

The Role of Employee Workplace on Customer Loyalty among Small Business of Some Selected Markets in Banadir Region-Mogadishu Somalia 2024

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Abstract

In this rapid and volatile business cycle, employee in the workplace is the key factor in company's success and maximizing customer trust, commitment and loyalty. The objective of this study was to assess the role of employee workplace in terms of ethics and engagement on customer loyalty among small business of Wadajir big market and Bakara market in Banadir region-Mogadishu Somalia 2024. The target population was 110 learners while sampled 86 using Slovene's formula from the different people of the above two markets. Descriptive research design was selected to carry out this study using mixed of qualitative and quantitative method and analysed with chi-square test analyses with frequencies, tables, percentages. It was found that three of the five measured variables of IV1 investigates the role of employee engagements has significantly effect on customer loyalty since p-value is less than 0.05 while IV2 investigates employee ethical behavior also has a significant role on loyalty of customers as the three measured variable of this IV p-value is also less than 0.05. The study recommended that employees at the workplace should create customer trust by serving quickly as possible and providing them clear information about product conditions that enhance and promote customer loyalty.

Keywords: "Employee workplace", "Employee engagements", "Employee ethical behavior" and "Customer loyalty"

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1.0 Introduction

Employee workplace plays a crucial role in influencing customer loyalty. When a company effectively manages its operational processes and consistently delivers high-quality products or services, it can positively impact customer satisfaction and loyalty which results positive relationship between work performance and customer loyalty as a company's success is heavily dependent on the performance of its employees. Loyalty is a series of honesty to the other party. Loyalty has been defined in an extensive form as observed behaviors in a service domain. Customer loyalty is a difficult concept to define as they are many series of events which can lead to customers being loyal to the brand product or the company in general (Mushavhanamadi & Hlengani, 2021). Globally; according to (Kumar, Vikas Batista & Maull, 2011) discuss realizing the prime importance of customer loyalty to organizations, a major concern is to determine how it is affected. Issues involving customer loyalty in service organizations have drawn the attention of various researchers concerned with finding the determinants of customer loyalty and their implications in service industries as the recent research found that perceived trust directly and positively influences customer satisfaction and customer loyalty. Likewise, In Malaysia, according to (Arokiasamy, 2013) discusses that organizations must improve their services to meet the customers' wants and requirements as the customers became a Centre for all small business activities due to increased competition for greater market share by focusing customers' expectations combined with employee engagements and behavioral ethics. Importance of customer loyalty in today's dynamic business environment is obvious as it greatly influences customers' repurchase intentions and they are most likely to share their experiences with other four or six people around them. In Somalia, After the Somali state's collapse in 1991, many private small sized businesses appeared and developed their own methods of strategies on establishing and getting new customers. Unfortunately, the major dilemmas in small sized business do not focus on the satisfying of their customers, while the customer loyalty is related to the profitability of the organizations. Taking into account the employee engagement and their ethical behavior will be essential for small sized businesses to tailor their operational performance strategies effectively and build lasting customer loyalty as they are backbone of any organization (Mohamed, Ali Ibrahim Omar et al., 2013). Despite of this, the researcher felt that the need of the context could not be ignored in this area of Banadir region since it has scarcely been touched by researchers. The specific objective is to assess the role of both employee engagement and their ethical behavior on customer loyalty of small sized business in Wadajir big market and Bakara market of Banadir region- Mogadishu-Somalia. This study helps small business sectors in recognizing customer loyalty for attracting new ones and retaining old customers.

2.0 Literature review

The fact that customer happiness is of fundamental importance and potentially offers a broad range of benefits for organizations is well established in the literature. Employees are the main driver tools of service providers to contribute good productivity, efficiency, and consistent quality that enhance customer relationship performance. Employees play a significant role in attracting customer attention and interacting with them, thus contributing to customers' perceptions about the firm and their corresponding responses is vital in improving of organizational performance. Previous studies revealed that a satisfied customer is more likely to repurchase, which leads to increased sales and market share. This resulted that positive operational performance more strongly effects on loyalty of customers(Kumar, Vikas Batista & Maull, 2011). Likewise, this study discusses that customer retention has become a major concern for organizations, which are increasingly focusing upon strategically building a strong base of loyal customers rather than focusing upon attracting new ones. Another study discusses that Customers engage in repurchase only when they are completely satisfied with a product, its worth for money and the brand experience. Repurchase is an expression of commitment and attachment shown towards the brand of the business. Loyal customers are the ones who repeatedly buy a brand and feel strong commitment to the brand. In such a situation, the marketing expenses are reduced for a brand since loyal customers recommend the brand to their friends and relatives as well. Unethical treatment of employees to customers, false claims and advertisements are some of the aspects that every aspiring brand must avoid (Bajaj, 2023).

