

THE IMPACT OF THE EMPLOYEES' SATISFACTION OF JOB ON THE SATISFACTION OF CORPORATE CUSTOMERS TOWARD FINANCIAL SERVICES WITHIN THE COMMERCIAL BANKING SYSTEM

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ABSTRACT

The study aims to evaluate the impact of the employees' satisfaction of job on the satisfaction of corporate customers toward financial services within the commercial banking system. Research data were gathered through direct interviews with 85 credit officers in charge of corporate clients and 170 enterprises (based on the reciprocal principle of 1: 2) in Cantho City and VinhLong Province. The results calculated from the average value of the range indicated that the employee only felt satisfied with the job at a fairly good level with the following criteria namely salary, bonus, and welfare, nature of work, supervision, colleagues, and opportunities for training and advancement. Additionally, the study also indicated that employee satisfaction with the job had placed a strong impact on customer satisfaction through applying the PLS-SEM approach. Given that such importance, some administrative implications have been proposed to enhance the satisfaction of customers with financial services.

Keywords: employees' satisfaction, customers' satisfaction, customer orientation, commercial bank, credit officer

1. PROBLEM STATEMENT

In the context of today integration, the level of competition among businesses has become increasingly fierce. Maintaining loyalty and retaining customers are essential to the existence of the organization. To do this, enterprises need to increase customer satisfaction through factors such as service quality, interactive quality, and procedures (Zeithaml, 1988; Gómez et al., 2004; Homburg et al., 2004). In particular, employees play an essential role in improving service quality to meet the increasing needs of customers. That an employee is satisfied with the job leads to the positive feeling in the process of contacting the customer, resulting in the customer's positive attitude towards the product/service of the business (Howard et al., 2011).

Since 2017, Vietnam's economy has recovered and grown. According to the General Statistics Office of Vietnam, the gross domestic product (GDP) in 2018 increased by 7.08%; in which the service sector increased by 7.03% and contributed 42.7%. The highest contribution in the service sector is the wholesale - retail sector, followed by financial, banking, and insurance activities. This shows that the banking and financial sector has recovered and developed again. The handling of the bank's non-accrual loan is made more efficient; customer trust has improved. According to this, the level of competition between domestic banks and foreign-invested banks is even more severe. Competitive pressure faced, banks are trying to retain customers by improving service quality, financial service packages, and applying information technology to enhance the convenience and efficiency of services. However, there are not many studies on the relationship between employee satisfaction and customer satisfaction done in the financial service sector. While this is a useful source of information that provides managers with solutions to close the gap between employees and customers because the frequency of interaction between them is high. From the above problems, the study of the impact of employees' satisfaction of job on the satisfaction of corporate customers toward financial services in the commercial banking system is done to provide an overview of the role of the employees in maintaining customer satisfaction, thereby help managers with effective solutions to improve customer satisfaction.

2. THEORETICAL FRAMEWORK AND RESEARCH MODEL

2.1 Employee job satisfaction, customer orientation, and customer satisfaction

Employee satisfaction: According to Homburg et al. (2004), employees' job satisfaction is the attitude that results from the assessment and comparison between regulated working environment and realistic environment. James Boles et al. (2007) suggested that employees' job satisfaction is the degree that an employee feels positive or negative about the internal or external aspects of their job. Another study by Charles M. Futrell et al. (1988) used Job Descriptive Index (JDI) to determine employee job satisfaction based on five factors: job nature, co-workers, salary, supervision, and promotion. Developing the JDI index, Tran Kim Dung's research (2005) added two new factors which are social welfare and work environment to assess job satisfaction and named Adjusted Job Descriptive Index (AJDI), which is then used to analyze the relationship between needs, employee satisfaction and the association with the organization. Therefore, this study evaluates the job satisfaction of credit officers based on the following five criteria, namely job nature, salaries and welfare, supervision, colleague, training and promotion opportunities.

Customer orientation: According to Saxe et al. (1982), customer orientation is defined as the ability to help customers make purchasing decisions that satisfy their demand. This is done from talking about customer needs to influencing customers through the process of providing

information rather than putting pressure on them, thereby increasing customer satisfaction. Inheriting Saxe's research (1982) and previous studies, Homburg et al. (2011) defined customer orientation as a set of behaviors that show a high interest in customer's interests and needs, and ensure long-term customer satisfaction. Besides, Homburg et al. (2011) believed that customer orientation also includes a personal relationship with customers. This helps employees create long-term and mutually beneficial relationships with customers. Customer relationship orientation is essential in the B2B business context (Webster et al., 1972). If the orientation process is done well, this will increase customer loyalty.

