APPLYING CUSTOMER SATISFACTION THROUGH HUMAN LEADERSHIP THEORY

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Abstract

Customer satisfaction and ultimate customer experience have become focused of business to sustain and growth a business. However, entrepreneurs and employees are the key to serve and provide ultimate customer experience. Hence, leadership is keys to helps manager to nurture their staffs to achieve the goal. Application of Human Leadership Theory to serve the customers becomes the focus in this study. Several methodologies were suggested as the key principle to serve the customers. The objective of this article is to identify impact of human leadership to customer satisfaction. The concept of customer satisfaction and leadership were focused and relationship between customer satisfaction and human leadership were discussed in the article. Finally, application of human leadership towards customer satisfaction was discussed.

Keywords: Human Leadership, Customer Satisfaction, Customer Engagement, Leadership, Consumer Behaviour, Ultimate Customer Experience

INTRODUCTION

In order to for companies to compete in the market and expand, they will have to identify with the concept of service quality and customer satisfaction. Nowadays the market has become so competitive that delivering high quality service is the main key for a sustainable competitive advantage. An organization's profit depends heavily on their customers' satisfaction. The business will continue to thrive as satisfied customers continue to buy their products and spread positive word of mouth (Angelova & Zekiri, 2011).

According to Anisor, Adela-Eliza and Luciana (2014), customer satisfaction can be defined as "the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or service". They also state that customer satisfaction cannot be created merely by meeting their full requirements because of the fact that they have to be met. On the other hand, dissatisfaction can be created by not fulfilling these requirements.

According to Goleman, Boyatzis & McKee (2002) there are many models and theories of leadership, namely transformational leadership, transactional leadership, moral leadership, constructivist leadership, servant leadership, cultural leadership, primal leadership, charismatic leadership, adaptive leadership, autocratic leadership, authoritative leadership, laissez-fair leadership, situational leadership, spiritual leadership and servant-leadership.

Concept of Customer Satisfaction

Customer Satisfaction has been a central concept in marketing literature and is an important goal of all business activities (Angelova & Zekiri, 2011). According to Palmer (2011), the five principal dimensions which customers use when judging the quality of a service are reliability, responsiveness, assurance, empathy, and tangibles.

Carl Jung theory which focuses on body, mind, and spirit can be explained using the holistic human approach (Jung, 2009). The body is, according to the human productivity model, described as physically, mind is described by mentally and emotionally in human value ecosystem model.

Human development does contribute directly to self actualization and self realization. Besides that, fairness and justice (Whiteman, 2012) with freedom (Manson, 2014) are the key elements of human development that contributes to productivity. An individual who is happy on the inside will become more creative in problem solving (Zenasni and Lubart, 2011).

Figure 1: Traditional Organizational Chart

Source: Kotler, Armstrong, Saunders and Wong 1999

Angelova and Zekiri (2011) stated that the main issue in marketing is to connect with customers through the foundation of a strong relationship with customers with the aim of fulfilling their expectations. Figure 1 is the traditional chart used by managers who only perceives that customers are the only method of gaining revenue; where the top management is at the top, followed by middle management, the front-line people and lastly customers.

According to Anisor, Adele-Eliza, and Luciana (2014) the customers want the products and services to be of the outstanding quality, to be delivered on time, to be up to their satisfaction, to be developed or delivered by the best employee and must be the surrounding environment must be without any occupational health and safety issues. Also, it must comply with laws and regulations.

One of the crucial factors in order to maintain a market-oriented business organization is customer satisfaction. Besides than improving and creating market share, it also helps the business to keep up with the competition. Although the public sector's main objective is not related to profit, this does not in any way disregard the fact that that customer satisfaction is important. There are many literatures which mention that by taking part in programs which increases the customers' satisfaction, the public will gain trust and confidence thus promoting integrity and accountability in local government (Reyes, 2013).

Angelova and Zekiri (2011) stated that customer satisfaction can be both a goal and a marketing tool for companies which focus on customers. Thus, they need to be constantly aware of their customers' satisfaction level since nowadays the internet has allow for fast spread of both good and bad word of mouth. Figure 2 is the chart used by organizations which act successful. The chart shows customers at the top, followed by the front-line people who deal

directly with the customers; next is the middle managers who are supposed to support the front-line people, and finally the top management.

