



# **Impact of Employee's Reward on Customer Satisfaction in Obama Shop Bujumbura**

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## **ABSTRACT**

The objective of this paper was to find out the level at which customers of Obama shop Bujumbura were satisfied by the services offered to them. Using a descriptive research, the results showed that 33.3% of the respondents agreed, 25% of the respondents were neutral and 41.7% disagreed with the fact that customer complaints are dealt with efficiently and on time, 50% of the respondents agreed, 33.3% were neutral and 16.7% of the respondents disagreed with the fact that customer service of Obama shop Bujumbura improves the employee/customer relationship, 25% of the respondents agreed, 33.3% of the respondents were neutral and 41.7% of the respondents disagreed with the fact that customers are satisfied with Obama shop Bujumbura services and finally 25% of the respondents agreed with the fact that customer service of Obama shop Bujumbura is better than its competitors' customer service, 25% of the respondents were neutral and 50% of respondents disagree. On average, 33.3% of the respondents agreed, 29.15% of the respondents were neutral and 37.53% of the respondents disagreed with the relationship between customer service and customer satisfaction at Obama shop Bujumbura.

Keywords: Reward, Employee satisfaction, Customer satisfaction

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## **1. Introduction**

Customer satisfaction reflects your business health by showing how well your products or services resonate with buyers. Customer satisfaction is a measure of how well a company's products, services, and overall customer experience meet customer expectations. According to Obama shop's employees, despite that their company is successfully prospering, they have never been rewarded; and even their salaries have never been raised. Therefore, the objective of this paper was to find out the level at which customers of Obama shop Bujumbura were satisfied by the services offered to them. This section reviews the literature related to employee reward, employee satisfaction and customer satisfaction.

### **1.1. Reward**

According to Absar et al. (2021), reported that employee reward is one of the major functions of human resources management. Reward is important for both employers and employees regarding attracting, retaining and motivating employees. Sarwar and Abugre (2013) regarded reward as important for employees since it is one of the main reasons people work. Reward includes claims on goods and services paid to an employee in the form of money or a form that is quickly and easily exchangeable into money at the discretion of the employer ( Bustamam, Teng & Abdullah, 2014).

According to Söderlund and Colliander (2015), that is one of the factors that allows the growth of job satisfaction is the proper and fair arrangement of reward for employees. Reward is important for employees as individuals because the amount of reward reflects the value of their work among the employees themselves, their families, and the community (Sarwar & Abugre, 2013).

#### **1.1.1. Wages and salaries**

According to Merriam webster dictionary a wage is a payment usually of money for labor or services usually according to a contract and an hourly, daily, or piecework on the other hand the oxford dictionary define the wage as a regular amount of money that you earn, usually every week or every month, for work or service. The oxford dictionary define salary as a fixed regular payment, typically paid on a monthly basis but often expressed as an annual sum, made by an employer to an employee, especially a professional or white-collar worker.

### **1.2. Employee job satisfaction**

Most of the definitions emphasize the importance of employees' job-related perceptions that link the expectations of them and what they receive in return.

Job Satisfaction refers of how people feel about their jobs and different aspects of their jobs (Ali &Oscar, 2004). Allen and Helms, 2007) support this view by defining job satisfaction as the extent to which employees like their work. Babakus, Bienstock, and Scotter (2004) described job satisfaction as “an affective and emotional response towards various facets of one’s job”. It is an individual’s degree of positive attitudes towards their current job, as an individual could be satisfied with one aspect but dissatisfied with another. Job satisfaction is, therefore, not a unitary concept that can be explained by a single factor, but rather a multi-faceted concept that is defined by a number of factors. Branham (2005) describes “Job satisfaction basically as a psychological contract that has two components: an affective component (feelings along with cognition) and a cognitive competent (needs are being fulfilled according to one’s perception)”.

### **1.2.1. Work environment**

Herzberg et al. (1959) developed motivational model for job satisfaction and through research he found that the job related factors can be divided into two categories, Hygiene factors and motivation factors. Hygiene factors can not cause satisfaction but they can change dissatisfaction into no dissatisfaction or short term motivation, whereas motivational factors have long lasting effect as they raise positive feelings towards job and convert no dissatisfaction into satisfaction. In the absence of hygiene factors (that are working conditions, supervision quality and level, the company policy and administration, interpersonal relations, job security, and salary) the employees chances of getting dissatisfied increase.

