

An analysis of relationship between Employee- Satisfaction and Service Quality in select branches of Jammu and Kashmir (J&K) Bank

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Abstract

The organizations now a days have understood the value human resources carry just like other functional areas say finance, production and marketing and that is why HRM has been budding as an organizational function over the previous few years as the success of HRM is highly detrimental to the satisfaction of employees working for a service organization which are highly reliant on human resource for their progress and productivity. For an organization, the significant effects which we can link with Employee Satisfaction might include job performance (Judge et al., 2001), bodily well-being (Duffy et al., 1998), behaviors helpful to employees (Bateman & Organ, 1983), job linked stress (Cavanaugh et al., 2000), turnover (Griffeth et al., 2000) and dedication to the organization (Schappe, 1998). Further, a satisfied employee for good Service quality is a widely accepted fundamental and Service Quality is very important for maintaining the long term relationship with customers (Culiberg & Rojsek, 2010). Thus, it becomes very important to study and conceptualize the relationship between Employee satisfaction and Service Quality and this makes it a vital research topic.

Keywords: Employee satisfaction, Employee satisfaction dimensions, Service Quality, Service Quality Dimensions, Employees, Customers, J&K bank.

1. Introduction

In the last few decades, there has been a tremendous study/research on Employee satisfaction. The key factor behind the ever increasing prominence on Employee satisfaction is that a satisfied employee brings high Service Quality and high Service Quality brings highly satisfied customer that ultimately results in a better competitive position in a cut throat competition thereby resulting in larger market share and profit (Fornell, 1992). Analysing the different aspects of Employee satisfaction and Service Quality can assist the banks in identifying their weak points and helping those

formulating strategies for acquiring higher Customer Satisfaction. Employee Satisfaction and Service Quality provides an understanding on achieving the satisfaction of external customers through engaging them in a better experience associated with the purchasing of a product or a service (Shazia, 2017). This may be achieved through employee interaction via Service Quality.

Employee Satisfaction is recognized to affect the Service Quality thereby affecting Customer Satisfaction level and loyalty towards the organizations. Organizations, where the employees can be empowered through internal organizational norms and practices can boost employee performance levels and motivate them to provide higher Service Quality to customers (Sohail, 2018). It is also essential to note that Customer Satisfaction is highly influenced by the perceived Service Quality. In the banking sector, Service Quality is an integral issue or a critical aspect due to its importance in affecting Customer Satisfaction and more knowledge on the association between these two components can help the management and employees in the bank to collaborate and demonstrate joint efforts to improve the Service Quality.

2. Review of Literature

2.1 The concept of Employee satisfaction

Employee Satisfaction in simple terms is a manifestation among the employees which engages the employees with the organization and persuades the employee from within to work for the good of the organization and according to the goals and objectives of the organization. To be more lucid, Employee Satisfaction is a pertinent response which is an emotional feeling from the cognitive experience that employee gets out of the job and this emotional discernment regarding the job is an attribute about the job which may be satisfaction or dissatisfaction (Malik et al., 2017).

In this regard, Locke (1976) gave a definition about Employee Satisfaction in terms of the emotional condition which is congenial or positive further resulting from the evaluation or experience of the job that one is holding. Employee/Job Satisfaction may perhaps be a refined notion that constitutes intrinsic as well as extrinsic variable. As evident from researches, the variables which are intrinsic result from the inner feeling of the employee as a result of acknowledgement, development, as well as conscientiousness whereas the variables which are extrinsic originate from the outside arrangement of

rewards linked to environment which include commercial negotiation, service treatments and techniques and an excellent partnership with superiors and supervisors as well as working environments (Yousaf et al., 2015). For any service organization to thrive and work profitably in competitive market of modern times, one of the important elements is its employees the efficiency and effectiveness of whom provide the service organization with a distinctive edge over the competition (He et al., 2011). A service organization with suitable employees automatically adds to its chances of succeeding in its business (Davidson, 2003; Karatepe et al., 2009). Apparently, the literature dealing with service marketing states that for providing best quality services, an atmosphere of motivating the employees to provide quality services has to be established and kept up and further this prerequisite must be taken up on priority basis by any service organization (He et al., 2011).