2.1 Concept role of employee workplace on customer loyalty in small business

2.1.1. The concept of employee engagements on customer loyalty in small business

Engaged employees experience positive work-related feelings, such as happiness and enthusiasm, while performing work tasks. Engagement remains the gold standard employee measurement, strongly linked to organizational outcomes, such as performance, customer satisfaction, retention, strong company culture, and innovation. Employee engagement is a proven driver of revenue, productivity, and workforce creativity, but traditional employee engagement practices are often clunky, slow, and expensive. EE creates employee psychological capital which, in turn, leads to customer outcomes such as customer satisfaction and loyalty (Rabbance, Fazlul K.Ramaseshan, B.Vyравene, 2022) . Past researchers also showed that the concept of employee engagement is at nascent stage as few companies apply employee engagement practice for making customers loyal. Employees are more focused when engaged as they are motivated to increase their discretionary effort to achieve the success of the business, rather than simply for personal gain. Employee engagement can be understood the level of commitment and involvement towards his or her organization and its values. EE can be seen his or her character of talking positively to all parts related to the organization, be in favor of and making extra efforts to contribute company performance(Saxena, Meenakshi Singh, Lata Bajpai Bhimrao, 2015).

2.1.2. The concept of employee ethical behavior on customer loyalty in small business

Nowadays, Ethical sales behavior plays a vital role in promoting customer welfare for organizations. Ethical behaviors of salespersons are defined as conformance to social norms including fair play, honesty, and full disclosure, which enable them to foster customer long-term relationship and loyalty. Ethical sales behavior is also regarded as a mutual relationship in fair and equitable exchange; and when customers perceive a favorable relationship, a positive feedback will probably be initiated and improved operations in the organization. However, it is often very difficult to draw the line between ethical behaviors and unethical ones because we must base on proposed acts which are about right versus wrong, good versus evil, fair versus unfair, or just versus unjust. It is also pointed out that the influence of ethical sales behavior on customer commitment is totally mediated by customer trust to the salesperson(Tuan, 2015). Past researchers argue that employee ethical behavior displayed would actively and successfully build a strong customer relationship which will in turn increase the customer's satisfaction, trust, loyalty and commitment with them. Ethical behavior is notably seen as a set of societal norm which includes honesty, fair play and full disclosure. By being ethical in the eyes of the customers, there stand a better chance for customers coming back to the store or outlet(Basnayake & Hassan, 2015). Another researcher stated that ethical sales behavior positively influences customer loyalty as satisfied consumer with a product is not necessarily going to be loyal, but the continuous satisfaction obtained by consumers will lead them into loyalty. This means that if ethical sales practice applied simultaneously, customers will be more loyal to the company (Roman, 2003).

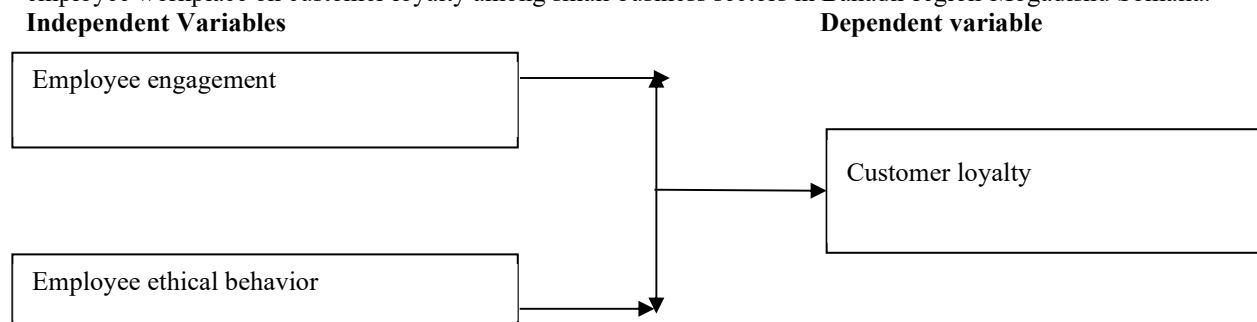
2.1.3 Concept of customer loyalty in small business

