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**IMPACT OF RELATIONSHIP  
MARKETING ON CUSTOMER  
SATISFACTION IN  
RESTAURANT BUSINESS  
IN FINLAND**

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## ABSTRACT

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This study examines the correlation between client satisfaction, conflict resolution, communication, and competence in the Restaurant business in Finland. The study endeavours to investigate the impact of these factors on customer satisfaction by employing a quantitative method approach. Responses were analysed using correlation analyses to identify significant relationships between the variables after quantitative data was collected from 84 consumers through an online survey via Google Forms.

The results indicate a significant positive correlation between competence, communication, conflict resolution and customer satisfaction. The importance of businesses exceeding customer expectations through demonstrated expertise and reliability was underscored by the discovery that competence has a substantial impact on customer satisfaction. In addition, successful conflict resolution was demonstrated to be essential for maintaining and improving customer satisfaction, while effective communication was also essential for cultivating favourable customer perceptions. The research indicates that consumer satisfaction can be substantially increased by enhancing communication, competence, and conflict management. The necessity for effective conflict resolution strategies, explicit communication channels, and continuous professional development are among the implications for organizational practices. Furthermore, the results indicate that CRM systems should prioritize the improvement of these critical components in order to preserve customer loyalty.

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|          |   |
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| Keywords | Customer satisfaction, competence, communication, conflict handling, restaurant business. |
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## ABBREVIATIONS

|               |  |
|---------------|--|
| COMPET        | Competence                                 |
| COMUNCATION   | Communication                              |
| CONFLICT      | Conflict Handling                          |
| CSATISFACTION | Customer satisfaction                      |
| H             | Hypothesis                                 |
| N             | Number of observations                     |
| P-value       | Porbability Value                          |
| SPSS          | Statistical package for the social science |

# 1 INTRODUCTION

## 1.1 Background

Scholars have come to realize more and more in the last few years how important relationship marketing is to raising client happiness and loyalty (Hennig-Thurau et al., 2021). This acknowledgment is especially pertinent to the restaurant industry, since customer happiness and experience have a big impact on word-of-mouth recommendations and repeat business (Wirtz et al., 2020). Hennig-Thurau et al.'s (2021) research highlights the beneficial association between customer satisfaction levels and relationship marketing endeavours. The study also emphasizes the significance of individualized interactions, service quality, and customer engagement techniques.

Additionally, research has shown that there are a number of relationship marketing components that improve customer happiness in the setting of restaurants. For example, it has been determined that proactive communication, tailoring services to each client's preferences, and listening to their input are important factors that influence customer satisfaction (Petersen et al., 2022). Furthermore, studies conducted in 2020 by Wirtz and colleagues highlight the importance of relational ties and trust in building long-lasting customer relationships, which are necessary to maintain competitive advantage in the very competitive restaurant business in Finland.

The restaurant industry in Finland, which is renowned for its emphasis on quality and strong service culture, has great potential to improve customer happiness and loyalty via the use of relationship marketing methods. However, there is still a lack of study that focuses explicitly on business restaurants in Finland, even in spite of the rising corpus of literature on relationship marketing and customer satisfaction. Thus, the purpose of this research is to close this gap by examining how relationship marketing strategies affect client satisfaction in the particular setting of business restaurants in Finland.

Building strong connections with clients is a generally recognized key approach for long-term success in today's company environments. This strategy is best summed up by relationship marketing, which is defined by the development of enduring connections via reciprocal trust and customized assistance. Relationship marketing is the process of building, maintaining, and strengthening strong, value-centric relationships with consumers and other stakeholders (Kotler et al., 2017).

The notion of customer satisfaction, which measures how well a business's products or services meet or surpass the expectations of its clients, is essential to relationship marketing (Oliver, 2014). Increased client loyalty, favourable word-of-mouth recommendations, and repeat business are all linked to higher levels of customer satisfaction.

A growing corpus of research highlights relationship marketing's critical importance across industries. Maupa et al. (2023), for example, emphasized its importance in the telecom sector, stressing the impact of customer bonding and customer relationship management (CRM) on customer loyalty, which is mediated by satisfaction. The banking industry was also the focus of Putra and Dewi's (2023) investigation, which demonstrated the positive effects of CRM on customer satisfaction as mediated by service quality and brand image. Furthermore, by examining CRM's impact on organizational performance via perceived customer perceptions and service quality, Bupu et al. (2023) clarified the indirect impacts of CRM on customer satisfaction. All of these studies together highlight how important relationship marketing strategies are for raising customer happiness and loyalty in a variety of industries.

Building consumer loyalty is the main goal of relationship marketing as it is the foundation of long-term business success. According to Reichheld and Sasser (1990), customer loyalty is the degree to which a client stays loyal to a business, rejects the advances of rivals, and promotes the business. Key elements in building client loyalty include providing excellent customer service, personalized attention, and high-quality products.

The relationship marketing is shown to be an effective strategy for building long-lasting connections with customers, with a strong focus on customer loyalty and satisfaction. Companies that prioritize relationship marketing stand to benefit from positive word-of-mouth recommendations, increased client loyalty, and long-term profitability in the face of changing market conditions.

## **1.2 The Scope of the Research**

This research scope includes a thorough investigation of how relationship marketing affects customer happiness in the context of restaurant in Finland. The research aims to explore the complex link between relationship marketing methods and customer satisfaction results by drawing on foreign literature. According to Grönroos (1997), relationship marketing is based on creating long-lasting relationships with clients, highlighting customized interactions and experiences. In order to shed insight on how competence, communication, and dispute resolution affect customer satisfaction, this study attempts to explore the applicability and effectiveness of relationship marketing strategies within the restaurant business in Finnish corporate environment.

Additionally, in keeping with the conclusions of Hennig-Thurau et al. (2002) on the critical role that customer satisfaction plays in promoting long-term relationships and profitability, the research attempts to evaluate the present state of customer satisfaction and its drivers within Finnish enterprises. The study attempts to provide insightful information that may guide strategic decision-making for Finnish firms by investigating the link between relationship marketing methods and customer satisfaction results. As noted by Chen et al. (2016) in their investigation into the influence of relationship marketing on customer happiness, this involves examining the degree to which competence, communication, and dispute resolution contribute to customer satisfaction levels.

The study aims to provide a comprehensive knowledge of the successful use of relationship marketing tactics to improve customer satisfaction in Finnish firms by integrating local insights with the results of international research. By means of an extensive examination directed by global references, the study aims to provide practical suggestions for Finnish companies who want to enhance their relationship marketing strategies and foster long-lasting client connections.

### **1.3 Research Gap**

There is still a large body of research addressing the relationships between relationship marketing, customer satisfaction, and loyalty in industries other than restaurant business in Finland, despite the profusion of studies examining these relationships. Furthermore, prior studies have largely ignored other important variables, such as commitment, trust, and perceived value in favour of concentrating on the ways in which relationship marketing affects customer satisfaction.

Furthermore, the moderating effect of demographic variables such as age, gender, income, and educational level in these interactions has not received enough attention. Moreover, the majority of research has depended on cross-sectional data, which has impeded the development of causal relationships between relationship marketing, customer satisfaction, and loyalty. Future studies should investigate these associations in other settings, consider the impact of extra factors, look at demographic moderators, and use longitudinal data to prove causation in order to close these gaps.

### **1.4 Research Objectives and Questions**

The objective of this research is to look at how customer satisfaction in Finland's restaurant industry is related to staff competencies, communication methods, and dispute resolution tactics. Understanding these elements is essential for improving service quality and winning over new customers in the hotel sector, which places a strong emphasis on customer satisfaction.

By investigating these linkages, the research aims to provide insights that restaurant managers can use to improve their service delivery and enhance customer experiences.

- To examine relationship between competences, communication and conflict handling with customer satisfaction in restaurant business in Finland.

The main research question for this study is whether there is a correlation between customer satisfaction in Finland's restaurant industry and employee competencies, communication, and conflict resolution. Customer satisfaction is crucial to the hospitality business, especially in the restaurant sector.

The study deals with the following question;

- Is there relationship between competences, communication and conflict handling with customer satisfaction in restaurant business in Finland?

### 1.5 Structure of the Thesis

The content and focus of each chapter are delineated in the following matrix, which also serves as the thesis's structure. This framework offers a comprehensive understanding of the study's organization and the specific topics that are addressed in each section.

**Table 1.** Structure of Thesis

| Title                               | Description  |
|-------------------------------------|--|
| <b>Chapter 1: Introduction</b>      | Provides an overview of relationship marketing and customer satisfaction in finish business, outlining research scope, objectives and questions.   |
| <b>Chapter 2: Literature Review</b> | Critically analyses existing research marketing and customer satisfaction in restaurant business in Finland with conceptual and empirical reviews. |

|   |  |
|---|--|
| <b>Chapter 3: Methodology</b>                             | Describes the chosen quantitative research design, methods for surveys and data collection, sample selection, and analysis techniques.   |
| <b>Chapter 4: Results and Analysis</b>                    | Presents and analyses collected data, exploring the impact of relationship marketing on customers' satisfaction. Analyses research findings, evaluates relationship marketing impact on customers' satisfaction, and provides practical recommendations. |
| <b>Chapter 5: Discussion, Conclusion and Implications</b> | Summarizes key findings, highlights research significance, and underscores practical implications for restaurant business in Finland.  |

## **2 LITERATURE REVIEW**

### **2.1 Concept of Restaurant Business in Finland**

In today's extremely competitive business environment, understanding the factors that affect customer satisfaction is crucial, especially in the Restaurant business in Finland. The cornerstones of customer service are competence, communication, and dispute resolution, all of which are essential to determining the satisfaction of customers. Evaluating how these variables relate to customer satisfaction is crucial in order to determine the extent to which staff competences, communication skills, and conflict resolution abilities influence the entire dining experience. Businesses may find areas of strength and weakness in their service delivery by looking at these relationships, which helps them make well-informed decisions to improve customer satisfaction.

Additionally, in order for firms to deploy resources efficiently, they must understand the direct influence that competence, communication, and dispute resolution have on customer satisfaction. If the study finds that these elements have a substantial impact on customer satisfaction, businesses would be encouraged to make investments in employee training, strengthen their communication plans, and improve their dispute resolution procedures. In a sector where repeat business and client loyalty are crucial, such insights may guide changes in customer service methods, eventually raising customer satisfaction levels and supporting long-term success.

