

## RESEARCH ARTICLE

# Measuring the Relationship between Organizational Climate and Customer Relationship Management

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**Abstract:** The purpose of this study was to measure the relationship between organizational climate and customer relationship management (CRM) in Jordan at the individual and organizational level. The data used for the analysis was obtained from the hotel sector in Jordan using questionnaires. For data analysis, bivariate correlations were applied. The results indicated that organizational climate and CRM have a significant and positive relationship with organizational climate accounting for 21.5 percent of customer satisfaction variance and the perception of the employee on customer satisfaction accounted for 40.3% variance. Using standard multiple regression analyses, organizational climate was found to contribute to 23.6% of customer satisfaction variances and 39.3% of employees' perception on customer satisfaction variance for the same level. The limitations of the study include lack of diversity on measurement methods used to measure the organizational service climate where more than one method would have result to more reliable results. Also, the results were obtained from one sector hence they cannot be generalized for other sectors. For future studies, researchers may opt to use SERV\*OR, a service orientation scale used by organizations to measure the extent by which its employees perceive it, combined with other measures like the one applied here to get more reliable results. Future researchers may invest on measuring the impacts of business owner personality upon workplace climate and relate it to customer retention in an organization. Also, researcher may investigate on the relationship of brands and services offered in regard to customer satisfaction and retention.

**Keywords:** Organizational Climate, Psychological Climate, Customer Relationship Management, Customer Retention, Jordan.

Article Received: 30 Jan. 2019

Revised: 19 Feb. 2019

Accepted: 28 Feb. 2019

## Introduction

### Background Study

Every business has been affected by the changes in the global market. Therefore, in order to achieve their set goals, organizations have to aim not only at customer satisfaction but also deliver it more effectively and improve their efficiency than their competitors. The aim of every organization is to maintain customer satisfaction by focusing on their organizational climate and customer relationship management strategies [1].

Customer satisfaction plays a great role in customer retention and also satisfied customers act free advertising agents for the organizations. Putting the customers at the center of the business organization so as to retain as many customers as possible since it's easier to sell to already existing customers than selling to new customers [2]. Organizations have to set strategies that promote customer satisfaction and retention.

They should ensure that their employees are more focused on the customers and service-oriented to promote customer satisfaction [2]. CRM is defined as process through which organizations try to maintain long term relationships with their customers by using direct relationship between the market and the customer instead of only paying attention to customer oriented transactions that aim at making profit only.

Kumar and Reinnartz [1] defined CRM as a strategic process through which an organization choses its most profitable customers and establishes a relationship with this customers in order to maximize the customers' value presently and also in the future. Viewed from an employment point, CRM may be defined as a process through which an organization tries to achieve dialogue with each customer using all the

means available to know the expected customer response to the activities of the business organization and hence use the acquired information to for general profit maximization [3]. According to Brink et al [4], CRM is a definite market activity through which customers are prepared by the organization to utilize its resources to product and advertise the product on their behalf. Generally, CRM aims at two goals: improving the performance of the market and supporting the cause. CRM may be viewed from five different perspectives as a technology, a philosophy, a strategy, ability and a process [5].

The major elements of CRM as described by are physical environment, the behavior of the employees, services offered to the customers, development of relationships and management interaction. Climate is viewed as an environment abstraction based on the perception of employees and is normally examined at various levels of analysis. Organizational climate represents how people share their perception within units of work regarding what the unit based on procedures, events, practices and informal or formal policies whereas psychological climate shows how people perceive their work environment.

Organizational climate is a social interactive construct hence its part of an active process which helps the employees to understand the expected behavior in an organization and the rewards. Organizational climate that is based on its customers plays a major role in customer relationship management. Such an organization represents the shared values among the employees in an organization relating to the focus of the organization on the value of the customers and the customers' contribution to the success of the organization [6]. Customer Relationships in any organization is created by the employees, hence they are the building blocks of these relationships [7].

The employees are the representatives of the organization and every time a customer interacts with the employees, he/she makes a judgment regarding the organization. Based on the number of customers' interaction with the employees, these types of judgments may lead to either customer satisfaction or dissatisfaction which in turn affects customers' retention. A good organizational climate should include fairness in the

services provided to the customers and simplicity in which business is carried out within the organization. In business research, organizational climate have been associated with a variety of desirable CRM outcomes. However, the literature lacks empirical investigations that compare the relative usefulness of the two concepts [8]. This study will offer the comparison of organizational climate and CRM and how organizational climate relates to the outcomes of the CRM. The effect of organizational climate on major outcomes of CRM is under-researched which makes this study important.

