A Study on Relationship between Internal and External Customer Satisfaction with Special Reference to Aviation Industry in Delhi NCR

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Abstract: *The main objective of this paper is to investigate the relationship between the Internal and External Customer satisfaction in aviation industry. This study is conducted by using the quantitative research method which focuses on the quantification of data collected and analyzed. The present study aims to determine the relationship between employee satisfaction and customer satisfaction. This study is therefore co-relational and will be conducted in a non-contrived setting. Data collection is an important aspect of any type of research study. Data were collected via survey questionnaire. Hardcopy questionnaires were distributed to respondents and returned once filled in. The softcopy questionnaires were distributed through google doc, email, social network, and Facebook. Target number of sample respondents for analysis is 384 employees of airline industry and 384 customers/travelers. Participants of this survey were chosen through random sampling. The data collection duration took a period of 2 months. There are various methods of interpreting data. Data sources are broadly classified into primary and secondary data. Based on this research, findings shows that the employee satisfaction and customer satisfaction were taken as variables to be correlated. Branch wise average was calculated of the dimensions of employee satisfaction. Based on the outcome of correlations between Internal and External Customer satisfaction, it was found that employee satisfaction is positively and significantly correlated with Customer satisfaction.*

Keywords: Aviation industry, Service sector, Talent Management, Employee Satisfaction, customer satisfaction

Background
Employee satisfaction is a vital element, which might be specifically or by implication identified with customer satisfaction. In the event that the representatives are satisfied by their employment and organisation then they perform better. Employee satisfaction can get influenced by both individual attributes and in addition working environment. On the off chance that the employees carry on pleasantly with the client then the client feel great and they think the organization is indicating regard and giving worth. Also, the employees conduct will be great when they will be spurred and there is a solid pay framework and workplace.

According to (Morse, 1977), "satisfaction implies the level of fulfillment of one's needs, needs and craving. Satisfaction depends basically upon what an individual needs from the world and what he gets". Employee satisfaction is a measure of how happy employees are with their occupation and working environment. It is sure that there might be various components

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impacting the hierarchical viability and one of them is the satisfaction. Compelling organisations should have a society that enables the worker satisfaction, (Bhatti, 2007). Employees are more faithful and beneficial when they are fulfilled (Hunter, 1997), and these fulfilled workers influence the consumer loyalty and authoritative profitability.

There is no limitation for the workers to accomplish the full satisfaction and it might move from representative to representative. Once in a while they have to change their practices with a specific end goal to execute their obligations more satisfactorily to expand work satisfaction, (Miller, 2006). Having extraordinary relationship with the organisation, high remuneration, incredible working conditions, planning and preparing opportunities, livelihood progressions or some different points of interest might be associated with the growing of employee satisfaction. Employee satisfaction is the phrasing used to depict whether representatives are upbeat, fought and satisfying their goals and needs at work. Employee satisfaction is a broad term that contains job satisfaction of employees and their satisfaction overall with companies" policies, organization environment and so forth.

If turnover is on the rise, loyalty levels are low and vice versa. Comparing them to industry averages gives good idea of attrition probability. Staff attendance, compliance with policies and confidence in leadership are other indirect indicators of allegiance while excessive theft and sabotage spell obvious lack of commitment. According to (Heskett, 1994)), more satisfied employees, stimulate a chain of positive actions which end in an improved company performance.

In another research it has found that employee satisfaction influence employee productivity, absenteeism and retention. (Judge, 1993), in his study researcher mentioned that employee satisfaction is positively correlated with motivation, organizational citizenship behavior, job involvement, organizational commitment, mental health, life satisfaction and job performance, and negatively related to perceived stress, absenteeism and turnover. In contrast, (Rousseau, 1978) identified three important components of the employee satisfaction: they are job task factors, characteristics of the organization and personal characteristics.

In the research conducted by (Harter, 2002), based on 7,939 business units in 36 organizations, the researchers found positive and substantive correlations between employee satisfaction-engagement and the business unit outcomes of productivity, profit, employee turnover, employee accidents, and customer satisfaction. The predominant view has focused on the situational context (e.g., supervisory support) as a cause of satisfaction and has argued that high-performance work practices and thus a positive working climate foster employee satisfaction.

Much of the services marketing literature have focused on providing external customers with quality services (Gremler Dwayne D., 1994). Organizations depend on their employees to be in tune with the needs of their customers for purposes of designing and delivering services or products (Young Gary J., 2009).

Employees are important part of the organization and received considerable attention by both academicians and practitioners. Employees in a service organization serve as representatives of both the organization and their products or services to the customer responsible for creating value for customers and delivering excellence in service quality. According to Osman, 2004 delivering superior customer value and satisfaction are critical to a firm's competitive advantage. Dabholkar, 2008, have reported that employees who are satisfied with their jobs will be more likely to purchase products from their employer than from a competitor. Similarly, employees of an organization can be considered as internal customers

who, like external customers, are looking to get their needs satisfied (Gremler Dwayne D., 1994).

