Human resources practices and job satisfaction on customer satisfaction: The mediating role of quality of customer interaction in online call center

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ABSTRACT

The frequently discussed topic of job satisfaction is not new in the field of organizational behavior research. Job satisfaction is related to customer satisfaction; however, there is a scarcity of empirical evidence regarding this link. The current piece of research examines the said relationship in the context of the online call center. In addition, this study investigates the effect of human resources (HR) practices on job satisfaction within the online call center context. The sample of the study consists of 275 employees who were working as an online call center. SMARTPLS 3 was used to analyze the data. The findings of the study indicated a positive relationship between HR practices with job satisfaction. Furthermore, a positive impact of job satisfaction on customer satisfaction is observed. The mediation of customer interaction quality is also found to be significant in the relationship between job satisfaction and customer satisfaction.

1. Introduction

People management is one of the critical aspects of organisational Human Resource Practices for a long time in the history of traditional and contemporary organisations (Alsakarneh et al., 2019). The main reason of importance people management is the productivity of the human capital of an organisation (Abdelqader Alsakarneh et al., 2018; AL-Abrrow et al., 2019; Taamneh et al., 2017; Aymen et al., 2019). According to Price (2004), effective and efficient utilisation of human capital is an important task for organisation to achieve competitive advantage. Jena and Pradhan (2014) also indicated the same point that HR practices are much helpful to achieve competitive advantage for an organisation to overcome the competitors. One way of determining the organisation growth is to examine the HR practices of an organisation (Hallberg & Schaufeli, 2006). Past researchers such as Combs et al. (2006) and Pradhan and Jena (2016) have found the positive impact of HR practices on organisational performance. However, their studies had limited scope to linking the HR practices with organisational performance without considering the systems and procedures, that also enhances the organisational performance. Researcher such as Delaney and Huselid (1996) and Pauwwe and Ricardson (1997) also discussed the role of HR practices in organisational performance however they argued the mediating role of work-related behaviours and attitude in the above-mentioned relationship. The work-related behaviour and attitude may consist of employee turnover, job satisfaction, commitment and motivation (Shadab & Arif, 2015; Akbar et al., 2018b). Working on the same line, the current study focuses on the relationship of HR processes and job satisfaction. Companies are investing considerable part of their resources in evaluating and increasing the job satisfaction of the employees (Heskett et al., 1997) if these practices can be a way to increase
employees job satisfaction which later leads to customer satisfaction. More importantly, the relationship between employee satisfaction and customer satisfaction is the core of the framework of the service profit chain (Heskett et al. 1997). The model incorporates intervening variables such as employee loyalty, customer satisfaction and customer loyalty. However, the relationship between employee satisfaction and customer satisfaction is not much investigated in the existing literature. Reichheld (1996), providing a similar logic, suggests the relationship between employee loyalty and customer loyalty. In the academic research employee loyalty and customer loyalty are well studied (Pradhan et al. 2019). Moreover, employees' job satisfaction has also been studied in the literature related to marketing (Brown and Peterson 1993; Churchill et al., 1985). However, there is a lack of studies regarding the HR practices and job satisfaction and impact of job satisfaction on customer satisfaction in an online work environment. To the best of the researchers' knowledge, no empirical research has been conducted regarding these relationships in an online work environment such as call centre services. However, there may be several limitations in the existing empirical evidence.

