Organisational climate and culture sustainability through employee engagement and customer experience causality

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ABSTRACT

This paper is based on the assumption that an employee experience leads to a customer experience. The root cause leading to the effect of a change in customer experience is the employee experience which comprises employee engagement. This paper presents an integrated systemic approach of a framework that materialised through Grounded Theory. Customer experience is seen as strategic differentiator in organisations interacting with customers, leading to a sustainable competitive advantage. The understanding and application of this causal effect therefore has significant implementation for national and international business managers and leaders.
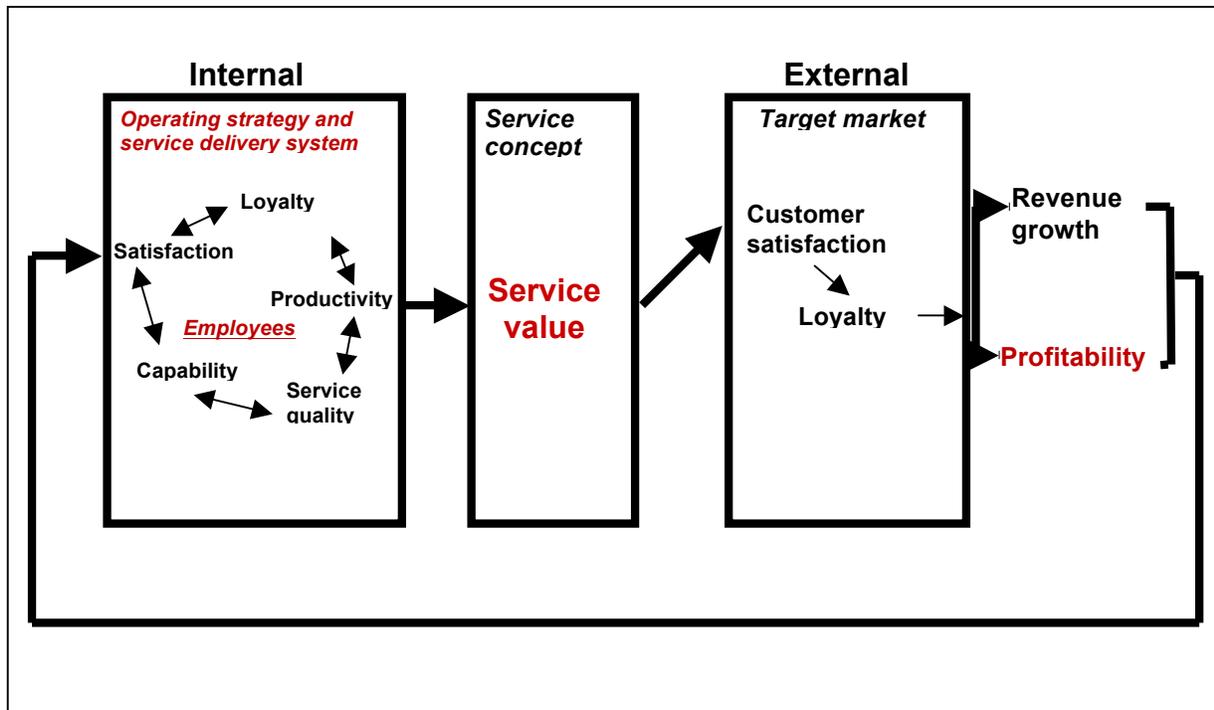
INTRODUCTION

Customer experience is seen as a strategic differentiator in organisations interacting with customers, leading to a sustainable competitive advantage and changes in profitability. The customer experience however is the effect of the employee engagement approach within the organisation (Drotskie, 2009). Therefore, the employee experience leads to the customer experience. As the customer experience is the effect of something it cannot be directly changed in itself. The root cause leading to the effect of a change in customer experience is the employee experience, which comprises employee engagement. Employee engagement is determined by the interplay of perceptions on individual, group and organisational level (Viljoen, 2009). Management has a critical role to play in creating a culture conducive for engagement and customer experience.