2.2 Service Quality

The term Service Quality has been the topic of interest among many researchers and market professionals, who are well aware about its benefits. It has been understood by the businesses that competitive advantage can be gained only through better Service Quality and that's why the profit sector organizations are increasingly becoming customer oriented by providing good quality of service. The elusive concept of Service Quality has been described by Parasuraman, V. Zeithaml and L. L. Berry in 1985, Bitner, Booms and Mohr 1994; Roest and Pieters' 1997. Service Quality and Customer Satisfaction are considered as important factors in both profit and non-profit organizations.

Gonroos (1983) explained the determinants of Service Quality which have been explained as follows:

- **Reliability:** Reliability of Service Quality is associated with the consistency of execution and trustworthiness. Here it has been proposed that if the organization gives the service in the correct manner the first stance and keeps up to its promises.
- **Responsiveness:** This factor underlines that to what degree the workers are set up and ready to give service. This includes factors, for example, mailing an exchange slip quickly, getting back to a client back in shortest possible time etc.

- **Competence:** This factor is associated the knowledge and aptitudes, and furthermore explore capacity of contact staff, operational help work force that is required for providing the service.
- **Access :** This factor is associated with the approachability which means for instance if the working hours are advantageous, the location of the offices are convenient, the holding up/waiting times are short and furthermore simple access by phone.
- **Courtesy:** This factor includes affability, regard, thought, cordiality of contact work force (counter receptionists, phone administrators, etc.).
- **Communication:** This is related to keeping the client informed in a language they can comprehend and attentively listening to the client. The organization may need to make a few changes so as to incorporate outside clients.
- **Credibility:** It refers to the incorporation of various factors like reliability, trustworthiness and genuineness. It intends to the extent the organization has the customer's best interest at heart. Components that influence the credibility are the organization name, status, individual attributes and how much the hard sell is associated with clients.
- **Security:** Security implies independence from peril, hazard or uncertainty. Variables included are: physical security, money related security and secrecy.
- **Understanding the customer:** This is connected with trying to comprehend the client which includes finding out about explicit prerequisites, desires and wants and giving individualized consideration.
- **Tangibles:** They include physical facilities of the service like physical evidences, for example, physical offices, appearance of service personnel, apparatuses or tools that are utilized to give the service, physical portrayals or different clients in the service area.

2.3 Employee Satisfaction and Service Quality

Although there is ample study and research work carried out on the study of relationship between Employee Satisfaction and Service Quality in services sector, there are also

volumes of literature available on relationship between Employee Satisfaction and Service Quality in banking sector, yet there is very limited/no empirical evidence on the direct relationship between Employee Satisfaction and Service Quality in J&K Bank. Thus, the present paper aims at studying the relationship between Employee Satisfaction and Service Quality in select branches of J&K Bank by getting responses from the Employees and Customers of the bank.

3. Research Methodology

3.1 Sample

The population for the present study was the employees of J&K bank. In the survey, the identity of the respondents has been kept closed.

A total of 70 and 140 survey questionnaires were send/mailed out to employees and customers respectively of J&K bank in select branches of Kathua and Samba districts of J&K. Out of the 70 and 140 questionnaires mailed/send/posted, a total of 62 and 124 questionnaires were received back after follow-ups, respectively from the above said employees and customers. About 4 questionnaires in case of employees and 11 in case of customers were dropped out due to mostly missing/omitted values. On the whole the response rate was thus near 81 percent, which was considered quite acceptable for the present study.

According to the above literature and in order to find out the relationship between Employee Satisfaction and Service Quality in J&K bank, hypothesis has been formulated as follows:

Hypothesis(H). Employee Satisfaction is significantly related to Service Quality

4. Data Analysis

The constructs in the present study have been formulated by using scales taken from previous studies. Also, some changes have also been done as per the requirements of the study. Five-point Likert scale with anchors strongly agree (=5) and strongly disagree (=1) have been used. Further,

the studies used for developing questionnaire pertaining to the Employee Satisfaction were Küskü (2001), Antoncic and Antoncic (2011), Rani and Mariappan (2011), Sageer, Rafat and Agarwal (2012) etc. The questions used by Tsai and Tang (2008), pertaining to Service training programmes, Performance incentives and Vision about excellence service were used as well. The items developed on these parameters were included in the

questionnaire for the bank employees. The prominent dimensions pertaining to the Employee Satisfaction based on the above said studies were General satisfaction, Employee relationships, Remuneration and Benefits and Organizational Culture.

