

Employee Satisfaction Measurement – Part of Internal Marketing

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Abstract

Since 1980 service companies have realized that standards and technology are essential for the successful implementing of the adopted strategy, but not enough. Without employees with the proper attitude, knowledge and skills, strategy can not generate the desired results.

Great service companies highlight that employees (front-line employees) are responsible for the implementation of the service strategy, their satisfaction and loyalty having a direct and strong influence on the satisfaction and loyalty of the customers.

In this context, this paper aims to highlight the importance of employees in delivering reliable services, as well as how to measure employee satisfaction levels. Regarding the employee satisfaction measurement, this paper presents a primary marketing research conducted on the front-line employees of the Romanian Commercial Bank of Sibiu. The data was collected using a primary research, which involved getting original data by conducting a survey research. In this case, the information was collected directly from respondents using a questionnaire that contained 19 questions.

Results show that employees are generally satisfied, but the interaction with the customer is still affected by lower motivation, lack of quality standards from the customer's perspective and their limited involvement in decision making.

Keywords: *employee satisfaction, internal marketing, customer orientation, employee loyalty, internal customers*

JEL classification: M31, G21, M50

1. Introduction

Due to the intangibility and inseparability of services, front-line employees have a determinant role in satisfying customers and building strong relationships with them. This reality was the framework for integrating customer orientation

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with employee orientation, defined as internal marketing (1. Dumitrescu, L., Apostu, C., 2009, p. 327).

The internal marketing concept has been widely debated in the United States since the late 1970s. Concerning the relations that should exist between managers and employees, internal marketing is an extension of relational marketing that occurs within the service company (2. Hooley, J. G., Saunders, A. J., Piercy, N. F., 1998, p 390).

The primary objective of internal marketing is to develop employee awareness of their roles, so that the company can establish lasting relationships with customers (fig. 1).

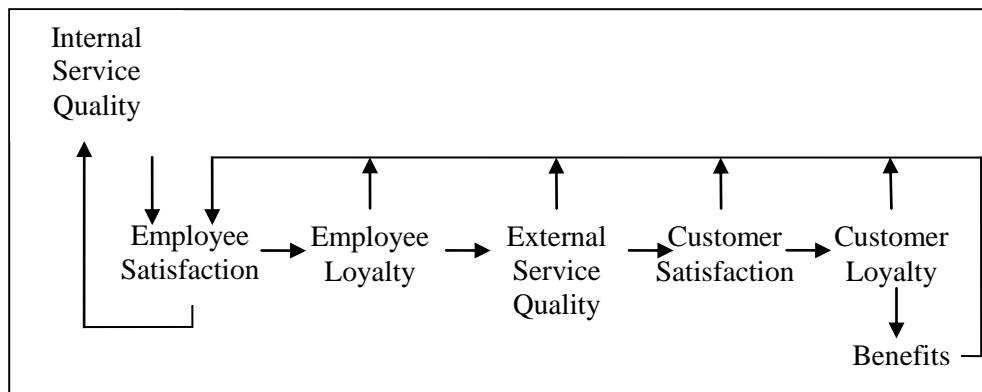


Figure 1: From employee satisfaction to customer loyalty and profit growth
Source: "Harvard Business Review"

According to Leonard L. Berry and A. Parasuraman (3. 1991, p. 171), Manfred Bruhn (4. 2001, p. 214) and Philip Kotler (5. 2008, pp. 25-26), internal marketing has three major features: internal marketing is a systematic planning process, a simultaneous orientation towards customers and employees and a generalized internal vision.

Internal marketing is based on the philosophy that employees are the "internal customers" of the company, their satisfaction affecting the customer's satisfaction and the company's productivity. In this context, the service climate affects the attitudes and behaviors of employees, and consequently affects customers' perceptions of the service quality (6. Schneider, B., Bowen, E. D., 1993, p. 39).