Njanja, Maina, Kibet & Njagi (2013) described that the motivational factors (the nature of work, the sense of achievement from their work, the recognition, the responsibility that is granted to them, and opportunities for personal growth and advancement) helps employees to find their worth with respect to value given to them by organization. Further, this can increase motivational level of employees which will ultimately raise internal happiness of employees and that the internal happiness will cause satisfaction.

Bratton (2003) developed a model on job satisfaction by integrating economic variables and work environment variables to study the reaction of employees in hazardous work environment with high monetary benefits and non-hazardous work environment and low monetary benefits. The study showed that different psychosocial and work environment variables like work place, social support has direct impact on job satisfaction and that increase in rewards does not improve the dissatisfaction level among employees.

### **1.2.2 Leadership**

Transformational leadership goes beyond the notion of economic and social exchanges (e.g. rewards or punishments) between leaders and followers (Clutterbuck, 2007) and focuses on inspiring, stimulating, and energizing employees to achieve challenging goals or visions beyond their capacity (Cochran, 2006). In seeking to tap into higher level psychological and social needs, transformational leadership tries to convince employees to adopt organizational goals as their own. In the process such leadership encourages employees to put extra effort into working toward higher-level goals within the organization (Gerald & Dorothee, 2004). Goldstein (2003) argues transformational leaders are distinct from transactional leaders, Bratton (2003) claims they are not orthogonal to each other in that a leader can have both transformational and transactional leadership styles. Contemporary literature agrees with Bass’s notion that the two leadership styles are not separate; in fact, transformational leadership can augment transactional leadership. Leaders, for example, can set constructive, but challenging, goals and then give certain types of rewards to employees upon the achievements of these goals (Clutterbuck, 2007). Also, if leaders consistently and clearly communicate (or interact) with employees, employees would understand such goals better (Ali &Oscar, 2004) and may respond to rewards and incentives more.

Transformational leadership also plays an important role in promoting employee job satisfaction because transformational leaders encourage their followers to achieve higher levels of human needs. Given that public sector employees are more likely to be intrinsically motivated, transformational leadership plays a key role in improving employee job satisfaction in public organizations (Clutterbuck, 2007). Bratton (2003) developed the idea of transformational leadership based on Maslow’s theory of a hierarchy of needs where esteem and self-actualization constitute the two highest needs of humans (Clutterbuck, 2007).

### **1.2.3. Commitment**

According to Goldstein (2003) provide a definition of "Organizational Commitment is the degree to which employees believe in and accept organizational goals and desire to remain with the organization", namely organizational commitment is the degree to which employees believe and accept organizational goals and will stay or will not leave the organization.

Bratton (2003) explained that organizational commitment reflects positive feelings towards the organization and its values. Basically, measuring organizational commitment is an assessment of the congruence between an individual's own values and beliefs and the organization.

## **1.3. Customer satisfaction**

Bratton (2003) defined customer satisfaction as a ‘person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance or outcome with their expectations. According to Goldstein (2003) ‘satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfilment of some need, goal or desire’. There are many factors that affect customer satisfaction, these factors include friendly employees, courteous employees, knowledgeable

employees, helpful employees, competitive pricing, service quality, good value and quick service (Clutterbuck, 2007). Customer satisfaction is one of the most important indicators of purchase intentions and customer loyalty. As such, it helps predict business growth and revenue (Clutterbuck, 2007).

Customer satisfaction is a barometer that predicts the future customer behavior (Ali & Oscar, 2004). Customer satisfaction is extremely important because it is the way of getting feedback from the customers in a way that they can use it to manage and improve their business. Customer satisfaction is the best indicator of how the business looks like in the future. Customer satisfaction helps in doing SWOT analysis that could help them to develop their business in an advance and in a systematic way. Besides this, it will also help in making the right decision to use the appropriate resources while manufacturing the products. Similarly, it maintains the relationship with the existing customers and also creates the possibility to acquire others (Ali & Oscar, 2004).

