



MOTIVATING SUCCESS: A STUDY OF EMPLOYEE EMPOWERMENT'S LINK TO CUSTOMER SATISFACTION AND SALES PERFORMANCE

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Abstract:

Empowering employees is a key factor in organisational success, as it boosts motivation and improves individual performance. The aim of this paper is to determine the link between employee empowerment and customer satisfaction as well as sales performance. Sixty ($n = 60$) employees of a renowned insurance company in Serbia completed two surveys. Data was collected through use of surveys digitally delivered to participants. The data was analysed using SPSS 21.0. The findings of this study show a positive relationship between employee empowerment and customer satisfaction. Empowered employees demonstrate a greater sense of ownership and responsibility, leading to improved customer interactions and increased satisfaction levels. The results highlight the key role of the employee empowerment in achieving customer satisfaction and sales performance. This study provides valuable insights for managers and decision-makers who want to implement effective empowerment strategies that bring positive results for both the employees and the organisation as a whole.

Keywords:

employee empowerment, motivation, customer satisfaction, sales performance.

1. INTRODUCTION

In the dynamic and competitive landscape of contemporary business, the link between the motivation/empowerment of employees and satisfaction of customers, as well as performance of the sales in the company stands as a crucial determinant of an organisation's success. Employee empowerment, often synonymous with motivation, represents the empowerment and encouragement of employees to take initiative, make decisions, and contribute proactively to the organisation's goals (Baird & Wang, 2010; Chen & Mau, 2009). Customer satisfaction, on the other hand, remains at the core of every business's pursuit (Davis, 2008). Consequently, organisations strive relentlessly to enhance customer satisfaction as a strategic imperative. This research delves into the complex interaction between employee empowerment, motivation, and its profound consequences on customer satisfaction levels and sales performance, offering potentially critical insights into the core of organisational success. Employees possess valuable knowledge and expertise, and their willingness to engage can be cultivated through opportunities facilitated by management, aligning with the principle of empowerment. (Baird & Wang, 2010). Despite the abundance of literature on empowerment, Dimitriadis (2005) claims that there hasn't been much empirical investigation into this topic. Additionally, especially within the insurance industry, the empowerment could be a strategy for firms to improve employee well-being or to lessen unanticipated negative effects.

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The notion of empowerment is outlined through two perspectives, distinctively researched by several studies (Spreitzer, 1995; Greasley et al., 2008; Boudrias, Gaudreau, Savoie & Morin, 2009; Baird and Wang, 2010; Kazlauskaite, Buciniene & Turauskas, 2011; Abu Kassim, Yusoff & Fong, 2012): a) The structural approach encompasses policies, practices, and organisational frameworks that grant employees the autonomy to make decisions and exert influence over their work. It embodies the concept of power-sharing between employers and their subordinates. b) The approach based on psychological perspective that emphasises the extent to which individual employees perceive amount of control they have over their own actions and activities. According to Bandura (1989), rather than being entirely independent or solely dictated by external circumstances, employees actively interpret their environments and are shaped by their perceptions, not just the reality around them, while Al-lawam and other authors (2023) concluded that leadership role is pivotal in motivation of employees, thus impacting sales performance and satisfaction of customers. Consequently, employees' perceptions of their work surroundings take precedence as the main factors influencing empowerment, surpassing the objective and tangible aspects related to the context of the work itself (Spreitzer, 1996). Based on the above-mentioned studies and the overall importance of the motivation/empowerment of the employees, it is crucial that research on the topic is continuously performed, to follow the pace of changes in the business landscape.

2. LITERATURE REVIEW

In the contemporary business arena, the critical importance of customer satisfaction and sales performance within a dynamic market environment is undeniable (Evanschitzky, Sharma, & Prykop, 2012). It acknowledges the increasing sophistication of customers' choices and the growing competition among companies. Sales, as a cornerstone of the market, has been extensively studied, with attention given to the nuances and complexities it entails (Roman & Ruiz, 2005; Chen & Mau, 2009; Alrubaiee, 2012). The performance of sales has historical roots, with early studies by Williams (1910) and Strong (1925) focusing on sales rules and the psychology of sales representatives (Kennedy et al., 2001; Roman and Ruiz, 2005). Van Thang and Nghi (2022) highlight the importance of the management to develop strategies in order to improve the results of employees, based on empowerment methods, implying that the interaction between salesperson and customer is highlighted as a critical determinant of sales outcomes, underscoring the importance of mutual understanding and adaptability (Davis, 2008). Additionally, acknowledgment of the growing significance of customer satisfaction in today's business landscape, is now often regarded as a key indicator of organisational quality

(Divsalar et al., 2007; Shariatpanahi et al., 2001). Ghafari (2010), as well as research conducted by Mahmudian (2002) touches upon the relationship between sales strategies and financial performance, particularly in industries like food and insurance. To conclude, importance of adapting sales strategies to changing market demands and customer preferences are also of the crucial matter (Nikolaos et al., 2010). Evidently, in contemporary landscape of the business, the paramount significance of sales performance and satisfaction of customers stands as the key indicator for sustained success and market prominence, which is further explained throughout this study.

