

# A Survey on the Relationship between Employees 'Organizational Commitment and Customers' Satisfaction and their Retention in High-Tech Industries

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## ABSTRACT

Nowadays, the customer orientation, due to the competitive environment which prevails it as well as the importance of the field of services, is one of the topics which enjoys a special place from the point of many managers view especially in high-tech industries. Customer's satisfaction has many advantages for the organization, such as attracting public confidence, motivation, encouragement, and frequency of purchase of the product or service and loyalty, improvement of increase in company's sales, decrease in costs of attracting new customers, creating competitive advantages, keeping competitors away from customers and, ultimately, growth and sustainable development. In this study, first of all, the literature has been tried to be studied. Finally, the conceptual model is presented through definition of concepts carried out according to field study and the review of the literature which indicates the important role of human resources or brain ware in creation of value in the industry with advanced technology; so that it can be said that the retention of loyal customers is impossible without satisfied and loyal staff; because the loyal staff provide services with higher quality and have a significant role on attracting the customers' satisfaction and making them loyal.

**KEYWORDS:** organizational commitment, retention of customers, high-tech industries

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## 1. INTRODUCTION

Customer orientation is one of the topics which enjoys a special place from the point of many managers' view especially in high-tech industries due to the competitive environment which prevails it as well as the importance of the field of services. The companies believe that customer's satisfaction will affect his/her future reactions toward the organization. Customer's satisfaction is achievable once the performance of company can meet the expectations of the purchaser or recipient of services. If performance is below expectations, the customer will be surely dissatisfied; and if the performance is equal to expectations, he will be satisfied. Now, if the performance becomes more than expectations, he will be very pleased and happy. The important point of high-tech industries is the effective role of human resources in the creation of value so that it can be said that the retention of loyal customers is impossible without satisfied and loyal staff; because the loyal employees provide services with higher quality and have a significant role on attracting the customers' satisfaction and making them loyal. In fact, it can be pointed out to the task that the satisfaction of domestic customers, namely the human resources of the organization, is also very important like foreign customers' and it obeys the same rules.

### 2. Statement of the Problem

Nowadays, the major challenge for most industries, especially high-tech industries, is high quality services and attracting customers' satisfaction. In these industries, the role of manpower, as the main factor of production and services to provide high quality products and services, is more important in comparison with other industries; because, staff interact with customers to produce products and services and the quality of such interaction distinguishes superior organization from others. In 2005, researchers such as Brook and Smith demonstrated that when a customer buys certain services, employees impress directly on customer's perception of the interaction quality; so that a dissatisfied customer not only may refer to other organizations to receive services, but also shares his/her unpleasant experience with others. On the other hand, the customer may become a loyal one and share his/her pleasant experience with others due to a high quality interaction between employees and customers [1]. The experimental studies show that keeping satisfied and loyal customers is impossible without satisfied and loyal human resources [2] and it seems that keeping a customer is more profitable than trying to attract a new one. For example, in Iran, the share of the services sector from the economy is 48% and more than ten million people are employed in this sector[3]. The service sector includes a large set of small and large profit and non-profit institutions and industries. Since high-tech service industries are in the group of knowledge based and full contact occupations, it seems that one of the most important factors in the formation of customer's loyalty in these centers is his/her perceptions of face to face interaction with the human resources providing service or product. As a result, employees who are loyal to their organization can have an important role in securing customer's satisfaction and loyalty. Since customers and consumers are always looking for suppliers who provide much better goods or services, the managers of such organizations must pay a special attention to the importance and relevance of the role

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of human resources in providing quality of the product and services, customer's satisfaction and customer's loyalty. From another outlook, according to the 2014 global innovation indexes, Iran's ranking regarding innovation and creativity in all fields is 120 among 143 countries. This issue shows the importance of attention to solving problems, dilemmas and challenges of the industry with advanced technology in the current season of the country. Based on the foregoing, the main purpose of this study is to answer the question whether there is a significant relationship between employees' organizational commitment and retention of customers in high-tech industries or not.

## REVIEW OF THE RESEARCH LITERATURE

Investigating global studies shows that in various studies, the relationship between employees' satisfaction and customer's satisfaction as well as employees' loyalty and customer's loyalty and its impact on the profitability of the organization has been investigated. It seems that studying these relationships has attracted the attention of researchers since 1980. Studies with the aim of measuring the relationship between human resources' satisfaction and customer' satisfaction, productivity, financial performance began since 1980 by the study of Benjamin Schneider on the level of the employees' satisfaction and bank's customers [4]. The studies conducted by Graham [5] and Haizer[6] indicate that the organizations have achieved the following results through their efforts regarding the study of the relationship between, the satisfaction of human resources, customer's satisfaction, productivity and financial performance.

