

Employee
performance
recognition
techniques on
customer satisfaction



**ASSIGN
BUSTER**

Now a day's service industry is dominating the business world. In developing countries it is observed that the largest growing area of business is service industry. Worldwide company cultures and in business the cross culture encounter ship encouraged service sector to grow in developing countries.

In Restaurant industry a part of the offering is a service and it is very popular industry in Pakistan. Chains of restaurants are not only the primary source of food in most cities of Pakistan even many local chains of restaurant with a very unique taste at low cost are competing with the international chains of restaurant. In Pakistan Restaurant industry is highly competitive in terms of quality of service provided by restaurants as a quality of services has significant effects on the profitability and success of restaurants.

The Fast Food Restaurant Market is a growing industry in Pakistan relying heavily on the changing lifestyle patterns, population growth of the target age group and the related increase in employment of women. With today's hectic lifestyles, time-saving products are increasingly in demand the most obvious being the fast food. The rate of growth in consumer expenditures on fast food has led most other segments of the food-away-from home market for much of the last one decade.

Restaurant is consisting of a group of people that are linked with one another to satisfy a single objective to satisfy the customers. If these group of people those are called internal customers are satisfied than they try more and more to satisfy the actual external customers which ultimately increases the profit of the restaurant. And for this it is very necessary to satisfy internal customers and many restaurants are expanding much of their earnings in

satisfying them by providing them different rewards that may be just a Thank-you Letter or formal award in annual function of organization. In restaurants the concept of internal customers is most suitable for front line staff because customer's satisfaction is largely depends on them. In a restaurant customer and employee contact is the first representation of a service and on that basis customer perceived the service of customers. All businesses remain healthy if their employees are healthy and wellbeing and that contribute to a excellent performance and that makes successful (MacDonald, 2005). It is necessary for restaurant to recognize their employee's positive contributions and achievements even though these are very small. Nothing can motivate employees more than the receiving award. Recognition of employees can be in many forms like, pay increments, appreciation letter, employee awards, physical and verbal support and promotions etc. it is suggested by many authors to recognize employees in front of other employees because this will motivate employees behavior and also motivate other employees to work hard to receive such an appreciation in front of all other employees. Every employee never wants only monetary compensation they also need recognition and for this the recognition of employees is more common in corporate world, Nelson (2005) in his book "1001 ways to reward employees" gave so many evidences and ways to recognize employees. It is the common understanding that if employee is motivated that will work more and satisfy more customers and if customers are satisfied that will ultimately increases the profit of organization and that's main objective of any business.

It has been observed that person visit a restaurant at first time on another's recommendations and he/she is satisfied from the services than it is likely to revisit the restaurant in future and do the recommendations to others in future. In attracting and retaining the customers restaurant industry is one of the highly competitive industry and for this restaurant managers and operators have a clear picture about the customer's needs, wants and perception of customers that will finally decide about the success and failure of restaurant. To understand customers' needs and wants and factors that influence them will provide a clear idea to the restaurant managers and operators to make, design, develop and deliver the right offerings to the customers that will make customers more satisfied (Syed, & Conway, 2006). It is observed that if loyal customers increase by 5 to 10% that will increases the profit up to 100%, and this is the reason for which many restaurants make themselves customer oriented and make their objective "customer first" and for this reason they are getting success and increasing their profits.

Problem Statement:

To study the relationship between employee performance recognition techniques and customer satisfaction in restaurant industry.

Hypothesis:

Relationship: The measure of what kind of relation does employee performance recognition techniques have with customer satisfaction in restaurant industry.

H1: There is positive relationship between employee performance recognition techniques and customer satisfaction.

Outline of the Study:

Restaurant industry is very fast growing industry in Pakistan which is partially service oriented and in service industry it is observed that if employee is recognized against its performance than customers are more satisfied from that employee's service. The aim of this study was to how employees are recognized in service industry and how these employee performance recognition techniques are related or associated with customer satisfaction in restaurant industry of Pakistan.

