



CRITICAL STUDY OF ROLE OF HRM IN CUSTOMER SATISFACTION



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ABSTRACT

It is still very unusual for research to study the processes that might be the driving force behind such links, despite the fact that studies have investigated the connections between Human Resource Management (HRM) procedures and the performance of a range of organisations. However, studies have investigated the connections between HRM procedures and the performance of a number of firms. The goal of this study is to investigate the connections between HRM practices and product quality under the premise that organisational commitment has a moderating function in such relationships. By investigating the role of employee contentment in the workplace as a potential mediator between the



practises of human resource management and the happiness of customers, this study makes an attempt to investigate the connection between the two concepts. This study also looked at the role that procedural fairness plays as a moderating element in the connection between human resource management practises and levels of job satisfaction.

keywords: HRM, satisfaction, customer

INTRODUCTION

In the business-to-business market, customer satisfaction with product quality is one of the most important variables in maintaining and enhancing the firm's competitive position. This is especially true when considering the importance of the business-to-business market. In point of fact, it is the way by which a firm may distinguish the supply that it offers to the market by strengthening the intangible offer that it provides to customers. A company may demonstrate its innovative spirit not only by introducing new items to the market, but also by increasing the quality of the services it provides to clients and expanding the range of those services. Numerous studies have been conducted to investigate the part that certain "best" practises, such as just in time and total quality management, may play in increasing the level of product quality. This is necessary in order to attain both the happiness of customers and an edge in the marketplace. There is evidence in the published research that points to the function that certain "best" managerial practises may have in increasing and enhancing levels of customer satisfaction. In spite of the vast amount of research that has been conducted, there is still a dearth of information on the effect of Human Resource (HR) practises. These HR practises are intended to produce a high stock of qualified human capital that possesses advanced technical skills and know-how in order to achieve customer satisfaction on product quality. In addition, the knowledge of the relationship between HR practises and the level of pleasure that customers have with product quality has not received a lot of attention. It is a truth universally understood that education and the cultivation of one's abilities are essential components of sustainable competitive advantage. workers regard practises aimed at enhancing their abilities as advantages because these practises represent the levers via which workers' talents may be developed. The possibility to improve



employees' skills is the foundation of organisational commitment. In addition, it is anticipated that enhanced skills and capabilities would result in the production of products with increased performance levels. In light of these considerations, we developed a number of hypotheses with the intention of testing the relationship between employees' skills development practises, such as training (task-related and multi-task training), polyvalence of managers, mechanisms that enhance socialisation and sharing of information (team working and integration), and customer satisfaction on product quality, with the goal of providing answers to the following research questions:

1. Does the implementation of skill-developing HR practises have an effect on the degree to which customers are satisfied with the product's quality?
2. What kind of relationship exists between HR practises and the level of pleasure a consumer has with a product's quality? Does the dedication of an organisation serve as a kind of mediator in a relationship like this one?

For the purpose of putting our hypotheses to the test, we conducted a survey in the business-to-business market. We gathered information from two hundred manufacturing facilities located all over the world and operating in the industries of electronics, transportation components, and equipment. For each variable, we gathered data from several respondents. The study has been carried out with the assistance of measurements for the important constructs that were chosen from the sample.

In order to carry out the statistical analysis, we relied on a method known as structural equation modelling (SEM), which required us to estimate the factor structure of our measurement model by the application of maximum likelihood with the help of LISREL 8 (Joreskog and Sorbom 2014).

This paper makes a contribution to the understanding of the link between HR practises and customer satisfaction by investigating whether employee skills-developing practises can lead to customer satisfaction on the quality of products and how this relationship develops in order to specify the mediating role that organisational commitment plays in this relationship.



The following is the structure that the article adheres to. First, a general overview of HRM practises is presented, followed by a discussion of the significance of these practises with regard to meeting customers' expectations about product quality. Next, we draw on theory from the literature on new product development and human resource management to establish a theoretical connection between HR practises and product quality. This connection is established by examining the impact that HR practises have on the formation of organisational commitment. On the basis of the descriptions, assumptions about employee skills-developing HR practises and product quality, as well as the mediating function of commitment, have been developed. A discussion of the data source and the variables comes immediately before the empirical part that contains the findings of the study using the structural equation model. A discussion of the findings is included in the final portion of the report. This is followed by a discussion of the theoretical and managerial implications of the research as well as the limitations of the investigation.

