

Bożena Pawłowska

Customer Satisfaction in the Product Improvement Process as the Factor Determining Enterprise Operation Effectiveness

Olsztyn Economic Journal 2, 140-149

2007

Artykuł został opracowany do udostępnienia w internecie przez Muzeum Historii Polski w ramach prac podejmowanych na rzecz zapewnienia otwartego, powszechnego i trwałego dostępu do polskiego dorobku naukowego i kulturalnego. Artykuł jest umieszczony w kolekcji cyfrowej bazhum.muzhp.pl, gromadzącej zawartość polskich czasopism humanistycznych i społecznych.

Tekst jest udostępniony do wykorzystania w ramach dozwolonego użytku.

**CUSTOMER SATISFACTION IN THE PRODUCT
IMPROVEMENT PROCESS AS THE FACTOR
DETERMINING ENTERPRISE OPERATION
EFFECTIVENESS**

Bożena Pawłowska

Department of Enterprises Economics
University of Warmia and Mazury in Olsztyn

Key words: customer satisfaction, customer satisfaction measurement, product quality, quality management systems.

A b s t r a c t

This paper presents the results of questionnaire-based study carried out at Polish food industry enterprises, which, in implementation of the product quality improvement process are required to measure the customer satisfaction.

The presented work shows the progress of enterprises covered in the customer satisfaction measurement process as an important instrument if effective customer needs and expectations studying process.

**SATYSFAKCJA KLIENTA W PROCESIE DOSKONALENIA JAKOŚCI PRODUKTU –
CZYNNIKIEM WARUNKUJĄCYM SKUTECZNOŚĆ DZIAŁANIA PRZEDSIĘBIORSTWA**

Bożena Pawłowska

Katedra Ekonomiki Przedsiębiorstw
Uniwersytet Warmińsko-Mazurski w Olsztynie

Słowa kluczowe: satysfakcja klienta, pomiar satysfakcji klienta, jakość produktu, systemy zarządzania jakością.

A b s t r a k t

Artykuł prezentuje wyniki badania ankietowego przeprowadzonego w polskich przedsiębiorstwach przemysłu spożywczego, które przez realizację procesu doskonalenia jakości produktu są zobligowane do prowadzenia pomiaru satysfakcji klienta.

Prezentowana praca przedstawia stan zaawansowania badanych przedsiębiorstw w proces pomiaru satysfakcji klienta jako ważnego instrumentu skutecznego badania potrzeb i oczekiwań klienta.

Introduction and goal of the study

Every enterprise that wants to build lasting competitive advantage must focus its activities on the client. Organizations are forced to identify the needs of their customers in a continuous and systematic way and supply the product that would satisfy the client's expectations. Currently, the necessity of continuous communication with the clients and asking them to present their opinions about products or services offered is becoming a very important issue. The client decides, which offers in the market represent the highest value. It is not important, what enterprises think of their own market offers but what the target clients think about them. The decisions by clients determine the future of the organization. The producer or service provider must communicate to the client the information that he wants to satisfy his expectations better and meet his needs. As a consequence, personalization of the client possible only through a larger involvement of employees in the process of winning and retaining the client is currently a very important factor influencing satisfaction of client expectations (HILL, ALEKSANDER 2003).

The above challenges are met by the activities of enterprise that adjusts the system of internal relations in the organization to the requirements of organization relations with its environment. As a consequence, the issues of satisfying client needs are becoming important factors determining the effectiveness of enterprise operation.

As a consequence, we should look for mechanisms of change in the methods of operation, in business processes of Polish enterprises, in the product quality improvement programs with particular focus on those elements of quality systems that determine to the highest extent the level of customer needs and expectations satisfaction. Undertaking of customer satisfaction measurement aimed at offering the required level of satisfaction to the clients in a more comprehensive and effective way than the competitors is definitely such an element.

In view of the above, each enterprise that aims at building lasting competitive advantage must be customer focused as recognizing a satisfied buyer as the enterprise asset currently possesses a strong economic value (SUDOŁ et al. 2000).

This paper aims at presenting the current status of progress in the processes of customer satisfaction management in Polish food industry enterprises possessing quality system certificates.