- Sad employees have low productivity and higher rate of absenteeism.
- Satisfied employees are productive, innovative and loyal.
- The increase in job satisfaction leads to an increase in human resources' morale which causes increase in productivity.
- Human resources' satisfaction leads to retention of the customer[6,5].

In a study by Granholt & Martensen [7], the relationships between human resources' loyalty and customer's loyalty and profitability was examined. The results showed that there is a positive relationship between human resources' loyalty and customer's loyalty, customer's loyalty and profitability of the organization[7]. The research conducted by Rachel Yee et al [8] has investigated the relationship between human resources' loyalty, service quality, customer's satisfaction and loyalty, and ultimately profitability of the organization. These 210 studies were performed in a full contact service center. Results of this research showed that employees' loyalty has effect on the quality of services as well as service quality on customer's satisfaction and customer's satisfaction on customer's loyalty and customer's loyalty on the profitability of the organization [8]. Records obtained from studies conducted in Iran, shows that numerous studies have been conducted on customer's loyalty, job satisfaction, organizational commitment, service quality and customer's satisfaction. In some of them, the relationship between two or more of the above-mentioned variables have been investigated. But no study has been conducted on the relationship between personnel's organizational commitment and retention of customers in high-tech industries. In a study conducted by Makkizadeh[9], the relationship between service encounter quality and customer's loyalty have been investigated in business service organizations. In this study, the service encounter quality has been discussed and its relationship with customer's loyalty has been evaluated. In this 6 researches, hypotheses were discussed and confirmed. The results of this study show that there is a positive and significant relationship between the service encounter quality and the quality of services as well as customer's satisfaction and his/her perception of the service encounter quality, the perceived quality of service and customer's satisfaction, customer's loyalty to employees and customer's loyalty to the organization, and between customer's satisfaction and customer's loyalty to employees. Results of the research conducted by Ahmadinejad et al [10] entitled investigation and evaluation of service quality and its relationship with customer's satisfaction at Tejarat Bank showed that there is a positive relationship between service quality and customer's satisfaction. Manijeh Qaracheh and Monireh Dabooian[11] have carried out a study entitled staff's organizational commitment in interaction with retention of service industries customers. In this study, four hypotheses were propounded and structural equation modeling and Pearson correlation test were used to examine them. The results showed that employees' loyalty and customer's loyalty are interdependent. There is also a significant and positive relationship between employee's loyalty and service quality, customer's satisfaction and service quality and customer's satisfaction and customer's loyalty.

### 3. Views and Theoretical Foundations

#### 3.1. The organizational commitment of staff

Investigating articles and studies indicates that the organizational commitment and loyalty of employees are closely linked to each other so that distinguishing them from each other is impossible. Researchers have many different views on the concept of employees' loyalty.

H. Becker [12] has described loyalty as a form of a process, this researcher believes that if a person refuses to accept new job despite being aware of better conditions and higher salary in order to keep his/her current job, it will be considered as individual's loyalty to the organization. From the viewpoint of Allen and Meyer [13], loyalty can be identified through three factors: 1. a strong belief in the value of the organization 2. The big effort to achieve aims of the organization 3. The strong desire to stay in the organization.

In this model, the individual's loyalty to the organization is due to that person's commitment to the organization and its goals. [13].

In Amiran's study [15], loyalty has been considered as the sense of emotional belonging to the organization and required sensitivity to what the epitome of organization is and belongs to it [15]. In Rachel Yee et al. research, employees' loyalty has

attributed to the continuation of cooperation with the organization. In this study, some indicators have been considered for employees' loyalty including 1. Affecting continues cooperation with the organization 2. Doing more work 3. The sense of belonging to the organization 4. Acceptance of more responsibilities. Results of this research have shown that employees' loyalty improves the quality of services [8]; in this study, employees' loyalty means willingness to continue working with the company, a sense of belonging to the organization and efforts toward realizing the intended goals.

