

The Role of customer engagement in improving human sigma: Applied study on Egyptian banking sector

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ملخص

يهدف هذا البحث إلى اكتشاف أهمية ارتباط العاملين بالمنظمة في تطبيق مفهوم السيجما البشريه في القطاع المصرفي المصري. وللقيام بذلك ، تم تشكيل نموذج بحث استناداً إلى الدراسات السابقة ومراجعة الأدبيات ، وتم تطوير أربع فرضيات رئيسية وعشر فرضيات فرعية. بعد وضع الفرضيات ، تم تطوير استبيانين مختلفين استناداً إلى الدراسات السابقة ومراجعة الأدبيات ، وبعد تصميم الاستبيان قام الباحث بتوزيع الاستبيان على وحدتين مختلفتين تم توزيع واحدة على المستويات الإدارية الثلاثة المختلفة (Topline- الخط الأوسط- السطر الأول) (لمديري القطاع المصرفي العام ممثلاً بمدير بنك الأهلي الوطني في مصر (NBE) ولمديري المستويات الإدارية المختلفة للقطاع المصرفي ممثلاً بمديري البنك التجاري الدولي (CIB) وتم توزيع الاستبيان الآخر لمختلف العملاء من القطاعين العام والخاص. قام الباحث بتوزيع ٢٩١ استبيان وتلقى ردود صالحة حول ١٤٥ استبيان. بعد جمع الاستبيان من مديري القطاعين العام والخاص ومن البنوك العامة والخاصة ، تم اختبار فرضيات العملاء من جانب المديرين فيما يتعلق بالعائدات المالية وغير المالية ، ودعم الإدارة والنمو الوظيفي لتحديد مدى مشاركة الموظفين. وبالنسبة للعملاء من البنوك العامة والخاصة من حيث الولاء والثقة والفخر لتحديد مدى مشاركة العملاء. أيضا اختبار الفرضيات المتعلقة بالكفاءة التنظيمية من حيث منظور الموظف لتحسين الجودة ، ورضا الموظفين ومنظور العملاء لتحسين الجودة ورضا العملاء. ثم توصل الباحث إلى توصيات معينة لتطبيق مفهوم سيغما البشري في القطاع المصرفي المصري لتحسين الكفاءة التنظيمية من خلال التدريب والتوجيه للموظفين ، وتحسين المؤسسة بأكملها برؤية واضحة تدعمها الإدارة العليا. توظيف موظفين موهوبين للمساعدة في تطبيق الإستراتيجية ، من خلال إدارة النتائج لمنح المرؤوسين نوعاً من الحرية في وظائفهم. ثم انتهى الباحث إلى هذه الأطروحة بتوصية معينة لتطبيقات سيجما البشرية وتوصيات للبحوث المستقبلية.

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The Role of Human Sigma Implementation in improving Organizational Efficiency: An Applied Study on the Egyptian Banking Sector

Abstract

This research aims to discover the importance of customer engagement implementation in applying the concept of human sigma in the Egyptian banking sector. To do so a research model was formed based on the previous studies and the literature review and four main hypotheses and ten sub hypotheses were developed. After making the hypotheses two different questionnaires were developed based on the previous studies and the literature review, after designing the questionnaire the researcher distribute the questionnaire to two different sample units one was distributed to the different three managerial levels (Topline- Middle line- First line) to the managers of public banking sector represented by manager of ElAhly National Bank in Egypt (NBE) and to the managers in the different managerial levels of banking sector private sector represented by managers of Commercial international bank (CIB) and the other questionnaire was distributed to different customer of both public and private sector. The researcher has distributed 291 questionnaires and received valid responses about 145 surveys. After collecting the survey both from managers from private or public sector and from public and private banks customers' hypotheses has been tested from managers' side regarding the financial and non-financial returns, management support and career growth to determine the extent of employee engagement. And for public and private banks customers in terms of loyalty, confidence and pride to determine the extent of customer engagement. Also testing

hypotheses regarding the organizational efficiency in terms of Employee perspective of quality improvements, employee satisfaction and for customers' perspective of quality improvements and customer satisfaction. Then the researcher reached to certain recommendations to apply the human sigma concept in the Egyptian banking sector to improve the organizational efficiency through Training and orientation for employees, improve the whole organization with a clear vision supported by the top management. Recruiting talented employees to help in applying the strategy, managing through results to give subordinates some sort of freedom in their jobs. The researcher then ended up this thesis with certain recommendation for human sigma implementations and recommendations for future researches.

