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## TO FINANCIAL SUCCESS THROUGH HAPPY CUSTOMER SERVICE EMPLOYEES

### Summary

The purpose of this article is to emphasize the role that customer service people play in a company to attract and maintain customers. The customer service people are front line power that can help a company achieve its goal that is a financial success, thanks to positive relationship with customers, if well managed. Otherwise, they may hinder rather than help the organization to achieve this goal.

**Keywords:** customer relationship management, customer satisfaction, knowledge management, internal marketing, internal customer satisfaction.

### Introduction

The various researches have proved that the customer satisfaction is positively related to a company financial outcome<sup>1</sup>. Scientific analyses also show that customer satisfaction is both dependent on, and a contributor to, employee satisfaction and they mirror one another, and are directly connected<sup>2</sup>. “There is

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<sup>1</sup> E.W. Anderson, M.W. Sullivan, *The antecedents and consequences of customer satisfaction for firms*, Marketing Science 1993, Vol. 12, No. 2, pp. 125–143.

<sup>2</sup> N.F. Piercy, *Customer satisfaction and the internal market: marketing our customers to our employees*, Journal of Marketing Practice: Applied Marketing, 1995, Vol. 1, Iss. 1, pp. 22–44.

a direct link between employee satisfaction and customer satisfaction, and between customer satisfaction and improved financial performance”<sup>3</sup>. A study published by The Forum for People Performance Management & Measurement at Northwestern University found that there is a direct correlation between organizational culture, organizational climate and human resource systems characteristics with employee satisfaction and employee engagement. Employee job satisfaction relates to the extent to which members report positive appraisals of their work situation and employee engagement was defined by the Forum as a degree of employee motivation and sense of inspiration, personal involvement, and supportiveness<sup>4</sup>.

## 1. Organizational Culture and Employee Satisfaction

Organizational culture has been defined as a set of shared assumptions and beliefs about an organization and its function in the marketplace<sup>5</sup> or “the ways of thinking, behaving, and believing that members of a social unit have in common”<sup>6</sup>. According to these researchers, an organization’s culture plays a key role in its strategy formulation, firm performance, and competitive advantage. Some researchers have found that organizational culture is linked to service quality and employee performance, leading to subsequent consumer and financial success indicators<sup>7</sup>.

The studies by Cooke and Rousseau’s identify four cultural types found in organizations that have impact on employee satisfaction:

- Cooperative,
- Competitive,

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<sup>3</sup> J.B. Barney, *Organizational Culture: Can It Be a Source of Sustained Competitive Advantage?*, *Academy of Management Review* 1986, 11 (3), pp. 656–665.

<sup>4</sup> C.A. Cozzani, J.L. Oakley, *Linking Organizational Characteristics to Employee Attitudes and Behavior – A look at the Downstream Effects on Market Response & Financial Performance*, *Forum for People Performance Management & Measurement* 2005, pp. 1–15.

<sup>5</sup> J.B. Barney, *op.cit.*, pp. 656–665.

<sup>6</sup> R.A. Cooke, D.M. Rousseau, *Behavioral Norms and Expectations: A Quantitative Approach to the Assessment of Organizational Culture*, *Group & Organization Studies* 1988, 13 (3), pp. 245–273.

<sup>7</sup> A.S. Klein, R.J. Masi, C.K. Weidner, *Organization Culture, Distribution and Amount of Control and Perceptions of Quality: An Empirical Study of Linkages*, *Group & Organizational Management* 1995, 20 (2), pp. 122–148.

- Passive, and
- Aggressive cultures.

Members of an organization with a **Cooperative Culture** are encouraged to set goals, take initiative, and work together to achieve personal and organization's objectives. Cooperative norms encourage behaviours such as goal attainment, work enjoyment and maintaining of personal integrity and standards.

In a **Competitive Culture** environment employees are rewarded for taking charge and being in control; they try to outperform each other and winning is greatly valued. A competitive culture encourages decision making, rewards achievement, and employees feel the pressure of high expectations.

