

**Effective improvement of employee satisfaction and service quality
considering maturity levels of employee loyalty**



Hiroshi Nishikoori¹, Takeshi Takenaka²

Naoto Maehara¹, Hidetoshi Tsuji¹, Yukihide Shibuya¹

¹ MS&Consulting CO., LTD

² National institute of Advanced Industrial Science and Technology

--To reduce turnover rate is urgent issue for companies, especially small and medium enterprises (SMEs) in service industry, because

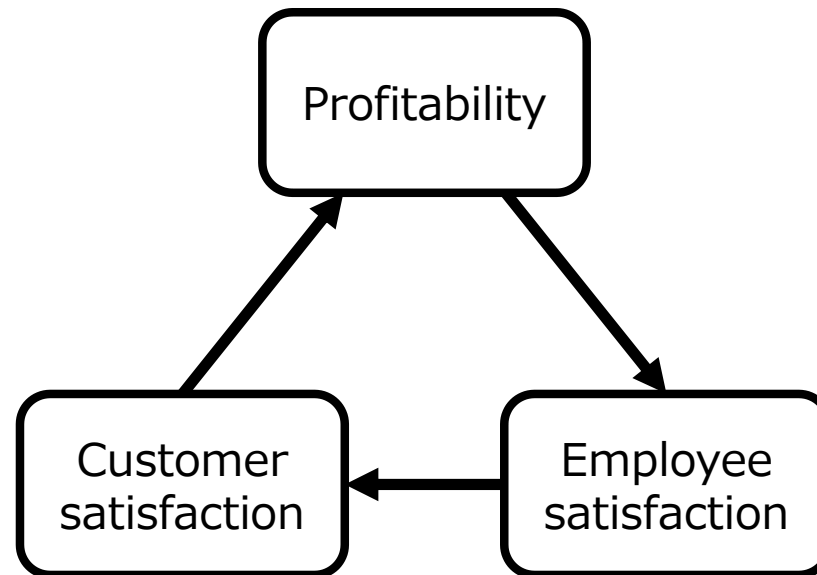
1. Decline in service quality.
2. Incur a large cost to recruit and educate new employee.



Service Profit Chain theory

--Service profit chain theory is a well-known showing that increased employee satisfaction positively affects consumer satisfaction, eventually improving company profitability.

-- In actual businesses, it is important for managers how to put service profit chain to work with various employees.



--Maturity levels of employee satisfaction often vary greatly from shop to shop, even though in same company.

--To imitate “best practice” is one of the major way to improve employee satisfaction. However, service companies do not always have managers with excellent leadership or autonomous employees.

--Some of shop managers can’t imitate “best practice” just like it.

This study focuses not only on excellent cases but also on standard or substandard cases of actual service companies.

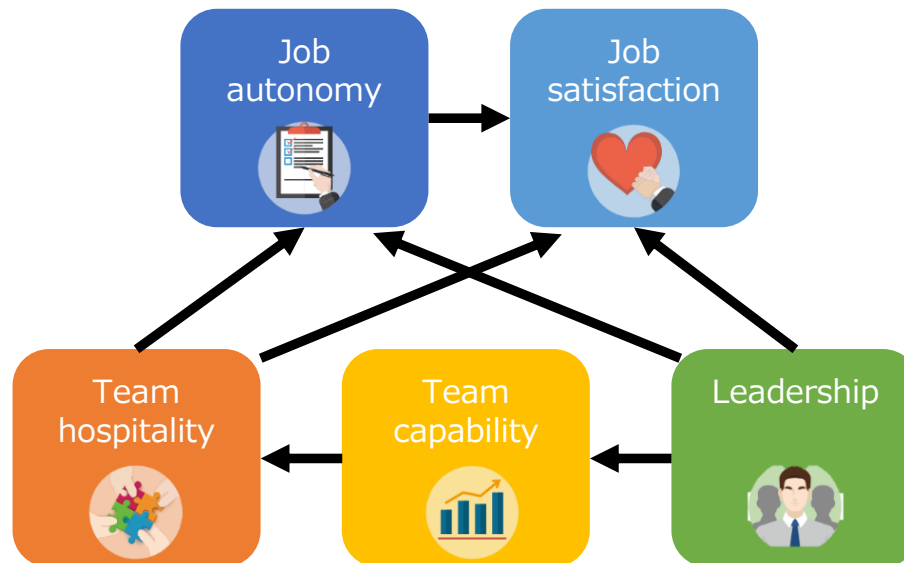
What kind of efforts could improve employee satisfaction more effectively at various ES levels?