This study is important because it adds to the body of knowledge on relationship marketing by providing empirical data on the effects of competence, communication, and conflict management on customer satisfaction. The results provide useful information to companies in the restaurant business in Finland, helping them to comprehend the factors that influence customer satisfaction and to develop plans to improve these areas. Furthermore, the study establishes the foundation for further investigations into relationship marketing in the restaurant business in Finland.

### **2.1.1 Relationship Marketing**

Relationship marketing is a strategic strategy that places emphasis on building and sustaining long-term connections with clients in order to increase client retention and loyalty. Relationship marketing, according to Grönroos (1994), entails ongoing attempts to comprehend client wants and preferences in order to deliver individualized assistance and services in accordance with those demands. Building mutually beneficial relationships with clients that strengthen loyalty and promote repeat business is the main goal of relationship marketing. For companies looking to reduce customer attrition and increase client lifetime value, this strategy is essential (Berry, 1995).

According to Grönroos (1994), relationship marketing moves the emphasis away from transactional exchanges and toward gradually developing a relationship of trust and commitment with clients. It entails constant communication that improves comprehension of consumer expectations and fortifies the relationship between the business and its customers. Businesses may gain a competitive edge based on client pleasure and loyalty by developing these long-lasting connections.

The strategic importance of relationship marketing in today's cut-throat industry is emphasized by Berry (1995). He contends that companies should strive to provide value-added experiences that speak to the unique requirements of each consumer rather than just pleasing them. This strategy promotes brand advocacy and loyalty in addition to encouraging brand loyalty, all of which support long-term development and profitability.

Relationship marketing is really implemented via a variety of plans and programs designed to build connections with customers. Personalized communication and engagement is one such tactic, in which companies adjust their interactions according to the preferences and actions of their clients (Peppers & Rogers, 1997). Customers are more satisfied and devoted to the

company when they feel heard and appreciated, which is ensured by this customized approach.

Additionally, relationship marketing includes proactive customer support and service, in which companies foresee and attend to clients' demands before they materialize (Reichheld & Sasser, 1990). Businesses show their dedication to client retention and happiness by offering prompt problem resolution and proactive help.

Utilizing client comments and insights to constantly enhance goods and services is another essential component of relationship marketing (Hennig-Thurau, Gwinner, & Gremler, 2002). Consumer feedback is an important source of data that helps companies develop and adjust to changing consumer demands and industry trends. This iterative method improves the business's overall competitiveness while also strengthening consumer connections.

Moreover, relationship marketing goes beyond one-off purchases to include loyalty plans and rewards that recognize and reward loyal customers as well as promote consumer advocacy (Reichheld, 2003). Businesses aggressively encourage clients to stay loyal to their brands by providing special privileges and prizes.

To sum up, relationship marketing is a strategic paradigm shift that aims to create long-lasting bonds with clients based on mutual respect, understanding, and benefit. Businesses may increase customer retention, optimize lifetime value, and gain a sustainable competitive edge in the market by concentrating on the requirements of their customers, offering individualized assistance, and cultivating loyalty via proactive involvement and feedback.

### **2.1.2 Competence**

Competence, which characterizes a company's ability to deliver exceptional products and services that either meet or beyond the expectations of its

clients, is an important independent variable in relationship marketing. According to Parasuraman et al. (1988), competence is one of the five qualities of a high-quality service, along with tangibles, responsiveness, empathy, and consistency. Competency may be evaluated using metrics such as customer satisfaction surveys and product and service quality evaluations.

Customer happiness is significantly impacted by the competency of service providers. According to Vegchel, Lievens, and Bloemer (2005), competence is the sum of the knowledge, skills, and abilities needed to carry out activities successfully and efficiently. Customers judge a provider's competency based on their comprehension of their demands, capacity to supply appropriate solutions, and skilful service delivery (Vegchel et al., 2005). Customers are more satisfied when service providers exhibit competence since there are fewer service faults and problems are resolved more quickly (Parasuraman, Zeithaml, & Berry, 1988). This is consistent with research on service quality, which claims that customer happiness and perceived competence positively correlate, encouraging repeat business and favourable word-of-mouth (Zeithaml, Berry, & Parasuraman, 1996).

Additionally, competency affects the results of service encounters by giving clients confidence and trust (Parasuraman et al., 1988). For example, in medical environments, skilled healthcare professionals improve patient satisfaction by providing precise diagnosis and efficient treatments (Gombeski et al., 2012). Because staff competence has a direct influence on customer satisfaction, firms place a strong emphasis on training and development programs to improve employee competence (Vegchel et al., 2005).

### **2.1.3 Communication**

Effective communication is an important independent variable in relationship marketing as it is essential to building and sustaining relationships with customers. According to Grönroos (1994), communication is a crucial component of the customer-business interaction since it allows customers to express their needs and expectations and allows companies to respond and

provide tailored services. Communication may be evaluated using metrics such as customer satisfaction ratings and the speed at which consumers reply to inquiries.

In the service industry as a whole, improving client pleasure requires effective communication. Service providers and clients engage in both verbal and nonverbal communication, which affects how well they perceive the quality of the services they get (Mattila & Enz, 2002). Clear communication guarantees that client expectations are recognized and fulfilled, which raises satisfaction levels, according to Mattila and Enz (2002). Furthermore, during customer service interactions, timely and responsive communication is crucial for controlling customer perceptions and effectively resolving problems (Clemes, Gan, Kao, Choong, & Choong, 2008).

Studies reveal that the quality of communication has a substantial effect on consumer satisfaction and loyalty. Effective communication between workers and visitors, for example, improves service experiences in hospitality environments and encourages favourable feelings and repeat business (Ladhari, 2009). Comparably, in virtual retail settings, unambiguous and open communication about order status and customer service improves customer satisfaction and reduces dissonance after the sale (Hoffman & Novak, 1997).

Businesses understand the strategic value of effective communication in enhancing client interactions and service results. Employees who participate in communication skills training programs are more equipped to interact with consumers, which increases customer satisfaction (Clemes et al., 2008).

#### **2.1.4 Conflict Handling**

Resolving client issues is also a crucial independent variable in relationship marketing as it may cause relationship strain and customer loss. According to Deeter-Schmelz and Ramsey (2003), handling conflicts involves handling

customer complaints and resolving disagreements in a timely and effective manner. Measures such as the volume of customer complaints and the resolution time might be helpful in assessing conflict management.

Relationship marketing is a tactical approach that places an emphasis on building long-lasting relationships with customers in order to increase customer loyalty and retention. Customer satisfaction, which are often measured by customer surveys and metrics like net promoter score and retention rate, are crucial to relationship marketing.

The methods that service providers use to handle conflicts have a big impact on how satisfied customers are. When customers' expectations are not fulfilled or when there are service malfunctions, conflict in service interactions emerges (Smith & Bolton, 2002). Reactive and equitable dispute resolution improves customer satisfaction by proving that the firm is committed to finding solutions (Boshoff & Allen, 2000). Smith and Bolton (2002) state that when problems are resolved quickly and sympathetically, consumers see service recovery initiatives favourably and are more satisfied.

According to research, how disputes are resolved affects how satisfied customers are with the overall level of service (Boshoff & Allen, 2000). Offering compensation or an apology during service recovery, for example, might reduce negative feelings and increase customer loyalty in retail environments (Tax & Brown, 1998). Proactive conflict resolution techniques also enhance customer happiness and experiences by giving staff members the freedom to handle problems on their own (Kim, Murrmann, & Park, 2009).

In order to address employee unhappiness and cultivate enduring customer connections, organizations allocate resources towards training programs that provide staff with conflict resolution skills (Kim et al., 2009). Organizations may turn unfavourable customer service experiences into chances to increase customer satisfaction by handling disputes well (Smith & Bolton, 2002).

### **2.1.5 Customer Satisfaction**

Relationship marketing relies heavily on customer happiness as it is a key sign of how favourably consumers see a company's goods and services. Customer satisfaction, according to Oliver (1997), is the whole assessment made by consumers about how well a product or service fulfils or surpasses their expectations. Customer surveys are often used to gauge this assessment, as respondents rank many facets of a business's services, including overall experience, service delivery, and product quality.

The three main relationship marketing components of competence, communication, and conflict resolution all have a major impact on customer happiness. These components are essential in determining customer satisfaction, which in turn affects a company's long-term performance.

Customer happiness is largely dependent on service providers' competence, or their ability to meet the demands and expectations of their clients. Customers perceive competence via correct problem-solving, timely service delivery, and the capacity to live up to expectations (Vegchel, Lievens, & Bloemer, 2005). For example, competent healthcare providers who successfully diagnose and treat patients often have better satisfaction ratings in the healthcare context (Gombeski et al., 2012). According to Vegchel et al. (2005), competence in the retail and hospitality sectors is shown by the way staff members respond to questions, carry out transactions, and quickly address problems. The SERVQUAL model emphasizes the significance of the assurance and dependability dimensions, which are directly related to competence in shaping the way that customers perceive the quality of the services they get (Parasuraman et al., 1988).

In service interactions, communication is also essential to improving client happiness. In order to manage client expectations and emotional reactions, effective communication requires both verbal and nonverbal interactions (Mattila & Enz, 2002). Customers' requirements are recognized and swiftly met when there is clear and open communication, which raises customer

satisfaction levels (Clemes et al., 2008). For instance, in hospitality environments, the ability to communicate effectively allows employees to show warmth, care, and empathy qualities that are essential for fostering pleasant client experiences and boosting brand loyalty (Ladhari, 2009). In a similar vein, good communication about discounts, product details, and problem solving in retail settings builds confidence and improves customer retention (Hoffman & Novak, 1997). If companies continue to communicate promptly and effectively, the emergence of digital communication channels has further increased their potential to interact with consumers (Hoffman & Novak, 1997).

Resolving and resolving conflicts are equally important aspects of keeping customers satisfied. When customers' expectations are not fulfilled or when there are service malfunctions, conflicts in customer interactions emerge (Smith & Bolton, 2002). Promptly addressing customer problems, exhibiting empathy, and providing satisfying solutions are all necessary for effective dispute resolution (Boshoff & Allen, 2000). Studies reveal that when disputes are resolved in an equitable and open manner, consumers see service recovery initiatives favourably (Smith & Bolton, 2002). In the retail industry, for example, providing compensation or swiftly addressing complaints may help to reduce negative feelings and rebuild consumer trust, which in turn increases customer satisfaction (Tax & Brown, 1998). According to Kim, Murrmann, and Park (2009), proactive conflict management techniques including giving frontline staff members the freedom to handle problems on their own enhance customer experiences and foster long-term loyalty.

