Research Paper

Employees Ethical Behaviour and its Effect on Customer Satisfaction and Retention: An Empirical Study on Multinational Fast Food Restaurants in Malaysia

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Abstract

This study is to determine the effect of employees’ ethical behaviour on customer satisfaction and retention based on Malaysian fast food restaurants. This study employed a cross-sectional approach in undertaking this research. Data were collected from two fast food facilities namely Kentucky Fried Chicken (KFC) and Burger King. This study collected a sample of 216 through non-probability sampling technique of convenient sampling from the two outlets. Questionnaires were given out to customers who have just exited the said establishments. A questionnaire with a likert-scale rating 1-5 was used. To ensure reliability and validity, the questionnaires were first was checked by Cronbach's alpha and principal components analysis through a pilot testing. The correlation analysis shows that the ethical behaviour of employees and the customer satisfaction as well as the customer retention are highly correlated. For the multiple linear regression analysis, all the independents numerical variables were entered. There is a positive and significant impact of employees’ ethical behaviour on customer satisfaction and customer retention as well as customers’ attitude towards the employees' ethical behaviour. This study is important as it sheds light on the impact of employee's ethical behaviour in the fast food industry in Malaysia and how it affects the customer satisfaction and retention of the outlet or store. Future research should be carried out to evaluate further into this area of study with either more various outlets to study or by using a different measure.

Key Terms: Ethical behaviour, Employees, customer satisfaction, customer retention, customers’ attitude, Malaysia, fast food

1. Introduction

In recent years, plenty of studies have been conducted regarding the employees’ ethical behaviour (Roman, 2003; Alrubaiee, 2012; Roman and Ruiz, 2005). In these researches, many focused on analysing the role of ethical sales behaviour in developing and maintaining customers’ relationship with organisation (Roman, 2003). Some also argue that ethical sales behaviour displayed by employees would actively and successfully build a strong customer relationship which will in turn increase the customers’ satisfaction, trust and commitment with
them (Hansen and Riggle, 2009; Walter et al. 2001; Goff et al. 1997). This is further discussed by Lin (2012) where it is understood that there is an influence of the employees’ ethical behaviour on customer satisfaction, trust, loyalty, relationship quality and customer perceived confidence (Lin, 2012). Hensen and Riggle (2009) had also previously noted in their research stated that there is a general acceptance that ethical behaviours of the employees does play a crucial part in the relationship development process between an employee and customer.

The number of fast food multinational companies (MNC) has been in the rise in Malaysia. While according to Ghazali (2010), it is difficult to provide a fix figure to the precise turnover rate in the Malaysia fast food industry. Nevertheless, a study have shown results from managers from head offices which indicates labourer turnover rates exceeds turnover by 100% (Ghazali, 2010). Furthermore, according to the Lindsay (2012), the largest contributor in the GDP is the services sector (which includes, wholesale, restaurants and hotels), accounting for approximately 58.6% of the GDP in 2011. According to Bank Negara Malaysia (BNM), the country’s national bank, the service sector which accounts for almost half the country’s GDP has expanded by 6.4%. This shows and proves how active and large the service sector is in Malaysia and how important it is in the growth of the nation. Malaysian has long strive with this slogan ‘Budi Bahasa Budaya Kita’ which loosely translates to politeness in Malaysian culture. Etiquette is highly regarded in Malaysia (Lee, 2012). It is a subject of its own in school to ensure ethical behaviours are embedded within the youths’ attitude from the very beginning. However, many reports and public opinions indicated that the youth of today are forgetting the significance of simple politeness. If youths’ are already slowly disregarding such mannerism, it is only a matter time before ethical behaviour becomes an uncommon trait in people.