The purpose of this study is to determine the relationship between organizational climate and one of CRM key outcome, customer retention in organizations in Jordan. The study offers a brief literature review on various similar studies done by other authors in hospitality, tourism and banking sector. The results of the study conducted for the various organizations are then presented. These results of the study are used to offer suggestions to managers to improve the impacts of CRM and also giving directions for future studies.

### **Problem Statement**

Various studies have been carried out to investigate the relationship between organizational culture and CRM in business organization and institutions. However, most of these studies do not take into consideration the contribution of organizational climate to success of a business. Organizational climate, as discussed above plays a great role within a business. It determines how employees, as business representatives, relate with the customers.

The relationship and the attention that customer's get from an institution determines how satisfied a customer will be after the service which is a key determinant of customer retention. Employees' organizational perception may also affect how they relate with the customers. Lack of enough studies showing the degree with which organizational climate affect CRM outcomes makes it hard for the organizations to rate the magnitude of the effect. With this research, it will be easier for the organizations to know what strategies to

implement in their organization for a profitable venture.

## Research Objectives

### General Objective

The main objective of this study is to measure the relationship between organizational climate and customer relationship management in Jordan.

### Specific Objectives

- To measure the relationship between organizational climate and customer satisfaction at the individual level.
- To measure the relationship between organizational climate and the perception of employees on customer satisfaction at the individual level.
- To measure the relationship between organizational climate and customer satisfaction at organizational level.
- To measure the relationship between organizational climate and the perception of employees on customer satisfaction at the organizational level.
- To measure the relationship between direct report of customer satisfaction and the perception of employees on customer satisfaction at the organizational level.

### Research Question

What is the relationship between organizational climate and CRM outcome, retention?

### Significance of the Research

CRM is an important aspect to business organizations that seek to grow their profits through long term customer relationships and a customer focused organizational climate. In the last two decades, organizations have heavily invested in the development and improvement of CRM assets for better interactions with the customer and efficient operations with the customer during the period which they interact together, that's before, during and after purchase [4].

However, CRM returns do not only arise from organizational climate but also having a greater knowledge on how organizations combine and build successful customer relationship management can help an organization to understand the influence organizational climate on the implementation

of CRM concepts. In the current market, customers have diverse expectations, needs and desires. Customers expect more valuable services from business organizations due to the wide range of competition in the business industry. To retain organizational customers, organizations have to invest on their organizational climate so as to establish a long lasting relationship with their customers. Organizational climate and its impact on customer retention ability of an organization is key aspect in the growth of a business. Customer retention requires, learning and keeping track of customers need, knowing their behavior and reaction to different aspects of the organization, understanding their lifestyle and characteristics and using this information to improve on organizational climate.

The motivation of this study comes from the significant role that business organizations are playing in the value of the market in Jordan. This is done through the investigation of the impact of organizational climate on customer retention and also the impact of knowledge management and CRM on organizational climate.

### Hypothesis

#### The Following Hypotheses Were Formulated for the Study

##### H1

There is no statistically significant relationship between organizational climate and customer satisfaction at the individual level.

##### H2

There is no statistically significant relationship between organizational climate and the perception of employees on customer satisfaction at the individual level.

##### H3

There is no statistically significant relationship between organizational climate and customer satisfaction at the individual level organizational level.

##### H4

There is no statistically significant relationship between organizational climate and the perception of employees on customer satisfaction at the organizational level.

##### H5

There is no statistically significant relationship between direct report of customer satisfaction and the perception of employees on customer satisfaction at the organizational level.

## Literature Review

Organizational climate plays a great role in the success of CRM. In his study, Chen [6], he stated that organization climate can be related to that feeling in the atmosphere that a customer gets when walking around an organization which gives shape to the focus give to the customer by the organization. Schneider et al, [9] describes organizational climate as the environment within an organization which directly influence customer's experience in the organization.