HRM practices, organizational commitment and product quality

Commitment to one's organisation is one of the organisational factors that is researched in conjunction with HRM practises the most frequently. In the year 1986, Lawrel came up with the phrase "high involvement" to characterise management systems that were built on commitment and engagement. In these types of management systems, workers are encouraged to identify themselves with the aims of the organisation and work diligently to attain those goals. In point of fact, many businesses make an effort to cultivate an environment within their organisations that encourages workers' psychological fondness for the company, a positive connection to the company, a desire to remain with the organisation, and a readiness to contribute to the accomplishment of organisational goals. Using Lawrel's research as a jumping off point, academics have identified a broad variety of practises that contribute to the creation of a 'high-involvement' workplace. This kind of setting gives workers the impression that their employers are concerned about their health



and growth. In particular, human resource management practises play an important influence in developing and sustaining employees' commitment to their organisations.

This research study is focused on some skill developing HR practices that seek to develop and enhance knowledge and abilities of employees and to broaden their experience *training practices, socialization practices, and empowerment practices*.

It has been established that training activities that provide possibilities for professional progress are significant drivers on organisational commitment to the organisation as well as workers' desire to remain with the same business. Training practises, in reality, assist encourage the acquisition of information and skills and build the essential abilities to better execute a certain activity within a career. This is because training helps enhance a person's ability to learn and grow. In addition to this, there was discovered to be a favourable correlation between professional opportunities. Utilising the research that has been done on knowledge management, it is feasible to distinguish between two distinct types of training practises that serve distinct functions: task-related training and multi-task training, which are designed to improve and expand the employee's skill sets, respectively. It has not been shown, as of yet, in what ways these various forms of training have an effect on commitment; hence, research into this topic is essential.

Direct effects of HRM practices on customer satisfaction on product quality

A significant quantity of research suggests that HRM practises have a significant direct influence on the results experienced by the entire organisation. In point of fact, there is a rising interest in comprehending the consequences of HRM practises on organisational performance in addition to the dynamics that affect the nature of a partnership of this kind.

It is a truth universally acknowledged in the manufacturing industry that the majority of the factors influencing product quality are people, namely their levels of education, expertise, and experience. It is therefore reasonable to anticipate that human resource practises that increase employees' knowledge, skills, and abilities will result in increased job satisfaction, decreased employee turnover, increased productivity, and improved decision making. All of



these factors contribute to the enhancement of organisational performance and the realisation of customer satisfaction.

Studies that have been conducted to investigate the link between HRM practises, product quality, and customer happiness have made the implicit assumption that these linkages are direct in character. It has been demonstrated that an efficient human resource management system that focuses on the skill development of employees plays an essential role in improving the performance of new product development. In point of fact, a number of studies have been carried out in the field of Total Quality Management (TQM) in order to identify and describe the organisational processes and individual attitudes and behaviours that foster the implementation of an all-encompassing TQM system. The goal of this system is to achieve product conformance to specifications, conformance to requirements, fitness for use, and loss avoidance in order to meet or exceed the expectations of customers.

Numerous studies have provided evidence in favour of the positive effects that training may have on organisations. Training activities, for instance, have been found to boost organisational performances (such as profitability and effectiveness), staff productivity, and customer alignment, all of which contribute to an organization's capacity to continue operating successfully. As an instance, the findings of a study demonstrate that there is a large and favourable connection between training costs and organisational performances.

also explored the link between training and organisational performance, and their findings suggested that certain forms of training activities, such as task-specific training and specialisation, were positively connected to most aspects of successful operation and profitable output. Cross-training processes have an effect on NPD because they make it simpler for workers to comprehend the interrelationships between development tasks and processes. This is due to the fact that such practises extend employees' bundle of competencies (Meyer et al. 2014; Langerak and Hultink 2008). Cross-training procedures also have an effect on NPD because they make it simpler for employees to understand the interrelationships between development tasks and processes.



Socialisation and collaboration in work activities, achieved through teamwork and inter-functional integration, lead to an increase in the quality of new products as well as an increase in customer satisfaction (Such practises actually involve the sharing of information among members, collaborative decision making, and agreement focusing all of an organization's employees' activities on a common quality goal). Teams, for instance, are useful because they assist employees in resolving complicated issues that arise as a result of a high degree of job dependency across stages of manufacturing.

According to the research that has been conducted, one of the benefits of rotating jobs is that it helps people improve their skills and capabilities, which in turn contributes to improved company performance and efficiency.