2. Employee Satisfaction Measurement – base of internal marketing

Representing at the same time a standard, a method and a set of relations, internal marketing is used by service companies to determine a specific behavior of the front-line employees. As any managerial process, internal marketing must be planned and implemented. According to Christian Grönroos (7. 1991, p. 90) the implementation of internal marketing requires five steps: the analysis of the

internal and external situation, a strategic planning of internal marketing, an operative planning of internal marketing, implementation of internal marketing and control (fig. 2).

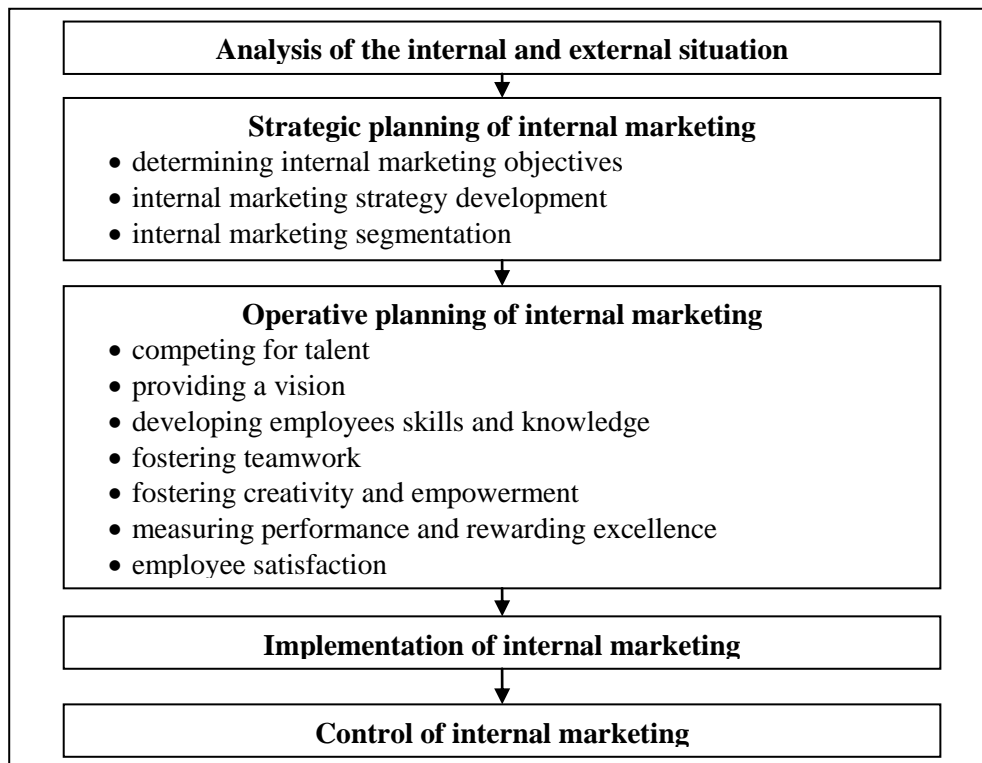


Figure 2: Internal marketing planning process

As shown in Figure 2, the situational analysis is the starting point of the internal marketing planning process. The purpose of this analysis is to understand the company's internal and external situation by examining the strengths and weaknesses regarding the company's customer and employee orientation. In this context, analyzing the level of employee satisfaction is the foundation of strategic and operational planning of internal marketing (Bruhn, M., 2001, p. 214).

3. Measuring the employee satisfaction level

The employee satisfaction measurement involves the following steps:

- a) selecting the method of collecting data on employee satisfaction (interview, telephone inquiries, written inquiries);
- b) establishing the content of the questionnaire;
- c) selecting the method of measuring employee satisfaction (by subjective methods or objective methods).

The purpose of the present research was to determine employees' satisfaction level within the Romanian Commercial Bank of Sibiu. The data was collected using a primary research, which involved getting original data by conducting a survey research. In this case, the information was collected directly from respondents using a questionnaire that contained 19 questions. We used following scaling methods: the Semantic differential scale, Likert scale and the Constant sum scale.