If this pressure is too strong and the competition is too intense, the managers are likely to set unrealistic standards and the employees lose the willingness to cooperate.

In the cooperative and healthy competitive cultures people work efficiently, productively what in turn gives them the work satisfaction<sup>8</sup>.

In organizations where a **Passive Culture** dominates, members avoid conflicts; they are keen to agree on anything without fighting for better option; and want to get an approval from both supervisors and colleagues in all issues. Such organizations tend to be conservative, traditional, and bureaucratically controlled, where members of staff are expected to follow the rules. This type of working environment can limit organizational effectiveness by minimizing constructive expression of people's ideas and opinions, suppressing innovation, and decrease flexibility.

In contrary, an **Aggressive Culture** minimizes influence and initiatives at lower levels by emphasizing dedication to orders and authority. Aggressive norms require following rules, procedures and waiting for supervisors' acceptance what causes the delays and inflexibility.

Due to lack of discussion, in passive-aggressive organizations' cultures people are agreeable, conflict is rare, and consensus is easy to reach. In consequence, the best proposals do not accelerate, wrong ideas are not challenged and a company goes nowhere pretending everything is correct. A passive-aggressive organization overwhelms employees and drives the company into financial dis-

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<sup>8</sup> J.A. Antoncic, B. Antoncic, *Employee satisfaction, intrapreneurship and firm growth: a model*, Industrial Management & Data Systems 2011, Vol. 111, Iss. 4, pp. 589–607.

ness<sup>9</sup>. Motivation under such circumstances does not play any positive role. People are not rewarded for their ideas, and are not encouraged to be innovative; a level of frustration among the employees increases and as a result they become withdrawn instead of being proactive and productive<sup>10</sup>.

## 2. Organizational Climate and Employee Satisfaction

Organizational climate reflects the way that an organization defines its culture in daily routines and behaviours. Organizational climate represents employees' perception of their work situation, including the type of the organization they work for and the nature of their relationships with other colleagues. Issues regarding communication, interactions with supervisors and work design are key drivers that create climate of the organization.

Communication represents a measure of the downward and the upward flow of information in the organization and it is essential to create an environment where employees feel valued. This increase a sense of control over the current situation inside the firm as well as on personal circumstances, and in result increases a job satisfaction<sup>11</sup>.

If organizations do not combine the tools of communication effectively and do not implement the proper communication strategies for their employees, the organizations' brands, values and goals will not be clear and understood by them. This may lead to confusion and lack of staff motivation and commitment. Therefore, in order to foster internal branding, employee satisfaction and commitment, various internal communication tools, such as: workshops, internal advertising, appropriate incentives and rewards need to be applied in an integrated way<sup>12</sup>.

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<sup>9</sup> R.S. Kaplan, D.P. Norton, *The passive-aggressive organization*, Harvard Business Review 2005, Vol. 83 (10), pp. 82–92.

<sup>10</sup> D.D. Chowdhury, *Structured Approach to Improve Passive Aggressive Organizational Behavior: An Empirical Research*, MBA Dissertation, Raleigh 2009, USA: Lulu.

<sup>11</sup> P. Nelissen, M.V. Selm, *Surviving organizational change: how management communication helps balance mixed feelings*, *Corporate Communications: An International Journal* 2008, Vol. 13, Iss. 3, pp. 306–318.

<sup>12</sup> A.S. Ferdous, *Integrated Internal Marketing Communication (IIMC)*, *The Marketing Review* 2008, Vol. 8, No. 3, pp. 223–235.

In addition, employees' perceptions of supervisors' behaviour have significant impact on their work attitudes. Effective work design and empowerment enable employees to act on behalf of the customers, improve decision making, and increase autonomy, all of which should lead to greater job satisfaction<sup>13</sup>.

### 3. Human Resource Systems and Employee Satisfaction

Human Resource Systems are managerial methods that apply the following tools: selection, staff development, performance management, and remuneration systems to develop employees' careers. These systems should help to measure employee satisfaction and bind this with the organization's mission, its quality goals and strategies. Successful managers select people based on those characteristics.

