

Impact of Employee Attitude on Service Delivery Performance and Beneficiary Satisfaction : A Case Study on Non-Governmental Sector

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Introduction:

Background to the Problem:

During recent decades, the relationship between human issues (including employee satisfaction, leadership and motivation) and service performance has attained the increasing attention of researchers and practitioners. Scholars aim to provide theoretical models to explain the phenomenon, whereas practitioners in search of service excellence are interested to know whether employees role are worthwhile. To make it even more challenging, some authors argue that employee perceptions cannot be directly associated with service excellence.

Research investigating the relationships between employees, target groups (beneficiaries) and service delivery process of the organization , is often referred to as linkage research, i.e. Wiley's (1996) linkage research model as well as Heskett et al.'s (1997) service profit chain has contributed to the development of linkage research. These authors argue that employee satisfaction leads to customer satisfaction and further to superior business results. Unfortunately, no study has been found to be conducted to see the linkages between employees' attitude, clients (beneficiaries) satisfaction and service performance in NGO sector.

These facts create a fascinating background to our research. Present study aims to contribute to the existing knowledge by investigating linkages between employees, clients (beneficiaries) and service delivery on NGOs in Assam.

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Problem Definition:

In this paper, we statistically examine employees' attitude towards their target segments for better service performance. Among scholars and development practitioners, there is a continuous discussion as to whether employees' attitude can be linked with satisfied target groups of the organization for the better service delivery in NGO sector.

Objectives:

Primary Objective:

- I. To examine the linkages between employees' attitude, beneficiaries' satisfaction and service performance.

Secondary Objectives:

- I. To study the linkage between employees' satisfaction and satisfaction of the target segments.
- II. To verify whether satisfaction of the target groups is linked with service performance of the organization.
- III. To find out whether employees' satisfaction is linked to service delivery performance of the organization.

It is not only an overall employee satisfaction, but also employee motivation and quality of leadership play a crucial role in an everyday life of organizations. Therefore, we will furthermore examine how employee satisfaction, motivation and leadership interact in the case NGO.

Foundation of Hypotheses Formulation:

The hypotheses create a basis for our empirical study in the paper. The hypotheses are formulated on the basis of Linkage models; especially Wiley's linkage research model. According to the linkage model of Wiley (1996) employee satisfaction and satisfaction of the target groups are strongly and positively linked. A leadership value system observed by employees, which emphasizes service for their target segments and service quality, is the foundation of this linkage. Leadership practices of the managers in the organization include offering employee support and training in order to carry out work effectively and empowering employees to take proper actions in order to meet expectations of beneficiaries. Employee retention is positively related to target groups' satisfaction

with the service quality that they (beneficiaries) receive. The linkage model points out that the more certain leadership practices are given, the more satisfied and productive the workforce. In addition, Wiley (1996) advises in linkage research, the unit of analysis should not be individual but at organizational level. The researchers (Heskett, Sasser and Schlesinger, 1997) acknowledge the importance of understanding the relationship between employees, target groups and corporate performance.

With the aim of giving a clear picture of our research goals on the basis available literature, following hypothesis are formulated (Fig.1).

Hypothesis 1 (H1)

There are positive correlations between employee satisfaction, leadership and motivation.

Hypothesis 2 (H2)

Employee satisfaction is positively correlated with client's satisfaction.

Hypothesis 3 (H3)

Clients' satisfaction is positively correlated with service performance.

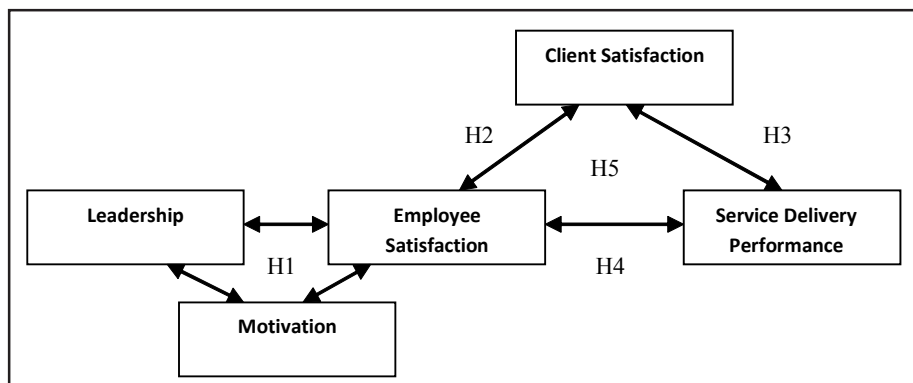
Hypothesis 4 (H4)