Satisfied Employees Tend be More Loyal, Committed and Productive

Satisfied workers have a tendency to be more included, committed, have more prominent authoritative duty, more faithful and gainful towards client needs, therefore upgrading consumer loyalty, which is a definitive point of organizations today (Saif, 2010). Employee satisfaction results in expanded profitability and lessening in the worker turnover (Harter, 2002). In Service Profit Chain by Heskett (1994) he demonstrated positive relationship between the employee satisfaction and customer satisfaction which in turn increase profitability of the firm's.

He additionally clarified development and benefit is enthused as a matter of first importance by client faithfulness. Devotion is an immediate aftereffect of consumer loyalty. Satisfaction is to a great extent impacted by the estimation of administrations gave to the clients. Worth is made by gainful workers. Employee loyalty drives productivity and loyalty is the outcome of satisfied employee. Employee satisfaction, in turn, results primarily from high-quality support services of leaders and policies from organization that enable employees to deliver results to customers.

Who are the customers?

Customer can be defined as the person or group of person to which the goods or services are to be supplied or provided by the supplier. With reference to the loyalty, "A customer can be a person who assesses the quality of the supplied or provided products and services" and on process oriented approach, "the customer is the person or group that receives the work output" (Grigoroudis, 2009)

Concept of Customer Satisfaction

In the study of (Oliver R. L., 1999) he defined customer satisfaction as 'pleasurable fulfilment'. A consumer sense that consumption fulfils some need, desire, goal, or so forth, and that this fulfilment is pleasurable. (Yi, 1990) defined customer satisfaction as "an emotional response to the experiences provided by, associated with particular products and services purchased, retail outlets, or even molar patterns of behavior such as shopping and buyer behavior, as well as the overall market place". According to (Tse, 1998) customer satisfaction is consumer response towards the evaluation of perceived difference between expectation and the final result after consumption.

Deciding consumer satisfaction has an essential part in dispersing the services viably. Furthermore, satisfied clients give various advantages to the organizations. They include: expanded rehash support, including satisfying all the more needs from the company's portfolio; positive verbal correspondences; expanded brand steadfastness; more noteworthy new offer acknowledgment; capacity to take part in premium evaluating; lessened cost versatilities; an improved notoriety for the firm and expanded client life time esteem, (Cronin, 1992), (Boulding, 1993), (Anderson, 1998). Therefore, for airline companies, understanding passengers' needs and expectations and then developing high quality service which meet them will provide airline companies a competitive advantage in comparison with their rivals. There exists quite a broad consensus that customer satisfaction is an antecedent of loyalty (Morgan, 1994) (Forgas, 2010).

Employee satisfaction-customer satisfaction link

Researchers have attempted various studies to take a gander at the association in the middle of client and representative fulfillment. A mind greater part of these studies found an immediate connection between's worker satisfaction, consumer satisfaction and productivity (Grigoroudis, 2009). In the study, clients refer to their cooperation with workers as one of the most grounded variables in their proceeded with support of a particular association. The quality of a client's association with the representative influences rehash business, suggestions, and likelihood of paying a premium cost for items. Not all worker client connections are the same, and trust is basic in building those that persevere. Workers are the single greatest element in diminishing client renunciation to contenders. The nature of the worker client relationship absolutely influences clients' appraisals of their association with the association (Johnson, 1996) .

The relationship between employee satisfaction and consumer satisfaction has gotten further exact affirmation from two methodologically solid studies. In particular, a late meta-scientific examination (Harter, 2002), taking into account 7,939 specialty units in 36 organizations, discovered generalization connections, sufficiently huge to have significant useful quality, between representative fulfillment and specialty unit results, for example, client administration, efficiency, benefit, and worker turnover. Consumer loyalty and steadfastness constantly are earned by conveying incredible client administration, and the human touch is frequently the key differentiation. Additionally, customers with higher lifetime value have learned to expect more. The empirical literature on this subject highlights the criticality of the relationship between employee attitudes and customer satisfaction. "How employees feel about their job has an impact on their work experience, but also on tangible business outcomes such as customer satisfaction, sales, and profit. Employees can strongly contribute to an organization's success by having a customer-centric approach in their work and in their work-related interactions" (Bulgarella, February 2005).