1.1 Importance of the research:

The researcher has examined many sources of literature and utilized that knowledge base to develop a model in which multiple sources of literature were used to validate the model throughout the research. There is little current research on specific activities in which individuals can participate to increase their engagement levels. Furthermore, based upon current literature on the broader topic of engagement, the researcher wondered about the impact of identifying and focusing on specific activities relating to managing employees, motivating employees, accelerating employee engagement, and engaging customers' emotions. Identifying basic activities in each of those four categories may provide businesses

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with a road map to building engagement levels of employees and customers and, ultimately, for increasing the financial success of the business.

1.2 Research Aims:

- 1- To determine the main dimensions of management engagement of human sigma implementation in the Egyptian banking sector?
- 2- To determine the main dimensions of customer engagement of human sigma implementation in the Egyptian banking sector?

1.3 Previous studies:

Human Sigma as an unmistakable and acknowledged business improvement methodology and proposes a structure for its powerful application in the financial part in Egypt. Making connected groups is a key open door for associations that connection accomplishment to consumer loyalty. Inside the budgetary administrations area, most of a money related establishment's development originates from its present client base, so the manner in which that workers serve the client makes way for the future open door with that client (Lorge, 2004; Shelton, 2004). So as to accomplish and support development, organizations need to give dynamic preparing and trained deals the board and will likewise need to evaluate the outside deals understanding and results for the representative and the client (Dinkin, 2006; Schroder, 2002). One approach to build consumer loyalty, just as main concern

execution, is to have a profoundly drawn in workforce of educated and talented representatives (Bassi&McMurrer, 2007: Tyler, 2005; Schroder, 2002;). In any business, one of the keys to progress is giving clients more than they expect (Case and Carranza, 1994). Administration is a basic element of productivity; it involves throughout each and every day culture. Instructing representatives to address client issues is basic if a business needs to keep clients. Since workers are human, only one out of every odd representative client exchange brings about an upbeat client; client connections accordingly become progressively significant (Caffarella, 1985; Case and Carranza, 1994;). Discovering approaches to build the commitment paces of workers and clients has an extraordinary result: Increased maintenance, expanded efficiency, expanded client faithfulness, and expanded benefit are generally motivations to investigate commitment (Coffman, 2004; Rath, 2004). Lev (2001) concentrated on the physical, monetary, and elusive resources of associations. How workers associate with one another, how representatives interface with clients, and how the clients' connections are customized are for the most part components of commitment that add to the estimation of the association's benefits. Lev contends that workers and clients, much the same as a corporate brand, are resources that should be represented (2001). Fleming and Asplund (2007) created Human Sigma as an approach to gauge and deal with the human frameworks of business.

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1.4 Pilot study:

The researcher has applied a pilot study to determine to what extent the level of awareness of the managers in the different managerial levels regarding the new techniques of improving organizational efficiency as well as Human sigma and its role in improving organizational efficiency in the banking sector, the researcher asked 12 managers (Four from topline managers- Four from middle line managers – Four from first line managers), the researcher asked five main questions as follow

- 1- What is Human sigma?
- 2- Why you can use Human sigma?
- 3- How to use Human sigma in the banking sector?
- 4- With whom you can use Human sigma?
- 5- When to use Human sigma?

The researcher after asking previously stated questions found that managers regardless their managerial levels lacked the knowledge about human sigma and its implementation benefits in the Egyptian banking sector as well as they don't know that it's been one of the most recent ways to improve organizational efficiency.

1.5 Research Hypothesis:

H1: There is no significant difference among the banks customer regarding the importance of loyalty in the Egyptian banking sector

H2: There is no significant difference among the banks customer regarding the importance of the confidence in the Egyptian banking sector.

H3: There is no significant difference among the banks customer regarding the importance of the pride in the Egyptian banking sector.

Customer engagement:

Customer engagement has gained much attention in the recent literature. This is because of engagement being linked with many important brand performance indicators including sales increase, customer involvement in product development, customer feedback, and referrals (Bijmolt et al., 2010; Bowden, 2009; Kumar et al., 2010; Nambisan & Baron, 2007; Sawhney, Verona, & Prandelli, 2005; Van Doorn et al., 2010). Not surprisingly, much of this brand engagement due to the new technologies occurs online through social media (Malthouse & Hofacker, 2010). Customers engaged with brand communities online feel more connected to their brands, trust their preferred brands more, they are more committed to their chosen brands, have higher brand satisfaction, and are more brand loyal (Brodie, Ilic, Juric, & Hollebeek, 2013; Jahn & Kunz, 2012). In the banking context, customer engagement has been found to boost loyalty, trust and brand evaluations (So, King & Sparks, 2014). Emotionally engaged employees delivering perfection and consistency lead to customers who are emotionally engaged and profitable. We can apply

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many aspects to measure customer engagements, that will help in increasing the customer engagement to the institutions will help it to be more and more profitable.