It is important that every organization to have people whose work is to manage process within the organization, create connections around the organization and above all create customer relationships. To establish a lasting relationship with the customers, the employees have to create a good feeling of the customer towards the organization [10]. Together with employees customer friendly

attitude, services provided by the organization to the customer is a key attribute. According to Doyle [11], service fairness levels within an organization have a positive effect on customer satisfaction. In most cases, customers tend to look for consistent treatment and fair services rather than best services. Lack of this may lead to complains from the customers. Customers evaluate the services offered not only using personal standards such as empathy, assurance, responsiveness, reliability and tangibles but also using fairness in information provided by the organization, interpersonal, process and procedures in which business is carried out within an organization, and distributive properties [12].

Customer retention within an organization is directly related to customer satisfaction. Satisfied customers tend to be loyal to the organization and also have a positive word of mouth about the organization leading to increase in the number of customers. Studies show that satisfaction contributes majorly in obtaining customer loyalty and retention [13].

**Table 1: Summary Literature Review**

Author(s)	Research objective(s)	Methodology	Results
Cho et al. [14]	To investigate the impact of CRM on customer satisfaction and retention	Study carried out for departmental stores in Iran and quantitative approach applied for data analysis	Employees' behavior was a significant contribution on customer retention than all the other CRM elements.
Shaon and Rahman [15]	To investigate the relationship between CRM and the loyalty of customers in the banking industry	Study carried on a sample of 350 employees of ZiraatBank.	Customer loyalty is directly related to CRM elements such as using customer database, understanding the needs of customers, listening to their complaints and giving solutions to important customers.
	To investigate the impact of CRM on the loyalty of customers and customer retention in Iranian telecommunication sector.	The data used was obtained from 200 telecom service users.	To increase customer loyalty and retention, the management should be committed and also sets its vision.it should also be flexible regarding policy prices.

## Research Methodology

The aim of this study is to measure the relationship between organizational climate and one of CRM outcome, customer retention, in hotels in Jordan.

### Research Model

The figure below illustrates the model used in the research. It is based on previous review of literature which guides the researcher in the identification of factors that promote research development. In this study,

an organization is based on two major climates, the general organizational climate and the psychological climate which are the dependent variables in this study. CRM is based on knowledge management and includes factors such as verbal communication, email advertising and telephone marketing which in turn lead to customer retention. CRM contributes to the independent variables of the study while customer retention is the outcome.

Knowledge transmission from an organization to its customer through various sources such as email, telephone and advertising is a key aspect that determines organizational learning and also promotes knowledge imparted to the customers [9].

Organizations can redesign their organizational climate to promote effective implementation of CRM concepts. Organizations should invest more on staff

training and motivation to improve the attitude of employees toward their work and hence improve customer relationship. A customer focused organizational climate should always strive to create new ways for promoting their customers and staffs. It should motivate its employees to understand the key aspects of the business and store the information on their mind and also produce new business ideas.



Figure 1: Research Model (developed by researchers)

### Sample and Data Collection

Standardized questionnaire was applied as the major data collection tool to investigate the research hypothesis. According to, quantitative research is the best technique that can be used to understand the relationship between factors that are measurable with an aim of managing, predicting and explaining a phenomenon.

Samples for this study include customers and employees chosen from 3 stars to 5 star hotels which operate in hotel sectors in Jordan. These classes of hotels were chosen because customers visiting them look for better services and offers compared to the less starred hotels. Moreover, the customers are always willing to pay more for customized services. Two hundred and fifty six questionnaires were given to the employees where 128 questionnaires were collected back and of which only one hundred and twenty two were applicable.

These represented 47.6 percent response rate. The other sample was the hotel customers, where a total of two hundred and twenty questionnaires were collected back. The data to be used was selected from hotels which had more than 43 percent response rate giving the number of hotels used as twenty two.

The questionnaires were distributed to the employees at specified times as agreed by the

hotel owners who were given the questionnaires to distribute. The employees responded to their questionnaires at their own time and the filled questionnaire was sent back as scanned documents. Customers' data was collected during the delivery of the questionnaires to the hotels. Interested customers were given a pen and a questionnaire to fill and once done, the questionnaire was collected. Ten willing customers were randomly selected to fill the questionnaires.

### Measurement

The questionnaire given to the employees comprised of three sections which had eighty two items which gave a measure of the organizational and service climate, the perception of employees towards customer satisfaction and hence customer retention and the demographic characteristic of the employee. For the customers' questionnaire, the customers were to indicate their overall satisfaction at the services offered at the hotel and if they would recommend it to their friends. The demographic characteristics of the customer were not considered in this study.

