

Customer Centricity for Employee Engagement: A New Frontier in HRM

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Abstract:

“Customers do not come first. Employees come first. If you take care of your employees they will take care of the customer” is a famous quote which emphasis importance of employees’ role in organization’s success. Employee have become a vital part for the organization to achieve its goals. Without employees’ co-operation & support, it is very difficult for the organization to strive for excellence in business. They help the organization to attain competitive advantage from its competitors, hence, it is eminent for the organization to engage their employees.

This study focuses on understanding the customer centricity concept and the role of HRM in customer centricity. It also focuses on the studying the need and importance of engaging the employees in the organization and to study the relationship between employee engagement and customer centricity. Here, we also try to find out the impact of employee engagement on customer centricity in IT and ITES sector.

Keywords: Customer Centricity, Customer Experience, Employee Engagement & Work Engagement

1. Introduction

Customers play an important role in any business’s growth and success. Customers’ needs and wants should be understood and taken care in order to keep the customer happy and loyal towards the organization instead of spending time and money in marketing the products / services which customer doesn’t value.

According to Peter. F. Drucker(1954)¹, customer will determine what a business is, what it produces and whether it will prosper. If the organization are not producing the products or services as per the need of the customer, it will not be able to survive in business. Theodore Levitt (1960)² said that the organization should focus on fulfilling the customer needs rather than mere selling the products or services to their customers.

Customer Centricity is defined as “Putting the customer central in your long-term company vision as well as your daily processes (such as the products/services you offer, the way you communicate, the channels you use) in order to strengthen the relationship with your customer; (Kruiniger, 2012)³

Insites Consulting has conducted lot of research relating to customer centricity and had developed the model relating customer centricity to Customer Value, Customer Experience and Customer Life Cycle. Here, Customer Experience is defined as the sum of all experiences or interactions a customer has with a company, both online and offline (Kruiniger, 2012)⁴.



Customer Value is defined as The total value of a customer, both actual and potential value, both directly and indirectly (referral value like promoting a company, the influence on social media) and Customer Life Cycle is defined as The (natural) evolution a customer goes through as defined by one or more aspects related to his or her needs (life stages, lifestyle and relationship with company)” (Kruiniger, 2012)⁵

Employee engagement is important for customer experience because it is experience by the ripple effect created in individual department across the company; All the technology used create good customer experience and determining the customer satisfaction via survey are valuable only if it enable the customers to be loyal towards the organization and it inspires them to talk good about the company; Many companies want to implement employee engagement programs to enhance the profit or to be viewed as a “Best place to work” tag, which in turn help them to attract and retail the talented employees in the organization (Hunsaker, L., 2015)⁶

The various benefits of engaging the employees in the organization with respect to customer experience has been realized by many company leaders,below are the few statementsby reputed organization leaders and HR managers who told their views on employee engagement and Customer Experience(CX) - The more successful engaged companies understand that the Customer Experience starts with every employee trained and engaged@iamLivingston ;High employee engagement = ownership and pride, create CX playbooks & best practice to guide interactions with customers@Lynn_Teo; CX is often a reflection of employee experience, so HR should help promote a happy, healthy, and prosperous work environment@hammnick; HR must integrate with the Ops teams, they should Communicate the challenges, talk to the floor, know the pulse. Listen, observe, and advise @iamLivingston; Focus employee metrics more on CX enabling behaviors, less on survey

ratings @clearaction; If employees are empowered and engaged, just get the organization out of their way@thecxguy; Employee engagement is improved when they get regular personalized customer feedback on their ability to satisfy (or otherwise)@jameskobiellus; Good idea to empower all employees to participate in social media with customers: EMC, Intel, Adobe, IBM do @clearaction(Hunsaker, L., 2015)⁷.

2. Literature Review

2.1 Employee Engagement:

Employee engagement is a widely talked about topic in most of the organizations. The organization's leaders are very keen on engaging their employees since it benefits the organization in many aspects like customer satisfaction, employee retention, profitability and long term stakeholder value. They have also realized that engagement improves employee performance, leading to better business outcomes and enhanced customer loyalty. So many organizations believe that engagement is significant to attain competitive advantage amongst its competitors (Kular& Kingston Business School (London, 2008)⁸.

Employee engagement is all about the willingness and ability of employees to give sustained discretionary effort to help their organization succeed (Cook, 2008)⁹. Employees give their best performance with full energy and passion to serve the customers i.e., they go extra mile to cater to the needs of the customer without giving much adherence to rules and policies of the organization. Thus, employee engagement can be defined as "employees' willingness to perform better with enthusiasm to achieve organizational goals".

Employee engagement is often referred as a desirable condition, having an organizational purpose, and connotes involvement, commitment, passion, enthusiasm, focused effort, and energy. William A. Kahn was the first to define engagement in his research paper "psychological conditions of personal engagement and disengagement". Kahn's work was based on Goffman (1961)¹⁰ who proposed that, "people's attachment and detachment to their role varies" (Kahn 1990:694)¹¹

Kahn (1990:694)¹² defined personal engagement as "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances". In this conceptual framework, he identified the three psychological conditions related to engagement or disengagement at work as psychological meaningfulness, psychological safety and psychological availability.