Employee satisfaction survey method.

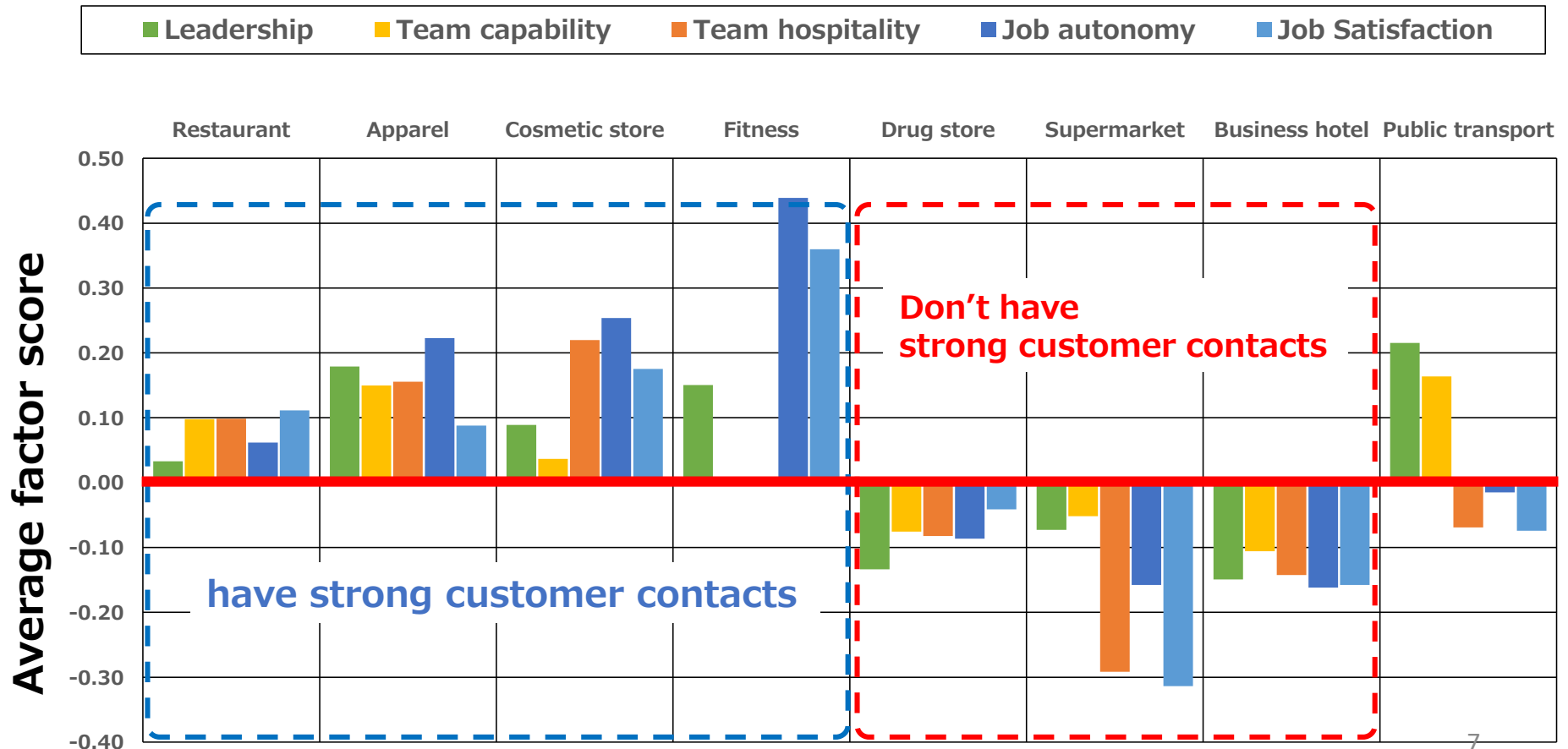
--Standardized by **96,000** employee data.

--ES is evaluated by using normalized scores of **5** factors and Z score of **36** questionnaire items.



Analysis method

We can compare the averaged ES factor scores among some service industry.



Grouping shops using employee loyalty score, which is defined as average Z score of 3 questions.

