

Relationship between staff job satisfaction and profitability in Iranian private banks

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Abstract: In response to the pressures of globalization and rapidly changing, highly competitive and volatile markets, many organizations are compelled to search for ways to cope and gain competitive advantage and service quality add value. This is not possible except that due to other system components, such as staff and customers. This study investigated the relationship between job satisfaction and the profitability of private banks in Iran. Research methods was descriptive correlational which was conducted as field study. Sampling was done randomly. Sample size was 285 branches of private banks in Iran. Data were collected through 3 Job satisfaction, customer satisfaction and service quality questionnaires. The results showed that there was a significant relationship ($r=0.545$) between job satisfaction and service quality, As well as between service quality and customer satisfaction ($r=0.729$). The result also showed there is a significant relationship between job satisfaction and customer satisfaction ($r=0.565$), customer satisfaction and profitability ($r=0.407$) as well as between the profitability and Job satisfaction ($r=0.397$). Significance level was set at 0.05.

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Introduction

Following the time, human development and the complexity of relationships, the presence of banks in the economy fields, and even interact with ordinary people became more prominent role. Thus, a competitive environment was created and consequently the position and value of customers' bank managers became evident. While businesses try to achieve the unique advantages compared to other competitors, to achieve a prominent position, clients and consumers are always in search of users supplies that are provides better goods and services. Understanding this distinction has guided the selection of the required goods or services and helps the customers in decision-making for pay more in exchange received better goods and services. After that, the bank manager focused on tried to more satisfy customer's banks as vital highway patrol and in this way made various statements, that had play a key role. Including the presence of active staff, full-motivated, enthusiastic and committed to the organization as a representative of the bank that are interacting with customers and could be named best implementation of the bank's interest. In fact, there was an understanding that the success of an organization depends on the satisfaction of all stakeholders, including customers and staff organization.

Widespread interest to human resources among organizational behavior (OB) researchers and experts

it was based on the characteristics of staff in organizational effectiveness, are critical. (Vroom, 1964; Schwab Cumming, 1970). Researchers believe that the quality of customer service has a direct relationship with customer loyalty, customer retention and increased profit organization. (Fecikova, 2004) also has a same opinion and names the highest quality goods and services to enhance customer satisfaction factors and, ultimately, profitability and success of the organization in this study we have attempted to deal with this whether it is the impact of staff job satisfaction on the profitability of private banks? In this case possible relationship between staff job satisfaction, service quality, customer satisfaction and corporate profitability, what are they?

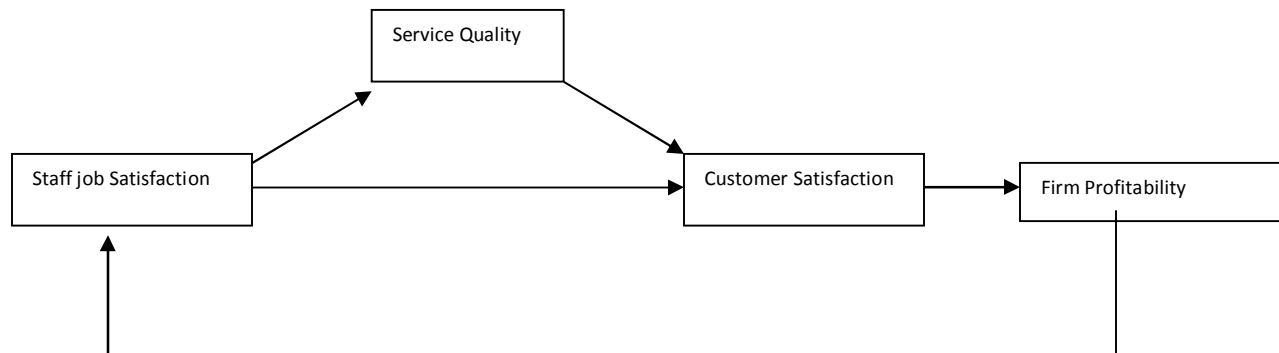
Research Background, Hypotheses and Structural Model

Mathieu ,Zajac (1990) in their meta-analysis, they concluded that in many cases, staff satisfaction, has little direct impact on business performance. Lee, Miller (1999) stated that in terms of strategy, a workforce committed to be a source of valuable, rare and limited to act in increased profitability. In general, qualified service personnel are often the first group to show the company's overall service and thus has central role in shaping the understanding of the customers' service quality (Parasuraman et al., 1985; Hartline and Ferrell, 1996).

