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Is There a Correlation Between Employee Satisfaction and Customer Satisfaction?

A practical analysis for company X

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Abstrakt

Syftet med arbetet är att undersöka nivåerna på de anställdas och kundernas nöjdhet hos Företag X, följt av en korrelationsjämförelse av de två variablerna. Ofta glöms det bort att kundnöjdheten inte endast beror på produkter av hög kvalitet, utan också på de anställdas tillfredsställelse och engagemang i företaget.

Den teoretiska delen i arbetet presenterar först kundnöjdhetsteori och personalsnöjdhetsteori separat, efterföljt av relationsteori mellan de två begreppen. Forskningen i den empiriska delen består av två undersökningar med kunder och försäljningsanställda från alla marknader där företaget är närvarande.

Den empiriska delen och resultatet är sekretessbelagt på grund av känsliga företagsdata. Resultatet tydde på att de anställda är motiverade men missnöjda med situationen i företaget, vilket även påverkade kundnöjdheten. Dessutom visade resultatet att det nödvändigtvis inte måste finnas en korrelation mellan anställdas och kunders nöjdhet hos Företag X, eftersom variablerna kan påverkades av externa faktorer.

Språk: Engelska Nyckelord: Kundnöjdhet, personalnöjdhet

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Abstract

The aim of the thesis is to investigate employee and customer satisfaction levels of Company X, followed by a correlation comparison of the two notions. It is often forgotten that customer satisfaction is not only dependent on the quality of the products, but also on employee satisfaction and engagement in the company.

The theoretical part of the thesis presents the main theories of customer satisfaction and employee satisfaction separately, succeeded by relationship theory between the two variables. The research in the empirical part consists of two surveys targeted towards customers and sales employees from all markets that the company is present in.

The empirical part and the results are classified due to sensitive corporate data. The result concluded that the employees are motivated but dissatisfied with the situation at the company, which affected the customer satisfaction. Furthermore, the result indicated that there must not necessarily be a correlation between employee and customer satisfaction at Company X, as both variables were affected by external forces.

Language: English | Key words: Employee satisfaction, customer satisfaction

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1 Introduction

A successful company requires satisfied and loyal customers, particularly in B2B markets. However, it is often forgotten that customer satisfaction is not only dependent on the quality of the products, but also on employee satisfaction and engagement in the company. Employee satisfaction is therefore one of the most critical factors that affects customer satisfaction and in turn generates profit. After having several discussions with the employees of Company X, there seemed to be an uneasy atmosphere in the sales department which should be addressed. There had not been done an employee satisfaction survey in a long time, while a customer satisfaction survey is conducted annually, even though customer satisfaction is a result of employee satisfaction.

The theoretical part of the thesis analyzes the notions of customer satisfaction and employee satisfaction separately, followed by a presentation of theories regarding the correlation between the two notions. The empirical part consists of two separate surveys, one customer satisfaction survey and one employee satisfaction survey, whereas the results will be compared with each other.

The result of the customer satisfaction study shows that the customers are quite satisfied with the service quality of Company X, but some outsourced services are creating dissatisfaction together with some communication gaps in the company. The employee satisfaction survey results indicate that the employees are motivated to perform well and to gain more knowledge, but there is an uneasy atmosphere at one of the sales offices of Company X.

1.1 Objective of the study and research question

The objective of the study is to investigate customer satisfaction levels, employee satisfaction levels, and to analyze whether there is a correlation between the two. The research questions are:

1. What are the employee and customer satisfaction levels at Company X?
2. Is there a correlation between employee satisfaction and customer satisfaction at Company X?

After the two research questions have been answered, I will present some suggestions for improvements for Company X. The suggestions are based on the theory presented in the thesis.

1.2 Limitations of the study and research methodology

The research method of the study is a quantitative study. The employee satisfaction and customer satisfaction levels at Company X are investigated by using quantitative online surveys with mainly rating questions with a possibility to comment the answers. The company conducts a customer satisfaction survey annually, but an employee satisfaction survey is yet to be done. The research questions were proposed to and accepted by the head of sales of the whole corporate group. As the whole company has over 450 employees, the employee satisfaction survey is only sent out to the sales employees who have direct contact to the customers. As the company wants to compare customer satisfaction results from earlier years, I was only allowed to add questions to the survey, but not change the existing questions. There has been done a thesis work regarding customer satisfaction earlier at the company, therefore more focus will lie on the employee satisfaction.

1.3 Company X

Company X is a European leading producer of stainless steel for industrial use. The company works only in the B2B market, where it sells products to both distributors and final contractors. Company X has one production plant in Finland and two in Sweden, and sales offices across Europe. The customers of the company are located all over the world, but the main markets are the Nordic and European markets. The turnover for the company is approximately 140 million EUR and Company X employs over 450 persons. The company has several approvals to ensure high-quality products, such as ISO 9001, ISO 14001, and ADW2000-W0, amongst others.

1.4 Background to the theory

Revenue growth and profitability is a result of satisfied and loyal customers, especially in B2B markets where key customers generate most of the profits. Researchers at Harvard have concluded that customer satisfaction and loyalty is a direct result of employee satisfaction, employee productivity and internal service quality. (Heskett, et al., 2008) The service profit chain, developed at Harvard, is the background to the theory in the thesis.