Existing studies on ethical behaviours of employees or workers done on industries such as the real estate or the banking industry (Roman and Ruiz, 2003; Rashid and Ho, 2003; Alburaibee, 2012). Given there are a number of studies on the ethical behaviours of workers, there seem to be only a handful of studies referring to the ethical behaviours in Malaysia. No studies are based on the fast food industry nor on employees of the industry. Consequently, this proves that this study will contribute hugely into the studies of ethical behaviours. The most prominent example would be an incident in Selangor, Malaysia where an employee of KFC reported assaulted a customer who complained for being kept waiting for 45 minutes for his meal (CNN, 2009). In obvious reason, this provides a fierce example of how unethical some employees of fast food can act.

Nevertheless, despite the many related studies regarding being the ethical behaviours of employees’ and its effects, there is a need for further studies concerning this subject especially on its effect on customer loyalty (Liljander and Mattsson, 2002). With that, this study is aimed at understanding ethical employees’ behaviour and its effects of customer satisfaction and retention. This study will be carried out among two different fast food restaurants namely Kentucky Fried Chicken (KFC) and Burger King around Kuala Lumpur.

The aim of the research study may be summarized by the following three research objective;

1. To identify the effects of employees ethical behaviour on customer satisfaction in fast food MNC in Malaysia
2. To identify the impact of employees ethical behaviour on customer retention in fast food MNC in Malaysia
3. To analyse the general perception and attitude of customers towards the fast food industry in Malaysia

This paper is organised as follows: first part is discussed above. Second part is the theoretical framework and research hypothesis development. Third part discusses the research design and methodology, data collection procedures and process. Fourth part presents the results and discussion. Final part is conclusion and recommendation, and implication for further research.
2. Literature Review

2.1. Definitions of Key Concepts

Ethical Behaviour

Ethical behaviour is notably seen as a set of societal norm (Anderson, 1993) which includes honesty, fair play and full disclosure. Lagace et al (1991) defines unethical behaviour as actions which enables the with such behaviour gain at the expense of others. These include lying, cheating, providing false information, exaggerating on products and using manipulative techniques to sell products (Roman and Ruiz, 2003; Legace et al., 1991). According to Roman and Ruiz (2005), ethical sales behaviour in a sales relationship setting refers to the behaviour of the salesperson towards the customers. Similarly, ethical behaviour is further explained as the fair and honest actions of the employees that ultimate facilitate a long term relationship between employees and customers that is grounded on loyalty and trust. As employees of the service industry especially those dealing with sales has the most interaction with customers, their actions and behaviour has weighty effect on the general opinion of the public towards the company (Mantel, 2005).

Additionally, ethical behaviours of employees are a good start to initiate and maintaining good rapport with customers (Liu and Jang, 2009; Narayandas and Rangan, 2004; Lemon et al, 2002). By being ethical in the eyes of the customers, there stand a better chance for customers coming back to the store or outlet. Inarguably, there are a stronger pressure for employees in fast food restaurants especially those on the front line taking orders as they are the sales representatives of the store or outlet. As sales representatives, they have to meet monthly sales target and thus may resort to unethical behaviour such as pushing for sales and providing false information about the product to meet the target (Alburaiibee, 2012).

Customer Satisfaction

Customer satisfaction on the other hand refers to the emotional state of to which the relationship between the buyer and seller (Roman and Ruiz, 2003). Others classify customer satisfaction as the customer's complete finding concerning the extent to which product or services performance equals up to their expectations (Anderson and Sullivan, 1993). Stank, Goldsby and Vickery (1999) argued that customer satisfaction has a substantial strategic implications and may offer a broader range of benefits to the service industry. Similarly, firms with high customer satisfaction can better offer respite from intense-based competition in a market with plenty of homogenous brands at play (Sharma and Lambert, 1990). Especially in the fast food industry, where products are almost similar with each other.

Tse and Wilton, (1988) and Anderson and Sullivan (1993) states that customer satisfaction based under the dominating expectancy-disconfirmation paradigm is looked at as a function of the customers' anticipation and observation of the performance of the store or outlet. Customer satisfaction is also observed to have a positive relationship with repeat purchase behaviour of customers (LaBarbera and Mazursky, 1983). Similarly, it has been said that it is ultimate important to the marketing success of a brand (Grewal and Sharma, 1991).