Employee satisfaction is positively correlated with service performance.

Hypothesis 5 (H5)

There are positive correlations between employee satisfaction, clients' satisfaction and service delivery performance of the organization.

Fig.1 : Hypothesis Formulation



Linkage Research in Non Governmental Sector:

As introduced earlier, linkage research involves examining the data in various organizational databases in an attempt to find correlations between employee perceptions, client's satisfaction and service delivery performance (Wiley, 1996). This model was examined in context to one of the renowned NGOs of the North East India, namely, Bosco Reach Out, Guwahati so as to determine its applicability in the NGO sector

Introduction of the Studied NGO:

Bosco Reach Out (BRO) was established in 1983 as an NGO. Initially, it was conceived as a registered social service agency with the aim of promoting integral human development and undertaking projects so that individual institutions and mission centres as well as the province as a whole would be self-sufficient. Since then, BRO has moved from an institutionalized charity approach to development through individuals, to a community-centred development, and finally to a participatory approach to development through Self Help Groups, to Cluster Level Federations (CLF). At present BRO is amongst the major NGOs of North East India with three principal offices: Guwahati (the central co-ordinating office), Umran, and Shillong, and several branch offices. As of now, the Umran office is practically working independently with its own agro-based projects and programmes. BRO-Guwahati has 3 full time administrative heads, 24 administrative and domestic staff and 87 field staff. The centre has facilities for the residential training and other meetings and programmes for about 40 people.

BRO visualizes a self-reliant and self-sustaining community of people living responsibly and striving for a just and equal society. It covers 689 villages in 27 regions and 7 zones in Assam and Meghalaya. BRO activities are carried out through various units created for easy coordination and effective implementation. Currently there are 1451 Self-Help Groups (805 in Assam, 646 in Meghalaya) and 45 Cluster Level Federations. Most of the programmes are carried out directly through staff members through a process of action-reflection with the people.

Methodology:

1. Research Approach

This research is designed as a descriptive study using correlation statistics.

2. Source of Information

The data are collected from both Primary and Secondary sources.

3. Sampling Method

Convenience sampling

4. Sampling Units

Chief Functionary, Project Coordinators, Staff and Beneficiaries

5. Research Strategy

Case study

Indices used for the Study:

In the following Table-1 we have shown the indices that are used in our empirical study based on the literature (Barnard, 1938; Roethlisberger & Dickson, 1939, as referred in Earle, 2003), Irfaeya and Liu (2003), Judge and Bono (2001), Meyer and Allen (1997).

Table-1

Employee Perspective			Client Perspective	Service Delivery Performance
Employee Satisfaction Index	Leadership Index	Motivation Index	Beneficiary Satisfaction Index	Five Individual Indicators
<ul style="list-style-type: none"> • Work Environment • Job Profile • Present Organization 	<ul style="list-style-type: none"> • Involvement in decision-making • Shared Information • Supervisors support for personal development 	<ul style="list-style-type: none"> • Motivated in the present engagement • Colleagues motivational level 	<ul style="list-style-type: none"> • Accessibility • Reliability • Empathy 	<ul style="list-style-type: none"> • Timely completion of Projects • Low Attrition rate • Utilization of Funds as per the guidelines • Efficiency of staff • Monitoring & Evaluation

Empirical Study:**Relationships between Employee Satisfaction, Leadership and Motivation:**

