CONTRIBUTION OF HRM PRACTICES ON CUSTOMER SATISFACTION-A CONCEPTUAL OUTLINE

DR.R.AMUTHA*; MRS. S.SRIVIDHYA**

*Reader, Department of Commerce, Justice Basheer Ahemeed Syeed College For Women, Chennai.
**Assistant Professor, Department of Commerce, T.S..Narayanaswami College of Arts &Science, Navalur, Chennai.

ABSTRACT
“Effective HRM practices will attract customers differently”

PURPOSE – The purpose of this article is to provide researchers and practitioners an understanding of one potentially direct linking mechanism between human resource management practices and customer satisfaction.

DESIGN/METHODOLOGY/APPROACH – This article is conceptual and the approach adopted is analytical. Extant research and concepts, have been used to develop propositions and to discuss both research and managerial implications.

FINDINGS – Provides conceptual support for a psychological dynamic or mechanism linking HRM practices and customers’ satisfaction.

RESEARCH LIMITATIONS/IMPLICATIONS – The article provides a novel way of thinking about customer satisfaction. A limitation of the paper is that it is conceptual. Research is required to test empirically the various research propositions. In this manner, research in this area can be furthered.

PRACTICAL IMPLICATIONS – Further research in this area may provide more directed solutions to hrm practices and customer satisfaction issues.

ORIGINALITY/VALUE – The article proposes an entirely novel way to imagine the HRM practices on customer satisfaction. It moves extant research further by outlining a causal mechanism on hrm practices and customer satisfaction.

KEYWORDS: Human resource management, strategic HRM, and customer satisfaction.
INTRODUCTION

Customer satisfaction (CS) has been the focal point in all most all marketing management strategies in business organizations. Further, this emphasis on CS has penetrated into the other functional areas of organizations redirecting their activities towards customer satisfaction. Human resource management (HRM) plays a significant role in achieving CS, in various corporate sector. It has made HRM required a particular set of strategies for creating CS in organization. However, few studies have been carried out to investigate adequately the HRM strategies for CS and assess their contribution for CS in organizations.

The contribution of Human Resource Management (HRM) for the effective implementation of marketing strategies has been central in the research of marketing. This is highly evidence in literature of customer satisfaction which is a core issue in the field of marketing management. Wernerfelt (1984) stressed that for the effective implementation of all types of strategies requires the possession of resources that are valuable, rare and difficult to imitate. It is no doubt that this includes the necessity of human resources so that the effective implementation of marketing strategies especially strategies for customer satisfaction is highly required.

HUMAN RESOURCE MANAGEMENT:

Human resource management (HRM) involves all management decision and practices that directly affect or influence the people or human resource, who works for the organization (Fisher et al., 1997). The main function of human resource management involves, HR panning, acquiring HR, building individuals and organizational performance, rewarding employees, and maintaining human resources. However, HRM has faced many changes over the past decades, making changes in both aspects and way of managing human resource of organizations. Agrawal (2003) pointed out that in a era of heightened competition alone has made it required that human resource management can no longer be content with simply executing a standard set of practices. There is a need constantly to develop and implement new and improve HR practices so as to remain competitive in the market.

A new branch of HRM has emerged as a way of addressing this challenging issue, known as strategic human resource management (SHRM). The role of SHRM is to see that human resource issues are taken in to account when an organization develops its business strategy and that strategy then drives the development of human resource practices within the firm. It seems that all SHRM activities resembles around four major activities: (1) integration of HR within the strategic planning process, (2) partnership between HR and other members of the organization, (3) linkage of HR activities business activities and core cultural values of the organization and (4) restructuring the HR department (Fombrun, Itchy and Devanna , 1982).

It is interesting to note that it is under the function of integration that HR managers have to align HR practices of the organizations with customers’ expectation known as
customization of HR services. One of the objectives of integration with the customer group is to win customers for life which has direct implications for organizational success. HR manager has to formulate a set of strategies for his HR functions so as to meeting the customer expectations leading to their satisfaction. This is more relevant for service organizations like hotels and banks, since employees of these organizations have to make a physical contact with customers in serving for their requirements. Under this proposition, it is important to explore empirically how significant HR strategies are for making customers satisfied with the service,

CUSTOMER SATISFACTION

The concept of customer satisfaction stands central in the majority of marketing theories and practices. Since early 1970s the volume of customer satisfaction research has been impressive. Many researchers conceptualize customer satisfaction as an individual’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance in relation to his or her expectations (Sheau Fen and Meilian, 2008).