Human resource initiatives intend to provide employees with necessary skills and tools to enable them to create customer value. Training enhances development of those skills and gaining new one. Therefore, the money spent on the staff training should not be viewed as costs, but as investments with high and measurable financial returns<sup>14</sup>.

### 4. Market Orientation and Financial Performance versus Employee Satisfaction

Higher levels of customer satisfaction lead to higher levels of customer retention and loyalty. Products and services that meet customers' expectations have a higher proportion of repeat purchases thus higher gross margins and in combination with reduced acquisition costs of new customers, higher long term revenues. Customer service management systems are focused on maintaining long-term relationship with customers, making them satisfied, and loyal. This brings benefits, so the business-customer relationship can be viewed as an

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<sup>13</sup> C.A. Cozzani, J.L. Oakley, *op.cit.*, pp. 1–15.

<sup>14</sup> D. Schmalensee, *Internal customer satisfaction*, Managing Service Quality 1991, pp. 141–144.

important customer capital<sup>15</sup>. Many research projects proved that loyal customers bring regular income and keeping them is less costly than acquiring new ones. Therefore, improvements in customer value should then result in improved financial performance<sup>16</sup>.

Employee satisfaction and employee engagement have both direct and indirect effects on company financial performance. Employee satisfaction directly influences customer satisfaction, while employee engagement indirectly influences customer satisfaction through market orientation and customer behaviour. Both direct and indirect impacts on customer satisfaction, employee satisfaction and employee engagement positively influence financial performance. It is worth mentioning that engagement has been described as a key to organization's success and competitiveness<sup>17</sup>.

It is an organization's employees who influence the behaviour and attitudes of customers. Organizations with engaged employees are able to create value perceived by customers and as a result these customers become more satisfied, and willing to buy. In addition, engaged employees see their positive attitude transferred directly to customers, what in turn increases their satisfaction from work. Organizations in which individuals and teams of employees work to the advantage of both the organization and its customers usually perform very well<sup>18</sup>. It is necessary to mention, that in some instances the high customer satisfaction and employee satisfaction, and very good the financial performance may not occur at the same time. Pierce pointed out that some organizations may follow scenarios presented in Figure 1:

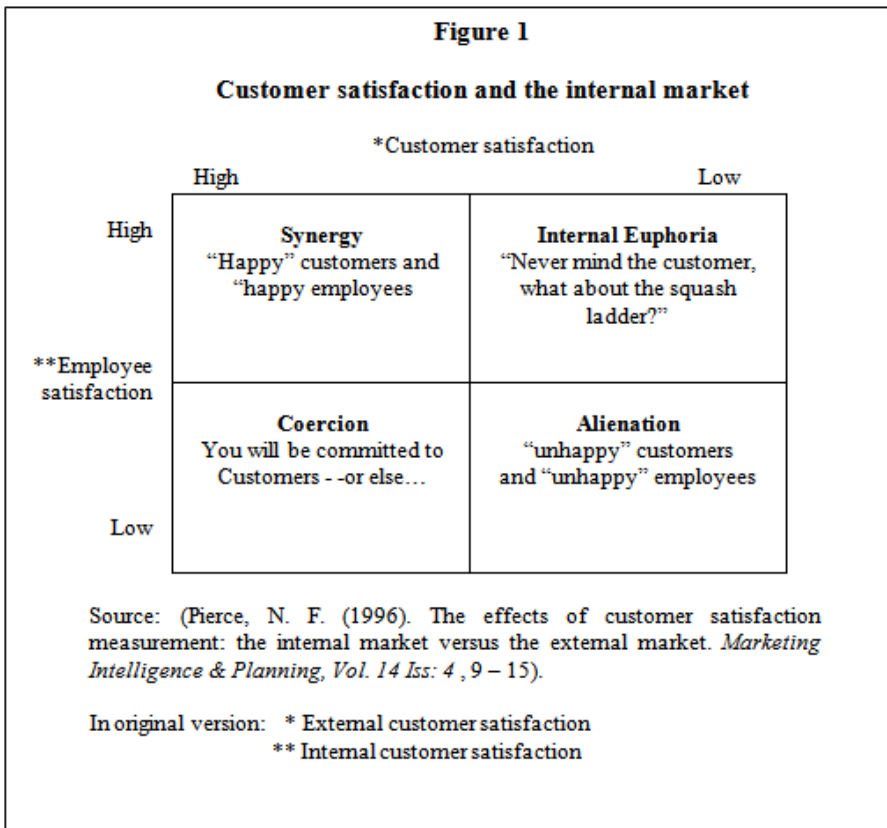
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<sup>15</sup> Q. Liyun, W. Keyi, W. Xiaoshu, Z. Fangfang, *Research On The Relationship Among Market Orientation, Customer Relationship Management, Customer Knowledge Management and Business Performance*, Management Science and Engineering 2008, Vol. 2 (1), pp. 31–37.

