



THE EFFECT OF HRM SYSTEM ON CUSTOMER SERVICE EFFECTIVENESS IN THE BUSINESS ORGANIZATION (A DESK RESEARCH)

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The effect of the Human Resource Management (HRM) system on customer service effectiveness in business organization is a considerable topic in the current world. The effectiveness of customer service not only dictates profitability but also profoundly influences organizational success across service and manufacturing sectors. The employee of the organization serves customers. So, the satisfaction of the employee will definitely affect their services to the customers. Establishing job satisfaction and fostering high-performance cultures necessitates the implementation of robust HRM systems within organizations, thereby directly impacting customer service effectiveness. Customer service effectiveness mirrors organizational performance. Other factors, like work environment, job satisfaction, tenure, and work-life balance, are part of the organizational "Black Box." However, Job satisfaction plays a mediating role in between the relationship of HRM system and the customer service effectiveness in the business organization. And then the effect of it on the customer service effectiveness of the particular business organization. This research aims to investigate the impact of HRM systems on customer service effectiveness in the business organization, employing a desk research methodology. Drawing on existing literature from reputable sources such as Wiley Online, Emerald, and Research Gate, this study synthesizes relevant research articles to achieve its objectives. The objectives of this research are to explore the impact of the HRM system on employees' job satisfaction in business organizations, and to explore the impact of Job satisfaction on customer service effectiveness. To discuss the impact of the HRM system on customer service effectiveness, the mediating impact of job satisfaction on the HRM system and customer service effectiveness. To achieve the sustainable success of the organization there should be a well-built HRM system. After that there should be committed highly motivated employees within the workforce. There is a significant effect of the HRM system on organizational performance. We should also understand that there are some mediating factors, such as job satisfaction as we discussed in the "Black Box" concept. We focused on the effect of the HRM system on customer service effectiveness, which will be discussed. Customer service effectiveness is directly linked with organizational performance.

Keywords: HRM system, customer service effectiveness, customer satisfaction, organizational performance, service quality, job satisfaction.

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INTRODUCTION

Numerous researchers have posited the substantial influence of Human Resource Management (HRM) systems on organizational performance. For some, HRM is construed as a facet of psychology that aims to motivate employees towards enhanced performance. Bowen & Ostroff, (2004). Despite this consensus, delineating the precise impact of HRM systems on organizational performance poses a challenge, primarily due to the existence of a theoretical "black box" between HRM systems and organizational performance (OP) (AL D. P., 2006). Understanding the intricate dynamics within this black box presents a formidable task. Therefore, this research endeavors to contribute to the scholarly discourse by elucidating the relationship between HRM systems and OP through the prism of customer service effectiveness within business organizations. Furthermore, this study aims to discern the direct impact of HRM systems on customer service effectiveness.

METHODOLOGY

Given the prevailing circumstances of the country, notably the impact of COVID-19, this study was undertaken utilizing a desk research strategy deemed most suitable for accomplishing its objectives. Reputable research studies were employed to fulfil the aims of this investigation. The literature review process involved sourcing articles from reputable databases such as Wiley Online, Emerald, and ResearchGate.

Author	Year	Description
Molleman, E., & Slomp, J.	1999	This research study attempted to study about functional flexibility and team performance. So, it is essential to identify HR flexibility, job satisfaction of the employees etc.
Dayarathna.	2019	Walk or Talk? The effect of high-performance work system strength on organizational effectiveness in selected banks in Sri Lanka. Through this research, the researcher can discover influential factors that influence to organizational effectiveness and HPWS as a kind of HRM system.
Boxall & Macky.	2007	This research attempted to investigate the High-performance work systems and organizational performance: Bridging theory and practice.
Anuradha Iddagoda & Opatha.	2018	This research attempted to study the intensity of the implementation of high-performance work practices in selected Sri Lankan companies
Philipos Petros Gile	2018	The effect of human resource management on performance in hospitals in Sub-Saharan Africa Since this research is most related to my research area and the topic, it was very useful to identify the effect of the HRM system the on the customer



		service effectiveness of healthcare industries in Sri Lanka.
Elhamaly Imhmed Ali	2014	This research investigated job satisfaction, organizational behaviour, and training to improve employees performance in public hospitals. This is another related study to my research area.
Sangeeta Trehan.	2014	This research attempted to study human resource management practices and organizational performance. An Indian Perspective. This will helpful to identify the relationship between the HRM system and organizational performance.
Beltrán-Martín, Roca-Puig, Ana Escrig, Bou-Llusar	2018	This research found the effect of human resource flexibility as a mediating variable between high performance work system and performance. So, it is important to identify the linkage between the HRM system and the firm performance.
Chuang & Liao	2010	This research found out the strategic human resource management in service context. Taking Care of business by taking care of employees and customers. So, it is important to identify the impact of customers and employee's satisfaction on the success or failure of the organization.
Munhurrun, Naidoo, Lukea-Bhiwajee,	2010	This research implicated measuring service quality: perceptions of employees. Here, service quality can be measured by using employee perception. On the other hand, service quality will affect customer service effectiveness.
Bowen and Ostroff	2004	Understanding HRM-Firm Performance Linkages: "The Role of the "Strength" of the HRM System.
Vermeeren, Steijn, Tummers, Lankhaar	2014	This investigated HRM and its effect on health care organizations employee, organizational and financial outcomes.
Cook, S	2004	This is a book that talks about "Measuring customer Service Effectiveness" published by. <i>Gower publishing Ltd, Gower House, and USA</i> . This book is essential to have an idea about how to measure customer service effectiveness as well. This is important to identify the link between the HRM system and the customer service effectiveness.
H.H.D.N.P.Opatha,, & , R.A. Hewapathirana	2020	This research investigated the "Identification of some research gaps in green Human Resource Management". This is very important in identifying the structure of the desk research.

