



Does employee safety influence customer satisfaction? Evidence from the electric utility industry

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ABSTRACT

Problem: Research on workplace safety has not examined implications for business performance outcomes such as customer satisfaction. **Method:** In a U.S. electric utility company, we surveyed 821 employees in 20 work groups, and also had access to archival safety data and the results of a customer satisfaction survey (n = 341). **Results:** In geographically-based work units where there were more employee injuries (based on archival records), customers were less satisfied with the service they received. Safety climate, mediated by safety citizenship behaviors (SCBs), added to the predictive power of the group-level model, but these two constructs exerted their influence independently from actual injuries. In combination, two safety-related predictor paths (injuries and climate/SCB) explained 53% of the variance in customer satisfaction. **Discussion:** Results offer preliminary evidence that workplace safety influences customer satisfaction, suggesting that there are likely spillover effects between the safety environment and the service environment. Additional research will be needed to assess the specific mechanisms that convert employee injuries into palpable results for customers. **Impact on Industry:** Better safety climate and reductions in employee injuries have the potential to offer payoffs in terms of what customers experience.

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1. Introduction

Safety is widely recognized as a major cost factor for organizations (National Safety Council [NSC], 2012), which contributes to its recognition as an important driver for improvement across all industries. However, beyond cost issues, there appears to have been very little work attempting to answer questions about what happens to organizational-level performance measures as a result of safety performance. The objective of this research was to examine how safety climate, safety citizenship behavior, and actual workplace injury statistics link with customer satisfaction.

1.1. Safety climate

Safety climate captures employee impressions about the degree to which the supervisor and the larger organization sincerely care about their physical wellbeing and are not solely focused on operating priorities such as productivity (Cooper & Phillips, 2004; Prussia, Brown,

& Willis, 2003; Zohar, 1980). Extensive research on this topic over the past 30 years has uncovered several antecedents to safety climate (e.g., DeJoy, Schaffer, Wilson, Vandenberg, & Butts, 2004; Neal, Griffin, & Hart, 2000; Thompson, Hilton, & Witt, 1998; Zohar, 2000) and demonstrated its influence on safety outcomes (Clarke, 2006; Neal et al., 2000; Silva, Lima, & Baptista, 2004). Missing from the literature is research that investigates the relationship between safety climate and organizational outcomes such as customer satisfaction.

1.2. Safety citizenship behaviors

Research has shown that individuals who find themselves in the midst of a supportive safety climate will be more likely to engage in safety citizenship behaviors or SCBs (Hofmann, Morgeson, & Gerras, 2003). SCBs extend beyond compliance behaviors to involve actions such as voluntarily taking personal responsibility to remove hazards, and often are viewed as part of a positive social exchange between leaders and team members (DeJoy, Della, Vandenberg, & Wilson, 2010). SCBs are part of a broader construct, organizational citizenship behaviors (OCBs), which have been shown to positively influence customer satisfaction with service, particularly when they play a mediating role between service climate and customer satisfaction (Organ, Podsakoff, & MacKenzie, 2005).

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Although no research appears to have examined the role of SCBs in mediating the relationship between safety climate and customer satisfaction, the extension bears logic because safety climate can be viewed as a subset of organizational climate (DeJoy et al., 2004). In an organization with a positive safety climate, where safety does not take a back seat to productivity, employees are likely to believe they have permission to do things right. Doing things right is a permeating value in a work unit that is likely to reach into several domains of work behavior, some of which influence the quality of work (Das, Pagell, Behm, & Veltri, 2008).

1.3. Customer satisfaction

Customer satisfaction, defined as a post-purchase evaluation by the buyer with respect to pre-purchase expectations (Churchill & Surprenant, 1982), has been studied extensively over the past 30 years, particularly in the context of the service sector (Bitner, 1990). Much of this research has been built on concepts from what is known as the “service-profit chain” (Heskett, Sasser, & Schlesinger, 1997). Within this model, customer satisfaction is viewed as a determinant of customer loyalty, which ultimately contributes to profitability (Hallowell, 1996). Antecedents to customer satisfaction have been researched extensively (Anderson & Sullivan, 1993; Harter, Schmidt, & Hayes, 2002), and include factors such as a focus on customers’ needs, well-designed processes, a climate for service, and resulting employee attitudes. These ideas have been borne out in practice, although empirical measurement challenges have made it difficult to unequivocally confirm every link (Sysmanski & Henard, 2001). What we do know is that climate and resulting employee attitudes and actions (including OCBs) are palpable to customers and influence their satisfaction (Schneider & Bowen, 1985).