Service staff and customers through close contact have the opportunity to establish connections among themselves and exchange information on purchasing. This service staffs ability to provide a high level of service quality, and enhance their customers' shopping decisions, affect the

performance of the sales function (Loveman1998; Silvestro and Cross, 2000; Yoon and Suh, 2003).

According to the previous studies, staff job satisfaction, service quality, customer satisfaction and profitability of the company together, are related. Accordingly, research hypothesis is as follows:



Staff job satisfaction and service quality

Based on Yoon و Suh(2003) the staff who satisfying from their job, probably has worked to more effectively and provide better service through organizational citizenship behaviors. Satisfied staff have tended to be more involved in their organizations; and in providing high quality services more accurately. As well as, pervious researches show that loyal staff to provide a higher level of service quality, more enthusiastic and more capable (Loveman,1998 ; Silvestro and Cross,2000).

Scholars have stated that job satisfaction is influenced by the service quality (Bowen and Schneider,1985 ; Hartline and Ferrell, 1996) found evidence that job satisfaction fell staff in contact to customer is associated with service quality.

When an employer offers good working conditions that provide satisfaction of staff's services, service personnel are also obliged to turn to as a reciprocal response to his employer, and will spend more effort in the organization (Waync et al., 1997; Flynn, 2005) that this matter leads into higher level of service quality. Thus, consider the following hypothesis.

First hypothesis: staff job satisfaction has a positive impact on service quality.

Service quality and customer Satisfaction:

Pervious researches are introduction service quality as customer satisfaction (Cronin and Taylor, 1992; Anderson et al., 1994 ; Godlieb et al., 1994).

Empirical evidence shows that service quality have relation with customer Satisfaction (Babakus et al., 2004).

A large group of researchers believe that the quality of service that have a major and profound impact on satisfaction and through the leaves on loyalty and commitment of customer.

Considering the service quality has several advantages:

First: Service quality is lead to customer satisfaction, and resulting in increased loyalty and market share.

Second: service quality is an essential element in marketing customer relationship. Thus, acquisition competitive advantage through quality service requires an understanding of quality requirements in terms of customer service.

In a study was conducted by cronin & taylor (1992) were examined the casual reasoning between service quality and customer satisfaction. However, these studies have pointed to the fact that marketing researchers about causality relationship between service quality and customer satisfaction are have not agreement and have suggested that more empirical studies are needed to determine the true nature of this relationship. Also, eventually based on own analysis reported that service quality leads to customer satisfaction.

Thus, propose following hypothesis based on service quality affects the customer satisfaction.

Second hypothesis: Service quality has a positive impact on customer satisfaction.

Staff job satisfaction and customer satisfaction:

Lifeblood of a service organization is staff especially front-line staff of the company, which is directly related to customer. Unlike products, services are produced and consumed at the same time, front-line service staff, is inherently manufacturer's services. This aspect of service has led to a focus on service staff's vital role in the delivery of high quality services.

In fact, such "staff are linked to customers" are providing organizations service, that directly affect customer satisfaction and play marketing role. In fact, certain set of behaviors that staff in contact and interact with customer, can have a significant impact on customer perception of service quality.

Research on consumer psychology shows that customers face with happy staff, makes customers have a positive attitude toward a product (Howard Gengler, 2001).

Similarly, research in the field of organizational behavior has revealed that staff irascibility, will have a direct impact on customers' aggressive behavior (Doucet, 2004) and lead to customer dissatisfaction, regardless of the services core functions performance to meet customer needs.

Those personnel who have a high level of job satisfaction are more balanced and pleasing from the perspective of customers in their environment and can make a positive impact on customer satisfaction levels (Homburg and Stock, 2004).