The satisfaction level was measured by subjective methods based on features, using the explicit method, which involves measuring the degree of perceived satisfaction.

The main purpose, nine objectives and the hypotheses were established. The research unit coincided with the survey unit (the front-line employee).

For the information's preparation and processing we used Microsoft Office Excel; for testing the significance of the association of various non-parametric variables we used the Chi Square test and for determining the degree of association between variables we used the contingency coefficient C.

The results of the research are: of 50 respondents (representing 100%), 9 respondents (18%) strongly agree with the statement "The tasks and (short, medium and long term) objectives are clearly defined", 27 respondents (54%) agree, 8 respondents (16%) have not yet formed an opinion on this matter, 4 respondents (8%) disagree and 2 respondents (4%) strongly disagree (fig. 3).

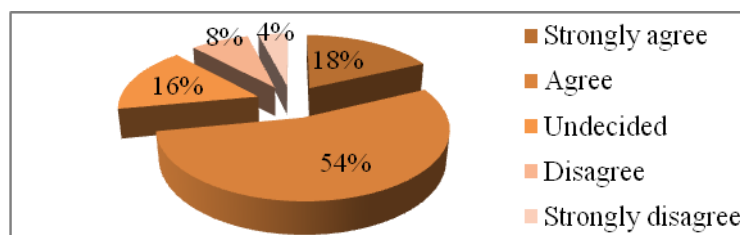


Figure 3: Respondents' opinion regarding the definition of tasks and objectives

Regarding the statement "I have the freedom of treating the customers in a flexible way", 3 respondents (6%) strongly agree, 23 respondents (46%) agree, 17 respondents (34%) are undecided, while 7 respondents (14%) disagree (fig. 4).

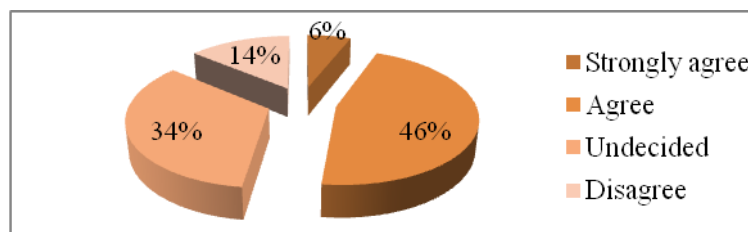


Figure 4: Respondents' opinion regarding the flexibility in customer serving

Out of 50 respondents, 4 respondents (8%) strongly agree with the statement “Information and internal communication are appropriate”, 33 respondents (66%) agree, 7 respondents (14%) have not yet formed an opinion on this matter, 5 respondents (10%) disagree and 1 respondent (2%) strongly disagrees with this statement (fig. 5).

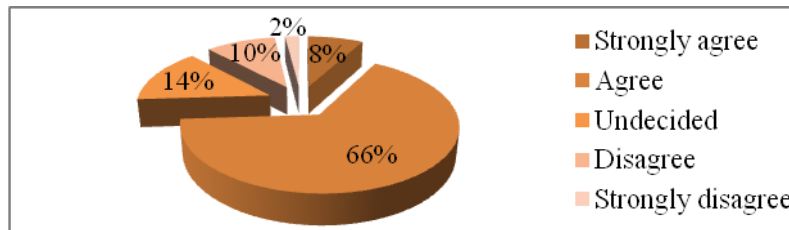


Figure 5: Respondents’ opinion regarding information and internal communication

As for the statement “I feel involved in decision making”, 3 respondents (6%) strongly agree, 13 respondents (26%) agree, 25 respondents (50%) are undecided, 8 respondents (16%) disagree and 1 respondent (2%) strongly disagrees with this statement (fig. 6).