Employee satisfaction is often in the center of the attention when dealing with employee attitudes. Leadership and motivation are regularly brought up when talking about employee satisfaction. In a scientific sense, studies on these three issues have shown different opinions. According to Yukl (1989), leadership

sometimes leads to employee satisfaction, while sometimes it does not. In order to gain a better understanding of how employee satisfaction, leadership and motivation interact in NGOs, we addressed our hypothesis to investigate this triangle. Using Pearson's correlation, we found that Leadership Index (LI) has a significant correlation with Employee Satisfaction (ES) ($r = .598^{**}$, $p = .000$). In addition, Motivation Index (MI) correlates significantly with Employee Satisfaction Index (ESI) ($r = .682^{**}$, $p = .000$). Moreover, Leadership Index (LI) has a strong and significant correlation with Motivation Index (MI) ($r = .767^{**}$, $p = .000$).

Relationship between Employee Satisfaction and Client Satisfaction:

According to Heskett et al. (1997), service profit chain can be used to describe the value delivery from employees to clients. Authors conclude that happy employees would translate their satisfaction to client satisfaction through delivering high value service. However, other researchers, such as Harrington (1999) and Sivestro (2000), hold different opinions. In their studies employee satisfaction and client satisfaction are not linked together.

In order to contribute to the empirical evidence in this field, we wanted to examine the association between employee satisfaction and client satisfaction.

After having calculated the correlation between Employee Satisfaction Index (ESI) and Client Satisfaction Index (CSI), we found no correlation between employee satisfaction and client satisfaction ($r = -.036$, $p = .802$). Statistically it means that employee satisfaction has no relationship with their client's satisfaction. In this way, Heskett et al.'s (1997) "mirror" effect of employee satisfaction and customer satisfaction (clients) no longer applies in our research. The satisfaction of employees is not mirrored by satisfaction of clients. Even though we were aware of ambiguous findings in the past, the result presented us with a surprise. Based on this result, the hypothesis that we have assumed as employee satisfaction is positively related with client satisfaction cannot be approved.

Additionally, in order to further investigate the statistically nonexistent relationship between employee satisfaction and client satisfaction, we conducted another round of correlation analysis. This time we aimed to examine, if any items of employee satisfaction and client satisfaction could be linked to each other. Results of the second round calculation support the index-level findings: none of the questions used measuring employee satisfaction can be statistically associated with client satisfaction (Table-2).

Table-2
Correlations between Employee Satisfaction and Client Satisfaction

	Client Satisfaction Index	Service Quality	Service Delivery	Service Availability
Employee Satisfaction Index	r= -.036 p=.802	r=-.009 p=.949	r=-.067 p=.641	r=-.021 p=.885
Work Environment	r= .082 p= .566	r=.014 p=.923	r= .127 p=.375	r=.079 p=.581
Job Profile	r= -.153 p=.284	r=-.094 p=.510	r=-.194 p= .172	r=-.112 p=.435
Present Organization	r=-.060 p=.678	r= .052 p=.717	r= -.167 p=.241	r= -.054 p=.708

Besides, the same tests were taken when it comes to employee perceptions on leadership and motivation in relation to their client satisfaction. Unfortunately, neither leadership practices nor employee motivation could reliably be associated with client satisfaction. (Shown in the Table-3)

Table-3
Correlations between Leadership, Motivation and Customer Satisfaction

	Clients Satisfaction	(Service quality)	(Service delivery)	(Service availability)
Leadership Index	r = -.128 p = .371	r = -.029 p = .842	r = -.140 p = .326	r = -.168 p = .239
Motivation Index	r = -.137 p = .339	r = -.053 p = .710	r = -.180 p = .206	r = -.127 p = .374

Generally speaking, employee attitudes, which are job satisfaction, employee perceptions on leadership and motivation, in the specific organization, cannot be linked to beneficiary satisfaction.