Customer loyalty is defined as satisfied customers who are inclined to purchase goods and services. Loyal customers purchase more products and services, and they show a higher willingness to spend and act like advocates for the company. Satisfied and loyal customers demand more accurate and promised services. Loyal customers help increase brand awareness by persuading other customers to try the company's products. Loyal customers are satisfied and can be used as a marketing tool. If your customers are happy, they tend to be loyal. In addition, if they are loyal they not only buy more, but also attract other customers. Moreover, loyal customers are those who show the repetitive purchasing behavior of products and services, who recommend it to others, and oppose all

types of propaganda (Rashid, Md Harun Ur Nurunnabi et al., 2020).

2.2. Conceptual Model of the Research Study

Figure 1 is the depiction of the conceptual framework of the undertaken study in which we showed that the role of employee workplace on customer loyalty among small business sectors in Banadir region-Mogadishu Somalia.



3.1 Research design

Descriptive design used to carry out this study using mixed of qualitative and quantitative method and analysed with frequencies, tables, percentages and chi-square test analyses as the researcher investigates “What is the role of employee work performance on customer loyalty among small business in Banadir region-Mogadishu Somalia?” This was used questionnaires administered through kobo toolbox to collect data from sales persons or employees among small business centres in Banadir region. This method is also suitable for the study because it supports the collection of the data from sizeable population.

3.2 Sampling Strategy and Sample Size

The researcher used quota sampling technique which is one of the non-probability sampling to select a sample that can be representative of the target population. This is equivalent of stratified sampling. Like stratified sampling, the researcher first identifies the stratum and their proportions as they are represented in the population. Then convenience or judgment sampling is used to select the required number of subjects from each stratum (Omar, 2017). The researcher populated 110 respondents. The investigator also sampled 86 questionnaires distributed to the principal and teachers of the schools in mentioned district for that the researcher employed Slovene’s formula to determine the sample size with maximum acceptable error of 5%. $n = \frac{N}{1+N\alpha^2}$, $n = \frac{110}{1+110(0.05)^2} = 86$, n. stand for sample size, N. stand for population and a. stand for acceptable error.

Table 3.1 Sample Size

No	Markets	No & % of population	Sample size
	Wadajir big market	44(40%)	34
	Bakara market	66(60%)	52
	Total	110(100%)	86

3.3 Data Processing and analysis

According to (Omar, 2017) data analysis refers to examining what has been collected in a study and making deductions and inference. The researcher used Statistical Package for the Social Sciences (SPSS) software to carry out the qualitative and quantitative analysis. Descriptive statistics applied to organize, summarize, and present data in an informative way. After collected data through the Kobo toolbox, Excel uploaded directly to the SPSS software analyser by using descriptive, crosstab to analyse chi-square test as well as frequency, percentages and tables.

3.4 Demographic characteristics of the respondents

This part presents the background information of the respondents who participated in this study. Its purpose is to find out the characteristics of the respondents in socio-demographics profiles. In total 109 respondents filled in the questionnaires through Kobo toolbox of selected both employee engagement and their ethical behavior on customer loyalty among small business in Banadir region Mogadishu-Somalia.