### Organizational Climate

The units of organizational climate questionnaire were derived from Davidson et al [16]. The questionnaire used for psychological climate was developed from Manning (2010). According to Manning [17],

54 items out of 78 items that are considered in the measurement of psychological climate when loaded onto seven dimensions to be identifiable and interpretable. The reliability level of the seven dimensions developed were found to be between good and excellent (Hair et al. 2003): support and facilitation of the owner ( $\alpha=0.95$ ); the standards and job training ( $\alpha=0.9$ ); Pressure, Organization and regulation ( $\alpha=0.89$ ); Work Scheduling ( $\alpha=0.85$ ); Esprit, Friendliness and the cooperation of the workgroup ( $\alpha=0.89$ ); Conflict and Friction ( $\alpha=0.77$ ) and Objectives and Standards ( $\alpha=0.74$ ). an alpha coefficient of 0.97 for a full scale, that is the fifty four items, which is equivalent to an excellent reliability in the global measurement of psychological climate (Hair et al. 2003).

A seven point Likert-type scale was applied on the questionnaires where the employees were requested to respond to each of the item with the response option range from 1 to 7 where 1 represented 'Strongly Disagree' and 7 represented 'strongly Agree'.

### Service Climate

Service climate has been measured in various sectors such tourism and hospitality. To measure service climate globally, various preference version may be employed, that is, either seven items or four items as developed by Tang and Tang [18] for seven items or He et al [19] for four items. Moreover, SERV\*OR which was developed by Lytle et al [20] may be applied for instance as seen in Kralj and Solnet (2010).

SERV\*OR was created to measure the service orientation and proposed it to be a dimension of the overall organizational climate [20]. This proposal distanced the researchers from the notion that such an overall existence was questionable. From the studies, service climate described by SER\*OR and Schneider describe the same thing [21]. In the current research, the basis for measuring the climate of service is derived from the 22- item Service Climate Scale which includes the seven item version used to measure Service Climate globally [9]. Reliability levels for the subscales used for service climate are: Orientation of the Customer ( $\alpha=0.89$ ); Practices of the Management ( $\alpha=0.86$ ); Feedback from the customer ( $\alpha=0.82$ ) and service climate globally ( $\alpha=0.88$ ) which are taken to indicate excellent reliability [22].

Global service reliability has been found to be 0.90 [9] which represent very good reliability [22]. The response of the employees for the first three subscales was based on five point Likert- scale where options ranged from 1 to 5 with 1 indicating 'To a very small extent' and 5 indicated 'To a great Extent'. The response of the employees for the Global Service Climate was based on five Point Likert-scales where options ranged from 1 to 5 with 1 indicating 'Poor' and 5 indicated 'Excellent'.

### Customer Retention

In the hospitality industry, most climatic researches do not seek for customer satisfaction information directly; instead that information is obtained indirectly from employees that deal with customers directly. However, this procedure for data collection may have affected the outcomes of the results as speculated by Kralj and Solnet [23] while another study by Johnston et al [8] found that there was no substantial relationship between the measures used, that is, the direct or indirect measurement.

Despite the validity of single item measure being a constant debate on measurement, several researchers recommend the process of just asking the customers directly about their satisfaction using a single unit of measurement. Since the study was carried out in hotels where people go to rest and enjoy their leisure time, this method of data collection was adopted since it's less intrusive and uses minimal time. Customers were asked to respond to their level of satisfaction using one time where a seven point semantic scale was applied which ranged from 1 to 7 where 1 represented 'Extremely Low' and 7 represented 'Extremely High'.

Single item measure was also applied to measure the perception of employees on customer satisfaction. The measurement item asked the employees to rate their overall customer satisfaction perception within the organization. The employees were asked to respond to their overall rate of customer satisfaction perception within the organization using one time where a seven point semantic scale was applied which ranged from 1 to 7 where 1 represented 'Extremely Low' and 7 represented 'Extremely High'.

## Results and Analysis

### Descriptive Statistics

In the study, 73% of the participants were female where n=89 and 60.7% of the participants were aged between 21 to 30 years. The highest number had been employed in the organization for a period of

between three to four years where n was 43 and attributed to 35.2% and had been employed on full time basis( n=82, 67%). Almost the whole sample had interacted directly with the customers. The table below shows the employees descriptive statistics where n=122.