1- Customer satisfaction:

Consumer satisfaction is an association's capacity to pull in and hold clients and to improve client relationships after some time. It is frequently observed as the overall satisfaction with an association's items or administrations. Besides, it is considered to be the key to success and long-term competitiveness. The learning of consumer satisfaction is the source for the satisfaction of customers desires, the educated source for picking up their maintenance and the source for considering hierarchical adequacy during the time spent help the service delivery. Consumer satisfaction is a barely all inclusive classification since its importance depends on conditions and various perspectives and is the result of individual client judgment. Specialists of consumer satisfaction have created various ideas and various perspectives on hierarchical execution result. Wilson (2002) contends that consumer loyalty is questionable and complex in nature, and it regularly comprises of different segments that are estimated with various techniques under various conditions. Edvardsson (1996) contends that consumer loyalty is an individual classification since the client implicitly comprehends it in his very own one of a kind

way. This implies consumer satisfaction can be comprehended as a trap of mental, social and physical factors, which connect with the idea of a fulfilled client Parasuraman, Zeithaml and Berry, (1988) and O'Neill in Palmer (2004) consider client to be as a subjective build and as a mental state. Anderson, Fornell, and Lehman (1994) contend that consumer satisfaction is fundamentally an enthusiastic state and the result of the longterm connection among clients and specialist organizations. Ning-jun Zhang et al (2007) demonstrate that the enthusiastic reliance of representatives encourages their endeavors to fulfill clients. Parasuraman, Zeithaml and Berry (1988) relate customer satisfaction to qualitative and quantitative elements of the service and see it as a relation between customer satisfaction, service performance, and perceived customer service performance expectations (Oliver, 1997) , Zeithaml & Bitner (2000) state a simpler definition of customer satisfaction based on the degree of customer needs and satisfaction expectations, which directly affects the degree of customer dissatisfaction. Customer satisfaction measures can future customer expectations and quality measures what the customer should expect from the company's service in the future, which is a more abstract category. The results of both measures is the relation between expectations and performance (Bolton and Drew 1991; Parasuraman ; Zeithaml, and Berry 1988), Empirical analysis states that, not only the employees actions are fundamental for a high-quality delivery of service, but also that their morale can increase consumer satisfaction

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(Schneider and Bowen, 1993) Based on intensive research over time, two types of customer satisfaction definitions have emerged. The first type defines customer satisfaction as an outcome of a buying experience (Westbrook and Reilly, 1983). The second type of definition defines customer satisfaction as a benchmark between the real purchase and the purchase expectations of the customer (Hunt, 1977). Regardless of its complexity, clients don't have any issues with the meaning of fulfillment regardless of whether it isn't purposely clarified (Gupta and Zeithaml, 2007). Administration associations must consider consumer loyalty as a key influence point to separate themselves from different associations (Gillespie et al, 2007). Consumer loyalty is the result of their needs and desires which impact the communication with specialist co-ops and different clients. The nature of this connection impacts client choices to repurchase the administration, his maintenance and the goal of the client to prescribe to other potential clients lastly to pass on valuable data about the administration quality and service deliver. Consumer satisfaction is identified with various methods for interfacing with the earth. A positive suggestion is a social association, which is emphatically identified with client maintenance, decreases exchange expenses and increments long haul productivity (Jamieson, 1994, Mackey, 2005). Informal exchange has incredible correspondence control since it is an

immediate transmission of consumer loyalty to other potential clients. Weinberger, Allen and Dillon (1981) and Herr et al (1991), are persuaded that word of mouth is more important than information about service generated by marketing activities. The communication power of word of mouth is manifested when the service provider fails to meet the complaints of the customer or his reactions are not appropriate with the customer demands.