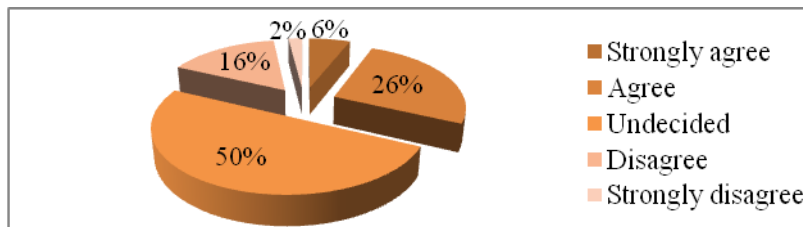


Figure 6: Respondents’ opinion about the feeling of involvement in decision-making process

Of the 50 respondents, 3 respondents (6%) strongly agree with the statement “Promotion policies are clear and fair”, 26 respondents (52%) agree, 12 respondents (24%) have not yet formed an opinion on this matter, 6 respondents (12%) disagree and 3 respondents (6%) strongly disagree with this statement (fig.7)

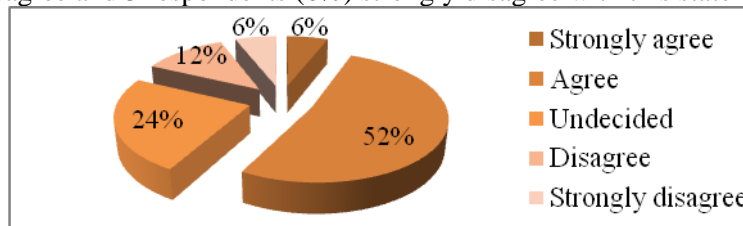


Figure 7: Respondents’ opinion regarding the promotion policies clarity

Furthermore, 6 respondents (12%) are very satisfied with the access to courses and training, 30 respondents (60%) are satisfied, 8 respondents (16%) are undecided, 5 respondents (10%) are unsatisfied and 1 respondent (2%) is very unsatisfied (fig. 8).

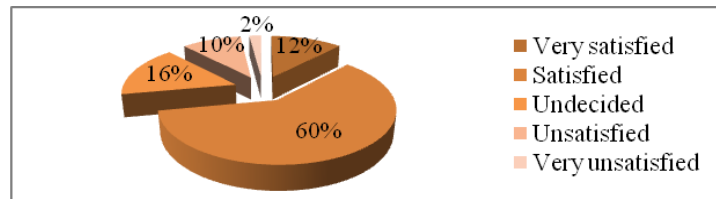


Figure 8: The degree of satisfaction with the access to courses and trainings

Out of 50 respondents, 3 respondents (6%) are very satisfied with the promotion opportunities, 19 respondents (38%) are satisfied, 14 respondents (28%) are undecided, 9 respondents (18%) are unsatisfied and 5 respondents (10%) are very unsatisfied with them (fig. 9).

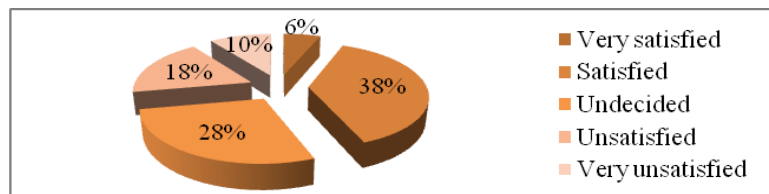


Figure 9: The degree of satisfaction with the promotion opportunities

In terms of the work amount, 7 respondents (14%) are very satisfied, 27 respondents (54%) are satisfied, 11 respondents (22%) are undecided, 3 respondents (6%) are unsatisfied and 2 respondents (4%) are very unsatisfied with the amount of work (fig. 10).