Customer satisfaction: According to Phillip Kotler (2001), satisfaction is determined based on the comparison between results obtained from services and customer expectations. It is considered based on 03 levels which are not satisfied, satisfied and very satisfied. In addition, research by Homburg et al. (2004) suggested that customer satisfaction refers to an emotional state as the reaction to an experience or a series of experiences with a supplier. It is created by a customer's assessment about the level at which the supplier's performance met or exceeded some comparison standards. Although there are different expressions, the common point in the definition of customer satisfaction is the emotional response of the customer in reality compared to their expectations of the product/service. Creating the satisfaction of target customers is what businesses care. Research by Homburg et al. (2005) in the B2B context indicated that service quality (expressed through the customer orientation process) positively impact customer satisfaction. Similarly, research by Yingzi Xu et al. (2005) demonstrated that customer awareness of service quality has a positive impact on customer satisfaction, thereby increases the organization's profitability.

2.2 The direct impact of employee job satisfaction on customer satisfaction

Heider's research (1958) used equilibrium theory to build a positive relationship between salesman job satisfaction and customer satisfaction, and this has been verified in the experiment. Another way to explain the direct relationship between employee job satisfaction and customer satisfaction is "emotional transmission." According to Howard et al. (2011), the "emotional transmission" refers to a person catches the feelings of others, in which the feeling of the recipient converges with the sender. Therefore, the attitude toward products/services is positively affected when customers catch positive emotions from the employees contacting them. Inheriting the research of Heider (1958), Homburg et al. (2005) showed that the positive relationship between employee satisfaction and customer satisfaction is statistically and practical, especially in the B2B context. Research by Yingzi Xu et al. (2005), Hoseong et al. (2012) also had similar results. Therefore, hypothesis H1 is proposed as follows: *H1: Employee job satisfaction positively affects customer satisfaction.*

2.3 The indirect impact of employee job satisfaction on customer satisfaction

Besides the direct impact, employee job satisfaction also indirectly affects customer satisfaction. Two studies prove this by Homburg et al. (2004) and Homburg et al. (2005) with intermediate variables, which are the quality of customer interaction and customer orientation. Experimental results showed that the satisfaction of employee has a strong indirect influence on customer satisfaction. In a study on the relationship between employee job satisfaction, customer orientation, and customer satisfaction, Hoffman et al. (1992) asserted that job satisfaction of employees led to customer-oriented behavior. Homburg et al. (2005) showed that the more satisfied the employees were with the job, the more effective the customer orientation process would be, resulting in the high job satisfaction of employees. Research by Homburg et al. (2011) once again emphasized the relationship between customer orientation and customer loyalty. With the above information, hypothesis H2 and H3 are set as follows: *H2: Employee job satisfaction positively impacts customer orientation; H3: Employee's customer orientation positively impacts customer satisfaction.*

2.4 Research model

Based on the literature review and the theoretical basis, the research model is composed of 3 hypotheses as above. The measurement scales have the same name with factors in the mode. The observed variables are inherited from previous studies and added the personal relationship with customers orientation in the variable "customer orientation". The research model is proposed as follows:

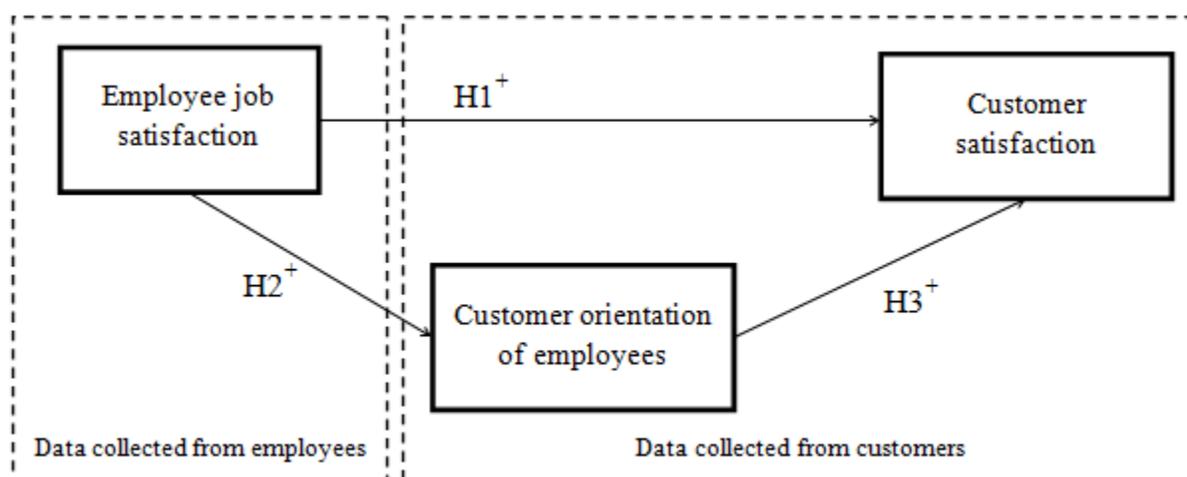


Figure 1: The proposed model research

Table 1: Interpretation of observed variables in the research model

Factor	Observed variable	Sign	Scale	Reference resources
Employee job satisfaction	I am satisfied with the bank's policies.	HLCV1	Likert 1-5	Charles M.Futrell et al. (1988); Tran Kim Dung (2005)
	I am satisfied with my current workplace.	HLCV2	Likert 1-5	
	I am proud of my job/workplace.	HLCV3	Likert 1-5	
	I am pleased to work here.	HLCV4	Likert 1-5	
Customer orientation	Employees try to understand customer needs and offer the most optimal financial service package.	DH1	Likert 1-5	Homburg et al. (2005), Homburg et a. (2011)
	Employees always clear up queries and procedures with the appropriate attitude.	DH2	Likert 1-5	
	Employees are open to receiving customer suggestions.	DH3	Likert 1-5	
	Employees compare different service packages so that customers can choose the best.	DH4	Likert 1-5	
	Employees want to help customers make the best choice to achieve their goals.	DH5	Likert 1-5	
	Employees are always committed to building and maintaining the relationship with customers.	DH6	Likert 1-5	
Customer satisfaction on financial services	We are satisfied with the bank's financial services.	HLKH1	Likert 1-5	Yingzi Xu et al. (2005); Homburg et al. (2004); Homburg et al. (2005)
	We are satisfied with the employees' attitude and professionalism.	HLKH2	Likert 1-5	
	We are satisfied with the bank's procedures.	HLKH3	Likert 1-5	
	The bank meets our needs.	HLKH4	Likert 1-5	

Source: Author's proposal, 2019

3. RESEARCH METHODS

3.1 Analytical method

In this study, employee job satisfaction was assessed through the scales' average value of following factors, job nature, salary, bonus and welfare, supervision, colleague, training, and promotion opportunity. Also, the linear structure model with the partial least squares method (PLS-SEM) was applied to test the hypotheses of the model. The main reason for using PLS-SEM method is that it allows processing data with small sample size and resolving the relationships among potential variables with minimum errors.

3.2 Data collection method

The study combined EFA and PLS-SEM methods so the sample size must be suitable for these methods. According to Hair et al. (1998), if using EFA, the ratio of observation to a variable is 5:1, meaning that a measurement variable needs at least five observations. Besides, Kline (2005) suggested the sample size used in SEM linear structure model has three types, which are small sample ≤ 100 , average sample 100-200, and large sample ≥ 200 . Therefore, with 14 observed variables, the minimum sample size is $14 * 5 = 70$. The study has directly interviewed 85 credit officers in charge of business customers and 170 businesses (according to the 1:2 principle) in Vinh Long Province and Can Tho City. Next, the study calculated the average value of customer orientation and customer satisfaction for each employee. In summary, the data set included 85 observations of employee job satisfaction and the average value of customer-oriented variable and customer satisfaction. The number of observations met the sample size requirement and ensured the reliability to test the model.

4. RESEARCH RESULTS AND DISCUSSION

4.1 Actual state of employee job satisfaction

The study directly interviewed 85 employees and used the average value of the range scale to measure employee job satisfaction. The statistical results in Table 2 show that employees are satisfied with their current jobs but only at 3.81/5.0 point. Employees are satisfied with the bank's policies at the value of 3.72/5.0. This shows that some of the bank's policies are still limited, leads to the employees' low satisfaction. Credit officers believe that the bank's salary policy is only at an acceptable level. It requires a fairer payment between two positions which are sales staff and business support; The work is too stressful and needs a more rational assignment; The bank has not supported the staff to update their qualification from college to university and postgraduate degree; Personal information among colleagues should not be shared too much. Therefore, in the future, banks need to improve policies to increase employee job satisfaction.