### **3.2. The relationship between organizational commitment of staff and customer's loyalty**

Researchers have been able to substantiate the economic value of customer retention as well keeping staff. Investigating the relationship between employees' satisfaction and customer's satisfaction as well as employees' loyalty and customer's loyalty and its effects on profitability of the organization in the various global studies since 1980, have gradually attracted researchers' attention to it [16]. Among these studies it can be pointed out to the researches conducted by Granholt & Martensen [7] and Yee et al [8]. In both studies, the relationship between customer's loyalty and employees' loyalty and its impact on profitability of the organization has been confirmed. Studies show that the better service and retaining the most important customer all are due to increase of experienced employees who are interested in customers and have knowledge and motivation. Redundant, boring, low salary and minimal training jobs probably increase poor services and staff mobility. Poor Services cause change in position of important customers and even makes workplace less attractive. Therefore, the company spent all its resources to attract new customers and the employees. Conversely, loyal employees know the job and in most cases the customer [17].

### **3.3. The quality of services in high-tech industries**

The quality of services, especially in the high-tech industries, is a function of the relationship between a customer's main expectations and his/her experience and perception of the products and services which have received during reception. Unlike product quality, service quality is evaluated based on the delivery of services as well as the results of the provided services. Every customer's contact is considered as a moment to build confidence and as an opportunity to satisfy or dissatisfy. Customer's satisfaction with a service can be defined through comparing his expectations from services with his understanding of the provided services. The quality of services is provided when customer's expectations from services coincide with his understanding of the provided services [18].

### **3.4. The relationship between personnel's organizational commitment and the quality of services in high-tech industries**

Human resources play an important role in providing high quality services to the customers. Although infrastructure needed in an organization such as equipment and tools and technologies are up to date and well-designed, certainly this is still human resources which play a major and vital role in the success of the organization. This issue regarding high-tech industries is much more tangible. Human resources have an important role in the high-tech industries with respect to dependence of the product on the human brain's data (brain ware). In such organizations, this is due to the power of staff that all affairs such as products and services changes to get better and this is due to their ability that customer' experience forms and loyalty is created. The deficiency in the quality of services causes customers' disappointment through different ways. A major source of frustration, especially in high-tech industries and full contact services the weak performance of human resources. Richheld and other researchers believe that there is a significant association between customer's satisfaction from serving and employees' satisfaction from their jobs.

### **3.5. Challenges of employees' organizational commitment in high-tech industries**

Over time, technology plays a more effective role in the competitiveness of enterprises. On the other hand, knowledge contribution against experience has increasingly proliferated in development of technologies. Thus, the performance of the economic firms significantly depends on the performance of knowledge workers. For this reason, scientific management of human resources in companies with advanced industries is very important. The lack of knowledge on the behavioral and personality characteristics of knowledge workers as well as unawareness toward the factors contributing to their satisfaction, will reduce efficiency and likely causes their renunciation from the organization [19].

### **3.6. Customer's Satisfaction**

The satisfaction is a positive feeling which is created in a consumer or a service recipient. In principle, this feeling emerges by meeting customer's expectations and supplier's performance. Based on the fact that customer's expectations and the received goods and services are at the same level with each other, or commodity to be higher or lower than the customer' expectations level, a sense of flipping or dissatisfaction will emerges inside him/her. Customer's satisfaction is a consumer's feeling or attitude towards the product or service after it is consumed [20].

### **3.7 The relationship between the quality of product, services and customer's satisfaction.**

In this regard, Juran [21] states that customer's satisfaction is a situation thereunder customer feels that characteristics of the product is in accordance with his expectations. He considers customer's dissatisfaction as a separate concept and defines it as follow: Customer's dissatisfaction is a condition in which defects and disadvantages of the product or service make a customer distraught, complainant and critic. According to this scientist, customer's satisfaction and dissatisfaction are not contradictory; in fact, customer's satisfaction is due to characteristics of the supplied product or service which persuades the customer to buy and use it. On the other hand, customer's dissatisfaction originate from defects and shortcomings which exist in the product or service and this leads to customer's annoyance and complaint [22]. In some earlier studies the quality and satisfaction have used in same meaning, while in some studies they differ from each other. It can be said that the satisfaction is a decision after the experience of purchasing or receiving services while the quality is not. According to Lin Jander and Strandoic, in order to evaluate the quality of products and services, there is no need to its experience and product or service can

be evaluated on the basis of knowledge about the product or service provider. Whereas satisfaction is the result of the customer's experience about the product or service in which the output is evaluated according to the value which has been received against what has been given. A customer may suggest that the product or service of an organization have a high quality, but this does not mean customer is satisfied and although he might believe on the good quality of the product or service, he is not satisfied due to its high price [23]. It can be concluded that customer's satisfaction plays the role of a mediator by the effect of service quality on customer's loyalty. In other words, the quality of services effects on service loyalty through customer's satisfaction and the quality of services is considered as an important input for customer's satisfaction[24].