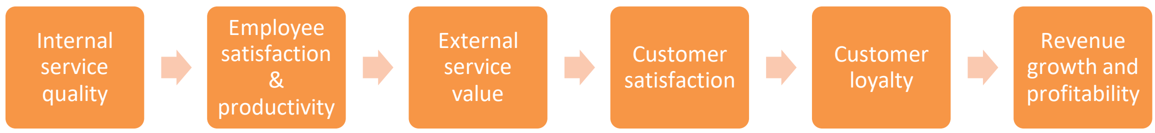

Figure 1 Service profit chain (Heskett, et al., 2008)

As seen in figure 1, the service profit chain establishes a chain of reaction from internal service quality and employee satisfaction to customer satisfaction, which in the end leads to revenue growth (Heskett, et al., 2008). The theory used in the thesis focuses on employee satisfaction and customer satisfaction.

2 Customer satisfaction

This chapter will briefly explain the notion of customer satisfaction and what is taken into consideration when executing the customer satisfaction survey for the case company. First, a short summary on customer relationship management is presented, followed by a description of the product and two models to understand the drivers of customer satisfaction.

The international standard ISO 9001:2015 describes customer focus as “The primary focus of quality management is to meet customer requirements and to strive to exceed customer expectations” (International Organization for Standardization, 2015).

As there has previously been done a thesis work regarding customer satisfaction and customer relationships at the case company, I will not be going deeper into the theory of customer relationship management. I this thesis I will only present the base theory needed to analyze customer satisfaction in the case company.

2.1 The product

Klefsjö and Bergman (2014, pp. 30-35) mention several quality dimensions of goods; reliability, performance, environmental impact, appearance, safety and durability. Even though the case company is considered a producer of goods, there is a growing demand of different services, such as warehousing, special packing, etc. Therefore, it is important to mention the service quality dimensions as well; reliability, communication, access, credibility, responsiveness, courtesy, empathy and tangibles. The dimensions are explained through the following product level scheme, see figure 2 (Kotler, et al., 2016, p. 522).

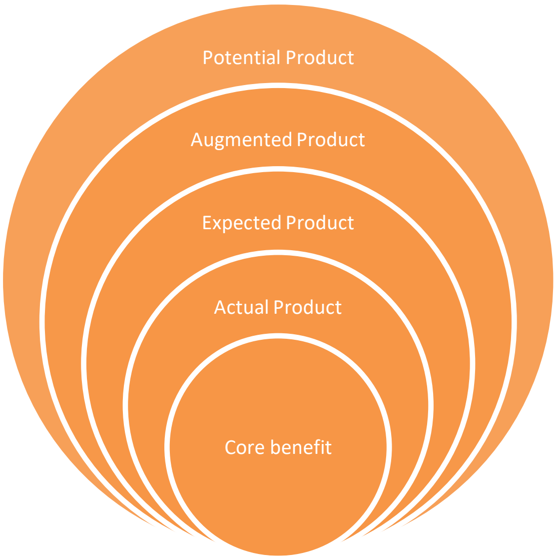

Figure 2 Product levels (Kotler, et al., 2016)

The core product of the case company is industrial manufacturing of stainless-steel products. The generic products, or actual products, are pipes and fittings, produced according to the quality dimension above, such as reliability, durability and safety. The expected product in this case could be different stainless materials depending on the final application. The three now mentioned levels are emphasized on the physical goods, while the augmented and potential product are more service oriented, such as free shipping, warehousing and after sales services.

2.2 The Kano-model

The Kano model, presented by Bergman and Klefsjö (2014, pp. 315-323), is used to demonstrate what kind of needs generate customer satisfaction. Firstly, the basic needs, secondly the expected needs, also known as performance needs, and finally the excitement needs, also known as delighters.

The model is based on two theories, the first being Shewhart's "two aspects of quality"-theory and the other being Hertzberg's two factory theory. The later mentioned Hertzberg's theory is presented in the employee satisfaction part of the thesis. Shewhart's argues that the two aspects of quality are objective and subjective, both of which must be fulfilled simultaneously to generate customer satisfaction. (Bergman & Klefsjö, 2014, pp. 315-323)

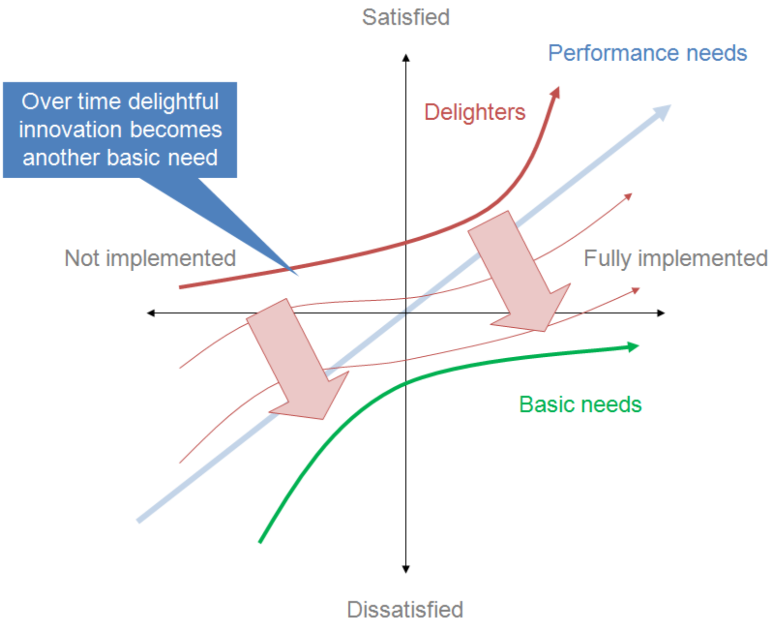

Figure 3 The Kano model (Brown, 2012)

Both the delighters and the basic needs are unspoken and not mentioned. The basic needs cannot increase the satisfaction but can decrease if not met and the delighters are vice versa, meaning they cannot decrease but can increase the satisfaction. The performance needs are the ones the customer asks for, such as a specific product for an industrial application. The basic needs are also known as "must-be" needs and are not spoken of as they are so obvious that it is seen as a market standard to fulfill. (Bergman & Klefsjö, 2014, pp. 315-323) A delighter in the case company can eventually be faster lead times than the offered ones.

