Abstract

In fiercely competing business world the successes or failures of the organizations depends on the employees competency to attract and retain customers. Competent employees are the key to deliver excellent quality services to attract and retain customers, the main objective of this study is to assess the effects of employees competencies on customer satisfaction in private organizations in eastern Ethiopia. Comprehensive sampling techniques used to select sample of employees and convenience sampling techniques were used for customers. Data for the study were collected through self-administered questionnaires distributed to 400 customers and 200 Employees for 40 private organizations. The questionnaire for employees was structured around six employees competencies areas such as business understanding, result orientation, customer service, team work, interpersonal communication and personal effectiveness. The questionnaire for customers was designed to collect data supplementary to the data collected from employee and data related to competency of employees that might not be directly answered by them. The inter-correlations among the dimensions of employees competencies and customer satisfactions have demonstrated significantly positively correlated. Multiple regression analysis were carried out to test the relations between the dimensions of employee competencies and customer satisfaction The study shows that there is a significant positive relationship between employees competency and customer satisfaction. The research identifies basic competency deficiencies of Ethiopian employees in handling customers’ and has managerial implication of how to staff the work force with the skills, area of knowledge, attitudes and abilities that distinguish high performer to deliver quality service.

Keywords: Employees competency, Customers satisfaction, Private organizations

According to Boyatziz (2008), competency is an individual’s capability or ability. However, Rossilah (2008) stated that competency or efficiency was referred to as a set of characteristics of knowledge, skills, attitudes, intellect and view of one's own interests to carry out their duties efficiently and effectively. Competence is described as the behavioural prerequisites for job performance and organizational results, indicated by skills attribute, character, quality, ability, capacity and capability (Cumming, et al., 2009; Moore, Cheng, and Dainty; 2002).

Competencies are observable behaviours, knowledge, skills, and abilities of personnel to attract and retain customers by delivering quality service to the customers (Wuim, 2014, Potluri and Zeleke, 2009). Competent employees are invaluable assets for any organization’s survival in the dynamic and competitive business environment. In private service organizations where researcher conducted the study. In these organizations employees are the main interface of the organization that play crucial role to delight customers and serve as key source of competitive advantage. Competent employees understand and play their roles and responsibilities to achieve organizational goals and objectives (Berihun, 2016).
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The behaviour and attitude of contact employees can influence customers perceptions of the service quality (Mengesha, 2015). On the other hand employees are the first lines of contact in any organization and they are the main players to create the first and long lasting impression on the organization and project a positive or negative image in the minds of customers. They are capable of creating awareness, understanding need among customers to use the organization's goods and services effectively to generate revenue (Akinyele, 2010). Competent employees play a crucial role to create satisfied and loyal customers. They are the actors who appear front stage in the service stage show when they serve customers (Lovelock and Wirtz, 2004).

Competency is more than just knowledge and skills. It involves the ability to meet complex demands by drawing on and mobilizing psychological resources including skills and attitudes in a particular context (Akinyele, 2010, Rychen and Salganik, 2003). Employees collective knowledge, skills and resources are the firm to create satisfied customer. Competencies are observable behaviours, knowledge, skills, and abilities of employees to attract and retain customers by delivering quality service to the customers. Competent employees’ are invaluable assets for any organization’s survival in the dynamic and competitive business environment. In service providing organizations there is a high customer-employee contact in the service delivery areas. These areas are occupied by a great percentage of an organization’s work forces that are usually tasked with dealing with customers on a daily basis and handle most aspects of a customer’s interaction. The employees are the main interface of the organization that play crucial role to delight customers and serve as key source of competitive advantage. Competent employees understand and play their roles and responsibilities to achieve organizational goals and objectives, by applying their competency. Employees with this capabilities and process, to apply the collective knowledge, skills and resources of the firm to create satisfied customer (Lado and Wilson, 1994). However, in eastern Ethiopia private organizations has long queue in the service windows at which customers are forced to waste much of their time. The researcher also observed customers complaining on the customer services. These factors have a negative impact on organizations which may lead to dissatisfaction and lose its valuable customers in light of competitive business environment if and when created. With this background, employees competency and customer satisfactions are compelling the attention of the researcher. This therefore, the main objective of this research is to assess the effects of employees competencies on customer satisfaction in private organizations in eastern Ethiopia.