2. Literature review and hypotheses development

2.1 HR practices and Job satisfaction

Human resources practices have a vital role in optimising the efficient role of human capital to achieve organisational goal (Huselid 1995). In a long run perspective, HR practices are important for achieving optimise utilisation of the Human resources. Moreover, enhanced confidence, flexibility, and motivated human capital are the result of best HR practices, leading to dedicated and energetic workforce. It is crucial to have a defined systematic approach for developing and implementing HR practices for the attainment of organisational objectives in today's competitive business environment (Khan, 2010). Becker and Huselid (1998) suggest that HR practices have to be considered for achieving competitive advantage in the contemporary business world and organisations have to invest considerable resources for developing and implementing HR practices. HR practices allude to the exercises of an organisation focused on managing the workforce and guaranteeing that these assets are appropriately connected with for achievement of the organisational goal. Job satisfaction is a significant factor that is related to the emotions of the employees regarding their own job demonstrating their satisfaction level towards their own jobs. Hence, this factor leads to organisational performance and plays a vital role in efficient business strategy formulation. Understanding the importance of job satisfaction of employees, the organisation has prioritised the element of employees' satisfaction at a higher level so that it may lead to better organisational level outcomes. It is recommended that for supporting the exceptionally important business condition, they may embrace appropriate HR practices that will advance job satisfaction of employees, having a few significant advantages for the organisations (Gurbuz, 2009). Prior experts such as Combs et al., (2006) and Pradhan and Jena, (2017) have talked about the direct relationship of HR practices and firm performance. Nonetheless, one of the significant disadvantages is that they have concentrated on the connection between HR practices and firm performance, ignoring the methods or frameworks that improve performance. While building up the HRM–Performance relationship, numerous analysts (Katou et al., 2014; Van De Voorde et al., 2012) suggested understanding the impact of HR practices on organisational outcomes via the mediation of several factors that are related to the behavioural aspect of the workforce. The current research working on the same lines focuses on developing a link between HR practices and employees job satisfaction. The two important HR practices, i.e. training, rewards and compensation much relevant in the online call centres. Training and development are a critical HRM tool that provides a learning environment for employees to enhance their skills and abilities. Moreover, the work-related behaviour and attitude of employees can also be improved by providing training to the employee so that they can perform better not only in the present but also in future (Ahmed & Yohana, 2014). Okechukwu (2017) states that training helps enhance an individual's performance not only at a personal level but also at the firm level. Khan et al., (2016) argued that new skills and technical knowledge is important for employees in today's competitive business environment these help employees to embrace new technologies without any resistance.

There found to be a positive and significant linkage between training and development and employee performance (Afsana et al., 2016; Singh 2016). There is plenty of research done in the business environment regarding the said relationship; however, still the higher education sector has not been given much attention (Al Mzary et al., 2015). Hence, there seems a high need for validating these findings in the said sector by positing the following claim.

**H1: Training affects positively on the employee's job satisfaction who work online.**

Employees are compensated by their respective organisations against displaying ability to perform different services (Rana & Malik, 2017). As indicated by Sardar et al., (2011), compensation is not only the monetary benefits but also non-monetary benefits. The monetary benefits are called financial rewards which includes pay, bonuses and non-monetary or non-financial rewards including additional leaves and other recreational plans (Akbar et al., 2018a). It is important to engage employees with attractive packages to attain better job performance which ultimately leads to better organisational performance (Rana & Malik, 2017). A reasonable and just remuneration bundle affirms high assurance along these lines high employees’ performance and is viewed as a powerful factor towards an individual’s job performance. As indicated by the perspective on Ahmad and Shahzad (2011), performance is directly proportional to financial rewards. A study contended that those ventures and firms accomplish more profit for value-seeking after long haul motivating forces against those organisations who ignore such incentive packages (Bashir & Khattak, 2008). Moreover, research published by Tessema and Soeters (2006) also indicated that compensation practices and employees job performance are directly related. Their study is also supported by the work of Nzyoka and Orwa (2016). Building upon the above literary evidence, the following hypothesis is proposed:
H2: Rewards and compensations affect positively on the employee's job satisfaction who work online.