Bergman and Klefsjö (2014) mention that customer satisfaction is generated based on what needs are met by the selling company. The customer takes for granted that the basic needs are fulfilled and focus mostly on the performance needs. The selling company should consider the delighters, as they can be a competitive advantage, but must be careful not to spoil the customer as the delighter becomes a basic need after a while. One must, however, remember that each customer has its own opinion on perceived quality.

Furthermore, different needs can be perceived differently depending on the background and market of the customer (Bergman & Klefsjö, 2014, pp. 315-323). As an example, from the view of the case company, this could be different welding techniques, raw material used in the production, or other customer specific requirements. Bergman and Klefsjö (2014, pp. 315-323) indicates that all needs change over time, therefore should the company perform regular customer satisfaction studies to investigate whether the company is contemporary with the needs of different customers and markets.

2.3 The GAP-model

The thin line between customer satisfaction and dissatisfaction can be explained by using the GAP model, see figure 3. The model is also called the Customer Service Gap-Model but can also be applied to the case company. The model defines five different gaps in both internal and external communications, which affect the final product or service given to the customer (Bergman & Klefsjö, 2014, pp. 341-344).

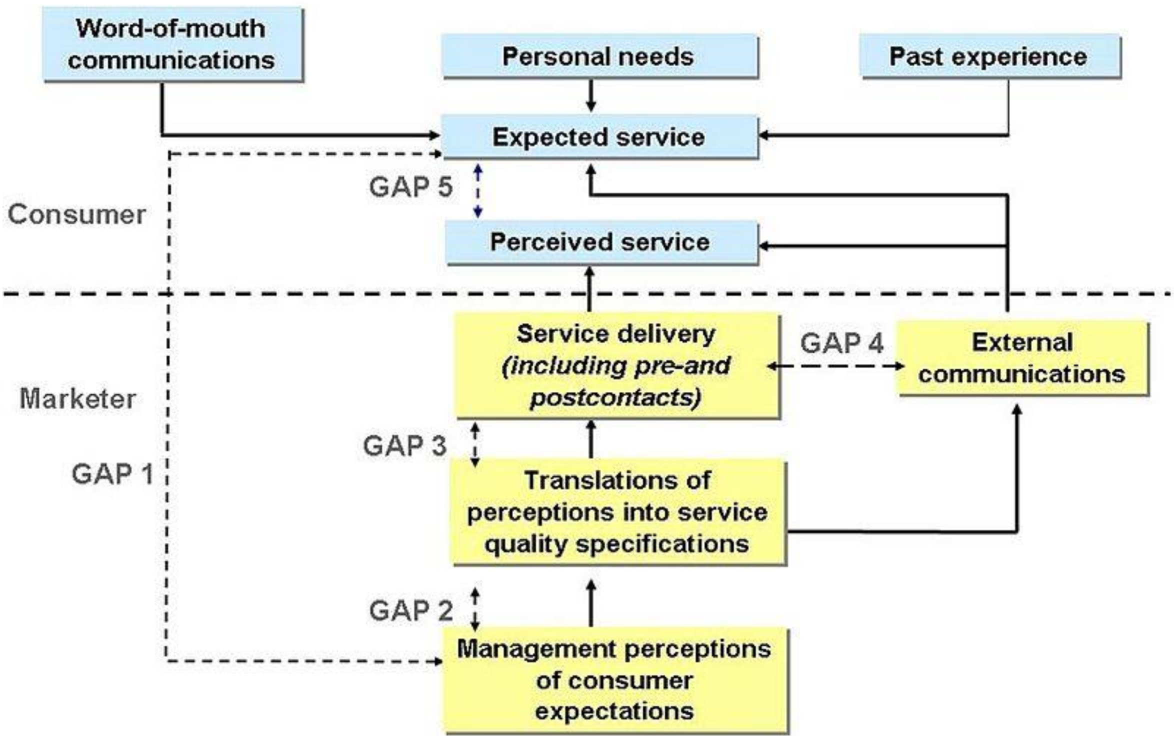

Figure 4 The GAP model (Higgs, 2017)

The first gap is between what the customer expects and what the company thinks the customer expects. Misunderstandings are often caused by lacking market knowledge and poor communication. (Bergman & Klefsjö, 2014, pp. 341-344) Poor communication can be connected to the earlier mentioned Kano-model, as this may be the customer needs that are unspoken of.