Customer Retention

With increased of competition, companies are grasping the need to gain loyal customers through adapting strategies to formulate and sustain these relationship. Customer retention is vital in the marketing process (Grewal and Sharma, 1991). It is through customer retention that loyal customers would engage in encouraging word of mouth behavioural responses (Athanassopoulos, 2000). Conversely, customer retention is crucial for firms. In their report,
Lindgreen et al. (2000) stated that retaining a customer to brand is so much more cost efficient than to win customers or attracting new customers.

Moreover, studies have found that customer retention are one of the main goals of firms at practices marketing relationship (Coviello et al., 2002). Aspinall et al. (2001) argued that the exact meaning and capacity of customer retention among the different industry are dissimilar. Correspondingly, although such remains to be true, several studies propose that there is a consensus that in focusing on customer retention, the economic benefits can be abundant (Buttle, 2004; Reichheld, 1996). That is as the customers’ tenure extends, the amount purchase and the customer recommendation also would increase. Additionally, as this happens the maintenance cost for upholding the relationship between customer and employee falls gradually as the two bonds together and form an employee/customer relationship. Moreover, the retained customers are likely to pay higher price and obtain discounts than that of new customers. The combinations of all the above would result in retained customers (Ang and Buttle, 2006).

Customer Attitude

The customers’ attitude towards the industry is also impacted by the ethical behaviours displayed by employees. Oliver (1980) found that when customers have a lower expectancy towards employees’ ethical behaviour, it has direct influence from their attitude towards the industry. If the customer has a lower expectancy towards the employees’ ethical behaviour, when or if the employee show a positive behaviour, the customer satisfaction that the customer would feel would be greater than of those who has already have a positive perception of the industry.

2.4 Conceptual Framework

![Conceptual Framework](image)

Figure 1 – Conceptual Framework Ethical Behaviour, Customer Attitude, Customer Satisfaction and Customer Retention

3. Research Design and Methodology

Research approaches

This research adopted an explanatory research combined with descriptive research. The researcher is a cross-section study, where data is collected from multiple points within a given period of time. The method selected for the data collection is a quantitative approach. As this approach is conducted in five different MNCs, the data would be more reliable (Saunders et al., 2009). Data collected at different and various organisations are able to offer a more potent and
reliable statistical informations and participants of the survey would have different response patterns when answering the questionnaires (AIU, 2012).

**Subjects**

A total of 130 questionnaires were distributed and a total of 123 questionnaires were returned (response rate 95%). However, some of these returned the survey forms were rejected as respondents fails to complete all the parts. This means the study only used 100 completed questionnaires, where 55 respondents were male (55%) and 45 respondents of the sample of 100 were female (45%). Among the respondents 44% are single and 56% are married. 22% respondents are below 25 years, 34% of respondents are aged between 26-35 years. 22% respondents are aged between 36-45 years. 18% respondents are aged between 46-55 years. 4% respondents are 56 years and above. 76% of respondents are Malaysians and 24% are foreigners. In terms of education, 20% respondents hold a diploma, followed by 65% respondents with undergraduate degree, and finally 15% respondents holds a master degree.

**Procedure**

For this research in accordance to the purpose of the study, convinients sampling has been chosen to be carried out. Moreover, as the respondents and the researcher have no connection, there is a less chance of being bias or focus on a particular group suggests that convenient sampling is fine. Questionnaires of a total of 240 were distributed among the two fast food outlets.