Figure 2: Modern Customer-Oriented Organization Chart
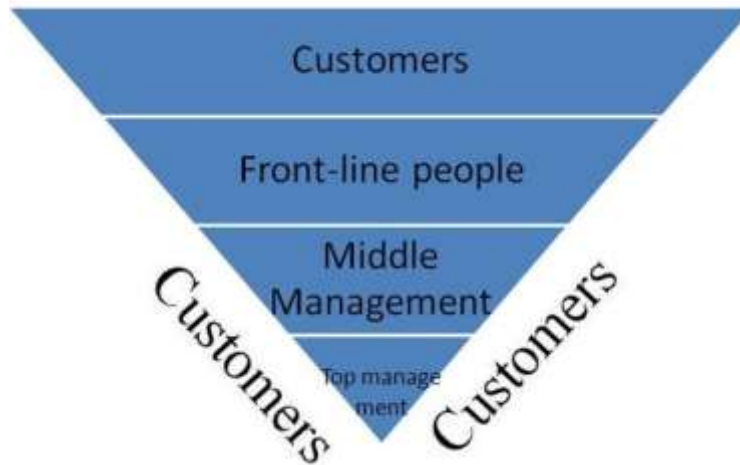
Source: Kotler, Armstrong, Saunders and Wong 1999

Customer Satisfaction Model

The level of performance and satisfaction relating to intangible expectations are harder to measure (Anisor, Adela-Eliza & Luciana, 2010).

Since 1994, the American Customer Satisfaction Index (ACSI) is the national indicator being used in customer evaluation of the quality of goods and services in the Unites States. This method is the only uniform, cross-industry, and the only one used by the government to measure customer satisfaction. This indicator were used across seven economic sectors, 39 industries, 200 private sector companies, two types of local government services, and the U.S. Postal Service (Angelova & Zekiri, 2011). According to them, "it is the only uniform, cross-industry and government measure of customer satisfaction."

Figure 3: ACSI Model
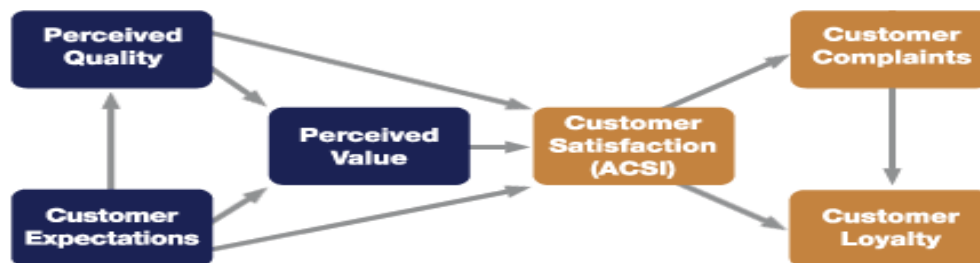
Source: www.theacsi.org

According to the website, the ACSI model is a "cause-and-effect model with indices for drivers of satisfaction on the left side (customer expectations, perceived quality, and perceived value), satisfaction (ACSI) in the center, and outcomes of satisfaction on the right side (customer complaints and customer loyalty, including customer retention and price tolerance)".

The diagram shows multivariable components measured by a few questions that are considered within the model. The questions were constructed to assess customer evaluations of the determinants of each index, where each of them is reported on a scale of 0 to 100. The website states that "the survey and modeling methodology quantifies the strength of the effect of the index on the left to the one to which the arrow points on the right. These arrows represent "impacts." The ACSI model is self-weighting to maximize the explanation of customer satisfaction (ACSI) on customer loyalty." Therefore, by studying the indexes and impacts, users will be able to identify which of the drivers of satisfaction will have the most effect on customer loyalty if they were to be improved.

The ACSI index score results from the calculation of a weighted average from three survey questions which measure distinguished aspects of satisfaction towards a product or service. ACSI researchers estimate the weighting for every question by using proprietary software technology.

Customer expectation is where the customers' anticipation of the product or service is measured. Expectations take into account the experience before consumption (nonexperiential information like advertising and word-of-mouth) and the prediction of the producer's ability to deliver quality in the future.

Perceived quality is where customers' evaluation is measured after consuming the product or service recently. Aspects of quality measured are customization (degree to which a product/service meet the customer's needs) and reliability (frequency with which the product/service goes wrong).

Perceived value is where the measure of quality in relation to the price paid for the product/service. Even though price is important during the first purchase, it plays a normally less significance on satisfaction for repeat customers.

Customer complaints refer to the percentage of customers who stated that they have directly complained to a company regarding a product/service within a specified time frame. The relationship between satisfaction and customer complaints, which means more satisfied customers will lead to less complain.

Lastly, customer loyalty refers to how likely is the customer will purchase the same producer in future plus the likelihood they will buy at various price points. This is the most vital aspect of the model as it stands as a profitability proxy.

Evolution of Leadership Model

Johnson (2016) explains the five types of leadership commonly found in workplaces: The first one is laissez-faire, where leaders who fall under this category seldom supervise or give feedbacks to their subordinates. Normally, employees who require minimum supervision and have a lot of experiences and skills will fall under this style of leadership. However, due to the fact that not all employees are experienced or skillful, this type of leadership will cause the employees who need supervision to become less productive. Laissez-faire leadership does not require a lot of supervising by managers, which might cause poor production, lack of control, and costs to increase.