The second gap is between what the company understands of the customer's expectations and specifications in the production planning process. The reasons for mistakes in this gap are, among others, low commitment or an unorganized production planning process. (Bergman & Klefsjö, 2014, pp. 341-344)

The third gap is between the planning process and the service delivery. In the case of company X, it could be that the production employee misunderstands the specifications that are given in the work order. This could be due to poor supervision, lack of knowledge, or similar. (Bergman & Klefsjö, 2014, pp. 341-344)

The fourth gap is between the service delivery and the external communication to the customer. Applying this in the case company is that the salesperson has offered one thing, while a product with wrong specifications has been manufactured. Some reasons for this are once again poor communication or lack of knowledge. (Bergman & Klefsjö, 2014, pp. 341-344)

Lastly, the fifth gap is the result of misunderstandings in the first four gaps; the gap between customers' expectation and what they perceive. This gap can also be used as a reminder that the quality is only what the customer perceives it is. To avoid falling into this gap, the company must revise the routines and make sure they are in line with company strategy. A solution to minimize the gaps could be to establish a CRM-system, which eases the information processing and ensures that the right information is where it is supposed to be. (Bergman & Klefsjö, 2014, pp. 341-344)

2.4 Customer relationship management – CRM

Kumar and Reinartz (2012, p. 3) define customer relationship management (CRM) in several ways, such as seeing the company from the customers' point of view, having the customer as the main focus, planning the strategy around customer needs, implementing automatized customer data analyzing tools, etc. Buttle and Maklan (2015, p. 4) present three main types of CRM; strategic, operational, and analytical, all of which adapt the above-mentioned perspectives in different ways.

Strategic CRM is about having a company strategy with the customer in the center and looking at what can be done to improve the relationships from a strategic point of view (Buttle & Maklan, 2015, p. 4). As the case company deals only with B2B customers, it is not only important to find new customers and market share, but to maintain key customers and already owned market share (Kumar & Reinartz, 2012, p. 261).

Buttle and Maklan (2015, pp. 7-11) summarize operational CRM as implementing automated systems to track customer data. Kumar and Reinartz (2012, pp. 264-265) argue that a major part of the company strategy should allow the allocation of resources to implement sales force automation, SFA for short, as this is a helpful and efficient tool for handling customer data. As SFA gathers data automatically, it enables better understanding of customer needs, more accurate quotes, and a higher productivity of the sales force. When data, such as appropriate market prices, is saved, the salesperson can relocate valuable time to more important tasks than writing down information manually. It is, however, important to keep in mind that implementation of changes in work routines is perceived individually depending on the employee's characteristics and motivation. The case company is currently investigating SFA and how to apply it in the company, therefore it is mentioned in the thesis as well. Employee engagement is presented later in this thesis.

Analytical CRM is about analyzing the stored customer data, for example in the sales force automation system. With the help of the data the company can investigate which customers bring most value to the company. Using this information, the company can allocate resources and focus on its key customers and main markets. (Buttle & Maklan, 2015, pp. 11-12)

3 Employee satisfaction

In this chapter, the notion of employee satisfaction is presented and what should be considered when conducting an employee satisfaction survey. First, the basic human needs are explained shortly, followed by drivers of employee motivation and engagement.

Employee engagement is a part of ISO 9001:2015 quality management as well. The standard considers engagement of employees to be one of the most important keystones to reach the company's goals. (International Organization for Standardization, 2015)

Furthermore, Bridger (2015, pp. 22-37) support the service profit chain theory by presenting evidence from several studies showing the impact of employee engagement on various competitive advantages for the company. The experienced advantages are economic gains, higher customer satisfaction, higher productivity and innovation levels, lower employee turnover, and lastly higher employer reputation.

3.1 Maslow's hierarchy of needs

To understand employee satisfaction, one must understand the basic human needs as well. If the basic needs are not satisfied, one cannot perform well in the workplace. Maslow's hierarchy of needs is presented in figure 5