RESULTS AND DISCUSSION

This study adopts a desk research approach, leveraging existing research conducted by various scholars to examine the impact of HRM systems on customer service effectiveness within business



organizations. The researcher sought to substantiate the following hypotheses through meticulous filtration of pertinent information.

H1: There is positive relationship between HRM System and job satisfaction.

Human resource practices are a strategy that offers satisfaction to employees in various fields (Bekru et al., 2017; Ting, 1997). Moreover, numerous researchers have expressed that human resource rehearsals offer positive commitment that is agreeable to employees’ satisfaction in different degrees of associations which increase the performance of the workers. Williams (2003) led an investigation at nearby government associations in the United Kingdom (UK) to examine explicit HR practices. Managers should consider human resource practices as a strategy that improves the work conditions and builds the results of the organization (Absar et al., 2010). There are some experimental examinations on human resource practices and job satisfaction in various areas, and we have rich writing on the impact of human resource practices on different issues, for example, execution, steadfastness, and commitment (Alkhasawneh, 2013; Balozzi and Aman, 2014; Tabiu and Nura, 2013). In this way there is a positive connection between human resource practices and job satisfaction. This aligns with Maslow theory and Adam equity theory that employees are satisfied when their needs are fulfilled (Adams, 1965; Maslow, 1965). The current studs’ findings are consistent with previous research such as the previous literature acknowledges that human resource practice found positive contributions to employees’ loyalty, satisfaction, engagement and performance (Haruna & Marthandan, 2017; Nwachukwu & Chladková, 2017).

Table 01: Direct relationship

Direct Relationship					
Hypothesis	Beta	Standard Deviation	T Statistics	P Values	Decision
H1: HRM practices → Employee performance	0.338	0.094	3.591	0.000	Accepted
H2: HRM practices → Job satisfaction	-0.434	0.424	1.024	0.306	Rejected
H3: Job satisfaction → Employee performance	0.353	0.060	5.925	0.000	Accepted

According to the above findings and theories used by the author, H1 can be accepted. Because of that we can identify that the HRM system has a positive effect on the Job satisfaction of employees.

H2: There is a positive relationship between job satisfaction and customer service effectiveness.

Conveying quality service is considered a significant methodology for achievement in the present competitive environment (Parasuraman et al., 1985; Reichheld and Sasser, 1990; Zeithaml et al., 1990, 1996). As indicated by Grönroos (1988), service quality is normally characterized as an inconsistency between the service quality that is conveyed by the association and the service execution that workers anticipate. Reasonably, service quality is characterized as a worldwide judgment or demeanour identifying with the general greatness or predominance of the service (Parasuraman et al., 1988). Let’s examine the findings of various researchers on the relationship between employee satisfaction and customer service effectiveness.

- Employee satisfaction is an important factor in determining service quality (Zeithaml et al., 1990).
- Satisfied employees are more committed to continuous improvement and quality (al., 2004) thus they are also more committed to delivering quality service.
- Satisfied employees are highly motivated, have good morale at work, and work more effectively and efficiently (Eskildsen and Dahlgard, 2000; Yoon and Suh, 2003).
- Research by Reichheld and Sasser (1990) suggest that the higher the degree of employee satisfaction, the greater the chance of customer satisfaction and retention.
- Satisfied employees will deliver better service (Schmit and Allscheid, 1995). Satisfaction often mediated between customer perceptions of service quality and the creation of



behavioural intentions (Cronin and Taylor, 1992; Boulding et al., 1993; Cronin, Brady and Hult, 2000).

- Researchers have found that satisfied employees are more likely to improve their job performance (Judge et al., 2001), be creative and cooperate with others because satisfaction is the inner force that drives employee behaviour.
- Previous studies have suggested that loyal employees are more willing and capable of delivering a higher level of service quality (Loveman, 1998; Silvestro and Cross, 2000).
- The efforts to promote service quality must be based on managing employee behaviours and training them in interpersonal skills to exhibit a true customer focus.
- Employee behaviours will impact on the customer perceptions of service quality (Bitner et al, 1990).
- Employee satisfaction is vital because it will determine the success or failure of what the customer experiences (Comm and Dennis, 2000).