The work-role fit, supervisor & co-worker support and availability of personal resources acts as a mediating conditions for psychological meaningfulness (Rothmann& Welsh, 2013)¹³. May et al (2004)¹⁴ found that the positive predictors of meaningfulness at workplace are job enrichment and role fit. Psychological safety was experienced by individuals when they felt safe and trusted in the situations at the work. The factors that affect the psychological safety are interpersonal relationships, group and intergroup dynamics, management style and process and organizational norms. Psychological availability is the sense of having the physical, emotional and psychological resources an individual has, to invest on their self during role performances. The factors that influence psychological availability are the physical and emotional energy or resources an individual has to invest on self during role performances and individual insecurity which refers to the level of confidence an employee has on their own abilities and status (Kahn, 1990:705)¹⁵.

James, McKechnie &Swanberg, (2011)¹⁶, found in their study that development & promotion are important antecedents of engagement for younger employees but for older employees it is supervisor support & recognition. They also found that employees reaching their retirement age are more engaged when compared to the younger employees

2.2: Customer centricity

According to Insites Consulting, the customer centricity can be increased by creating the different segmentation strategy i.e., either converging – meaning aiming for fewer segments or by diverging – meaning aiming for more segments; apart from this the organizations must also focus on the value of a customers' network by using various social media to influence as well as reach the customers along with the traditional methods(Kruiniger, 2012)¹⁷.

Insites Consulting found that “Customer centricity and customer retention go hand in hand”, i.e., if the organization puts more focus on the customer, it helps them in customer retention. Moreover, a company's long-term vision is customer acquisition and customer retention which can be achieved through customer centricity(Kruiniger, 2012)¹⁸. The company's culture plays an important role in customer centricity than the tools & methods like customer database etc. if the company's culture is more open and involvement of the employees is high, then the chances of success is high.

The Customer-centric marketing helps the organization to take lead in the market share. It enables the marketing teams with benefits like a) Loyalty i.e., customer centricity helps to establish the deeper, more meaningful connections with the customers by providing tailor-made messages and offer based

on the needs of the customers and thus it helps in making the customers come back after their first purchase; b) Efficiency i.e., by investing in the acquisition channels, campaigns, and partners will help the organization to acquire high-value customers; c) Agility i.e., customer centricity helps to engage with customers at the right time with the relevant platform with the message that's most likely resonate at the current moment; it also helps the organization to react rapidly to changes in customers' tastes and preferences; d) Differentiation i.e., customer centricity helps the organization to stand out from the competitors and crowded market by providing customized offers and messages to their customers to capture and maintain the customers' loyalty through a personalized approach (Custora U, 2018)¹⁹

3. Objectives of the study

- To understand the concept of customer-centricity in the organization
- To study the customer-centric HR practices followed by various organization in IT and ITES sector
- To study the employee engagement practices in IT and ITES sector
- To study the various factors that influence the employee engagement in IT and ITES sector
- To study the impact of employee engagement on customer centricity IT and ITES based organization

4. Scope & Limitation of the study

The study is confined to know the link between the variable customer centricity and its importance in engaging the employees in the organization. There are other factors, both internal and external which influences the engagement level of employees has not been taken into consideration. And also, the study is conducted on the employees working in IT and ITES based organization in India. Hence, the results found in the study cannot be generalized to other sector or industries and other locations.

5. Methodology

This study is deals with determining the relationship between employee engagement and customer centricity. Employee engagement and customer centricity concepts has been studied extensively by many researchers from the past two decades. These concepts have been defined well and has different scales to measure. Employee engagement scale has been developed by Gallup Inc., and many consultants, researchers and organizations have been using this scale to measure the level of engagement in different sector and countries.

The employee engagement measure of Gallup organization is the work of Buckingham et al. (1999)²⁰, and it is measured by 12 questions derived after research done on thousands of focus groups from 2,500 education, healthcare and business units (Luthans et al., 2002)²¹. Questionnaire address

problems such as resources to perform well, understanding what is expected of you at work, recognition and praise, being listened, friendships at work and, encouragement to develop (Bates, 2004)²². The reliability of this scale is Cronbach's α (overall instrument) = 0.91

Other scales used is Utrecht Work Engagement Scale (UWES), developed by Maslach et al. (2001)²³ which is based on Engagement- Burnout model and reliability of this scale is Cronbach's α for the three dimensions: Vigor:0.78 (students) and 0.79 (employees), Dedication: 0.84 (students) and 0.89 (employees), Absorption: 0.73 (students) and 0.72 (employees). Job Engagement Scale (JES) is based on the Kahn's conceptualization, Rich et al. (2010) developed and published a measure, called JES based on the three dimensions and the reliability of this scale is Cronbach's α (overall job engagement scale) = 0.95

Hence, the methodology used for this study is descriptive in nature. The sample of 60 employees working in IT and ITES sector has been selected using convenience sampling method and asked to answer the questionnaire and all the respondents has been contacted through mails. The questionnaire is prepared using Gallup's Q12 has been used to measure the engagement level of the employees and 10 additional questions are asked to determine whether employees have customer centric approach and show customer centric behavior.