2.2 Employee Job Satisfaction and Customer Satisfaction

In the current market, the relationship between employee job satisfaction and customer satisfaction is exhibiting direct and significant results (Eneizan et al., 2019b; Wolter et al., 2019; Zablah et al., 2016). It is evident from the above-mentioned research that an employee's job satisfaction plays an important role in the satisfaction of customers; this has been observed in various industries beyond banking as well (Doucut, 2004). There are two different schools of thought that suggest that employee satisfaction is directly tied to customer satisfaction: these schools are emotional satisfaction and job benefits (Brown & Lam, 2008). The relationship between employee satisfaction and customer satisfaction belongs to the theory of emotional contagion (Hatfield et al., 2018) and has been discussed in the literature (Barsade et al., 2018). From the studies, it is evident that customers are capable of assessing the behaviour of employees who develop the service quality that can be offered to them (Hatfield et al., 2018). Organisational employees and customers have direct contact, which includes emotions and behaviour combinations within the quality of service. Once employees are satisfied with their job, their satisfaction will cause significant changes to their behavior. These changes will be noted by customers and they will become satisfied customers (Barsade et al., 2018). Thus, employees who experience high levels of satisfaction with their job exhibit positive behavior towards their customers. In turn, the customers feel the positivity in the behavior of the employees, which increases their satisfaction level (Zablah et al., 2016). In view of the organisational benefit, employees who are highly satisfied are generally able to produce quality services, and this feature is transferred to customers through their performance and ability to satisfy the customers. It is also as relayed through their services that directly or indirectly impact organisational profitability (Sharma et al., 2016). Organisational benefits are associated with employee job satisfaction, which in turn is associated with customer satisfaction as analysed through service quality. Employees who are highly satisfied with their jobs tend to have high motivation to perform according to the organisation's mandated standards, which then produces quality services and provides optimal value to the customer (Zablah et al., 2016). On the basis of this, the following hypothesis was developed:

H3: Job satisfaction is positively associated with customer satisfaction.

Earlier in this study the direct relationship of job satisfaction and customer satisfaction is hypothesised. However, in addition to that, the current study tries to investigate the mediating role of customer interaction quality in the above-mentioned relationship. The customer interaction quality can be defined as the openness, flexibility and customer orientation of the customer interaction and is conceptually presented in the marketing-related research (Nicholls & Mohsen, 2019; Kim & Choi, 2016). This construct includes important elements of customer interaction behaviour discussed in the relevant research. The argument that job satisfaction and customer interaction are positively related is the claim of the current study and supported by the literature such as Nicholls & Mohsen, 2019 and Kim & Choi, 2016 that discusses favourable behavioural outcomes of job satisfaction. The study of Homburg and Stock (2004), provides an instance of the relationship of pro-social behaviours and job satisfaction. They additionally found a relationship between job satisfaction and customer interaction quality. The above evidence leads to the following hypotheses.

H4: The higher the job satisfaction, the higher the quality of customer interaction.

According to Gronroos, (1982, 1984), interaction quality is the perception of customers regarding the way the service is delivered (Lemke et al., 2011). The past literature argued the impact of interactions on customer's perception regarding quality of service (Binter et al., 1994). Moreover, a study was conducted by Gerrard and Cunningham (2001) suggested that the employees who are dedicated to provide the services to the customer are an integral part of organisations with high customer satisfaction. Similarly, Jamel and Naser (2002) claim that interactions quality and customer satisfaction are directly related while Jap (2001) advocates the employees’ efforts and interactions for building customer relationship leads to customer satisfaction. Particularly for the services like medical treatments, interaction quality is significantly related to perceived quality of service (Lin et al., 2001) as the customers may face issues in precisely assessing the quality of the outcome. Thus, there may a role of being polite, friendly and sensitive in constructing interaction quality for the derivation of better satisfaction of customer. Patients all around educated about their conditions and treatment alternatives and minded through their communication with employees may have a lower level of vulnerability in regard to their conditions, which is probably going to prompt high consumer loyalty (Gaur et al., 2011). This leads us to recommend that there exists a positive connection between cooperation quality and consumer loyalty. Moreover, the argument provided by the current study is that the quality of customer interaction has a direct impact on customer satisfaction. The idea is supported by the existing literature on customer satisfaction such as (Choi and Kim 2013 and Homburg and stock 2004). Hence following hypothesis is developed.

