

Employees' Emotional Intelligence and Customers' Retention in Selected Hotels in Port Harcourt

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Abstract

Despite the increase in organizational behaviour research in firms, there seems to be little effort made to investigate the effect of emotional intelligence in the hospitality industry in the African context. It is leveraged on this understanding that, this study used a data set of 100 guests to examine how employees' emotional intelligence influences customer retention in selected hotels in Port Harcourt. The four hypotheses posited were all supported. The results indicated that emotional management and relationship management had positive and significant relationship with customer satisfaction and customer loyalty respectively. Academic and managerial implications of the results and future research directions are suggested.

Keywords: *Relationship management, Emotional management, Customer satisfaction, Customer loyalty*

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Background to the Study

In service organizations, the creation and sustenance of appreciable level of service quality is a credible determinant of brand loyalty (Sonari-Otobo, Ekeke and Enesha 2016). Service quality is dependent on several factors such as skill and competencies of employees, emotional stability of employees, customer service policy of service firms, customers' expectations, lifestyle and needs of target audience, etc. It therefore becomes imperative that organizational ability to deliver quality service to consumers is considered as an essential marketing strategy in today's competitive marketplace (Parasuraman, Zeithaml and Berry 1985). The forgoing "has placed a responsibility on savvy marketers to craft value based strategies aimed at improving the quality of service delivery with a view to achieving competitive advantage" (Sonari-Otobo, et al 2016).

One of the strategies being adopted to boost service delivery by service organizations is working towards improving the emotional stability of employees. This is because, it is emotional stability which defines the degree of emotional intelligence of employees which is argued by Basharat and Raja (2013) to be "the most important determinants of service quality". This position is further suggested to be a very critical factor in service delivery owing to level of product homogeneity in several service organizations which makes service differentiation very difficult and by implication, puts a demand on service providers to seek ways to achieve competitive advantage.

The foregoing supports the argument by Danquah (2015) that service organizations, such as banks are seeking ways to craft unique strategies capable of enhancing service delivery with emotional intelligence as a veritable option. Emotional intelligence is said to have been first defined by Mayer and Salovey (1997) as "the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions" and modified by Mayer and Salovey (as cited in Danquah and Wireko 2014) to, "the ability to perceive emotion, integrate emotion to facilitate thought, understand emotions towards personal growth.

Many scholars have studied the effect of influence of employees' emotional intelligence on consumers behavioural intentions in various industries and in many countries of the world (Opuni and Adu-Gyamfi 2015, Aldebi and Al-Waely 2013, Danquah and Wireko 2014, Danquah 2015, Basharat and Raja 2013). To the best of our knowledge, no study seems to have been conducted in Nigeria in the hospitality industry within the context of emotional intelligence. This current study is aimed at filling this gap.

Objectives of the Study

The broad objective of the study was to determine the effect of emotional intelligence on customer retention in the hospitality industry in Nigeria. The specific objectives were to;

- (i). Ascertain the influence of emotional management on customer satisfaction in the hotel industry in Port Harcourt.
- (ii). Examine the influence of emotional management on customer loyalty in the hotel industry in Port Harcourt.

- (iii. Determine the extent to which relationship management affect customer satisfaction in the hotel industry in Port Harcourt.
- (iv. Ascertain the extent to which relationship management affect customer loyalty in the hotel industry in Port Harcourt.

Theoretical Foundation

Organizational managers (Human resources managers, personnel managers, brand managers, operational managers, etc) understand that emotional intelligence of service employees is a determinant of service quality. They also appreciate the fact that due to the unique characteristics of services, the offerings by service organizations are almost the same, which makes it “difficult to create differentiation” (Basharat and Raja 2013). It is the quest to achieve competitive advantage that compels organizational managers to see and treat emotional intelligence as having the 'magic wand' in improving personnel competences at the workplace. This explains why the behaviour of employees is now taken as critical aspect of supervision and evaluation on regular basis. This is with a view to ensuring that the 'behavioural output' of employees during service encounters are done in friendly environment or atmosphere. A service employee who truly manages his emotions especially at his/her workplace will tend to relate well with customers at all times taking cognizance of the fact that delighting the customer is a key determinant of organizational performance.

