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Attaining Customer Delight Through Employee Loyalty

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Abstract
In the volatile and vociferous business environment, customer loyalty plays a vital role in the survival and growth of any successful business entity. In such a situation, customer loyalty can be attained by looking inward and laying emphasis on employee loyalty. This paper tries to ascertain a optimistic affiliation between employee loyalty and customer loyalty. It demarcates and differentiates between employee satisfaction and employee loyalty. Engaged employees are satisfied with their job; however satisfied employees may not be engaged. Employee engagement leads in inculcating a feeling of ownership and belongingness; it develops organization citizenship behavior among its employees. It also encourages transformational leadership at every level in an organization. Satisfied employees always look to satisfy the customer till a certain standard, however, engaged employees go beyond the expected standards and perform to delight the customers.

***Key words**: Customer Loyalty, customer satisfaction, customer delight, Employee Loyalty, , employee engagement, employee satisfaction.*

INTRODUCTION:

Contemporary supervisors admit the importance of customer focus. However the costly customer efforts they usually implement rarely bring the promised gains. The reason? A superficial understanding of what customer focus really means. True customer focus involves all-inclusive organizational change. LexisNexis, IBM, Baxter Healthcare and BP are learning, the kind of customer focus that builds an advantage competitors have great complexity replicating calls for companywide transformation. The author's comprehensively research over many years shows how ten advances in thinking, remarkably consistent across industries, improve growth and profitability more effectively than customer relationship management software, loyalty programs, or satisfaction surveys. She illustrates how, for example, the manager of Baxter Healthcare Corp. Germany led employees view of themselves as doing postoperative "home-recovery enhancement" instead of simply providing postoperative nutritional products to hospitals--and how that ultimately led to Baxter becoming obligatory to customers. When deep customer focus gets ingrained in employee behavior, people at all hierarchies become innovators *(Achieving Deep Customer Focus,Sandra Vandermerwe, Publication Date: Apr 01, 2004, MIT Sloan Management Review).*

Service firms must bear in mind that the way they treat their employees is exactly how those

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employees will, in turn, treat customers. As such, taking good care of frontline personnel should be a top management concern. One way that service employees can be shown they are valued members of the organization entails the implementation of thoughtful and organized career development programs, initiatives which help increase employees' job satisfaction and feelings of empowerment in their customer-facing roles. Before they can become enthusiastic about meeting the needs of their customers, employees have to feel that their own needs are being met within the organization. Incidentally, firm investment in vanguard employee career development programs will be money well spent: they are competent of dipping employee turnover and increasing customer satisfaction, loyalty, and profitability. This article provides a conceptual model of career development which should prove useful to service managers in evaluating their own career development efforts. Also presented herein is a framework for binding together many dissimilar areas of career development that have heretofore been handled discretely in the services literature. *(Building the Bottom Line by Developing the Frontline: Career Development for Service Employees, Donald W. Jackson Jr.; Nancy J. Sirianni, Publication Date: May 15, 2009, Business Horizons).*

The concept of employee Loyalty and employee engagement is not unerringly a recent phenomenon though it has become a sizzling topic in the recent times among consulting firms and in the popular business press (Alan Saks, 2006). A number of research studies were carried out by a succession of management and behavioral thinkers from 1920s who found out deep into this subject that provided significant insights in this area (Under the Bonnet, 2004). The field of employee engagement is an integral part of the academic curriculum of organizational behavior (Moorhead/griffin, 2004). In psychological literature the concept of employee engagement was first mentioned by Khan (1990). It was considered as a multidimensional construct where employees could be engaged in terms of three dimensions, namely cognitive, emotional and behavioral. The concept had been thoroughly examined and the authors arrived at different definitions and continuums. Most of the findings in the field relate to the studies conducted by survey houses and consultancies (Hayday et al.2004).