Worthwhileness
of working

Sense
of belonging

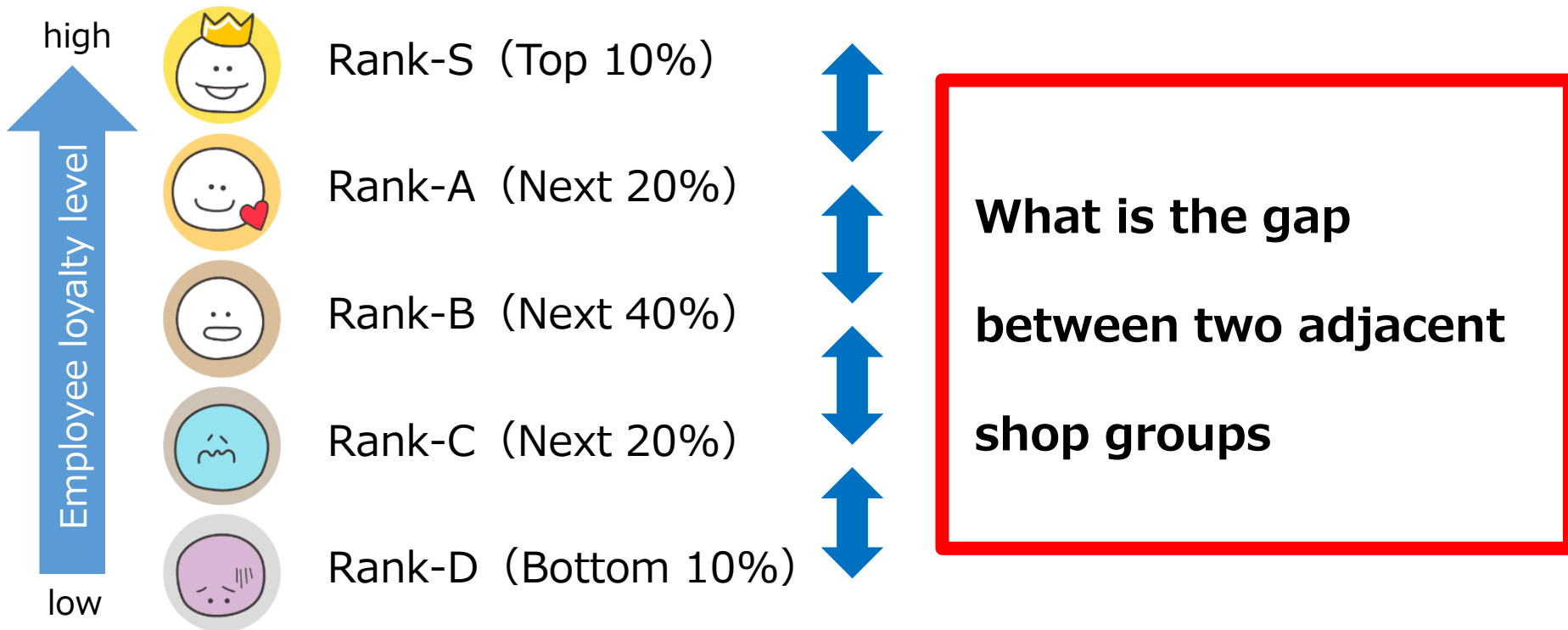
Intention
of recommendation



Employee
loyalty
score

Analysis method

We divided shops into 5 groups based on employee loyalty.



Survey data used for this study

- Period : **01/2017~12/2017**
- Company : **128** companies
- Shop : **4,622** shops
- Employee : **70,522** employees
- Job type : Restaurants, Apparel shops, Supermarkets, Drugstore, Cosmetics store, Fitness gym, Business hotel, etc.

The gap between two groups vary from questionnaire items.

The gap order means priority of view point which shop managers should take action about.