H5: Quality of customer interaction mediates the effect of job satisfaction on customer satisfaction.

3. Methodology

The study regarding the impact of HR practices on job satisfaction and leading to customer satisfaction is a quantitative study hence the data will be collected using a close ended survey instrument. The data will be collected using 5 point likert scale measurement providing the numbers from 1 to 5 hence making our study based on numbers. The numerical data will then be
statistically analysed and the interpretation will be done with regards to the study results. The researcher has selected the convenience sampling technique for which 275 participants are selected from an online call centre. In order to maintain the reliability and validity of the questionnaire item; these are adapted from the past researches. Training, rewards and compensations, job satisfaction, customer satisfaction, and quality of customer interaction have been analysed by adopting three items for each variable from (Homburg & Stock, 2004; Pradhan et al., 2019; Nasurdin et al., 2015). The questionnaire includes the five-point Likert scales which involve strongly disagree to strongly agree.

3.1 Data analysis

This study employed Variance-based structure equation modeling with Partial Least Square (PLS-SEM) to examine the suggested model. PLS-SEM is now one of the most popular methods for analysing complex models in many domains (Hair et al., 2018, Eneizan et al., 2019a). PLS-SEM is vital for this study because it focuses on both prediction and theory testing (Hair et al., 2018; Petter, 2018), which are the interests of this study. It also enables us to estimate the interrelationships suggested in this study with minimal sample size and without imposing distributional assumptions on the data (Garson, 2016; Hair et al., 2018).

4. Results and discussion

As proposed by Hair et al. (2017) and Ngah et al. (2019), we assessed the multivariate skewness and kurtosis. The results showed that the data we have collected was not multivariate normal, Mardia’s multivariate skewness ($\beta = 4.140, p< 0.01$) and Mardia’s multivariate Kurtosis ($\beta = 46.695, p< 0.01$), thus following the suggestions of Hair et al. (2019) we reported the path coefficients, the standard errors, t-values and p-values for the structural model using a 500 sample re-sample bootstrapping procedure (Chin 2010; Tan et al., 2020). Similar to other SEM approaches, analysing the data using PLS-SEM requires assessment for both measurement and structural models. Reliability and validity of the measurement model should be confirmed prior to the assessment of the structural model (Hair et al., 2019; Ngah et al., 2015). There are two types of validities need to be confirmed which are convergent validity and the discriminant validity. Convergent validity refers to the degree to which multiple items measure the same concepts in agreement.(Hair et al., 2013; Ngah et al., 2017). According to Hair et al. (2019), to confirm the convergent validity, loading and Composite reliability (CR) $\geq 0.7$, meanwhile the average variance extracted $\geq 0.5$. Based the values in the Table 1, all the values for loading, CR and AVE are higher than the threshold value setup by (Hair et al., 2019), thus confirming that the convergent validity is not an issue for the study.

<table>
<thead>
<tr>
<th>Construct</th>
</tr>
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<tbody>
<tr>
<td>Customer satisfaction</td>
</tr>
<tr>
<td>Job satisfaction</td>
</tr>
<tr>
<td>Quality of Customer Interaction</td>
</tr>
<tr>
<td>Reward &amp; Compensation</td>
</tr>
<tr>
<td>Training</td>
</tr>
</tbody>
</table>

Next is the discriminant validity. Discriminant validity refers to the extent to which a construct is truly distinct from other constructs in terms of how much it correlates with other constructs, as well as how much indicators represent only a single construct (Hair et al., 2010; Abd Aziz et al., 2020). As proposed by (Franke & Sarstedt, 2019), discriminant validity should be confirmed by assessing the heterotrait-monotrait (HTMT) ratio. The HTMT values should be should be $\leq 0.90$. As shown in Table 2, the values of HTMT were all lower than the of $\leq 0.90$ as such we can conclude that the respondents understood that the 5 constructs are distinct. Taken together both these validity test has shown that the measurement items are both valid and reliable.