Most important research and consulting firms have undertaken large-scale international studies on the concept. A study (Towers Perrin, 2003) exposed that employee engagement brings discretionary effort to work, in the form of extra time, brainpower and energy. A survey carried out by Gallup discovered that on a standard only twenty percent of the people in a team are completely engaged and keen about their job. This presents that eighty percent of impending is untouched, waiting to be harnessed and exploited to deliver superior business performance and returns to shareholders. So what can one do and how to tap this eighty percent of potential to advance performance in the short term, and more drastically sustain it over the long term? The respond is 'Employee Engagement'. As per the Gallup Organization, engaged employees are those who "exertion with passion and feel thoughtful connection to their company. They coerce innovation and move the organization forward." A prominent research finding showed that the group of companies with high levels of employee engagement was able to improve their operating income by 19.2% over 12 months, while in companies with low levels of engagement, it declined by 32.7%. Over the same period, the group of companies with highly engaged employees saw 13.7% improvement in net income growth rate and those with less engaged employee saw 3.8% decline. A 1998 Mc Kinsey &

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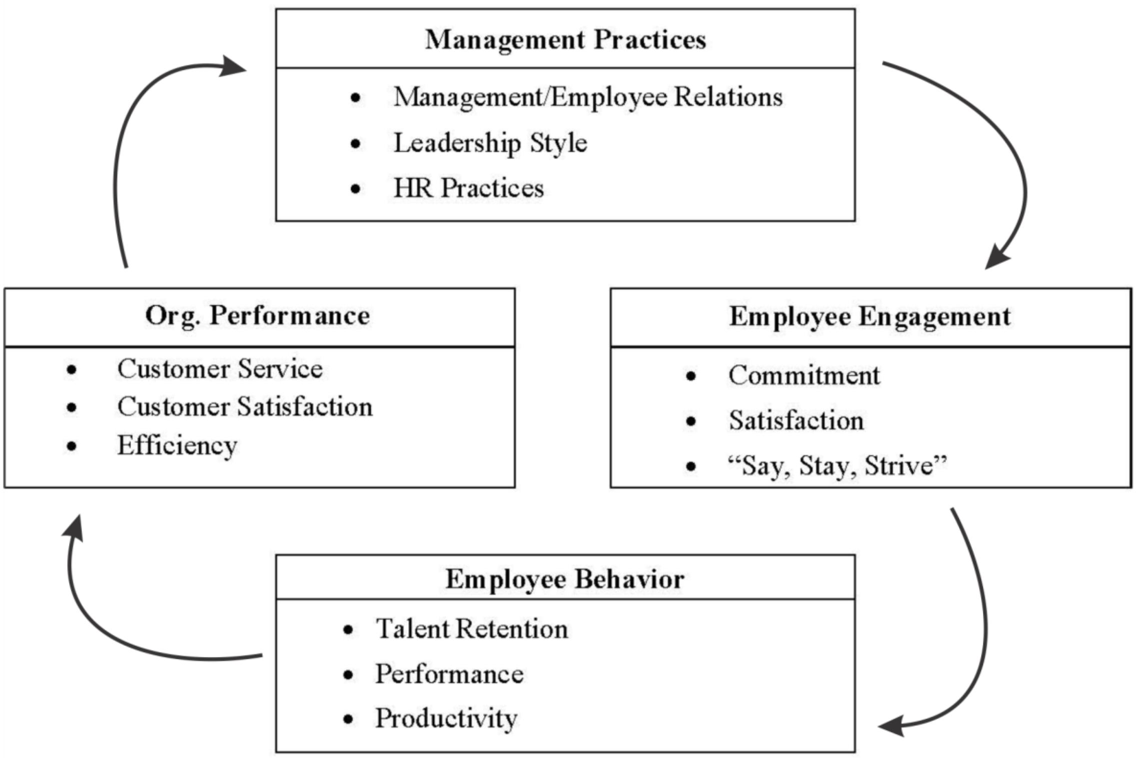
Co., study entitled, The War for Talent, reported that a shortage of skilled employees was an emerging trend and it was more so due to the fact that the organizations fail in their attempts to create a workforce that is not only cognitively vigilant but also emotionally connected to the organization.1 In a recent Business week advice column, the measurement found to give the best sense of a company's health is employee engagement.

Organizations identified employee engagement as a scientific and analytical approach to address the challenge of attracting and retaining competent manpower. Several studies over the past few years have consistently shown that investment in engagement programs attracts talent and tend to have lower employee turnover. Organizations with higher engagement levels are creative and dynamic, flexible in the face of change and acts as a magnet for talent (Fran Trehearne and David Oman, 2005). A research study organized by Towers Perrin (2006) revealed that engaged employees are more likely to stay with their companies. Organizations need not spend more time on talent management i.e., attracting, developing and retaining the talent if they develop and design policies, goals and activities that help in their effort to engage employees.