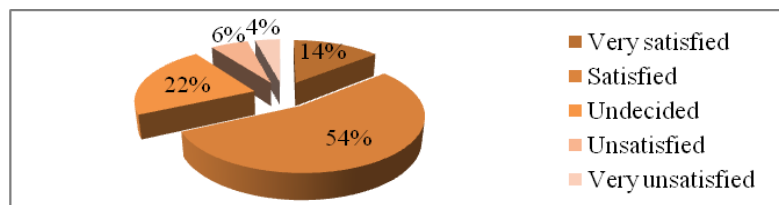


Figure 10: The degree of satisfaction with the amount of work

Moreover, of 50 respondents, 1 respondent (2%) is very satisfied with his salary, 21 respondents (42%) are satisfied, 15 respondents (30%) are undecided, 9 respondents (18%) are unsatisfied and 4 respondents (8%) are very unsatisfied with their salary (fig. 11).

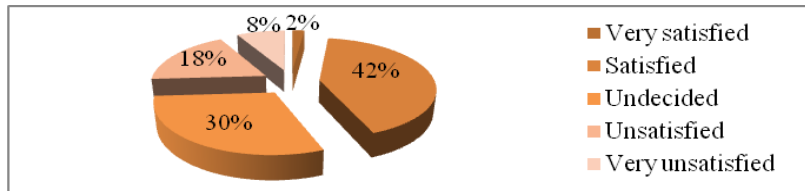


Figure 11: The degree of satisfaction with the salary

Furthermore, 1 respondent (2%) believes that his salary correspond to a very large extent with his efforts, 17 respondents (34%) believe that their salary corresponds largely to their efforts, 16 respondents (32%) believe that their salary meets their efforts only to some extent, 15 respondents (30%) believe that their salary corresponds little with their efforts and 1 respondent (2%) believes that his salary corresponds to his efforts only to a very small extent (fig. 12).

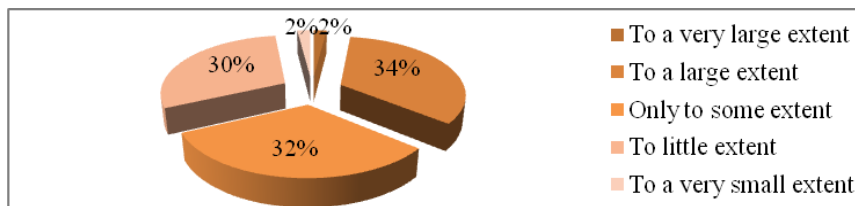


Figure 12: The extent to which the salary corresponds with the respondents efforts

Regarding the existing reward system within the Romanian Commercial Bank, of the 50 respondents, 1 respondent (2%) is very pleased with this system, 14 respondents (28%) are (largely) satisfied, 22 respondents (44%) are satisfied only to a certain extent with the existing reward system, 9 respondents (18%) are just a little satisfied and 4 respondents (8%) are satisfied only in very small extent with the system (fig. 13).

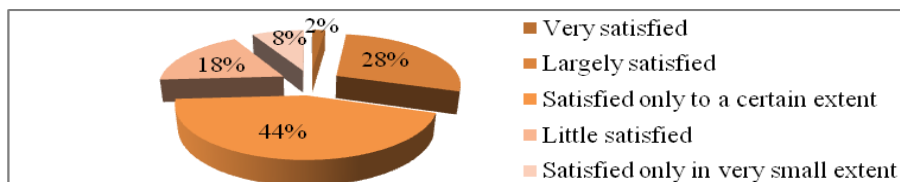


Figure 13: The degree of satisfaction with the existing reward system

In terms of employee preferences towards the motivation techniques, comparative analysis revealed following scale: luncheon vouchers (35.5 points) > performance bonuses (22.4 points) > Christmas/Easter/vacation allowance (19.9 points) > trips –company paid– (11.2 points) > gift vouchers (11 points). Conclusively, most employees prefer the luncheon vouchers.

