The Effect of Employees’ Job Satisfaction on Customer Satisfaction and Loyalty: An Empirical Study in Vietnam

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Abstract

In the context of economic integration and fierce competition, organizations are very concerned about customer orientation so as to build close relationships and ensure customer satisfaction and improve customer loyalty. In company strategy, customer relationship orientation is critical. Customer satisfaction and loyalty will improve if employees perform well in the customer-oriented process. The study’s purpose is to examine the links between doctors’ job happiness, customer orientation, customer satisfaction, and customer loyalty in international hospitals in Vietnam. In international hospitals, data was collected from 204 clinicians and 408 patients. By applying structural equation modeling. The study found that doctors’ job satisfaction had a significant impact on customer orientation and satisfaction in international hospitals. Customer satisfaction may be improved with a good customer orientation. The doctors’ job satisfaction and effective customer orientation improve customer satisfaction and loyalty towards international hospitals in Vietnam, thanks to the impact of spreading emotions. In particular, if doctors are satisfied with their jobs, it promotes customer satisfaction when using medical services at international hospitals. The study has proved the essential role of customer-oriented strategy and doctors’ job satisfaction in customer satisfaction and loyalty towards international hospitals.

Keywords: Job Satisfaction, Customer Satisfaction, Customer Orientation, Loyalty

JEL Classification Code: M10, M16, M31, M54

1. Introduction

Employees play an essential role in improving service quality, thereby meeting the increasing needs of customers. Employees are a crucial factor in building the organizational brand in customers’ hearts and minds. Customer satisfaction and retention, according to Heskett et al. (1994), are dependent on employees performing desired behaviors in the workplace. In the context of economic integration and fierce competition, organizations are very concerned about customer orientation to build close relationships and ensure customer satisfaction (Homburg et al., 2011) and improve customer loyalty (Webster & Wind, 1972). Therefore, service providers have to ensure that their staff always perform service processes according to the quality commitment (Punjaisri et al., 2009). The uniformity between employees and the organizational brand helps improve the competitive advantages (Pringle & Thompson, 1999).

From 2010 to 2020, in Vietnam, international hospitals developed rapidly in major cities. With the orientation of high-quality services, international hospitals are committed to the best quality of medical services and service style for customers. Customer-oriented is the top priority strategy of international hospitals. To carry out an excellent customer-oriented approach, international hospitals always highly appreciate the part of doctors. Thus, customers’ satisfaction with international healthcare services has improved. As a result, the purpose of this research was to show how job satisfaction and customer orientation play a role in customer satisfaction and loyalty toward foreign hospitals in Vietnam.
2. Theoretical Framework and Research Hypotheses

2.1. Theoretical Framework

2.1.1. Job Satisfaction

Job satisfaction, according to Hoppock (1935), is a combination of psychology, physiological circumstances, and the working environment. It has an impact on employee productivity. Job satisfaction, according to Vroom (1964), is a state in which employees have a clear and convincing orientation toward their tasks in the organization and like their work. Job satisfaction refers to how employees express their opinions toward their jobs as well as other aspects of their jobs, indicating whether or not they enjoy their jobs (Spector, 1997; Ellickson & Logsdon, 2002; Kuskü, 2003). Job satisfaction is defined as an emotional reaction to many aspects of the job (Kreitner et al., 2002). Job satisfaction, according to Boles et al. in a 2007 study, is a perception of positive and negative aspects of the job, both internal and external. An employee will feel comfortable and has high loyalty to an organization when he gets job satisfaction from what he does (Astuti et al., 2020). Nature of employment, working environment, pay, facilities, equipment, housing, tax subsidies, training programs, development possibilities, and relationships are all elements that affect employee job satisfaction in the medical industry (Bodur, 2002; Ramasodi, 2012).

2.1.2. Customer Orientation

In company strategy, customer relationship orientation is critical (Webster & Wind, 1972). Customer satisfaction and loyalty will improve if employees perform well in the customer-oriented process. Customer orientation, according to Saxe and Weitz (1982), is the ability to assist customers in making purchase decisions that meet their needs. Meanwhile, customer orientation, according to Homburg et al. (2011), is a set of actions that demonstrate a high level of attention to customers’ interests and requirements and assure long-term customer satisfaction. In addition to this, Homburg et al. (2011) believed that customer orientation is reflected in the tendency to build personal relationships with customers. This helps employees create lasting and mutually beneficial relationships with customers.