<table>
<thead>
<tr>
<th>Fast Food Multinational Company</th>
<th>Number of questionnaire Distributed</th>
<th>Collected Questionnaire</th>
<th>Usable Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burger King</td>
<td>120</td>
<td>113</td>
<td>106</td>
</tr>
<tr>
<td>KFC</td>
<td>120</td>
<td>119</td>
<td>110</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>240</strong></td>
<td><strong>232</strong></td>
<td><strong>216</strong></td>
</tr>
</tbody>
</table>

When collecting data, researcher went to the two fast food restaurants during the day to individually approach the customers of the restaurants who have left the restaurants after dining in. For each restaurant, the researcher brought 120 sets of questionnaires to be distributed to random customers. The researcher warrant to approach the customers with respect with efforts to be non-directive when approaching. A friendly greet was ensued before asking the customers if they were interested or kind enough to help answer a short survey regarding their stopover at the respective restaurants. This manner of conducting the questionnaire survey proved to be the most effective, reliable and ethically acceptable as it maximised the acceptability and completion of the survey. Participants were chosen through convinients sampling. Data were collected within 2 days with a time period of 12 hours were spent on collecting data from respondents. Surveys were carried out from morning up through evening emphasizing to especially be there during peak hours such as lunch hours, break hours and dinner hours.

**Measures**

The research approach to this study is based on questionnaires. This approach is widely used by other employee ethical behaviour research as data collection (Alburaibee, 2012). This approach enables customers the opportunity to evaluate their thoughts on fast food employees’ ethical behaviours and the effects of their behaviour towards their own satisfaction and retention towards the store (Flick, 2006). Furthermore, Saunders et al. (2009) argued that the different responses collected through this questionnaire method will help solidify the research answers. The questions will be pretested before distrusted among target respondents.

Section-1. Section 1 of the questionnaire centres on the demographics of the respondents. This segment questions the respondents' age range, gender and
nationality. As past researchers has argued, there was an adequate amount of attention put towards the questions of the questionnaires. This includes the length, the readability, the order or questions, the contents and language were thought thoroughly through to ensure the quality if the data obtained were valid and reliable (Bryman 2001).

Section-2. Section 2 consists of six questions to collect data on the observed ethical behaviour of employee of the observed store.

Section-3. Section 3 consists of six questions centring on collecting data on customer satisfaction of the observed store.

Section-4. Section 4 consists of four questions to measure customer retention of the observed store.

Section-5. Section 5 consists of the final part of the questionnaire involving 4 questions which measure the customer's attitude towards the fast food industry.

To make certain the participants are not force to provide direct answers which may unnerve some customers into participating with the questionnaire, a likert scale from 1 to 5 was applied in the questionnaire. A likert scale allows questions to be answered in a degree of agreement making answering easier for the respondents (Opdeakker, 2006). The likert scale ranged from 1 being very poor, 2 being poor, 3 being average, 4 being good and 5 being excellent. It was further argued by Opdeakker (2006) that by using a likert scale, respondent would provide more information through their answers thus enabling the researchers to develop a better report from the data collected. Additionally, the program used to statistically analyse the collected data is IBM SPSS 22.0 version.

4. Results and Discussion

Demographic Analysis

For the purpose of this study, a total of 216 customers from two fast food MNC were engaged in this survey. The fast food MNC were KFC and Burger King. As stated, there was an equal result in the amount of respondents based on gender. There were an equal number of male respondents and female respondent which is 108 respondents or 50%. Table 2 shows the demographic characteristics of the 216 respondents for the survey.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>108</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Male</td>
<td>108</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Nationality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysian</td>
<td>126</td>
<td>58.3</td>
<td>58.3</td>
<td>100</td>
</tr>
<tr>
<td>Non-Malaysia</td>
<td>90</td>
<td>41.7</td>
<td>41.7</td>
<td></td>
</tr>
</tbody>
</table>

Scale Reliability

The questionnaire used in this study has not been used before in prior studies. It has been adapted and changed to suit the purpose of the study (Roman and Ruiz, 2003). Therefore, at the commencement of the study a reliability test was carried out to ensure the questions were usable in collecting data. According to Malhotra (2002) and Cronbach (1951), based under the reliability or the reliable survey tools, respondents which are comparable to each other in
traits or characters that are being studied should get similar results. Reliability here is measured by Cronbach’s alpha. Cronbach’s alpha is one of the most commonly used measurement to identify reliability of the scale with multiple questions using Likert scale (Cronbach, 1951). The questionnaire used in this study used a Likert scale for all 20 questions of 1 to 5 ranging from 'very poor' to 'excellent'.