Theoretical framework of Employee Satisfaction and its relationship with Customer satisfaction
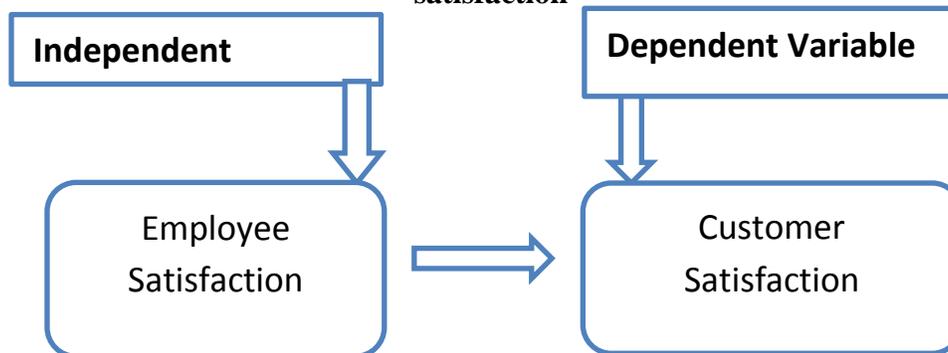
Objectives of the Study

- The main objective of the study was to establish the effect of internal customer satisfaction on external customer satisfaction in aviation industry in NCR.

Research Hypothesis

H0: There is no significant relationship between Internal Customer satisfaction and External Customer satisfaction in airline industry.

H1: There is a significant relationship between Internal Customer satisfaction and External Customer satisfaction in airline industry.

Research Design and Method

This study is conducted by using the quantitative research method which focuses on the quantification of data collected and analyzed. The present study aims to determine the impact of talent management on employee satisfaction and customer satisfaction. This study is therefore co-relational and will be conducted in a non-contrived setting. Data collection is an important aspect of any type of research study.

Data were collected via survey questionnaire. Primary data for the study was collected from the employees of aviation industry in Delhi NCR and 384 customers/travelers. Different companies from aviation sector and customers have been selected from Delhi by using a Stratified Random Sampling method. Employees considered for the Study were the Air Traffic Controller, Airport Manager, Aviation Maintenance Technician, Pilot, Flight Attendant, Manager (HR, IT, Finance, Operations etc).

Secondary data is known as data that has been collected by previous researchers and readily available. The purpose of collecting secondary data helps to make primary data collection more specific and allow researchers to figure out what are the deficiencies and what additional information which is needed to be collected for study. Pro Quest, EBSCO Host, Emerald, Science Direct online databases and Harvard Business Review are primarily used due to the nature of easily accessibility, time saving and inexpensive to obtain data. Besides, reference books are used to further support the terminologies and theories that have been used for this study.

SPSS test has been done as it is important to make sure the reliability of the survey conducted, as well as to identify the improvement areas in the questionnaire and the quality before the actual survey takes place.

Results and Findings

The data analysis was carried in line with the study objectives from which the patterns were investigated, interpretations done and conclusions drawn. The main objective of the study was to establish the effect of internal customer satisfaction on external customer satisfaction in aviation industry in NCR. Both descriptive and inferential statistics were used to analyze the data. The chapter is organized as follows: response rate, reliability and validity analysis, back ground information, descriptive analysis, hypothesis testing. A pilot test was conducted with the sample size of 50 respondents. The final result of the survey was analyzed.

Reliability Test

Table 1: Reliability Analysis

Variable	Cronbach's Alpha	Number of Items
Employee Satisfaction Customer satisfaction	0.79	2

A research instrument is reliable if after being administered to different groups of respondent's yields consistent results. Various methods such as inter rater reliability used to test how different observers give consistent ratings on a research instruments, test retest which is

evaluated on same group for different time periods, parallel reliability evaluated on similar research instrument at different time periods and internal consistency reliability evaluated to test the internal consistency across the research items mostly tested using Cronbach's alpha. The Cronbach's alpha measures reliability using coefficient ranging between 0 to 1. The Cronbach's Alpha values resulted in .79, based on these Cronbach Alpha values the data can be considered reliable.

Inferential Analysis: Internal and External Customer satisfaction
Pearson Correlation Analysis

Table 2: Pearson Correlations

Correlations			ES	CUSS
ES	Pearson Correlation		1	
	Sig. (2-tailed)			
	N			
CS	Pearson Correlation		.551**	1
	Sig. (2-tailed)		.000	
	N		384	384
**. Correlation is significant at the 0.01 level (2-tailed).				

A correlation analysis was performed to evaluate the relationship among the different variables and to assess the strength of the relationship. The study sought to find out the strength of the relationship between the different variables, employee satisfaction and customer satisfaction. To achieve this Pearson's correlation was carried out. It was appropriate because all the variables were in ratio scale. Correlation coefficient (rho) was used as the measure of the strength of the relationship.

The study findings depicted that there is a positive correlation between employee satisfaction and customer satisfaction (rho=0.551, p-value=0.00). This reveals that any positive change Employee satisfaction led to increased customer satisfaction.

Multiple Regressions Analysis
To analyze the relationship between variables (independent and dependent) a regression analysis was undertaken. Moreover regression analysis is used to make a decision whether to accept or reject the hypothesis. In order to accept such hypothesis, the significant value should be between 0.01 and 0.05 confidence intervals. The following are the regression tests for each Hypothesis.