Next is autocratic leadership style which allows managers to decide without asking for other people's opinions. They have total control and direct others to execute their orders, even if the employees are reluctant to follow. These leaders make unchallenged decisions, as illustrated by the government of North Korea and Cuba. Autocratic leadership is only beneficial for employees who require close supervision. This type of leadership is not suitable for creative employees who work best with other people or in a team.

Participative leadership, also known as democratic leadership is where leaders appreciate others' ideas, but still makes the final decision. These leaders will increase their employees' morale as they are involved in the process of decision-making, and this will make them feel important. When changes are due in an organization, these leaders will help the employees to accept changes because they are part of the process. This leadership works best when an impulse decision-making is required.

As for transactional leadership, reward and punish is the best description for this type of leadership. The managers and the team will decide on a direction, of which the employees agree to follow in order to obtain the objective. Leaders will then assess the results and continue to train or rectify the mistake, and in the end they receive reward once the objective has been achieved.

In transformational leadership, a lot of communication will take place as leaders try their best to motivate and increase productivity and efficiency by direct communication and involvement. This means management plays an important role to accomplish the goals. The leader focuses on the big picture while smaller tasks are delegated to the team.

There is another theory which is gaining in popularity which is the human leadership theory. This theory was an extension from the Human Value Ecosystem Framework (Leowet al., 2015). There are four elements which are covered under this theory which are destination, skills, responsibility and also the values of a human. Humans must identify their own objective which they aim to fulfill. Human actions and behavior are regulated by values and experiences

and therefore all employee must understand what their responsibility, limitation, and skills are in order to be the most efficient and effective (Leow & Mohd, 2016).

Figure 4: Human Leadership Theory
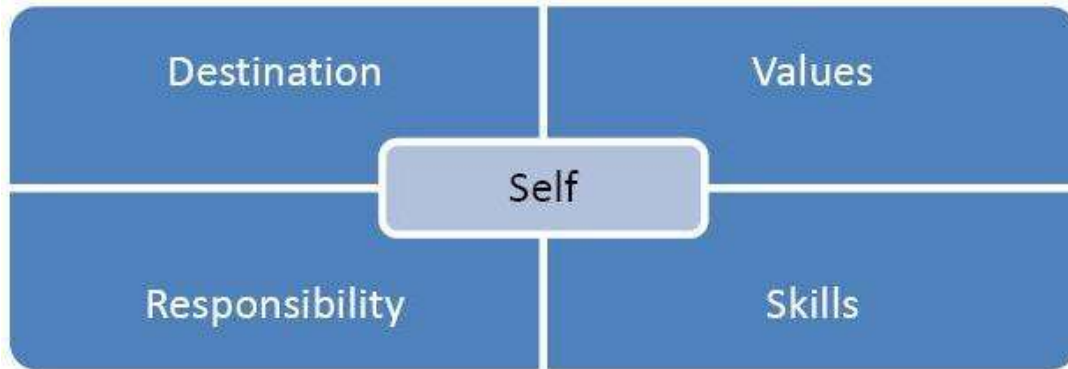
Source: Leow, Saiful, Vincent, Marimuthu, and Bunna 2015

Relationship between Human Leadership Model and Customer Satisfaction

The relationship between human leadership model and customer satisfaction can be viewed from the perspective of the Human Leadership Theory.

The first one is the self, which is the centre of the customer satisfaction. The self focuses on the idea that you should always serve others the way you yourself wish to be treated. Next is the destination or goal for the employees when they serve customers. This element asks that employees identify their objective or what their purpose is when attending to the customers.

Next, each employee in an organization is given with a specific responsibility. They need to acknowledge and focus on taking on their responsibilities instead of focusing on other people's responsibility. For example, front-liners responsibility is to focus on serving customers and they therefore should focus on how to satisfy their customers. However, it is not possible for an employee to function without cooperation from other departments, as an organization can be likened to that of a human body, where each and every organ plays a part in making sure the body stays alive.

The third one is skills set, or an individual's ability to perform something. In work, it is important to recognize our own abilities to carry out a certain task. To fulfill the task given, employees must first be able to admit if there is something which they are not sure, or do not know. They should ask around until they are sure of what to do. If they are still unable to obtain an answer, the next step is coaching. This is because one can improve their skills through coaching.

The last one is values, which can be referred to as the background consisting of family, friends, colleague, education, and exposure. Basically, this element is the root of self which determines how we evaluate the right and wrong in life.

In addition, there are evidences which support that there is indeed a relationship between human leadership model and customer satisfaction.