Relationship between Client Satisfaction and Organizational Performance:

The next hypothesis in our simplified linkage research deals with the relationship between client satisfaction and service delivery performance of the organization. Previous studies in the service industry speak in favor of existing

connection. On the other hand, also contradictory and somewhat criticizing results have been reported. Using our research data and selected methods, we were able to find a statistical relationship between client satisfaction and service performance of the NGO. Even though the observed linkage cannot be considered as a very strong one, it exists and the tendency is significant. Therefore, our third hypothesis is validated by the results. Client satisfaction index (CSI) correlates moderately with timely completion of work ($r = .464^{**}$, $p = .001$) whereas the correlation between CSI and utilization of funds is as follows :($r = .364^{**}$, $p = .009$.)

Relationship between Employee Satisfaction and Service Delivery Performance of the Organization:

Heskett et al’s (1997) service profit chain indicates that a high level of employee satisfaction will in the end result in superior service performance. Yet, some other studies conclude that it is impossible to link employee attitudes directly with service performance of the organization. Researchers within the field of linkage research have not reached a consensus, and therefore, more empirical studies are required in order to validate the results.

Following the academic discussion, we wanted to investigate, if employee attitudes can be associated with service delivery performance in this NGO.

We calculated the correlations between Employee Satisfaction Index (ESI) and service performance indicators. The results indicate that the relationship between employee satisfaction and performance of the organization is not statistically strong. However, a negative tendency can be observed, since correlations between ESI and timely completion ($r = -.211$, $p = .138$) and between ESI and attrition rate ($r = -.112$, $p = .433$) are negative. Table-4 demonstrates the results, involving also the item- level correlations.

Table-4
Correlations between Employee Satisfaction and Service Delivery Performance

	Performance indicators		
	Timely Completion	Low Attrition	Proper utilization of Funds
Employee Satisfaction Index	$r = .123$ $p = .389$	$r = -.112$ $p = .433$	$r = -.211$ $p = .138$

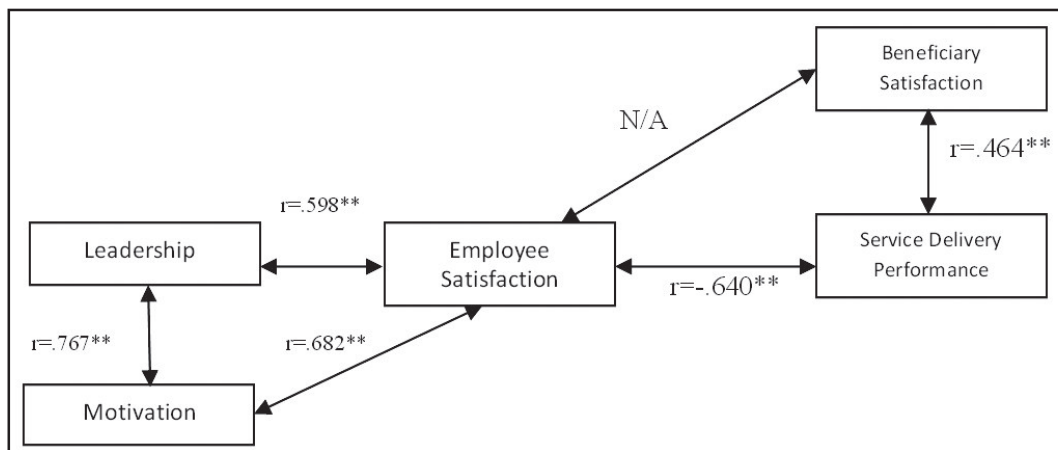
Apart from abovementioned finding, we found no other statistically significant correlations.

Analysis of the Findings:

Summary of Central Findings:

The fig.2 below summarizes the central findings in relation to our hypotheses. Employee satisfaction, leadership and motivation are closely connected in the organization. Moreover, there is no statistical relationship between employee satisfaction and beneficiary satisfaction. However, beneficiary satisfaction can be linked to service performance, while the connection between employee satisfaction and service delivery performance is significant, but negative.

Fig. 2
Summary of Central Findings



Relationships Between Employee Satisfaction, Leadership and Motivation:

The positive relationship between leadership and employee satisfaction implies that the better leadership behavior (perceived by employees), the higher employee satisfaction. This result corresponds to the premises of Wiley's linkage research model, which implies that leadership behavior acts as a foundation for the later success of the value chain. In addition, the findings support the model of Barber et al. (1999) who discovered a linkage between employee satisfaction and leadership.