Based on Cronbach’s alpha the reliability coefficient ranges from 0 up to 1, however there is no actual lower limit. Under Cronbach’s alpha, if the coefficient is closer to 1, this shows that the reliability of the questions are high. The reliability asserts as such, if the coefficient is >0.9, it is considered as excellent. Good if it is >0.8, acceptable if >0.7, questionable if >0.6, poor if >0.5 and unacceptable if <0.5. From the table, it can be observed that the variable customers’ attitude towards the fast food industry scored a Cronbach’s alpha of 0.613. Although the general accepted value is 0.7, studies have shown that a value of 0.6 can be equally accepted (Hair et al. 1998).

As can be observed in Table 3, the Cronbach’s alpha for this study is 0.924. It proves that the following variables of ‘Observed Ethical Behaviour of Employees’, Customer Satisfaction, Customer Retention and Customers Attitude toward the Fast Food Industry have excellent reliability. This also attests that respondents’ answers were in some way similar in each variable. For instance, if respondent were to respond to a question with a respective negative or positive score, it is likely that the respondent would answer with the similar fashion for the other questions as well. Furthermore, it also suggest that were we mindful of the answer of a question, it would be a highly probable to forecast the answer of the later questions. But this only so if Cronbach’s alpha is low in its reliability. Also as all the Cronbach’s alpha values are above 0.6, they all are retained.

<table>
<thead>
<tr>
<th>Variable</th>
<th>No of item</th>
<th>Standardized Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall scale</td>
<td>20</td>
<td>0.924</td>
</tr>
<tr>
<td>Observed Ethical Behaviour of Employees</td>
<td>6</td>
<td>0.816</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>6</td>
<td>0.901</td>
</tr>
<tr>
<td>Customer Retention</td>
<td>4</td>
<td>0.849</td>
</tr>
<tr>
<td>Customer Attitude</td>
<td>4</td>
<td>0.613</td>
</tr>
</tbody>
</table>

**Table 3 – Reliability Statistics for each Variable**

Normality Test

To test the normality, there are two crucial areas that are tested which are Skewness and Kurtosis. Hair et al. (2010) explains that in a multivariate analysis, normality is a crucial assumption as it test that data do not vary too much from the centre. It is presumed that when data has too much variation from the centre, it can have a negative impact towards the data analysis. While Skewness is to test the rightly skewed or left while Kurtosis is to test if the curve is a flat or peaked curve (Hair et al., 2010). The skewness of data in this study ranges from -1 to +1 and between -0.048 and 0.485 as can be seen in Table 5. This shows the skewness and kurtosis being in the acceptable range indicating normality of the data.

Sample Adequacy Test

The suitability of factor analysis is reliant on the sample size. Past studies have shown that minimum sample size is influenced by the design of the study (MacCallum et al., 1999). They reported that as communalities decreases, the position of the sample size thus, increases. They further argue that if all communalities are above 0.5, even comparatively small samples
for instance, samples smaller than 300 may be perfectly sufficient. Therefore, it is apparent that the sample size of this research of 216 is good for a suitable factor solution because all commonalities more than 0.5.

<table>
<thead>
<tr>
<th>Table 4-KMO and Bartlett’s Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
</tr>
<tr>
<td>df</td>
</tr>
<tr>
<td>Sig.</td>
</tr>
</tbody>
</table>

In Kaiser-Meyer-Olkin (KMO) measurement, it differs from 0 to 1. It is stated that values that are closer to 1 is more acceptable and useable with a value of 0.6 being the minimum accepted value (Field, 2009). Following the KMO and Bartlett’s test which are a rudimentary standard, it was continued to run the principal components analysis. In the principal components analysis Bartlett’s test of sphericity, the value was deemed highly significant (p<0.001). This given significance shows that the factor analysis is viable.