2.1.3. Customer Satisfaction

Based on the Equity theory of Oliver and Swan (1989), satisfaction occurs when customers receive benefits or value on what they spent, such as price, time, and effort. Customer satisfaction is the customers’ evaluation of a product or service that meets their needs and expectations (Zeithaml & Bitter, 2000; Kotler & Keller, 2006). Satisfaction is a state of psychological feeling or a sense of pride after being satisfied with the products or services. Satisfaction is associated with a feeling of acceptance, happiness, excitement, and joy (Hoyer & MacInnis, 2001; Homburg et al., 2004).

2.1.4. Customer Loyalty

According to Oliver (1999), loyalty is a deep commitment to repurchase or revisit a favorite product or service in the future. Despite the influences from situations or marketing that are likely to lead to behavioral changes, it promotes the repetition of the same brand or reordering. Customers’ commitment to repurchase their preferred products or services, according to Chaudhuri (1999). Yoo et al. (2000) proposed that customers trust and have a positive perception of a brand, and they may opt to buy products from that brand if they trust and have a positive perception of it. According to Caruana (2002), loyal customers are customers who make repeated purchases from a supplier, have a positive attitude towards the supplier, and only consider this supplier when there is a demand for the service.

2.2. Research Hypotheses

Heider (1958) pointed out that there is a positive correlation between employee satisfaction and customer satisfaction through the Equity theory. According to Howard and Gengler (2001), customer attitudes towards products/services are positively affected when they see positive emotions from employees. Empirical studies of Homburg et al. (2005), Xu and Robert (2005), Jeon and Choi (2012) have demonstrated a positive relationship between employee satisfaction and customer satisfaction. Therefore, the hypothesis H1 is proposed as follows:

H1: Doctors’ job satisfaction positively affects customer satisfaction with international hospitals.

According to Hoffman and Ingram (1992), job satisfaction of employees leads to customer-oriented behaviors. Employees take care of customers’ needs and spend time listening to customers and sympathizing with them, thereby knowing what customers are looking for. A study by Homburg et al. (2004) demonstrated the mediating role of customer orientation in conveying the impact of employee job satisfaction on customer satisfaction. Then, Homburg et al. (2005) showed that the more satisfied the salesperson is, the more enthusiastic he or she carries out the customer-oriented process, thereby, and more effective results can be received. This is once again confirmed in the study by Keillor et al. (2011), effective customer-oriented processes will increase customer satisfaction, significantly when employees enhance
their sales interaction through modern sales techniques. Thus, the study states the following hypotheses.

**H2:** Doctors’ job satisfaction positively impacts customer orientation.

**H3:** Customer orientation positively influences customer satisfaction with international hospitals.

Customers will be loyal, according to Kandampully (1998), if the perceived value of the advantages obtained versus the cost is better than expected from competitors’ products/services. Studies by Bittner (1990), Zahorik and Rust (1993), Fornell et al. (1996), Dam and Dam (2021), have shown that satisfaction directly affects customer loyalty. Oliver (1999) stated that joy is the beginning stage of the process to form customer loyalty. Beerli et al. (2004), Al-Rousan and Mohamed (2010), Abukhalife and Som (2012), and Nguyen et al. (2020) have demonstrated that a customer becomes more loyal if he or she gets high satisfaction. Hence, the study hypothesis is as follows:

**H4:** Customer satisfaction positively affects customer loyalty in international hospitals.

Based on the aforementioned theoretical framework and research hypotheses, the study used a group discussion (qualitative research) with 5 doctors working at international hospitals and 6 customers who have used services at international hospitals. The goal of the debate is to identify appropriate scales for the research model (Table 1). Since then, the research model is proposed as follows (Figure 1):

3. Research Methodology

3.1. Analytical Methods

Quantitative analysis methods are used to test the research hypotheses in the following order. Step 1: Test the reliability of the scales by Cronbach’s Alpha coefficient; Step 2: Apply exploratory factor analysis (EFA) to assess the convergent and discriminant validity of the rankings; Step 3: Use confirmatory factor analysis (CFA) to determine the suitability of the data with the market; Step 4: Use structural equation modeling (SEM) to test the relationship between factors in the research model.