Thus proposed following hypothesis:

Third hypothesis: Staff job satisfaction has a positive impact on customer satisfaction.

Customer satisfaction and profitability:

Studies show that customer satisfaction and profitability through his loyalty to the organization, leading to increased revenue and profits. Repeat purchasing, purchase new products by the customer with the lowest expenses spent on advertising and purchases of goods by the customer's willingness to find a new product that satisfied customers are ways that increase customer satisfaction, revenue and profitability of the organization. Loyal customer will not be easy to attract a competitor advertising. On the other hand, a loyal customer to the brand, showing less sensitivity to changing the price because is sure about the value will receive after purchasing. This means that a loyal customer is more willing to pay higher prices. Here are proposing the winners – winner concept. Customer thorough providing expectations and even higher expectations have a sense of winning and organization in achieving the loyal customer, and consequently in profit and income more market share acquisition.

Customer satisfaction has a long term effect on business trend (Nagar and Rajan, 2005). Previous research studied linkage between customer satisfaction and its various consequences of customer loyalty (Stank et al., 1999; Verhoef, 2003) and profitably (Anderson et al., 1994; Mittal and Kamakura, 2001). Satisfied customer of the company services more frequently and in larger volume purchases buys goods and other services that provided by the service provider (Anderson et al., 1994; Gronholdt et al., 2000).

There are several reasons for a positive impact on customer satisfaction on company profitability. First of all, increase customer satisfaction and loyalty to his clients' goals and will affect future actions (Stank et al., 1999; Verhoaf, 2003). When this happens, the will also increase company profitability (Anderson et al., 1994; Mittal and Kamakura, 2001). Second reason, satisfied customers, paid extra price and are less sensitive to price (Anderson et al., 1994). This suggests that it is willing to pay the price for the benefits they receive and are patient to rise in prices and the economic performance of companies. Last reason note that satisfaction is the company's overall reputation, company reputation, in turn, can create and maintain relationships with useful key suppliers and distributors (Anderson et al., 1994). Reputation can have a halo effect on the company's way so that can be a positive effect on customer evaluations. This topic stated that future sales increased customer satisfaction, reduced flexibility costs and increased the company's reputation. Thus, suppose that:

Forth hypothesis: Customer satisfaction has a positive impact on corporate profitability.

Profitability and staff job satisfaction:

Successful financial and market organizations provide better benefits for staff, which lead to higher level of staff job satisfaction. These benefits are including job security, career opportunities and rewards (Koys, 2001; Schneider et al., 2003).

As well as, company's profitability may increase a company's reputation and become attractive to staff. Perhaps the management assigned these capabilities and efforts to manage the commercial success of its service personnel that led are to a positive evaluation of their performance. Also, successful commercial operation of the service staff increase confidence and a positive impact on their job satisfaction (Yee et al., 2008).

Fifth hypotheses: corporate profitability has a positive impact on staff job satisfaction.

Research Methodology

Research methods was descriptive correlational which was conducted as field study. Data were

collected through 3 Job satisfaction, customer satisfaction and service quality questionnaires.

The present study has conducted in Iranian private banks. Statistical community is consisting of private banks branches.. Sampling was conducted randomly. Sample size was 285 branches of private banks in Iran. To choose sample was selected member of the banks and financial institutions listed companies in Tehran Stock Exchange and their years is leading up to 12/29.

Data Gathering Method

Data is extract from job satisfaction, service quality and customer satisfaction questionnaire, and financial indicators used to measure the profitability are obtained from published financial information.

Job satisfaction

Experts believe that job satisfaction is an attitude and its definition:

Job satisfaction is a person's attitude toward the job and simply how to feel about the job and its various aspects.

(Arnold & Feldman, 1986) stated that Job satisfaction is important professional attitude, they said:

Job satisfaction and staff depends on attitudes toward the job and the organization and when we say have a high job satisfaction, it means that overall like his job and has values and positive attitudes towards it.

We seek to measure job satisfaction questionnaire that is based on JDI job descriptions that is consist of five work, colleagues, and supervisor, salary and promotion opportunities detentions. A questionnaire was set consisting of 20 items.