Significant correlations between motivation and employee satisfaction reveal that successful motivation approaches foster positive employee attitudes.

By meeting employee requirements and needs, leaders may motivate employees to contribute more. Furthermore, we have noticed that the positive relationship between leadership and motivation is very strong, which means that the more effective leadership, the more motivated employees.

Returning to the studied organization, i.e.; Bosco Reach Out, results indicate that leadership is linked closely to employee satisfaction. It was observed that, when employees feel they can have an influence on team's decision-making, they tend to become satisfied. This result coincides with the findings of Miller (1997), who found that participation in decision-making can better satisfy employees' higher needs of job satisfaction. It can also be observed that employees of the Bosco Reach Out tend to respond to the motivation efforts of the organization, since the relationship between employee satisfaction and motivation is strong. This phenomenon can be interpreted the way that the motivators, e.g. the work itself, recognition and achievement respond to individual's needs and foster employee job satisfaction. Moreover, the results also demonstrate that participative leadership application helps to motivate employees in the NGO (refer to Appendix-1).

Based on our findings, we can say that leadership, motivation and employee satisfaction are firmly associated in Bosco Reach Out. Employee involvement, efficient communication and personal development motivate employees and make them to like their jobs.

Relationship Between Employee Satisfaction and Beneficiary Satisfaction:

After analyzing the relationship between employee satisfaction and beneficiaries' satisfaction in the studied NGO, we explored the following reasons that may explain the lack of statistically significant connection between employee attitudes and target groups satisfaction were explored. First of all, beneficiaries of Bosco Reach Out are different from those studied in previous linkage examinations. Previous linkage studies have mainly paid attention to business-to-customer service contexts. However, in this paper, the organization we have chosen for the study is a nonprofit organization. From the key motivators of beneficiary satisfaction variables, we can conclude that in this organization, target groups' priorities are like service quality, service delivery in terms of time and service availability. Thereby, employee attitudes, like employee satisfaction cannot directly be translated into beneficiaries' satisfaction in this case.

Besides, maybe there is another possible reason that should be paid attention. If employees are happy, are they working hard in order to meet their target segments' expectations? Are employees motivated to work in a not for

profit sector especially for improving target segments' lives? Are they rewarded for meeting expectations of their target groups on service quality, delivery and availability? Harrington (1999) has studied employee- customer relations. In his studies, he has not been able to find a correlation between employee satisfaction and customer satisfaction.

The results of whether employee satisfaction could be converted into beneficiaries' satisfaction in the NGO sector depend on two situations. First, if satisfied employees are not willing to meet expectations of the target groups, it is challenging to create beneficiary satisfaction in such a service environment. On the other hand, if behavior of satisfied employees as well as service processes is aligned with the factors to satisfy their target groups, then the organization like NGOs have a better chance of endorsing client satisfaction of their target groups (Munck 2006).

In addition, there are many variables associated with employee satisfaction. Employees may be satisfied when they are taking high responsibilities or carrying out interesting work, but such activities cannot directly result in satisfaction of their target groups. Similarly, there are many variables associated with happy beneficiaries as well. We cannot conclude that satisfied employees will lead to satisfied customers in every instance.

Our results coincide with those of Silvestro and Cross (2000), who have studied the linkages set by service environment. Researchers found no correlation between employee satisfaction and beneficiary satisfaction. Based on our findings, supported by the results of Silvestro and Cross's study, we would like to question the reliability of Heskett et al's satisfaction mirror. The premise of the concept implies that employee satisfaction can be translated into client satisfaction.

Relationship between Beneficiary Satisfaction and Service Delivery Performance:

The relationship between beneficiary satisfaction and service delivery performance was investigated in the one of the hypothesis. We found a positive correlation between beneficiary satisfaction and service performance of the organization. Our findings correspond to several previous studies (e.g. Loveman, 1998; Rust and Zahorik, 1993) which discovered that increased beneficiary satisfaction results in better service performance of the organization. In addition, a linkage study by Silvestro and Cross (2000) provides related results when it comes to connection beneficiary to service delivery performance.