Literature Review

Competency is a fundamental standard of skill, knowledge, ability or behavioral characteristics that an individual needs to perform his/her work successfully (Boyatziz, 2008). It is a combination of several factors like motives, traits, self-concepts, attitudes or values, skills and abilities all of which are required from an individual to function properly and satisfy the needs and interest of customers as well as achieve the objectives of the organization (Potluri and Zeleke, 2009). Competencies are a set of identified behaviors, knowledge, skills, and abilities that directly and positively impact the success of employees in the organization (Hayton,
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and Kelley, 2006). Mirabile (1997) described competency as the behaviors, knowledge and motivations that is required to be effective in a job. Competencies are individual capabilities that can be linked to enhanced performance by individuals or teams (Mathis and Jackson, 2010). According to Sanghi, (2016) competencies are what make your organization unique and are the skills your organization possesses that set it apart from its peers. They are the sources of competitive advantage and the building blocks to future opportunities. Competence is a bundle of skills rather than a discrete skill. Competency is an integration of skills, abilities, knowledge and capabilities. Understanding and developing employees competencies is necessary to enable the organization to exploit the opportunities they provide. Competencies may be considered as talent-based interpretations of business needs. This view defines competencies as demonstrable characteristics of the person, including knowledge, skills and behaviours that enable performance (Chen, et al., 2019). Also these competencies are skills that help place a firm in close proximity to its customers. The important elements of competencies are customer knowledge, customer access and competitor knowledge (Momeni, et al., 2011).

The competency level of employees is used to integrate selection, training, appraisal and compensation. On the other hand, competencies are used as a strategy to strengthen the link with organizational culture, results, and individual performance by emphasizing competencies that are needed across occupational specialties. As a tool to help describe work and what is required from employees in jobs in a broader, more comprehensive way to identify and close the gaps in individuals capabilities and the requirement of the position. As a method to align individual and team performance with organization, vision, strategies and the external environment (Campion et al., 2011, Cardy and Selvarajan, 2006).

According to Lengnick-Hall, (2002) in organizations, employees interact with customers while providing the service and customers viewed the employees as if they are the organization. These employees should have basic knowledge, skills, behaviors and experience to promote core values and ethics of the organization through words and actions for customers during the interaction. They should uphold the ethical and social norms of the organization (integrity and honesty), strive for the highest standard of achievement (professionalism), work with others towards a common goal (cooperation) and be sensitive and responsive to others (respect). The Common Wealth of Virginia identified six most important skills and core competencies to be possessed by service employees that help them to work towards profitability and sustainability of their organization and provide quality service to satisfy customers (Rothwell and Lindholm, 1999). These employees competencies are ;

Business Understanding

For successful business performance, it needs to build employees’ competency around a sound strategic understanding of an organization’s business to enable them know how to deliver timely, relevant, complete, accurate, and useful services to the customers (Owen, et al.,2001). Employees should understand the organization’s mission, objectives, goals. It is also these employees who can identify customers’ problems within their work environment and bring forth immediate solutions. Customers do
not want to do business with staffs that do not know the answers to their questions or handle their requests and problems un empathetically (Zolkiewski et.al, 2017).

**Result Orientation**

Competent employees carry out their activities with effective management of time and resources to meet/exceed expected results within time budget and quality standards. They focus action and resources on the achievement of strategic goals and priorities of the organization (Luecke and Hall, 2006). This can be successfully achieved when all employees in the organization have a result-oriented culture with the attitude of focusing on excellence and achievement of results. Results orientation is a concern for surpassing standard of excellence. The standard may be one’s own performance (striving for improvement) an objective measure (results orientation) challenging goals one has set or even improving or surpassing what has already been done (continuous improvements) (Raven, 2001).

**Customer Service Skills**

Competent employees have both technical capabilities and behavioral competencies to understand and respond to customers' needs timely, accurately and in a respectful manner. The first elements technical competencies are predominately about acquired knowledge and technical abilities and skills about the service they provide (Hogan, 2012). It is defined in terms of the specialized requirements of an occupation. These competencies are often easier to see, train, and develop. The second element is behavioral competencies, which is deep-seated qualities of an individual (attitudes, traits, and approaches) to communicate effectively and work cooperatively with team members and the ability to understand and help customers needs and interests” (Attia, et al., 2005). The quality of service delivered by an organization not only related to technical and operational knowledge of employees but also their awareness of customers’ satisfaction as extremely important part and top goal of the job (Malhotra, and Mukherjee, 2004). According to Lovelock and Wirtz (2004), the quality of service delivered by an organization related to its frontline employees competencies (reliability, responsiveness, assurance and empathy). Reliability: the employees’ ability to perform the promised service dependably and accurately time after time. It refers to doing right the first time and every time thereafter.