Generally, there are two general conceptualization of customer satisfaction, namely transaction specific satisfaction cumulative satisfaction. Transaction specific satisfaction is a customer’s evaluation of his or her experience and relation to a particular service counter (Cronin and Taylor, 1992) and cumulative satisfaction refers to the customer’s overall evaluation of consumption experience to date (Johnson, Anderson, and Fornell, 1995). It is the cumulative customer satisfaction the study used as the basis for assessing respondents’ satisfaction.

Organizations today have found the important of keeping their customer satisfied with their products and services in fast-faced and increasingly competitive business environment. This can be attributed to the fact that many researchers have pointed out the relationship of customer satisfaction with many organizational outcomes interested by the management. Among the possible outcomes of customer satisfaction are customer loyalty and profitability (Hallowell, 1996), better business performance (Fornell, 1992), market share and customer retention (Patterson and Spreng, 1997) and survival of the firm (Sheau Fen and Meilian, 2008).

Numerous studies have been carried out to identify the possible antecedents of customer satisfaction. Service quality has received relatively many attentions of researchers over the past years as one of the major determinant of customer satisfaction specially in service industry.

This higher attention lies in the interest of researchers to explore the construct of customer satisfaction through a multi disciplinary perspective rather through single disciplinary perspective. The exploration of customer satisfaction with service quality brings three disciplines together, namely marketing, HRM and total quality management (TQM).

Bitner, Booms and Mohr (1994) define service quality as the customer overall impression of the relatively inferiority or superiority of the organization and its services. This definitions
itself depicts the fact that customer satisfaction is highly correlated with customer satisfaction in service organizations. The level of inferiority or superiority of the service as perceived by the customer will determine the degree of satisfaction of the customer with that service. It is the characteristics or attributes associated with the service that are perceived by the customer in assessing the superiority or inferiority of the service.

ROLE OF HRM IN CUSTOMER SATISFACTION

The contribution of human resource practice to customer satisfaction has been amenable to too many researches both in the field of Human resource management and marketing.

Some researchers have pointed out organizational requisites for customer satisfaction. They claim that customer satisfaction can be achieved only when the firms design necessary structure, processes, cultivating customer-oriented values and developing customer-oriented workforce (Deshpande, Farley and Webster, 1993; Slater and Narver, 1995). It is evident from the findings of these studies that the nature of the workforce or human resource of the organization is one of the determinants of customer satisfaction of the firms. But the question arouse in this regard is whether all types of employees in the organizations matter in customer satisfaction. Kelly (1992) argued that customer contact employees with customer oriented values and beliefs are of significant for the organizations customer focus and customer satisfactions. So it is clear that the behavior of the employees who has direct contact with the customer is of importance in this regards.

Researchers have identified number of factors relating to human resources of the organization associated with customer satisfaction. Rosemary (2002) listed out human resource factors for customer satisfaction such as ongoing investment in training, employee security, high relative pay and performance management system. Other than these human resource functions, attributes such a values and beliefs (Kelly, 1992), employee behavior (Morrison, E.W., 1996) have been stressed.

The role of the human resource manager in improving and sustaining customer satisfaction is paramount important. The implementation of human resource strategies specially deigned for employee-customer linkage improves the service effectiveness resulting in customer satisfaction (Pauh ea al. 2002). The HR strategies for customer satisfaction are some HR functions identified as having special implication on customer satisfaction.

Among these HR strategies, compensation is standing as cornerstones. American quality foundation (1992) reported that more and more companies in U.S., Japan, Germany, and Canada have incorporated customer satisfaction criterion into their senior management compensation system. Few researchers have brought up the implication of compensation on customer satisfaction (Phillips et al., 1990: Mercer, 1992). The point to be concerned here is how the compensation system brings implication on customer satisfaction. Hauser et al. (1994) argued that customer oriented compensation focuses the effort of both employees
...and managers from short term sales to long term sales resulting high concerned for customer satisfaction.

