THE ROLE OF EMPLOYEE ENGAGEMENT IN CUSTOMER SATISFACTION IN HOSPITALITY INDUSTRY –AN ANALYTICAL STUDY

“If you look after your staff, they will look after the customers who in turn will look after your business”. Stew Leonard (2009)

INTRODUCTION

Employees are the human embodiments of a company. They represent the brand. If an employee is unhappy, this message is conveyed through work habits, interactions with co-workers and most importantly dealing with customers. Employees are the face of the business if they are unmotivated, unsatisfied its effect can be devastating. Today customer satisfaction is a universal priority for business of all sizes. Employees can make or break an organization. Some organizations believe supplementing coffee and tea with lime juice and sugar cane juice will do the magic. Some others believe that yoga classes and a state of the art gym will do the trick. None of these initiatives and investments is useless. These activities deliver satisfying behavior across the organization. Highly satisfied and committed employees lead to measurable organizational results such as absenteeism, turnover, customer satisfaction, high performance etc. But for these results employees need to be more involved in the business. The obvious answer is to find out what motivates each employee. One important question of 21st century is inspite of providing good pay packets and benefits; many organizations lose top performers to the competitors for no apparent reasons. If an organization is truly engaging its employees, the possibility of unexpected loss of skilled, experienced and motivated quality workforce is less. Employee engagement is arguably the most critical metric for organizations in the 21st Century. Most if not all, of the other key measures that reflect and drive organizational performance (customer satisfaction, innovation, profitability, productivity, loyalty and quality) are products of engaged committed employees.
**Definition:** The term employee engagement means different things to different organization. It is an intuitive concept

Mercer (2007) defines employee engagement as ‘a state of mind in which employees feel a vested interest in the company’s success and are both willing and motivated to perform to levels that exceed the stated job requirements. It is the result of how employees feel about the work experience – the organization, its leaders, the work and the work environment’.

Today, HR professional is expected to identify potential talent, making employee motivated and producing high customer satisfaction because engaged employees who feel engaged in their tasks do a better job, are less likely to make mistakes, and bring more energy, dedication and vigor into their performance. There is also mounting evidence that higher levels of engagement correlate with lower turnover and less absenteeism. Thus, it makes sense to focus on employee engagement.

In a service industry like hospitality, the pressure of retaining people and the adjustments that require to be initiated to facilitate this process would eventually change the work environment as well as the management structure in Indian hotels. Managers would be required to pay more minute attention in building the team and boosting employee motivation. In hospitality industry, there is absence of a tangible product so quality of employee-customer interaction becomes significant determinant of service quality and customer satisfaction. Up to a large extent due to heterogeneity in hospitality organizations service quality and customer satisfaction would depend on the ability, drive and willingness of personnel. Hence the company’s personnel personify and represent the organization. They help to form the image of the hotel in the customer’s eye.

Three basic aspects of employee engagement according to the studies conducted in the past are:-

- The employees and their own unique psychological make up and experience.
- The employers and their ability to create the conditions that promote employee engagement.
- Interaction between employees at all levels.
A Conceptual Model: Antecedents and consequences of employee engagement

Customer satisfaction “is typically defined as a post consumption evaluative judgment concerning a specific product or service” (Gundersen, Heide and Olsson, 1996).

It is the result of an evaluative process that contrasts pre purchase expectations with perceptions of performance during and after the consumption experience (Oliver, 1980).

The most widely accepted conceptualization of the customer satisfaction concept is the expectancy disconfirmation theory (Barsky, 1992; Oh and Parks, 1997; McQuitty, Finn and Wiley, 2000). The theory was developed by Oliver (1980), who proposed that satisfaction level is a result of the difference between expected and perceived performance. Satisfaction (positive disconfirmation) occurs when product or service is better than expected On the other hand, a performance worse than expected results with dissatisfaction (negative disconfirmation).
REVIEW OF LITERATURE

A detailed survey of the concerned literature has been carried out based on various journals; reviews concerned magazines and internet are presented below:

Dr. Padmakumar Ram and Dr. Gantasala V. Prabhakar (2011) published their journal entitled “An Enquiry into the mediatory engagement: Evidence from the Hotel Industry in Jordan” The result supports the relationship between employee engagement and customer satisfaction. Sample comprised of employees from different levels of management. Study also reveals that job characteristics are positively and strongly correlated to job satisfaction, commitment and organizational citizenship behavior (OCB). Thus HR can help the organization better manage engagement and ultimately foster motivation, productivity and retention.