Companies understand that cultivating strong customer relationships requires a deliberate emphasis on competence, communication, and dispute resolution. In order to continuously meet or surpass client expectations, they spend in training programs to improve staff competencies in these areas

(Vegchel et al., 2005; Clemes et al., 2008). Businesses may enhance customer happiness and loyalty, foster customer trust, and enhance service delivery by concentrating on these factors.

Relationship marketing's essential elements of competence, communication, and dispute resolution have a big impact on customer happiness. These factors influence not just how well consumers perceive the quality of the services they get, but also their entire experience and propensity to stick with a certain brand or business. Businesses may gain a durable competitive edge in the market, raise customer satisfaction levels, and cultivate long-lasting connections by giving these factors top priority and making ongoing improvement investments.

### **2.1.6 Key Factors Affecting the Competences**

A number of important elements impact competence in companies. First off, staff competency levels are significantly shaped by business culture (Schein, 2010). Schein claims that organizational culture is made up of common values, ideas, and norms that direct worker conduct and performance. This affects motivation and skill development, which in turn affects competence.

Second, competency is greatly enhanced by good leadership because it creates a supportive atmosphere that promotes skill development and life-long learning (Avolio & Bass, 2004). According to Avolio and Bass, transformational leadership has a particularly strong impact on competence development because it places a strong focus on followers' personal growth and empowerment.

Finally, changes in technology are altering the competencies needed in today's businesses (Arthur, 2012). According to Arthur, individuals must constantly adapt and upskill in order to stay competent in their professions due to technological advances, which highlights the dynamic character of competence in modern organizational contexts.

### **2.1.7 Key Factors Affecting the Communication**

Success in a company depends on effective communication, which is impacted by a number of important elements. First off, Shockley-Zalabak (2015) asserts that communication efficacy is greatly impacted by the coherence and consistency of corporate messaging. Shockley-Zalabak asserts that communications should be clear and consistent in order to minimize ambiguity and misunderstanding and improve corporate communication in general. Second, the development of open and efficient communication channels inside the company is greatly aided by interpersonal interactions (Argyris, 1976). Argyris emphasizes the need of mutual respect and trust among co-workers as enablers of open and honest communication, which is crucial for processes of problem-solving and decision-making.

Finally, new developments in technology, including digital communication platforms, have completely changed the dynamics of corporate communication (Daft & Lengel, 1986). Digital platforms, as mentioned by Daft and Lengel, provide new channels for quick information sharing and teamwork, but they also need to be managed carefully to avoid information overload and misunderstandings.

### **2.1.8 Key Factors Affecting the Conflict Handling**

A number of critical aspects impact conflict management, which is essential for preserving productivity and harmony within the business. First off, the success of addressing conflicts is greatly impacted by a leader's style. Blake and Mouton (1985) assert that leaders that use a collaborative or integrative approach to dispute resolution encourage positive communication and cooperative problem-solving, which results in long-lasting solutions.

Second, conflict management techniques are significantly shaped by company culture. Rahim (2002) stresses the need of having an inclusive and encouraging workplace culture that promotes polite disagreement and open communication, which lowers the risk of harmful disputes and speeds up

their resolution. Finally, Thomas (1976) asserts that successful conflict management inside companies requires individual conflict resolution abilities. Thomas points out that those who are skilled in negotiation and mediation may resolve disputes amicably by helping disputing parties reach agreements and form consensus.

### **2.1.9 Relationship between Competence, Communication and Conflict Handling with Customer Satisfaction**

Any service-oriented firm must comprehend the complex relationships that exist between competence, communication, and management of conflicts and customer happiness. This is particularly true in the fiercely competitive restaurant business in Finland. A key component of customer satisfaction is competence, which is characterized as an organization's capacity to provide superior goods and services that either match or beyond the expectations of its clients (Parasuraman, Zeithaml, & Berry, 1988). Customers see services provided by companies with high levels of competence as dependable and trustworthy, which raises customer satisfaction levels overall (Homburg, Koschate, & Hoyer, 2006).

Efficient communication is just as vital as it makes information flow between the client and the company easier and helps define expectations and demands (Grönroos, 1994). Effective communication makes sure that clients feel important and heard, which enhances their connection with the company and raises customer satisfaction (Mohr & Nevin, 1990).

Maintaining customer satisfaction depends heavily on a company's ability to handle conflicts, or how it handles and settles complaints and disputes from customers (Deeter-Schmelz & Ramsey, 2003). Good conflict resolution may improve customer satisfaction by transforming a potentially unpleasant encounter into a favourable one (Tax, Brown, & Chandrashekar, 1998). These three components communication, competence, and conflict resolution combine to create a thorough relationship marketing strategy. When carried out well, they provide a satisfying client experience that not

only meets but often beyond expectations, raising satisfaction levels. This strategy is especially useful in the restaurant industry in Finland, where patron loyalty and repeat business are significantly influenced by the quality of the service provided (Jang & Namkung, 2009).

## **2.2 Theoretical Framework**

This study is based on a theoretical framework created by Ndubisi et al. (2008) and examines the links between competence, communication, and conflict resolution as independent variables and how they affect customer satisfaction. The wide range of channels used to transmit information is referred to as communication, and it is essential for building rapport and understanding between stakeholders and organizations. Competence, on the other hand, refers to an organization's capacity to regularly meet or exceed customer expectations, demonstrating its expertise and dependability in providing goods or services. Good conflict resolution strategies are necessary to settle disagreements quickly and peacefully, maintaining relationships and raising consumer satisfaction levels overall.

Through an analysis of these crucial elements, this research seeks to thoroughly investigate the aspects impacting customer satisfaction within Finnish firms. It looks for ways that, in this particular company setting, competency, communication tactics, and skilful conflict resolution techniques work together to shape consumer views and loyalty.

Maupa et al. (2023) examined the dynamics of the telecommunications industry by examining the ways in which Customer Relationship Management (CRM) impacts customer satisfaction, which in turn drives consumer loyalty. The data gathered from 230 individuals was analysed using Partial Least-Square Structural-Equation Modelling (PLS-SEM) in this study.

Using 80 respondents as their focus, Putra and Dewi (2023) investigated how customer relationship marketing affected customer satisfaction. They

found that, with brand image and service quality serving as mediators, customer happiness rises with successful customer relationship marketing, using SPSS for analysis.

CRM's ability to improve organizational performance was investigated by Bupu et al. (2023) by emphasizing customer views and service standards. Their study, which included 87 PT Jasco Logistics Semarang clients, showed how service quality and perceived customer perceptions are two ways that CRM indirectly influences customer happiness.

The impact of CRM and company reputation on customer loyalty in small and medium-sized enterprises was investigated by Khan et al. in 2022. A positive correlation between CRM, business reputation, and customer loyalty was found in their survey of 181 registered firms in Rawalpindi and Islamabad. This correlation was partially mediated by customer satisfaction.

Suharto et al.'s (2022) study looked into how social media marketing affected e-commerce customers' pleasure and loyalty. Their study, which involved 222 online buyers, demonstrated the important impact that social media marketing has on the loyalty and satisfaction levels of e-commerce customers.

In a high-end hotel environment, Perisic et al. (2022) carried out study to determine the crucial relationship marketing components influencing patron satisfaction and loyalty. Their research of 311 citizens of Croatia who were staying in five-star hotels showed that competence, trust, and communication had a significant influence on customer satisfaction, which in turn affected consumer loyalty.

Husein and Hidayat (2022) concentrated on fostering customer satisfaction, trust, and Islamic relationship marketing to increase consumer loyalty. Their quantitative research focused on how customer happiness mediates this link between trust and Islamic relationship marketing and customer pleasure and loyalty.

The links between relationship marketing, service quality, customer satisfaction, and loyalty were examined by Dwilianingsih and Indradewa (2022). Their study, which included 230 customers in the Indonesian Islamic banking sector, showed that, via customer happiness as a mediator, relationship marketing and high-quality services had a favourable influence on customer satisfaction.

Using customer happiness as a mediator, Darmayasa and Yasa (2021) investigated the impact of relationship marketing on customer loyalty. Their study demonstrated the beneficial effects of relationship marketing on customer happiness and loyalty, which are mediated by customer satisfaction. The study was based on data from Livingstone Café & Bakery Seminyak Bali.

The goal of Cano et al. (2021) was to determine how relationship marketing and brand loyalty are related. Their quantitative analysis provided empirical support for the study's findings by showing a significant association between relationship marketing tactics and customer loyalty.

An integrated model was created by Rather et al. (2021) to comprehend customer brand identification and loyalty in the hotel industry. Their research, which involved 345 hotel guests in six Indian cities, highlighted the important roles that emotional commitment, customer satisfaction, and brand trust play in influencing consumers' behavioural intentions to stay loyal.

Salem (2021) conducted a study to examine the elements that influence client retention in the hospitality sector, with a focus on the functions of trust, commitment, and conflict resolution. Their study emphasized the direct and indirect effects of these characteristics on customer retention, based on 188 questionnaires from Malaysian hotel guests.

The effects of relationship marketing and high-quality service on customer satisfaction as well as their influence on customer loyalty were investigated

by Yuwita and Nugroho (2020). The research used survey technique and structural equation modeling (Lisrel) to evaluate the model and preset routes, using easy sampling and a descriptive study design. The findings showed that customer happiness is highly impacted by relationship marketing as well as service excellence. Additionally, consumer loyalty is directly and significantly influenced by relationship marketing and providing excellent customer service. The research also shown that loyalty among customers is highly impacted by customer satisfaction. The results indicate that in order to increase customer happiness and loyalty, firms should concentrate on enhancing the quality of their services and putting relationship marketing techniques into practice.

Khoa (2020) looked into the interaction between customer relationships (intimacy and trust) and relationship marketing antecedents (designer reputation and social media marketing), as well as how these ties affected customers' loyalty to a fashion brand. Using a mixed-method approach, the research combined qualitative information from 12 in-depth interviews conducted in Ho Chi Minh City with quantitative data from 799 survey participants in Hanoi and Ho Chi Minh City. The results showed that relationships and customer loyalty are favourably impacted by relationship marketing antecedents. Strong customer ties with the brand favourably affect consumer loyalty in fashion retail, according to the study's findings. The study offered management suggestions for improving relationship marketing effectiveness in high-end fashion companies.