Definitions:

Employee performance recognition: Employee performance recognition is essentially a positive feedback to let employee know that their performance and efforts are valued and appreciated by coworkers and the organization.

Employee performance recognition techniques: These are just tools or rewards by which employee performance is recognized.

Customer satisfaction: Customer satisfaction is a measure of customer expectation either it meets or surpass about the product or service supplied by the company.

CHAPTER 2:

LITERTURE REVIEW

Restaurant Industry:

This has been observed since decades that the business world has been dominated by services. Now a day's service industry is largest, rapidly growing and more profitable industry in the developing countries due to the reason of cross culture encounter ships of business and worldwide company cultures. The only industry which even survives in recession was the restaurant industry. The result for restaurant industry to boom is, people don't have to cook and they eat out. Now days, people have meal outside not only on planned occasions even more as an afterthought (Mogelonsky, 1998).

Changing life style of people of Pakistan has resulted in the expansion of hotel and restaurant industry and due to the reason this industry is very popular among people of Pakistan. Chains of hotels, restaurants and fast food are not the only or even the primary source of food in Pakistan. The hotel/ restaurant industry of Pakistan has become highly competitive due to the quality of services provided by them and the quality of service in this industry has direct relationship with the profitability and success, this is the reason for which many local fast food chains and restaurants are competing international fast food chains and restaurant in Pakistan that provide good quality of services and unique regional tastes and habits at low cost (Siddiqi, 2007, p. 15). The restaurant industry is growing in Pakistan rapidly which rely heavily on population growth, increase in employment of women and

changing life style patterns. In today's changing lifestyle the demand of time saving products is increased and the top of list among them is fast food.

Many organizations nowadays focusing on improving quality of a service because they recognize that service is the only crucial element in their environment by which customers can be gained and retained and service also serve as competitive advantage. Service is not only important for purely service based organization; the production based industry having a mix of production and service is much focusing on buyer and seller interaction which also termed as " Service Encounters" and service encounters decide customers to sustain or not (Groenroos, 1994).

For a mix between service and production restaurant is matching example, where customers get meal which is primarily production outcome during this he/she communicates with waiter which is operational or process related or service element of restaurant.

Restaurant owners and managers should have a clear understanding of needs, perceptions and wants of customers if they want to attract and retain customers, because customers are the one who choose their existence and this makes restaurant industry more competitive (Gregoire, Shanklin, Greathouse & Tripp, 1995). Extreme competition observed in restaurants with regard to differentiated services (Koo, Tao and Yeung, 1999; Sundaram, Jurowski and Webster, 1997).

In comparison to past years, an increase in the spending of people on fast food, other sectors of food are taken away from home market. Restaurants

to bring in the full potential of employees' value, they should change the <https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

current philosophy; this can be done through understanding the relationship of competitive advantage and high performance work practice (Murphy & Olsen, 2008).

Employee Performance Recognition Techniques:

There is no business in the world which is not striving for a good and healthy state. Only contribution of successful performance of employees can make organization successful (Economic and Social Research Council, 2006; MacDonald, 2005). It has been noticed that firms to sustain competitive in the market they have a constant focus on improvement of service quality (Stevens, Khutson and Paton, 1995; Parasuraman, Berry and Zeithaml, 1991). Human resource processes are directly associated with employee attitude and that will in return produce job satisfaction or dissatisfaction (Rainey, 1991), and job satisfaction produces motivation which affects employee work efforts and productivity that ultimately affects customer satisfaction (Lawler, 1994).

All employees have given responsibilities and they also have moral responsibilities and they are supposed to act in a directed way (Fischer, Nijhof and H. Steensma, 2002). This somehow subjective morality which is more concerned about common-sense, but actual responsibility may be beyond role morality. Pointing out demands and responsibilities of one's role to be filled is role morality (Werhane and Freeman, 1999).