1.4. Physical safety and customer satisfaction

In this research, we wished to explore whether employee injuries produce spillover effects customers can sense. Safety outcomes (injuries) are only partly connected to safety climate and can be the result of events or processes outside the control of employees and the organization (Tucker, 2007). Thus, researchers have found it difficult to explain a significant percentage of injury outcomes when they rely strictly on behavioral and attitudinal factors as predictor variables (Clarke, 2006). The rationale for exploring the relationship between injuries and customer satisfaction was founded on the anticipation that injuries send signals to employees about the safety of their working conditions. These signals could produce a stream of influence on customer satisfaction, separate from that exerted by affective and behavioral responses of employees. In operating environments where injuries have occurred prior to customer contact, employee anxieties about personal safety will be heightened, and customers are likely to sense the effects (Maxfield, 2010).

1.5. Spillover effects from the safety environment to the service environment

The outcomes of service climate and safety climate have been viewed as separate phenomena (Schneider & Bowen, 1985; Zohar, 1980). That is, service climate leads to better service performance, and safety climate leads to better safety performance. However, work on contagion concepts in the context of service operations suggests that positive employee affect can spill over to what customers perceive in the service environment, and influence customer satisfaction (Grove & Fisk, 1989; Oliver, 1997). Building on what is known about organizational climate and service (e.g., Schneider, White, & Paul, 1998), we argue that a positive safety climate and a physically-safe workplace will spill over into the service environment and enhance service encounters. Moreover, we contend that contagion effects run horizontally across employees within and across responsibility areas when work groups are geographically isolated and tightly-knit. Thus, an injury for

one employee (say, a lineman) would not only affect the attitudes of immediate co-workers but would spread to the attitudes of those who work in geographic proximity even though they play different roles (such as meter reading).

1.6. Hypotheses

Hypothesis 1. Following established effects found in the service literature, a positive supervisory safety climate at the geographically-based work-unit level will predict enhanced customer satisfaction, with safety citizenship behavior as a mediator.

Hypothesis 2. The physical safety environment, at the geographically-based work-unit level, will influence customer perceptions of service—the greater the number of injuries, the lower the level of customer satisfaction.

Hypothesis 3. The power of the work-unit level model, with customer satisfaction as the criterion variable, will be enhanced when both the physical and supervisory/psychological safety environments are considered together.

2. Methods

2.1. Research context

The research was conducted in a Midwestern U.S. electric utility company’s power delivery and customer care groups, including employees that directly supported the functions of these groups. These groups had nearly 1,000 employees and served 660,000 customers over an area of about 10,000 square miles (about 26,200 square kilometers). These groups were responsible for all customer-related functions that followed power generation, including installation and service of 7,700 miles (12,400kilometers) of transmission and distribution lines, meter reading, office-based customer-related work, service installation, billing, energy efficiency, safety, vegetation control, emergency services, and management/supervision. Employees in the mostly-rural state worked in geographically-based work units that were relatively self-contained, each serving customers in a defined area. Virtually all employees in the power distribution function in the research site organization were engaged in customer interaction, offering an environment for exploring the connections between safety and customer satisfaction.

2.1.1. Customer satisfaction issues at the research-site organization

Customer satisfaction was especially important to the research-site organization. For example, when the company petitions its governing body for a rate increase, demonstrating a high level of customer satisfaction is an important component of its application. Also, customer satisfaction appears to be a badge of honor for utility companies, and most strive to enhance public perceptions as measured by surveys such as those administered by ACSI³ and J.D. Power and Associates.⁴ The importance of customer satisfaction was magnified for this particular utility because the company’s employees lived in the mostly-rural communities where they worked; literally every human interaction they had both on and off the job was with one of their customers. In many of the smaller communities, some employees played multiple roles; for example, a meter reader might also collect delinquent bill payments in person.

2.1.2. Safety issues at the research-site organization

The organization had experienced steady improvement in lost-time injury rates, and, according to OSHA statistics, was in the best 25% of its industry. However, the utility industry, as a whole, ranks among the

³ For example, see <http://www.theacsi.org/>, accessed June 14, 2012.

⁴ For example, see <http://businesscenter.jdpower.com/news/pressrelease.aspx?ID=2010120>, accessed June 14 2012.

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