This paper presents an integrated systemic approach of a framework that materialised through Grounded Theory. It has significant implications for national and international business managers and leaders.

In Figure 1 below, Heskett, Sasser and Schlesinger (1997) depict the customer service profit chain which indicates that the changes inside the organisation (people, processes and systems) leads to a certain value proposition which leads to a change in the customer experience which leads to profitability.

Figure 1: The service profit chain

Internal

Operating strategy and service delivery system

Loyalty

Satisfaction

Productivity

Employees

Capability

Service quality

Service concept

Service value

External

Target market

Customer satisfaction

Loyalty

Revenue growth

Profitability

Source: Adapted from Heskett, Sasser & Schlesinger, 1997: 19

It is clear from Figure 1 above that employee satisfaction will impact on the service value that will directly impact on customer satisfaction. Since 1997, the field of employee satisfaction developed and employee engagement is currently view as significant contributor to organisational success. Similarly customer satisfaction developed into a much more refined construct, namely customer centricity.

PROBLEM INVESTIGATED

An understanding of the external environment (in this case the world of the customer) may assist in creating insights, reawakening instincts and cultivating organisational change. Schutte (2004) explored the impact of happenings in the internal environment on the external environment. Jung (1953) years ago held similar beliefs and based his insights on the age-old alchemy paradox - *"as within so without*". If a person or an organisation would like to address something in the external environment, the real work must happen internally. Mutwa, Teish and Larsen (2003) described the same duality, namely, if people treat each other with trust within the internal environment then they will also treat customers in the same way. Customers appreciate an organisation that encourages the truth through customer feedback and then addressing all customer problems honestly (McKenna, 1991).

As employee engagement within the context of organisational culture and climate causes the customer experience to change, this causality is of utmost importance for management understanding and organisational sustainability.

RESEARCH OBJECTIVES

The research objectives are:

- Explore the pre-requisites for improved employee engagement
- Explore the pre-requites for a changed customer experience
- Determine the causality between employee engagement and customer experience

LITERATURE REVIEW

In this section of the paper, employee engagement within the context of organisational culture and climate and the customer experience are reviewed as two separate concepts.

Organisational culture and climate

"If the leadership dimension isn't properly in place, a company simply cannot be successful. Organisations do not run by themselves. They need people – the right people in leadership positions to make them perform."

Kets de Vries, 1984: unknown

It is assumed that organisations are social systems (French & Bell, 1999). Different employees often see the same thing but interpret it differently based on their own unique way of thinking (Salisbury, 1999). Therefore, in order to understand the way in which decisions are made and strategies implemented within an organisation, one would need to acknowledge and understand how employees within the organisation view the system and what constitutes their worldviews. It thus becomes critical for the leadership within an organisation to firstly value diversity and secondly ensure that all employees contribute significantly to the implementation of the organisational strategy thereby ensuring enhanced shared understanding and alignment (Viljoen, 2009). A culture, thus a system of shared meanings, may guide the way in which organisations act and the way in which individuals view and interpret the corporate world (Novinger, 2001). Schein (1985), Meek (1988) and others believed that a leader creates culture.

The way in which things are done in an organisation will contribute to how employees experience the workplace (Viljoen, 2009). A climate (a shared set of attitude in human affairs) conducive for engagement, involvement and participation should be engendered by leadership within the organisation (Botha and Schutte, 2003) to customer satisfaction. Organisational benefits will materialise from such a climate.

The philosophy of engagement

Engagement can be described as "*the act of committing, pledging or engaging oneself*" or "*the state of being bound emotionally or intellectually to a course of action or to another person or persons*" (Macey & Schneider, 2008:3). Macey and Schneider (2008) offers a comprehensive description of engagement and describes it as discrescionary willingness. An engaged employee is a person who is fully involved in, and enthusiastic about, his and her work. Viljoen (2009) defined engaged commitment as "*the trait of sincere and steadfast fixity of purpose, a man of energy and commitment*" and "*the act of binding oneself to a course of action*".