A customer loyalty model was created by Hayati et al. (2020) taking into account customer satisfaction as a mediating factor between the reputation of a micro banking company and its interactions with its clients. The research, which included surveying 100 microbank customers, discovered that customer happiness and loyalty are favourably impacted by the company's image. Customer loyalty and satisfaction are also highly impacted by customer connections. The research showed that the link between the com-

pany's reputation and customer loyalty is mediated by customer satisfaction. In order to increase customer loyalty in the micro banking industry, the study stressed the significance of preserving client connections, improving the firm's reputation, and guaranteeing customer happiness.

Casais et al. (2020) examined how relationship marketing functions in peer-to-peer business models, concentrating on Airbnb hosts' attempts to revolutionize tourism by jointly providing value for visitors. The research discovered that co-creating the tourist experience and promoting innovation in accommodation services need strong ties with guests during their stay, as shown by the in-depth interviews conducted with Portuguese Airbnb hosts. The main advances included facilities, services, and joint ventures with other companies. The study emphasized the significance of human connection between hosts and guests and user-generated information, such online reviews, in fostering innovation.

Ebrahim (2020) used brand equity and brand trust as mediating elements to examine how social media marketing (SMM) affects brand loyalty. Data analysis for the research, which surveyed 287 Egyptian social media users who followed telecom firms, was done using structural equation modelling. The findings demonstrated that SMM techniques, such as trendiness, customization, and word-of-mouth marketing, had a direct influence on brand loyalty and, via brand trust, a secondary effect on brand equity. The study emphasized the value of trust and offered techniques for assessing social media marketing efficacy.

The effect of relationship marketing on client loyalty in Kuwaiti Islamic banks was investigated by Aldaihani and Ali (2019). Using a random simple sample technique, the research obtained 560 valid answers from 600 distributed questionnaires, examining two components of customer loyalty, behavioural loyalty and attitudes, and five relationship marketing dimensions: trust, communication, commitment, competence, and collaboration. The results showed that, in Islamic banks, relationship marketing components greatly increase customer loyalty. According to the survey, management of Kuwaiti

Islamic banks should place a high priority on attending to customer demands and offering timely services in order to cultivate commitment and loyalty from their clients.

The impact of client loyalty on relationship marketing tactics and long-term competitive advantage in the banking industry was examined by Affran et al. (2019). After conducting a survey of 300 bank relationship officers in Ghana and using hierarchical regression analysis, the research discovered a positive though not statistically significant correlation between relationship marketing tactics and long-term competitive advantage. On the other hand, changes in sustained competitive advantage were substantially explained by the introduction of customer loyalty as a mediating element. In order to stay competitive, the research advised banks to concentrate on professional, effective communication, and prompt handling of customer concerns.

Hasan (2019) investigated how relationship marketing strategies affected bank customers' loyalty in Bangladesh. The study investigated the impact of communication, commitment, dispute resolution, and trust on customer loyalty via the use of structured questionnaires for data collection. The findings showed that relationship marketing tactics have a major effect on customer loyalty, and that the link between relationship marketing and customer loyalty is influenced by the respondents' educational level. Additionally, the research showed a strong link between client retention, favourable word-of-mouth marketing, and consumer loyalty.

In Pakistan's banking industry, Solangi et al. (2019) examined the connection between relationship marketing and customer retention. The study used a quantitative research approach and a questionnaire with five variables trust, commitment, communication, and dispute resolution to survey customers from 20 banks in Larkana. The findings demonstrated that every independent variable has a substantial and favourable effect on client retention. In order to keep clients in a technologically sophisticated marketing

environment, the study stressed the need of putting good customer relationship management (CRM) techniques into practice.

The shift from conventional relationship marketing to electronic relationship marketing management was examined by Hendriyani and Auliana (2018). The study emphasized the value of relationship marketing strategies such as two-way communication, mutually beneficial relationships, CRM, and electronic CRM (e-CRM) in promoting customer happiness, loyalty, and engagement via a review of the literature and a qualitative research approach.

Basalamah (2018) investigated how customer happiness and fairness (profit sharing) affected relationship marketing and service quality's effect on retaining customers. The research indicated that although relationship marketing only considerably influences customer satisfaction, service quality significantly effects both profit-sharing system fairness and customer contentment. This was determined using structural equation modelling. In order to gain market share and cultivate customer loyalty, the research underlined the need of enhancing customer service.

Customer loyalty was studied by Zakaria et al. (2018) in connection to relationship marketing, customer happiness, and service quality. The research examined 160 consumers using basic random sampling and discovered that customer happiness and relationship marketing greatly increase customer loyalty, which in turn influences customer loyalty to XYZ Sdn Bhd.

Palto et al. (2018) looked at the connections between customer relationship marketing (CRM) and customer retention and supermarket food retail customers. After surveying 202 supermarket food retail customers, the research created a conceptual framework incorporating ties, relational quality, and service quality. The results validated the hypothesized associations, demonstrating that positive customer loyalty and retention need high levels of service quality, trust, bond, and customer pleasure.

Nurbasari and Harani (2018) investigated the connection between relationship marketing, loyalty, and consumer satisfaction. The study used an explanatory research approach and a non-probability sample strategy to gather data from 100 bank customers in Bandung using structured questionnaires. The findings showed a distinct correlation between CRM components and the effects they have on customer satisfaction. The research emphasized how customer pleasure acts as a mediator in the formation of loyalty attributes.

In recent times, customer interaction has become more significant than conventional antecedents as a predictor of brand loyalty. Nonetheless, there is still a dearth of empirical study on this subject. A better comprehension of this idea is required since businesses in the tourist and hospitality industries increasingly employ customer engagement to manage customer–brand relationships. We looked at the relationships between conventional brand loyalty antecedents and consumer engagement using structural equation modelling. Customer interaction increases brand appraisal, trust, and loyalty, according to data from 496 hotel and airline patrons (So et al., 2016). This shows that loyalty may be reinforced outside of the service experience.

Kenya's hospitality and tourist sector has generated a substantial amount of income and jobs for the country's economy. This research looked at how ICT use affected the link between customer satisfaction and dispute resolution in classed hotels. Multiple regression analysis was performed on data collected from 375 consumers using a descriptive study methodology. Results show that addressing conflicts has no discernible impact on customer satisfaction. The research emphasizes the necessity of customer loyalty initiatives and suggests having candid conversations with consumers to address concerns (Nyameino et al., 2015).

This research investigates how Malaysian low-cost airline passengers interpret cheap fares and satisfaction, and how these characteristics impact their purchasing decisions. Gathering data at Malaysian low-cost airline terminals included participant observation and in-depth interviews. The findings

show that during promotions, low airfare is seen as "cheap price paid" and "value for money," but low service demands and pleasant social interactions are associated with consumer happiness. Problems with congested areas and small cabins have a detrimental effect on customer satisfaction, which may have an influence on low-cost airlines' pricing and marketing efforts (Chan, 2014). According to the present research, every one of these variables has a big impact on consumer satisfaction. The literature study serves as the basis for the following theories:

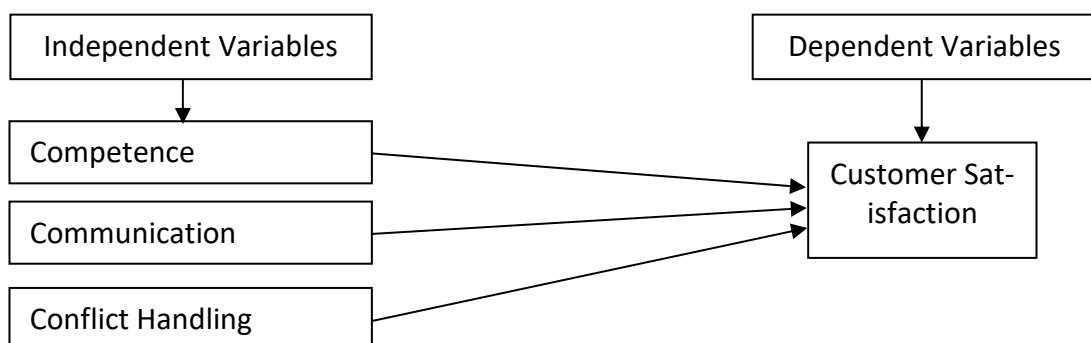
### 2.3 Hypotheses and Research Framework

The content and focus of each chapter are delineated in the following matrix, which also serves as the thesis's structure. This framework offers a comprehensive understanding of the study's organization and the specific topics that are addressed in each section (Ndubisi et al. 2008). The study addresses the following alternative hypotheses formulated within the study's framework:

H1: There is positive relationship between competence and customer satisfaction.

H2: There is positive relationship between communication and customer satisfaction.

H3: There is positive relationship between conflict handling and customer satisfaction.



**Figure 1.** Research Framework

### **3 RESEARCH METHODS**

The research employs a quantitative methods approach to investigate the correlation between consumer satisfaction and relationship marketing. The relationships between the variables were elucidated through correlation analyses of this data. The integration of this methodology enables a thorough comprehension of the interplay between these variables.

Descriptive and causal components comprise the research design. The descriptive design was implemented to delineate the population's attributes within the restaurant business environment in Finland, whereas the causal design was implemented to investigate the correlation between independent variables (competence, communication, and conflict resolution) and dependent variables (customer satisfaction). This design facilitated the identification of cause-and-effect relationships between the variables, providing a deeper understanding of how these factors affect consumer outcomes.

The self-administrated questionnaire was developed via Google Forms. The questionnaire was distributed to 117 restaurant customers among the 84 successfully responded. The sample of 84 customers were selected through convenience sampling, and the study population consists of consumers of restaurant business in Finland. This method was selected due to its cost-effectiveness and practicality, which enabled the selection of participants who were readily available and willing to participate. The primary data was collected using a structured questionnaire administered via an online survey. The questionnaire focused on critical variables such as competence, communication, conflict management, customer satisfaction, and loyalty, with responses measured on a 5-point Likert scale.