Table 3.1 Profile of the respondents

Demographics		frequency	Percent
Gender	Male	76	88%
	Female	10	12%
Marital status	Single	37	43%
	Married	43	50%
	Divorced	6	7%
Age in yrs	Under 18	3	4%
	18-25	31	36%
	26-35	38	44%
	Above 35	14	16%
Education level	Illiterate	1	1%
	Primary	0	0%
	Secondary	7	8%
	Bachelor	28	33%
	Master	50	58%
	PHD	0	0%
Experience level Business	Below 2 yr	15	17%
	3-4 yrs	26	30%
	5-6 yrs	11	13%
	7 and above yrs	34	40%

4.0 Results

The researcher employed chi-square analysis to test the role of employee performance (independent) on customer loyalty in small business organizations (dependent variable) in Banadir region, Mogadishu-Somalia. The researcher applied the statistical package for social sciences (SPSS V 20.0) to code, enter and compute the measurements of the chi-square for the study. The Chi-Square statistic used in the Test of Independence is labeled Pearson Chi-Square. This compares the observed count in each table cell to the count which would be expected under the assumption of relationship between variables of employee working in organizations and their role towards purchaser which result customer loyalty.

4.1 Employee engagements (EE) on customer loyalty

This independent variable investigates the employee engagements on customer loyalty using Chi-square cross tab analysis test.

Table 4.1 employee engagements

IV1 statements In terms of employee engagements	Loyal customers help increase brand awareness by persuading others to try the company's products.								
	Accepted			Not accepted			X2(df)	p-value	Phi
	No	Exp.No	%	No	Exp.No	%			
1.1 Effective EE experience positive work-related feelings, such as happiness and enthusiasm, while performing work tasks. Agree Disagree	64 16	63.3 16.7	94.1% 88.9%	4 2	4.7 1.3	5.9% 11.1%	.600(1)	.439	.439
1.2 EE can be seen his or her character of talking positively to all parts related to the organization. Agree Disagree	76 4	74.4 5.6	95.0% 66.7%	4 2	5.6 0.4	5.0% 33.3%	6.904(1)	.009	.009
1.3 Only few companies apply employee engagement practice for making customers loyal. Agree Disagree	59 21	57.7 22.3	95.2% 87.5%	3 3	4.3 1.7	4.8% 12.5%	1.565(1)	.211	.211
1.4 EE creates psychological capital which, in turn, leads to customer loyalty. Agree Disagree	69 11	67.0 13.0	95.8% 78.6%	3 3	5.0 1.0	4.2% 21.4%	5.381(1)	.020	.020
1.5 EE is a proven driver of revenue and productivity. Agree Disagree	70 10	67.9 12.1	95.9% 76.9%	3 3	5.1 .9	4.1% 23.1%	6.117(1)	.013	.013

Table 4.1 IV 1.1 indicates that Effective EE experience positive work-related feelings, such as happiness and enthusiasm, while performing work tasks as the respondents agree of 64 (80%) and disagree were 16 (20%). IV 1.2, 76(95%) of respondents agreed that EE can be seen his or her character of talking positively to all parts related to the organization and 4(5%) of them answered disagree. In IV 1.3 Proves 59(78.8%) of the participants agreed that only few companies apply employee engagement practice for making customers loyal and 21(26.2%) of them refused this issue. IV 1.4 Demonstrates 69(86.2%) agreed that EE creates employee psychological capital which, in turn, leads to customer loyalty and 11(13.8%) disagreed. IV 1.5 finds 70 (87.5%) of the participants agreed that EE is a proven driver of revenue and productivity were 10(12.5%) of them disagreed. In the column accepted, the average 80 (93%) of the respondents allowed that loyal customers help increase brand awareness by persuading others to try the company's products while the rest of the respondents refused this issue. Based on the analysis of the chi-square test in terms of employee engagements and how they increase customer loyalty, the researcher found that there is a significant relationship between IV1.2,1.4 and 1.5 and loyalty of customers since p-value is less than 0.05.

4.2 Employee ethical behavior (EEB) on customer loyalty

This IV investigates the role of ethical behavior on customer loyalty in small business organizations using Chi-square test.