In an interview given to The Economics Times Chandrasekhar Sripada (2011) VP and head HR at IBM India, South Asia propose 3 Cs to meet and to gain true employee engagement. First is career thus providing good opportunities to grow career through promotions, rotations and significant assignments is the most important need of employees. Second is competence which is the ability to grow. Lastly he suggests care that requires every manager to be sensitive, empathetic and spontaneous.

DGM HR & Assistant Manager of Reliance Communication Ltd. Abhijit Siddhanta and Debalina Roy (2010) in their Article Employee Engagement: Engaging the 21st Century Workforce in Asian Journal of Management Research, represent a comprehensive and integrated coverage of employee engagement activities being practiced by the corporate as well as how corporate culture has an important role in enhancing commitment towards jobs, motivation or productivity. This article throws light on how employee engagement can be increased. This article also reviews research or survey findings on the effect of employee engagement on productivity, profitability, customer satisfaction and various other related aspects conducted by organizations like Gallup, Hay
Author also tries to identify the key drivers of employee engagement and its different attributes together with the ways to measure it, how to handle disengaged employees and modern employee engagement practices in corporate.

**Right Management, a manpower company (2008-09)** conducted independent studies on employee engagement among 28,810 employees representing a broad range of industry sectors including hotels from 15 countries in the Americas, Europe and Asia-Pacific. Studies found that high engagement leads to higher financial performance, higher customer satisfaction and higher employee retention. They explain engagement by using four definitive factors like commitment to the job and organization, pride in the job and in the organization, willingness to advocate the benefits and advantages of the job and organization and satisfaction with the job and organization. In short, engagement can be described as the degree of employee-organization alignment. A correlation exists between customer satisfaction levels and engagement levels and vice-versa.

A report prepared by Angela Matheson and Matthew Watters of British Columbia Stats Public Sector Service Value Chain: Linking Employee Engagement and Customer Satisfaction (2008) explored the two-way relationship between employee engagement (i.e., satisfaction and commitment) and customer satisfaction. It states how engagement of employees in work units directly involved in service delivery contributes to the first link of the service value chain. There is a moderately strong positive two-way relationship between engagement and customer satisfaction and vice-versa. In other words, if scores decreases in one area, we can expect to see a decrease in the other area as well. In this study, employee engagement is an important driver of customer satisfaction. The 41 work units were divided into three types of groups based on the distribution of their engagement scores. Analysis revealed differences in customer satisfaction between these groups of work units. Work units classified as ‘Low Engagement’ averaged 69 out of 100 points on customer satisfaction. Work units classified as ‘Medium Engagement’ performed better in Customer satisfaction, with an average score of 76 out of 100 points. Work units with ‘High Engagement’ achieved the highest scores averaging at 80 out of 100 points.
Regression analysis found that for every 2 point increase in employee engagement customer satisfaction increases 1 point.

Mike Johnson (2004), in his book *The New Rules of Engagement*, explains that engagement can affect employees attitudes, absence and turnover levels and various studies have demonstrated its links with productivity, increasingly pointing to a high correlation with individual, group and organizational performance. The outcomes of employee engagement could be measured through the quality of customer experience and customer Loyalty. He also identifies and describes the drivers behind engagement. He wrote “the ability to engage employees, to make them work with our business, is going to be one of the greatest organizational battles of the coming 10 years” (p. 1).
AN OVERVIEW OF HOSPITALITY INDUSTRY

Introduction:
The term hospitality refers to the cordial and generous reception and entertainment of guest or a stranger either socially or commercially. Indians are known in the world over their hospitality **ATHITI DEVO BHAVA** which means guest is like a god. It is because of this numerous hotels are considered one of the world’s leading hospitality venues.