Table 3

<table>
<thead>
<tr>
<th>Construct</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job satisfaction</td>
<td>0.411</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of customer interaction</td>
<td>0.478</td>
<td>0.165</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reward and Compensation</td>
<td>0.528</td>
<td>0.373</td>
<td>0.378</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td>0.879</td>
<td>0.640</td>
<td>0.379</td>
<td>0.433</td>
<td></td>
</tr>
</tbody>
</table>
Prior confirming the hypotheses of the study, multicollinearity should be cleared from the study (Ngah et al., 2019). As proposed by (Diamantopoulos & Siguaw, 2006), the VIF value should be less than 3.3. As shown in the Table 3, all the VIF values were lower than 3.3, thus corroborant that the multicollinearity was severe for the study. First we tested the effect of the 2 predictors on job satisfaction, the $R^2$ was 0.323 which shows that all the 2 predictors explained 32.3% of the variance in job satisfaction. Next, we tested the effect of job satisfaction on quality of customer interaction, with an $R^2$ of 0.136 which indicates that job satisfaction explains 13.6% of the variance in quality of customer interaction. Lastly, there are two predictors on the customer satisfaction. The study found that the $R^2$ for customer satisfaction is 0.735, indicating that job satisfaction and quality of customer satisfaction explained 73.5% of the variance in customer satisfaction. For testing the statistical significance of the relationship bootstrapping was performed, illustrated in figure 1, whereas Table 3 illustrates the results of direct and mediating relationship hypothesised by the current conceptual model. The path coefficient along with t-values of significance of the relationship bootstrapping was performed, illustrated in figure 1, whereas Table 3 illustrates the results of direct and indirect relationships, are shown in the figure 1. Training has a positive relationship with Job satisfaction as ($\beta = 0.377, 5.758$), the results of this study are also in consonance with past researches i.e (AfSana et al., 2016; Taamneh et al., 2019; Singh, 2016). The study also found that reward and compensation also related to Job satisfaction as ($\beta = 0.314, 5.099$). Moreover studies of Tessama and Soeters (2006) also evident the positive and significant relationship of practices regarding compensation and job performance of employees and validated by the researcher such as (Bashir & Khattak, 2008; Nzyoka & Orwa, 2016). Job satisfaction is also directly related to customer satisfaction as ($\beta = 0.691, 12.718$), in the current market, the relationship between employee job satisfaction and customer satisfaction is exhibiting direct and significant results (Wolter et al., 2019; Zablah et al., 2016). The results show that Job satisfaction and quality of customer interaction are directly related as ($\beta = 0.368, 6.102$). It is argued that job satisfaction is directly related to customer interaction quality. The study provides support to the current literature regarding the behavioural outcomes of job satisfaction (Nicholls & Mohsen, 2019; Kim & Choi, 2016; Homburg & Stock, 2004). Quality of customer interaction is directly related to customer satisfaction as ($\beta = 0.312, 5.508$) these findings are in line with the available literature that explores the factors of customer satisfaction (Choi & Kim, 2013  ; Homburg & Stock, 2004). Lastly, the study found that with $\beta = (0.115, 4.011)$ quality of customer interaction has found to mediate the relationship between job satisfaction and customer satisfaction. as confirmed by Homburg & Stock, (2004), confirmed the mediating effect of quality of customer interaction on the relationship between job satisfaction and customer satisfaction.