<sup>16</sup> J.L. Heskett, *Beyond customer loyalty*, Managing Service Quality 2002, Vol. 12, No. 6, pp. 356–357.

<sup>17</sup> A.M. Saks, J.A. Gruman, *Manage Employee Engagement to Manage Performance*, Journal of Occupational Health 2011, Vol. 4 (1), pp. 204–207.

<sup>18</sup> C.A. Cozzani, J.L. Oakley, *op.cit.*, pp. 1–15.



The **Synergy** – employees’ and customers’ level of satisfaction is high. This is the “happy customers and happy employees” situation. This scenario is what a successful organization is aiming for.

The **Coercion** – high levels of customers’ satisfaction is achieved by controlling the behaviour of employees through managerial decisions, only. Employees are forced to proceed under strict managers directions. This makes them feel unhappy.

The **Alienation** – the level of satisfaction internally and externally is low and the possibility of loosing both customers and employees is high.

The **Internal Euphoria** – employees are highly satisfied, but this does not translate into customers’ satisfaction. This may take place if internal socialization and group cohesiveness is so high that paying customers are ignored. This may lead to customers’ outflow, then to profit fall and eventually to job cuts.

Nevertheless, the scenarios presented in the described paper were not empirically tested as yet, so they should be treated as hypothetical situations.

Going back to results presented by the Forum, they proved that: organizational communication accounts the most for employees' satisfaction and none of the other organizational characteristics under study was found to have such significant impact on it. Moreover employee satisfaction was found to be a significant antecedent of employee engagement. The managerial facilitation, work design, cooperative culture, and competitive culture were all positive predictors, while passive and aggressive cultures, which decreased engagement, were negative predictors of employees' satisfaction. The data for these analysis were collected from 5,568 employees working in 90 American companies involved in media and among 37,036 customers from 100 markets<sup>19</sup>.

What are the managerial implications of the results of the mentioned research? The suggestion is that in order to gain the highly motivated staff, managers should first ensure that their employees are satisfied. They will not be satisfied if there is no effective communication environment, both up and down the organization. Moreover motivation is a consequence of the interactions between managers and employees, offering them their support and communicating expectations. In addition, employees are more motivated when their job is effectively designed in terms of autonomy and clarity of roles.

Surprisingly, none of the Human Resource Systems were found to influence either Employee Engagement or Employee Satisfaction. This is not to say that such systems do not impact other employee attitudes or other organizational factors, but that they do not directly affect the employees attitudes analyzed in the study. Employee Satisfaction has a direct and positive impact on Customer Satisfaction, while Employee Engagement has an indirect effect on Customer Satisfaction through two intervening mechanisms:

- Employee Engagement has a direct and positive influence on an organization's level of market orientation, and
- Through its direct effect on market orientation, Employee Engagement has an indirect effect on Customer Behaviour, which in turn directly influences Customer Satisfaction.
- Customer Satisfaction directly influences Financial Performance<sup>20</sup>.