2- Customer satisfaction and banking sector

Among the numerous investigations in writing devoted to consumer loyalty in banks, Al-brother's (1999) study with regards to Washington, U.S., used a benchmark including bank clients from every single geographic zone and bank resources. The investigation included asking clients different inquiries concerning their fulfillment with the banks. Information gathered was used to benchmark consumer loyalty scores of banks participating in the financial customer fulfillment list. The discoveries uncovered that the most critical qualities that outcomes in fulfillment incorporate human cooperation issues like 'correcting errors promptly', 'courteous employees' and 'professional behavior'. In addition, the discoveries likewise uncovered that the arrangement of good, individual assistance is considered by the customers as more significant more than accommodation or items. The above findings were consistent with Wan, W.W., Luk C.L and Chow (2005) findings. The last study was also conducted in Washington and it

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revealed that customers taking the customer satisfaction survey bought more products compared to the control group that were not participants to the survey. According to the authors, survey participation is what led the customers to develop more positive perceptions to-wards the company and it convinced them that the firm values and cares about its customers and their feedback. In another study, Bennett (1992) stated that the key to obtain competitive advantage in the banking business is to be customer driven. In other words, the entire aspects of the institution should concentrate on the factors that the customers hold dear and it should be willing to exceed customer expectations. Several studies stated that by concentrating on and delivering excellent customer satisfaction outcome, firms achieve superior profitability. Bankers can develop quantitative data through researching customer satisfaction, in the hopes of stressing that the emphasis and delivery of exceptional customer satisfaction can lead to improve revenues that are higher than increased costs. Similarly, Anwyll (2005) stated that customer service and satisfaction are the factors differentiation a firm from its large, national competitors. Moreover, the banks branding message reads, “Great Rates. Friendly Service” and through ongoing sales and service training, it attempts to deliver what it promises to. On the contrary, if the firm is neglect serving the customer, they wont hesitate to switch

to another financial institution. According to Aldisert (1994), customer satisfaction is not becoming significant in a way that some banks view it as a main element in their marketing strategies. The term 'after marketing' has also been commonly utilized to reflect the concentration on expending effort to cater to current customers in an attempt to expand their satisfaction and to hold them (Vavra, 1995). This section focused on the importance of customer satisfaction which is considered to be the basis of banks' development of strategies. As such, it is important for current financial institutions to shift towards client management for their satisfaction of the services provided. It is likewise for banks to develop a system that continuously measures customer satisfaction (Chitwood, 1996).

A. Loyalty:

Brand loyalty refers to the extent of consumers' faithfulness to a particular brand (Rangkuti, 2008). That is, brand loyalty reflects customers' strong preference for particular brands and their tendency to select such brands as their primary choice (Yoo & Donthu, 2001). Previous studies have found that the strength of brand loyalty determines future buying behavior (Kumar & Advani, 2005), promotes positive WOM (Gounaris & Stathakopoulos, 2004), improves market share (Chaudhuri & Holbrook, 2001), enhances salesman performance (Herjanto &

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Franklin, in press), develops better buyer-seller communications (Gaur, Saransomrurtai & Herjanto, 2015), and more importantly, it is a firm's ultimate tool to win the brands war and maintain their profitability (Reichheld, Markey & Hopton, 2000). Based on this understanding, each firm aim to strengthen their brand loyalty (Zehir, Sahin, Kitapci & Ozsahin, 2011). Building strong brand loyalty is not easy and challenging (Schoenbachler, Gordon & Aurand, 2007). This is because brand loyalty is a complex and multifaceted construct (Kim, Kim & Holland, 2017), For example, attitudinal and behavioral loyalty (Chaudhuri & Holbrook, 2001), cognitive, affective, conative and action loyalty (Oliver, 1999) and psychological loyalty (Day, 1996) are some of the ways of brand loyalty

A. Confidence:

Brand confidence refers to the extent of consumers' willingness to rely on the capacity of the brand to perform its functions (Wang & Emurian, 2005). Brand trust reflects customers' confidence in the integrity of the brand and its ability to satisfy their needs (Morgan & Hunt, 1994). In other words, as Ballester (2003) suggests, brand confidence serves as a customer's sense of security or piece of mind when consuming and interacting with a particular brand. According to Lau and Lee (2000), the degree of brand confidence

is determined by brand predictability, brand liking, brand competence, brand reputation and trust in the company. That is, when brand performance is consistent and meets the customer's expectation, brand reputation is improved and accordingly, customers like and trust the brand. Thus, the higher the brand trust, the stronger a customer's intention to repurchase (Jones & Kim, 2010) and the less uncertainty and risk associated with the brand (Hur, 2014). As a result, a high level of brand trust can improve a customer's personal exchange (Wu, Chan & Lau, 2008), enhance brand attachment and commitment (Esch, Langner, Schmitt & Geus, 2006) and generates stronger brand equity (Delgado-Ballester & Manuera-Aleman, 2005).