3.2. Data Collection Method

The sample size should meet the requirements for the analytical techniques used in the study. According to Hair et al. (1998), to apply EFA, each measured variable rate must have a 5:1 observation ratio, which means that each metric variable must have at least 5 observations. The SEM method requires a large sample size because it is based on the sampling distribution theory. When testing the model by SEM, a sample size from 100 to 200 is satisfactory (Hoyle, 1995). However, Hoelter (1983) suggested that the sample size in the linear structure should be 200.

Base on the above discussion, the following data survey steps were conducted: Step 1: Survey 204 doctors working in international hospitals in Ho Chi Minh City and Hanoi City. Step 2: Survey 408 customers who have used medical services in international hospitals under the “2:1 principle”, which means 2 customers of 1 of the doctors in step 1 will be surveyed in this step. The quota sampling, according to demographic criteria (gender, age, professional qualification, income), was used to analyze the data in grades 1 and 2. Step 3: Calculate the average value of customer orientation, customer satisfaction, and customer loyalty for each doctor. Finally, the aggregate data set was 204 observations (in terms of doctors’ job satisfaction, customer orientation, customer satisfaction, and customer loyalty). The number of comments meets the sample size requirement and ensures reliability for model testing.

4. Result and Discussion

4.1. Reliability of Scales

Cronbach’s Alpha conducted the reliability test. According to Nunnally (1978), the order with Cronbach’s Alpha value is 0.6 or higher is satisfactory. The result in Table 2 shows that all scales ensure reliability with Cronbach’s alpha values, being greater than 0.8 (Nunnally, 1978). The smallest value is Customer loyalty (0.874), and the highest is Customer orientation (0.913). Besides, the item-total correlation of variables in each scale is greater than 0.5 (minimum is 0.516), so no variable is excluded from the research model (Hair et al., 1998). Therefore, all observations are satisfactory and will be used for the exploratory factor analysis.

4.2. Exploratory Factor Analysis (EFA)

After testing the reliability of the scales, the study applied the exploratory factor analysis (EFA) to test the convergent and discriminant validity (Table 3). The analytical result is guaranteed as follows: (1) Reliability of observed variables with Factor loading > 0.5; (2) Suitability of the model with 0.5 < KMO = 0.922 < 1.0; (3) Bartlett’s test of correlation among variables with Sig. = 0.000 < 0.05; (4) Cumulative percentage of variance is 72.7% > 50%. Thus, the research data is suitable (Anderson & Gerbing, 1988; Hair et al., 1998). The result forms 4 factors with Eigenvalue = 1.061, and there is no disturbance of observed variables among the factors, so the factor names remain the same.
Table 1: Interpretation of Observed Variables in the Research Model

<table>
<thead>
<tr>
<th>Factor</th>
<th>Observed Variables</th>
<th>Sign</th>
<th>Scale</th>
<th>Reference Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctors’ job satisfaction</td>
<td>I am satisfied with the hospital’s policies.</td>
<td>DJS1</td>
<td>Likert 1-5</td>
<td>Spector (1997), Ellickson &amp; Logsdon (2002), Küskü (2003), Kreitner et al. (2002),</td>
</tr>
<tr>
<td></td>
<td>I love my workplace.</td>
<td>DJS2</td>
<td>Likert 1-5</td>
<td>Boles et al. (2007)</td>
</tr>
<tr>
<td></td>
<td>I am proud of my job and my workplace.</td>
<td>DJS3</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I am satisfied to work and contribute to the hospital.</td>
<td>DJS4</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td>Customer orientation</td>
<td>Doctors try to discuss customer needs and give advice on services.</td>
<td>CO1</td>
<td>Likert 1-5</td>
<td>Saxe et al. (1982), Homburg et al. (2011), Homburg et al. (2005)</td>
</tr>
<tr>
<td></td>
<td>Doctors always answer questions and give specific instructions to customers.</td>
<td>CO2</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Doctors are enthusiastic about receiving customer requirements.</td>
<td>CO3</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Doctors help customers make the best choice to meet their demands.</td>
<td>CO4</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Doctors always aim to build and maintain relationships with customers.</td>
<td>CO5</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>I am satisfied with the doctors’ attitude and professionalism.</td>
<td>CS1</td>
<td>Likert 1-5</td>
<td>Xu and Robert (2005); Homburg et al. (2004); Homburg et al. (2005)</td>
</tr>
<tr>
<td></td>
<td>I am satisfied with the procedures in the international hospital.</td>
<td>CS2</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I am satisfied with the services in the international hospital.</td>
<td>CS3</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The hospital met my needs and expectations.</td>
<td>CS4</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>This international hospital is my first choice.</td>
<td>CL1</td>
<td>Likert 1-5</td>
<td>Caruana (2002), Beerli et al. (2004), Al-Rousan and Mohamed (2010), Abukhalife and</td>
</tr>
<tr>
<td></td>
<td>I would recommend this international hospital to relatives and friends.</td>
<td>CL2</td>
<td>Likert 1-5</td>
<td>Som (2012)</td>
</tr>
<tr>
<td></td>
<td>Despite the change in service costs, I still chose this international hospital.</td>
<td>CL3</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I will continue to use this international hospital’s medical services.</td>
<td>CL4</td>
<td>Likert 1-5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I think that I am a loyal customer of this international hospital.</td>
<td>CL5</td>
<td>Likert 1-5</td>
<td></td>
</tr>
</tbody>
</table>