**Table 2: Employees' descriptive statistics**

Variable	Frequency	Percentage
Gender		
Female	33	27
Male	89	73
Age		
Under 20	49	33
21-30	74	61
31-40	4	3
41-50	4	3
Over 50	-	-
Length of employment		
Less than 6 months	25	21
6 months to 1 year	28	23
1-2 yrs	22	18
3-4 yrs	43	35
5-6 yrs	4	3
7-9yrs	-	-
More than 10 years	-	-
Status of the Employment		
Casual	11	9
Part-time	29	23
Full time	82	67
Direct customer contact		
Yes	114	93
No	8	7

Cronbach's alpha coefficient was then computed for the total 54 item used as the scale for the Global Climate and the 7 item scale used for Global Service. The alpha coefficient score for the total scale of climate were: Global service climate ( $\alpha=0.85$ ) and Global Climate ( $\alpha=0.95$ ). These values are

almost similar to those obtained by Manning (2010). For the items that contained service and organization climate, Cronbach's coefficient was also calculated. The table below shows the alpha coefficient for dimension values whose range was from moderate to excellent [22].

**Table 3: Cronbach's coefficients for various climatic dimensions**

Climatic dimensions	Cronbach's coefficients
Dimensions for Organisational Climate	
Support and facilitation from the owner	0.94
Standards and job training	0.89
Pressure, Organization and regulations	0.89
Work Scheduling	0.84
Esprit, Friendliness, Cooperation of the work group	0.88
Conflict and Friction	0.65
Objectives and Standards	0.85
Dimensions for Service Climate	
Orientation of the customers	0.88
Practices of the management	0.79
Feedback from the customers	0.83

### Data Analysis

The data obtained was analyzed at individual and organizational level. Organizational climate and Customer satisfaction: Arithmetic mean taken across the fifty PCS-SB items was used to calculate the organizational climate global measure for each employee. Using the same method, the dimensions composites scores of

organizational climate were computed by calculating the arithmetic mean across the items of the questionnaire. A score was

Assigned for each employee for customer satisfaction through assignment an average Score to the individual. The relationship between organizational climate and customer satisfaction was investigated using two

stages. Firstly, the coefficients of correlation between organizational climate and both the perception of employees towards customer satisfaction and satisfaction of the customer were determined at the individual level. Moreover, the coefficients of correlation between service climate and both the perception of employees towards customer satisfaction and satisfaction of the customer at the individual level were determined at the individual level.

Using this, four standards Multiple Linear Regression (MLR) analyses were established where two of them used the set of seven dimensions of organisational climate and the other two used a set of three dimensions of the service climate. Secondly, the coefficients of correlation between organizational climate and both the perception of employees towards customer satisfaction and satisfaction of the customer were determined at the organizational level.

Moreover, the coefficients of correlation between service climate and both the perception of employees towards customer satisfaction and satisfaction of the customer at the individual level were determined at the organizational level. To evaluate individual relationship at the organizational level, the analysis above were followed by a

series of bivariate correlations. MLR analysis is the most appropriate analysis in tis cases due to the number comprising each case at individual level where  $n=122$  but not at the organizational level where  $n=22$  [8]. Customer satisfaction direct reports and the perception of employees on customer satisfaction: To examine the relationship between the two variables, bivariate correlations were carried out. Individual level regression analysis: Standard multiple regressions were applied to perform two regression analyses.

In the first analysis, the independent variables were the seven dimensions of organizational climate and the dependent variables was the satisfaction of the customer while in the second analysis the perception of employees towards customer satisfaction was the dependent variable. On both occasions, significant statistical results were obtained where organizational climate contributed to 23.6% of the customer satisfaction variance and on the perception of the employees towards customer satisfaction; it contributed to a variance of 39.3%. The table below shows dimensions of organization climate that had significant prediction on both satisfaction of the customer and the perception of the employees on customer satisfaction.