Respondents were asked to rating likert type each item on a five-point scale from strongly disagree = 1 to strongly agree =5.

Service quality

Desire for service quality Plays an important role in service industries such as Insurance and Banking because it is vital for the survival and profitability of service quality (Stafford et al, 1998). In the field of banking services, service quality is defined as a belief or attitude about the superiority of customer service that is provided in the bank (Al-Hawari et al, 2009).

(Lee et al, 2010) described quality of received services opinion and overall attitude related to the service excellence and believes that attention to the service quality is reflecting the difference between perception and expectations of the customer. Service quality is degree of difference between customer perceptions and expectations.

Kels believes that 3 service qualities will consist physical and behavioral and conditional dimensions. In other words Kels believes that service quality is the focus on what is being delivered to customers, situation where services are offered and how it delivers. (Ross, Juwaheer, 2004)

In present study uses SERVQUAL method that proposed by (Parasuraman et al, 1988, 1991). SERVQUAL method shows that five service quality dimensions means there are being namely tangibles, reliability, responsiveness, assurance, and empathy. The questionnaire was set consisting of 20 items.

Respondents were asked to rating likert type each item on a five-point scale from strongly disagree = 1 to strongly agree =5.

Customer Satisfaction

Customer satisfaction is defined as a result of an effective evaluation is belonging to standard comparing that wills compare with perceived performance in act. In other words, if perceived performance has been made expectations satisfaction achieved.

Teso and Wilton defined satisfaction in this way: Customers reaction into different perceived evaluation between previous expectations or to some extent perfect performance and real product performance, that perceived after consumption. (Caruana et al, 2000)

Garvin model, which includes aspects of total quality management in information quickly and accurately, and accuracy rate services, beauty services environment, appropriate behavior, legitimacy, simplicity, ease and flexibility has also been used to measure customer satisfaction. Questionnaire designed consisting of 18 questions. Respondents were asked to grading score of each item as Five-point likert-type scale from strongly disagree (1) to strongly agree(5).

The Cronbach's alpha was used to measure the reliability of the questionnaires. Cronbach's alpha coefficient were calculated Respectively for the scale of job satisfaction questionnaire, customer satisfaction and service quality questionnaire, 92%, 87% and 85%.

Profitability

Profitability reflects bank's financial performance. Choosing ROA and ROE as indicators. (Staw, Epstein, 2000; Schneider et al, 2003). Spss software was used to analyze the results obtained in this study. The relationship between variables was calculated by The Pearson correlation coefficient (r).

Hypothesis

Hypothesis can be stated as follows:

Hypothesis 1: Job satisfaction has a positive impact on the service quality.

$H_0: \rho_{x,y} = 0$. There is no relationship between service quality and job satisfaction

$H_1: \rho_{x,y} > 0$. There is a positive relationship between service quality and job satisfaction

To test the above hypothesis the following test statistic

$$\text{was using: } t_{\text{ob}} = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

Hypothesis 2: Service quality has a positive impact on customer satisfaction

$H_0: \rho_{x,y} = 0$. There is no relationship between service quality and customer satisfaction

$H_1: \rho_{x,y} > 0$. There is a positive relationship between service quality and customer satisfaction

Hypothesis 3: job satisfaction has a positive impact on customer satisfaction

$H_0: \rho_{x,y} = 0$. There is no relationship between job satisfaction and customer satisfaction

$H_1: \rho_{x,y} > 0$. There is a positive relationship between job satisfaction and customer satisfaction

Hypothesis 4: Customer satisfaction has a positive impact on company profitability.

$H_0: \rho_{x,y} = 0$. There is no relationship between customer satisfaction and profitability of private banks

$H_1: \rho_{x,y} > 0$. There is a positive relationship between customer satisfaction and profitability of private banks

Hypothesis 5: Profitability has a positive effect on job satisfaction

$H_0: \rho_{x,y} = 0$. There is no relationship between profitability and job satisfaction

$H_1: \rho_{x,y} > 0$. There is a positive relationship between profitability and job satisfaction if $P\text{-value} \leq \alpha$, RH_0 is rejected.