Figure 1: Linking Employee Engagement, Employee Performance and Organizational Performance



Source: ezinearticles.com

What is Employee Engagement and Why is it so Important?

James Heskett and his colleagues who published a seminar paper in Harvard Business Review in 1994 stated profitability and growth to the organization are the result of customer loyalty. Customer loyalty is the direct outcome of customer satisfaction which gets influenced by the value of services created and provided to them by the satisfied, loyal and productive employees. Hence one of the daunting challenges that managers confront is not only to create a highly involved and dedicated workforce but to support them over a period of time where they become 'engaged employee'. According to Institute of Employment Studies (IES), Engagement is a positive attitude held by the employee towards the organization and its values. According to the Gallup Organization, engaged employees are those who "work with passion and feel profound connection to their company. They drive innovation and move the organization forward." Hewitt Associates defines employee engagement as "the state in which individuals are emotionally and intellectually committed to the organization or group". In a white paper published by Development Dimensions International Inc., Paul Bernthal points out that employee engagement is all about getting the employees "give it their all"- voluntarily and happily, of course. Employee engagement is to physically and mentally support the goals of the organization, as a measure of emotional and intellectual commitment, and as an employee's personal state of involvement, contribution and ownership (Robinson et al., 2004). Engagement is a multidimensional construct that has cognitive, emotional and behavioral components of individual role performance (Alan Saks, 2006).

The concept of employee engagement is rapidly gaining popularity and has generated more interest and enthusiasm among the organizations across the globe in creating engaged workforce. It is because of the survey made by Gallup organization that said that an essential association between employee engagement, customer loyalty, business growth and profitability. There is convincing evidence that employee engagement is the key to attain success at managing human resources and organizations can tap their full potential by emotionally engaging employees. In fact, employees with the highest levels of vow are known to show a twenty percent better performance and are less likely to leave the organization eighty percent implying that engagement of employees has a direct impact on organizational performance. 2 Engaged employees are aware of the aims of a business, establish a two-way relationship between themselves and the organization and contribute to the end result of the company success by their motivation. In a recent research by Hewitt Associates, it was found that, companies who are better able to engage their employees are better equipped to deliver superior business performance and returns to shareholders. Paul Bernthal of Development Dimensions International Inc. found that companies, which score high on employee engagement, have more satisfied employees who are less likely to quit, are more productive.

Mr. Greenberg, President of Alpha Measure., makes a point that engaged employees will stay with the company, be a supporter of the company and its products and services, and put in to bottom line business accomplishment. Engaged employees also normally perform better and are more motivated. It is critical to any organization that seeks not only to retain valued employee, but also increase its level of performance.

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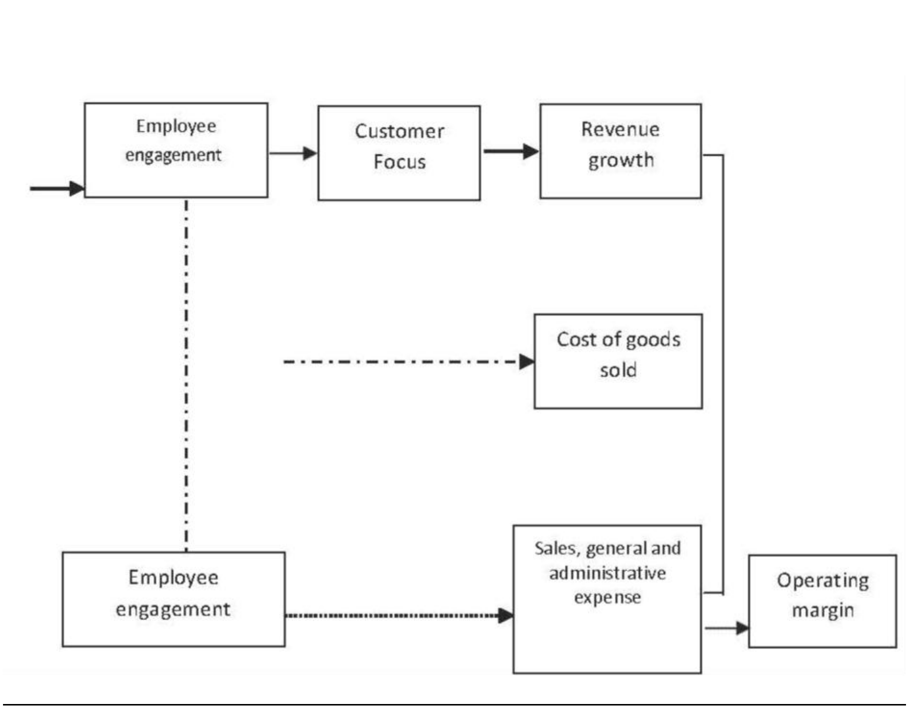
The Towers Perrin Talent Report, 2003 establish major rapport between employee engagement levels and financial performance of corporation. They found that as engagement decreases employees' propensity to leave the organization and increases their direction to meet customer needs. It was also found that the cost of production decreased as employees became more engaged in their work.