Table 2: Employee job satisfaction result

Observed variable	Min	Max	Mean	Standard deviation
HLCV1 – Satisfied with the bank’s policies	2.00	5.00	3.72	0.84
HLCV2 – Satisfied with the workplace	2.00	5.00	3.65	0.74
HLCV3 - Proud of job/workplace.	1.00	5.00	3.44	0.82
HLCV4 – Pleased to work here	2.00	5.00	3.81	0.72

Source: Survey data, 2019

4.2 Evaluate the reliability of the scale

Cronbach's Alpha coefficient

The study used Cronbach's Alpha coefficient to test the reliability of scales. The test results shown in Table 3 show that all three observed variables have Cronbach's Alpha coefficient of 0.6 or higher and 14 observed variables have corrected item-total correlation greater than 0.3, so all the scales ensure reliability (Nunnally and Burnstein, 1994) and can be used for the next step Exploratory Factor Analysis.

Table 3: Result of Cronbach’s Alpha analysis

No.	Factor	Number of variables	Cronbach’s Alpha	Corrected item-total correlation
1	Employee job satisfaction	4	0.867	0.811
2	Customer orientation	6	0.917	0.895
3	Customer satisfaction	4	0.922	0.883

Source: Survey data, 2019

Exploratory factor analysis (EFA)

Exploratory factor analysis is used to group the factors of employee satisfaction, customer orientation, and customer satisfaction. The results of the EFA analysis achieve the following values, (1) Reliability of the variables (Factor loading) > 0.5; (2) Research model's suitability test (0.5 < KMO < 1.0); (3) Bartlett's test for correlation of variables with Sig. coefficient = 0.000; (4) Cumulative variance test > 50%, so that the research model can be used in the linear structural analysis.

Table 4: Factor analysis result

No.	Observed variable	Scale	KMO	Sig.	Cumulative variance
1	4 variables: HLCV1, HLCV2, HLCV3, HLCV4	Employee job satisfaction	0.785	0.000	63.024%
2	6 variables: DH1, FH2, DH3, DH4, DH5, DH6	Customer orientation	0.879	0.000	65.092%
3	4 variables: HLKH1, HLKH2, HLKH3, HLKH4	Customer satisfaction	0.853	0.000	75.464%

Source: Survey data, 2019

4.3 Linear structure analysis (PLS-SEM)

The PLS-SEM analysis method is used to test the impact of employee job satisfaction on customer satisfaction. According to Henseler et al. (2009), the research model is evaluated by two steps, test the measurement model and the structure model.

Measurement model test

The evaluation of the measurement model is based on criteria such as composite reliability (CR), convergent validity and discriminant validity. The calculation results on SmartPLS in Table 5, the composite reliability received values above $0.9 > 0.7$, showing a high level of reliability (Fornell and Larcker, 1981). The average variance extracted (AVE) values of the variables are greater than 0.5 and the outer loading coefficients greater than 0.7, indicating that all the scales reach the convergent validity (Nguyen Quang Anh et al., 2019).

Table 5: Reliability and convergent validity of the measurement model

Scale	Composite reliability (CR)	Average variance extracted (AVE)
Customer orientation	0.936	0.708
Employee job satisfaction	0.911	0.720
Customer satisfaction	0.946	0.814

Source: Survey data, 2019

Next, the study evaluated the discriminant validity of the research variables. The results show that the AVE square root of each factor is greater than the contact coefficient between that factor and other factors (Fornell and Larcker, 1981). Besides, the results of multicollinearity test all give VIF values < 5 (Hair et al., 1988). Therefore, the result of the measurement model test is

satisfied and used for structural model analysis to test the impact of employee job satisfaction on customer satisfaction in financial services.

Linear structure model (PLS-SEM) test

The results of the structural model analysis on SmartPLS 3.2.8 are shown in Figure 2, SRMR index is $0.073 < 0.1$, which shows that the research model is suitable for market data (Hu and Bentler, 1999).