In the model that will be presented in Figure 2, commitment is viewed as the emotional experience of the phenomenon engagement. Employee engagement, thus, is a concept that is generally viewed as managing discretionary effort, that is, when employees have choices, they will act in a way that furthers their organisation's interests.

Statistics have shown that only 29% of employees are actively engaged in their jobs (Leadership Council, 2004). These engaged employees work with passion and feel a profound connection to their company. People that are actively engaged help move the organisation forward. A total of 84% highly engaged employees believe they can positively impact the quality of their organisation's products, compared with only 31% of the disengaged. 72% of highly engaged employees believe they can positively affect customer service, versus 27% of the disengaged. 68% of highly engaged employees believe they can positively impact costs in their job or unit, compared with just 19% of the disengaged. It is clear that in employee engagement has positive impacts on business results such as customer service.

Engaged employees feel a strong emotional bond to the organisation that employs them (Viljoen, 2009). This is associated with people demonstrating willingness to recommend the organisation to others and commit time and effort to help the organisation succeed. It suggests that people are motivated by intrinsic factors (e.g. personal growth), working to a common purpose, being part of a larger process) rather than simply focusing on extrinsic factors (e.g., pay/reward) (Leadership Council, 2004).

According to the Leadership Council report engaged employees are inspired to go above and beyond the normal call of duty in order to exceed organisational goals and that engagement can contribute to an increase in total share holder return of up to 47% through the reduction of absenteeism, enhanced customer feedback, less shrinkage of inventory and higher sales achievements (Leadership Council, 2004).

Except for limited efforts on the part of Jackson (2004), Katz and Miller (2003) and LeBaron (2005) no academic research could be found that either positions the concept of inclusivity as a radical transformational strategy as proposed by Viljoen (2009). This paper aims to contribute to the emergence of insights on engagement and inclusivity and how it manifests in organisational success indicators such as customer centricity. In specific pre-requisites for engagement are identified.

Customer experience

Over the past few years, there has been an increasing trend towards creating "experiences" for customers, particularly for those in the services sector. Because of this trend, authors such as Pine and Gilmore (1999:ix-x) are of the opinion that the service economy has been transformed into an attention economy, an entertainment economy, a dream society, an emotion economy or an experience economy. As the commoditisation of many service offerings continues, organisations have to devise new ways to achieve a competitive advantage, and in particular by focusing on the design and management of customers' experiences. Experiences are inherently emotional and personal (Pullman & Gross, 2003:215).

To compete successfully in the customer experience territory, a growing number of organisations are systematically applying the principles and tools of total customer experience (TCE) to generate, strengthen and sustain enduring customer loyalty. Marketers today believe that engineering TCE and lasting customer loyalty are important in maintaining a customer focus and in creating customer preference (Mascarenhas, Kesavan & Bernacchi, 2006:397).

Organisations that apply total customer experience principles have the following features in common (Mascarenhas, et al., 2006:398-399):

• Anticipating and fulfilling customer needs and wants better than competitors do.
• Providing real customer experiences.
• Providing a real emotional experience.
• Providing experience as a distinct market offering.
• Utilising experiences as interaction.
• Changing experiences into engaging memories.

These principles listed above imply the customer experience is applied throughout the organisation. The customer experience is in the DNA of the organisation – its people, processes and architecture, thus the organisational culture.

It is clear from the many definitions of customer experience (Drotskie, 2009) formulated over time that the total customer experience is a concept that evolved over time to become a systemic and holistic concept focused on the customer. It is about a "human" interaction and therefore the emotions of customers are a vital part of an experience.

Drotskie (2009) accepts the definition by Seybold (2002:108) namely "a total customer experience is a consistent representation and flawless execution, across distribution channels and interaction points, of the emotional connection and relationship you want your customers to have with your brand" encompasses all the most important aspects of the total customer experience and is therefore adopted for this paper.