According to Werther and Davis (2017), job rotation is a practise that enhances diverse talents and abilities, hence making employees more flexible. This is due to the fact that employees are exposed to a larger range of experiences throughout the course of their employment. The findings of a study on experiential management learning show that, at the manager level, it is preferable to have lesser quantities of more types of experience rather than bigger amounts of fewer types of experience. This is due to the fact that, in order to learn, managers may require experience in a variety of various settings.

ROLE OF HRM IN CUSTOMER SATISFACTION

Numerous studies, both in the sphere of human resource management and in that of marketing, have been able to shed light on the contribution of human resource practise to the level of satisfaction experienced by customers. Several academics have identified organisational prerequisites that must be met in order to provide satisfactory service to customers. They assert that the only way for a company to successfully satisfy its customers is for the company to build the required organisational structure and procedures, as well as to cultivate customer-oriented values and produce a workforce that is customer-oriented. The outcomes of these research make it abundantly clear that one of the factors that determines how satisfied a company's customers are is the type of the workforce or the human resources that are available inside the organisation. However, this raises the



question of whether just certain sorts of employees in an organisation are relevant to the level of happiness experienced by customers. Kelly (2019) presented the argument that personnel in customer contact roles who have values and beliefs oriented towards customers are important to the organization's customer focus and satisfaction levels for those customers. Therefore, it is abundantly evident that the conduct of the staff members who have direct contact with the consumer is of significant importance in this respect. Researchers have found a number of elements linked with an organization's human resources that are related to the level of pleasure experienced by customers.

outlined the various aspects of human resources that contribute to customer happiness, including continual investments in training, high relative compensation, high levels of employee security, and performance management systems. Other than these duties related to human resources, emphasis has been placed on aspects such as the values and beliefs held by employees as well as their behaviour. It is of the utmost importance that the manager of human resources play a part in both increasing and maintaining the level of customer satisfaction. The improvement in service efficacy that results from the application of human resource strategies specifically designed for employee-customer connection leads to increased levels of customer satisfaction. Some HR tasks have been identified as having unique implications for customer happiness, and these functions make up the HR strategies for customer satisfaction. One of the most important HR initiatives is pay, which is now serving as a cornerstone. According to research conducted by the American Quality Foundation (2019), an increasing number of businesses in the United States of America, Japan, Germany, and Canada have included a criterion for customer satisfaction as part of their senior management remuneration scheme. A limited number of scholars have discussed the impact that pay has on the level of customer satisfaction. The manner in which the compensation system has an impact on the level of satisfaction experienced by the consumer should be of primary importance here. According to Hauser and colleagues (2015), customer-oriented remuneration redirects the efforts of both employees and managers away from short-term sales and towards long-term sales, which ultimately results in a high level of care for customer satisfaction. Another aspect of HRM that has been



shown to have an impact on customer satisfaction is the motivation of employees. According to Deming (1986), it is the job of the company to develop an incentive structure that results in congruence between the firm's aims and workers' objectives. This ensures that when employees act in their own best interest, they take actions that also benefit the firm. The personnel need to be motivated in such a way that they are not just focused on their own performance but also on the fulfilment of the needs of the customers. The effort that an organisation puts towards achieving a pleased client base is significantly aided by training and development efforts. Changing the attitudes and values of workers to make them more customer-focused and service-oriented is a focus of special emphasis in this area. It has been stated that one of the most significant aspects of putting customer-focused plans into action is to persuade staff, particularly salespeople, to adopt the selected orientation in their efforts to sell products or services. The attitudes and values that are directed towards the consumer cause workers to behave in a way that is appreciated by the customer to a greater extent, which ultimately leads to customer happiness. The empowerment of employees is another aspect of human resource management that contributes to an improvement in customer satisfaction. Providing workers with the authority and latitude to make their own choices and take charge of how they are handled on the job is what we mean when we talk about empowering workers, which is a process that involves conferring such authority and control on workers. It was pointed out that empowering workers brings various benefits to the process of providing customer service. Some of these benefits include a quicker response to customer wants and issues, more pleased employees, more eager and friendly engagement with customers, and inventive ideas. In addition, employees that are empowered are more likely to demonstrate customer-oriented behaviour (Scott and Bruce, 2015). This is due to the fact that empowered individuals become more adaptable and flexible in response to shifting consumer requirements. Therefore, there is little question that the empowered workers in an organisation are more likely to behave or perform their jobs in a way that leads to better levels of customer satisfaction than the employees in the organisation who have less authority. The assessment of staff members is an essential component of human resource management. There is a specific kind of employee assessment known as behavior-based



employee evaluation, and it has a significant bearing on the level of satisfaction experienced by customers.