Furthermore, the questionnaire pertaining to the measurement of Service Quality was developed as per the SERVQUAL model and other related studies. The constructs developed by Parasuraman, Zeithaml and Berry, (1985), Parasuraman and Berry (1988), Kang and James (2004), Parasuraman, Zeithaml and Malhotra (2005), Li and Suomi (2009), Carlsson (2010), Li and Suomi (2009), Kabir and Carlsson (2010), Culiberg and Rojšek (2010), E L Samen and Alshurideh (2012), Ong (2012), El Saghier and Nathan (2013), Yarimoglu (2014), Yarimoglu (2014), Serafimovikj et al., (2017) etc. were used as they provide reliable questions for measuring all the dimensions of Service Quality. Service Quality dimensions developed out of the said studies are Tangibles, Responsiveness, Reliability, Assurance and Empathy.

The questionnaire was checked for reliability and validity after it was finalised. Consequently, the techniques like reliability analysis were applied to find out whether the scale was reliable. Therefore, Cronbach's alpha coefficient was calculated using Statistical Package for Social Sciences (SPSS). The result of the data analysis so obtained concluded that all the variables of the study have coefficient value over the Nunnally's (1978) recommended internal consistency threshold of 0.70, thereby suggesting that the instruments were reliable for conducting the present research.

For the purpose of data analysis, the statistical program SPSS for Windows Version 21.0 has been used. In order to make out the association and impact between/on Employee Satisfaction and Service Quality, Correlation studies and regression analysis have been used.

4.1 Descriptive statistics analysis

The value of correlation between the Constructs under study was found out to be .744 that indicates a significant positive relationship between the said constructs. Thus, Employee Satisfaction and Service Quality are significantly related in a positive sense.

Thereafter, linear regression has been used in order to study the effect of former on later and the results of the regression analysis show that Employee Satisfaction explain a significant amount of variance in Service Quality in State Bank of India { $R = .744$, $R^2 = 0.554$, Adjusted $R^2 = 0.552$, $p < .001$ }. Thus, the results are statistically

significant and Employee Satisfaction account for approximately 55% of the variance in Service Quality.

Further, the unstandardized coefficient for Employee Satisfaction implies that for a one unit increase in Employee Satisfaction, 0.773 units increase in Service Quality can be expected. In all, the results show a significant impact of Employee Satisfaction on Service Quality. ($R^2=0.554$, Beta = .744, $t = 15.912$, $p < .001$).

Table 5.37: Regression Analysis of Employee Satisfaction on Service Quality

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.744 ^a	.554	.552	.390	
a. Predictors: (Constant), EMPLOYEE SATISFACTION					
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.990	.184		5.379	.000
EMPLOYEE SATISFACTION	.773	.049	.744	15.912	.000
a. Dependent Variable: SERVICE QUALITY					

Thus, analysis supports the hypothesis of the study. i.e. *Employee Satisfaction is significantly related to Service Quality.*

With the validation of Hypothesis, the study has contributed towards literature by providing a clear framework to facilitate systematic study in the domain and also clarifying the contribution of Employee Satisfaction in perceiving the Service Quality in J&K Bank.

5. Discussion and Managerial Implications

This study is intended to find out the relationship between Employee Satisfaction and Service Quality in J&K bank.

The conclusions of the results of the study as drawn from the data provided above is that Employee satisfaction has direct relationship with Service Quality in J&K bank.

6. Limitation and scope for future research

There can possibly be no research that is free from all kind of limitations. Similarly, there exist some limitations in present study which needs to be identified and addressed by future research. As the conclusions of the results of the study have shown that Employee satisfaction has direct relationship with Service Quality in J&K bank, a future research can be undertaken in some other sectors to establish/confirm the said relationship/impact. Further, the present paper has adopted only a sample size of 70 and 140 for employees and customers respectively, whereas the future research can undertake a large sample size so as to generalize the result for larger population. Also, the present study has been conducted in J&K bank only whereas other researchers can undertake a comparative study between two or more banks.

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