Table 4.2 Employee ethical behavior

Statements in terms of Employee ethical behavior	Loyal customers help increase brand awareness by persuading others to try the company's products.								
	Accepted			Not accepted			X2(df)	p-value	Phi
	No	Exp.No	%	No	Exp.No	%			
2.1 Ethical behavior plays a vital role in promoting customer wellbeing for organizations Agree Disagree	77 3	75.3 4.7	95.1% 60.0%	4 2	5.7 0.3	4.9% 40.0%	8.920(1)	.003	.003
2.2 EB of salespersons are defined as conformance to social norms and culture. Agree Disagree	67 13	66.0 14.0	94.4% 86.7%	4 2	5.0 1.0	5.6% 13.3%	1.131(1)	.288	.288
2.3 EB enable organizations to foster customer long-term relationship and loyalty. Agree Disagree	70 10	68.8 11.2	94.6% 83.3%	4 2	5.2 .8	5.4% 16.7%	2.018(1)	.155	.155
2.4 It is often difficult to draw the line b/w ethical behaviors and unethical ones. Agree Disagree	57 23	54.9 25.1	96.6% 85.2%	2 4	4.1 1.9	3.4% 14.8%	3.725(1)	.054	.054
2.5 When customers perceive a favorable relationship, they come back to repurchase in the firm. Agree Disagree	70 10	66.0 14.0	98.6% 66.7%	1 5	5.0 1.0	1.4% 33.3%	19.448(1)	.000	.000

Table 4.2 IV 2.1 indicates that EB plays a vital role in promoting customer wellbeing for organizations as the respondents agree of 77(96.2%) and disagree were 3 (3.8%). IV 2.2, 67(83.8%) of respondents agreed that EB of salespersons are defined as conformance to social norms and culture and 13(16.2%) of them answered disagree. In IV 2.3 Proves 70(87.5%) of the participants agreed that EB enable organizations to foster customer long-term relationship and loyalty and 10(12.5%) of them refused this issue. IV 2.4 Demonstrates 57(71.2%) agreed that in EB is often difficult to draw the line b/w ethical behaviors and unethical ones and 23(28.7%) disagreed. IV 2.5 finds 70 (87.5%) of the participants agreed that when customers perceive a favorable relationship, they come back to repurchase in the firm were 10(12.5%) of them disagreed. In this IV, the average 80 (93%) of the participants accepted that loyal customers help increase brand awareness by persuading others to try the company's products while the rest not accepted. Based on the analysis of the chi-square test in terms of employee ethical behavior and how they increase customer loyalty, the researcher found that there is a significant role between IV2.1,2.4 and 2.5 and loyalty of customers since p-value is less than 0.05.

5.0 Discussion

The results of the undertaken research demonstrate the role of employee workplace on customer loyalty among small business organizations in Banadir region Mogadishu-Somalia. The previous literature exhibited that employees play a significant role in attracting customer consideration and interrelating with them and this improves overall organizational performance (Kumar, Vikas Batista & Maull, 2011). In general, Both IVs the average 80 (93%) of the respondents answered yes that loyal customers help increase brand awareness by persuading others to try the company's products while the rest of average only 6(7.0%) respondents not accepted this issue. Built on the above analysis of the chi-square test in terms of employees and how to satisfy their customers to increase brand awareness and profitability of small business, the outcome demonstrates that three statements of each IVs 1 and 2 has a significant relationship between employee at the workplace and customer loyalty since each of these

variables p -value < 0.05 . This means that EE and EEB experience positive role to their customers and loyalty which result to repurchase again the product of the organization.

6.0 Conclusions

The study showed that employee engagement and employee ethical behavior are the driver tools of revenue and productivity of the organizations as the customers engage in repurchase only when they are completely satisfied with a product, Its worth for money and the brand experience while the five variables in each IV, three of them which is equivalent to 60% showed significantly role of employee workplace and customer loyalty. It's also worth mentioning that is difficult to draw the line between ethical behaviors and unethical ones because of lack of knowledge; but, employee ethical behavior (EEB) plays a vital role in stimulating customer wellbeing for organizations. Similarly, Effective employee engagement (EEE) can be perceived persons' character of talking positively to all parts related to the organization as the p -value is less than .05 Or 5%. This study also advances knowledge of employee in the workplace and how they play a moderating role in relation to the customers in the current organizations.

7.0 Limitations and Recommendations

-The main constraint of the study was employees busy in performing their tasks and sometimes may give negative information to the researcher.

-On the basis of findings the study suggests the following recommendations:

The study recommended that small business employees should serve customers quickly and behave morally in the organization to satisfy customers and promote their loyalty.

It's also recommended that employees at the workplace create customer trust by providing them clear information about product conditions that enhance and promote customer loyalty.

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