Every organization is focusing on measuring and evaluating performance of employees by using different tools like balanced score cards to motivate employees according to their performances (Kaplan and Norton, 1996). This

has been observed that performance measurement procedures not always give clear results in measuring elements like motivation, decision making or goal directed behavior; both positive and negative results appeared. Result of one performance measurement tool is positive in measuring one particular situation while it gives negative result in measuring other particular situation. In restaurant industry this is easy and more reliable way to get the feedback from customers or involving customers in evaluating the performance of employees (Hopkins, 2005). Employee should not only be assessed by responses to work role rather it should be assessed in social contexts that how it shape attitudes and wants (Salancik and Pfeffer 1978), and emotions expressed in organization (Rafaeli and Sutton 1989). This way of measuring employee attitudes has opened many different areas to be studied at organizational level such as depression, liking, positive and negative effect, happiness and optimism (Staw, Sutton & Pelled, 1994). To get desired results from employees it is necessary to recognize employees for their work. Employee recognition is the best way to get satisfaction among employees, this sometimes known as “ thank you” category. For employees nothing more important than just a simple “ thank you” for job that performed well by employee. It is necessary to recognize employees on their good work, positive contributions and achievements even though that should be too small. Recognition doesn’t mean just to say thank you, that could be in many forms such as promotions, company awards, pay raises, physical support, verbal guidance etc. what recognition is given to employee is not necessary but employee is recognized is the real recognition. It is to be suggested by many researchers that recognition should be given publicly because nothing can more motivate employee than to achieve an award or <https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

honoring achievement in front of the whole company formally. This may also give motivation to other employees that they should also be honored for quality of work and achieving high results. It is also observed that none of the factor can be more motivating than to receive an award (Hopkins, 2005).

Sometimes rewards are treated as psychological management which believes that when employee comes to know that their customers are satisfied then these employees will work hard more effectively because they themselves will be satisfied. Sometimes the rewards are also act as implicit. It is belief of management that a long run satisfied customer is more profitable for organization. Management motivates employees by communicating this belief that if the firm is more profitable than employee will remain employees and even ear more wages. In some organization employee wages/salaries are directly stick with the customer satisfaction or quality measures (Hauser, Simester, & Wernerfelt, 1994). Clive Mettrick, an executive of the company once said: to reward and to recognize positive results of employees is important factor in employee retention. To retain qualified employees to engage them in customer satisfaction, resource management and performance improvement organization should maintain reward and recognition programs (Freed, 1999).

Akerlof and Kranton (2005) quoted: " If an organization is going to function well, it should not rely solely on monetary compensation schemes". In his book 1001 Ways to Reward Employees, Nelson (2005) gives plenty of proofs and multiple awards used in companies. Employee considering award as incentive assume recognition as important source of motivation (for example, by receiving award). Employee put all his efforts not to demolish <https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

award with the money that went with it. Awards are valuable for the employees because they convey appreciation and recognition on behalf of colleagues and the public. Award may give a feeling of commitment because it creates an emotional bond by connecting the winner with the institution (Bruno & Susanne, 2009). Reward and recognition is the way of telling employees that organization value employees' efforts (Evans and Lindsay, 2003). It is seen that many of the companies' through billions of dollars for employees reward and recognition processes but the results showed that such processes are not of value for them even these create de-motivation among employees (Spitzer, 196).

Covey's (1994) term "begin with the end in mind" is may be used in designing Reward and Recognition system for employees, before developing the system it is necessary to consider the key objectives that organization has to achieve. McAdams (2000) suggested attaching rewards with business goals and objectives which, he recommended, are: revenue financial return, growth, customers' satisfaction and reducing operating expenses. Any organization may make as many rewards as possible but sometimes they become of no use because they create a feeling of being controlled, the best solution of this is to involve employees in developing reward and recognition system of organization (George and Weimerskirch, 1994). Employers and Managers should not recognize employees as they want but recognize employees as they want to be recognized (Branham, 2001).