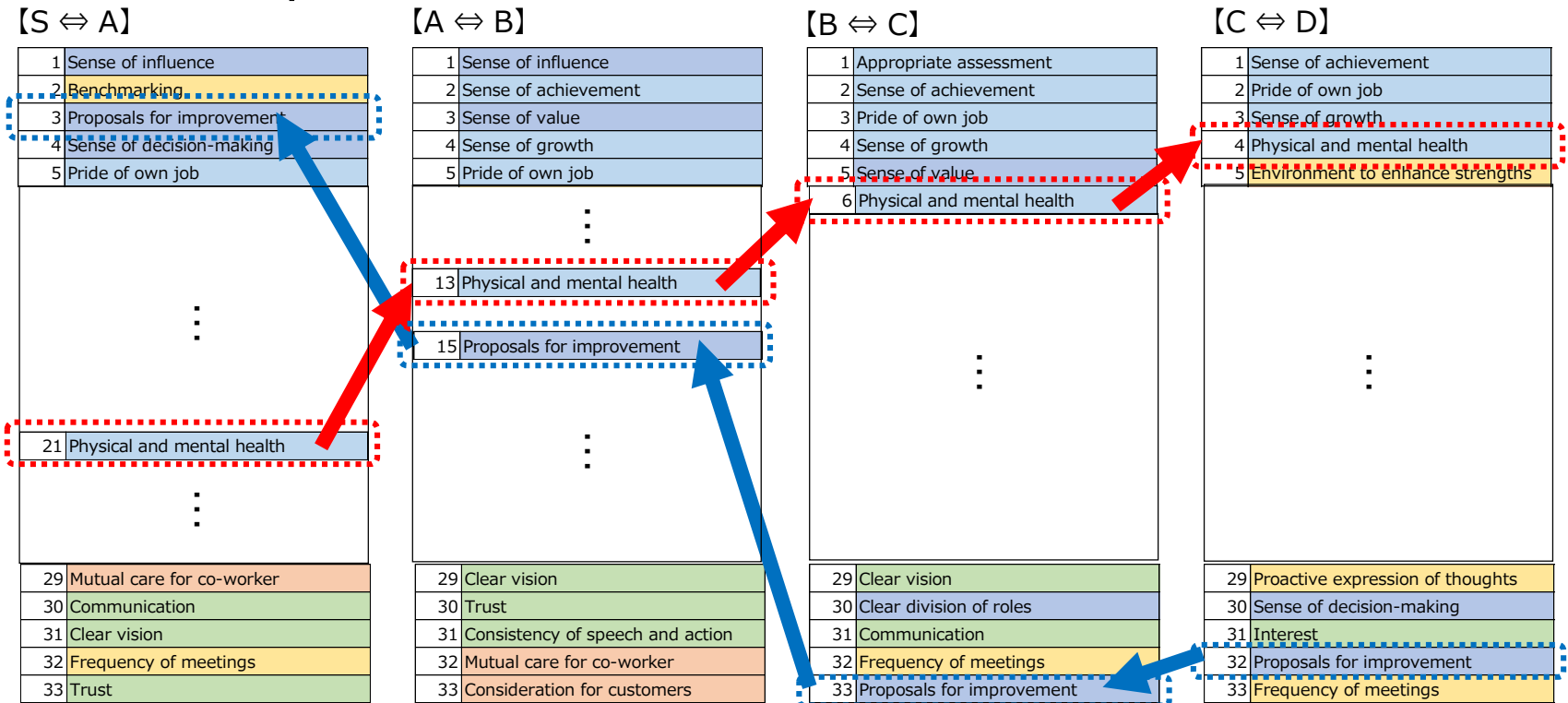
■ Z score gap between Rank-C and Rank-D

(Tukey's test, *; p<0.05, **; p<0.01)