Study Variables and Research Framework

In this study, emotional intelligence is our predictor variable, with its dimensions as emotional management and relationship management. On the other hand, the criterion variable is customer retention with its measures as customer satisfaction and customer loyalty.

Functional Relationship and Model Specification

The objective of the study was to establish functional relationships between two measures of dependent variable which are customer satisfaction and customer loyalty for the measurement of customer retention and two dimensions of the independent variable which are emotional management and relationship management for the determination of the effect of emotional intelligence on customer retention in the hospitality industry. The study is expressed in the framework relationship as follows;

$$CR = fEI$$

$$EI = f(EMM, REM)$$

$$CR = f(CS, CL)$$

Where

CR = Customer Retention

EI= Emotional Intelligence

EMM= Emotional Management

REM = Relationship Management

CS= Customer Satisfaction

CL= Customer Loyalty.

Conceptual and Operational Framework

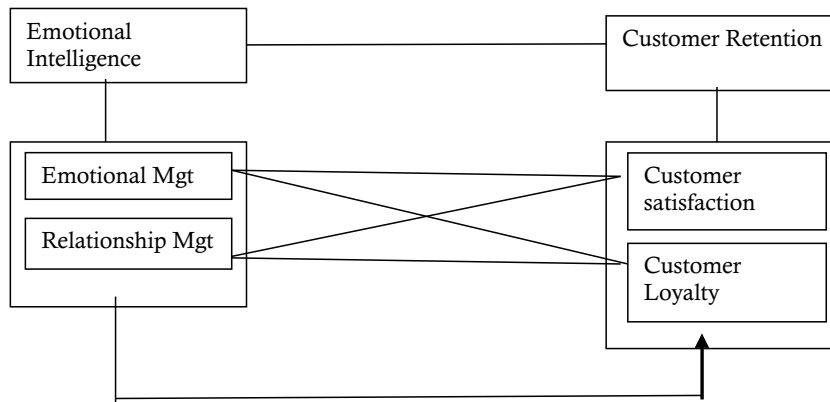


Figure 1: Conceptual and operational framework on emotional intelligence and customer retention in selected hotels in Port Harcourt.

Source: Authors 2017.

Research Hypotheses

Based on our research framework the following hypotheses were formulated;

- HO₁:** There is no significant relationship between emotional management and customer satisfaction in hotels in Port Harcourt.
- HO₂:** There is no significant relationship between emotional management and customer loyalty in hotels in Port Harcourt.
- HO₃:** There is no significant relationship between relationship management and customer satisfaction in hotels in Port Harcourt.
- HO₄:** There is no significant relationship between relationship management and customer loyalty in hotels in Port Harcourt.

Review of Related Literature

In a competitive business environment, the quest to achieve competitive advantage is dependent on the development of a credible and dependable service quality strategy. The success of this strategy is predicated on the ability of the organization to achieve the following dimensions of service quality; reliability, responsiveness, assurance, tangibility and empathy. When viewed theoretically and empirically from extant literature, the way and manner service is delivered determines to a large extent the quality of a service brand, which is argued to be a significant determinant of customer satisfaction and by implication customer retention (Zeithaml, Parasuraman and Berry 1990).

When viewed through the prism of service delivery, the five dimensions of service quality depends on the appropriateness (in terms of skill and competence) and the comportment of employees in a service organization. This explains why organizational managers in hotels are to ensure that the personal idiosyncrasies of employees does not affect the comportment of employees negatively during service encounters which is often regarded as the 'moment of truth'. The effective management of the firm-customer interface is dependent on service

employees' ability to manage their emotions or put differently to be emotionally intelligent. For this current research, the dimensions of emotional intelligence studied are emotional management and relationship management. The study is aimed at determining the effect of emotional intelligence on customer retention. The measures of the dependent variable are customer satisfaction and customer loyalty.

Emotional Management: Emotional intelligence is described by Harm and Crede (as cited in Danquah and Wireko 2014, p.10) as “the ability to identify, assess and control the emotions of oneself, of others and of groups”. From this definition being in control of your emotions and that of others with a view to achieving a desirable state of events describes emotional management. Accordingly therefore, emotional management will involve ability to control or redirect “one's disruptive emotions and impulses and adapting to changing circumstances of customers”.