For employees performance measurement customer feedback plays a vital role, if servers provide good/bad service to customer so customer will

provide good/bad feedback about employees. So, more emphasis should be <https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

on quality of employees' service, customers will get more satisfaction (Johnson, 1996; Schneider and Bowen, 1985). This concept should be well understood that if organization is providing employees with quality service then it is likely to be noticed that customers' will receive higher quality service (Lukas and Maignan, 1996). Some service executives claimed that frontline service employees are actually communicating with customers' so; they create the level of perceived service quality of that organization. The first representation of service firm is interaction between employee and customer and customer usually perceived organization on the basis of interaction between employee and customer (Parasuraman, Zeithaml, and Berry 1985). Therefore, it is vital that frontline customer contact employees must be focused on customers' needs and wants (Kelley 1992).

Customer Satisfaction:

Since many years, service quality and customer satisfaction have become a major area of attention to researchers because it was found that both have impact on organization performance and customer behavior. Service quality gives higher profitability (Gundersen, Heide and Olsson, 1996), and also it gives customer satisfaction (Oliver, 1997), and customer satisfaction spread positive word of mouth (Söderlund, 1998).

A satisfaction based on outcome or process is also termed as customers' satisfaction. Customer satisfaction can simply be defined as judgment of a post consumption of a particular product or service (Gundersen, et al., 1996).

Some studies also showed that customer satisfaction has direct or indirect impact on organization results. Many authors also concluded that

organization profitability is directly affected by customer satisfaction

<https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

(Anderson, Fornell & Lehmann, 1994; Yeung, Ging & Ennew, 2002; and Luo and Homburg, 2007).

All these authors also found that customers' satisfaction produces customer loyalty that increases repurchase intentions which spread positive word of mouth.

Knutson (1988) discussed the factors that are important for customer satisfaction like convenience of location, safety and security, prompt service, and friendliness of employees.

Barsky and Labagh (1992) is of the view that location and employee attitude are the factors which can easily influence customers' satisfaction.

Service quality is considered very complex in nature its meaning is different from customer to customer but the most common definition could be that comparison between customer expectations and customer perceptions of the service received by customers (Parasuraman, Zeithaml & Berry, 1988; Grönroos, 1982). Some authors are of the view that customer satisfaction represents a sign of service quality (Carman, 1990; Bolton and Drew, 1991). Other authors argue that service quality is a sign of customer satisfaction (Churchill and Suprenant, 1982; Anderson et al., 1994; Oliver, 1997; Oh, 1999; Zeithaml and Bitner, 2003; Jamali, 2007).

These authors agreed that service quality is cognitive evaluation which may give satisfaction to the customers. So it may be concluded that service quality produces results of customer satisfaction. Customer satisfaction should be measured on criteria of the quality service that is provided to the

customers by the services that are attached with the product/ service (Vavra, 1997). Word of mouth recommendations and repeat purchase behavior are the major reasons for which customers' satisfaction is thought of having a great importance in all type of organization (Berkman and Gilson, 1986).

Factors affecting service quality and customer satisfaction guide owners and restaurant managers' to develop and deliver the right offerings. Only a part of an offering of a restaurant is service that is intangible and heterogeneous and success of all other parts is dependent on the quality of service that is provided to the customers (Syed, & Conway, 2006). It has been observed that a satisfied customer from service provided by restaurant is likely to visit again in the restaurant even recommend to other friends and relatives (Kivela, Reece and Inbakaran, 1999; Pettijohn, Pettijohn and Luke, 1997).

Restaurants' net profits can be doubled if a restaurant loyal customers increases from 76 to 81% (Mattila, 2001). Social contacts play an important role in selection of a restaurant; almost 44% of customers visit a restaurant first time on recommendation of friends where as only 10% visit restaurant first time with former customer (Smith, 1996; Stevens, Khutson, and Patoon, 1995).