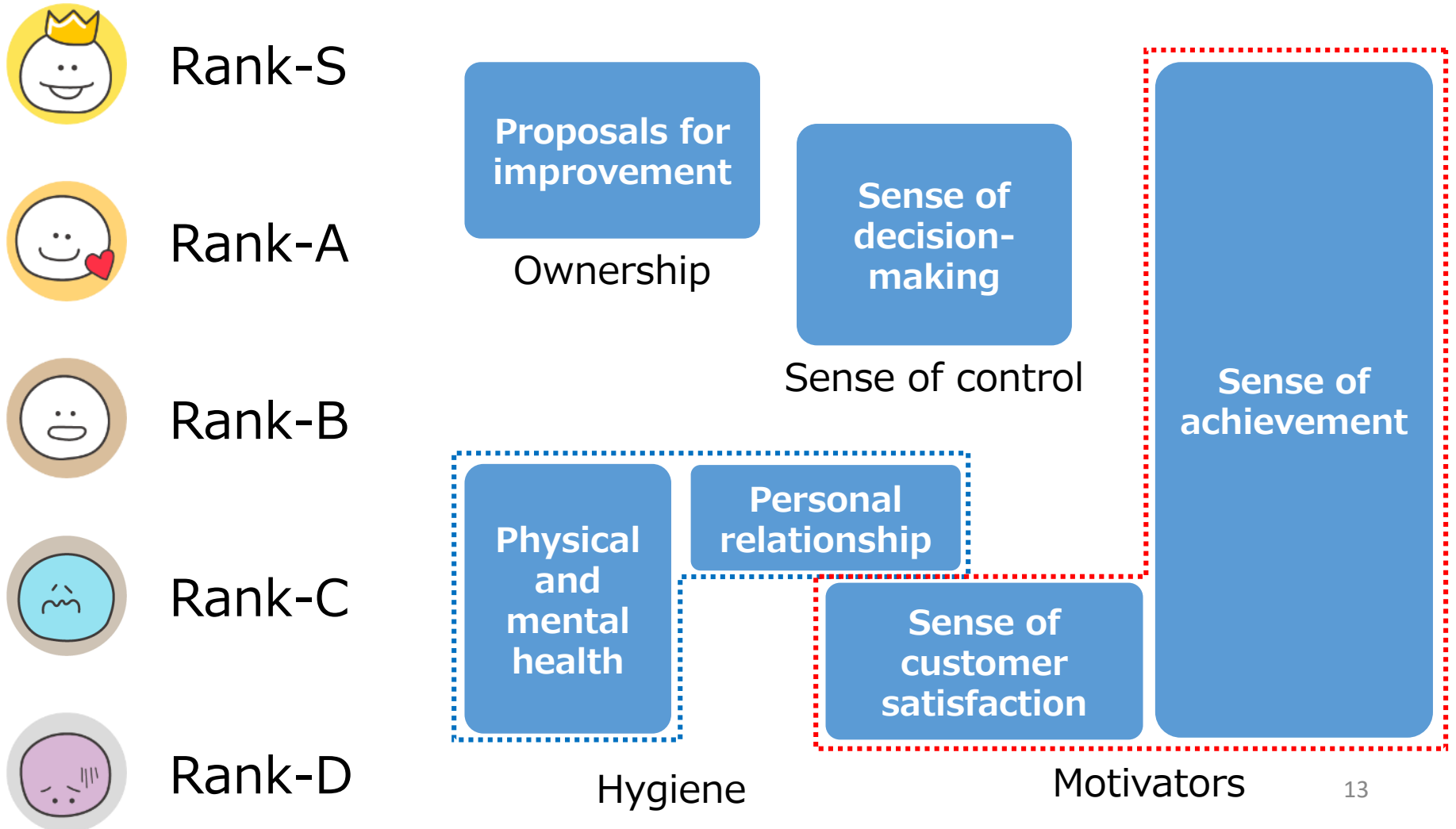
		C	D	GAP	
1	Sense of achievement	-0.63	-1.58	0.95	**
2	Pride of own job	-0.72	-1.61	0.89	**
3	Sense of growth	-0.63	-1.50	0.87	**
4	Physical and mental health	-0.51	-1.35	0.84	**
5	Environment to enhance strengths	-0.71	-1.41	0.71	**
⋮					
29	Voluntary expression of thoughts	-0.61	-1.13	0.53	**
30	Sense of decision-making	-0.51	-1.02	0.50	**
31	Interest	-0.57	-1.06	0.48	**
32	Proposals for improvement	-0.38	-0.73	0.35	**
33	Frequency of meetings	-0.48	-0.81	0.33	**

“Proposals for improvement” is more important in rank-A,B than rank-D,C.

“Physical and mental health” is more important in rank-D,C than rank-A,B.



An essential items to improve maturity level of employee loyalty



To clarify the relationship between employee satisfaction and customer satisfaction or profitability is our future works.

Figure Relationship between “Hospitality for customers”(ES) and Intention to repeat (CS) in food service industry (48 companies)