![Fig. 1. Structural Model](image)

**Table 4**

Results of Hypotheses Testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Beta</th>
<th>Se</th>
<th>T Value</th>
<th>P Value</th>
<th>LL</th>
<th>UL</th>
<th>VIF</th>
<th>$R^2$</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Training $\rightarrow$ JS</td>
<td>0.377</td>
<td>0.065</td>
<td>5.758</td>
<td>0.001</td>
<td>0.251</td>
<td>0.472</td>
<td>1.136</td>
<td>0.184</td>
<td>0.323</td>
</tr>
<tr>
<td>H2</td>
<td>R&amp;S $\rightarrow$ JS</td>
<td>0.314</td>
<td>0.062</td>
<td>5.099</td>
<td>0.001</td>
<td>0.198</td>
<td>0.412</td>
<td>1.136</td>
<td>0.128</td>
<td></td>
</tr>
<tr>
<td>H3</td>
<td>JS $\rightarrow$ CS</td>
<td>0.691</td>
<td>0.054</td>
<td>12.718</td>
<td>0.001</td>
<td>0.608</td>
<td>0.779</td>
<td>1.157</td>
<td>1.557</td>
<td>0.735</td>
</tr>
<tr>
<td>H4</td>
<td>JS $\rightarrow$ QCI</td>
<td>0.368</td>
<td>0.060</td>
<td>6.102</td>
<td>0.001</td>
<td>0.262</td>
<td>0.462</td>
<td>1.000</td>
<td>0.157</td>
<td>0.136</td>
</tr>
<tr>
<td>H5</td>
<td>QCI $\rightarrow$ CS</td>
<td>0.312</td>
<td>0.057</td>
<td>5.508</td>
<td>0.001</td>
<td>0.223</td>
<td>0.410</td>
<td>1.157</td>
<td>0.318</td>
<td></td>
</tr>
<tr>
<td>H6</td>
<td>JS $\rightarrow$ QCI $\rightarrow$ CS</td>
<td>0.115</td>
<td>0.029</td>
<td>4.011</td>
<td>0.001</td>
<td>0.073</td>
<td>0.162</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Furthermore, the study also found the direct relationship between job satisfaction and customer satisfaction being part of the conceptual model where the quality of customer interaction is a mediator. Hence the study findings suggest the influence of job satisfaction on customer satisfaction not only directly but also via interaction with customers. The comparison of the direct and mediated effect is the contribution of this study to the existing body of knowledge that provides in-depth insights into the variables studied in this article.

5. Managerial issues

Customer satisfaction is a critical factor that helps firms, especially in the online environment. Achieving high job satisfaction through excellent training and Reward and Compensation will help the firm’s achieve a high quality of customer’s interaction and high customer satisfaction especially in the online work environment such as online call centre. An online call centre is a new job that used different employees to respond to the customers regarding the services and products. Our research confirmed that HR practices such as training and Reward and Compensation employed an important role to achieve high job satisfaction. In addition, our research confirmed that high job satisfaction could help the firms to achieve high customer's satisfaction. In
addition, the quality of customer’s interaction plays a vital role in customers satisfaction, especially in the online environment where the employees in call center receive a huge of messages from different customers.

6. Study Limitation and future research

The First limitation of the current work is the sample of the study consists of an online call center, and future studies could be applied the same model on different sample such as bank employees or salespeople. Second, this study was conducted in Jordan thus, the findings may not be generalized to other countries, so we suggest future research to apply the same model on other countries. Third, we used SMARTPLS 3 to analysis the data, and future research could be applied through AMOS to test the model of the study.

7. Conclusion

Plenty of literature is available that focuses on the two factors leading to customer satisfaction; however the current work indicates that job satisfaction was leading to customer satisfaction. Additionally, job satisfaction will provide a high quality of customer interaction, and then the high quality of customer interaction will lead to high customer satisfaction. On the contrary, HR practices have a more significant effect on job satisfaction, especially in online job contexts such as training and Reward and Compensation. The paper provides support for the HR Practices, which are the core of job design and employee job satisfaction. The organizations that are providing online services such as call centers are suggested to concentrate on the HR practices and provide practical guidance to managers so that employee is empowered and involved in call centers and have increased level of job satisfaction.

References