Numerous statistical methods, such as inferential analysis and descriptive statistics, were used to analyse the data. Statistical measures including mean, standard deviation, and percentage were employed to enumerate the

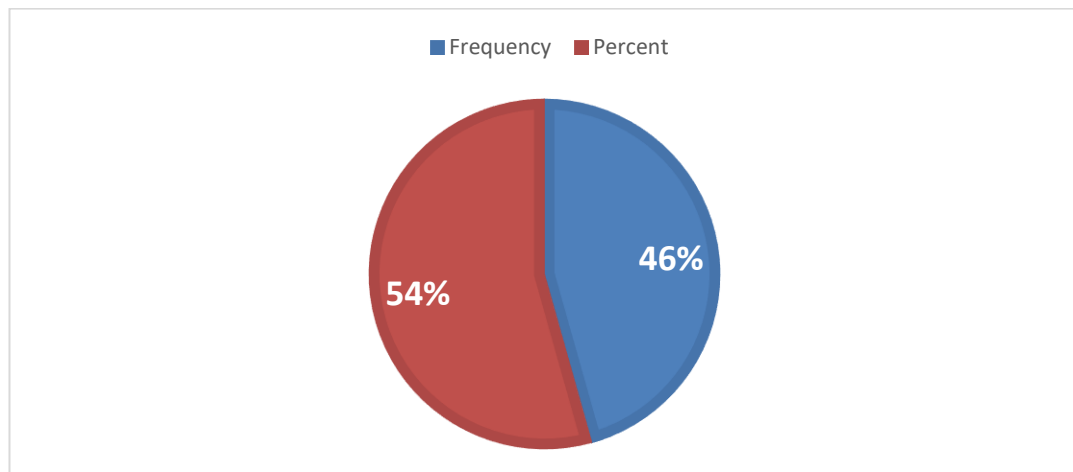
attributes of the variables and sample. The strength and direction of the relationships between the independent and dependent variables were evaluated using bivariate Pearson's correlation analysis.

### 3.1 Respondent's Profile Analysis

The profile of the respondents is presented below.

**Table 2. Distribution by gender**

| Gender | Frequency | Percent |
|--------|-----------|---------|
| Male   | 52        | 61.9    |
| Female | 32        | 38.1    |
| Total  | 84        | 100.0   |



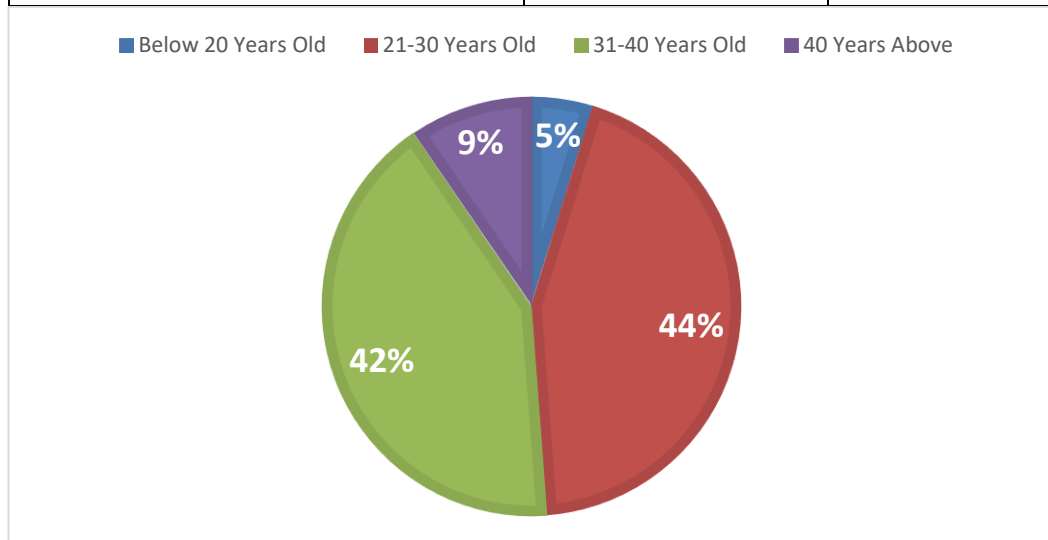
**Figure 2. Distribution by gender**

The respondents' distribution of gender is shown by the data in Table 2 and Figure 2. 61.9% (n=52) of the 84 participants are men, while 38.1% (n=32) are women. This suggests that there is a greater proportion of men in the sample population. The study's conclusions may be impacted by the notable disparity in gender representation, especially if gender-specific viewpoints or experiences are pertinent to the subject matter. The results may not be as generalizable to other genders due to the underrepresentation of women,

indicating the need for careful interpretation particularly in situations where gender is significant.

**Table 3. Distribution by age**

| Age                | Frequency | Percent |
|--------------------|-----------|---------|
| Below 20 Years Old | 4         | 4.8     |
| 21-30 Years Old    | 37        | 44.0    |
| 31-40 Years Old    | 35        | 41.7    |
| 40 Years Above     | 8         | 9.5     |
| Total              | 84        | 100.0   |

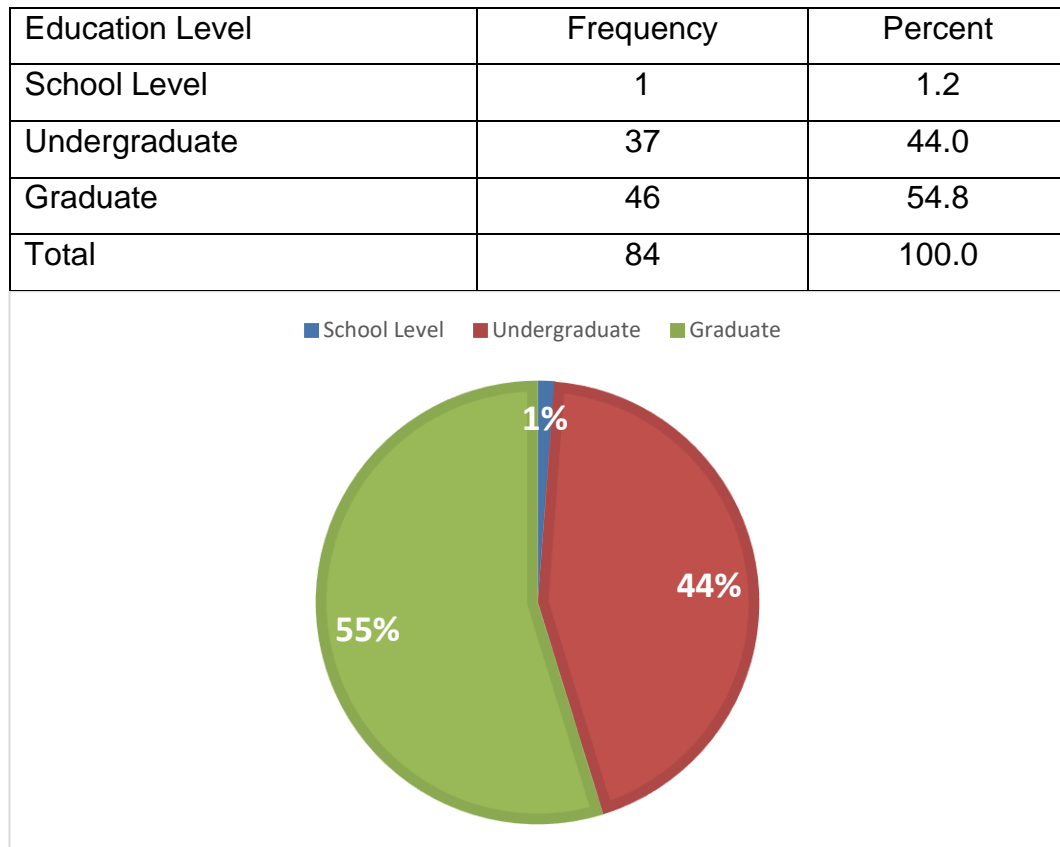


**Figure 3. Distribution by age**

Figure 3 and Table 3 present the age distribution of the participants. 44.0% (n=37) of the participants are between the ages of 21 and 30, and 41.7% (n=35) are between the ages of 31 and 40. These three age groups comprise the bulk of participants. Merely 4.8% (n=4) of the population is under 20 years old, while 9.5% (n=8) is over 40. Given that the sample's age distribution points to a predominance of young to middle-aged individuals, the study's conclusions may be impacted by the viewpoints and experiences of these age groups. The results may not be applicable to a wider age group due to the smaller percentage of respondents who were under 20 and over

40. This might cause the findings to be biased toward the attitudes and behaviours that are common among those in the 21–40 age range.

**Table 4. Distribution by education level**



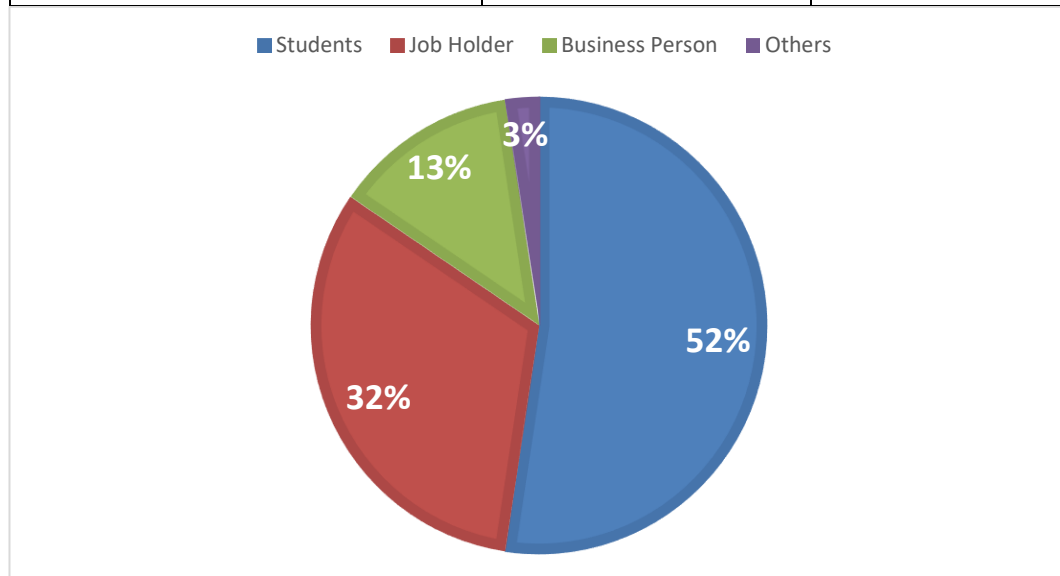
**Figure 4. Distribution by education level**

Table 4 and Figure 4 present the distribution of respondents according to their degree of education. The bulk of participants 54.8% (n=46) of the sample had graduate-level education, whilst 44.0% (n=37) have only completed undergraduate coursework. Merely 1.2% (n=1) of people have formal schooling. The distribution of the sample suggests that the majority of its members have completed higher education, which may imply that the study's conclusions more closely reflect the attitudes and actions of those with higher levels of education. The results may not be as broadly applicable as they may be given the underrepresentation of respondents with lower

levels of education, especially in situations where attitudes or decision-making processes are strongly influenced by educational background.