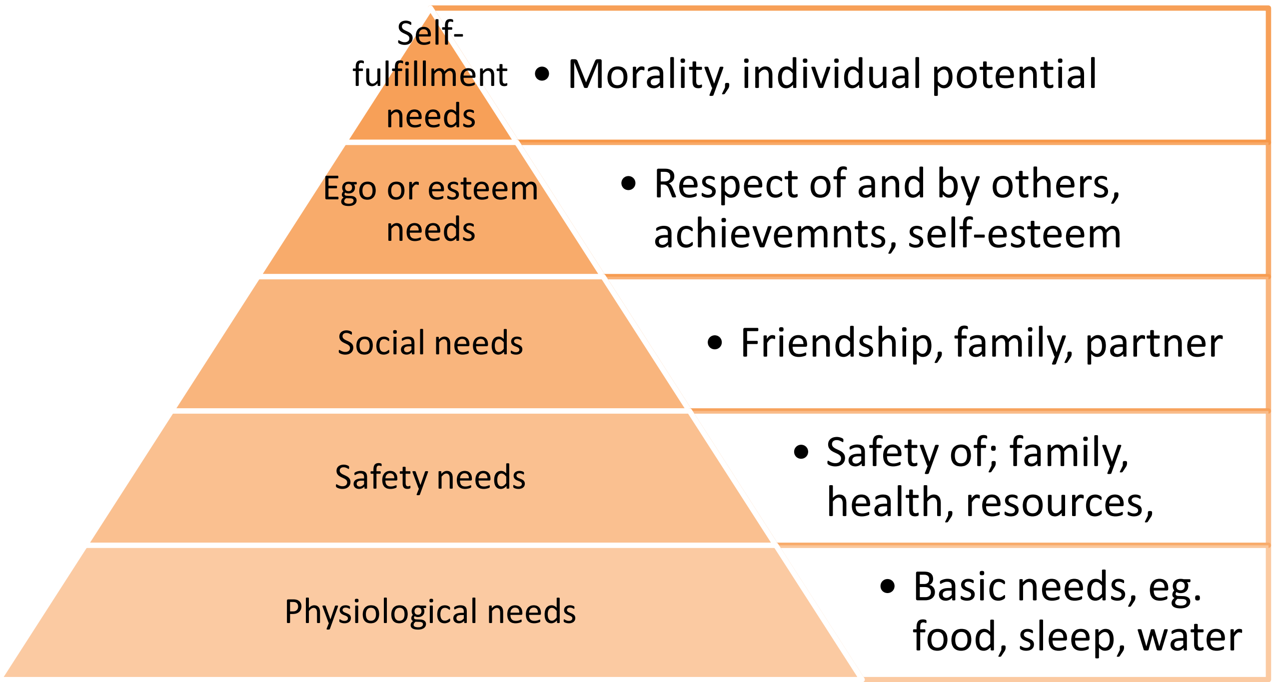

Figure 5 Maslow's hierarchy of needs (Maslow, 1943)

Maslow argues that one can only begin to satisfy higher levels of the pyramid when the needs of the lower levels are satisfied, but later revised his theory to state that one level must not be satisfied fully to begin satisfying needs in the higher levels of the pyramid. (McLeod, 2018) Bergman and Klefsjö (2014, pp. 355-357) mention a model by Yoshio Kondo, where all levels can be partly satisfied at the same time.

One can also create a relationship between Maslow's pyramid and employee engagement. Using the above pyramid as an example, the physiological needs are satisfied by having a salary, as it allows the employee to pay rent, food, etc. The safety needs can be satisfied by having a long-term work contract, while the social and esteem needs are satisfied by the colleagues and the company leaders. Lastly, the self-fulfillment needs are satisfied if the employees have the opportunity to develop as workers and persons. The more levels of the pyramid that are satisfied, the more engaged the employees should be, but the company can only partly satisfy all needs. It is important to remember that all individuals are at different levels of the hierarchy. (Smith, 2014)

3.2 The Two-Factor Theory

The two-factor theory by Frederick Herzberg is mentioned by Bergman and Klefsjö (2014, pp. 355-357) as a supplement to Maslow's hierarchy of needs. Herzberg believes that there are two factors influencing people's motivation, the motivation factors and hygiene factors. Using this theory, dissatisfaction and satisfaction are not each other's opposites, but work as two separate factors.

The motivation factors do not create dissatisfaction when non-existent, but the create satisfaction if they exist. The hygiene factors do not create satisfaction while present, but create dissatisfaction if they do not exist. (Bergman & Klefsjö, 2014) See figure 6 for a visualisation of the model. Examples of motivation factors are fulfilling goals, responsibilities, advancement, etc. and hygiene factors are for example salary, work place, belonging, etc. (Value Based Management, 2019)

	Low Hygiene	**High Hygiene**
Low Motivation	Dissatisfied and unmotivated	Not dissatisfied, but unmotivated
High Motivation	Dissatisfied, but motivated	Satisfied and motivated

Figure 6 The Two-Factor Theory

3.3 Different types of employee engagement enablers

Emma Bridger (2015, pp. 64-119) mentions five types of engagement enablers working simultaneously. They are leadership, strategic narrative, employee voice, involvement, and integrity. These enablers make the base for the employee satisfaction survey later presented in the empirical part of the thesis.

3.3.1 Leadership

The team leader is one of the most critical enablers of employee engagement. Bridger (2015, pp. 74-75) refers to several studies, concluding that engaged leadership correlates positively with engaged employees, but also meaning the opposite; unengaged leadership creates unengaged employees.

The following leadership traits are mentioned as a few of the most impactful traits to create employee engagement (Bridger, 2015, pp. 74-75):

- Supporting the team- and personal development
- Fairness, integrity, and openness
- Conflict handling
- Relationship management

Team and personal development support are explained as actively following up team members both individually and collectively, arranging knowledge sharing forums and feedback sessions. (Ibid.)

Fairness means that the manager does not favorize anyone in the team and treats everyone equally regardless of personality and personal traits. One must remember that equal treatment does not mean that everyone is treated the same. Integrity means that the leader works as a role model for the subordinates. Openness refers to being able to talk freely in the workplace and discuss matters in a professional manner. (Ibid.)

Conflict handling is about intervening in conflict situations, being objective and supporting in harmony restoration. In case the leader cannot handle the conflict situation himself, it is crucial that he or she involves HR or external means of support, such as workplace healthcare, to support him or her in conflict incidents. (Ibid.)

The final trait in the list, relationship management, deals with genuine interest in the well-being of the subordinates and the team as one. It is preferred that the leader gets to know the subordinates on a personal level as well, as this creates a sense of belonging in the team. (Ibid.)

3.3.2 Strategic narrative

Strategic narrative helps the employees understand their purpose in the workplace. The management should present the strategy, mission and vision to the employees and create a picture of the direction towards which the company is going. (Bridger, 2015, pp. 89-91)

One might believe that salary is enough motivation for an employee, but Bridger (2015, pp. 89-91) argues that this is not the case. A person normally needs a greater purpose to perform well. Further, Bridger (2015, pp. 89-91) mentions a study with the conclusion that work is perceived either as a job, a career, or a calling, scaling from low motivation to high motivation.

