A Meta-Analysis of Relationships Linking Employee Satisfaction to Customer Responses

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Abstract

The authors report a meta-analysis of relationships linking employee job satisfaction to customer satisfaction and perceived service quality in studies that correlate employee data with customer data. Overall, both relationships are positive and statistically and substantively significant. Moderator analyses show that service industry characteristics (relationship versus encounter, personal versus non-personal) and methodological characteristics (aggregated versus individual level of analysis, concurrent versus predictive survey) moderate these relationships. Estimation of a path analytic model using the aggregated data shows that customer-perceived service quality completely mediates the relationship between employee job satisfaction and customer satisfaction. Implications for research and practice are discussed.
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In retail and other service environments, the interaction between customers and front-line employees is likely to importantly affect customer perceptions of the shopping and consumption experience. High quality interactions with service providers often result in customer satisfaction despite problems with other aspects of service delivery, whereas dissatisfying experiences with service providers have the potential to ruin otherwise pleasant service encounters. Service providers often *are* the organization in customers' perception, and their attitudes, expressed verbally and non-verbally during customer interactions, may leave a lasting impression that affects satisfaction, repeat buying, and financial performance (Magi 2003; Schneider and Bowen 1995). The financial significance of these interactions may not be appreciated by front-line employees, or even by management.

Commensurate with the importance of these issues, a robust literature has developed regarding interactions between front-line employees and customers. In particular, researchers have focused considerable effort on investigating the relationship between employee job satisfaction and customer satisfaction, using data linking employee responses with customer responses.

Such dyadic data, while difficult and costly to obtain, is preferable to estimating relationships on non-dyadic data (e.g., by asking employees to rate customer satisfaction or customers to rate employee satisfaction). Thus, we limit our review to studies that have used dyadic data to estimate linkages between employee job satisfaction and customer responses.[2]

The accumulated research includes findings of a positive (e.g., Payne and Webber 2006; Homburg and Stock 2004), negative (e.g., Silvestro and Cross 2000), and non-significant relationship (e.g., Adcock 1999; Brown and Mitchell 1993), leaving in doubt the issues of its strength and substantive significance. Moreover, little is known about contextual and methodological influences that moderate the relationship. Understanding the strength and context dependency of this relationship may provide insights into the degree to which employee satisfaction influences customer experiences and how effect sizes vary across service contexts and research designs. We assess the strength and context dependency of relationships

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[2] Other meta-analyses (e.g., Brown et al., 2002; Carrillat et al., 2007) address the relationship between service quality and customer satisfaction across studies that use only customer data. Because our focus is on linkages between employee job satisfaction and these outcomes, we limit our review to studies that use dyadic data. The weighted average effect size between service quality and customer satisfaction that we obtain based on dyadic studies is very similar to those obtained by Brown et al. and Carrillat, Jaramillo, and Mulki based on their reviews of customer data only studies.

linking employee job satisfaction to customer-perceived service quality and satisfaction in a meta-analysis of studies that correlate employee satisfaction data with customer response data.

Such insights may provide guidance for managers contemplating actions that affect employee and customer satisfaction. For example, Walmart's recent decision to employ computerized scheduling to staff its stores dynamically according to the number of shoppers in the store is predicated on the assumption that customer satisfaction will increase as a result of having the optimal number of employees on hand, while, at the same time, the move may decrease employee satisfaction by making work schedules and pay less predictable (Maher 2007). A strong employee satisfaction–customer satisfaction relationship would suggest that such moves may not generate the desired results. Having a precise understanding of the strength of the employee satisfaction–customer satisfaction relationship will furnish guidance for managers facing such trade-offs.

The analysis will also indicate how employee–customer linkages differ across industry contexts (e.g., personal versus non-personal services, encounter versus relationship business, and B2B versus B2C contexts), highlighting conditions in which customer responses are especially sensitive to employee satisfaction. Such findings should provide guidance for managers in formulating human resource policy and managing the front-line workforce in a manner commensurate with customer relationship objectives in different business settings (Kumar and Shah 2004). The meta-analysis is also likely to provide useful insights for researchers concerning the effects of methodological decisions by indicating research design factors (e.g., types of measures, levels of analysis, sampling frames, and timing of data collection) that are systematically related to effect sizes.

Our study addresses the following objectives: (1) to ascertain whether extant studies converge on a population parameter, (2) if they do not converge on a population parameter, to assess whether coded study characteristics (e.g., study contexts, methodological choices made by researchers) can account for between-study variance in effect sizes, and (3) to test whether customer-perceived service quality mediates the relationship between employee satisfaction and customer satisfaction based on the aggregated data.

Previous research on the relationships linking ES to CS and SQ

Each of the three focal constructs has a long history of research. *Employee job satisfaction* (hereafter ES) has been defined as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Locke 1976, p. 1300). It has been operationalized as (1) a global reaction to overall job circumstances, and (2) perceptions of and affective reactions to different job factors (e.g., work, supervisor, pay, coworkers, etc.; Brown and Peterson 1993). *Customer-perceived service quality* (hereafter SQ) has been defined conceptually as customers' perceptions of the difference between prior expectations and delivered service on different aspects of the service experience (e.g., Gronroos 1982; Parasuraman et al. 1988). *Customer satisfaction* (hereafter CS) represents a fulfillment response that involves an assessment that a product or service provides a "pleasurable level of consumption-related fulfillment" (Oliver 1997, p. 13).

Both SQ and CS have been defined as perceived performance relative to expectations, and early in the development of SQ research, debate ensued over whether they represent distinct constructs (e.g., Bitner and Hubbert 1994; Dabholkar 1993; Iacobucci et al. 1994). A dominant view has emerged that they represent distinct but closely related constructs, with SQ representing a cognitive representation of service delivered and CS representing the resulting affective response (Brady et al.

Table 1

Comparing and contrasting three conceptual models

Framework	Level of analysis	Temporal horizon	Causal mechanism	Conceptual scope	Representative studies
Emotional contagion	Individual	Transaction	Transfer through mimicry of emotional expression and subjective experience	Person-to-person interactions	Homburg and Stock (2004) and Wangenheim et al. (2007)
Service–profit chain	Empirical research calibrated at individual level, but framework is conceptually applicable to business-unit level as well	Relationship	Employee satisfaction increases productivity and value delivered, which enhances customer perceived service quality and customer satisfaction	Quality and value delivered in one-to-one relationship	Jones et al. (2003), Silvestro and Cross (2000), Brown and Chin (2004), Hartline and Ferrell (1996), Bernhardt et al. (2000), Koys (2001), Netemeyer et al. (2005), Payne and Webber (2006), Schlesinger and Zornitsky (1991), Tornow and Wiley (1991), and Keiningham et al. (2006)
Service climate	Empirical research calibrated at SBU level, but framework is conceptually applicable to individual level as well	Relationship	Organizational support and facilitation of service effort fosters quality service and customer satisfaction	Relationship quality and satisfaction in organizational context	Pedrick (1998), Schneider et al. (1980), Yoon and Suh (2003), Brown and Mitchell (1993), Liao and Chuang (2004), and Yoon et al. (2001)