Most of the restaurants make themselves customer oriented where they have the belief that customer and customer's interest comes first without ignoring other stake holders' like owners, managers and employees, to make organization long run profitable (Hartline , Michael D., Maxham III, James G., & McKee, Daryl O. 2000). Because of intangible, hetero and inseparable nature of service, in service firms' customer orientation plays a vital role

(Parasuraman, Zeithaml, and Berry 1985). Firms applying customer
<https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

orientation earn more profitability and perform better service quality than those firms who apply other orientation in their processes (Kelley, 1992).

“ Satisfaction is generally viewed as a broader concept . . . service quality is a component of satisfaction” (Zeithaml and Bitner, 2003, p. 85).

Satisfaction can't be driven from one source it always be driven from many sources, Bitner and Hubbert (1994) explain satisfaction in two ways: service encounter satisfaction, this satisfaction or dissatisfaction arrives from specific service encounters and overall satisfaction, this satisfaction based many/ multiple service encounters and experiences, experienced by customer. It shows that service encounter satisfaction at each service encounter develop overall service satisfaction. Oliver's (1997) defined customer satisfaction as fulfillment of response. Satisfaction in a very low time grows moldy with overall customers' attitude (Oliver, 1997). From the above perspective of customer satisfaction this can be stated that, Service quality can be viewed as whole family picture album, where as customer satisfaction is just one snapshot.

CHAPTER 3:

RESEARCH METHODS

3. 1 Method of Data Collection

A questionnaire survey consisting of 2 questionnaires, 1 for managers of restaurants (consist of 3 pages) and other for customers (consist of 2 pages) of each restaurant were used to collect the data (Primary) from respondents from restaurants across Pakistan. The survey was done in the following manner.

<https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

Personal meeting by taking an appointment with the managers of the restaurants

Personal meetings with customers those were available in restaurant at that time.

3. 2 Sampling Technique

Convenience sampling was done to carry out the research.

3. 3 Sample Size

There are two types of data used by researchers to do research, primary and secondary. In primary research questionnaires are used to collect the data that can be qualitative or quantitative. Since every organization is using different techniques to recognize their employees so there was need to use questionnaires to collect the primary data. It is very difficult to reach every restaurant and collect the data because many of restaurants were not willing to share accurate information. Total sample size was 420 which include 20 restaurant managers and 400 customers, 20 customers from each of 20 restaurants.

3. 4 Instrument of data collection

Two different questionnaires were developed to collect the data, among which first questionnaire was based on employee performance recognition techniques used in restaurant and the other questionnaire was based on the service characteristics and the service provided by employees and received by customers. Demographics were also asked in both instruments (questionnaires). SPSS was used as tool to analyze the data.

3. 4. 1 Validity and reliability test

The questionnaire was conducted to determine the errors in the design and instruments. Pre-test refers to testing of the questionnaire on a small sample of participants to identify and get rid of potential problems. This has been done to evaluate the questionnaire for clarity, bias, and issues vague, and its importance to the research.

Reliability analysis, measurement scales and the things that makes studying the properties to make them. Reliability analysis procedure is used in many cases the number of procedures to calculate the level of reliability and the relationship between the items listed in the individual level provides information about.

Table 3. 1

Reliability Statistics

Cronbach's Alpha

Cronbach's Alpha Based on Standardized Items

N of Items

. 761

. 762

14

3. 5 Research Model Developed

Restaurant industry is a mixture of service industry and production industry, if any one of them is not up to the standards or customers' perception it directly affect restaurant business, so for restaurants it is necessary to make and serve the products as per standards. Service part of restaurant industry is very critical and to cope up with this restaurants recognize their employees by providing them different rewards to motivate them and they motivated these employees work more and in an efficient way and this will directly affect customer satisfaction.

This study focused on how restaurants in Pakistan recognize their front employees and how recognizing employees affect customer satisfaction.

Every restaurant has different recognizing techniques to recognize employees and do these recognizing techniques have any relationship with the customer satisfaction.

The following model has been developed with the help of supervisor.