Methodology of studies

The study covered 55 enterprises that declared conducting customer satisfaction measurements. The organizations covered operate in the food industry sector and at the same time possess certified quality systems. According to the Statistical Classification of Economic Activities in the European Community – NACE effective as of January 1, 2001, the study covered enterprises were classified as belonging to section D – manufacturing, subsection DA, division 15 – manufacturing of food products and beverages from the area of the entire Poland that according to the employment are classified as medium and large enterprises¹ The organizations covered operate mainly in the regional and domestic market.

The plenipotentiaries for quality system in the covered enterprises expressed their answers by filling in the questionnaire form.

Customer satisfaction measurement as an instrument of internal conversion to market economy in enterprises

Strong pressure of the environment on organization causes that increasingly frequently the postulate is pressed in papers on contemporary organization management to conduct internal conversion to market economy in enterprises. That postulate assumes implementation of mechanisms regulating the nature of external relations into the internal organization of the enterprise, which means that every structural component of the organization is subject to the principles of providing services. That provision of services aims at assuring that all workstations and identified areas of the enterprise are able to implement the assumed tasks efficiently. If the processes occurring within the organization are treated as a chain of relations between clients and suppliers then it would lead to the situation where the internal supplier is assessed according to the same criteria as the external supplier, i.e. on the basis of quality, timeliness and price of services provided (GAJEWSKI 2003).

This approach to the organization should also consider customer satisfaction as the issue of paramount importance to the implementation of enterprise strategy while customer satisfaction measurement could also be considered an affective instrument for implementation of market rules within the enterprise.

Employees are the factor determining the effectiveness of activities implemented in the enterprise. Many of them maintain direct contacts with the external customers. The customer very often builds his perception of the

¹ According to NACE large enterprises are those employing over 250 employees and medium ones are those employing from 50 to 250 employees.

enterprise (the level of achieved satisfaction with a product) from the perspective of the employee providing services to him. As a consequence the problem of employee satisfaction also appears as an important link in the entire customer (i.e. external client) satisfaction management process in the enterprise. It should be stated that the more effective the internal implementation of market relations in the enterprise from the perspective of the client (external and internal) the higher the level of customer expectations satisfaction, which would offer tangible financial effects for the enterprise in a longer time perspective.

Currently, high product quality is treated as an important advantage to competitiveness of every enterprise. As a consequence, Polish food sector enterprises realized relatively quickly that quality systems should be included in their management structures to achieve efficient and effective performance of production functions and functions concerning product quality assurance.

Quality management systems include customer satisfaction assessment assurance and care for high level of his satisfaction among their assumptions. That is an important starting point for the issue of customer satisfaction measurement while undertaking and conducting that measurement becomes currently an important factor of market success. The ISO 9001/2000 standard requiring enterprises to carry out such measurement indicates at the same time that the customer satisfaction level determines the effectiveness of the quality management system. Point 8 of that standard requires continuous monitoring of information concerning customer perception. In view of the above, any improvement in quality system functioning should result in increasing the customer satisfaction level.

Consequently, customer satisfaction measurement becomes an important instrument in the so-called internal conversion to market economy in the enterprise, which leads to an increase in efficiency of its operation.

Customer satisfaction in the quality management system – results of study

The issue of customer satisfaction has become particularly important in the context of the effects of updating the earlier mentioned ISO series standards. As a consequence, the conducted questionnaire based study was to present the current status of activities in Polish food sector enterprises in that area. Customer satisfaction measurement is a tool that allows obtaining valuable information, which the enterprises cannot obtain using other methods. Credibility of information obtained through customer satisfaction measurement and its use depend to a high extent on efficiency of customer satisfaction management internal system in the enterprise. It is important that enterprises should

possess such internal systems. The study showed that the enterprises did not possess such systems at that time.

Dynamic increase in the number of enterprises implementing the quality management system compliant with ISO 9001:2000 standard during the recent time contributed to a wide proliferation of customer satisfaction measurements. This is a unique opportunity for Polish enterprises, also those belonging to the food sector. However, the problem concerns mainly the correctness of such measurement and appropriate interpretation of its results.

Over 85% of the enterprises declared possessing both the quality system compliant with ISO 9000 series standards and the HACCP system, while only 6% indicated that they also apply the ISO 14000 based system (environment management standard) (Fig. 1).