Furthermore, of the 50 respondents, 15 respondents (30%) are very satisfied with their colleagues, 32 respondents (64%) are satisfied and 3 respondents (6%) have not yet formed an opinion on this matter (fig. 14).

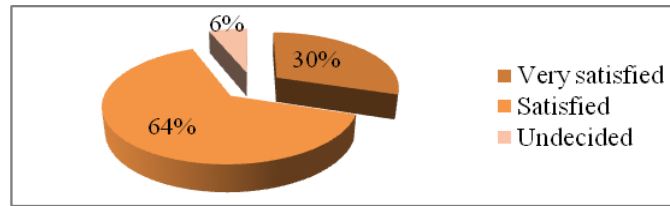


Figure 14: The degree of satisfaction with other colleagues

Besides, 2 respondents (4%) strongly agree with the statement “Communication between different departments is efficient”, 28 respondents (56%) agree, 14 respondents (28%) are undecided, 5 respondents (10%) disagree and 1 respondent (2%) strongly disagrees with this statement (fig. 15).

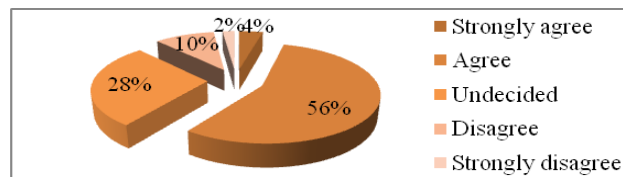


Figure 15: Respondents' opinion on the effectiveness of communication between departments

As for the statement “I talk regularly with the manager about objectives to be achieved”, of the 50 respondents, 2 respondents (4%) strongly agree with this statement, 33 respondents (66%) agree, 9 respondents (18%) are undecided and 6 respondents (12%) strongly disagree (fig. 16).

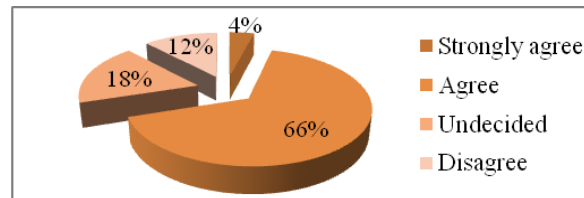


Figure 16: Respondents' opinion on the existence of discussions on a regular basis, with the manager in order to establish objectives to be achieved

Out of 50 respondents, 4 respondents (8%) strongly agree with the statement “The manager has reasonable/realistic expectations”, 30 respondents (60%) agree, 13 respondents (26%) have not yet formed opinion on this matter and 3 respondents (6%) disagree (fig. 17).

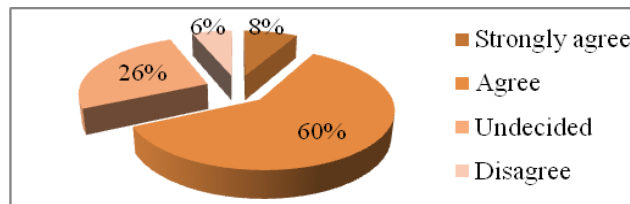


Figure 17: Respondents' opinion on the managers' expectations

9 respondents (18%) strongly agree with the statement "I'm supported by the manager when needed", 30 respondents (60%) agree, 9 respondents (18%) are undecided and 2 respondents (4%) disagree with this statement (fig. 18).

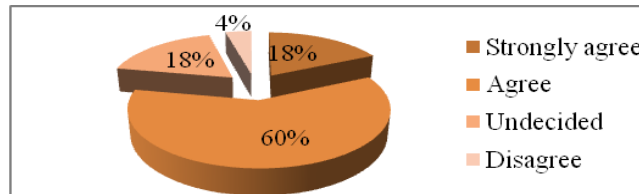


Figure 18: Respondents' opinion on the received managers' support when needed

Of the 50 respondents, 20 respondents (40%) agree with the statement "I can express my ideas to the top management", 19 respondents (38%) have not yet formed an opinion on this matter, 3 respondents (6%) disagree and 8 respondents (16%) strongly disagree with this statement (fig. 19).