Results

Based on the data presented in Table 1, it is observed that the correlation between job satisfaction and service quality is equal to 0.545 ($P\text{-Value} = 0.000 \leq 0.05 = \alpha$) that showed there is a direct correlation between these two variables (Table 1). So With confidence 95%, it can be argued that: "Job satisfaction has a positive impact on the service quality".

Table 1) The linear relationship between job satisfaction and service quality

Variables	Pearson correlation coefficient (r)	t-student	P-value
Job Satisfaction	0.545	10.935	0.000
Service quality			

Table 2 show the correlation coefficient between job satisfaction and quality of service is equal to 0.729 ($P\text{-value} = 0.000 \leq 0.05 = \alpha$), so Hypothesis 2 is confirmed.

Table 2) The linear relationship between service quality and Customer Satisfaction

Variables	Pearson correlation coefficient (r)	t-student	P-value
Service quality	0.729	17.916	0.000
Customer Satisfaction			

As table 3 show, there is a direct correlation between Job Satisfaction and Customer Satisfaction (0.565), Thus Hypothesis 3 is confirmed, and can claim job satisfaction has a positive impact on customer satisfaction

Table 3) The linear relationship between Job Satisfaction and Customer Satisfaction

Variables	Pearson correlation coefficient (r)	t-student	P-value
Job Satisfaction	0.565	11.520	0.000
Customer Satisfaction			

Table 4 provides data, that demonstrated customer satisfaction has a positive impact on company profitability. (Hypothesis 4 is confirmed)

Table 4) The linear relationship between Customer Satisfaction and Profitability

Variables	Pearson correlation coefficient (r)	t-student	P-value
Customer Satisfaction	0.407	7.496	0.000
Profitability			

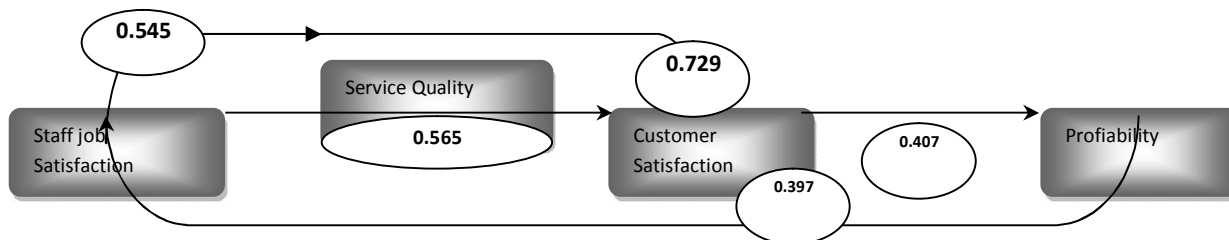
Based on the data presented in Table 5, it is observed that the correlation between Profitability and job satisfaction is equal to 0.397 ($P\text{-value} = 0.000 < 0.005 = \alpha$), so "Profitability has a positive impact on the Job Satisfaction".

Table 5) The linear relationship between Profitability and job satisfaction

Variables	Pearson correlation coefficient (r)	t-student	P-value
Profitability	0.397	7.277	0.000
Job Satisfaction			

Conclusion

In this study, we examined the relationship between staff job satisfaction, service quality, customer satisfaction and profitability of private banks in Iran. Because based on the dimensions considered by Parasuraman et al customer satisfaction, is the initial service quality (Parasuraman et al, 1985) so Banks can with aware of the service quality for customers and the Supply Customer Satisfaction and ultimately their loyalty successfully carry out their activities. Our research clearly shows that staff job satisfaction is vital in achieving quality and customer satisfaction and increase profitability of private banks. In fact, staff job satisfaction leads to higher service quality and has a direct impact on customer satisfaction, and service quality and customer satisfaction will lead to financial benefits. The results indicate that staff job satisfaction and profitability of private banks have bilateral relations. It can be said that staff job satisfaction through the satisfaction - quality - profit cycle affects on operating profit function. This means that the staff job satisfaction through cycle's effect, affect on profitability (Yee et al, 2008).



Job satisfaction and profitability models (Pearson correlation coefficients)

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