The customer experience is felt in all interactions with an organisation and therefore it is important to understand that customers interact with an organisation through various means and the experience must always be the same. This is true for any services organisation, for example financial services.

From the definition of total customer experience given above it is clear that a total customer experience consists of a variety of elements.

The following key elements of customer experience are entrenched across the organisation (Shaw, 2005: xix), namely strategy, culture, customer expectations, processes, channel approach, marketing and brand, systems, people and measurement.

According to Shaw (2005:xix), each of these elements represents an area in the organisation that has an extensive effect on customer experience.

RESEARCH METHODOLOGY

The method of research applied in this paper is grounded theory.

The methodology of grounded theory was originally developed by Glaser (1978, 1992) and Strauss (1987) (Glaser & Strauss,1967). Strauss (1987) who was influenced by Hughes (1956) and Blumer (1969), contributed to the methodology by highlighting the need for field research in order to develop a discipline as the basis for social action, and to acknowledge the complexity and variability of both phenomena and of human action. The importance of an awareness of the interrelationships between conditions, actions and consequences was highlighted. Glaser (1978, 1992) identifies the need for comparisons of data in order to identify, develop and relate concepts.

Strauss (1990) and Corbin (1991), describe an axis coding process for the development of **grounded theory**. This approach may be used during theory construction to "*think systematically about data and to relate them in very complex ways*" (Strauss & Corbin, 1990: 99). During axial coding the researcher attempts to identify which types of phenomena, contexts, and causal and intervening conditions and consequences are relevant for the domain under study. Axial coding may be viewed as evolving out of the work of Strauss and Glaser (Strauss and Corbin, 1998).

Two frameworks emerged from the grounded theory approach, applied by the researchers to determine a framework explore employee engagement and customer experience.

Pre-requisite of employee engagement

The next step in content analysis involves combining and cataloguing related patterns into sub-themes. Patterns emerge when sub-themes are gathered in order to obtain a comprehensive picture of the information. These patterns may be tested with the interviewees. In this research stories emerged that had influenced the researcher's understanding of the phenomenon of inclusivity and, throughout the research process; the questions had been adapted slightly in order to test for new insights.

Viljoen (2009) adapted a technique of Strauss and Corbin (1998, xiii) to classify data. Categories are considered to be saturated when new data gathered no longer leads to new theoretical insights, neither does it reveal new properties in respect of the core theoretical categories (Charmaz, 2006). Ultimately, the insights gained are tested against, integrated into and presented in the Engagement Framework. A valid argument is then constructed for the choice of the themes. This is carried out by studying relevant literature.

The themes that emerged as pre-requisites of engagement are clustered on individual, group and organisational domain through grounded theory methodology. It was clustered as I-engage factors – factors needed on individual level to engage; We-engage factors – factors needed on group domain to engage; and Org-engage factors – factors on organisational level needed to engage (Viljoen, 2009). These pre-requisites are displayed in Figure 2.