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<sup>19</sup> *Ibidem.*

<sup>20</sup> *Ibidem.*



As mentioned earlier, the relations between the above constructs were tested by many authors, but all the research projects refer to the western countries and western companies' environments. There is not known to me example of testing such relations in other countries in different national cultural surroundings. It would be worthwhile to verify the correlations between the constructs in Poland.

## Conclusion

This article underlines the important role of customer service employee in the organization to improve the companies' financial performance. They are a front line power that can attract and keep the customers with the organization if all managerial systems work properly. Customers and front-line personnel are the crucial players in the company's game, therefore a synergy between customers and employees satisfaction should be achieved and maintained.

The key organizational factors for explaining employees' satisfaction are:

- organizational communication, which is a measure of the internal downward and upward communication;
- organizational climate as a significant driver of employee attitude to cooperate, work together, to take charge and provide a voice for the customer within the organization;
- market orientation, through engaged employees who increase value for customers and lead them to higher levels of their satisfaction, retention and profitability.

Human resource systems that enable company to hire the right people train and maintain them equally to external clients made less significant impact on employees' satisfaction.

It is an organization's employees who influence the behaviour and attitudes of customers, and it is customers who bring profit to organization through the purchase and use of its products. In the end, customers who are more satisfied with an organization's products are less expensive to serve, buy more products, and, hence, are more profitable.

It was underlined that cooperative culture and competitive culture were positive predictors, while passive and aggressive cultures were negative predictors of employee satisfaction.

In consequence employee satisfaction and employee engagement are important problems for managers to understand as they each influence market performance directly and, financial performance indirectly.

If an organization cares about both employees and customers, the pay-off will be in terms of increased employees motivation and satisfaction, customer loyalty and business activity that will have a positive impact on financial outcome<sup>21</sup>.

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<sup>21</sup> B.R. Lewis, *Customer care in service organisations*, Management Decision 1991, Vol. 29, No. 1, pp. 31–34.

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## ZADOWOLONY PRACOWNIK DS. OBSŁUGI KLIENTA A SUKCES FINANSOWY PRZEDSIĘBIORSTWA

### Streszczenie

Celem niniejszego artykułu jest podkreślenie roli, jaką odgrywają pracownicy ds. obsługi klienta w przedsiębiorstwie w celu pozyskania, zatrzymania i utrwalenia z klientami pozytywnych relacji, a tym samym jak wpływają na wynik finansowy firmy. Pracownicy stanowią główną siłę, którą przedsiębiorstwo może wykorzystać w celu osiągnięcia sukcesu finansowego. Sukces ten następuje, gdy system zarządzania pracownikami, kultura organizacji i klimat firmy sprzyjają wzrostowi satysfakcji pracowników i ich zaangażowaniu w pracę z klientem. Zadowolenie i zaangażowanie pracowników przekłada się na wzrost zadowolenia klienta, a tym samym na poprawę wyniku finansowego przedsiębiorstwa.

Badania naukowe potwierdzają, że zadowolenie klienta pozytywnie wpływa na wynik finansowy firmy<sup>22</sup>. Analizy naukowe wskazują również, iż poziom zadowolenia klienta jest ściśle związany z poziomem satysfakcji pracownika i jest jego wiernym odzwierciedleniem<sup>23</sup>. Badania opublikowane przez Forum Zarządzania i Pomiaru Wydajności Pracowników (The Forum for People Performance Management & Measurement) na Uniwersytecie Northwestern w USA wykazały: „Istnieje bezpośredni związek pomiędzy satysfakcją pracowników i zadowoleniem klientów, a także między satysfakcją klientów i poprawą wyniku finansowego”<sup>24</sup>.

**Słowa kluczowe:** zarządzanie relacjami z klientami, satysfakcja klienta, zarządzanie wiedzą, marketing wewnętrzny, satysfakcja klienta wewnętrznego.

**Kody JEL:** M00, M16, M19, M31, M54

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<sup>22</sup> E.W. Anderson, M.W. Sullivan, *op.cit.*

<sup>23</sup> N.F. Pierce, *op.cit.*

<sup>24</sup> J.B. Barney, *op.cit.*