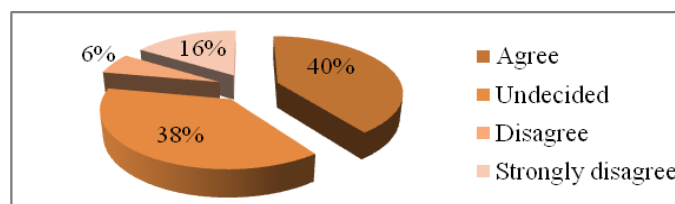


Figure 19: Respondents' opinion towards the possibility to express their ideas to the top management

Regarding the extent to which employees know the quality standards, 3 respondents (6%) know these standards at a great extent, 24 respondents (48%) know them largely, 19 respondents (38%) know to some extent the quality standards, 2 respondents (4%) know just a little about these standards and 2 respondents (4%) know them to a very small extent.

As for the employee satisfaction measurement methods used within the Romanian Commercial Bank (fig. 20), comparative analysis revealed that their final ranking, in terms of importance given by the employees investigated, is: dialogue with the manager (32.7 points) > periodic job evaluations (22.2 points) > customer complaints system (17.1 points) > online surveys (15.8 points) > paper surveys (12,2 points).

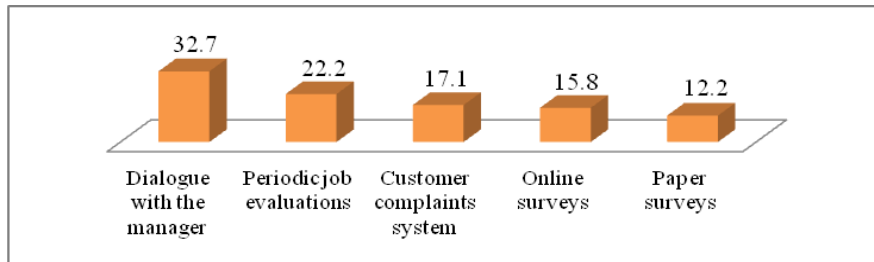


Figure 20: The scale of the five methods of measuring employee satisfaction levels within the Romanian Commercial Bank

Conclusively, the most used method of measuring employee satisfaction within the Romanian Commercial Bank is the dialogue with the manager.

In terms of (overall) employee satisfaction, of the 50 people interviewed, 1 respondent (2%) is very pleased that he works within the Romanian Commercial Bank, 33 respondents (66%) are satisfied, while 16 respondents (32 %) are undecided (fig. 21).

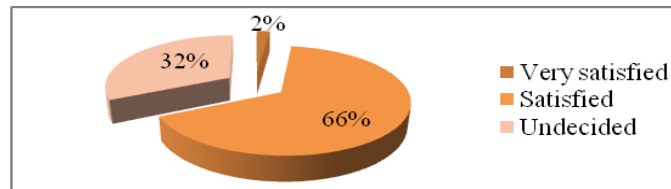


Figure 21: The degree of the (overall) employee satisfaction levels

Moreover, 27 respondents (54%) would advise a friend to work within the Romanian Commercial Bank, while 23 respondents (46%) wouldn't recommend a friend to work here.

For testing the significance of association between respondents' opinions and their satisfaction level Chi Square test was used. The objective was to determine whether satisfaction levels of employees with less seniority differ significantly from satisfaction levels of employees with more seniority. Data processing showed that χ^2 df (6), $p < 0.05 = 12.59$, $\chi^2 = 3.87$. Therefore, the null hypothesis (Age within the Romanian Commercial Bank doesn't significantly influence employee satisfaction) is confirmed.