Relationship Management: This element as a measure of emotional intelligence describes the ability of employees to establish and maintain profitable relationships with others with a view to moving them to a desired state taking cognisance of their emotional state as well as that of others or the customer in the context of service delivery. Such desirable state could be a state of patronage, satisfaction as well as being loyal to the service brand.

Customer Satisfaction: Customer satisfaction is defined by Parasaruman, Zeithaml, and Berry(1988) as the difference between consumer perception of service performance and his/her expectations (customer satisfaction = perception of performance – expectation). When the service performance of the service provider equals the customer's expectations, the customer is satisfied, but when the expectations are exceeded the customer is delighted. When a customer's expectation is not met he/she experiences various levels of dissatisfaction. Customer satisfaction is argued to be an emotional state because it is defined as “an emotional response to the use of a product or service”(Oliver as cited in Raza, Siddiquei, Awan and Bukhari 2012, p.798).

Customer Loyalty: Auka, Bosire and Matern (2013,p.34) described customer loyalty as “a deeply held commitment to re-buy or repurchase a preferred product or service commitment in the future, thereby causing repetitive purchasing of the same brand, despite situational influence and marketing efforts”
When a customer has this type of feeling towards a particular hotel like Helena Hotels, he/she is expected to patronize the hotel whenever the need for hotel accommodation arises. This type of loyalty occurs despite the customer's exposure to advertisements and/or other form of inducements from competing brands.

Emotional Management and Customer Retention

The ability to manage one's emotions as a service personnel and that of others in a service environment, will definitely delight the customers to a large extent. In service organizations for which the hospitality industry is a distinct pillar, emotional management has become an essential competitive asset due to the ever growing nature of the service industry. Opuni and

Adu-Gyamfi (2015) found in the study in Ghana's telecommunication sector, a significant relationship between emotional intelligence and service quality as well as customer satisfaction. Another study conducted in Ghana by Danquah (2015) found that emotional intelligence positively relates with customer satisfaction in the banking sector of Ghana. Extant literature has established that when a customer is satisfied, he/she tends to be loyal to the organization. From the foregoing, it is proposed as follows;

H1: There is significant relationship between emotional management and customer satisfaction in hotels in Port Harcourt.

H2: There is significant relationship between emotional management and customer loyalty in hotels in Port Harcourt.

Relationship Management and Customer Retention

In the banking sector of Ghana, Danquah (2015) investigated the relationship between emotional intelligence and financial performance with relationship marketing, service quality and customer satisfaction acting as mediating variables and found emotional intelligence positively relating with relationship marketing and customer satisfaction. The hospitality industry is a service industry where one of the characteristic of their service culture involves interfacing with numerous guests (customers) on daily basis. With a view on Goleman's conceptualization, relationship management connotes developing others, team work and collaboration with the objective of relating well with customers (in this context guests). The way and manner employees relate with guests influence the service quality level perception by the guests and by implication the level of customer satisfaction. Opuni, Opoku and Oseku-Affil (2014) found in their study conducted in the hospitality industry in Ghana found that relationship marketing had positive effect on service quality with emotional intelligence acting as a moderating variable. More studies had established a positive relationship between relationship marketing and service quality, customer satisfaction and customer loyalty. (Desbordes, 2011 Arora & Saxena, 2013). It should be noted that such relationship will only continue to be effective with emotional intelligence playing a significant role (Dinh & Pickler 2012). Based on the foregoing arguments, it is hereby proposed as follows;

H3: There is significant relationship between relationship management and customer satisfaction in hotels in Port Harcourt.

H4: There is significant relationship between relationship management and customer loyalty in hotels in Port Harcourt.

Methodological Issues

A descriptive survey research design was adopted for this study with a sample of 100 current guests in two hotels in Port Harcourt. The instrument for data collection was a well structured questionnaire. For all scales, a five point Likert type scales anchored from 5 for 'strongly agree' to 1 for 'strong disagree' were used. The judgmental sampling technique was utilized in the study. When approached, the respondents were urged to assist in filling out the questionnaires. When agreed, a standardized questionnaire was given to them to fill in the correct answers. Only seventy-three questionnaires were useful for statistical analyses.