3.3.3 Employee voice

Openness, good communication, and approachability are the key words for employee voice. These three key words should be empowered by the manager, as the employees should have regular opportunities to bring forth ideas and contribute with positive and innovative changes for the company. (Bridger, 2015, pp. 96-98)

Bridger (2015, pp. 96-98) continues with mentioning that one should not see initiatives from employees to raise their voices as something obvious, as there must be a certain level of trust within the team to actively participate in discussions. If the employees fear that they will be judged upon bringing forth their opinion, they will remain silent instead.

Trust can easily be broken if the employees used to participate in discussion and bring forth ideas, but only to realize that no follow-up of the suggestions has happened. This means that the management must not only listen to their employees but should also act upon the feedback received and present what has been accomplished thanks to the suggestions. (Bridger, 2015, pp. 96-98)

3.3.4 Involvement

Bridger (2015, pp. 99-103) says that one could combine employee voice and employee involvement into one group, but she argues that involvement is one step further from employee voice, meaning that employees should be involved on regular occasions. The main difference between the two groupings is being able to present the idea and being able to realize the said idea.

Furthermore, involvement and responsibility increase the employee engagement. Depending on company and country culture, the levels of involvement may vary, but the management must keep in mind that it is a big influencer on the level of engagement. Also, if the employee is involved in the decision-making process, the employee may be more open for structure and development changes. (Bridger, 2015, pp. 99-103)

3.3.5 Integrity

Integrity means that you lead by example and follow the rules, on both individual and organizational level. An idiom for integrity is that "you practice what you preach". Integrity can be connected to the strategic narrative, for example, does the company act the way it communicates the strategy? This is an important enabler of both engagement and trust. (Bridger, 2015, pp. 103-109)

Bridger (2015, pp. 103-109) mentions that if it is suspected that there is a gap between actions and communication, one should add questions about integrity in an employee survey. The result should then be discussed in focus groups to see if actions must be taken to close the integrity gap.

4 Is there a correlation between customer satisfaction and employee satisfaction in theory?

As the framework for customer satisfaction and employee satisfaction has been established, we can begin to look at different studies of the relationship between the two. As shown in the GAP model earlier in the thesis, much of the customer satisfaction is generated mainly by employee satisfaction and engagement. The first four gaps are connected to how well the employees perform, and the leadership of these employees.

Mathematically, correlation shows how much two variables relate to each other, ranging from -1 to 1. If the correlation coefficient is close to 0 it means that there is no correlation between the variables, while being close to -1 or 1 means that there is a strong correlation. Being closer to -1 is called inverse correlation, as the first variable gets larger the other gets smaller, and vice versa being closer to 1. (Creative Research Systems, 2016)

Returning to the service-profit chain, we can see that in order to generate customer satisfaction, there must first be employee satisfaction. The model simply explains the following; internal service quality generates employee satisfaction, which in order generates external service value and customer satisfaction. Customer satisfaction is then followed by customer loyalty and revenue growth (Heskett, et al., 2008).

One of the world's biggest service providers International Service System, ISS for short, has studied the relation between employee satisfaction and customer satisfaction in their field of business. The study concluded that the correlation between these two variables is 0.89, showing that there is a clear correlation. This study was conducted on the European retail market in 2001. (Bergman & Klefsjö, 2014, pp. 375-376) Another study at ISS, done in a bigger scale of total 45 markets, conducted in 2015, shows a correlation of 0.55 (Andersen, et al., 2015).

Jeon and Choi (2012) study whether the correlation is unilateral or bilateral, by using the example of educational services. The hypothesis of the study is that the correlation is bilateral, as shows in figure 7. The study compares an employee model and a customer model.

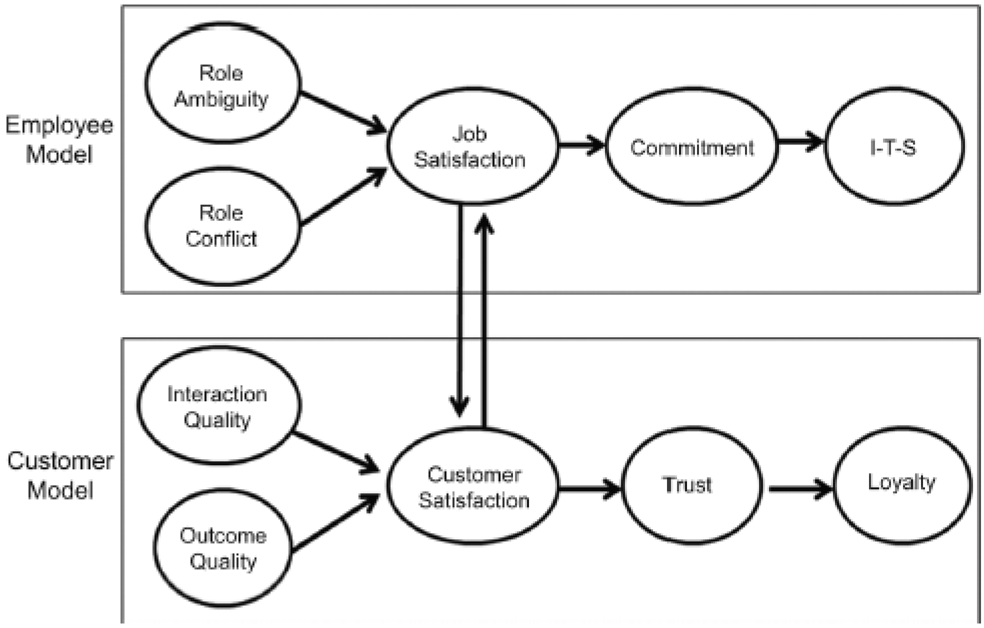

Figure 7 The relationship between employee satisfaction and customer satisfaction (Jeon & Choi, 2012)