Under the hospitality industry there are many organization works together for a common purpose. Therefore hospitality industry can be broadly defined as the collection of organizations providing the following facilities, either all or in any combination. So hospitality organization provide:-
- Accommodation – Hotels, motels, inns.
- Food and Beverages-Independent restaurants, cafeteria.
- Transportation-Airlines, railways, cruise lines.
- Entertainment-Pubs, bars, amusement parks.
- Health care –Hospitals, nursing homes.

And any possible organization engaged in customer service- Banks and Call centers.

Hospitality industry is a part of travel and tourism industry. Hospitality business is now both profits making as well as non-profits making. Commercial hotels are profits making by developing canteens, cafeterias and religious catering such as langars and bhandaras are non-profits making.

Hospitality has both influenced and is being influenced by cultural, social and economical changes in society. Hospitality business tends to satisfy human needs and also play an important role in the satisfaction of social needs such as belongingness, love esteem and status.

**Hotel:**
A hotel is an establishment that provides paid lodging, usually on a short term basis. Hotels often provide a number of additional guest services such as an accommodation room’s restaurants, a swimming pool, childcare, entertainments, services and facilities, etc.
Profile of hotel industry in Agra

A wide range of hotels in Agra offer accommodation to tourists. The hotel industry is so vast that many hotels do not fit into single well defined category. The Agra hotels come in all ranges and cater to all kinds of tourists. Hotels can be classified on the basis of location, size of properties, star system etc depending on their location, facilities infrastructure and amenities provided. Hotels in Agra is based on Star category method from Two Star, Three Star, Four Star and Five Star. All star hotels in Agra are government approved with continuous control on the quality of services offered. Categories of hotels (Star method) are explained below:-

<table>
<thead>
<tr>
<th>Three Star</th>
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<tr>
<td>Typically these hotels offer more spacious accommodations that include well appointed rooms and decorated lobbies</td>
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<table>
<thead>
<tr>
<th>Four Star</th>
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<tr>
<td>Mostly large, formal hotels with smart reception area, front desk services. The level of services is above average.</td>
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<table>
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<tr>
<th>Five Star</th>
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<tbody>
<tr>
<td>These are hotels offer only the highest level of accommodations and services. The properties offer a high degree of personal services</td>
</tr>
</tbody>
</table>

The present study is limited to the following hotels of Agra

Hotel Yamuna View (Three Star)

Hotel Yamuna View (formerly Hotel Jamuna View) in Agra is one of the most popular in three star rating. The hotel is known for its impeccable service that it provides to its guests. Hotel Yamuna View has been the most gracious and regal host to the leading national and international visitors to the city of Taj Agra. The hotel is known for its unique mix of traditional Indian hospitality and modern day systems and facilities beyond compare. Channels to suit individual tourist needs.

Sarovar Hotel & Resorts (Four Star)

Sarovar Hotels & Resorts is a privately owned hotel chain in India. It is the 4th largest hotel chain in India with 36 hotels across India and overseas. The company is affiliated with
Carlson Hospitality Worldwide. Carlson is active in hospitality services, comprising more than 1,570 hotels, resorts restaurants, and cruise ship operations in 81 countries. The Company has also launched the domestic brands: - Sarovar Premiere, Sarovar Portico and Hometel. Sarovar Hotels and Resorts will raise Rs 700-Rs 800 corer to fund its expansion plan that involves more than doubling its hotel count to 100 from the current 35 hotels in the country. By the end of 2012, the company will manage a total of 100 hotels. It aims to boost its top line to touch Rs 400 corer this year.

The company over a period of 16 years has successfully churned the demand in this segment, and is now the third largest chain in India, with 54 hotels across the country and overseas. It has a diverse portfolio encompassing hotels, resorts, restaurants and corporate hospitality. The properties vary by type, size and the market niche they serve.