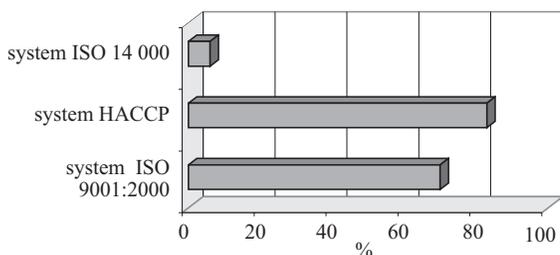


Fig. 1. Types of quality systems applied by the enterprises covered
Source: own work based on the results of questionnaire study.

Over 88% of the enterprises indicated ISO standard requirement as the main reason for conducting customer satisfaction level studies (Fig. 2). Only 7% of enterprises declared that the measurement is carried out as a component of marketing studies. In view of the above doubts concerning whether the enterprises covered are fully convinced that studies of that type are necessary and should be conducted are fully justified.

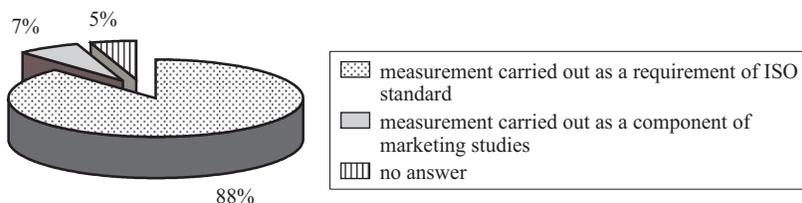


Fig. 2. Motivation for conducting customer satisfaction studies
Source: own work based on the results of questionnaire study.

According to the enterprises covered, the major goals of customer satisfaction measurements are: quality improvement (over 96% of answers), improvement of processes (over 73% of answers), winning customer loyalty (over 40% of answers) and better customer service (over 33% of answers) (Fig. 3).

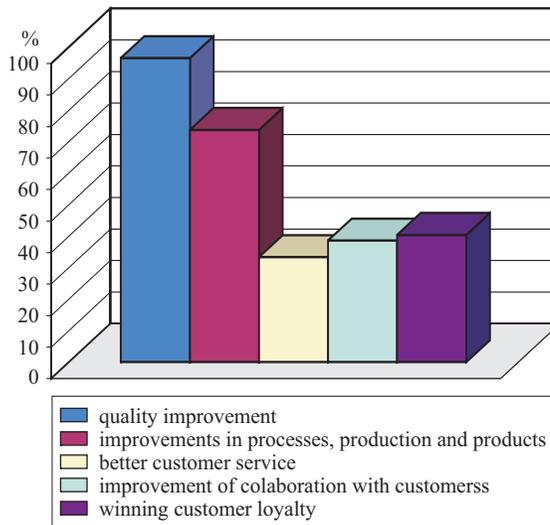


Fig. 3. Purpose for which customer satisfaction measurement results are used
Source: own work based on the results of questionnaire study.

During the study the group of factors that were influenced by customer satisfaction was determined (Fig. 4). The enterprises indicated: increasing the products quality level (over 81% of answers); better identification of customer needs (over 69% of answers); increase of sales (60% of answers); market position improvement (40% of answers) as the most important ones. Only around 3% of the enterprises covered believed that customer satisfaction level influenced work quality improvement, which can indicate that the level of knowledge concerning customer satisfaction among the employees of enterprises covered was low.

Customer satisfaction measurement in the respondent enterprises covered mainly the current buyers (ca. 98% of answers) followed by employees (ca. 46% of answers), potential customers (ca. 39% of answers) and intermediaries (ca. 35% of answers). Customer satisfaction measurement is carried out systematically by ca. 62% of the enterprises covered, occasionally by ca. 28% of them and rarely by ca. 10% of organizations covered.