In the employee model, role ambiguity means that there could be a vague role description and the employee can be uncertain of his tasks and boundaries. Low levels of role ambiguity cause higher job satisfaction. Role conflict means that the employee has contradictions in responsibilities, for example in moral questions. (Jeon & Choi, 2012)

The theory used in this study concludes that higher employee satisfaction and engagement has a positive effect on customer satisfaction. Satisfied employees will unconsciously affect the people around them to feel better, both co-workers and customers. Furthermore, satisfied employees are more likely to perform better in their work. (Ibid.)

In addition, there are a few theories stating that high customer satisfaction has a positive effect on employee satisfaction. Jeon and Choi (2012) cite a study, which states that when a customer gives positive feedback, it leads to higher employee satisfaction. Another study presented by Jeon and Choi (2012) states that when an employee performs a task that the customer finds meaningful, it increases the satisfaction of the job as well.

The result of the study, see figure 8, shows that employee satisfaction affects customer satisfaction, but the customer satisfaction does only slightly affect employee satisfaction, showing that the relation is mostly unilateral.

The findings in the study give strong indications that the personal traits, shown as dispositional variables in figure 8, are of higher importance than organizational qualities, meaning that it is important already in the recruitment phase to find the right employees for the job. The organizational qualities, such as perceived fairness and supervisory support, give only a boost to the employee's service quality, whereas the personal traits set the foundation for the quality of the performance. (Jeon & Choi, 2012)

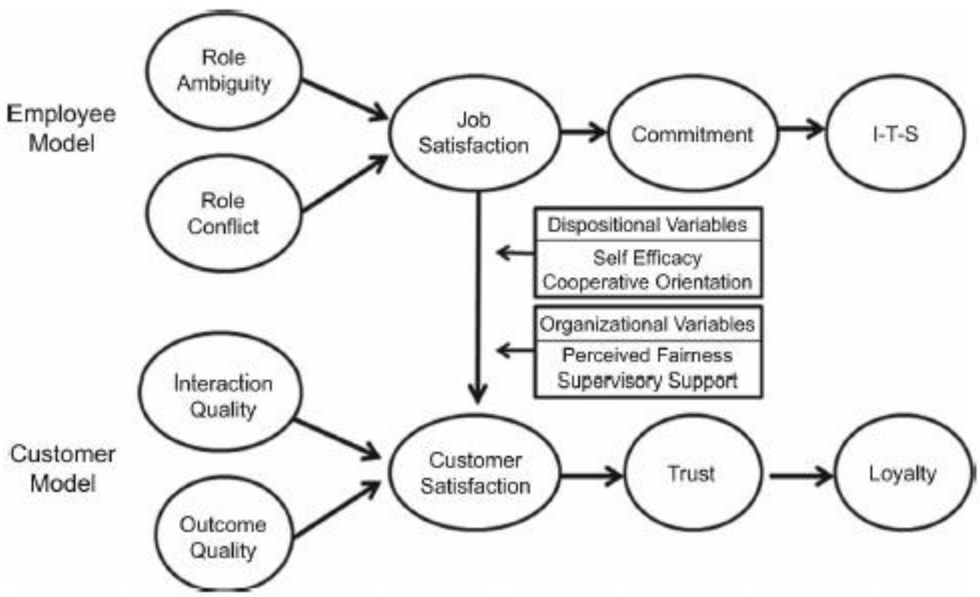

Figure 8 Result of the study (Jeon & Choi, 2012)

Bridger (2015, pp. 25-27) mentions the correlation between employee satisfaction and customer satisfaction as well and considers it to be one of the most critical drivers for customer satisfaction. A study performed in the United Kingdom concluded that highly engaged employees believed that they can make a bigger impact on customer satisfaction levels compared to less engaged employees, who on the other hand thought that they do not make much impact.

5 Research method

The study in this thesis is conducted by using a quantitative research method. The main objective of a quantitative research method is to gather as much data as possible, to later analyze the data with mathematical tools. The preparatory work of a quantitative study consists of a clarification of the research questions, a literature review, and lastly a description of the theoretical framework used for the study. (USC Libraries, 2019)

The data was gathered through two separate online surveys; one customer satisfaction survey and one employee satisfaction survey. The respondents had the option to be anonymous. The results of the surveys were compared against each other to see whether there is a correlation between customer satisfaction and employee satisfaction, or more specifically customer service levels from the customers' point of view and sales employee satisfaction.

The customer satisfaction survey was sent out to the key customers of Company X. Multiple key persons in an organization received the link to the survey, to receive as many answers as possible. The employee satisfaction survey was sent out to the sales personnel within Company X.

The surveys are conducted through Office Forms and the links were sent out to the respondents by e-mail. The advantages of an online form are that it is user friendly, has possibility of being anonymous, and the data is gathered and analyzed quickly. However, especially in B2B, website links might be considered suspicious, even though they are sent from familiar e-mail addresses, which can lead to fewer responses gathered. (Sue & Ritter, 2012, pp. 15-17).