**Table 5. Distribution by working status**

| Working Status  | Frequency | Percent |
|-----------------|-----------|---------|
| Students        | 44        | 52.4    |
| Job Holder      | 27        | 32.1    |
| Business Person | 11        | 13.1    |
| Others          | 2         | 2.4     |
| Total           | 84        | 100.0   |



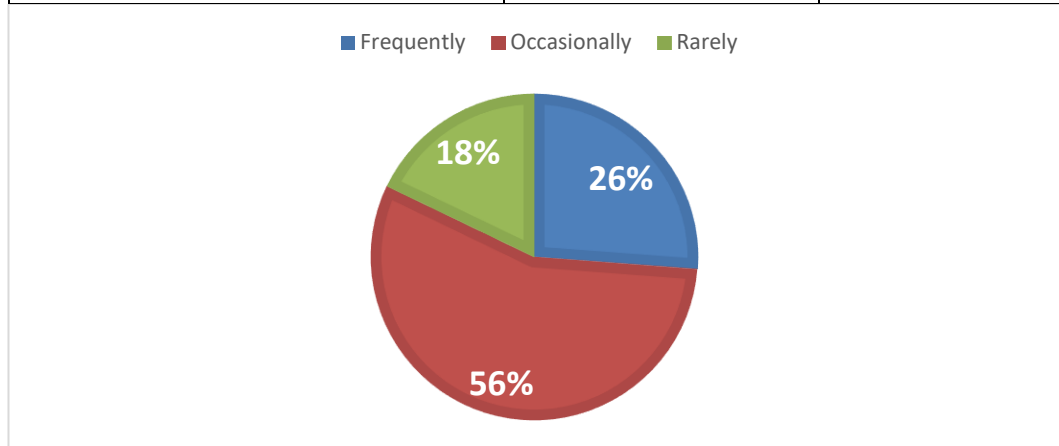
**Figure 5. Distribution by working status**

The data illustrating the respondents' working status distribution is shown in Table 5 and Figure 5. Students make up the biggest category in the sample, comprising 52.4% (n=44). Job holders come in second, at 32.1% (n=27), followed by businesspeople at 13.1% (n=11), and the remaining 2.4% (n=2) are classified as others. Given that this distribution shows that more than half of the respondents are students, the viewpoints, priorities, and experiences of this group may have an impact on the study's conclusions. The results may not be applicable to a wider range of working populations due

to the comparatively lower representation of job holders and businesspeople, especially if the research issue heavily relies on occupational status. The results may be biased toward problems and actions that are specific to this group due to the overwhelming presence of students, which might have an impact on how broadly the study can be applied to various job situations.

**Table 6. Distribution by frequency of visit**

| Frequency of visit | Frequency | Percent |
|--------------------|-----------|---------|
| Frequently         | 22        | 26.2    |
| Occasionally       | 47        | 56.0    |
| Rarely             | 15        | 17.9    |
| Total              | 84        | 100.0   |



**Figure 6. Distribution by frequency of visit**

The data in Table 6 and Figure 6 shows the distribution of respondents based on their frequency of visits. The majority, 56.0% (n=47), visit occasionally, while 26.2% (n=22) visit frequently, and 17.9% (n=15) visit rarely. This distribution suggests that most respondents have a moderate engagement level, with occasional visits being the most common behaviour. The higher proportion of occasional visitors indicates that the study's findings may primarily reflect the attitudes and behaviours of individuals who are not consistently engaged.

The smaller percentage of frequent and rare visitors could lead to a limited understanding of the perspectives of those who are either highly engaged or minimally involved, potentially affecting the overall interpretation of the results, especially if the frequency of visits is a critical factor in the research context.

## 4 RESULTS AND ANALYSIS

The results and analysis section deals with the use of statistical tools to get findings as per the objectives of the study. The study incorporates different tables with results and findings.

### 4.1 Reliability Analysis

The reliability analysis and descriptive statistics of the variables of the study are presented in Table 7. The Cronbach alpha ranges from 0.65 to 0.92 indicate adequate reliability.

**Table 7. Reliability**

| Variable              | N  | Mean | Standard Deviation | Cronbach alpha |
|-----------------------|----|------|--------------------|----------------|
| Competence            | 84 | 3.19 | 0.58               | 0.65           |
| Communication         | 84 | 3.32 | 0.78               | 0.908          |
| Conflict              | 84 | 3.26 | 0.81               | 0.926          |
| Customer satisfaction | 84 | 3.39 | 0.76               | .917           |

According to the Cronbach's alpha, there are different levels of internal consistency among the variables Competence, Communication, Conflict, and Customer Satisfaction in the reliability study. With a mean score of 3.19 and a standard deviation of 0.58 for the competence variable, respondents' judgments of competence were found to be moderate.

Nonetheless, this variable's Cronbach's alpha is 0.65, which is less than the 0.7 commonly recognized cut-off. This shows that the competency measurement tools could not be as internally consistent as one would like, which could result in less trustworthy findings in this field.

On the other hand, the Communication variable exhibits somewhat higher judgments of communication quality, with a mean of 3.32 and a standard deviation of 0.78. With a Cronbach's alpha of 0.908, Communication has

good internal consistency. This high reliability indicates that the communication-related items in the research are well-aligned and yield consistent responses, making the communication variable a robust and trustworthy measure.

With a Cronbach's alpha of 0.926, the Conflict variable has a high degree of dependability as well, with a mean score of 3.26 and a standard deviation of 0.81. This implies that the conflict assessment tools have a high degree of consistency, making them a trustworthy way to quantify this variable.

Similarly, with a Cronbach's alpha of 0.917, the Customer Satisfaction variable which has the highest mean score of 3.39 and a standard deviation of 0.76 is likewise quite trustworthy. This suggests that the metrics used to gauge customer satisfaction are reliable and consistent, which adds to the study's strong results in this area.

The study's findings are more credible in the domains of communication, conflict, and customer satisfaction since these variables exhibit good dependability, despite the competence variable having some internal consistency concerns. There is more trust in the findings reached about the linkages and results related to communication, conflict, and customer satisfaction because of these variables' high dependability.

#### **4.2 Correlation Analysis**

Customer satisfaction (CSATISFACTION) and three additional variables competence (COMPET), communication (COMMUNICATION), and conflict (CONFLICT) are examined in the correlation study shown in Table 8. The direction and intensity of these associations are shown by the correlation coefficients, with strong statistical significance indicated at the 0.01 (2-tailed) significance level.

**Table 8. Correlation analysis**

|  |                          | COM-<br>PET | COMUN-<br>CATION | CON-<br>FLICT | CSATIS-<br>FACTION |
|--|--------------------------|-------------|------------------|---------------|--------------------|
| COMPET   | Pearson Cor-<br>relation | 1           | .772**           | .786**        | .730**             |
|  | Sig. (2-tailed)          |             | <.001            | <.001         | <.001              |
|  | N                        | 84          | 84               | 84            | 84                 |
| COMUN-<br>CATION   | Pearson Cor-<br>relation | .772**      | 1                | .880**        | .831**             |
|  | Sig. (2-tailed)          | <.001       |                  | <.001         | <.001              |
|  | N                        | 84          | 84               | 84            | 84                 |
| CON-<br>FLICT  | Pearson Cor-<br>relation | .786**      | .880**           | 1             | .863**             |
|  | Sig. (2-tailed)          | <.001       | <.001            |               | <.001              |
|  | N                        | 84          | 84               | 84            | 84                 |
| CSATIS-<br>FACTION   | Pearson Cor-<br>relation | .730**      | .831**           | .863**        | 1                  |
|  | Sig. (2-tailed)          | <.001       | <.001            | <.001         |                    |
|  | N                        | 84          | 84               | 84            | 84                 |
| **. Correlation is significant at the 0.01 level (2-tailed). |                          |             |                  |               |                    |

First off, there is a significant link (coefficient of .730) between competence and customer satisfaction. This positive association implies that better customer satisfaction is correlated with competency levels. This association is statistically significant, as indicated by the significance level of  $0 < .001$ , which means that the likelihood that this correlation is the result of random fluctuation is less than 1%. The significant association suggests that competency influences customer satisfaction in a significant way, and raising competence levels may raise customer satisfaction levels directly.

With a coefficient of .831, the relationship between communication and customer satisfaction is even more strongly correlated. This strong positive correlation suggests a close association between improved customer satisfaction and effective communication. The statistical significance of this link is further supported by the significance level of  $0 < .001$ . This research highlights the significance of communication in customer satisfaction and indicates that strategies or practices related to communication enhancement are likely to have a significant effect on raising customer satisfaction.

Similarly, there is a substantial association (coefficient of .863) between customer satisfaction and conflict. This positive link implies that customer satisfaction rises with better conflict management or perception. The dependability of this association is confirmed at the significance level of  $0 < .001$ . The significant relationship that exists between conflict and customer happiness emphasizes how important conflict management is to preserving or increasing customer satisfaction. Low levels of customer satisfaction may thus not be sustained without the use of effective dispute resolution techniques.

To summarize, the correlation study shows that Customer Satisfaction is highly and positively connected with all three variables (Competence, Communication, and Conflict), with all correlations being statistically significant at the 0.01 level. These results imply that considerable increases in customer satisfaction are probably going to result from advances in competency, communication, and dispute resolution. As a result, companies have to give priority to these areas in order to maximize overall performance and customer happiness. Because the correlations' statistical significance suggests that the observed links are meaningful connections between the variables rather than the result of random chance, it gives confidence in the dependability of these interactions.

### **4.3 Hypothesis Testing**

The findings of the correlation analysis offer substantial backing for the hypotheses of the study, all of which indicated a favourable association between certain factors and consumer happiness. The following discusses the results for each hypothesis.