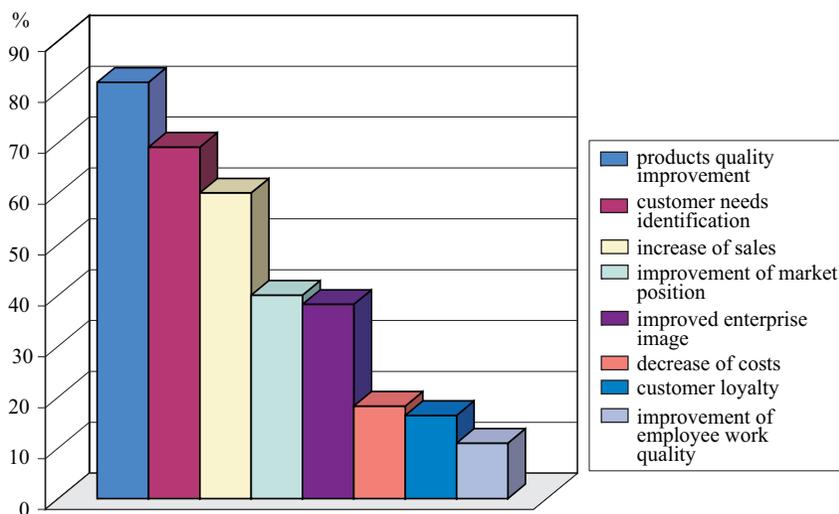


Fig. 4. Factors that were influenced in enterprises covered by the customer satisfaction level
Source: own work based on the results of questionnaire study.

The enterprises covered apply a number of customer satisfaction measurement methods (so-called complementarity of measurement), which is in agreement with the principle of correctness in conducting customer satisfaction studies (Fig. 5) (SUDOŁ et al. 2000). The most frequently indicated measurement methods were: analysis of claims and complaints (ca. 91% of answers), followed by sales level, market share or return on investment monitoring (ca. 84% of answers), questionnaire based studies (ca. 74% of answers) and benchmarking (ca. 57% of answers). Further down the ranking the enterprises also indicated other, both direct and indirect, measurement methods.

Around 64% of the covered enterprises employed specialists dealing with customer satisfaction measurement, which can be considered a good result. In other cases, i.e. roughly 36% of enterprises there were no special positions/employees dealing with customer satisfaction measurement. The enterprises indicated the following employees as responsible for customer satisfaction measurement: marketing specialist (ca. 55% of answers), sales specialist (ca. 12% of answers), quality specialist (ca. 9% of answers) and other positions (ca. 24% of answers).

The covered enterprises indicated the following as important barriers to customer satisfaction measurement:

- resistance of employees and fear of consequences of lack of customer satisfaction (63% of answers),
- excessive load of current activities on the employees (48% of answers),

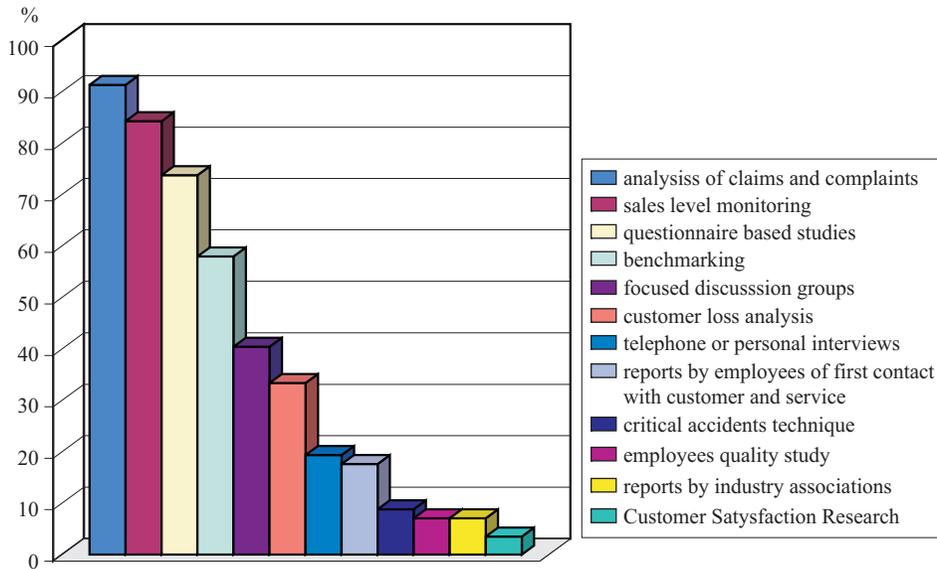


Fig. 5. Customer satisfaction measurement methods applied in the covered enterprises
Source: own work based on the results of questionnaire study.

- lack of funds for conducting the studies (45% of answers),
- lack of knowledge on the subject (37% of answers).