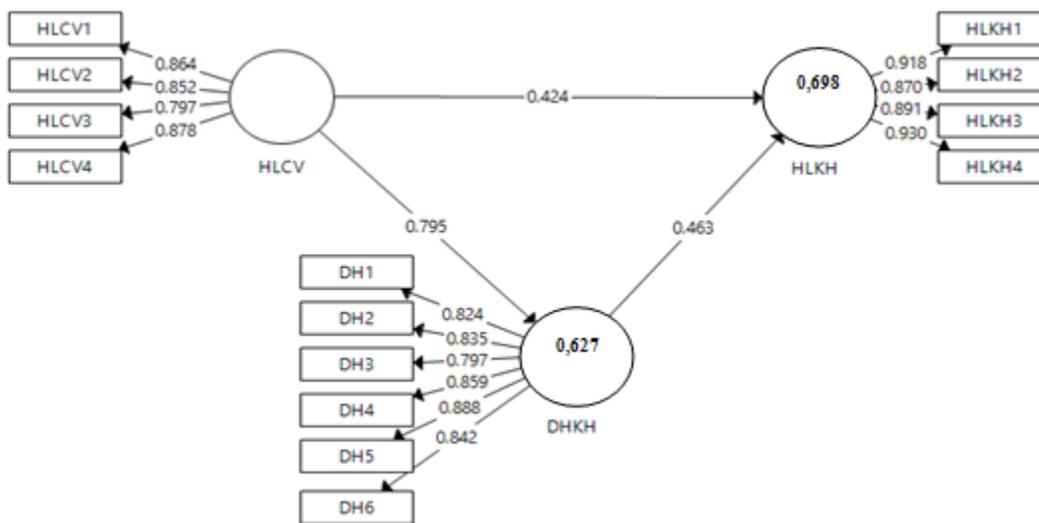


Figure 2: Linear structure model (PLS-SEM)

The model points out that employee job satisfaction and customer orientation explain 69.8% ($R^2 = 0.698$) the variation of customer satisfaction with financial services; 30.2% of the variation is explained by other variables not included in the research model.

Hypothesis test

The results of the linear structural analysis show that employee job satisfaction has a direct and indirect effect on customer satisfaction in financial services.

Table 6: Hypotheses test result

Relationship	Level of impact	P_Values	Result
Hypothesis H1: DH -> HLKH	0.463	0.000	Accepted
Hypothesis H2: HLCV -> DH	0.795	0.000	Accepted
Hypothesis H3: HLCV -> HLKH	0.424	0.001	Accepted

Source: Survey data, 2019

According to the result in Table 5, employee satisfaction has a direct impact on customer satisfaction with the path coefficient $\beta_1 = 0.424$ and is statistically significant at 5%. This implies that banks need to improve employee job satisfaction to enhance customer satisfaction, especially satisfaction with the bank's policies because the path coefficient HLCV1 \rightarrow HLCV is the strongest. Besides that, employee job indirectly affects customer satisfaction by two factors, which are HLCV \rightarrow DH and DH \rightarrow HLKH. The impact factors are 0.795 and 0.463, respectively. The hypothesis of indirect impact is also accepted at 5% significance level.

Nguyen Quang Anh et al. (2019) confirmed that researchers are also interested in the total impact (the total of direct and indirect impacts) on the dependent variable. In this study, the total effect is calculated by $\beta_1 + (\beta_2 * \beta_3) = 0.792$. This shows that employee satisfaction has a strong impact on the satisfaction of corporate customers to financial services.

In summary, the results of the hypothesis test show that credit officers' satisfaction has a strong effect on the satisfaction of corporate customers in financial services. Therefore, to improve the level of corporate customers' satisfaction, banks need to improve governance policies to improve employee job satisfaction as well as the efficiency of customer orientation process in the future.

5. CONCLUSIONS AND RECOMMENDATIONS

The study has achieved two proposed objectives, assessing the actual state of employee job satisfaction at a fair level and pointed out some limitations in the bank's policies; moreover, the study has proved that credit offices' satisfaction has a strong influence on the satisfaction of corporate customers in financial services (direct and indirect impacts). Therefore, the study proposes some administrative implications to improve the satisfaction of corporate customers as follows:

Firstly, improve employee job satisfaction by improving the bank's policies. Accordingly, the bank needs to increase allowances and bonuses to enhance their income as well as indirectly support them with expenditures to build and maintain personal relationships with customers; adjust the remuneration of two positions, business staff and business support staff, based on the workload of each position; Orient the staff to develop suitable personal plans and avoid achieving targets in a short time to reduce pressure; Create a healthy competitive environment; Always remind employees about business ethics.

Secondly, improve the efficiency of customer orientation. The bank should offer the staff with soft skills training courses (financial counseling skill, customer persuasion skill, negotiation skill, professional sales skill, non-verbal communication skill, etc) to ameliorate the effectiveness of advice and capture customers' attitudes and reactions. Employees need to compare service packages so that customers can make the best choice. Besides, employees should get information

about other banks' similar services to convince customers. Employees can save time by providing customers with documents before the meeting via email or other modern communication channels.

Thirdly, encourage and orient employees to build personal relationships with customers. Employees need to have a wide range of social knowledge such as sports, music, business field that their partners are doing to create a friendly and open-minded atmosphere. Besides, credit officers should attend informal meetings such as coffee or party when their customers invite as well as keep in touch with customers by phone, email, Facebook, Zalo, Instagram, etc. Employees should also regularly update customers' personal information on these means appropriately.

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