The hypothesis for this study has been defines as below:

Ho: There is no positive relationship between employee engagement and customer centricity among the employees working in IT and ITES based organization

Ha: There is a positive relationship between employee engagement and customer centricity among the employees working in IT and ITES based organization

Correlations			
		Employee Engagement Grand Mean	Customer Centircity Grand Mean
Employee Engagement Grand Mean	Pearson Correlation	1	.950**
	Sig. (2-tailed)		.000
	N	60	60
Customer Centircity Grand Mean	Pearson Correlation	.950**	1
	Sig. (2-tailed)	.000	
	N	60	60
**. Correlation is significant at the 0.01 level (2-tailed).			

Exhibit 1: Correlation analysis using SPSS

The Exhibit 1 shows the correlation analysis between employee engagement grand mean and customer centricity grand mean for the sample size N=60. From this analysis we can infer that, the pearson correlation r is 0.95 ($r=0.95$). This indicates that the strength association between employee engagement and customer centricity is very high and the correlation coefficient is highly significantly different from zero i.e., $P<0.001$. Hence, we can conclude that customer centricity has 90% (0.95^2) of influence or effect on employee engagement.

6. Findings & Suggestions

Customer-centric business is considered to be the starting point for planning new products and services or improving existing ones by considering the needs and resources of individual customers(Wagner & Majchrzak, 2007)²⁴. Though the concept of customer-centricity has got recent attention in the marketing literature, its research and theory development has been ignored (Wagner & Majchrzak, 2007)²⁵. This study tries to find out the relation between customer centricity and employee engagement for the employees working in IT and ITES section in India. Though not many researches have been conducted to find the relation between these two concepts, MacGillavry & Sinvan (2016)²⁶, did a research study focusing on the link between customer centricity and employee engagement at DHL freight company and found in their research that there is a positive correlation between employee engagement and customer centricity. But this research is confined to a single organization and hence finding of this study was not plausible.

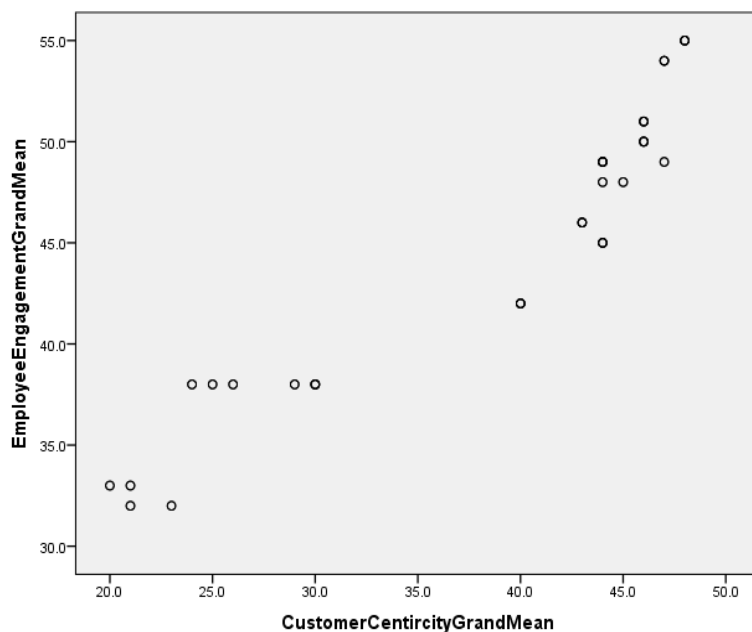


Exhibit 2: Graph showing the correlation between employee engagement grand mean and customer centricity grand mean

From the Exhibit 2, we can infer that there is a positive correlation between employee engagement and customer centricity. Thus, we can say that, employee engagement makes the customer happy and be loyal towards an organization. If the employees are engaged in the organization, they go an extra mile to create a good customer experience which results in customer satisfaction and enhanced customer loyalty.

7. Conclusion

Though the concept of customer centricity and its benefits have been discussed for more than 50 years, many organizations are struggling to align their products and services to the needs and wants of their customer (Shah, T. Rust, Parasuraman, Staelin, & S. Day, 2006)²⁷. Engaging employees has many benefits not only does it help to improve the employee performance and retain the skilled employees it also makes the customer happy and increases the customer loyalty towards an organization. This study shows that giving importance to customer need and wants and keeping customer as a priority in all the business activities i.e., from production, marketing, after sale services etc., not only helps the business but also gives superordinate purpose to the employees to find meaning in their work and enhances their commitment and loyalty towards their work and organization. Thus, we can infer that by keeping the employees happy at workplace helps in keeping customer happy.

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