**Jaypee Palace Hotel & Convention Centre (Five Star)**

Jaypee Hotels is one of the finest hospitality groups in India. It was established in 1981. The Jaypee Group is an Indian conglomerate based in Noida, India. It was founded by Jaiprakash Gaur. In 1999 Hotel Jaypee Palace, Agra was set up. Jaypee Palace Hotel & Convention Centre is the most famous in Agra. It is a division of the conglomerate, Jaiprakash Associates Ltd. Presently the group has four luxury properties, strategically located to service the needs of discerning business and leisure travelers. In New Delhi, the group has two hotels: Jaypee Siddharth and Jaypee Vasant Continental. property is The group sets their mission to combine the warmth of traditional Indian hospitality with modern systems to create a competitive and unique Indian hospitality brand. All the four properties are HACCP certified
NEED OF THE STUDY

Today hospitality sector is one of the fastest growing sectors. It is expected to grow at a rate of 8% between 2007 and 2016. A study conducted by the Associated Chambers of Commerce & Industry of India (ASSOCHAM) reveals that the attrition rate in the hospitality industry in India is set to double to nearly 50% by 2010. The earlier was 25% growing at an alarming rate of 10% per annum. The major challenges for the hospitality sector were to motivate employees as well as to keep them engaged fully. Hospitality industry is an industry in which the customer’s satisfaction is almost entirely dependent on how engaged a particular hotel’s workforce happens to be. One of the few reasons for unengaged employees in hospitality sectors are lack of trust in leader, lack of challenges in the job, dissatisfaction with supervisor, lack of career progress etc. Thus in order to reduce churn, improve relationship management, increase performance, produce satisfied customers companies should create and identify which personnel are engaged most effectively to the business and to appropriately handle those who aren’t.

Several research studies have been conducted in the area of employee engagement. Majority of these studies have been carried out with a view to analyze the meaning of employee engagement, business outcomes and profits.

Several important aspects of employee engagement in hotels industry such as: the present scenario of employee engagement in hospitality industry; the antecedents of employee engagement at functional levels; and its role in customer’s satisfaction has not been examined so far.

The present study will provide the necessary aspects of employee engagement which have been overlooked in the previous studies and will, thereby, fill the desideratum, felt since long.
OBJECTIVES OF THE STUDY

The study will be based on the following Objectives:-
1. To study the present scenario of employee engagement in hospitality industry (with special reference to Agra hotels).
2. To study the antecedents of employee engagement at functional levels
3. To study the consequences of employee engagement at functional levels.
4. To develop relationship model for employee engagement and customer satisfaction.

RESEARCH DESIGN AND METHODOLOGY

Scope of Study:
In order to collect data, samples will be collected from different rating categories i.e. five star (Jaypee hotel), four star (Sarovar park plaza) and Three star (hotel yamuna view) in Agra City.

Hypotheses: In order to have scientific base of employee engagement in hotels the researcher would like to test the validity of the following hypotheses.

H₁: Present scenario of employee engagement is favorable in hospitality industry.
H₂: Job characteristics of the employees positively influences employee engagement
H₃: Training & Development of the employees positively influences employee engagement
H₄: Rewards and recognition to the employees positively influences employee engagement
H₅: Assertive relationship with peers and supervisor of the employees positively influences employee engagement
H₆: Career development of the employees positively influences employee engagement
H₇: Employee engagement positively influences customer satisfaction.
**Sample Design:**
A good sample is a true representation of the population. To achieve the above stated objectives the researcher is intended to use both primary as well as secondary data follows:-

### HOTEL YAMUNA VIEW (THREE STAR)

<table>
<thead>
<tr>
<th>LEVELS OF MANAGEMENT</th>
<th>POPULATION</th>
<th>SAMPLE</th>
<th>SIZE</th>
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<tbody>
<tr>
<td>TOP MANAGEMENT</td>
<td>10</td>
<td>4</td>
<td>(40%)</td>
</tr>
<tr>
<td>MIDDLE MANAGEMENT</td>
<td>19</td>
<td>8</td>
<td>(40%)</td>
</tr>
<tr>
<td>LOWER MANAGEMENT</td>
<td>44</td>
<td>18</td>
<td>(40%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>75</strong></td>
<td><strong>30</strong></td>
<td><strong>(40%)</strong></td>
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### SAROVAR HOTEL & RESORTS (FOUR STAR)