### **1.3.1 Customer retention**

Customer retention refers to a company's ability to turn customers into repeat buyers and prevent them from switching to a competitor. It indicates whether your product and the quality of your service please your existing customers. Keeping your current customers happy is generally more cost-effective than acquiring first-time customers. According to the Harvard business review, acquiring a new customer can be 5 to 25 times more expensive than holding on to an existing one (Clutterbuck, 2007). It is important to remember that customer retention begins with the first contact a customer has with a company and continues throughout the entire lifetime of the relationship (Ali & Oscar, 2004). According to Goldstein (2003) customer retention is a measure of how many customers stay with your business for the long term.

Bratton (2003) emphasize that "loyalty is more profitable." The expenses to gain a new customer is much more than retaining existing one. Loyal customers will encourage others to buy from you and think more than twice before changing their mind to buy other services. Customer loyalty is not gained by an accident, they are constructed through the sourcing and design decisions. Designing for customer loyalty requires customer-centered approaches that recognize the want and interest of service receiver. Customer loyalty is built over time across multiple transactions.

### **1.3.2 Increase of customers**

According to Goldstein (2003), a customer is an individual or business that purchases another company's goods or services. Customers are important because they drive revenues; without them, businesses cannot continue to exist. Customer is an individual, group of individuals or an organization who receive or may receive goods, services, products or ideas from another individual or a company in return of value. Customer forms the backbone of business. Usually more is the number of customers, more is the business thriving and vice versa. Business needs customers to buy their products or services (Clutterbuck, 2007). According to Goldstein (2003) an increase of customers relies on a growth in sales. Cambridge dictionary (2023) defines "customer" as a person who buys goods or services.

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## **2. Materials and Methods**

A descriptive research design was adopted for this study because its purpose is to describe the relationship between reward and customer satisfaction. The researcher used a mixed approach both qualitative approach which was used as a function of the researcher's insights and impressions and quantitative approach which was used to collect numerical data. The study population was 50 people including: 30 customers and 20 employees of Obama shop Bujumbura. Non-probability sampling procedure was used to select the customers; while a probability sampling procedure was used to select employees. To determine the sample size of this study, the researcher used a random sampling where 15 customers and 12 employees were used as the sample size. Primary data and secondary data were used. A questionnaire was used to request information from the respondents during the collection of primary data. The secondary data were collected from books and other publications. Processing data implies translating, editing, coding, classification, tabulation of collected data so that they are amenable to analysis, while data analysis refers to the computation of certain measures along with searching with patterns of relationship that exist among data group. So, in this paper, the researcher edited and tabulated the data by using Microsoft office Excel 2013, and they were arranged into frequency tables to facilitate the analysis.

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## **3. Results and discussion**

This section summarizes the findings from the analysis of data collected using a questionnaire and interview guide. The study sought to determine the impact of reward on customer satisfaction at Obama shop Bujumbura.

### **3.1. Demographic information**

The results obtained from the demographic characteristics of the respondents included the gender of respondents, the age group of respondents, the educational level, and the experience level of the respondents.

#### **3.1.1. Gender of Respondents**

The researcher asked the respondents their gender in order to know the characteristics.

**Table 1 : Gender by respondent distribution**

Gender	Frequency	Percentage
Male	6	50%
Female	6	50%
<b>Total</b>	<b>12</b>	<b>100 %</b>

Source: *Primary data (April 2024)*

The above table which represents the gender characteristics here shows that the respondents were equal, male with a number of 6, which is 50% and female with the number of 6, which is 50%. This shows that there is a good gender distribution.

### 3.1.2 Age of respondents

The researcher asked the respondents about their age in order to understand the background of the respondents. The findings are presented in table 2

**Table 2 : Respondents age**

Age	Frequency	Percentage
Less than 30 years	6	50%
Between 31 years and 40 years	4	33.3%
Between 41 years and 50 years	2	16.7%
Above 51 years	0	0%
<b>Total</b>	<b>12</b>	<b>100%</b>

Source: *Primary data (April 2024)*

The results in the table above, reveals that the respondents between the age brackets less than 30 years representing 50%, formed the majority. 33.3% were in the age bracket of 31-40 years, the respondents between the age brackets of 41-50 years were 16.7% and 0% of the respondents were at the age above 51 years. The results reveal that Obama shop Bujumbura employs mainly young people. This can be an advantage to the shop because young people are flexible in term of learning easily new skills and have a potential to work better.