assessment of an employee's behaviour as well as their performance is included in behavior-based assessment. The purpose of this evaluation is to determine whether or not an employee demonstrates behaviours that are durable over the long run. A significant amount of study has been done to investigate the effects of evaluating employees based on their behaviours. They have come up with a lot of good characteristics associated to workers, such as employee competence and job satisfaction, and they have stated that behavior-based assessment is more likely to encourage employee performance that is consistent with customer expectations, which ultimately results in customer happiness. Another area in which HR managers may help organisations improve their efforts to provide satisfactory service to customers is the field of organisational socialisation. The term "organisational socialisation" refers to the process by which an individual obtains the social knowledge as well as the organisational skills that are required to take a function within an organisation. Because of this, employees' knowledge and abilities will grow, which will lead to more opportunities for social engagement both inside the organisation and with members of the community outside of it. It has been asserted that organisational socialisation is an essential part of the process of disseminating a customer-oriented strategy to workers who interact directly with customers. It is obvious that human resource management (HRM) may help improve customer satisfaction by more efficiently managing the socialisation of employees, particularly those employees of the organisation who have direct interaction with customers. One of the results of an efficient human resource management system is the generation and maintenance of a workforce that is devoted not just to the organisation but also to the work that it does. is compatible with the viewpoint that the HR practises of an organisation have a substantial effect in making employees dedicated to exhibiting the sort of attitudes and behaviour that are required to support and implement the competitive strategies of the organisation. In the management literature, it is a commonly acknowledged idea that the change of attitudes and behaviours of employees is what leads to customer satisfaction of organisations, particularly in service organisations. This is



especially true in service organisations. The literature evaluation makes it abundantly evident that HRM has the potential to make a significant contribution to the improvement of the level of satisfaction that consumers feel when dealing with organisations. The domains and methods by which human resource management may make a contribution to the overall level of satisfaction experienced by customers.

Job Satisfaction

The degree to which individuals like or detest their work is referred to as job satisfaction. Job satisfaction is described as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience." In light of these fundamental and essential definitions, we will now examine the two distinct facets of work satisfaction, namely, intrinsic contentment and extrinsic satisfaction. The level of contentment that an employee derives from their work, measured by factors such as job freedom, job change, job stability, sense of accountability, creativity, and sense of success, is referred to as their "intrinsic satisfaction." The level of contentment that an employee derives from variables that are not intrinsically connected to their employment, such as the working environment, the processes, or the appreciation they receive from management, is referred to as extrinsic fulfilment. This study, in conjunction with other HRM-related research that has been done previously, has taken the holistic perspective of work satisfaction as being supported. JC is understood to be an attitude that encompasses employees' attitudes towards work place, remuneration, and promotional factors along with the social interaction at workplace; hence, it is an aggregation of sentiments linked with duties carried out at job place.

CONCLUSION

The research makes a contribution to the theoretical creation of a model to explain the link between skills-developing HR practises and quality performance. In reality, there is very little evidence in the literature concerning the influence that HRM practises have on quality performance. In addition, an attempt has been made in this research to investigate the mediating function played by commitment. Our findings are anticipated to assist managers



better understand the critical role that HR practises play in leading to greater product quality as well as the processes via which such practises contribute to satisfying the requirements of customers and attaining customer satisfaction on product quality. This understanding is expected to help managers make better business decisions. The most important discoveries and their repercussions are broken down below. First, the findings lend credence to the idea that multitasking, integration, and working in teams can have a material influence on the quality of the end product to the extent that it more effectively fulfils the requirements of the client. The most important aspect is that the skills-developing HR practises that are aimed at improving the interactions among all employees and developing multi-task knowledge could improve employees' capability to develop a more complete and multi-faceted idea of the product by taking into consideration different needs; interaction among employees favours the discovery of problems and the creation of a common frame of reference within the firm, which leads to better quality products that fit customer needs; and the ability of employees to develop a more complete and multi-faceted idea of the product by taking into consideration As a result, socialisation HR practises improve communication and the transfer of information throughout the execution of the project, which contributes to a better understanding of, and ability to fulfil, the requirements of the customers.

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