

# Analysis on the Effective Management and Enterprise Value Based on Employee and Customer Value

Cui Shaoying, Ding Ning  
Dalian Maritime University, Dalian, China

Value is the internal driving force for any corporate to obtain profits. The key issue of making profit lies on whether the corporate can truly appreciate the needs and combination of stakeholders' value, and establish a successful management of value exchange system. This paper starts with the theories of the employee and customer value measurement and management, followed by the value exchange system of employee-customer-organization. Therefore, it explains the status and role of employee-customer-organization in terms of value exchange. This work concludes that customers' satisfaction is determined by employees' satisfaction, and on that basis, customers would provide the promoted value to the organization.

*Keywords:* employee value, customer value, organization value, rational exchange, enterprise value promotion

## Measurement and Management of Employee Value

The employees are the human resources. They are the main body of status activity resource, they can discover the material resources, also can fit into the material resources (Li, 2008). People are bearing all the economic activities and economic relations. According to the value defined above, in order to identify the word "value" (Wang, 2011), we must first understand the issue of the subject and object. The following two aspects: Firstly, take the staff as the subject in an organization, and then the employee must obtain resources from the external environment to meet their needs. This can be regarded as the process of obtaining the value of the organization, namely, the organization transfers value to the employees; Secondly, if the employee is the object in the organization, the employee shall provide resources in order to satisfy the organizational need, and this is the process that employee creates the value for the organization. Therefore, the effective development and utilization of human resources, especially the massive development of professionals becomes the key issue of enterprises' sustainable development.

## Research Questions

Only organizations meet the demand of the value of employees, employees can meet the demand of customer value, and finally, customers can provide the value of the organization needs, enterprise value can have a chance to get promoted.

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Cui Shaoying, Ph.D. candidate, Transportation Management Institute, Dalian Maritime University.

Ding Ning, Professor, Transportation Management Institute, Dalian Maritime University.

Correspondence concerning this article should be addressed to Ding Ning, Dalian Maritime University Transportation Management Institute Administration Building, room 106, Dalian, China. E-mail: cherry\_8232@hotmail.com.

## Research Methods

### The Organization Transfers Value to the Employees

This part includes the following aspects:

(1) The ability to create results.

With the aggravation of competition of human market and the job's instability, more and more people realize that they need to be responsible for their own career. They begin to pay attention to their own time cost and the opportunities from the external environment, then select, and adjust the "enterprise" platform. Of course, if the development of an individual can fit into the development of company, accompanied by the development of the company, personal growth, maturation and development is the ideal hypothesis, but that is not the case. Today the company is facing many uncertainties in the violent market competition, and even though the individuals have great loyalties and good wishes to enterprises, it is difficult to ensure the developing enterprises obtain professionals from the outside, so as to hope in their own: It is why some generous treatment large multi-national corporations have higher turnover rate. Therefore, the career plan involves both work and personal life has become a critical measurement for recruiting and maintaining those top-quality staff (Yuan, 2012).

(2) The quality of the working environment.

Through research of a large number of high performance organizations, the employees' awareness of the importance of the work environment (Shen, 2013) has a surprising similarity. The main elements are the managers' "fairness", the degree of work recognition, working with the "success". At work, if the correct behavior of employees can get timely recognition, this is the positive incentive, and it is conducive to their further capacity development, whether this recognition matches the achievements, but also to a leadership quality evaluation standard. Studies show that employees are more willing to work with good ability people, and this is an opportunity to learn and, an effective incentive process, but also improves the employees to solve the internal and external problems for the organization.

(3) Job income and "enter" cost.

Reasonable income (Chen, 2011) is the affirmation to employees' own value, and also an important basis for staff and enterprise to exchange value. But at present there are more and more high ability workers, who are confident that they have the ability to earn their desired income, even if not now but in the future. Therefore, they usually independently start working and studying, but also emphasize opportunity from the work place, not to care about the immediate gains and losses. While staff measure the obtained value, they also take into account the "enter" cost, namely, the payment of time, money, energy, and self-training to obtaining the job. It will meet employees' satisfaction if the total income, has the ability to provide result, high quality of working environment and low "enter" cost, and vice versa.