The customer survey is using a scale of 1-5 and a non-applicable option, as this was requested by Company X to be able to compare it with earlier survey results. The employee survey uses a scale of 1-4 and a non-applicable option to force the respondent to have an opinion. A negative factor of using a scale without a neutral answer possibility is that it might affect the respondent to choose a positive option instead of a negative option (Sue & Ritter, 2012, p. 64). My argument for using a 1-4 scale is that most of the sales force is based in the Nordic countries and hence want to respond neutrally to avoid any kind of conflict. Therefore, I want to force the respondents to have either a positive or negative opinion about the matter.

The aim of the study, as mentioned before, is to investigate customer and employee satisfaction levels and investigate whether there is a correlation between customer satisfaction and employee satisfaction.

5.1 Validity and reliability

Validity means that the data gathered is appropriate for the objective of the study and that the results measure what they should measure, while reliability means that if a similar study is conducted, the results should be the same or similar. (Silvermann, 2016)

The validity of the thesis is adequate. The questions asked in the surveys are appropriate for the purpose. The aim of the study is to gather data on customer and employee satisfaction and compare them. The respondents have the possibility to be anonymous, but are also given the opportunity to state what market they are active in.

Furthermore, the reliability of the study is good. Regarding the customer satisfaction survey, the same survey has been performed annually for several years and is supported by theories from earlier theses done at the company. The employee satisfaction survey is mostly structured to be able to compare it to the customer satisfaction survey, but still gather other useful data for Company X.

The same surveys have been sent to all concerning respondents, meaning all customers received the same link to the survey, respectively all employees received the same link. A total of 57 customer responses and 23 employee responses were gathered. The two surveys were conducted simultaneously to generate answers from the same time period.

The questions in the customer satisfaction survey were discussed and reworked with the help of two managers of different nationalities to ensure that the questions are understood correctly. The employee satisfaction survey was completed by a third manager, whose role was to be a test person, after which the questions were reworked.

5.2 Analysis of the results **Conflidential**

5.2.1 Customer satisfaction survey **Confidential**

5.2.2 Summary of the customer satisfaction results **Confidential**

5.2.3 Employee satisfaction survey **Confidential**

5.2.4 Summary of the employee satisfaction results **Confidential**

5.3 Comparison of employee and customer satisfaction at Company X **Confidential**.

5.4 Discussion **Confidential**

5.5 Improvement suggestions for Company X **Confidential**

6 Conclusion

Customer satisfaction is crucial for a B2B company to be successful, though it is often forgotten that the core to customer satisfaction are satisfied employees. The service profit chain shows the relationship between employee satisfaction and customer satisfaction. There has been done a thesis work at Company X that addresses customer satisfaction and customer relationships; hence this thesis only presents the notion briefly.

Customer satisfaction is explained by the Kano-model and the GAP-model, which both shows what factors generate customer satisfaction and dissatisfaction. The Kano-model shows that as long as a company delivers the expected needs, the customer will be satisfied, while the GAP-model explains the factors that can generate dissatisfaction when a company might struggle with different stages of the whole purchase chain from offer to delivered product.

Employee satisfaction starts with the basic human needs, seen in Maslow’s hierarchy of needs, which must be partially satisfied to begin with. The more needs that are satisfied in a pyramid, the more an employee can focus on reinforcing the individual potential. Herzberg’s two factor theory shows two factors, hygiene and motivation, describing to what extent a person can be motivated, depending on their personal situation. Furthermore, five employee engagement enablers are presented; leadership, strategic narrative, employee voice, involvement, and integrity, which all play an integral role in employee satisfaction.

Correlation in mathematical terms is shown on a scale of -1 to 1, where 1 means the highest positive correlation, -1 means a negative correlation, and 0 means no correlation. Several studies presented in the thesis show a positive correlation between employee satisfaction and customer satisfaction, however the correlation is mostly unilateral, meaning that employee satisfaction affects customer satisfaction more than customer satisfaction affects employees.

Confidential summary of the study results

6.1 Suggestion for further research **Confidential**

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List of Figures

Appendix 1

Market Area:

(answers are given on a Likert scale of 1-4)

1. **Leadership**
    a. My manager supports me in my tasks when I need / ask for help.
    b. Decisions regarding my job are discussed with me (before decisions are made).
    c. My manager trusts that I can perform independently.
2. **Team**
    a. I feel included in my team.
    b. My team supports me in my tasks when I need / ask for help.
    c. There is a positive atmosphere within my team.
    d. I feel like my team accepts me for who I am.
3. **Employee Voice**
    a. My ideas are heard within the company.
    b. I have opportunities to bring forth innovative ideas.
    c. My thoughts and opinions are taken into consideration in decision-making.
4. **Daily Work**
    a. I believe my workload is too heavy / causes a lot of stress.
    b. I believe I perform well in my job.
    c. I believe my work is valuable.
    d. I believe my knowledge is adequate to perform well in my tasks.
    e. I enjoy my work assignments.
5. **Well-being**
    a. I have a healthy balance between work life and personal life.
    b. Everyone is treated equally in the workplace.
    c. My workplace promotes a healthy lifestyle.

Appendix 2

Market area:

Customer satisfaction (answers are given on a Likert scale of 1-5)

1. Quality of technical support.
2. Response time to Enquiries.
3. Response time to Order Acknowledgement.
4. Response to changes to delivery needs.
5. Company X response to complaints.
6. Quality of order update information (delay messages etc).
7. Accuracy of Delivery Documentation.
8. The sales contact(s) understand my needs.
9. Friendliness of support.