Figure 1: Proposed Research Model
4.3. Confirmatory Factor Analysis (CFA)

After the EFA step, 4 factors (doctors’ job satisfaction, customer orientation, customer satisfaction, and customer loyalty) are further included in the CFA. The testing result shows that all values are satisfactory (Table 4): Chi-square = 188.745; P-value = 0.000, Chi-square/df = 1.463 < 2, TLI = 0.970 and CFI = 0.975 are both greater than 0.9; RMSEA = 0.048 ≤ 0.05. Hence, the model is consistent with market data (Bentler & Bonett, 1980; Carmines & McIver, 1981). Also, the correlation coefficient of errors is < 1, so the model achieves unidimensionality.

The standardized regression weights of the model are all > 0.5, and the unstandardized regression weights are statistically significant, so the model reaches convergent validity. Besides, the correlation coefficient associated with the standard deviation is all < 0.9, so the model reaches discriminant validity.

Based on Table 4, the values of composite reliability – Pc (minimum is 0.875) and average variance extracted – Pvc (minimum 0.585) are all qualified (Jöreskog, 1971; Fornell & Larcker, 1981). The result shows that all the scales in the model meet the requirements of value and reliability, so they are used for the next SEM stage.
4.4. Structural Equation Modeling (SEM)

Structural equation modeling (SEM) is used to test the research hypotheses. The analytical result is presented in Table 5 as follows:

Table 5 shows that hypotheses H1, H2, H3, and H4 are accepted with a 99% confidence interval. The relationships among factors are explained as follows:

Hypothesis H1 is obtained with 99% reliability, which implies that the higher doctors’ job satisfaction, the greater the customer satisfaction in international hospitals. The fact shows that the joy feeling towards the job can activate the feeling of excitement and passion, thereby spreading positive emotions to customers, making customers feel comfortable when using medical services at international hospitals. This result is similar to the findings of Homburg et al. (2005), Xu and Robert (2005), and Jeon and Choi (2012).

Hypotheses H2 and H3 are accepted with a 99% confidence interval; the result emphasizes the critical role of customer-oriented strategies aimed at enhancing customer satisfaction. If doctors are always enthusiastic in receiving requests, answering questions, providing specific advice, helping customers make the best choice to achieve their goals, and maintaining a good relationship with customers, their satisfaction with international hospitals will be improved. This finding is consistent with those of Hoffman and Ingram (1992), Homburg et al. (2005), and Keilir et al. (2011).

Finally, hypothesis H4 is accepted with a 99% confidence interval, which means customer satisfaction helps improve customer loyalty to international hospitals. Customer satisfaction on the dedicated and attentive service style of doctors together with the hospital’s effective customer-oriented strategy may improve customer trust and motivate customers to use services repeatedly and recommend the hospital. This result is correspondent to the findings of Bitter (1990), Zahorik and Rust (1993), Fornell et al. (1996), Oliver (1999), Beerli et al. (2004), Al-Rousan and Mohamed (2010), Abukhalife and Som (2012).

5. Conclusion

The study has proved the essential role of customer-oriented strategy and doctors’ job satisfaction in customer satisfaction and loyalty towards international hospitals. In particular, if doctors are satisfied with their jobs, it promotes customer satisfaction when using medical services at international hospitals. At the same time, effective customer orientation helps increase customer satisfaction, thereby enhancing customer loyalty to the hospital. Based on the mentioned results, some managerial suggestions are proposed as follows: First, always update and develop personnel policies in the direction of improving doctors’ satisfaction; Secondly, continuously improve customer orientation which focuses on service style and customer relationship management.
References