Figure 2: Pre-requisites of Engagement

Within the context of the country:
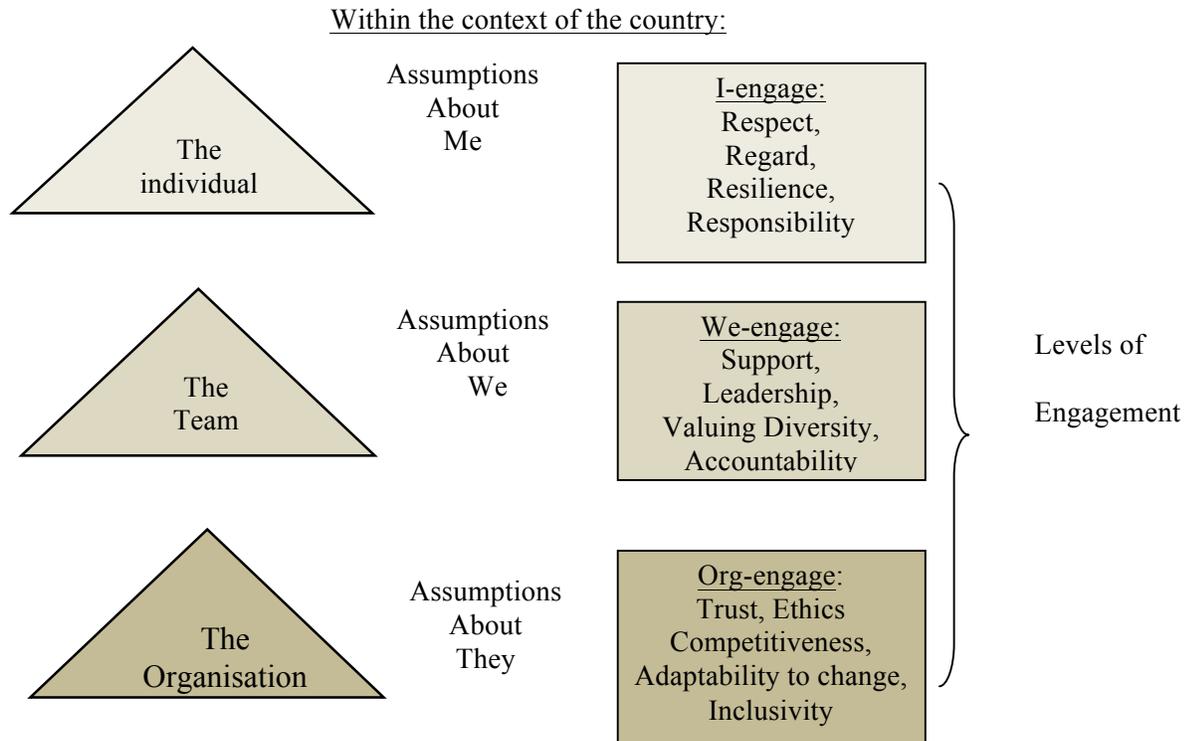
Source: Viljoen, 2009

It is not the intent the intent of this paper to define the different factors as described in this Figure. What are important is how employees in the organisation experience and describe the factors and not how the researchers define it. Individuals and groups in organisations should engage around these factors and identify what is important for that specific system, and plan around it.

As depicted in Figure 2 above, the pre-requisites of employee engagement can be described as and synthesis between the following constructs:

- **Respect** refers to an assumption/showing of good faith and value towards another person.
- **Regard** refers to having a positive self-view and self-awareness. It further refers to both the perceived week and strong points of an individual and how he or she deals with it.
- **Responsibly** refers to the extent to which an individual takes accountability for his or her behaviour.
- **Support** refers to the extent that individuals feel encouraged, cared for and assisted by others.
- **Supervisor leadership** refers to the leadership capability that is needed by managers to effectively manage and lead employees. It also specifically applies to the depth of leadership on supervisory level as effectiveness on this level has a direct impact on the achieving of organisational goals.
- **Diversity** refers to the degree to which diversity of thought; race, gender, age, language and nationalities are valued.
- **Accountability** refers to the degree to which an individual is held responsible for his or her contribution and behaviour by their team.
- **Trust** refers to the degree to which the intent of others is believed to be authentic and pure.
- **Alignment** refers to the degree to which teams have shared understanding of the values of the organisation and the strategy of the organisation.
- **Change resilience** refers to the ability of the organization and individuals to deal with change effectively
- **Inclusivity** refers to the degree to which an individual feel that they are been made part of the organisation. The practice of co-creating plans and strategies are utilised.
- **Ethics**refers to the sense of the individual that the right things are done in the organisation

The descriptions above crystallised from the Grounded Theory approach.

Leaders in organisations must create a space in which the wisdom, insights and gifts – the skills for which the individual was employed in the first place – are brought to the organisational table in order to create an environment in which diverse views, paradigms and perspectives may create a synergistic, sustainable outcome that manifests in organisational benefits such as optimal customer experience (Viljoen, 2009).

In this paper the researchers argue that through a process of inclusivity, employees can co-create strategies on customer experience and on values that will manifest in employee engagement and ultimately a positive customer experience.