**Table 4: Individual level regression analysis**

Dimensions	Unstandardized coefficients		Standardized coefficients			
	B	Std. error	Beta	Statistic t	p-value	Model Stats
Org. Climate						
S&Q	0.18	0.08	0.43	2.15	0.034	CS
OFS	0.28	0.07	0.71	3.92	0.000	F 6.341
RO&P	-0.15	0.04	-0.39	-3.46	0.001	R <sup>2</sup> 0.236
CSEP						
WCF&E	0.25	0.12	0.30	2.03	0.25	F 12.20
RO&P	-0.15	0.07	-0.21	-2.13	0.04	R <sup>2</sup> 0.393
Serv. Climate						
CS	0.45	0.16	0.44	3.86	0.00	CS
CO	0.29	0.08	0.49	3.71	0.00	F 9.86
CSEP						
						F 27.39
						R <sup>2</sup> 0.396

Where  $n= 122$ , S&O stands for Standards and objectives, OFS means Owner support and facilitation, RO&P regulation, organization and pressure, WCF&E means cooperation from the work group, Friendliness and Esprit, CS means customer satisfaction, CO stands for customer orientation, CSEP stands for Perception of the employee on customer satisfaction. Organizational level correlation analysis: For customer satisfaction, 41.9 % of the variance was accounted to support and facilitation of

the owner; 23.5 percent of the variance was accounted to Standards of job training; 35.4 percent of the variance was accounted to Pressure, Organization and Regulation; 40.6 percent of the variance was accounted to Scheduling; 18.9 percent of the variance was accounted to Esprit and cooperation of the workgroup and 33.8 percent of the variance was accounted to the satisfaction of the customer. Regarding the perception of employees towards customer satisfaction, 66.6 % of the variance was accounted to



support and facilitation of the owner; 20.2 percent of the variance was accounted to Standards of job training; 35.9 percent of the variance was accounted to Pressure, Organization and Regulation; 43.3 percent of the variance was accounted to Scheduling; 35.2 percent of the variance was accounted to

Esprit and cooperation of the workgroup; 18.9 percent of the variance was accounted to Conflict and friction while the rest 19.8 was attributed to objectives and standards. The table below shows the organizational level correlation analysis.

**Table 5: Organizational level correlation analysis**

Dimensions/ Sub levels		Satisfaction of the customer	Perception of the employees on customer satisfaction
Organizational Climate	Support and Facilitation from the owner	0.65**	0.82**
	Standards of job training	0.49*	0.45*
	Pressure, Regulation and Organization	-0.60**	-0.60**
	Schedule	0.64**	0.66**
	Esprit, Friendliness and Cooperative workgroup	0.44*	0.59**
	Conflict and Friction	-	0.44*
	Objectives and Standards	0.58**	0.45*
Service climate	Orientation of the customer	0.63**	0.82**
	Practices of the management	0.54**	0.75**
	Feedback from the customers	0.48*	0.59**

Where n=22 and \* represent a p-value of <0.05 and \*\* represent a p-value of <0.01

Analysis of the relationship between customer satisfaction direct report and the perception of employees on customer satisfaction: To study the relationship between the two variables, bivariate correlations were carried out. The results indicated a significant level of correlations between them where r was found to be 0.55, and  $p < 0.01$  at the organizational level.

## Discussion and Conclusion

### Discussion

From data analysis carried out, the following can be deduced for the hypotheses.

#### H1

There is no statistically significant relationship between organizational climate and customer satisfaction at the individual level. The results from individual analysis level indicate that there is a significant statistical relationship between organizational climate and customer satisfaction at the individual level where  $r = 0.46$  and  $p < 0.005$ . Moreover, the results shows organizational climate contributes to about 21.5% of customer satisfaction variance.

That suggests that we reject the null hypothesis and accept the alternative hypothesis.

#### H2

There is no statistically significant relationship between organizational climate and the perception of employees on customer satisfaction at the individual level. The results from individual analysis level indicate that there is a significant statistical relationship between organizational climate and the perception of employees on customer satisfaction at the individual level where  $r = 0.64$  and  $p < 0.005$ .

Moreover, the results shows organizational climate contributes to about 50.3% of customer satisfaction variance. That suggests that we reject the null hypothesis and accept the alternative hypothesis.

#### H3

There is no statistically significant relationship between organizational climate and customer satisfaction at the individual level organizational level. The results from organizational level analysis indicate that

there is a significant statistical relationship between organizational climate and customer satisfaction at the organization level where  $r=0.49$  and  $p < 0.05$ . Moreover, the results shows organizational climate contributes to about 24% of customer satisfaction variance. That suggests that we reject the null hypothesis and accept the alternative hypothesis.