Another objective was to determine whether satisfaction levels of older employees differ significantly from satisfaction levels of younger employees. Data processing showed that χ^2 df (6), $p < 0.05 = 12.59$; $\chi^2 = 25$. Therefore, the null hypothesis (The age of the employees doesn't significantly influence their satisfaction) is rejected. To determine the degree of association between variables the contingency coefficient C was calculated by using the formula

$$C = \sqrt{\frac{\chi^2}{N + \chi^2}} \quad (1)$$

(where χ^2 – calculated value of Chi Square and N - total number of respondents). The result was $C = \sqrt{\frac{25}{50+25}} = 0.57$. Thus, the age of the employees influences their satisfaction.

Regarding the employees' education, the objective was to determine whether satisfaction levels of employees with secondary education differs significantly from satisfaction levels of employees with higher education. Data processing showed that χ^2 df (2), $p < 0.05 = 5.99$; $\chi^2 = 6.53$. Therefore, the null hypothesis (Employees education doesn't significantly influence their satisfaction) is rejected. To determine the degree of association between variables the contingency coefficient C was calculated, $C = \sqrt{\frac{6,53}{50+6,53}} = 0.33$. Thus, employees' education influences their satisfaction.

Another objective was to determine whether satisfaction levels of female employees differ significantly from satisfaction levels of male employees. Data processing showed that χ^2 df (2), $p < 0.05 = 5.99$; $\chi^2 = 2.69$. Therefore, the null hypothesis (Gender doesn't significantly influence employee satisfaction) is confirmed.

In terms of area of origin, the objective was to determine whether satisfaction levels of employees from urban areas differ significantly from satisfaction levels of employees from rural areas. Data processing showed that χ^2 df (2), $p < 0.05 = 5.99$; $\chi^2 = 3.92$. Therefore, the null hypothesis (Area of origin of employees doesn't significantly influence their satisfaction) is confirmed.

In conclusion, both age and education of employees significantly influences their perception upon internal marketing actions undertaken within the Romanian Commercial Bank.

Conclusions

The conducted research revealed following conclusions: most front-line employees work within the Romanian Commercial Bank for 1 to 4 years (64%), are aged between 18 and 25 years (68%), have university education (84%), are female (82%) and come from urban areas (74%).

Furthermore, most employees consider they have everything they need to perform their work properly (94%), working hours and flexibility of working hours being appropriate (80%). In terms of tasks and (short, medium and long term) objectives, over 70% of the surveyed employees feel that they are clearly defined. About half (52%) of the employees say they have the freedom of flexible treating the customers and almost three quarters of the surveyed employees (74%) consider that information and internal communications are appropriate and that promotion policies are clear and correct (58%). However, only one third of the employees (32%) feel involved in decision-making process. On the other hand, more than half of the employees (66%) consider that they are appreciated for their work. Conclusively, employees consider that working conditions within the Romanian Commercial Bank are relatively favorable.

Nearly three quarters of the employees (72%) are satisfied with access to courses and training and with the amount of work (68%). However, only 44% of the employees are satisfied with the promotion opportunities and the salary. In terms of employee preferences towards the motivation techniques (luncheon vouchers, performance bonuses, Christmas/Easter/vacation allowance, trips – company paid– and gift vouchers), most employees prefer the luncheon vouchers.

Regarding the relation with other colleagues, 94% of the employees are satisfied with their colleagues. Furthermore, about three quarters of the employees (70%) discuss regularly with the manager in order to determine the objectives to be achieved. 68% of the surveyed employees are supported by the manager when needed and 62% of the employees say they receive feedback on their performance. However, less than half of the employees (40%) consider they have the opportunity to present their ideas to the company's management.

Although 48% of the surveyed employees said they know the quality standards, the responses varied greatly from one employee to another.

More than half of the employees (68%) are satisfied with working within the Romanian Commercial Bank and 54% would advise a friend to work within this bank.

In conclusion, this research confirms that the measurement of employee satisfaction should be a systematic, rigorous and scientifically approach.

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