### The Value Transferred to the Organization and Customers by Employees

Research shows that, 42% percent of company's performance improvement relates to the following four benchmarks: whether the employees are highly satisfied with work; whether the employees have highly sense of achievement from work; whether the work is challenging but not simple repetition; and whether they can treat work as their occupation career. The value passed on to the organization is created from the service

provided to the customers by the employees. The value passed on to the organization can be determined by the factors of work elements and personal elements. Job factors include: (1) The potential value of the external relations maintain customers; (2) The relative importance of work-related attitudes and technology; (3) The work standardization; (4) The new employees training time; and (5) The organize mutual coherence in the workshop, including the responsibilities of others success and work on the organization performance potential and the influence of the overall. Individual factors include: (1) The personal attitude, skills, and judgment level; (2) The relationships and personnel exchanges ability; and (3) The personal skills to achieve other targets. For senior managers, we often see them about the share value to create the organizational culture of management ability, and in the external and internal organization ability to attract and retain the ideal employee.

Research on value profit chain shows that, loyal and dedicated staff can better serve customers, so that they have high satisfaction and loyalty, thereby creating more value for enterprises. The effectiveness of an organization, is determined by, whether it can cultivate and maintain staff who are of high value, and whether it can manage the lifetime value (Xiao, 2004) of employees. At the same time, due to the long period of experience, loyal employees are more sensitive to customers, knowing more about how to identify, attract the target customers, and to establish a good customer relationship, which enables the company to obtain greater benefits.

High satisfaction of employees have better customer retention rate, they will be able to more durable, more dedicated to cultivate customer loyalty, and customer retention is an important factor of the company profit growth. In addition, they are more conducive to enhancing customer perception of service quality, and create an atmosphere to the other customers to promote and formed "recommended" ripples. With the close relationship with customers and long-term working experience made sensitive, they can also listen to the customer suggestions to company products and services and the new demand tendency, filtering and summarizing and reflecting upward, so as to help the development of new products and improve existing products and services. Practice shows that the loyalty of employees to the organization's value is huge, they can promote the company productivity and the improvement of production quality, thus improve the company income, increase returns to shareholders.

On the contrary, the employee's betrayal can bring damage to tissue. This is not only a loss at recruitment and training cost. It might trigger the information leakage about company's key positions. And it is more than likely to cause a decline in the company's productivity, especially for those companies that their staff holds a stronger relationship with the customers than the company does. In the early 1990s, for example, through the study on automobile dealer sales personnel, with a lack of working experience in a year of sales representatives to replace a five to eight years experience of sales representatives, the lost sales up to \$36,000, and debt and equity of the firm's new agent require at least five years to build up close relationship with customers, losing an experienced capable agent can cause millions of dollars in damage every year.

In fact, the high value employees' leaving, is a company's greatest loss, but few companies can take note. We often hear such words "go away", and so on, so intentionally or unintentionally negative employee value, reflect the essence of the week company human resources management.

The organization can create value for their employees from the aspects of support system, incentive system, policy and culture, and dedicated and committed employees would lower the cost and bring profit for the organization.

## Research Result

### The Measurement and Management of Customer Value

This part includes the following aspects:

#### (1) Customer value equation.

In simple terms, the customer value (Wan, 2004) is determined by the comparison of customer's interests and their costs. Understanding of customer value is along with the development of the economy and improvements of the business model change, service has become an important means of the differentiation strategy among manufacturing enterprises, and drives them to create more value to the customers and enterprises.

From products to service that is the first step that the company turns into value initial management. We need a more in-depth understanding that customer needs are not only on the surface of the product and service, but also the results and process. A product and a service for the customer to bring what kind of results and how this process is complete, have become the basic idea of enterprises to create value for customers, the basic ideas can help enterprises to broaden their strategic vision, customer-focused business philosophy.

Today's customers have more choice of products and services than ever before, the development of information technology represented by the Internet, the information can easily be obtained, and product competition has become more transparent. Due to the rising competition platform, more and more companies are trying to "highly authorization" to customers to better maintain customer loyalty. Customers are getting less satisfied with just products the companies offer, but they are getting more eager to add their personalized into the process. The interaction between the companies and customers has involved into a new significant focus. The increasingly popular auction of website products and "one to one" custom products is the fact of the portrayal. From product and service to the results and process, the enterprise is urged to consider the customer as the center factor as the determination of their organizing and operating.

In addition, customer value driven enterprise must also consider the cost that customers need to pay for product, service results, and process quality cost, namely, the customers cost, including the goods and services and the cost of obtaining them, namely, the cost of access.