Pre-requisites of customer experience

The researchers developed a framework to determine the pre-requisites of a total customer experience, namely the Integrated Services Measurement (ISM) framework presented in Figure 3 below.

Figure 3: Integrated Services Measurement Framework
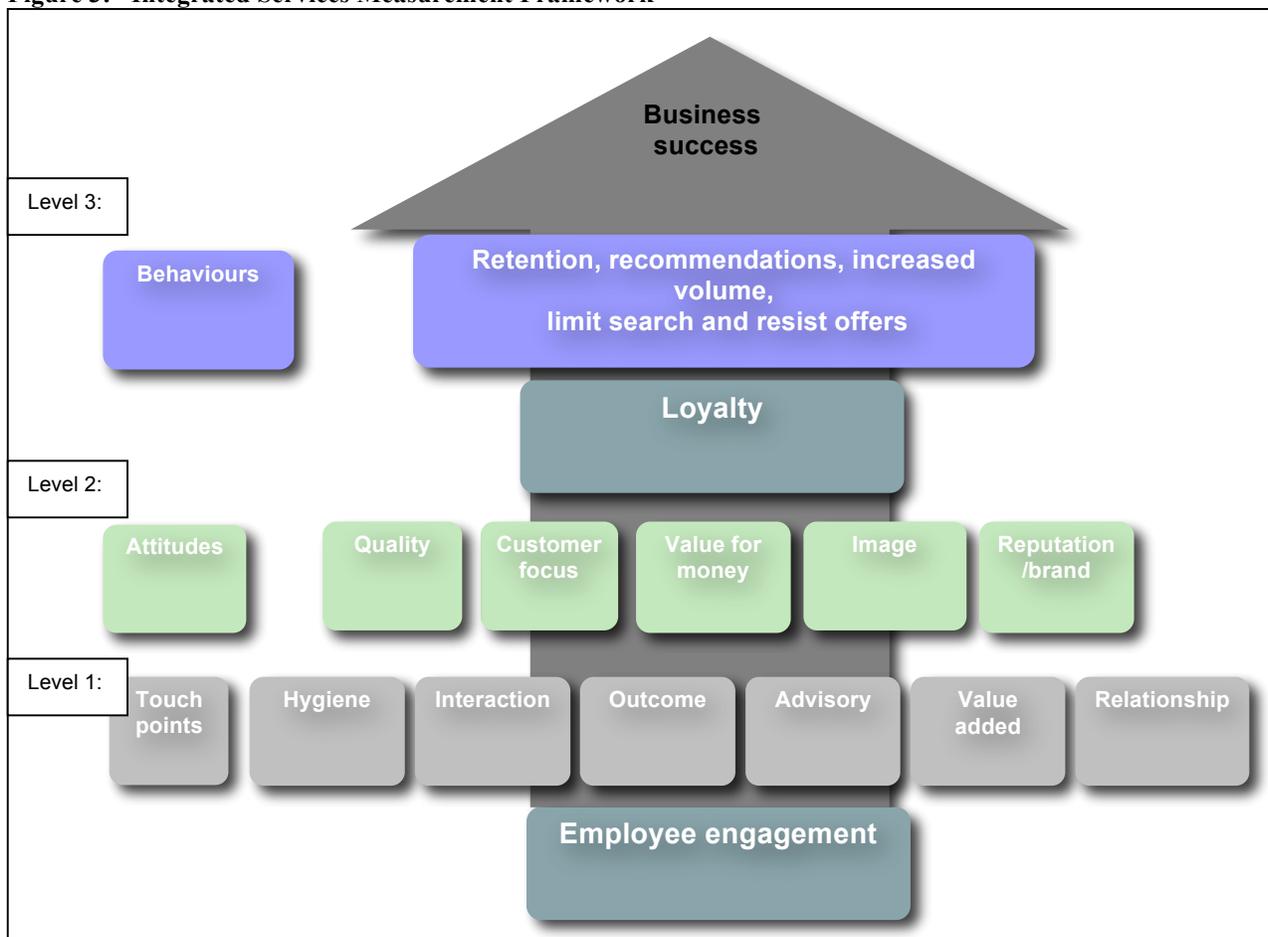
Source: Adapted from Markinor (2004). Copyright: Walker Information.