Motivating employees is another area of HRM that records implication on customer satisfaction. Deming (1986) pointed out that it is the firm’s responsibility to design an incentive system that result in consistency between the firm’s and employees’ objectives so that when acting in their own best interest, the employees take actions that also benefit the firm. The employees should be motivated in such a way that they focus not only on mere performance but also on customer satisfaction.

Training and development stands significant in the endeavor for satisfied customer base for an organization. Special attention is given here to change the attitudes and values of employees for high customer oriented behavior. Siguaw, Brown and Widing (1994) argued that an important aspect of implementing customer oriented strategies is to influence employees especially the salespersons to adopt chosen orientation in their selling efforts. The customer oriented-attitudes and values prompt a sort of behavior in the employees which is valued by the customer to a greater extent resulting in customer satisfaction (Badovick and Beatty, 1987).

Employee empowerment is another dimension of HRM contributing to the improvement of customer satisfaction. Empowering employee can be defined as the process of enabling employees by giving them the power and the autonomy to exercise control over job-related situation and decisions (Conger and Kanungo, 1998). Bowen and Lawler (1992) pointed out several advantages that employee empowerment bring to servicing customer such as faster response to customer needs and problems, more satisfied employees, enthusiastic and warm customer interaction, and innovative ideas. Further, empowered employees are also more likely to exhibit customer oriented behavior because they become more flexible and adoptive in the face of changing customer needs (Scott and Bruce, 1994). Therefore, it is no doubt that the empowered employees may act or do their duties in such a way that it leads to higher customer satisfaction than the underpowered employees in organization.

Evaluation of employees is a core task in Human resource management. A particular type of employee evaluations termed as behavior-based employee evaluation bears much implication on customer satisfaction (Hartline et al., 2000). Behavior-based evaluation is not only evaluate the performance of employee but also the behavior of those employees to judge whether they exhibit behaviors for long term durability. Much research has been carried out to assess the impact of behavior-based employee evaluations. They have come up with number of positive aspects related to employees such as employee competence (Cravens Et al.1993), confidence (Gist and Mitchell, 1992), job satisfaction, (Oliver and Anderson, 1994) and adoptability (Scott and Bruce, 1994). Zeithmal, Berry and Paraguayan (1988) argued that behavior-based evaluation encourage employee performance that is consistence with customer expectation resulting in customer satisfaction.

Organizational socialization is another area where HR managers can contribute to the customer satisfaction efforts of organizations. Organizational socialization is defined as a
process by which person acquires the social knowledge and organizational skills necessary to assume an organizational role (Van Maanen and Schein, 1979). This will improve the knowledge and skills in employee resulting in developed social interaction between the members within the organizations and with outsiders. Hartine and Ferrell, 1993) claimed that organizational socialization is a critical component in the dissemination of a customer oriented strategy to customer contact employees. it is clear that HRM can assist in improving the customer satisfaction by effectively handling the socialization of employees specially the customer contact employees of the organization.

One of the outcomes of an effective HRM is to generate and sustain a committed workforce both towards the organization and the job. Hiltrop (1996) is consistent with the view that HR practices of an organization have a significant influence in making employees committed to exhibit the kind of attitudes and behavior that are needed to support and implement the competitive strategies of the organization. It is a well accepted proposition in management literature that it is the change of attitudes and behaviors of employees that leads to customer satisfaction of organizations specially in service organizations.

It is clear from the literature review that HRM can make a effective contribution to the enhancement of customer satisfaction of the customers of organizations. The areas and the ways that Human resource management can make a contribution to the customer satisfaction

CONCLUSION

Human resource management has a multifaceted impact on the performance of other functional areas of an organization. In this light, HRM can make a significant contribution for the effective marketing management process of the firm through which customer satisfaction is intended. HR strategies such as Customer oriented value system, Empowerment, Behavior Based employee evaluation, and Performance based reward system make a significant impact on customer satisfaction. Successful implementation of these HR strategies can enhance a sort of behavior and performance in employees which is resulting in customer satisfaction; however, the HR strategies namely Employee welfare, Work group socialization and the understanding of the HRM practices in the management can contribute to the sustainable growth in them through enhancing the satisfaction of their customers.

However, future research to continue to examine consensus of group commitment in settings in which there is more variance in order to be more confident about the generalizability of the results of our current research.

REFERENCES