According to the first hypothesis, competence and customer satisfaction are positively correlated. The correlation analysis, which shows a substantial positive association ( $r = .73$ ,  $p < 0.001$ ), supports this idea. Better levels of competence are linked to better levels of customer satisfaction, as indicated by the correlation coefficient of .73, which points to a substantial association.

This association is statistically significant, with less than a 0.1% probability that the outcome is the result of chance, according to the p-value of less than 0.001. The evidence therefore confirms the hypothesis, indicating that competence is a significant factor in determining customer happiness.

The second hypothesis put out the idea that communication and customer satisfaction are positively correlated. The findings also support this theory, as seen by an even higher correlation value ( $r = .83$ ,  $p < 0.001$ ). Effective communication dramatically increases customer satisfaction, as seen by the correlation of .83, which points to a very strong association.

The statistical significance of this discovery is further reinforced by the p-value of less than 0.001, which provides strong support for the hypothesis. This finding suggests that successful communication techniques lead to happier consumers, and that communication is a key factor in determining customer happiness.

The third hypothesis proposed a beneficial correlation between customer happiness and the way conflicts are handled. This hypothesis is also strongly supported by the correlation analysis, which has the greatest correlation coefficient of the three ( $r = .86$ ,  $p < 0.001$ ). A correlation of .86 suggests a very significant positive link, implying a close relationship between increased customer satisfaction and successful conflict management.

The statistical significance of the results ( $p < 0.001$ ) supports the idea even more. The capacity to manage disputes well can result in better customer experiences and greater satisfaction levels, which emphasizes the significance of conflict management in preserving and improving consumer satisfaction.

As a consequence, all three hypotheses are robustly supported by the correlation data, which also show a substantial positive association between competence, communication, and handling conflicts and customer satisfaction. These connections' statistical significance demonstrates that these

variables play a critical role in influencing customer satisfaction. This suggests that improving competence, communication, and conflict management might result in higher customer satisfaction levels.

The hypotheses are tested using correlation analysis. The results of the correlation matrix are presented in Table 9.

**Table 9. Hypotheses Test**

| Alternative hypotheses  | P-value | Remarks  |
|---|---------|----------|
| H1: There is positive relationship between competence and customer satisfaction.        | <.001   | Accepted |
| H2: There is positive relationship between communication and customer satisfaction.     | <.001   | Accepted |
| H3: There is positive relationship between conflict handling and customer satisfaction. | <.001   | Accepted |

## 5 DISCUSSION, CONCLUSION AND IMPLICATIONS

### 5.1 Discussion

The purpose of this study was to investigate the effects of competence, communication, and conflict resolution as independent factors on customer satisfaction. Significant relationships between these characteristics and customer satisfaction are revealed by the empirical results of this study, offering new insights that complement and expand upon previous studies. The objective of this discourse is to scrutinize these results with respect to earlier research, emphasizing aspects of coherence, deviation, and significance to the domain.

Competence and customer satisfaction were shown to be strongly positively correlated in the research ( $r = .73$ ,  $p < 0.001$ ). This outcome is in line with research by Maupa et al. (2023) and Perisic et al. (2022), which highlight the role that competence plays in raising customer satisfaction. Perisic et al. (2022) showed that competence has a major impact on customer satisfaction in the hotel industry, whereas Maupa et al. (2023) stated that CRM's impact on satisfaction is mediated by organizational competence. The results of the current study are supported by both investigations, indicating that competency is still a crucial factor in determining customer satisfaction in a variety of businesses.

Customer satisfaction and communication showed a very positive association ( $r = .83$ ,  $p < 0.001$ ). This discovery is consistent with the findings of Suharto et al. (2022) and Putra and Dewi (2023), who discovered that good communication techniques raise customer satisfaction. While Suharto et al. (2022) highlighted the important role social media marketing communication plays in enhancing customer loyalty and happiness, Putra and Dewi (2023) recognized communication as a mediator between customer relationship marketing and satisfaction. These studies and the current study are consistent, which emphasizes how important communication is to creating a pleasant customer experience.

The greatest link was shown to be between customer happiness and dispute resolution ( $r = .86$ ,  $p < 0.001$ ). This outcome is especially consistent with Salem (2021) and Khoa (2020) results. While Khoa (2020) stressed the significance of conflict management in preserving client loyalty, Salem (2021) focused on the direct and indirect consequences of dispute resolution on customer retention. The results of the present study reaffirm the vital significance that successful dispute resolution techniques play in raising customer satisfaction and cultivating enduring customer loyalty.

There are a number of similarities between these results and earlier research. For example, competence has a favourable influence on customer satisfaction, which validates the findings of Bupu et al. (2023), who emphasized the importance of service quality in CRM effectiveness. According to Ebrahim's (2020) research, communication techniques play a crucial role in boosting brand loyalty through social media, and this substantial link with consumer satisfaction is in line with that finding.

Even while a lot of the results are consistent with previous research, there are some noteworthy differences. In contrast to the robust link revealed in this study, Nyameino et al. (2015) discovered that dispute resolution had no appreciable effect on customer satisfaction in upscale hotels. This disparity may reflect differences in methodological methods or industry-specific characteristics, indicating that different settings may have different needs when it comes to the efficacy of conflict resolution techniques.

The conclusions of the study have important practical ramifications. To increase customer satisfaction, organizations should concentrate on strengthening competencies, boosting lines of communication, and creating efficient dispute resolution plans. These results confirm that companies must fund training and development initiatives in order to increase workforce competency, embrace all-encompassing communication plans, and put strong dispute resolution procedures in place.

By offering empirical data on the precise effects of competency, communication, and conflict resolution on customer satisfaction, this study advances the subject. By providing quantitative evidence for the associations between these characteristics and customer happiness, the study expands on the theoretical framework developed by Ndubisi et al. (2008) and advances our knowledge of the ways in which these variables interact to shape consumer experiences.

The study includes limitations that should be considered notwithstanding its contributions. The findings' applicability in other situations could be limited by their exclusive emphasis on Finnish businesses. To confirm and build upon the current findings, future studies might investigate these linkages in other sectors of the economy or in other geographic regions. Further investigation into other mediators or moderators may yield more insights into the dynamics of customer satisfaction.

The conclusions of the study, taken together, emphasize the significance of skill, communication, and dispute resolution in determining customer happiness. These correlations are substantial, as seen by their consistency with prior studies, and the differences indicate the need for more investigation. Scholars and practitioners can further increase organizational practices and expand the knowledge of customer satisfaction by addressing the limitations that have been discovered and pursuing new study in this area.

## **5.2 Conclusions**

Conclusively, the results of the study underscore the pivotal function that competence, communication, and dispute resolution play in shaping consumer satisfaction. These factors have a significant positive link with customer satisfaction, which highlights how important they are in determining the experiences that customers have. The correlation between competence and consumer happiness underscores the imperative for firms to continually surpass customer expectations by showcasing their knowledge and de-

pendability. Similarly, cultivating pleasant connections and improving consumer views need excellent communication. Moreover, the noteworthy correlation seen between conflict resolution and customer satisfaction emphasizes the significance of swiftly addressing and resolving concerns in order to sustain customer pleasure and loyalty.

The validity of the data is strengthened and our understanding of the elements influencing customer satisfaction is improved by the congruence of the findings with previous research. The relationships that have been identified validate the significance of competence, communication, and conflict resolution as critical factors that influence customer satisfaction in many businesses and circumstances. The strength of these correlations is shown by this congruence with previous research, which also highlights how applicable they are for enhancing customer encounters and corporate procedures.

However, the study also points out several instances in which results deviate from earlier research, such as differences in the effect of conflict resolution in various contexts. These variations point to the necessity of more research to examine contextual elements and improve theoretical frameworks. Future studies should look at these associations in different contexts and consider more influencing factors in an effort to overcome these limitations. Organizations will be able to create more successful plans to improve performance and customer relationships with the aid of this method, which will offer deeper insights into the dynamics of customer happiness.

### **5.3 Implications**

Based on the findings of the study offers the following implications for the restaurant business in Finland. The implications deals with organizational practices, CRM build up, strategic planning , training and development, customer feedback mechanism, competitive advantages, policy development and implication for future research regarding restaurant business in Finland.

### **5.3.1 Implications for Organizational Practices**

The results of the study demonstrate how crucial competence, communication, and dispute resolution are to raising customer satisfaction. Businesses should concentrate on strengthening their competencies by making sure that their employees are competent, capable of reaching or beyond client standards, and well-trained. This entails making investments in ongoing professional development and cultivating an excellence-oriented culture. Establishing clear and responsive communication channels is essential for firms to develop strong customer connections. Effective communication methods are equally important. Positive relationships may be promoted via consistent training and the application of communication best practices. Organizations should also give priority to conflict resolution techniques by creating procedures for quickly addressing and resolving customer complaints. This will stop problems from getting worse and keep customers loyal.

### **5.3.2 Implications for Customer Relationship Management (CRM)**

In addition, the results underscore how CRM affects customer happiness. CRM systems that work well should have aspects that improve communication, competence, and dispute resolution. CRM solutions are essential for tracking client contacts, keeping an eye on service standards, and effectively resolving problems. Companies may better customize their services to match the demands of their clients by putting in place CRM systems that enable real-time communication and offer useful insights into consumer behaviour. CRM strategies should also have dispute resolution procedures that are fair and quick, since this is essential to preserving customer happiness and confidence.

### **5.3.3 Implications for Strategic Planning**

The study's findings furthermore indicate that organizational strategy ought to include competence, communication, and conflict resolution as essential elements from a strategic standpoint. Setting specific goals for enhancing

these areas and calculating how they affect customer satisfaction should be part of strategic planning. These components should be incorporated by organizations into their performance measures and strategic goals to make sure they are in line with overall company objectives. Organizations may maintain their competitiveness and adaptability to evolving consumer expectations by regularly evaluating and improving their strategy in response to customer feedback and satisfaction statistics.

#### **5.3.4 Implications for Employee Training and Development**

The results highlight the necessity of focused staff development and training initiatives. Enhancing employees' competence, communication skills, and capacity for handling conflict should be the main goals of training programs. Creating thorough training programs that cover these important topics will provide staff members the abilities they need to manage customer interactions and deliver high-quality service. Prioritizing ongoing professional development and skill upgrading can help staff better meet changing client demands and increase customer satisfaction.