The ISM framework as depicted in Figure 3 indicates measurement of the customer experience on three levels, namely a touch point level, an attitudinal level and a behavioural level. To align customer experience being defined, as more than customer service, but including service, the basic service needs of customers were included in the framework. Customer experience is also defined as including the emotions and behaviour of customers and therefore the framework includes a measurement on an attitudinal and on a behavioural level as well as loyalty of customers towards an organisation.

Level 1: Service needs. This level describes the interaction between the customer and the organisation (i.e. the touch point). It represents the entire customer experience during interaction, fulfilling all service needs as described in the elements of the total customer experience. In customer-measurement terms, the touch point may be summarised in terms of attributes to provide the most comprehensive definition of the interaction (e.g. look and feel, timeliness, outcome [accuracy and speed], professionalism, communication [understanding, language, clarity during interaction]).

Level 2: Attitudes as emotional and intellectual dispositions caused by customer experience during interaction to meet service needs. These are the "feelings" customers have that will in turn affect their behaviour towards the service provider. Elements of the attitudinal level are quality of the organisation, customer focus, reputation and brand.

Level 3: Behaviours. These are intended actions that will make money for the service provider. Behaviours are initiated in response to and caused by customer attitudes.
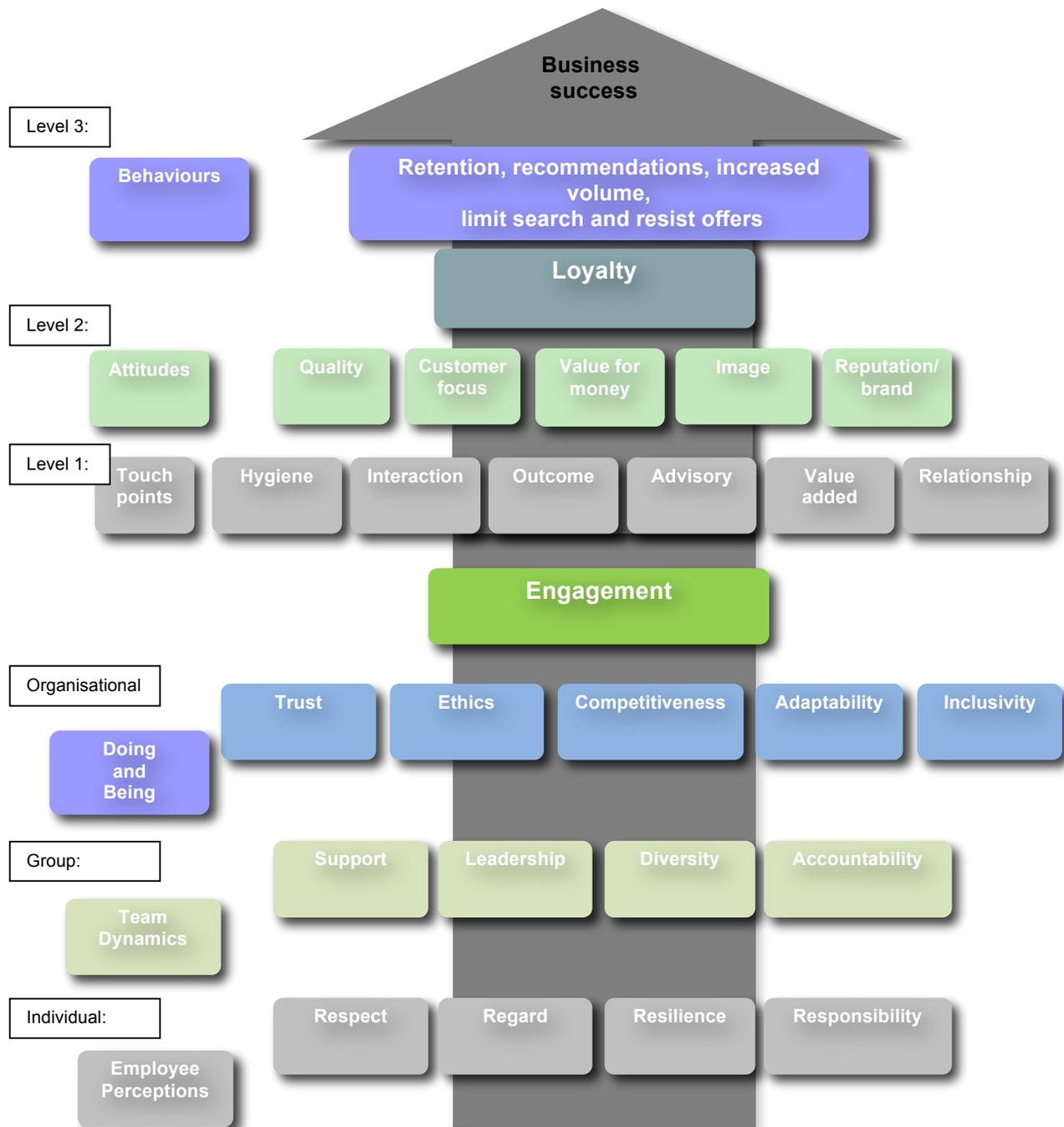
RESULTS / FINDINGS