**Descriptive Statistics**

<table>
<thead>
<tr>
<th>Table 5-Employees Ethical Behaviour, Customer Satisfaction, Customer Retention and Customers’ Attitude towards the Fast food Industry (N = 216)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>---------------------------------</td>
</tr>
<tr>
<td>Statistic</td>
</tr>
<tr>
<td>OE AVE</td>
</tr>
<tr>
<td>CS AVE</td>
</tr>
<tr>
<td>CR AVE</td>
</tr>
<tr>
<td>CA AVE</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
</tr>
</tbody>
</table>

Based on the above table, it can be seen that the highest mean belongs to customer satisfaction with 3.74 (SD = 0.67) followed by observed ethical behaviour of employees (OE) with a mean of 3.72 (SD = 0.50) then followed by customer retention with a mean of 3.64 (SD = 0.62) and lastly customer’s attitude towards the fast food restaurant with a mean of 3.61 (SD = 0.41). From this outcome, it can be concluded all four variables have a significant effect on each other. Where respondents do find that employees’ ethical behaviour and the customers’ attitude towards the fast food industry does impact the customer satisfaction and customer retention.

**Correlations**

To determine Pearson’s Correlation Coefficients, a correlation analysis were carried out by using a 2-tailed significance test. The independent variable were observed employees’ ethical behaviour and customers' attitude towards the fast food industry while the dependent variables are the customer satisfaction and customer retention.

<table>
<thead>
<tr>
<th>Table 6-Correlation coefficients of OEB between Customer Attitudes, Satisfaction, Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>OEB</td>
</tr>
</tbody>
</table>
The Table 6 shows that OEB have a significant and positive relationship with all the dependent variables such as customer satisfaction, retention and attitude. The correlation coefficient of OEB in association with customer satisfaction is 0.786 (P=0.000), customer retention is 0.841 (P=0.000), and customer attitude is 0.216 (P=0.001) indicating that all the variables are highly significant at p<0.01 and p<0.05 and positive. In terms of customer attitude, it was shown that customer attitude is positively and significantly associated with customer satisfaction (r=0.366, p=0.000), followed by customer retention (r=0.286, p=0.000). As all the p values are below 0.05 (p<0.05), all the relationships are significant.

Regression

To truly achieve the objective of the study, a regression analysis has to be carried out to predict the effect employees' ethical behaviour towards customer satisfaction and retention. For this all independent variables where included. The independent variables are observed ethical behaviours of employees (OEB) and customers' attitude towards the fast food restaurants (CA). For this part, all assumptions were checked and fulfilled and all proper steps were applied to run the multiple linear regression.

In the model building method, there were significant variable for OEB (p<0.001). The interaction terms and multicollinearity were tested as well as all the regression assumption was checked. Scatter plot between residual and predicted values had no odd shape and linearity assumptions were thus fulfilled. The regression equation is as below:

\[
\text{Satisfaction} = \beta_0 + \beta_1 (\text{OEB}) + \beta_2 (\text{Attitude}) + e\quad \quad \quad \quad (1)
\]
\[
\text{Retention} = \beta_0 + \beta_1 (\text{OEB}) + \beta_2 (\text{Attitude}) + e\quad \quad \quad \quad (2)
\]
\[
\text{Attitude} = \beta_0 + \beta_1 (\text{OEB}) + \beta_2 (\text{Attitude}) + e\quad \quad \quad \quad (3)
\]
\[
\text{Retention} = \beta_0 + \beta_1 (\text{Satisfaction}) + e\quad \quad \quad \quad (4)
\]