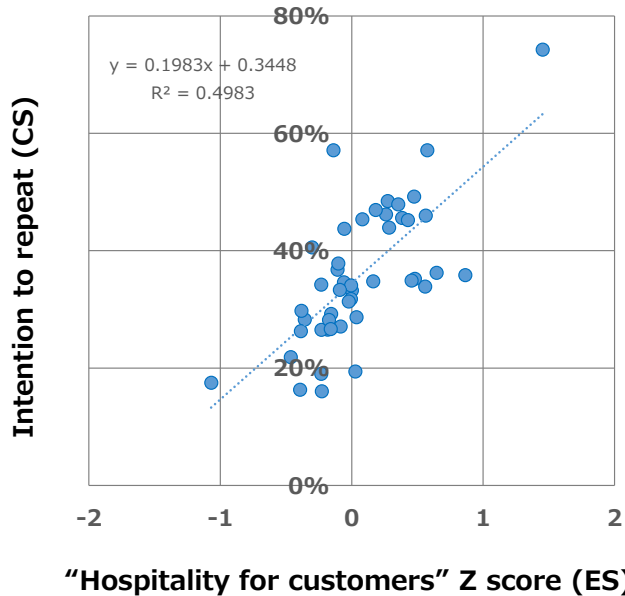


Table 6 The correlation coefficient matrix between employee satisfaction and customer satisfaction in food service industry (48 companies) (*; $p < 0.05$, **; $p < 0.01$)

	Loyalty	Leadership	Team capability	Team hospitality	Job autonomy	Job satisfaction
Intention to repeat	0.22	0.26	0.06	0.27	0.28	0.22
Intention to recommend	0.24	0.30*	0.11	0.28	0.34*	0.26
Satisfaction with meal	0.17	0.34*	0.24	0.15	0.32*	0.19
Satisfaction with service	0.38**	0.28	0.07	0.39**	0.37*	0.40**

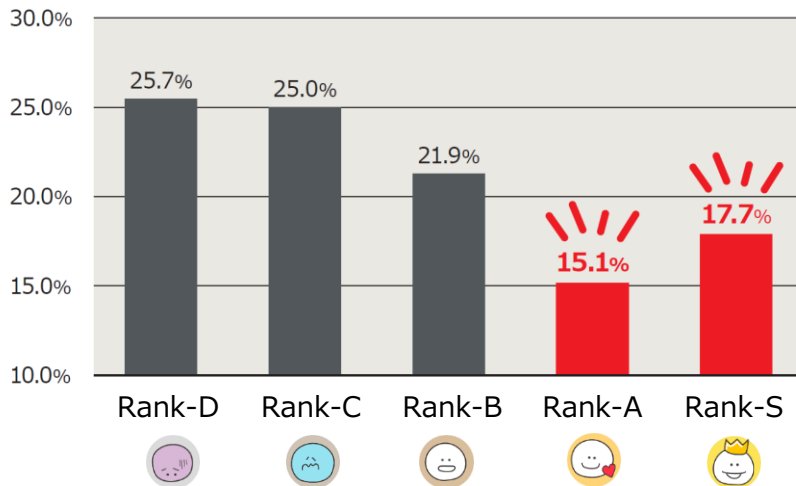
Future works

--In some companies, ES and CS or ES and profitability is linked well, but in others they are not linked well.

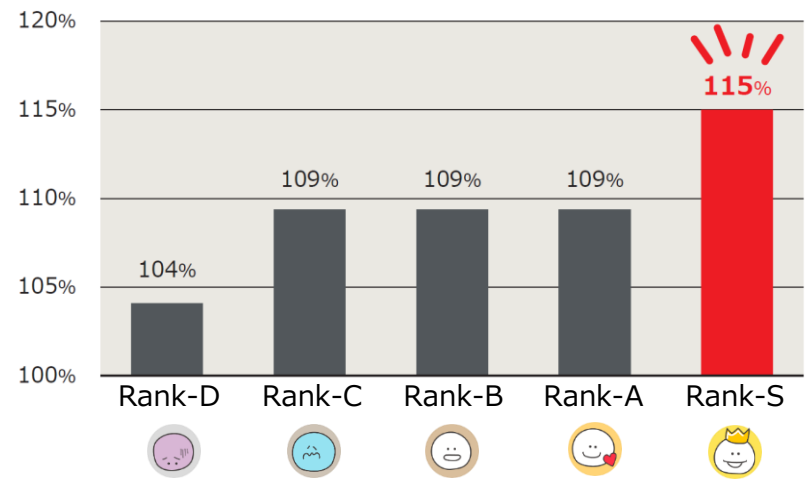
--To clarify the differences is also important issue to research in future.

※Example case in a certain company (apparel)

Intention "not" to repeat in each loyalty rank



Year-on-year sales in each loyalty rank



It can help improvement of ES by shop managers that to realize the strengths and weaknesses by service benchmarking, and to be recommended how to overcome the weaknesses by real improvement cases based on the maturity level.

This must have the great impact to SMEs in service industry and consulting business.