Data Analyses

Test of Hypotheses

DECISION RULE

If $PV < 0.05 =$ Reject H_0
 $PV > 0.05 =$ Accept H_A

Test of Hypothesis 1

H_{O_1} : There is no significant relationship between emotional management and customer satisfaction in hotels in Port Harcourt.

H_{A_1} : There is significant relationship between emotional management and customer satisfaction in hotels in Port Harcourt.

Table 1: Pearson Correlation analysis showing the relationship between emotional management and customer satisfaction and customer loyalty.

Correlations

		Emotional management	Customer satisfaction	Customer loyalty
Emotional management	Pearson Correlation	1	.985**	.986**
	Sig. (1-tailed)		.001	.001
	N	73	73	73
Customer satisfaction	Pearson Correlation	.985**	1	.967**
	Sig. (1-tailed)	.001		.004
	N	73	73	73
Customer loyalty	Pearson Correlation	.986**	.967**	1
	Sig. (1-tailed)	.001	.004	
	N	73	73	73

** . Correlation is significant at the 0.01 level (1-tailed).

Table 1 above shows that there is a very strong and positive correlation between emotional management and customer satisfaction with $r=.985$. With p value $=.001$ which is less than 0.05 , the correlation is significant and on this basis we reject the null hypothesis and accept the alternative hypothesis which states that;

H_{A_1} : There is significant relationship between emotional management and customer satisfaction in hotels in Port Harcourt.

Test of Hypothesis 2

H_{O_2} : There is no significant relationship between emotional management and customer loyalty in hotels in Port Harcourt.

H_{A_2} : There is significant relationship between emotional management and customer loyalty in hotels in Port Harcourt.

Table 1 above shows that there is a very strong and positive correlation between emotional management and customer loyalty with $r=.986$. With p value $=.001$ which is less than 0.05 , the correlation is significant and on this basis we reject the null hypothesis and accept the alternate hypothesis which states that;

HA₂: There is significant relationship between emotional management and customer loyalty in hotels in Port Harcourt.

Test of Hypothesis 3

HO₃: There is no significant relationship between relationship management and customer satisfaction in hotels in Port Harcourt.

HA₃: There is significant relationship between relationship management and customer satisfaction in hotels in Port Harcourt.

Table 2: Pearson Correlation analysis showing the relationship between relationship management and customer satisfaction and customer loyalty.

Correlations		Relationship management	Customer satisfaction	Customer loyalty
Relationship management	Pearson Correlation	1	.991**	.935**
	Sig. (1-tailed)		.000	.010
	N	73	73	73
Customer satisfaction	Pearson Correlation	.991**	1	.967**
	Sig. (1-tailed)	.000		.004
	N	73	73	73
Customer loyalty	Pearson Correlation	.935**	.967**	1
	Sig. (1-tailed)	.010	.004	
	N	73	73	73

** . Correlation is significant at the 0.01 level (1-tailed).

Table 2 above shows that there is a very strong and positive correlation between relationship management and customer satisfaction in hotels in Port Harcourt with $r=.991$. With p value $=.000$ which is less than 0.05 , the correlation is significant and on this basis we reject the null hypothesis. We therefore accept the alternative hypothesis which states that;

HA₃: There is significant relationship between relationship management and customer satisfaction in hotels in Port Harcourt.

Test of Hypothesis 4

HO₄: There is no significant relationship between relationship management and customer loyalty in hotels in Port Harcourt.

Ha₄: There is significant relationship between relationship management and customer loyalty in hotels in Port Harcourt.

Table 2 above shows that there is a very strong and positive correlation between relationship management and customer loyalty in hotels in Port Harcourt with $r=0.935$. With p value = .010 which is less than 0.05, the correlation is significant and on this basis we reject the null hypothesis. We therefore accept the alternative hypothesis which states that;

HA₄: There is significant relationship between relationship management and customer loyalty in hotels in Port Harcourt.