**Teamwork and Co-operation Skills**

Team work and co-operation skills are the abilities of employees to work together cooperatively within diverse teams, workgroups and across the organization to achieve group and organizational goals (Holland, et al. 2000). No one seems to know what is going on outside his or her own immediate responsibilities and start to say, I don’t know-it is not my Job. This leads to a harsh atmosphere of the service delivery environment that results in poor customers’ service (Noe, et al., 2010).

**Interpersonal Communication Skills**

The service delivery activities at front desk involve a high interaction of employees and customers each day in which effective communication and problem-solving skills at frontline employees are critical (Bharwani, and Jauhari, 2013)). It is enough to know services policies or the job responsibilities to deliver quality services but it is also necessary to communicate openly and honestly with co-workers and customers
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(Karlsson, and Skålén, 2015). Besides, they should treat each other with respect and resolve any conflicts in a positive way to create harmony at the work environment. Customers assume that all elements in the processes may frustrate when the system breaks down due to lack of employee communication with each other about the customers problems and lack of ability to compare kind the complete service process (Lovelock & Wirtz, 2004).

Personal Effectiveness

Employees are required to be effective and efficient in utilizing organizational resources and effective in delivering the service to achieve organizational mission and objectives (Ulrich, 1996). Employees should be personally effective in achieving results, solving problems, planning and managing their own time and works (Ahmed, et al., 2010). Employees working at the front desk should prepare themselves for potential problems before they occur, accept new ideas and new ways of doing activities with a positive attitude, organize and prioritize their own work / activities to stay on track toward and implementing decisions and solve problems at the right time and in the right way (Csikszentmihalyi, 2004).

Customer Satisfaction

Customer satisfaction the extent to which a product's perceived performance matches buyers’ expectations. If the product's performance fall short, of expectations, the buyer is dissatisfied (Hanagandi, and Melo, 2018). If performance matches or exceeds expectations the buyer is satisfied or delighted. Customer satisfaction with a purchase depends upon the product's performance relative to a buyer's expectations (Toivonen, 2015). Customer satisfaction is a term most widely used in the business and commerce industry. It is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customer's expectation. It is well established that satisfied customers are key to long-term business success (Cook, 2010). Customer satisfaction is generally described as the full meeting of one’s expectations (Jamal, and Naser, 2002). Customer satisfaction is the feeling or attitude of a customer towards a product or service after being used. Customer satisfaction is a major outcome whereby it serves as a link between the various stages of consumer buying behavior. If customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try line extensions (Jamal, and Naser, 2003).

Cengiz, (2010) identifies satisfaction as an overall evaluation based on the total purchase and consumption experience focused on the perceived product or service performance compared with pre-purchase expectations over time. Grigoroudis and Siskos, (2009) regards satisfaction as a fulfillment response or judgment, focused on product or service, which is evaluated for one-time consumption or ongoing consumption.

Customer satisfaction is widely recognized as a key influence in the formation of customers’ future purchase intentions (Taylor & Baker, 1994). Satisfied customers are also likely to tell others about their favorable experiences and thus engage in positive word of mouth advertising (Swanson, and Kelley 2001).

Conceptual Framework
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Based on reviewed literature the researcher developed the following conceptual framework. This framework represents the overall study coverage topics in this study.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee competency parameter</td>
<td>customer satisfaction</td>
</tr>
<tr>
<td>Business understanding</td>
<td></td>
</tr>
<tr>
<td>Result focus</td>
<td></td>
</tr>
<tr>
<td>Customer service</td>
<td></td>
</tr>
<tr>
<td>Teamwork</td>
<td></td>
</tr>
<tr>
<td>Interpersonal communication</td>
<td></td>
</tr>
<tr>
<td>Personal effectiveness</td>
<td></td>
</tr>
</tbody>
</table>

Figure 1. Conceptual Model showing the employees competence on customer satisfactions