Example



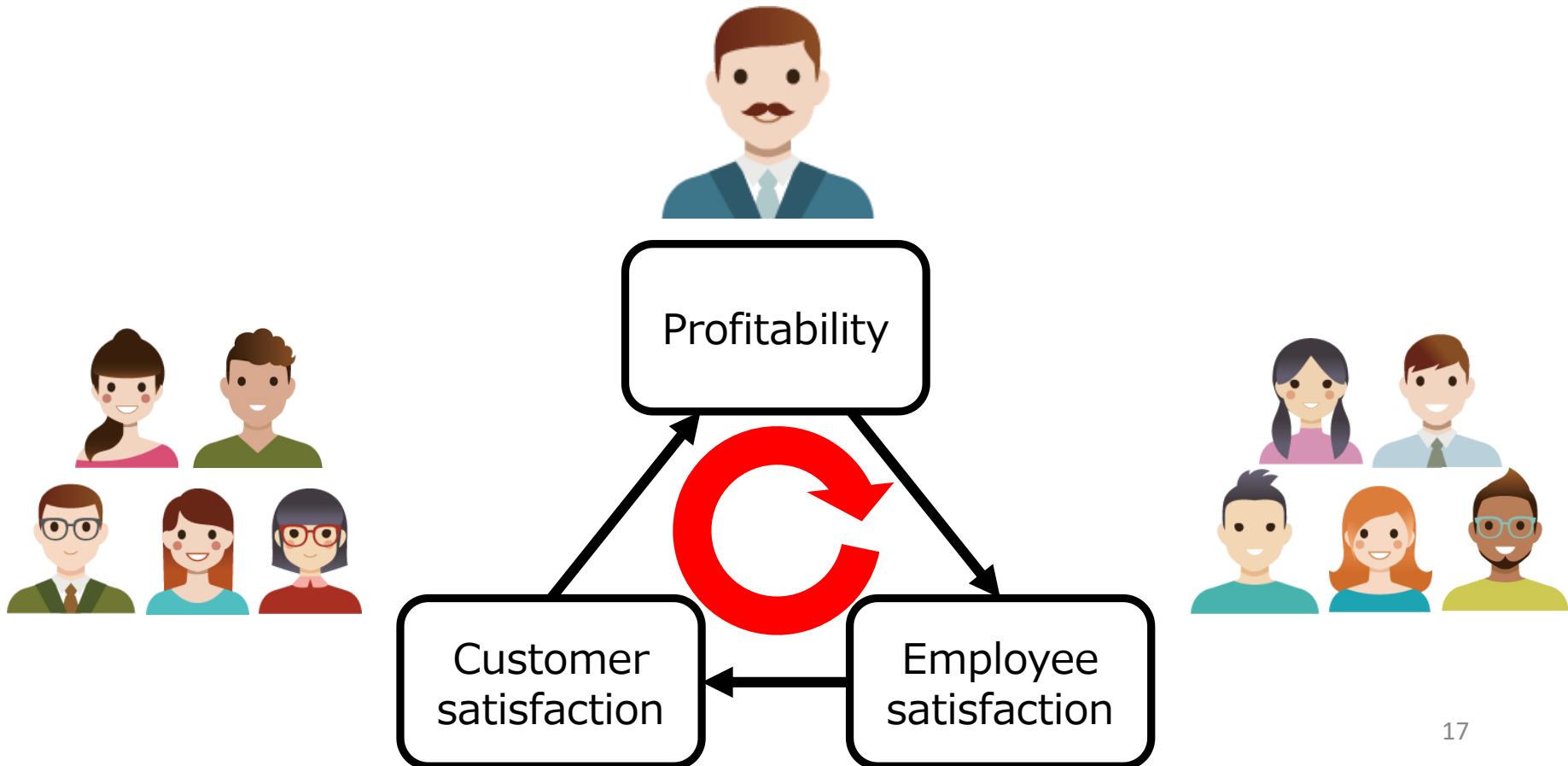
--To improve the “Sense of customer satisfaction” score

- 1. Think back on not only failure cases, but also good cases with staffs after shop closing.**
- 2. In addition, Think back with imaging “one real customer” who came the shop in the same day.**

Challenges in actual consulting

We'll continue this study to put service profit chain to work in many companies and shops.

It must contribute to make a mentally wealthy society.



Thank you for your kind attention.



MS&Consulting CO., LTD

MS&Consulting (Thailand) CO., LTD

MS&Consulting Taiwan CO., LTD (台湾密思服務顧問有限公司)