In the organization like Bosco Reach Out, service quality, delivery on time and service availability are perceived as motivators in creation of beneficiary satisfaction. The reasons why these three factors contribute to beneficiary satisfaction are determined by the nature of the work.

Relationship between Employee Attitude and Service Delivery Performance:

The employee satisfaction results of this study are unexpected after reviewing linkage research models. Wiley's linkage research model suggests that employee satisfaction acts as a trigger for service delivery performance of the organization. However, our findings indicate that in Bosco Reach Out, there is a negative tendency between employee satisfaction and service delivery performance as well as between employee satisfaction and work efficiency.

Referring to previous studies, scholars have different opinions in their researches. Results of Silvestro's (2002) study reveal a negative correlation between employee satisfaction and measures of organizational productivity, efficiency and profitability. The main reason given by Silvestro is that employees are being over-stretched in the most of the service settings like NGOs. (Silvestro, 2002, p. 46).

In Bosco Reach Out, satisfied employees tend to be less efficient. The other way around, productive employees are less satisfied. One explanation could be that in order to maintain the high level of efficiency, employees is pushed to work hard and they get stressed. The work load might be too heavy, which results in lower satisfaction. Maybe they have fewer breaks or they are asked to work overtime. When studying the individual questions of employee satisfaction index, we can notice that all of them have a negative, significant correlation with efficiency. Thus, the less efficient employees, the more they like their work; the more they are proud of working for the organization; and the better they accept their physical working environment.

Combining with the results of the second and third hypotheses, we could learn that higher employee satisfaction will not definitely lead to higher client satisfaction but higher client satisfaction will result in higher performance in delivering services. These findings further verify the results of our fourth hypotheses, which imply it is far more complex to link employee attitudes with service delivery performance.

Relationships between Employee Attitudes, Client Satisfaction and Service Delivery Performance:

As we have analyzed the relationships between employee satisfaction,

client satisfaction and service delivery performance. We have been able to notice that employee attitudes cannot be directly linked to either client perceptions or service delivery performance. On the other hand, we have discussed about the finding that employee satisfaction, employee perceptions on leadership as well as motivation negatively correlates with employee efficiency. Based on these statistical results, the fifth hypothesis (there are positive correlations between employee attitudes, client(beneficiary) satisfaction and service performance cannot be accepted as a whole.

Viewing this result, we would like to refer to previous studies to give some reasons. Silvestro (2002) concluded that there are specific requirements for service context facilitating to link employee satisfaction to service performance. He argues that only in services where employees have a high contact with clients and where the role of employees is crucial in value creation is the linkage possible to observe. (Silvestro, 2002)

The theoretical framework of this paper is based on a widely-discussed assumption that employee satisfaction drives overall service performance. Apart from a limited number of contradictory studies, the service profit chain and Wiley's model seem to be approved by scholars and, especially, by practitioners like Johnson et al. (1994). Therefore, our reader might address a question, why our findings contradict so dramatically with the hypotheses. The question is not about being right or wrong. We are willing to identify some reasons that may have influences on the gap.

First of all, the formulation of the service profit chain is built on the researches summarizing more than 20 companies rather than one individual company. It could be questioned if the linkages of the model can be reflected and observed in a comprehensive way within one company. Our findings are closer to studies by Silvestro and Cross (2000) as well as Silvestro (2002) than to the theoretical models introduced in the theoretical framework. This can be explained the fact that Silvestro and Cross have also studied one organization, instead of a multiple number of companies. Some of the findings are astonishingly similar to results of our paper.

Besides, one more methodological explanation may be that the samples of previous studies are from the same district. In our study, projects are located in five districts in Assam, which increased the complexity of the whole linkage process.

Secondly, the methodologies vary from research to research. No similar attitude surveys have been applied in previous linkage studies. In our context we

have verified the results in nonprofit sector which is very different than it's for profit counterparts.