Methodology

A cross sectional descriptive survey design was used to gather data pertaining to competency parameter of employees and customers satisfaction for the purpose to meet the research objective and finally providing findings for this research that help private organizations to be aware of the service delivery problems in the high customer contact areas so, as to take appropriate measures through the feedback of the findings. The researcher categorized the business into two state owned and private owned. In the private; organizations are mainly induced to maximize profits and attract more customers through dependable service provision on a competitive basis. Comprehensive sampling techniques were used to select sample of employees’ and accidental (convenience) sampling techniques were used for customers the selected organization. Accidental samples are those that result when availability and willingness to respond are major factors in selecting respondents. That is the researcher samples those members that are available in that time and space when the data are collected (Yalew, 2009). Due to the wide geographical coverage and large population of the study, the scope of the research was limited only to 40 private organizations in eastern Ethiopia. The researcher used the standardized questionnaires taken from commonwealth of Virginia competency assessment tool, adopted and modified it to fit to the research understudy. The population for the study includes both employees and customers. A self-administered questionnaire closed ended forms to collect the relevant data from 400 customers and 200 employees of 40 private organizations. Two types of questionnaires (for employees and for customers) were used to collect the necessary data from the selected sample employees and customers. The questionnaire for employees was structured around six employees competence areas such as; business understanding, result orientation, customer service, team work, interpersonal communication and personal effectiveness among employees using five point likert scale. The questionnaire for customers was designed to collect data supplementary to the data collected from employees and data related to competency of employees that might not be directly answered by them. Data was analyzed using SPSS. Reliability is the consistency of a set of measurements or measuring instrument, often used to describe a test. Reliability is inversely related to a random error (Coakes & Steed, 2007). There are several different reliability coefficients. One of the most
commonly used is called Cronbach’s Alpha. Cronbach’s Alpha is based on the average correlation of items within a test if the items are standardized. It has an important use as a measure of the reliability of a psychometric instrument. It was first named as alpha by Cronbach (1951), as he had intended to continue with further instruments. All the variables of competency indicators (business understanding, result focus, customer service, team work, interpersonal communication and personal effectiveness) and customer satisfaction were tested for their reliability. The Cronbach’s alpha values for all the variables considered are greater than 0.6 and this indicates the items in each of the domains are well understood by the respondents. The items have measured what they were designed to measure and were reliable.

Result and Discussions

Private business organizations operates in a complex and dynamic business environment in which competency of employees is a critical success factor to deliver the expected quality service at all levels. The employees competency assessed using the basic competency variables such as; Business understanding, Results focus/orientation, Customers service, Team work/cooperation’s, Interpersonal communication and Personal effectiveness. Under each competency, there are key indicators. In analyzing the result, the responses of the first three measurements never, rarely, and occasionally shows the competency parameters are considered as negative and on the other hand two measurements frequently and always are considered as a positive response to the questions. Descriptive statistics of the employees competence and customer satisfaction variables are reported in table 1. The mean ranges from 2.5447 to 3.1842. Comparison of the means suggests that the employees at the selected private organizations at the eastern Ethiopia are not competent enough to deliver the required service. In addition from the customer response majority of Customers of the selected Private organizations replied with a mean response of 2.69 and standard deviation of 0.856 showing that most customers did not get the required level of the service. This implies that large numbers of the customers are not satisfied with level of service provided to them by employees of selected private organizations in eastern Ethiopia.

Table 1 - Descriptive Statistics of Employee competency and customer satisfactions

<table>
<thead>
<tr>
<th>parameter</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business understanding</td>
<td>200</td>
<td>1.25</td>
<td>4.50</td>
<td>2.7533</td>
<td>.64484</td>
</tr>
<tr>
<td>Result focus</td>
<td>200</td>
<td>1.40</td>
<td>4.00</td>
<td>2.5447</td>
<td>.70925</td>
</tr>
<tr>
<td>Customer service</td>
<td>200</td>
<td>1.20</td>
<td>4.40</td>
<td>2.6526</td>
<td>.87901</td>
</tr>
<tr>
<td>Team work</td>
<td>200</td>
<td>1.40</td>
<td>4.80</td>
<td>3.1842</td>
<td>1.05465</td>
</tr>
<tr>
<td>Interpersonal communication</td>
<td>200</td>
<td>1.61</td>
<td>4.37</td>
<td>3.0843</td>
<td>.76283</td>
</tr>
<tr>
<td>Personal effectiveness</td>
<td>200</td>
<td>1.67</td>
<td>4.33</td>
<td>2.8224</td>
<td>.67183</td>
</tr>
<tr>
<td>Customer satisfactions</td>
<td>400</td>
<td>1.80</td>
<td>3.70</td>
<td>2.6900</td>
<td>.85567</td>
</tr>
</tbody>
</table>