Chuang, Judge and Liaw (2012) in their studies found that transformational leadership has helped to increase the employees' "pleasant emotions". However, this result only applies to the front-liners who are high in negative affectivity (NA). They also found that these front-liners who are high in NA experience a decrease of their negative feelings and their pleasant emotions improved, which cause the employees to express this positivity towards their customers. In conclusion, they summed up that transformational leadership is better received by people who are high in NA, as their characters are not actually suitable for a job in the service industry, and that this type of leadership helped these people to perform better.

They also stated that transformational leadership had a positive and a noticeable effect on the results of customer surveys which is a result of emphasize on pleasant emotions, job satisfaction, and service performance. This finding concludes that a good leadership will in the end cause good customer feedback on the organization. This effect could be exhibited through the front-liners' facial expressions of pleasant emotions.

Method of Improving Customer Satisfaction through Human Leadership Model

Mattone (2015) suggests that there a few ways on how leadership can affect customer satisfaction:

i. Through the Creation of an Engaged Workforce - Human leaders have the ability to produce employees who truly engage in their work and care about what they are doing. Studies have shown that companies with engaged employees do make more profits as these employees perform excellently which will give satisfaction and produce customers who are loyal to the brand. Thus, human leaders can indirectly make for satisfied customers.

ii. If human leaders can prove that they can also "walk the talk" when it comes to customer service. Almost all companies will give statements like "Customers are our number one priority" or "Employees are our number one asset". However, making and carrying out these two are very different things (Greenbaurn, Mawritz, Piccolo, 2015). By showing that leaders can practice what they preach, employees will believe in the company and these people will share their faith with the customers.

iii. Besides that, the UKCSI states that organisations should have a strategic leadership commitment to customer service. This could be carried out by setting a clear vision of the

organization's customer service aspirations. Supporting line managers should also lead effectively and improve their abilities as leaders and source of inspiration through training and development. Senior management must get involved in the actions taking place in the company, and communicate with the staff. This can lead to proactive engagement by the employees, which will give visible impacts in the customer satisfaction index.

iv. Kaizen management can also improve customer satisfaction because continuous improvement is needed although not specific to only customer service employees. The adoption of Kaizen way is good because the process is continuous, and is especially good for customer service department, where they always face new challenges every day.

v. Employees should ask questions, because it is better to ask once and know forever. Nothing good ever happen when an employee keeps to himself that he do not know of something. No matter how much the staff is talented or have good skills, he/she can never succeed without asking.

In the elements of the Human Value Ecosystem Framework (Leowet al., 2015), when talking about the "self", one can do self-evaluation or self-talk where we contemplate and spend time to think about ourselves, the people around us, and remember our roles as a human, and that we are a part of the creation from the Creator, the Almighty God. During this self-talk, human can learn more about themselves and how they are doing at their job, or in this context, as customer service employees.

In the second part, the "destination", is where they set their own goals or objectives. As a customer service representative, one should think on how she/he can provide a better customer service experience, and conduct continuous improvement. They should serve their clients the way how they want to be served (Martin & Martin, 2016).

The "value" looks at the human from the spiritual aspect, as these are the things which remind us of our roles as the human. The values are the base of our conducts and determine how we behave. Humans cannot live in a proper way without values.

There are many examples which can be demonstrated through the element of responsibility. One of them is by reviewing standard of procedures (SOP). By studying the SOP, human can suggest for improvement, also known as the Kaizen Management, or continuous improvement. An employee should be able to identify their own roles and use the SMART management in their task, which are: S – specific, M – measurable, A – attainable, R – realistic, T – time-bound.

As for skills, a customer service employee should be able to possess people skills, communication skills, operational management skills, and also risk management. These are the skills most important to them, and are used in their daily tasks as they deal with customers.

CONCLUSION

Leaders should be open to accept new changes and be prepared to improve themselves and lead in a way so that the employees will feel involved and happy. People in the service industry deal directly with customers, and therefore how they feel during working will in the end affect the customer satisfaction level.

Especially for customer-oriented companies with an emphasize in the service industry, it is important that leaders and top management take into account how the employees can change their attitudes towards work and customers just by a change in the environment. There have been a number of studies, which support the application of transformational leadership and the end result was improved customer satisfaction.

In order for an organization to continue strive in this era, they need to assess where they are when it comes to employee engagement. Failure to respond to the need of transformation can and will be the source of downfall for even the most successful organization.

Organizations should invest in their people, in training and developing them, as the employees are the ones who could help them grow (Durrance & Nelson, 1987). Better leadership always mean happier people and happier people are less likely to quit. By focusing on this, employee retention can also be improved. No companies can claim to be successful without the help of their employees, and the sooner they realize how human leaders can play an important part in customer satisfaction, the sooner they will improve.

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