Over 90% of enterprises covered indicated that there is evidence showing product quality influence on customer satisfaction level. They observed that relation mainly in the form of an increase of sales, decreased number of complaints, in the results of their own studies, in the letters from customers and in the direct contacts with the customers.

The enterprises generally reported that they did not carry studies on the relation between customer satisfaction increase and enterprise profitability. However, it should be stressed that studies on that relation are one of the main activities in evaluation of customer satisfaction measurement effectiveness (DEREK 2004).

According to the ISO 9001:2000 standard, each process should be subject to evaluation. As a consequence, the managements of enterprises covered were asked whether they have a system for evaluation of customer satisfaction measurement (customer satisfaction measurement should be treated as an important process in activities of the enterprise). Thanks to such evaluation errors of the measurement itself, and later errors of results interpretation could be avoided.

The study showed, however that 80% of enterprises covered possessed no procedure for customer satisfaction measurement system evaluation while

only 12% of enterprises reported conducting evaluation of their measurement systems. That is a situation that requires a quick change involving mainly development of the measurement methodology, which, as indicated by the results of the study, is quite limited at the moment (Fig. 5). Only 7% of the covered enterprises declared implementation of customer satisfaction measurement system evaluation procedure (Fig. 6).

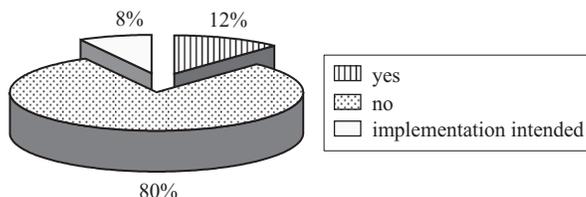


Fig. 6. Availability of specified customer satisfaction measurement system evaluation procedure in covered enterprises

Source: own work based on the results of questionnaire study.

In most cases customer satisfaction measurements were carried for 1 to 3 years. That answer was given by ca. 48% of enterprises while 30% of the enterprises covered conducted such studies for longer than 3 years while ca. 21% of enterprises indicated that in their case such studies were carried out for less than 1 year. It must be stated that this is a relatively short period during which such studies were carried out. The reason is also that the new ISO standard became effective quite recently² while it is the main reason for conducting such studies in the enterprises covered.

The covered enterprises declared that they measured customer satisfaction on their own (ca. 82% of answers) and that they commission the task to specialized organizations (ca. 50% of answers).

Conclusion

Currently, measurement of customer satisfaction is becoming an absolute necessity for Polish food industry enterprises to achieve effective competitive advantage in the contemporary market. That issue is even more important as Polish food industry products possess attractive characteristics that are increasingly appreciated at the international markets. Product quality improvement processes have become an excellent tool supporting and forcing enter-

² The new ISO 9001:2000 standard became effective as of 15.12.2000.

prises to certain behaviors in the area of continuous customer focus and conducting customer satisfaction studies.

The results of study presented in this paper allowed concluding that the vast majority of the respondent food industry enterprises carried customer satisfaction measurements only as a consequence of the ISO 9000 standard requirement and not out of market necessity. Lack of understanding of the issue by employees is the main barrier to conducting customer satisfaction measurements. The respondent enterprises have a very limited methodology base for conducting customer satisfaction measurement. This situation results in absence of systems for evaluation of customer satisfaction measurements that could allow avoiding errors of the measurement and, as a consequence, errors in interpretation of the results.

Attention should be drawn to the motivational and educative importance of quality management systems according to which enterprises carry out their business activities on undertaking the customer satisfaction measurement. The studies allow concluding that analyzed Polish food sector enterprises start treating customer satisfaction measurement as an important factor of competitiveness conditioning enterprise operation effectiveness.

References

- DEREK A. 2004. *Customer Satisfaction Research Management*. Hardcover, pp. 151-159.
- HILL N., ALEKSANDER J. 2003. *Pomiar satysfakcji i lojalności klientów*. Oficyna Ekonomiczna, Kraków, p. 69.
- SUDOŁ S., SZYMCZAK J. HAFFER M. 2000. *Marketingowe testowanie produktów*. PWE, Warszawa, p. 294.
- GAJEWSKI P. 2003. *Koncepcja struktury organizacji procesowej*. TNOiK, Toruń, p. 273.