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<th>LEVELS OF MANAGEMENT</th>
<th>POPULATION</th>
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<tbody>
<tr>
<td>TOP MANAGEMENT</td>
<td>19</td>
<td>8</td>
<td>(40%)</td>
</tr>
<tr>
<td>MIDDLE MANAGEMENT</td>
<td>32</td>
<td>13</td>
<td>(40%)</td>
</tr>
<tr>
<td>LOWER MANAGEMENT</td>
<td>59</td>
<td>23</td>
<td>(40%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>110</strong></td>
<td><strong>44</strong></td>
<td><strong>(40%)</strong></td>
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### JAYPEE PALACE HOTEL & CONVENTION CENTRE (FIVE STAR)

<table>
<thead>
<tr>
<th>LEVELS OF MANAGEMENT</th>
<th>POPULATION</th>
<th>SAMPLE</th>
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<tbody>
<tr>
<td>TOP MANAGEMENT</td>
<td>20</td>
<td>4</td>
<td>(20%)</td>
</tr>
<tr>
<td>MIDDLE MANAGEMENT</td>
<td>60</td>
<td>12</td>
<td>(20%)</td>
</tr>
<tr>
<td>LOWER MANAGEMENT</td>
<td>220</td>
<td>44</td>
<td>(20%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>300</strong></td>
<td><strong>60</strong></td>
<td><strong>(20%)</strong></td>
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**NOTE:** Population size of five star Hotel is more than three and four star. So researcher will take 40% of three star and four star hotel and 20% of five star. Researcher shall take 50 as a customer sample size from each hotel.
**SOURCES OF DATA**

The proposed study will be based on both primary as well as secondary data for the purpose of obtaining the determined objectives of the study:-

**Primary Data:** To fulfill the objectives and to test the hypotheses, primary data will be collected from the employees of three, four and five star hotels with the help of structured questionnaires and Schedules from various categories of employees and management. Personal Interviews will also be the primary sources of data collection.

**Secondary Data:** Will provide the knowledge about the company in terms of facts and figures. It will also provide information about the antecedents of engagement possess by managerial staff in different categories of hotels of Agra city.

**Method of Secondary data collection:**
- Journal
- Magazines
- Books
- Past data
- Websites etc.
Methodology:

For completing this research the study would be descriptive, explorative as well as analytical in nature. To make the study more meaningful and concise, necessary data would be collected from the relevant sources.

Researcher has designed following strategies to complete the study:

- Interview & discussion with eminent persons from the relevant field.
- Study the level and impact of employee engagement on the customer satisfaction in hotels.
- Analysis of data for drawing conclusion.

In order to achieve the noted objectives, study is based on primary and secondary data, which includes conducting the survey through well-designed questionnaires. In addition to this personal interview, discussions etc. would be conducted with the different levels of management of the selected hotels.

Tabulation and Analysis of Data (Parameters of Evaluation):

Data will be tabulated and analyzed on the following parameters:-

- Job Characteristics
- Training &Development
- Rewards and Recognition.
- Assertive Relationship with Superior and peer Groups
- Organizational climate
**Statistical tools:**

To test the given hypotheses and survey findings scientifically, the researcher is keen to analyze data by using the appropriate statistical methods like-ANOVA (Analysis of variance) T-test, correlation and regression analysis and suitable test of significance etc.

**PROPOSED CHAPTERISATION**

The structure of the proposed study will be as follow:

- CHAPTER 1 INTRODUCTION
- CHAPTER 2 RESEARCH METHODOLOGY AND REVIEW OF LITERATURE
- CHAPTER 3 PROFILE OF HOSPITALITY INDUSTRY.
- CHAPTER 4 CURRENT STATUS OF EMPLOYEE ENGAGEMENT IN HOSPITALITY SECTOR
- CHAPTER 5 ANALYSIS AND RESULTS
- CHAPTER 6 CONCLUSIONS AND SUGGESTIONS

APPENDIX

- REFERENCES
REFERENCES
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Saurabh Rai Bhatnagar  Regional Director, India; Director Global Sales, India, Middle East & Africa for the Preferred Hotel Group In conversation with Mr. Prabhjot Singh Goomer - Director of Human Resources for Hilton New Delhi in *The Economic times* 2010
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<th>RESEARCHER</th>
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<tbody>
<tr>
<td>Sukhmeet Kaur</td>
<td>Prof. Shiv Kumar Sharma</td>
<td>Prof. Sanjeev Swami</td>
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<td>Dept. of Management</td>
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DEAN

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