B. Pride:

Generally, much of what we used to know about the concept of pride released from psychology. Culturally, pride is sometimes can be in a positive side (e.g., "she takes pride in her work") and at other times seen as negative side (e.g., the "sin of pride"). It is critical that while there are significant contrasts between the two, the two features of pride emphasize the "self" as the central specialist liable for a result (Williams et al. 2018), for our current study we used to determine whether the banks customers are different regarding the brand pride and how this could affect the customer engagement to certain brand in the banking sector.

3- Testing research hypotheses:

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NO.	statements	MEAN	SD	CV
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Based on statistical analysis:

H1: There is no significant difference among the banks customer regarding the importance of loyalty in the Egyptian banking sector

NO.	statements	MEAN	SD	CV
1	I feel loyal to the bank that I'm dealing with.	3.73	1.006	26.97
2	I'll recommend this bank to my family/friends	3.75	1.043	27.81
Total		3.7404	0.95911	25.64

- The Two most homogeneous variables are: Feeling loyal to the bank, and recommend the bank to family and friends, with coefficient of variation (26.97%), (27.81%) respectively, this result agreed with the previous study of Ladhari, R., Souiden, N. and Ladhari, I., 2011 that states recommendation is one of the most important factor that results in emotional attachments and customer loyalty.
- While the value of total weighted mean for the construct of Loyalty is (3.7404), with a coefficient of variation (25.64), therefore we have a positive attitude to the construct of Loyalty as the weighted mean is greater than 3.4

H2: There is no significant difference among the banks customer regarding the importance of the confidence in the Egyptian banking sector.

3	I feel confident and safe while dealing with this bank in my banking service	3.92	1.003	25.59
4	If a problem arises I can always count on this bank to reach a fair and satisfactory solution	3.54	1.052	29.72
Total		3.7322	0.90445	24.23

- The Two most homogeneous variables are: Feeling confident and safe while dealing with this bank in my banking service, If a problem arises I can always count on this bank to reach a fair and satisfactory solution, with coefficient of variation (25.59%), (29.72%) respectively, through this result it can be agreed with different previous study like Hur, 2014, Jones & Kim, 2010 that states that institutions which can solve any problems to the customers leads to confidence and trust
- While the value of total weighted mean for the construct of confidence is (3.7322), with a coefficient of variation (24.23), therefore we have a positive attitude to the construct of Confidence

H3: There is no significant difference among the banks customer regarding the importance of the pride in the Egyptian banking sector.

NO.	statements	MEAN	SD	CV
5	I'll recommend this bank to my family/friends	3.75	1.043	27.81
6	I feel proud when am dealing with this bank	3.63	1.055	29.06
Total		3.6940	0.94306	25.53

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- The Two most homogeneous variables are: Recommending the bank to family and friends, and feeling proud when am dealing with this bank with coefficient of variation (27.81%), (29.06%) respectively, by which it can be agreed with Fleming, J.H. and Asplund, J., 2007 that states feeling proud with dealing with brand is a main dimension in measuring customer emotional attachment.
 - While the value of total weighted mean for the construct of pride is (3.6940), with a coefficient of variation (25.53), therefore we have a positive attitude to the construct of Pride.

4- Conclusions and recommendations:

- Loyalty has been previously stated by various researches that it can be considered as one of the main dimensions of customer emotional attachments, the researcher after testing the hypothesis related to customer loyalty has found that it seems to be vital dimension in increasing and improving customer emotional attachments regardless the customer is related to a private sector bank or public sector both agreed upon the importance of customer loyalty.
- Confidence has been stated as one of the main dimensions in improving customer emotional attachment, after testing the hypothesis the researcher has found that confidence is crucial for both customers to improve their engagement

either they are dealing with public sector banks or private sector banks

- The researcher has determined certain questions to measure the importance of pride either in public sector or private sector after testing this hypothesis the researcher found that both customers from private sector and from public sector agreed upon the importance of pride as a dimension that results in improving customer emotional attachments.

5- Recommendations for future researches:

Applying human sigma is affected by the level of employee engagement in each organization, as a result of human sigma the level of employee engagement may differs from different managerial levels regarding the factors previously examined in their effect on employee engagement like basic needs and returns, management support and motivation and career growth. The researcher has applies this research on the Egyptian banking sector and have the following recommendations for future research

- 1- The implications of human sigma practices in the private financial sector only
- 2- The implications of human sigma practices in the public sector only
- 3- Case study on a single bank to measure the effect of employee engagement human sigma

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