Table 6 shows that the value of R square which is 0.659. The adjusted R square is 0.655 indicating that 65.5 % of the variation in customer satisfaction can be explained through variation in OBE and CA. A general rule of thumb a good fit is considered to predict minimum of 60% variation of the dependent variable (Zygmont & Smith, 2014). Therefore this model is considered to be a 'good fit'. Also the autocorrelation of this regression is potentially high. Similarly the F test conducted for this study gives a value of 205.44, proposing the F value for this study shows that the regression model is significant. Also it is acceptable as Durbin Watson is less than 2.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>F</th>
<th>Sig.</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.812*</td>
<td>.659</td>
<td>.655</td>
<td>.39537</td>
<td>205.44</td>
<td>.000</td>
<td>1.635</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CA, OEB

b. Dependent Variable: Customer Satisfaction

Table 7-Beta Coefficient of Customer Satisfaction
### Table 7

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-1.141</td>
<td>0.281</td>
<td>-4.064</td>
</tr>
<tr>
<td></td>
<td>OEB</td>
<td>0.989</td>
<td>0.055</td>
<td>0.742</td>
</tr>
<tr>
<td></td>
<td>CA</td>
<td>0.333</td>
<td>0.066</td>
<td>0.205</td>
</tr>
</tbody>
</table>

*significant (p<0.05) two tailed test

The Table 7 indicates that the OEB and CA has a significant and positive influence on customer satisfaction. The P-Value for OEB is 0.000 which is less than 0.05. Therefore, it can be concluded that OEB is a significant predictor for customer satisfaction. The P-Value for CA is 0.000 which is less than 0.05. Therefore, it can be also concluded that CA is a significant predictor of customer satisfaction. Thus, the regression equation is as follows:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 \ldots \ldots \beta_nX_n + \epsilon \]

Customer Satisfaction = 0.742(OEB) + 0.205(CA) - 1.141

The model shows that as every unit rise in OEB will causes to increase in customer satisfaction by 0.742 units while other things remain constant. Also it shows that when 1 unit increase in CA will causes to increase in customer satisfaction by 0.205 units when other things remain constant. It is important to note that when OBE and CA is zero, there is a negative customer satisfaction (dissatisfaction) and it is significant with Constant of -1.141.

### Table 8-Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>F</th>
<th>Sig.</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>0.848*</td>
<td>0.718</td>
<td>0.716</td>
<td>0.33222</td>
<td>271.544</td>
<td>0.000</td>
<td>2.129</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), OEB , CA
b. Dependent Variable: Customer Retention

Table 8 shows that R is 0.848, R square is 0.718 and adjusted R square is 0.716. This shows that OEB and CA represent 71.6% of variation in customer retention. Also as general rule, the model is a ‘good fit’ as its adjusted R square exceeds 60%. However the Durbin Watson should be less than 2 to ensure the model is acceptable. In this case the Durbin Watson value is high than 2, although still we retain the model as other test shows that it is a reliable model.

### Table 9- Beta Coefficients of Customer Retention

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>-.706</td>
<td>.236</td>
<td>-2.993</td>
</tr>
<tr>
<td></td>
<td>OEB</td>
<td>1.007</td>
<td>.046</td>
<td>.817</td>
</tr>
<tr>
<td></td>
<td>CA</td>
<td>.164</td>
<td>.056</td>
<td>.109</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Retention

The Table 9 indicates that the OEB and CA have a significant and positive influence on customer retention. The P-Value for OEB is 0.000 which is less than 0.05. Therefore, it can be concluded that OEB is a significant predictor for customer retention. The P-Value for CA is 0.004 which is less than 0.05. Therefore, it can be also concluded that CA is a significant predictor of customer retention. Thus, the regression equation is as follows:
\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 \ldots \beta_nX_n + \varepsilon \]

Customer Retention = 0.817(OEB) + 0.109(CA) - 0.706 + 0.332SE----------------------- (2)

The model shows that as every unit rise in OEB will cause to increase in customer retention by 0.817 units while other things remain constant. Also it shows that when 1 unit increase in CA will cause to increase in customer retention by 0.109 units when other things remain constant. It is important to note that when OBE and CA is zero, there is a negative customer satisfaction (dissatisfaction) and it is significant with Constant of -0.706.

Table 10-Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>.216a</td>
<td>.047</td>
<td>.042</td>
<td>.40659</td>
<td>1.605</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), OE
b. Dependent Variable: CA

Table 10 shows that R is 0.216, R square is 0.047 and adjusted R square is 0.042. This shows that OEB represent only 4.2% of variation in CA. Also as general rule, the model is a ‘poor fit’ as its adjusted R square is less than 60%. the model is acceptable as the Durbin Watson is less than 2.