Discussion of Findings

Emotional Management and Customer Satisfaction

The Pearson correlation test for hypothesis one showed that emotional management had positive and significant relationship with customer satisfaction. This is consistent with Opuni and Adu-Gyamfi (2015). The ability of employees to effectively manage their emotions while interfacing with customers will definitely enhance the level of customer satisfaction. This depends much on the ability of employees to control their inner feelings while attending to customers. Overall, the required employees' competence that is capable of enhancing their level of emotional management are self-control, trust, worthiness, conscientiousness, adaptability, achievement drive and initiative. It could therefore be argued that the service attitude of organizational employees play a critical role in maximizing customer satisfaction. The implication being that one of the most important factors required enhancing customer satisfaction is to ensure employees' ability to solve problems efficiently and accurately despite his/her real state of emotion.

Emotional Management and Customer Loyalty

The Pearson correlation test for hypothesis two showed that emotional management had positive and significant relationship with customer loyalty. This is consistent with Danquah (2015) and Opuni and Adu-Gyamfi (2015) that hotels can stimulate word of mouth through addressing customer complaints effectively and hence turn a client into a loyal customer who will advertise the hotel. The ability of employees to achieve this task will depend on several factors including employee's ability to manage his/her emotion at workplace and training. This explains why emotional management is concerned with self awareness which requires that one should understand how he/she feels and how those feelings can influence his actions towards others. Customers will remain loyal to a service brand whose employees demonstrate a high level of emotional intelligence.

Relationship Management and Customer Satisfaction

The Pearson correlation test for hypothesis three showed that relationship management had positive and significant relationship with customer satisfaction. This is consistent with Danquah (2015). Service organization employees' ability to manage and put customers' emotions to control through stimulating, influencing and offering them required help that will make them feel at home in a hotel is required for organizational success. This employees' ability will manifest positively through the process of information exchange and understanding between the employees and clients. It equally entails listening passionately to customers and sending persuasive messages too. From the foregoing therefore, employees

need to develop conflict management skill too in order to relate well with clients. This will give the employees the opportunity to understand people and behave well during tense situations. Hotel customers that are well tolerated will tend to be satisfied with the services of such a hotel.

Relationship Management and Customer Loyalty

The Pearson correlation test for hypothesis four showed that relationship management had positive and significant relationship with customer loyalty in hotels in Port Harcourt. This is consistent with the argument of Danquah (2015). The ability of employees to relate well with customers makes the customers to feel respected, esteemed and important. This will engender customer loyalty to the service brand.

Employee service remains one of the critical tools in the hand of organizations to utilize in achieving organizational effectiveness. When employees' emotional state is stable they will be able to render quality service to the customers by relating well with hotel guests. When customers' expectation is met, there will be customer satisfaction which naturally results in customer loyalty to the hotel brand. This result has implications for hotel managers with regard to managing employee emotional stability.

Conclusion and Implications

The quality of service rendered by any service organization is dependent to a large extent on the emotional stability of the personnel rendering the service. Academically, this study provides support to the proposition that emotional intelligence; emotional management and relationship management should be recognized and treated as antecedents and tools that engender customer loyalty in the hospitality industry. This is very crucial as we take cognizance of the strategic imperatives associated with the legendary, 'moment of truth' which characterize the service quality perception in hospitality marketing. Managerially, entrepreneurs and organizational managers are expected to monitor the behavioral disposition of their employees and encourage rewards based on staff attitude towards customers. Secondly, the study demands that the quest by hotel owners and their managers to achieve brand/customer loyalty should start from the thorough examination of the character traits of their potential and current employees.

Recommendations

The study recommends as follows;

1. Human resource, personnel managers, departmental managers and unit supervisors are expected to constantly appraise the countenance and emotional dispositions of service employees in their organizations to ensure their capability to deliver quality services at all times to the delight of their target customers.
2. Certain aspects of promotion should be based on emotional stability of employees.
3. Requests for assistance by employees as regards personal issues should receive compassionate attention from organizational managers.

Suggestion for further Research

This study investigated the perception of hotel guests in only two hotels in Port Harcourt. Further study should examine the organizational managers' application of the concept of emotional intelligence in the workplace.

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