Customer value formula can help us to shape the market strategy of enterprises. In the aviation industry, for example, safe, reliable, and punctual flight results have become the basic requirement of industry. Airlines competition has spread to other aspects of customer value equation. Southwest airlines is a short flight airlines between Native American cities, it not only maintains the highest reach on time, and in the process of flight crew trying to create a pleasant, elegant environment for passengers, improving the quality of the service process. Southwest airlines but also has a low position in the market, and tries to reduce them to get the ticket for the customer and the cost of the trip. For example, they do not use the ticket agent, not positioning in advance, the allocation of seats on first-come-first-served. Cost management and outstanding customer service have made the Southwest airlines the only profitable airline company in the past 30 years in the American.

#### (2) The value passed on to the organization by customers.

Looking for value for customers is one of the basic characteristics of a successful business. Only creating the more value than competitors' and beyond their expectations for customers, can meet customers' satisfaction, loyalty, and ultimately bring the profit for the enterprise. Study on loyalty shows that, every 5% increase of customer loyalty, corporate profits will grow by 25%-85% depending on different industry. In most cases, each

customer's profit and customer retention in the company's time has a positive correlation, the longer the customers stay in the company, the more profit the company will make, and the cost will be lower, as the customers will buy more, customer can stand with more extra expenses, also will have a more positive word of mouth on enterprises. Loyal customer will repeat purchase, and easily accept the new high profit products, recommend to other customers, propaganda and use training to deliver value for the organization and staff, and make the company benefited in many ways. Loyal customers are the best salesman. Studies have shown that the cost of bringing in new customers is more than keeping old customers, probably selling products to old customers would be three to five times higher than new customers. Considering from the long-term development of enterprises, we should focus on getting customer lifetime value. For example, a customer service for a week all consumption is RMB 100, if he/she took all the consumption into a company, then in 10 years he/she will be 52,000 benefits for the company. And the implementation of customer lifetime value is built on the basis of customer loyalty. As a result, customer loyalty (Bai, 2002) is an important antecedent of competitive advantage for enterprises. Therefore, customer loyalty has become the main measure for enterprises to obtain customer lifetime value.

From the enterprise point of view, the customer is the most important strategic asset of enterprises, and is the guarantee of future profit. The value of the customer, which is a non-financial assets measure concept, has been widely used, and has more and more influence on the management of the enterprises.

### **Research Analysis**

The analysis of organizational value exchange based on employees' value and customers' satisfaction, more and more organizations create their own competitive advantage through integration of personnel, information, and technology. They integrate resources and exchange value through satisfying stakeholders' needs. The value exchange (Fang, 2002) is the supply fashion; this exchange includes the price, the terms, and conditions of the transaction, the seller, customer relationship and other ingredients, to provide growth for the parties to the transaction value in a certain way. Accompanied by the emergence of new information technology, the value exchange strategy becomes more and more important for the companies.

The enterprises' intangible assets include research and development, personnel investment, improved work environment and employee service capabilities, improved staff's value etc..

For those employees who accept high value output, they pay back their company with high productivity, good quality of service, employee loyalty (Li, 2004) in return; increase the customers' value output. While the customers who obtain high value express their loyalty by repeat purchase, obligated recommendation, therefore increase the company's margin and return on investment, and the market value. The process of the value exchange satisfies their needs and maintains the value they have gained, and in the fierce competition in the external environment, they will put more efforts into increasing the output value of its own, so as to build a more strategic alliance for the value exchange.

### **Conclusions**

In the rapid competition environment, enterprises, employees, and customers have more choices; they can freely undertake the combination of value exchange. Electronic commerce is a typical example, e-Business is a typical model, the customer will choose the product best suit for their needs, every customer will take something that the most valuable in their mind. With the rapid development of information technology and data

mining technology, value exchange between customer and dealer includes not only the currency's value but also the value of information obtained after the transaction. For example, Employees at Amazon are able to recommend specific products to customers according to purchase history. Consequently the company gains with greater selling completion rate, and reduces the promoting cost substantially.

Customer data on various trading large data warehouse in the statistical analysis was performed by using data mining, dealers and manufacturers can accurately ascertain customer needs, behavior patterns, consumption preference, risk and cost, individual form, which can better establish a "service marketing strategies for different customer group", and reduce the cost of sales, shorten the sale cycle, and maximize the overall economic benefits of the enterprise.

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