The Gallup Survey, 2004 found that, of all US workers above the age of 18, about 22.5 million (17%) are actively disengaged. Gallup estimates that the lower productivity of actively disengaged workers costs the US economy a whopping US $300bn every year.

Figure 2 : Linking Employee Engagement to Financial Performance

Employee Attitudes	Customer Impact	Financial Results
Senior management interest		
Challenging work		
Decision-making authority		
Customer focus		
Career advancement		
Company reputation as employer		
Teamwork/ Collaboration		
Resources		
Decision-making inputs		
Senior management vision		

Positive relationship Negative relationship Conceptual relationship

Source: The Towers Perrin Talent Report, 2003

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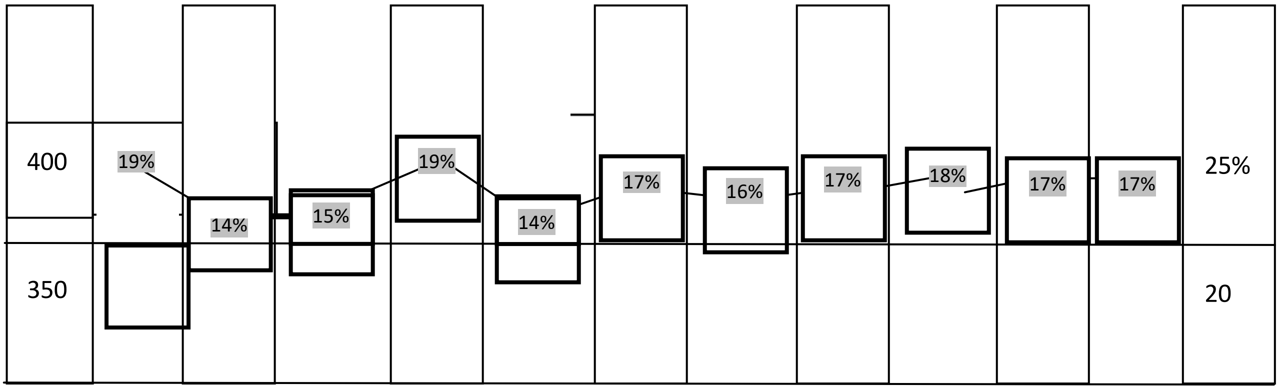
Figure 3: The Cost of Disengagement



2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2
2002 Q3	2003 Q1	2003 Q3	2003 Q4			

Cost Range of Lost Productivity (Us$ bn Employees)
Challenging Customer Focus

Note: Data reported quarterly through Q3 2002, then every other quarter thereafter
Source: the Gallup Organization Research

On review of existing literature it has been found that employee engagement is the key to deliver sustained differentiation and a significant competitive advantage for the organization to deliver 100% by affecting the key result areas such as employee turnover, sales, innovation and customer satisfaction. As a result of this clear link between engaging behavior and performance goals organizations should try to seed and sustain employee engagement to be the new imperative for long term success.

Organizations desirous of achieving excellent performance through employee engagement need to design different initiatives after considering its unique business context. Sometimes there is a need for different models of employee engagement for different divisions within the company, as the key drivers of one division are different from the other. For example HCL Infosystems as part of its employee engagement program gives clarity to the employees on the vision and goals of the organization, emphasizes regular technical/soft- skill training and development and offers certification programs to drive people towards excellent performance.

What Drives Engagement?