### 3.8. Costumer's' loyalty

Loyalty is a positive attitude toward a phenomenon (product, brand, service, shop or the seller) and protectionist behavior toward it. But there is a more complete definition of loyalty which has been proposed by Oliver: Loyalty is a strong commitment to repurchase a superior product or service in the future so that the same brand or product be purchased despite competitor's impact and potential marketing efforts[25].

In most definitions of loyalty, there are two approaches. 1. Attitudinal approach: different feelings in a person create fixation toward the organization, goods and services; this feeling specifies the degree of customer loyalty, which is very cognitive. Attitudinal loyalty scales, include positive word of mouth advertising, willingness to recommendation and encouraging others to use goods and services. 2. The behavioral approach: the customer's willingness to purchase repeatedly suppliers' products and services and keep in touch with suppliers of goods and services [26].

### 3.9. The relationship between customer's satisfaction and customer's loyalty

Based on conducted studies, it is proven that provision of customer's satisfaction gradually causes the creation of a sense of loyalty and trust to the organization in the customer. A loyal customer, in addition to referring repeatedly to his favorite organization to repurchase products and use of services, plays an important role in improving profitability and organization's image in the minds of potential customers as an additional factor in the field of advertising products and services of the organization through recommendations to the relatives, friends, or other people [3]. In this regard, Simon, a management theoretician says: When an organization manages to attract a new customer, customer's satisfaction will be the starting point for establishing a long term relationship between the customer and the organization [27]. It should always be noted that the only way to create loyalty in the customer and retention of them is to meet their needs, demands and expectations and, in one word, secure their satisfaction. In addition, the correlation between customer's satisfaction and customer's loyalty is strongly influenced by market conditions. Versus, with the existence of monopolistic conditions in the market, lack of competition or very high costs for switching supplier, the customer will have no choice but to stay loyal. This kind of loyalty is called pseudo-loyalty. In other words, if the monopolistic situations are modified towards competitive market, we will face with a reduction in customer's loyalty[3].

## 4. A Conceptual Model



Figure 1. Conceptual model retrieved from field study of literature review

## 5. CONCLUSION

With regard to the research background and carried out literature review, it is strongly specified that in all industries, especially high-tech industries, personnel's organizational commitment and the retention of customer are interdependent and there is also a positive and significant relationship between staff's loyalty and service quality, service quality and customer's

satisfaction, customer's satisfaction and customer's loyalty. By investigating the study and review of the conducted literature, it can be found out that there is a correlation between employees' loyalty and customer's loyalty as well as employees' loyalty and service quality. Therefore, the translation of the vision, mission, long-term and short-term aims of high-tech industries at all levels of the organization, creating and strengthening employees' sense of belonging to the company, increasing employees' commitment by the help of mutual communication, establishment and strengthening sense of responsibility in employees and the establishment of training courses, and true and on time identification of needs and motivation factors of human resources, establishment of reward systems and occupational enhancement based on meritocracy will increase employees' willingness to continue cooperation with the organization. With regard to the fact that there is a high correlation between employees' loyalty and customer's loyalty, it will increase customer's loyalty. Considering the existence of a significant and positive correlation between service quality and customer's satisfaction, establishing training courses to promote employees' social behavior with customers, increasing employees' knowledge in this regard, the importance of the customer orientation, improving employees' awareness about the importance of respect for the customer, observing courtesy against customers, paying attention to customers' demands, paying attention to physical conditions of customers' referral place and providing its appropriate conditions, diversity and quality and product customization, increasing personnel's to inform customers appropriately can improve the quality of products and services and lead to customer's satisfaction.

Based on the positive correlation between customer's satisfaction and customer's loyalty, by increasing customer's satisfaction, customer's loyalty can be improved too. The important point which can be realized is the difference of human resource management in high-tech industries with other industries. High-tech industries require a different view considering the dependence of the type of product and services on human resources' knowledge. Because, as it is repeatedly mentioned in the literature review, there is a direct relationship between staff's organizational commitment and retention of the customer and certainly, this relationship has a great importance in high-tech industries. Therefore, it is recommended to have an integrated look to the issue of staff's organizational commitment and the retention of customer and their management in the companies should be centralized and relationship oriented.

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