too large, so that an increase in the number of samples may show different or her. This kind of service will also affect the research results. This research results can be generalized when executed on multiple types of service industries and in different cities or countries.

Future research should seek to examine the extent to which the present results reproduce more widely in different cities or countries and in different service industries, such as education or other public service industries. Future research can also adds other variables such as customer satisfaction as mediating variables.

6. REFERENCES