### 3.1.3 Educational level

The researcher asked about the educational level of the respondents in order to understand their knowledge background. The findings are presented in table 3.

**Table 3: The Educational level**

Educational level	Frequency	Percentage
High School Certificate	4	33.3%
Diploma	0	0%
Bachelor's degree	8	66.7%
Master's degree	0	0%
<b>Total</b>	<b>12</b>	<b>100%</b>

Source: *Primary data (April 2024)*

The table 3 shows that the respondents that were secondary school and diploma level holders were 33.3 % were high school certificate holders, 66.7% of respondents were Bachelor degree' holders and 0% of respondents was masters holder. Many of the respondents are bachelor degree' holders.

### 3.1.4 Employee experience

The researcher asked the respondents when they have started working for Obama shop Bujumbura.

**Table 4: Experience level of the respondents**

Experience	Frequency	Percent
Less than 1 year	1	8.3%
2-4 years	2	16.7 %
5-7 years	6	50 %
8 years and above	3	25%
<b>Total</b>	<b>12</b>	<b>100 %</b>

Source: Primary Data (April 2024)

The table 4 shows that 8.3% of respondents were working for the shop for a period less than 1 year, 16.7% of respondents were working for the shop 2 years and 4 years, 50% of respondents were working for the shop between 5 years and 7 years. Whereas 25% of the total respondents have 8 years and above of working experience. Working experience gives to the employees the confidence and an understanding of the work environment and can easily perform well due to their experience at the workplace.

### 3.2 Relationship between customer Service and customer satisfaction

The researcher asked questions related to the relationship between customer service and customer satisfaction to the respondents.

**Table 5: Relationship between customer service and customer satisfaction in Obama shop Bujumbura**

Statement	Agree		Neutral		Disagree		Total	
Customer complaints are dealt with efficiently and on time.	4	33.3%	3	25%	5	41.7%	12	100%
Customer service of Obama shop Bujumbura improves the employee/customer relationship.	6	50%	4	33.3%	2	16.7%	12	100%
I am satisfied with the Obama shop Bujumbura services.	3	25%	4	33.3%	5	41.7%	12	100%
Obama shop Bujumbura offers better customer service than its competitors.	3	25%	3	25%	6	50%	12	100%
Average		33.33%		29.15%		37.53%		100%

Source: Primary data (April 2024)

Table 5 shows that 33.3% of the respondents agreed, 25% of the respondents were neutral and 41.7% disagreed with the fact that customer complaints are dealt with efficiently and on time, 50% of the respondents agreed, 33.3% were neutral and 16.7% of the respondents disagreed with the fact that customer service of Obama shop Bujumbura improves the employee/customer relationship, 25% of the respondents agreed, 33.3% of the respondents were neutral and 41.7% of the respondents disagreed with the fact that customers are satisfied with Obama shop Bujumbura services and finally 25% of the respondents agreed with the fact that customer service of Obama shop Bujumbura is better than its competitors' customer service, 25% of the respondents were neutral and 50% of respondents disagree. On average, 33.3% of the respondents agreed, 29.15% of the respondents were neutral and 37.53% of the respondents disagreed with the relationship between customer service and customer satisfaction. According to Goldstein (2003), the effectiveness of the customer service department is directly linked to customer satisfaction.

## 4. Conclusion

The objective of this paper was to find out the level at which customers of Obama shop Bujumbura were satisfied by the services offered to them. The findings proved that majority of Obama Shop Bujumbura's customers were not satisfied with the services offered to them. On average, 33.3% of the respondents agreed, 29.15% of the respondents were neutral and 37.53% of the respondents disagreed with the relationship between customer service and customer satisfaction at Obama shop Bujumbura.

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