Those findings show employee satisfaction can improve productivity, reduce staff turnover, and enhance creativity and commitment. Satisfied employees have higher intentions of staying with an organization and recommending the organization to others. We can now better understand that there is a positive relationship between the job satisfaction of employees and customer service effectiveness.

H3: Job satisfaction mediates between human resource practices and customer service effectiveness.

Customer service effectiveness is coming under organizational performance. If employees are satisfied with their jobs, they are in a good position physically and psychologically to serve the customers of the organization. The benefits of job satisfaction as they relate to service quality are gaining new attention.

Table 02: Mean, SD, & Correlation (N=85)

	Mean	SD	1	2	3	4	5	6	7
1. HRM	6.08	.433							
2. Job satisfaction	8.15	.422	.725 ^b						
3. Sick absenteeism	.06	.017	-.494 ^b	-.424 ^b					
4. Client satisfaction	8.63	.346	.273 ^a	.286 ^a	-.381 ^b				
5. Net margin	.03	.035	.267 ^a	.188	-.177	.187			
6. Diversity of care	4.34	.699	-.333 ^b	-.278 ^b	.345 ^b	-.246 ^a	-.153		
7. Age	3.31	.293	-.508 ^b	-.427 ^b	.457 ^b	-.133	-.057	.229	
8. Gender	.92	NA	.155	.137	-.276 ^a	.379 ^b	.110	-.071	-.065

^ap < .05; ^bp < .01.

The third hypothesis proposed that job satisfaction mediates the relationship between the HRM system and customer service effectiveness. According to figure 01, the results show this is indeed the case. Therefore, our third hypothesis is supported by the data. Service quality has been related to customer satisfaction and loyalty. Client satisfaction is also relatively high: 8.63. Concerning absence due to sickness, the average score is .06 (6%). Finally, the average value for the net margin was .03, showing that for each 100 euros of revenue, 3 euros accrue as profits. Furthermore, the correlations show that HR practices are related to the outcomes as expected. For instance, HR practices are positively and significantly associated with client satisfaction. Satisfaction often plays a mediating

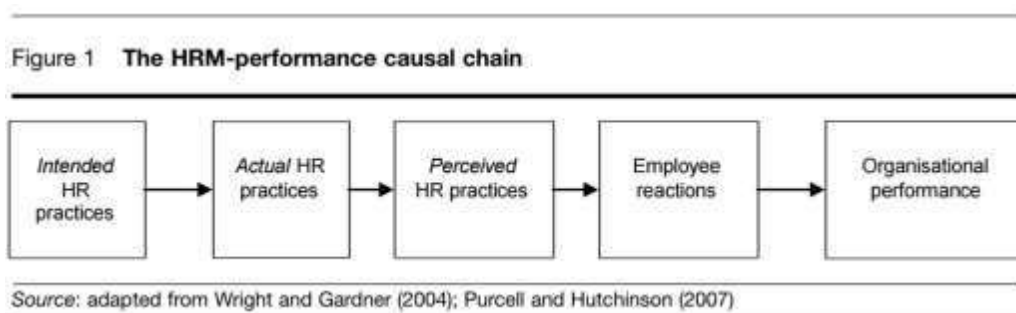


role between customer perceptions of service quality and the creation of behavioural intentions (Cronin and Taylor, 1992; Boulding et al., 1993; Cronin, Brady and Hult, 2000).

H4: There is a positive relationship between HRM System and customer service effectiveness.

According to Boxall & Macky, (2007) HR system or models are bunches of work and employment rehearsals for a specific gathering of representatives. Huge associations typically have one HR framework for supervisors and another for their principal gathering of production or operation workers. He investigates the link between High-performance work systems and organizational performance. To measure organizational performance, they used customer service effectiveness as their indicator. To measure HPWS use selective staffing, comprehensive training, developmental performance appraisal, rewards, etc. They mention the importance of the HRM performance casual chain.

Figure 01: The HRM performance casual chain



According to this casual chain employee reactions are affected by the perceived HR practices.

CONCLUSIONS

The findings of this study underscore the significant impact of HRM systems on organizational performance, particularly in the context of customer service effectiveness. Our exploration into the "Black Box" concept highlighted the mediating role of job satisfaction, emphasizing its importance in understanding the relationship between HRM systems and organizational outcomes. A direct link to organizational performance was established by focusing on customer service effectiveness, reaffirming the crucial role of HRM practices in contemporary settings. However, managers need to recognize the imperative of nurturing human resource capabilities and skills development to bolster organizational performance, given the fundamental dependency on long-term customer relationships for sustained success.

Moving forward, it is crucial for future research endeavours to should delve into broader HRM factors such as supervision, employee participation, job descriptions, and pay practices to understand their influence on job satisfaction and organizational performance comprehensively. Furthermore, our study supports existing theories regarding the intervening impact of job satisfaction on organizational outcomes, underscoring the pivotal role of employee attitudes in the HRM-performance nexus. Despite the constraints posed by the COVID-19 pandemic and the limitations inherent in desk research, this study contributes to the growing body of literature on HRM practices and organizational performance, advocating for heightened managerial attention to optimize organizational effectiveness through strategic HRM interventions.



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