The Table 11 indicates that the OEB have a significant and positive influence on CA. The P-Value for OEB is 0.001 which is less than 0.05. Therefore, it can be concluded that OEB is a significant predictor for CA.

Table 11- Beta Coefficients of Customer Attitude (CA)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>(Constant)</td>
<td>2.955</td>
<td>.206</td>
<td>14.329</td>
</tr>
<tr>
<td>OEB</td>
<td>.178</td>
<td>.055</td>
<td>.216</td>
<td>3.242</td>
</tr>
</tbody>
</table>

a. Dependent Variable: CA

Therefore, it can be also concluded that OEB is a significant predictor of customer attitude. Thus, the regression equation is as follows:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 \ldots \beta_nX_n + \varepsilon \]

Customer Retention = 0.216(OEB) + 20955 + 0.40659SE------------------------ (3)

The model shows that as every unit rise in OEB will cause to increase in CA by 0.216 units while other things remain constant. It is important to note that when OEB is zero, there is a positive CA and it is significant with Constant of 2.955.

Table 12-Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>0.778a</td>
<td>0.606</td>
<td>0.604</td>
<td>0.39196</td>
<td>1.928</td>
</tr>
</tbody>
</table>
a. Predictors: (Constant), Customer satisfaction
b. Dependent Variable: Customer retention

Table 12 shows that R is 0.778, R square is 0.606 and adjusted R square is 0.604. This shows that Customer satisfaction represent 60.4% of variation in Customer Retention. Also as a general rule, the model is a 'good fit' as its adjusted R square is more than 60%. The model is acceptable as the Durbin Watson is less than 2. The Table 13 indicates that the customer satisfaction have a significant and positive influence on customer retention. The P-Value for customer satisfaction is 0.000 which is less than 0.05. Therefore, it can be concluded that customer satisfaction is a significant predictor of customer retention.

Table 13- Beta Coefficients of Customer Retention

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 (Constant)</td>
<td>0.942</td>
<td>0.151</td>
<td>6.237</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.720</td>
<td>0.040</td>
<td>0.778</td>
<td>18.143</td>
</tr>
</tbody>
</table>

Therefore, it can be also concluded that OEB is a significant predictor of customer attitude. Thus, the regression equation is as follows:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 \ldots \beta_nX_n + \varepsilon \]

Customer Retention = 0.778(Customer Satisfaction) + 0.942 + 0.40659SE ------------------------ (4)

The model shows that as every unit rise in customer satisfaction will causes to increase customer retention by 0.778 units while other things remain constant. It is important to note that when customer satisfaction is zero, there is a positive and significant Constant of 0.942

5. Conclusion and Recommendation

The main purpose of this research is to examine the influence ethical behaviour of employees and customer attitude on customer satisfaction, and retention. The following conclusions were made.

There is positive and significant influence of ethical behaviour of employees on customer satisfaction and loyalty as well. This means improving employee ethical behaviour of employees will result in increasing customer satisfaction and retention.

There is a positive correlation between customer attitude and customer satisfaction. Also there is a positive and significant influence of customer attitude on customer satisfaction and retention. This means if customer attitude is positive towards the brand and its services, then customer satisfaction and retention will improve.

There is a positive correlation between employee ethical behaviour and customer attitude. Also there is a significant and positive influence of employee ethical behaviour on customer attitude. This mean if employees engage in more ethical practices, customer attitude towards the brand and services will improve.
There is positive correlation between customer satisfaction and retention. Also there is a significant and positive influence of improved customer satisfaction on customer retention. This means if customers are more and more satisfied, it will cause customers to stay with business or would be easier to retain the customers.

Future research

To further investigate the impact of employee ethical behaviour and customer attitude on customer satisfaction and retention, it is important to survey more sectors such as banking and colleges. Also to generalize the findings it is important to increase the sample size.

References