#### **5.3.5 Implications for Customer Feedback Mechanisms**

Understanding and enhancing customer satisfaction requires efficient methods for gathering and analysing input from customers. It is recommended that organizations establish resilient mechanisms for gathering and evaluating client feedback in order to pinpoint opportunities for enhancing proficiency, correspondence, and handling of disputes. Organizations may remain aware of the requirements and preferences of their customers by routinely seeking out consumer feedback and taking aggressive measures to resolve their problems. Higher customer satisfaction will result from using feedback to improve service quality and make data-driven decisions.

### **5.3.6 Implications for Competitive Advantage**

The conclusions of the study imply that businesses may obtain a competitive edge by excelling in competence, communication, and dispute resolution. Businesses may improve their reputation and draw in new clients by setting themselves apart via exceptional customer service and efficient issue solving. Creating plans that concentrate on these areas can assist companies in establishing a solid reputation and achieving long-term success. Businesses that regularly achieve high customer satisfaction rates will probably beat their rivals and become leaders in their sector.

### **5.3.7 Implications for Industry Benchmarks**

The survey also offers insightful information that might help set industry standards for consumer satisfaction. Businesses can utilize the results to establish industry standards for proficiency, dialogue, and dispute resolution. Based on these insights, firms may assess their performance against peers and uncover areas for growth by establishing industry standards and best practices. Establishing industry benchmarks may encourage ongoing development and guarantee that businesses regularly meet or surpass client expectations.

### **5.3.8 Implications for Future Research**

The study identifies areas in which more investigation is required to examine variances in the effects of communication, competence, and conflict resolution in various circumstances. Future studies should look at the ways in which these variables affect customer satisfaction across a range of contexts and businesses. Furthermore, looking into other factors or mediators that might influence these connections can offer a more thorough comprehension of the dynamics behind customer happiness. It will be possible to develop more effective tactics and gain a deeper understanding of the elements that influence customer satisfaction by broadening the scope of research to cover varied scenarios.

### **5.3.9 Implications for Policy Development**

The results have consequences for the formulation of customer service and satisfaction policies. Incorporating guidelines and standards that prioritize competence, good communication, and dispute resolution into customer service regulations is something policymakers should think about doing. Organizations may raise the bar for customer service and raise satisfaction levels by creating rules that support best practices in these areas. Policymakers may help firms provide high-quality service and improve customer outcomes by providing clear regulations and procedures.

### **5.3.10 Implications for Customer-Centric Culture**

Ultimately, the results of the study highlight how critical it is for businesses to develop a customer-centric culture. Creating a culture that values communication, competence, and dispute resolution may have a big influence on client loyalty and happiness. Companies should attempt to establish a culture where employees are empowered to provide great customer service and where the requirements of the customer are prioritized in decision-making. Fostering a culture that prioritizes the needs and wants of the customer can help businesses maintain steady gains in customer satisfaction and establish enduring bonds with their customers.

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## APPENDICES

### APPENDIX 1

#### Survey Questionnaire

Section A: Close Ended Likert Scale Questionnaires

Please indicate the degree of agreement with the following statements:

Assessment Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree (Please tick “√” on the most appropriate box)

| Variables   | 1 | 2 | 3 | 4 | 5 |                         |
|---|---|---|---|---|---|-------------------------|
| <b>Competence</b>   |   |   |   |   |   | (Nyameino et al., 2015) |
| The company tries to avoid potential conflict.  |   |   |   |   |   |                         |
| The company tries to solve manifest conflicts before they create problems.              |   |   |   |   |   |                         |
| The company has the ability to openly discuss solutions when problems arise.            |   |   |   |   |   |                         |
| I like the company mechanism of solving disputes.                                       |   |   |   |   |   |                         |
| I like the company styles of solving disagreement.                                      |   |   |   |   |   |                         |
| <b>Communication</b>  |   |   |   |   |   | Metwally (2013)         |
| The communication from the company staff is clear and easy to understand.               |   |   |   |   |   |                         |
| The company staff promptly informs me about any changes or updates regarding my orders. |   |   |   |   |   |                         |
| I find it easy to communicate my needs and preferences to the company staff.            |   |   |   |   |   |                         |
| In general, the company staff responds quickly to my inquiries and requests.            |   |   |   |   |   |                         |

|   |  |  |  |  |  |                                   |
|---|--|--|--|--|--|-----------------------------------|
| The company provides timely and effective communication regarding reservations and wait times.                      |  |  |  |  |  |                                   |
| <b>Conflict Handling</b>  |  |  |  |  |  | So et al. (2016)<br>& Chan (2014) |
| The company is capable of resolving customer complaints in a refined and efficient manner.                          |  |  |  |  |  |                                   |
| The company staff handles and resolves complaints in a professional and satisfactory way.                           |  |  |  |  |  |                                   |
| The management team at the company is highly skilled at responding to customer complaints.                          |  |  |  |  |  |                                   |
| In general, the company is capable enough to address and resolve complaints in a comprehensive and thorough manner. |  |  |  |  |  |                                   |
| The company's approach to handling conflicts ensures that customer issues are resolved satisfactorily.              |  |  |  |  |  |                                   |
| <b>Customer Satisfaction</b>  |  |  |  |  |  |                                   |
| The value of money spent at this company is equivalent to the quality of services and food provided.                |  |  |  |  |  | Chan (2014)<br>& So et al. (2016) |
| Dining at this company offers enjoyable and unique experiences.   |  |  |  |  |  |                                   |
| The quality and quantity of food served at this company are satisfactory.   |  |  |  |  |  |                                   |
| The overall dining experience at this company exceeds my expectations.  |  |  |  |  |  |                                   |
| The level of service provided by the company staff contributes positively to my overall satisfaction.               |  |  |  |  |  |                                   |

## Section B: Demographic information of Participants

### Gender

|  |        |
|--|--------|
|  | Male   |
|  | Female |

### Age

|  |                    |
|--|--------------------|
|  | Below 20 years old |
|  | 21-30 years old    |
|  | 31-40 years old    |
|  | Above 40 years old |

### Education Level

|  |               |
|--|---------------|
|  | School Level  |
|  | Undergraduate |
|  | Graduate      |

### Working Status

|  |                 |
|--|-----------------|
|  | Students        |
|  | Job Holder      |
|  | Business Person |
|  | Others          |

### Frequency of Visiting Restaurant

|  |              |
|--|--------------|
|  | Frequently   |
|  | Occasionally |
|  | Rarely       |

# APPENDIX 2

## Impact of Relationship Marketing on Customer Satisfaction in Restaurant Business in Finland

This questionnaire is developed by Mr. Mukta Bahadur Basnet, Master of Project Management (M. Eng) student at VAMK ( Vaasa University o Applied Sciences) in order to collect primary data for the thesis on title "Impact of Relationship Marketing on Customer Satisfaction in Finnish Businesses". I promised that information/data given by you will be used only for academic purpose. I am conducting a survey to learn about your experiences as a customer with any **restaurant services** in any **restaurant businesses** inside Finland. Your feedback is invaluable and will help improve customer satisfaction and service quality in the restaurant industry.

### Competence \*

Please indicate the degree of agreement with the following statements:

Assessment Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree  
(Please tick “√” on the most appropriate box).

|  | 1                     | 2                     | 3                                | 4                                | 5                     |
|--|-----------------------|-----------------------|----------------------------------|----------------------------------|-----------------------|
| The company tries to avoid potential conflict.                               | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/> |
| The company tries to solve manifest conflicts before they create problems.   | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/>            | <input type="radio"/> |
| The company has the ability to openly discuss solutions when problems arise. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/> |
| I like the company mechanism of solving disputes.                            | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/> |
| I like the company styles of solving disagreement.                           | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/>            | <input type="radio"/> |

**Communication**

\*

Please indicate the degree of agreement with the following statements:

Assessment Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree  
(Please tick “✓” on the most appropriate box)

|  | 1                     | 2                     | 3                                | 4                                | 5                     |
|--|-----------------------|-----------------------|----------------------------------|----------------------------------|-----------------------|
| The communication from the company staff is clear and easy to understand.                      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/> |
| The company staff promptly informs me about any changes or updates regarding my orders.        | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/>            | <input type="radio"/> |
| I find it easy to communicate my needs and preferences to the company staff.                   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/> |
| In general, the company staff responds quickly to my inquiries and requests.                   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/> |
| The company provides timely and effective communication regarding reservations and wait times. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/> |

**Conflict Handling** \*

Please indicate the degree of agreement with the following statements:

Assessment Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree  
(Please tick “✓” on the most appropriate box.)

|   | 1                     | 2                     | 3                                | 4                                | 5                                |
|---|-----------------------|-----------------------|----------------------------------|----------------------------------|----------------------------------|
| The company is capable of resolving customer complaints in a refined and efficient manner.                          | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/>            |
| The company staff handles and resolves complaints in a professional and satisfactory way.                           | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/>            |
| The management team at the company is highly skilled at responding to customer complaints.                          | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input checked="" type="radio"/> | <input type="radio"/>            |
| In general, the company is capable enough to address and resolve complaints in a comprehensive and thorough manner. | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/>            | <input type="radio"/>            |
| The company's approach to handling conflicts ensures that customer issues are resolved satisfactorily.              | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            | <input type="radio"/>            | <input checked="" type="radio"/> |

**Customer Satisfaction** \*

Please indicate the degree of agreement with the following statements:

Assessment Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree  
(Please tick “✓” on the most appropriate box.)

|   | 1                     | 2                     | 3                     | 4                                | 5                     |
|---|-----------------------|-----------------------|-----------------------|----------------------------------|-----------------------|
| The value of money spent at this company is equivalent to the quality of services and food provided.  | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| Dining at this company offers enjoyable and unique experiences.                                       | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| The quality and quantity of food served at this company are satisfactory.                             | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| The overall dining experience at this company exceeds my expectations.                                | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |
| The level of service provided by the company staff contributes positively to my overall satisfaction. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> | <input type="radio"/> |

**Section B Demographic information of Participants**

**Gender \***

- Male
- Female
- Others

**Age \***

- Below 20 years old
- 21-30 years old
- 31-40 years old
- Above 40 years old

**Education Level \***

- School Level
- Undergraduate
- Graduate

Working Status \*

- Students
- Job Holder
- Business Person
- Others

Frequency of Visiting Company \*

- Frequently
- Occasionally
- Rarely

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