Over the last several years, a series of national studies across the globe entitled ***What's Working*** conducted by Mercer-a research based consulting firm provided general insights into workers' attitudes and what drives their engagement. The studies have gathered data in 22 countries from representative samples of working adults. More than 130 questions in each study elicit views in the areas such as

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- Work processes
- Quality and customer focus
- Communication
- Work/Life balance
- Job security and career growth
- Teamwork and cooperation
- Ethics and integrity
- Immediate manager
- Performance management
- Rewards (compensation and benefits) and recognition
- Leadership and direction
- Training and development

The research study has helped the Mercer to learn not only about employee perceptions and also how they differ from country to country and from region to region. More importantly the consulting firm was able to identify and quantify particular drivers of engagement. The information generated by the study enabled the CEOs, HR directors and other executives who are responsible for managing global workforce, to identify the drivers that improve employee engagement and enhance business performance, such as customer service, productivity and turnover.[3]

Hay Group recognized six motivational drivers that helped dozens of leading multinationals major service organizations to create sustained performance and retention by engaging their workforce. They are:

- Inspiration and Values
- Future growth/Opportunity
- Quality of Work
- Enabling Environment
- Work/Life Balance
- Tangible rewards

Figure 4: The Engaged Performance Model -6 Core Elements

- Perception of the value of work
- Challenge/interest
- Achievement
- Freedom & Autonomy
- Workload
- Quality of work Relationships

- Competitive pay
- Good Benefits
- Incentives for Higher Performance

- Supportive Environment
- Recognition of Life Cycle Needs/Flexibility

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- Ownership Potential
- Recognition Awards
- Fairness of Reward

Quality of Work

- Security of Income
- Social Environment

Work/Life Balance

Tangible Rewards

- Learning and Development beyond Current Job
- Career Advancement Opportunities
- Performance Improvement & Feedback

Enabling Environment

Future Growth/

- Quality of Leadership
- Organizational Values and Behaviors
- Regulation of Organization
- Risk Sharing
- Recognition
- Communication

Inspiration And values

- Physical Environment
- Tools and Equipment
- Job Training(Current Position)
- Information and Processes
- Safety/Personal Security

Future Growth

Source: The Hay Group Management Ltd.

The Survey conducted by Business Today clearly identified six typical drivers of employee engagement. They are:

- People
- Work
- Opportunities
- Quality of Life
- Procedures
- Compensation[4]

The survey elaborated each of these drivers. People part pertains to senior leadership, co-workers, and culture and values. Work relates to motivation, nature of task and the availability and quality of resources. Career growth, training and recognition, procedures, policies and HR reflect Opportunities. Compensation is concerned with Pay, Benefits and rewards, while quality of life reflects balance between personal life and work.
Mr. Vivek Associate Vice-President, HRD, HCL Infosystems lists the steps taken by the organization right from the initial stage of the origination of the employees' career. They are:

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- Choosing the right fit and giving a reasonable job preview.
- Strong Induction and orientation programme.
- precise training and development, from technical to soft skills to leadership development programs.
- Recognition and Rewards
- Regular feedback
- Communication forums
- Quality of work-life and balance between personal and professional life.
- Open and transparent culture
- Empowerment

The implementation of the above listed initiatives result an increase in employee engagement from 54% to 64% informs Punekar.

Global studies revealed that there are three basic aspects of employee engagement:

- The employees and their own unique psychological make up and experience.
- The employers and their ability to create the conditions that promote employee engagement.
- Interaction between employees at all levels.

On review of the above studies and experiences it has been recommended for the organizations to find out what policies, behaviors and aspects of work culture are forcing employees to feel undervalued, discriminated or dissatisfied before identifying the drivers that could significantly raise levels of employee engagement.

Conclusion:

Therefore it can be concluded that the economies of employee engagement provides a construction where the "soft" rudiments of business--loyalty and learning--can be successfully linked to the hard science of cash flows and profitability analysis. Because of this bond, there is massive potential for civilizing a company's performance by increasing customer, investor, and employee loyalty. Research concludes that loyalty brings profits in direct and unquestionable ways through its impact on growth, learning, and productivity. Additionally, loyalty creates a devout vigor that powers the value creation process that is at the heart of continuous business success. In many sectors, loyalty explains the differences in profitability among competitors more effectively than scale, market share, unit costs, or most other factors usually linked with competitive advantage.

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