Finally, we have not come across any previous linkage study conducted in non profit environment.

The above statements are our ways of speculating the reasons for the different findings in our hypotheses. Moreover it is difficult to draw unambiguous conclusions if the models are replicated in different sectors.

Conclusion:

In this paper we have examined the outcome of employee satisfaction in relation to satisfaction of target groups and service performance. Additionally we have studied the relationship between employee satisfaction, leadership and motivation. An NGO like Bosco Reach Out has provided an empirical framework for the study. Based on previous studies, such as Wiley's linkage research model, we have formulated five hypotheses that have become statistically tested in the paper. Only two of them were validated by the results.

The results of the empirical study indicate that employee satisfaction, leadership and motivation are closely related issues in employee's perceptions. According to the findings, abovementioned factors nourish each other in the studied case.

When it comes to relationships between employee attitudes, beneficiary satisfaction and service delivery performance, linkage research models as such do not apply to our case organization. We found that there is no correlation between employee satisfaction and beneficiary satisfaction. Moreover, employee satisfaction is not statistically significantly associated with service delivery performance. On the other hand, employee satisfaction as well as employee motivation and perceptions on leadership were found to be negatively related to employee efficiency, which implies that the more productive employees, the less satisfied they are; or the other way around, the more satisfied employees, the less productive they are.

Linkage research models suggest that beneficiary satisfaction can be linked to service delivery performance. This assumption became empirically validated by the results of this study. We found that beneficiary satisfaction has a significant correlation with service delivery performance indicators.

In this study, we have also investigated the impact of type of projects on employee attitudes and service performance. Correlation analysis between type of projects and performance indicators confirmed only one statistically valid

connection, i.e. the one between type of projects and performance of the organization. Quite obviously, longer the projects higher are the impact on target groups which results in higher service delivery performance.

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APPENDICES

Appendix 1: Table of Central Findings

Correlations Between the Most Central Variables

n = 51	Employee perspective			Beneficiary perspective	Service Delivery Performance				
	Employee Satisfaction	Leadership	Motivation	Beneficiary Satisfaction	Timely completion of Projects	Low Attrition rate	Utilization of Funds as per the guidelines	Efficiency of staff	Monitoring & Evaluation
Employee Satisfaction	1	r = .598** p = ,000	r = .682** p = ,000	r = -.036 p = .802	r = .123 p = .389	r = -.112 p = .433	r = -.211 p = .138	r = .019 p = .894	r = -.640** p = .000
Leadership		1	r = .767** p = .000	r = -.128 p = .371	r = -.069 p = .632	r = -.326* p = .020	r = -.237 p = .094	r = .323* p = .021	r = -.195 p = .170
Motivation			1	r = -.137 p = .339	r = -.081 p = .571	r = -.383** p = .006	r = -.279* p = .047	r = .281* p = .046	r = -.368** p = .008
Beneficiary Satisfaction				1	r = .035 p = .806	r = .464** p = .001	r = .364** p = .009	r = .037 p = .797	r = -.069 p = .632

Appendix 2: Table of Project Level Findings

(Correlation between employee satisfaction index and service delivery performance indicators)

Projects	Timely completion of Projects	Low Attrition rate	Utilization of Funds as per the guidelines	Efficiency of staff	Monitoring & Evaluation
Project-I	r = -.950* p = .013	r = .395 p = .511	r = .500 p = .391	r = -.061 p = .923	r = -.600 p = .285
Project-II	r = .273 p = .258	r = -.104 p = .673	r = -.309 p = .198	r = -.348 p = .144	r = -.104 p = .671
Project-III	r = .815* p = .048	r = -.549 p = .260	r = -.706 p = .117	r = -.519 p = .292	r = -.636 p = .175
Project-IV	r = .154 p = .569	r = -.263 p = .325	r = .130 p = .631	r = .387 p = .138	r = -.701** p = .002
Project-VI	r = .080 p = .898	r = .586 p = .300	r = -.547 p = .341	r = -.713 p = .176	r = -.498 p = .393