Through grounded theory methodology the pre-requisites of employee engagement crystallised (see Figure 2). The pre-requisites for a changed customer experienced are described in Figure 3. Viljoen (2009) argues that employee engagement will result in a positive customer experience. Drotskie (2009) argues that a positive customer experience is reliant on employee engagement.

The researchers of this paper argue that focusing on external factors in the world of the customer cannot change customer experience. To influence the customer experience, the employee engagement within the organisation should be optimized. Jung (1959) stated years ago that what happen inside, would manifest outside. The researchers agree with this philosophy and argue that an integrated approach towards optimising customer experiences should be followed.

The causality between employee engagement and customer experience are displayed in Figure 4, where a synthesis of the two frameworks discussed earlier is presented.

Figure 4:   Integrated Systemic Framework of Customer Experience

Business success

Level 3:

Behaviours

Retention, recommendations, increased volume,
limit search and resist offers

Loyalty

Level 2:

Attitudes | Quality | Customer focus | Value for money | Image | Reputation/brand

Level 1: Touch points | Hygiene | Interaction | Outcome | Advisory | Value added | Relationship

Engagement

Organisational

Doing and Being | Trust | Ethics | Competitiveness | Adaptability | Inclusivity

Group:

Team Dynamics | Support | Leadership | Diversity | Accountability

Individual:

Employee Perceptions | Respect | Regard | Resilience | Responsibility

Source: Adapted from Viljoen (2009) and Markinor (2004)

The Integrated Systemic Customer Experience Framework in Figure 4 above indicate that through rewiring the perceptions of the individual, the group and the team through a process of inclusivity, around the Doing and the Being – thus, the Strategy which includes customer experience factors and the values of the organisation – virtuous energy is released in the system that will impact on customer experience. Through optimising the customer experience at the touch points, the customer attitudes and behaviours can manifest in organisational benefits and ultimately in organisational success and sustainability.

CONCLUSION

Culture, climate and customer experience should be studied simultaneously and systemically in order to gain a better understanding of causalities between these dynamics. An understanding of the external environment (in this case the world of the customer) may assist in creating insights, reawakening instincts and cultivating organisational change.

Optimising employee engagement can optimise customer experience. The enhanced customer experience will directly impact on business success and sustainability

The interrelated nature of Employee engagement and customer experience ask of leaders in the global context to elevate these topics into the strategic agenda. Employee engagement and customer experience can be the distinguishing factors in the New World of Work.

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