Employee Performance Recognition Techniques:

Employee of the Week/Month/Year

Cash

Certificate of Appreciation

Write-up in the newsletter

Praise in the meetings

Nominating for out of station Training

Paid vacation (Time-off)

Job redesign

Company shares

Promotions

More power in the job

Figure 3. 2

Employee Performance Recognition

Customer Satisfaction

3. 6 Statistical technique:

General Linear Model and ANOVA statistical techniques have been used for the study keeping in view the nature of the hypothesis and the data collected.

CHAPTER 4:

RESULTS

4. 1 Findings and Interpretation of the results:

H1: There is positive relationship between employee performance recognition techniques and customer satisfaction.

Parameter Estimates

Dependent Variable: Total Customer Satisfaction

Parameter

B

Std. Error

t

Sig.

95% Confidence Interval

Partial Eta Squared

Lower Bound

Upper Bound

Intercept

. 702

. 858

<https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

. 819

. 413

-. 985

2. 389

. 002

[cs_maritalstatus= 1]

. 834

. 171

4. 866

. 000

. 497

1. 170

. 058

[cs_maritalstatus= 2]

. 883

. 172

5. 119

. 000

. 544

1. 222

. 064

[cs_maritalstatus= 3]

0a

-
-
-
-
-
-
-

[res_emp_month= 0]

1. 656

. 475

3. 484

. 001

. 721

2. 590

. 031

[res_emp_month= 1]

0a

-
-
-
-
-
-
-

[res_cash= 0]

-. 166

. 084

-1. 981

. 048

-. 331

-. 001

. 010

[res_cash= 1]

0a

<https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

-
-
-
-
-
-

[res_certificate= 0]

-. 395

. 077

-5. 118

. 000

-. 547

-. 244

. 064

[res_certificate= 1]

0a

-
-
-
-
-
-

[res_meetings= 0]

. 669

. 233

2. 876

. 004

. 212

1. 127

. 021

[res_meetings= 1]

0a

-
-
-
-
-
-

[res_training= 0]

. 961

. 273

3. 522

. 000

. 425

1. 498

. 031

[res_training= 1]

0a

-
-
-
-
-
-
-

[res_job_redesign= 0]

. 389

. 124

3. 142

. 002

. 146

. 632

. 025

[res_job_redesign= 1]

0a

-
-
-
-
-
-

[res_power= 0]

-. 221

. 090

-2. 454

. 015

-. 398

-. 044

. 015

[res_power= 1]

0a

-
-
-
-
-
-

[HRM_Policy= 1]

3. 277

1. 043

3. 143

. 002

1. 227

5. 328

. 025

[HRM_Policy= 2]

. 481

. 347

1. 385

. 167

<https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

-. 202

1. 163

. 005

[HRM_Policy= 3]

-. 916

. 323

-2. 838

. 005

-1. 551

-. 282

. 021

[HRM_Policy= 4]

0a

-
-
-
-
-
-

[Fin_Policy= 2]

-. 949

. 239

-3. 962

. 000

-1. 420

-. 478

. 039

[Fin_Policy= 3]

0a

-
-
-
-
-
-
-

[Fin_Policy= 4]

0a

-
-
-
-
-
-
-

[Mkt_strategies= 1]

-. 891

. 385

-2. 315

. 021

-1. 647

-. 134

. 014

[Mkt_strategies= 2]

-1. 160

. 453

-2. 562

. 011

-2. 050

-. 270

. 017

[Mkt_strategies= 3]

0a

-
-
-
-
-
-

years_operations

<https://assignbuster.com/employee-performance-recognition-techniques-on-customer-satisfaction/>

. 321

. 125

2. 574

. 010

. 076

. 567

. 017

a. This parameter is set to zero because it is redundant.

Interpretation:

Customers having marital status single and married have sig value 0. 000 it means marital status is significant, while there Beta values are 0. 834 and 0. 883 respectively which shows married respondents are most satisfied.

Employee performance recognition technique Employee of the month/week/year has sig value of 0. 001 which is significant but Beta value 1. 656 suggested that customer satisfaction is low where Employee of the month/week/year recognition technique is applied.