#### H4

There is no statistically significant relationship between organizational climate and the perception of employees on customer satisfaction at the organizational level. The results from organizational level analysis indicate that there is a significant statistical relationship between organizational climate and the perception of employees on customer satisfaction at the organizational level where  $r=0.72$  and  $p < 0.005$ .

Moreover, the results shows organizational climate contributes to about 51.1% of customer satisfaction variance. That suggests that we reject the null hypothesis and accept the alternative hypothesis.

#### H5

There is no statistically significant relationship between direct report of customer satisfaction and the perception of employees on customer satisfaction at the organizational level. The results from the *analysis of the relationship between customer satisfaction direct report and the perception of employees on customer satisfaction* indicate that there is a significant statistical relationship between the two variables where  $r= 0.55$ , and  $p<0.01$  at the organizational level. This suggests that we reject the null hypothesis and accept the alternative hypothesis.

### Conclusion

From the study and data analyses, it was concluded that there is a significant statistical relationship between organizational climate and both customer satisfaction and the perception of employees on customer satisfaction at the individual and organizational level.

Bivariate correlations were applied at individual and organizational level where organizational climate and customer satisfaction which leads to customer retention were found to have a significant

and positive relationship with organizational climate accounting for 21.5 percent of customer satisfaction variance and the perception of the employee on customer satisfaction accounted for 40.3% variance.

Using standard multiple regression analyses, organizational climate was found to contribute to 23.6% of customer satisfaction variances and 39.3% of employees' perception on customer satisfaction variance for the same level. Moreover, there was a significant statistical relationship between customer satisfaction direct report and the perception of employees on customer satisfaction where  $r= 0.55$ , and  $p<0.01$  at the organizational level.

### Implications

The study shows that an organizational climate focused on the customers plays a significant role on molding customer loyalty and hence retention. The results from this study will help Institutions in Jordan to understand how customers perceive their organizational climate.

From the study, it is clear that friendliness of the employees towards the customers, services offered to the customers and the easiness of business operation are significant factors when it comes to a good organizational climate where each of the factors is directly related to customer retention. The loyalty of the customer can be improved by focusing on employees customer friendly attitude owing to the fact employees who are friendly to their customer have a high coefficient of regression. In addition, the findings will help Jordan institutions in strategy formulation which help to maintain a good relationship with the customers and hence achieve a competitive advantage. By doing this, the level of customer satisfaction and retention will be improved.

It is evident from the study that a friendly and supportive workgroup will lead to improved customer satisfaction and retention which in turn leads to increase in the organizational profit. It is the role of the management to ensure such an environment exists. Moreover, business owners should not make an assumption of believing it possible to for 'brand riding'. Hence, even if the owner paid for the brand, he/she should put some value on it so as to induce more customers.

Moreover, customers are always mobile between the different units within an organization and the organizational climate within the business may determine the expectations of the customers from the organization.

Bad customer experiences within the organization leads to unsatisfied customers and hence diminishing the value of the service or the brand in the eyes of the customers. Hence, the organization must strive to improve the value of its product by ensuring that the customers are satisfied by their services.

### Limitations of the study

There are two main limitations of this study. Firstly, it was conducted within the hotel sector to obtain uniform result analysis. Therefore, the results obtained cannot be generalized for other business organizations. Therefore, more studies in various sectors are needed to ascertain if the results obtained are applicable to other sectors.

Secondly, to measure the organizational climate, only one measure was scrutinized. Other measures such as SERV\*OR exist for the measurement of organizational service climate which if they had been included, the results would have more weight.

### Suggestions for Future Research

From the study findings and the limitations identified for this research, there exists many opportunities for future studies on this area. For example, to measure organizational climate, researchers may opt to use SER\*OR combined with other measures like the one applied here to get more reliable results. Moreover, for the organizational climate dimensions, support and facilitation from the owner was found to have a significant influence on customer satisfaction and how the employees perceived customer satisfaction at both the individual and organizational analysis. Hence, the characteristic of management plays a great role in a group.

Future researchers may invest on measuring the impacts of business owner personality upon workplace climate and relate it to customer retention in an organization. Also, researcher may investigate on the relationship of brands and services offered in regard to customer satisfaction and retention. Future organizational researchers may invest on determining the relationships between organizational climate and the perception of customers on service performance.

The researchers could also compare the efficiency of other specific organization climate dimensions for instance safety and innovation with customer satisfaction and retention. [24-26].

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