H1 = There is a significant relationship between Internal and External Customer satisfaction in airline industry.

Table 3: Model Summaries Internal and External Customer satisfaction

Variable	R	R Square	Adjusted R Square	Std. Error of the Estimate	B	Beta	Sig
Model Summary 1	.551a	.304	.302	.395			
a. Predictors: (Constant), ES							

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ANOVAa	Sum of Squares	df	Mean Square	F			Sig.
b. Dependent Variable: CS							
Regression	26.040	1	26.040	166.955			.001
Residual	59.581	382	.156				
Total	**85.621**	**383**					
Dependent Variable: CS, Predictors: (Constant), ES							

In the column labelled R are the values of the multiple correlation coefficients between the predictors and the outcome. The findings from the above table indicate that, the R square value had gain 0.304. The adjusted R value is .302. The adjusted R2 gives us some idea of how well our model generalizes and ideally we would like its value to be the same, or very close to, the value of R2. This infers that 30.4% of the variance in external customer satisfaction can be attributed to the internal customer satisfaction. Independent variables appear as statistically significant predictors of dependent variable (Sig. = .001).

The next part of the output contains an analysis of variance (ANOVA) that tests whether the model is significantly better at predicting the outcome than using the mean as a best guess. Specifically, the F ratio represents the ratio of the improvement in prediction that results from fitting the model (labelled Regression in the table), relative to the inaccuracy that still exists in the model (labelled Residual in the table). This table is again split into two sections: one for each model.

If the improvement due to fitting the regression model is much greater than the inaccuracy within the model then the value of F will be greater than 1. For the initial model the F ratio is 166.995, which is very unlikely to have happened by chance ($p < .001$).

We can see from our above table that Sig. (p value) = 0.000. As p<0.05 our predictors are significantly better than would be expected by chance. The regression line predicted by the independent variables explains a significant amount of the variance in the dependent variable.

Table 4: Regression Coefficients for Internal Customer Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
Coefficientsa								
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.553	.121		21.128	.000	2.315	2.791
	ESNEW	.405	.031	.551	12.921	.000	.343	.466
a. Dependent Variable: CS								

The unstandardized coefficients B column gives us the coefficients of the independent variables in the regression equation including all the predictor variables. Independent variable appear as statistically significant predictors of dependent variable (Sig. = .001). Employee Satisfaction (B=.834, t= 18.111, Beta= .680, p=.001), hence this shows that the variables have a significant effect on customer satisfaction.

Thus Regression equation is:
$$Y = aX + b$$
$$Y = .405X + 2.553$$

Discussion of the Model Summary Results

Research Question: What is the effect of internal customer satisfaction on external customer satisfaction in Airline industry in NCR?

Pearson correlation and Regression analysis was used to study the relationship between Internal and External Customer satisfaction. The employee satisfaction and customer satisfaction were taken as variables to be correlated. Branch wise average was calculated of the dimensions of employee satisfaction. The same calculations were done for the customer satisfaction. Then both the files were merged in order to calculate the correlation of employee satisfaction with customer satisfaction. Based on the outcome of correlations between Internal and External Customer satisfaction, it was found that employee satisfaction is positively and significantly correlated with Customer satisfaction.

It can be considered that null Hypothesis is rejected as we can see from the above tables there is a significant relationship between the Internal and External Customer satisfaction in airline industry. Both complement each other to a great extent as is clear from this analysis. Thus the objective was also achieved.

Conclusion

Pearson correlation and Regression analysis was used to study the relationship between Internal and External Customer satisfaction. The employee satisfaction and customer satisfaction were taken as variables to be correlated. Branch wise average was calculated of the dimensions of employee satisfaction. The same calculations were done for the customer satisfaction. Then both the files were merged in order to calculate the correlation of employee satisfaction with customer satisfaction. Based on the outcome of correlations between Internal and External Customer satisfaction, it was found that employee satisfaction is positively and significantly correlated with Customer satisfaction.

Analysis results revealed that that Satisfied employees help produce satisfied customers. Satisfied employees are likely to assist customers with a more pleasant demeanor and a higher level of customer service. This creates a more satisfying customer experience, increases customer loyalty, and ultimately drives increased profitability. Conversely, low employee satisfaction and overall low employee morale can negatively affect company operations greatly, causing dissatisfied customers and hurt profitability.

Recommendations

The study recommends that organizations should offer favourable working conditions to their employees as the best talented employees who contribute to customer satisfaction, will be attracted to work for an organizations that they think will be more able to satisfy their needs by providing job security, good pay package and career progression.

It is recommended that aviation industry should keep valuing and ensuring that employee satisfaction strategies are in place because the study found a high influence of internal customer satisfaction on external customer satisfaction.

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