The studies conducted by Isimoya and Bakarey (2013), Rawal (2015), and Abuzaid (2018) underscore the critical link between employee motivation, that is, empowerment, customer satisfaction, and sales performance within the insurance industry. Isimoya and Bakarey's (2013) research in the Nigerian insurance sector illuminated the positive correlation between the empowered employees and heightened customer satisfaction levels, a finding that has profound implications for business success. Rawal (2015) further reinforced this notion by identifying predictors of employee engagement, shedding light on key factors that contribute to a motivated workforce. Additionally, Abuzaid (2018) demonstrated the tangible impact of employee empowerment on achieving strategic success in Jordanian insurance companies. The current scientific paper builds upon these foundational studies, emphasising the enduring importance of this topic. As businesses evolve, it remains imperative to continue researching and refining our understanding of how empowering employees directly influences customer satisfaction and, consequently, sales performance, offering invaluable insights for industry practitioners and academics alike. The primary objective of this study was to thoroughly examine the relation between employee empowerment (motivation) and both customer satisfaction and sales performance.

3. METHODS

3.1. Sample

Sixty male and female ($n = 60$) employees of a renowned insurance company in Serbia completed two surveys. Approaching frontline staff at a well-known insurance company in Serbia was done with the understanding that they operate as a connection between clients and organisations, which enhances the process of service delivery (Chow, Lo, Sha, & Hong, 2006; Liang & Jung, 2010). To specify what the frontline employee positions mean, Melhem (2003) identifies several positions as frontline jobs in the insurance industry, including managers, mentors, sales representatives, insurance consultants and agents and other employees who bear responsibilities directly related to customers.



3.2. Procedures and Measurements

Data was collected through the use of digital surveys delivered to participants. Surveys were answered by participants and returned via mail. For the purpose of this research, two questionnaires were used. The first survey on "employee empowerment" consisted of four statements, while the second survey focused on "sales performance and customer satisfaction" consisted of 12 statements. Both surveys were based on a Likert scale, where value 1 indicates the statement "completely disagree", while the value 5 indicates the statement "strongly agree".

First survey, which focused on employee empowerment, as mentioned above, consisted of four statements: 1) I feel empowered to make decisions in my role (E1); 2) I have the authority to resolve customer issues without seeking approval from a supervisor (E2); 3) I feel that what I do belongs to me and therefore I feel responsible (E3); 4) My initiative in improving work processes is encouraged (E4).

Second survey consisted of the following statements: 1) The response of our organisation to the needs of clients (Q1); 2) Quality of communication with clients (Q2); 3) Overall customer service satisfaction (Q3); 4) Clients are satisfied with our products/services (Q4); 5) Users regularly provide feedback (Q5); 6) I believe more training and development opportunities are needed (Q6); 7) I feel sup-

ported by my superiors in my daily tasks (Q7); 8) There is room for improvement in our communication with clients (Q8); 9) Our organisation should invest more in collecting customer feedback (Q9); 10) I have witnessed positive changes in customer satisfaction during my time here (Q10); 11) I have suggestions for improving our sales strategies (Q11); 12) I feel motivated by the level of empowerment the company provides (Q12).

3.3. Statistical Analysis

The information was analysed using IBM SPSS 21.0. Descriptive statistics were calculated (mean values and standard deviation) for all the variables. The normality of the distribution of data was assessed using the Kolmogorov-Smirnov test and Pearson's correlation analysis was used to determine the correlation between customer empowerment and sales performance.

4. RESULTS

Baseline characteristics of the sample, in total, are presented below in Table 1.

Table 2 shows the values of Pearson's correlation on relationship between employee empowerment, customer satisfaction and sales performance. The main findings of this study show that there is positive correlation between

Table 1. Descriptive statistics of the sample.

Variables	Mean ± Std. Dev.
N=60	
Age (years)	41.4 ± 10.4 y
Length of employment (years)	4.6 ± 4.1 y

Legend: N: Number of participants; y: Years.