Source: Author, Computed from survey data

Table 2 illustrate the inter-correlations among competence obtained using Pearson correlation to determine whether the independent measures of the same concept. Generally the inter-correlations among the dimensions of employees competencies and customer satisfactions have demonstrated significantly positively correlated.
### Table 2 - Pearson’s Correlation matrix

<table>
<thead>
<tr>
<th>Employees competency</th>
<th>Bu</th>
<th>Rf</th>
<th>Cs</th>
<th>Tw</th>
<th>Ic</th>
<th>Pe</th>
<th>Csat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bu</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rf</td>
<td>.453**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cs</td>
<td>.435**</td>
<td>.668**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tw</td>
<td>.655**</td>
<td>.439**</td>
<td>.561**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ic</td>
<td>.568**</td>
<td>.656**</td>
<td>.675**</td>
<td>.856**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pe</td>
<td>.596**</td>
<td>.625**</td>
<td>.563**</td>
<td>.381**</td>
<td>.401**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Csat</td>
<td>.875**</td>
<td>.765**</td>
<td>.764**</td>
<td>.867**</td>
<td>.635**</td>
<td>.664**</td>
<td>1</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).

Source: Author, Computed from survey data

Note: where, Bu= Business understanding, Rf = result focus (orientation), Cs=customer service, Tw =teamwork, Ic=interpersonal communication, Pe=personal effectiveness, Csat=customer satisfaction

Multiple regression analysis were carried out to test the relations between the dimensions of employee competence and customer satisfaction. The results are summarized in table 3 Business understanding ($\beta=0.394$) result focus/orientation ($\beta=0.442$), customer service ($\beta=0.231$), teamwork ($\beta=.232$), interpersonal communication ($\beta=.222$) and personal effectiveness($\beta=0.424$). Thus study shows that there is a significant positive relationship between employees competency and customer satisfaction in selected private organization in eastern Ethiopia.

### Table 3 - Regression analysis of employee competency and customer satisfaction

<table>
<thead>
<tr>
<th>Variables</th>
<th>Customer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business understanding</td>
<td>.394</td>
</tr>
<tr>
<td>result focus (orientation)</td>
<td>.442</td>
</tr>
<tr>
<td>customer service</td>
<td>.231</td>
</tr>
<tr>
<td>teamwork</td>
<td>.232</td>
</tr>
<tr>
<td>interpersonal communication</td>
<td>.222</td>
</tr>
<tr>
<td>personal effectiveness</td>
<td>.424</td>
</tr>
</tbody>
</table>

Note :$N=200$ *p<.05,

Source: Author, Computed from survey data

**Conclusion**

Employees of the selected organizations are ineffective and unable to respond to the ever-changing customers demands of quality services in the service industry. The service provided does not meet the needs and expectations of large number of customers due to lack of employees business understanding, results focus/orientation, customers service, teamwork/cooperation’s, interpersonal communication and personal effectiveness competencies. This implies that most of employees are not competent enough to deliver the quality of service promised by their organizations. As a result, customers of selected private organization in eastern Ethiopia are not satisfied with employees customer services. Based on the findings of the research and the changing conditions of Ethiopian business environment, the following changes are required in handling the customers. Staffing the service delivery position with appropriately a set of skills, related knowledge and attributes that allow an individual to successfully perform a task or an activity within a specific function is the first method for ensuring competent employees to achieve the strategic objectives of quality service. The training departments of Ethiopian companies should be focused
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on changing the training curriculum which is going to bring the competent knowledge, skills as well behavioural and attitudinal changes required to meet the present day’s service providing organizations. Customers’ feedback is also an important input for the continuous improvement employees competency. Therefore, it is necessary to persistently collect the information from both the employees as well as from the customers to get the feedback about the skills and behaviours of the staff to practice in work about the service delivery and its system.

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Reference


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