Table 2. Results of correlation analysis (Pearson's correlation coefficient).

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
E1	.001	.007	.006	.001	.017	.970	.034	.221	.617	.007	.722	.007
E2	.075	.138	.005	.006	.023	.423	.615	.465	.622	.269	.258	.391
E3	.001	.074	.032	.136	.403	.533	.018	.007	.071	.007	.238	.015
E4	.074	.032	.136	.403	.533	.018	.007	.071	.007	.238	.015	.005

Legend: E1: I feel empowered to make decisions in my role; E2: I have the authority to resolve customer issues without seeking approval from a supervisor; E3: I feel that what I do belongs to me and therefore I feel responsible; E4: My initiative in improving work processes is encouraged. Q1: The response of our organisation to the needs of clients; Q2: Quality of communication with clients; Q3: Overall customer service satisfaction; Q4: Clients are satisfied with our products/services; Q5: Users regularly provide feedback; Q6: I believe more training and development opportunities are needed; Q7: I feel supported by my superiors in my daily tasks; Q8: There is room for improvement in our communication with clients; Q9: Our organisation should invest more in collecting customer feedback; Q10: I have witnessed positive changes in customer satisfaction during my time here; Q11: I have suggestions for improving our sales strategies; Q12: I feel motivated by the level of empowerment the company provides.



many variables. Firstly, positive correlation was shown between E1 and Q1, Q2, Q3, Q4, Q5, Q10, Q12 ($p = .001; .007; .006; .001; .017; .007; .007$, respectively). Furthermore, positive correlation has been found between E2 and Q3, Q4 ($p = .005; .006$, respectively). Additionally, there was a positive correlation between variable E3 and variables Q1, Q3, Q7, Q8, Q10, Q12 ($p = .001; 0.32; .018; .007; .007; .015$, respectively). At last there was a positive correlation between variable E4 and variables Q2, Q6, Q7, Q9, Q11, Q12 ($p = .032; .018; .007; .007; .015; .005$, respectively).

5. DISCUSSION

The aim of this study was to analyse the relations of employee empowerment (motivation) on customer satisfaction and sales performance. The main findings of this study show the correlation between variables were statistically significant. As mentioned, results of this study show that there is a significant positive correlation between importance in employees motivation (empowerment) and its effect on customer satisfaction, as well as sales performance, closely related to the previous. Research on employee empowerment and its effect on sales performance and satisfaction of customers has started quite recently, in the last few decades as many of the scientific papers indicate (Isimoya & Bakarey, 2013; Rawal, 2015; Abuzaid, 2018).

As an example, in the Pakistani commercial banking sector, Nareem and Sait (2010) identified no discernible link between employee empowerment and customer satisfaction. However, similarly to the results of this study, the research from Isimoya and Bakarey (2013), has shown similar results on impact of employee empowerment and satisfaction of customers as well as quality of customer service. Furthermore, the study revealed that when employees possessed a significant degree of influence and autonomy in their roles, they were better positioned to take into account the unique preferences of customers, enabling them to provide a personalised level of service. The resemblance between the two studies investigating the impact of employee empowerment on customer satisfaction and sales performance can be attributed to their shared focus on evaluating the interconnectedness of these variables within their respective contexts. Another example of the positive impact of employee empowerment on performance of sales workforce is found within the study from Al-Dmour, Yassine and Al-Dmour (2019), who conducted the research and empirical study on employees in five-star hotels. Authors concluded that the impact of both structural and psychological environment had the impact on sales performance of employees. As seen from the previously mentioned studies, the employee empowerment can exert a salutary influence on sales performance across diverse industries, irrespective of sector-specific nuances.

6. LIMITATIONS OF THE STUDY

This study has limitations that should be considered. The first limitation is the small sample that was included in the study. Namely, by increasing the sample, the generalisation of the results to the general population would be simpler. Secondly, insurance companies are subject to change. Management structures, policies, and strategies may evolve over time, potentially influencing the validity and the applicability of research findings for implementing results in future organisations.

7. CONCLUSION

The study's findings indicate a positive association between employee empowerment and customer satisfaction. Empowered employees demonstrate a heightened sense of ownership and accountability, resulting in improved customer interactions and heightened levels of satisfaction. Furthermore, the findings show an important relationship between employee empowerment and sales performance, demonstrating that engaged and empowered individuals contribute to higher sales results and revenue production. The findings emphasise the critical significance of employee empowerment in improving customer satisfaction and sales performance. This study gives significant insights for managers and decision-makers who want to implement effective empowerment measures that benefit both the people and the company as a whole.

8. LITERATURE

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